

# H

# OUSING NOW

## London

### YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

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## New Homes

### Strong Construction Levels

Low mortgage rates, job creation and a tight resale market kept new home construction in the London Census Metropolitan Area (CMA) high. Total home starts reached 841 in the second quarter, up five per cent from the same quarter last year. St. Thomas, where total starts jumped by 50 per cent, registered the strongest growth in the London CMA.

Single-detached homes remain London's most popular home type. More than six out of every ten homes built this year were single-detached. Growing second quarter single-detached home construction

more than offset a dip in multiple-family home starts. Single-detached home starts increased by eight per cent compared to the same quarter last year.

Multiple family home starts (which include townhouses, semi-detached homes and apartments) edged lower by three per cent in the second quarter. A dip in town home construction was responsible for that decline. The longer term trend of multiple-family homes has been one of growing popularity. For example, year-to-date multiple family home construction surged by 40 per cent to 668 units. Several large new high-

Date Released: Third Quarter 2006

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#### Resale Market

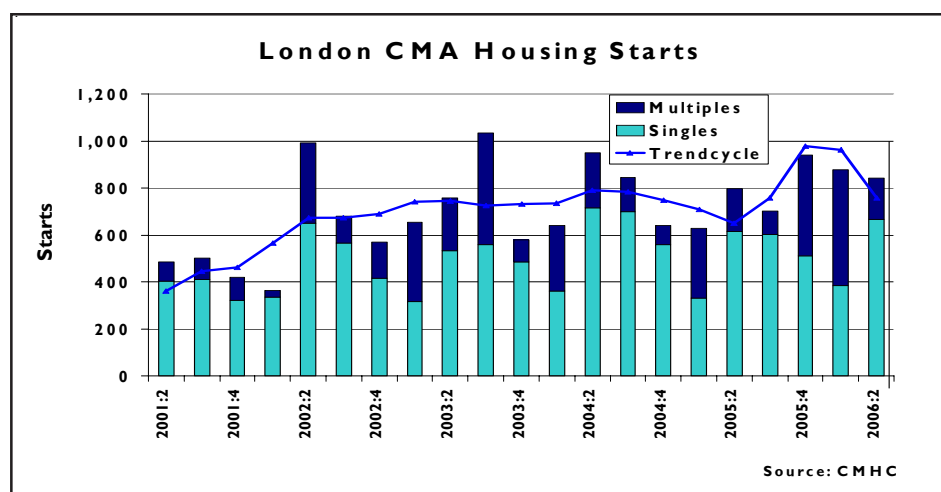
6. Record MLS sales

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rise rental apartment projects are on the way, which suggests that 2006 will be the best year for multiple family home starts since 1994.

Strong demand for new single-family homes is causing their average price to outpace the general inflation rate. The average price of completed and sold single-detached homes in the London CMA moved up 3.7 per cent in the second quarter, from \$270,000 last year to \$280,000. The median price for a new single-family home exceeded the \$250,000 mark. New homes priced over \$300,000 represented



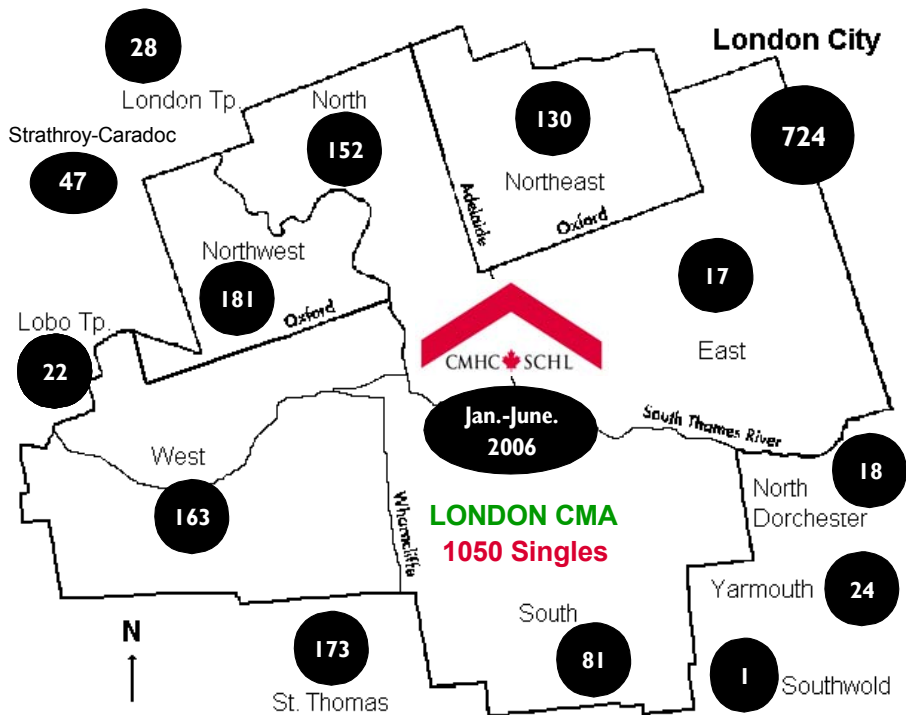
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# WHERE'S THE HAMMERING BY SUB-MARKET



## London Metro's 2006 Single-detached Starts

In 2006, 69 per cent or 724 of the 1,050 single starts were in London City and 173 units in St. Thomas, making up 16.5 per cent. Not shown on the map are 9 units started in Port Stanley, 3 units in Delaware and 1 unit in West Nissouri Township.

The adjacent map shows the location of single-detached new homes starts in the London CMA.

28.5 per cent of total new homes sold. In London City, Central Elgin and Middlesex Centre, more than one third of completed and sold single-detached homes were priced over \$300,000.

## Existing Homes Record MLS Sales

MLS sales in the London & St. Thomas Real Estate Board area are strong and registered the best second quarter ever. There were 2,880 homes that changed hands, a slight one per cent increase from last year's level. On a seasonally adjusted basis, sales reached their third highest level of all quarterly data recorded.

New listings in the second quarter rose at a faster pace than sales. There were 4,656 homes added to the resale market, up five per cent from the second quarter of 2005. The seasonal adjusted sales to new listings ratio, a leading indicator of home prices, edged down to 60 per cent versus 62 per cent in the previous quarter. This level suggests that the resale market is hot and still in seller's territory, and that it has moved closer to a more balanced state.

The average resale home price increased at a slower but still brisk pace. Year-over-year the average quarterly resale detached home price climbed up by 5.5 per cent to \$201,000 compared to last year's 6.4 per cent increase.

## London & St. Thomas REB - MLS Sales at seasonally adjusted annual rate (saar) + Average Price sa

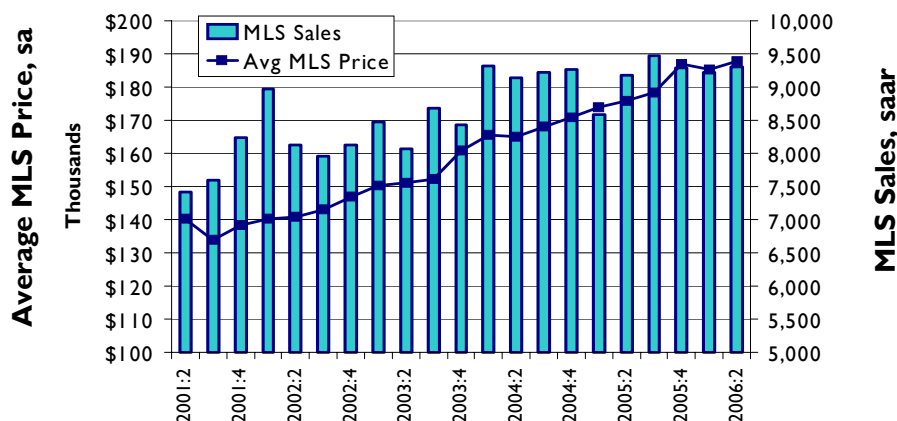


Table I: Housing Activity Summary for London CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
<b>STARTS</b>								
Q2 2006	667	10	0	110	0	0	54	841
Q2 2005	616	8	0	93	0	39	40	796
% Change	8.3	25.0	NA	18.3	NA	-100.0	35.0	5.7
Year-to-date 2006	1,050	28	10	180	0	17	433	1,718
Year-to-date 2005	948	12	0	137	0	39	289	1,425
% Change	10.8	133.3	NA	31.4	NA	-56.4	49.8	20.6
<b>UNDER CONSTRUCTION</b>								
June 2006	726	22	10	241	0	17	982	1,998
June 2005	773	28	6	162	80	39	604	1,692
<b>COMPLETIONS</b>								
Q2 2006	516	10	0	19	80	14	5	644
Q2 2005	434	2	0	118	0	16	14	584
% Change	18.9	**	NA	-83.9	NA	-12.5	-64.3	10.3
Year-to-date 2006	967	36	0	94	80	19	97	1,293
Year-to-date 2005	864	4	6	159	0	22	243	1,298
% Change	11.9	**	-100.0	-40.9	NA	-13.6	-60.1	-0.4
<b>COMPLETE &amp; NOT ABSORBED</b>								
June 2006	134	8	0	84	13	16	175	430
June 2005	100	1	3	96	0	18	435	653
<b>ABSORPTIONS</b>								
Q2 2006	526	7	2	3	53	67	13	671
Q2 2005	442	1	3	87	0	5	40	578
% Change	19.0	**	-33.3	-96.6	NA	**	-67.5	16.1
Year-to-date 2006	956	35	3	114	67	18	240	1,433
Year-to-date 2005	867	3	3	116	0	16	93	1,098
% Change	10.3	**	0.0	-1.7	NA	12.5	158.1	30.5

\* Includes all market types

\*\* Year-over-year change greater than 200 per cent.

Source: CMHC

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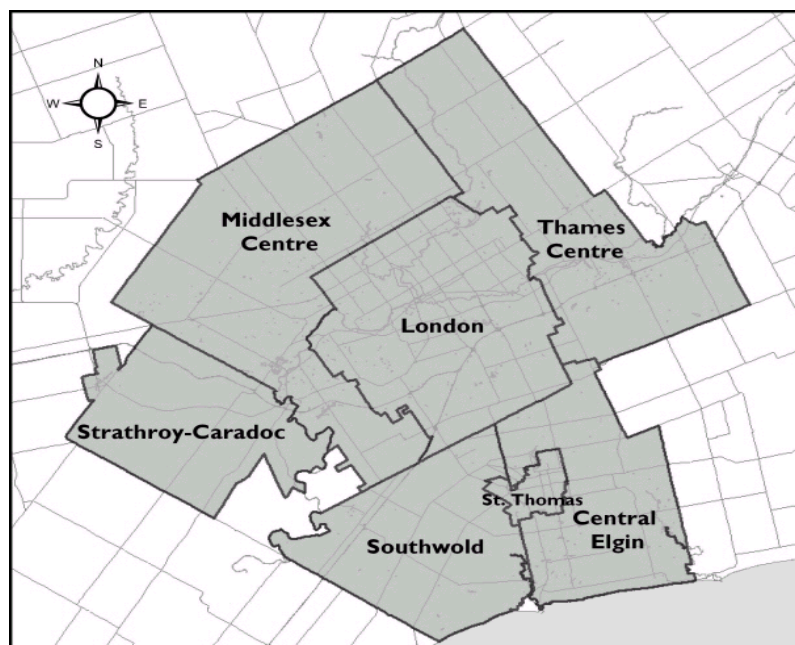


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q2 2005	Q2 2006	% change	Q2 2005	Q2 2006	% change	Q2 2005	Q2 2006	% change
<b>London CMA</b>	616	667	8.3	180	174	-3.3	796	841	5.7
London City	426	452	6.1	136	155	14.0	562	607	8.0
St. Thomas City	77	107	39.0	0	8	NA	77	115	49.4
Central Elgin	18	24	33.3	0	0	NA	18	24	33.3
Middlesex Centre	44	34	-22.7	42	11	-73.8	86	45	-47.7
Southwold Twp.	1	1	0.0	0	0	NA	1	1	0.0
Strathroy-Caradoc Twp.	36	33	-8.3	2	0	-100.0	38	33	-13.2
Thames Centre	14	16	14.3	0	0	NA	14	16	14.3

Table 2B: Starts by Area and by Intended Market - Year-to-Date

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change	YTD 2005	YTD 2006	% change
<b>London CMA</b>	948	1,050	10.8	477	668	40.0	1,425	1,718	20.6
London City	669	724	8.2	429	633	47.6	1,098	1,357	23.6
St. Thomas City	111	173	55.9	4	24	**	115	197	71.3
Central Elgin	35	33	-5.7	0	0	NA	35	33	-5.7
Middlesex Centre	61	53	-13.1	42	11	-73.8	103	64	-37.9
Southwold Twp.	2	1	-50.0	0	0	NA	2	1	-50.0
Strathroy-Caradoc Twp.	53	47	-11.3	2	0	-100.0	55	47	-14.5
Thames Centre	17	19	11.8	0	0	NA	17	19	11.8

Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings (\$)

Sub Market Area	Q2 2005	Q2 2006	% Change	YTD 2005	YTD 2006	% Change
<b>London CMA</b>	269,923	280,009	3.7	265,310	274,662	3.5
London City	275,952	290,499	5.3	273,005	281,749	3.2
St. Thomas City	229,712	216,354	-5.8	214,195	214,856	0.3
Central Elgin	260,436	421,279	61.8	228,643	330,658	44.6
Middlesex Centre	298,705	294,871	-1.3	338,515	337,734	-0.2
Southwold Twp.	NA	NA	NA	NA	NA	NA
Strathroy-Caradoc Twp.	219,727	231,813	5.5	216,896	237,701	9.6
Thames Centre	NA	288,833	NA	336,364	291,640	-13.3

Note: NA may appear where CMHC data suppression rules apply

Source: CMHC

Note: Municipal amalgamations resulted in the creation of the Municipality of Central Elgin (formerly Belmont, Port Stanley and Yarmouth Township); the Municipality of Thames Centre (formerly the Townships of North Dorchester and West Nissouri); and, the Township of Middlesex Centre (formerly the Townships of Delaware, Lobo, and London). The amalgamated centre of Strathroy-Caradoc Township was first surveyed as component of the London Census Metropolitan Area (CMA) in 2002. The change in the components of the London CMA were based on results from Statistics Canada - 2001 Census of Canada.

Table 4: Completed and Absorbed Single-Detached Units by Price Range

AREA	PRICE RANGES										
	<\$149,999		\$150-\$174,999		\$175-\$249,999		\$250-\$299,999		\$300,000+		TOTAL
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
<b>London CMA</b>											
Q2 2006	1	0.2	22	4.2	229	43.5	124	23.6	150	28.5	526
Q2 2005	5	1.1	30	6.8	207	47.2	77	17.5	120	27.3	439
YTD 2006	2	0.2	44	4.6	414	43.4	249	26.1	246	25.8	955
YTD 2005	8	0.9	72	8.4	430	49.9	145	16.8	207	24.0	862
<b>London City</b>											
Q2 2006	0	0.0	3	0.8	145	40.4	84	23.4	127	35.4	359
Q2 2005	1	0.3	15	4.7	148	46.1	57	17.8	100	31.2	321
YTD 2006	0	0.0	17	2.5	274	40.8	180	26.8	200	29.8	671
YTD 2005	1	0.2	33	5.5	294	48.8	107	17.7	168	27.9	603
<b>St. Thomas City</b>											
Q2 2006	0	0.0	14	15.4	58	63.7	17	18.7	2	2.2	91
Q2 2005	1	2.0	8	16.0	30	60.0	5	10.0	6	12.0	50
YTD 2006	1	0.7	18	12.9	92	66.2	24	17.3	4	2.9	139
YTD 2005	4	3.8	24	23.1	57	54.8	11	10.6	8	7.7	104
<b>Central Elgin</b>											
Q2 2006	0	0.0	0	0.0	9	47.4	3	15.8	7	36.8	19
Q2 2005	0	0.0	2	11.1	9	50.0	5	27.8	2	11.1	18
YTD 2006	0	0.0	1	2.5	21	52.5	7	17.5	11	27.5	40
YTD 2005	0	0.0	6	14.0	27	62.8	5	11.6	5	11.6	43
<b>Middlesex Centre</b>											
Q2 2006	0	0.0	0	0.0	5	26.3	7	36.8	7	36.8	19
Q2 2005	1	4.3	1	4.3	8	34.8	7	30.4	6	26.1	23
YTD 2006	0	0.0	0	0.0	7	17.1	15	36.6	19	46.3	41
YTD 2005	1	2.2	1	2.2	15	32.6	14	30.4	15	32.6	46
<b>Southwold Twp.</b>											
Q2 2006	0	0.0	0	0.0	1	33.3	2	66.7	0	0.0	3
Q2 2005	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	2
YTD 2006	0	0.0	0	0.0	1	33.3	2	66.7	0	0.0	3
YTD 2005	0	0.0	0	0.0	0	0.0	0	0.0	2	100.0	2
<b>Strathroy-Caradoc Twp.</b>											
Q2 2006	0	0.0	5	25.0	9	45.0	4	20.0	2	10.0	20
Q2 2005	2	9.1	4	18.2	11	50.0	2	9.1	3	13.6	22
YTD 2006	0	0.0	8	19.5	17	41.5	11	26.8	5	12.2	41
YTD 2005	2	3.8	8	15.1	33	62.3	4	7.5	6	11.3	53
<b>Thames Centre</b>											
Q2 2006	1	6.7	0	0.0	2	13.3	7	46.7	5	33.3	15
Q2 2005	0	0.0	0	0.0	1	33.3	1	33.3	1	33.3	3
YTD 2006	1	5.0	0	0.0	2	10.0	10	50.0	7	35.0	20
YTD 2005	0	0.0	0	0.0	4	36.4	4	36.4	3	27.3	11

Note: N/A may appear where CMHC data suppression rules apply.

Source: CMHC

Table 5: Resale Housing Activity for London & St. Thomas Real Estate Board

		Number of Sales	Yr/Yr %	Sales SAAR	Number of New Listings	New Listings SAAR	Sales-to-New Listings SA	Average Price (\$)	Yr/Yr %	Average Price (\$) SA
2005	January	456	2.9	9,000	1,071	14,000	64.2	165,342	-1.0	169,122
	February	688	-1.9	8,800	1,143	14,200	61.8	179,395	9.6	179,157
	March	796	-24.1	8,000	1,247	12,300	64.6	176,439	6.6	173,653
	April	917	-4.8	8,900	1,567	15,000	59.7	179,155	5.4	176,079
	May	996	-0.6	9,100	1,704	15,500	58.9	178,734	5.9	174,608
	June	1,020	10.7	9,500	1,338	14,300	66.0	178,538	8.8	176,651
	July	808	-10.3	8,900	1,231	14,100	62.8	180,675	5.9	173,167
	August	923	15.2	9,900	1,262	15,000	65.8	177,292	5.9	179,022
	September	765	7.4	9,600	1,203	14,400	66.7	184,672	8.3	182,669
	October	692	-0.9	9,500	1,081	14,700	64.3	178,787	4.2	184,619
	November	669	4.7	9,400	985	15,000	62.9	183,051	12.3	189,242
	December	403	-1.2	9,000	497	13,200	68.0	181,711	11.8	187,385
2006	January	540	18.4	10,100	1,166	14,800	68.6	180,492	9.2	183,849
	February	635	-7.7	8,300	1,198	14,900	55.7	188,599	5.1	186,176
	March	900	13.1	9,200	1,514	14,900	61.8	190,753	8.1	185,670
	April	890	-2.9	9,000	1,395	14,300	63.3	180,806	0.9	181,747
	May	1,044	4.8	9,200	1,858	15,800	58.6	193,014	8.0	190,484
	June	1,045	2.5	9,600	1,574	16,300	59.1	195,195	9.3	191,141
	July									
	August									
	September									
	October									
	November									
	December									
Q2 2005	2,933	1.6	9,200	4,609	14,900	61.4	178,798	6.6	175,788	
Q2 2006	2,979	1.6	9,300	4,827	15,500	60.2	190,132	6.3	187,878	
YTD 2005	4,873	-4.1		8,070			177,237	6.4%		
YTD 2006	5,054	3.7		8,705			189,020	6.6%		

	Annual Sales	Yr/Yr %		Annual New Listings	Yr/Yr %		Annual Average Price (\$)	Yr/Yr %	
1996	6,906	25.3		16,421	3.6		129,338	0.5	
1997	6,454	-6.5		15,784	-3.9		131,382	1.6	
1998	6,562	1.7		15,258	-3.3		131,299	-0.1	
1999	6,864	4.6		13,661	-10.5		131,254	0.0	
2000	6,616	-3.6		13,598	-0.5		135,857	3.5	
2001	7,503	13.4		13,434	-1.2		137,717	1.4	
2002	8,290	10.5		12,907	-3.9		142,745	3.7	
2003	8,412	1.5		12,845	-0.5		153,637	7.6	
2004	9,238	9.8		14,183	10.4		167,344	8.9	
2005	9,133	-1.1		14,329	1.0		178,910	6.9	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	London CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)			Ontario 1996=100	London CMA 1997=100	Employment SA** (.000)
			1 Yr. Term	5 Yr. Term						
2005	January	642.78	4.8	6.1	0.806	1.6	4.9	243.4	0.5	6.4
	February	642.78	4.8	6.1	0.811	2.2	3.2	245.0	0.7	6.2
	March	654.74	5.1	6.3	0.827	2.3	3.5	245.7	0.3	6.6
	April	642.78	4.9	6.1	0.795	2.3	5.1	246.3	0.2	6.7
	May	636.84	4.9	6.0	0.797	1.5	5.9	245.9	-0.2	6.8
	June	622.08	4.8	5.7	0.816	1.9	5.5	245.0	-0.4	6.6
	July	627.97	4.9	5.8	0.817	1.9	5.1	244.0	-0.4	6.6
	August	627.97	5.0	5.8	0.842	2.7	5.0	243.1	-0.4	6.6
	September	627.97	5.0	5.8	0.860	3.3	5.0	242.5	-0.2	6.5
	October	639.81	5.3	6.0	0.847	2.5	4.8	241.3	-0.5	6.6
	November	648.75	5.6	6.2	0.857	2.0	5.1	240.0	-0.5	6.9
	December	657.75	5.8	6.3	0.860	2.1	5.0	239.3	-0.3	6.9
2006	January	657.75	5.8	6.3	0.878	3.0	5.7	240.0	0.3	6.5
	February	666.80	5.9	6.5	0.880	2.0	6.3	240.3	0.1	6.2
	March	666.80	6.1	6.5	0.856	2.3	5.9	241.1	0.3	6.0
	April	685.05	6.3	6.8	0.894	2.3	4.9	244.5	1.4	6.1
	May	685.05	6.3	6.8	0.908	2.8	3.1	248.1	1.5	5.5
	June	697.33	6.6	7.0	0.896	2.4		248.3	0.1	5.6
	July									
	August									
	September									
	October									
	November									
	December									

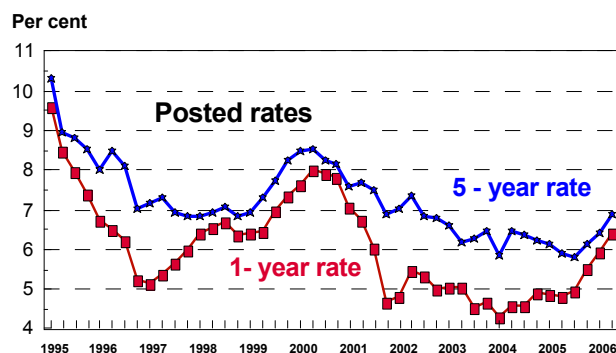
\* Principal and Interest Payment assumes a five year mortgage rate and 25 year amortization period.

\*\* Seasonally Adjusted

\*\*\* New Housing Price Index

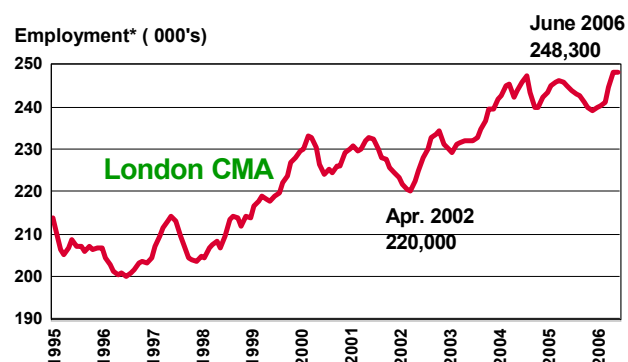
Sources: CMHC, Statistics Canada, Bank of Canada

### Mortgage rates go up moderately



Source: CMHC / Bank of Canada, 1995:Q1 to 2006:Q1

### Employment picking up



\* seasonally-adjusted 3-month moving avg. ending March 2006  
Source: Statistics Canada

## Definitions

- 1. Starts:** refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.
- 2. Under Construction:** those units which have been started but which are not complete.
- 3. Completions - Single-detached/semi-detached units:** this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy
- 4. Completed and Not Absorbed:** all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.
- 5. Absorptions:** the number of completed units (excluding model homes) that have been sold or leased.
- 6. Seasonally Adjusted (SA):** Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.
- 7. Seasonally Adjust Annual Rates (SAAR):** Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.
- 8. Definitions for CMA, NHPI, CPI, and Inflation Rate** can be found in the Statistics Canada website - <http://www.statcan.ca>

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(keyword Housing Outlook Conferences)



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