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New Home Market

Starts Weaker

A total of 827 of new home foundations were poured in the second quarter of 2006 in the Oshawa Census Metropolitan Area (CMA), down 26 per cent from the same period a year ago. The basis for slower new home construction was the single-detached sector, where home starts plummeted by 45 per cent. Multiple-family home starts, however, more than tripled.

Despite the lower second quarter, year-to-date housing starts in Oshawa, at 1,545 units, were up by 14 per cent from last year. A booming multiple-family home

segment this year has supported home construction. Single-detached home construction has dipped by 15 per cent to 1,038 units.

Oshawa's job market has not expanded as strongly as last year, but has remained robust and supportive of housing demand. Also the flow of Torontonians moving into Oshawa for more affordable homes continues to be strong. Despite those positive factors, construction of new single-detached properties in Oshawa has weakened due to their high prices. Fewer households are able to pay the \$319,917 price tag for a new single-

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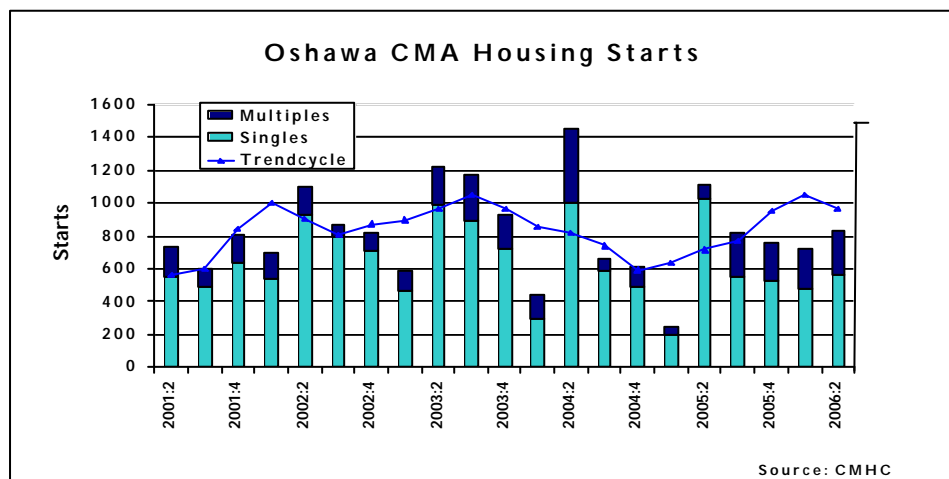
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detached home this year. Rising mortgage rates have made the home purchases even more challenging. As a result, even in single-detached oriented community like Oshawa, demand for more affordable multiple-family homes has intensified.

The softer Oshawa resale home market conditions are providing

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shoppers for homes more to choose from. Today's Oshawa housebuyers will find a better selection of more affordable resale homes. Thanks to the strong new home construction of the past few years, the resale home market offers a fine selection of relatively new homes.

The supply side of the story had an even larger impact on the weakness in new single-detached starts this year. Running into land constraints in Whitby, homebuilders were unable to keep up with the same construction pace as in the past. The sharp decline in new single-detached home starts in this community was echoed in lower numbers in the CMA as a whole. Land limitations in Whitby have prompted developers to construct smaller sized homes and multiple-family home types in this submarket. Consequently prices for new single-detached homes in Whitby have not increased as strongly as in other Oshawa's municipalities.

A higher level of unsold inventory has restrained some homebuilders from starting new construction. The number of completed and unoccupied homes has trended higher this year.

Residential land limitations and rising construction costs have pushed new home prices up this year. The average price for a new single-detached home in Oshawa is up by 13 per cent on year-over-year basis. The supply of low-priced new homes has shrunk. For example, in the first six months this year, 51 per cent of homebuyers had to pay over \$300,000 for a new single-detached home in Oshawa, compared to only 31 per cent for the same time last year.

Oshawa's less expensive submarkets experienced the greatest price growth. In the higher-priced submarkets rising mortgage rates and home prices have made homebuyers more cautious. As a result home prices there did not rise to the same degree as in the less expensive centres. For example, single-detached homes in relatively more affordable Clarington experienced 19 per cent price growth June year-to-date.

Resale Home Market

Robust Sales

Oshawa CMA home sales though the Toronto Real Estate Board remain strong. Although the 1,784 MLS sales in the second quarter of 2006

were 6.2 per cent below last year's level, it has been the third best second quarter on record. Moreover, thanks to a particularly strong first quarter performance, year-to-date sales of existing homes were 2.3 per cent above last year's.

Year-to-date new listings have surpassed their previous record by 16 per cent. Rising prices and home equity gains have encouraged more homeowners to list their homes for sale. Cheered by a good employment situation and low mortgage rates, homeowners found it feasible to move into homes that better suit their needs and preferences. The supply, as measured by newly listed homes on the market, has been trending up and reached an all time high.

With sharply rising supply and demand hovering around last year's level, home price pressures in the resale market have softened. This year sales-to-new listings ratio, at 50 per cent, signals balanced market conditions approaching.

When sale-to-new listings ratio is in the 35 to 55 percentage range, home prices usually tend to rise in line with the general rate of inflation. The average price for resale home in Oshawa has reached \$245,039 in the second quarter, growing by slightly more than three per cent year-over-year.

The strongest price increase was recorded in Oshawa City, which still remains the most affordable submarket within the CMA. Strong demand for resale homes in this community signifies that homebuyers are concerned about a homes' affordability.

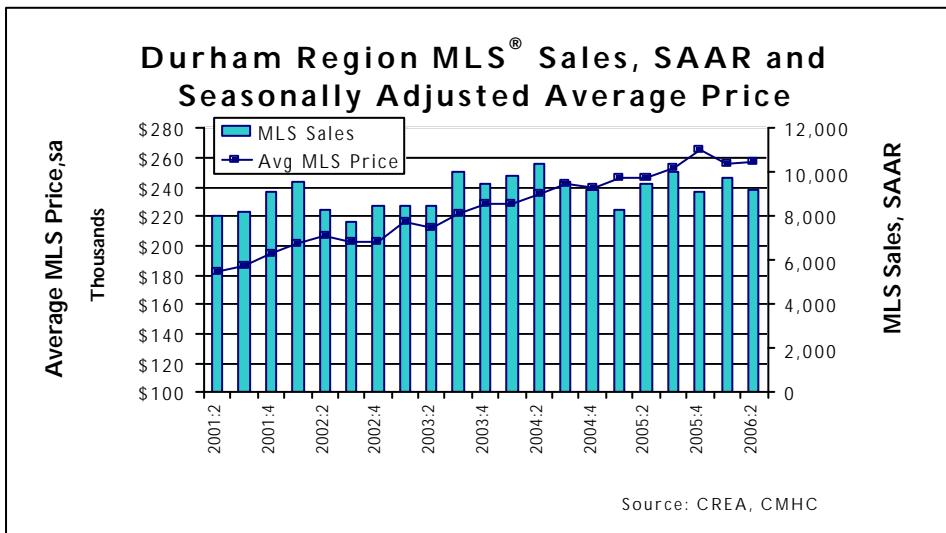


Table 1: Housing Activity Summary for Oshawa CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q2 2006	564	8	153	42	60	0	0	827
Q2 2005	1,023	4	69	0	0	17	0	1,113
% Change	-44.9	100.0	121.7	NA	NA	-100.0	NA	-25.7
Year-to-date 2006	1,038	12	177	42	276	0	0	1,545
Year-to-date 2005	1,215	4	115	0	0	21	0	1,355
% Change	-14.6	200.0	53.9	NA	NA	-100.0	NA	14.0
UNDER CONSTRUCTION								
June 2006	1,446	20	195	61	444	0	0	2,166
June 2005	1,467	24	145	0	18	21	0	1,675
COMPLETIONS								
Q2 2006	474	0	58	0	96	8	4	640
Q2 2005	407	26	42	11	72	0	0	558
% Change	16.5	-100.0	38.1	-100.0	33.3	NA	NA	14.7
Year-to-date 2006	851	6	146	0	144	16	4	1,167
Year-to-date 2005	893	30	87	16	144	0	0	1,170
% Change	-4.7	-80.0	67.8	-100.0	0.0	NA	NA	-0.3
COMPLETE & NOT ABSORBED								
June 2006	38	0	14	0	7	0	1	60
June 2005	27	3	10	2	5	0	0	47
ABSORPTIONS								
Q2 2006	447	2	969	54	1,367	110	16	2,965
Q2 2005	406	37	1,632	73	546	22	0	2,716
% Change	10.1	-94.6	-40.6	-26.0	150.4	**	NA	9.2
Year-to-date 2006	818	9	1,669	87	2,490	215	25	5,313
Year-to-date 2005	869	47	3,132	138	1,034	24	0	5,244
% Change	-5.9	-80.9	-46.7	-37.0	140.8	**	NA	1.3

*Includes all market types

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

Source: CMHC

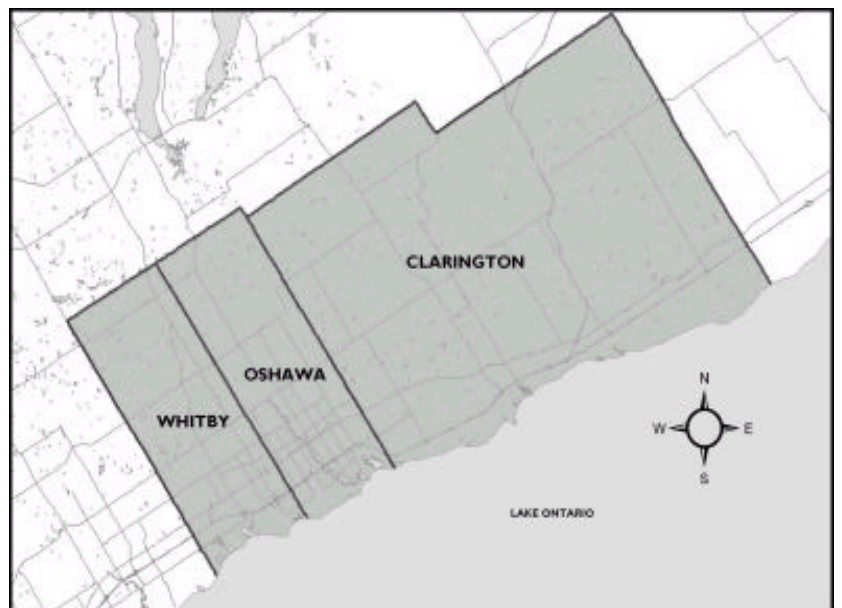
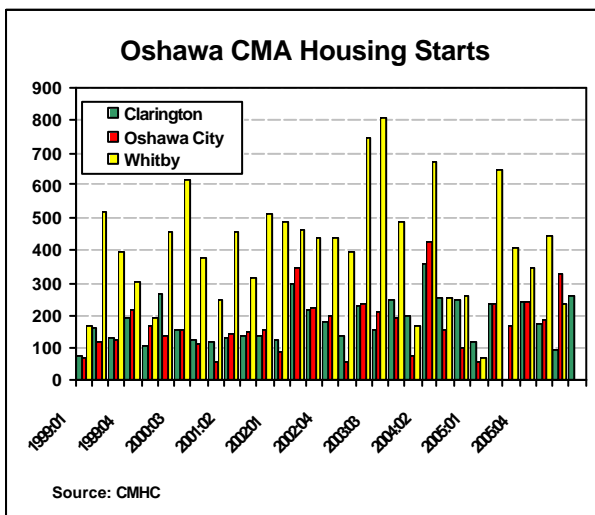


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q2 2005	Q2 2006	% change	Q2 2005	Q2 2006	% change	2005	2006	% change
Oshawa CMA	1023	564	-44.9	90	263	192.2	1113	827	-25.7
Clarington	210	182	-13.3	20	77	**	230	259	12.6
Oshawa City	232	237	2.2	0	94	NA	232	331	42.7
Whitby	581	145	-75.0	70	92	31.4	651	237	-63.6

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	2005	2006	% change
Oshawa CMA	1,215	1,038	-14.6	140	507	**	1,355	1,545	14.0
Clarington	285	268	-6.0	66	83	25.8	351	351	0.0
Oshawa City	288	419	45.5	0	94	NA	288	513	78.1
Whitby	642	351	-45.3	74	330	**	716	681	-4.9

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

Sub Market Area	Q2 2005	Q2 2006	% Change	YTD 2005	YTD 2006	% Change
Oshawa CMA	287,798	318,513	10.7	282,402	319,917	13.3
Clarington	256,029	309,957	21.1	251,204	300,015	19.4
Oshawa City	294,892	318,608	8.0	276,988	322,269	16.3
Whitby	320,939	323,880	0.9	323,034	330,016	2.2

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

AREA	PRICE RANGES										TOTAL
	<\$199,999		\$200 -249,999		\$250-299,999		\$300-349,999		\$350,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Oshawa CMA											
Q2 2006	1	0.2	80	17.9	147	32.9	107	23.9	112	25.1	447
Q2 2005	37	9.1	117	28.8	111	27.3	86	21.2	55	13.5	406
YTD 2006	5	0.6	139	17.0	256	31.3	208	25.4	210	25.7	818
YTD 2005	86	9.9	295	33.9	222	25.5	156	18.0	110	12.7	869
Clarington											
Q2 2006	1	0.9	37	32.5	39	34.2	15	13.2	22	19.3	114
Q2 2005	35	19.7	78	43.8	28	15.7	18	10.1	19	10.7	178
YTD 2006	4	1.9	73	34.9	70	33.5	22	10.5	40	19.1	209
YTD 2005	73	20.1	179	49.2	54	14.8	24	6.6	34	9.3	364
Oshawa City											
Q2 2006	0	0.0	20	13.0	53	34.4	37	24.0	44	28.6	154
Q2 2005	2	2.7	19	26.0	28	38.4	13	17.8	11	15.1	73
YTD 2006	0	0.0	29	11.3	82	31.9	73	28.4	73	28.4	257
YTD 2005	13	6.5	71	35.7	70	35.2	25	12.6	20	10.1	199
Whitby											
Q2 2006	0	0.0	23	12.8	55	30.7	55	30.7	46	25.7	179
Q2 2005	0	0.0	20	12.9	55	35.5	55	35.5	25	16.1	155
YTD 2006	1	0.3	37	10.5	104	29.5	113	32.1	97	27.6	352
YTD 2005	0	0.0	45	14.7	98	32.0	107	35.0	56	18.3	306

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

CMHC has recently published two new reports - *Residential Intensification Case Studies: Municipal Incentives* and *Residential Intensification Case Studies: Built Projects*. The former profiles municipal initiatives (e.g. infill development, brownfield redevelopment, secondary suites) that have been successfully implemented to overcome obstacles and encourage residential intensification. The latter report includes 23 examples to illustrate the unique challenges and rewards of intensification.

To download the Research Highlights or order the full reports on-line, click on www.cmhc.ca. For more information, or to order by phone, call 1-800-668-2642.

Table 5: Resale Housing Activity for Oshawa CMA

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price (\$)	Yr/Yr %
Durham Region						
Q2 2005	3,154	-9.4	5,484	57.5	255,287	4.7
Q2 2006	3,055	-3.1	5,908	51.7	266,243	4.3
YTD 2005	5,217	-12.5	9,778		252,349	5.7
YTD 2006	5,491	5.3	11,315		262,949	4.2
Oshawa CMA						
Q2 2005	1,901	-9.7	3,144	60.5	237,344	4.9
Q2 2006	1,784	-6.2	3,439	51.9	245,039	3.2
YTD 2005	3,190	-12.6	5,660		234,828	6.9
YTD 2006	3,264	2.3	6,583		240,885	2.6
Whitby						
Q2 2005	641	-4.3	1,145	56.0	279,569	3.6
Q2 2006	611	-4.7	1,181	51.7	286,935	2.6
YTD 2005	1,076	-6.7	2,126		277,727	5.2
YTD 2006	1,119	4.0	2,306		283,531	2.1
Oshawa City						
Q2 2005	749	-16.7	1,225	61.1	198,305	4.2
Q2 2006	736	-1.7	1,313	56.1	211,279	6.5
YTD 2005	1,274	-18.9	2,121		197,268	6.5
YTD 2006	1,346	5.7	2,532		206,292	4.6
Clarington						
Q2 2005	511	-4.7	774	66.0	241,597	4.3
Q2 2006	437	-14.5	945	46.2	243,322	0.7
YTD 2005	840	-9.1	1,413		236,842	6.3
YTD 2006	799	-4.9	1,745		239,436	1.1
Oshawa CMA						
	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price (\$)	Yr/Yr %
1997	4,314	2.4	6,232	-4.3	147,408	4.3
1998	4,237	-1.8	6,009	-3.6	150,995	2.4
1999	4,454	5.1	6,063	0.9	155,994	3.3
2000	4,401	-1.2	6,368	5.0	164,416	5.4
2001	4,937	12.2	6,937	8.9	172,603	5.0
2002	5,186	5.0	6,859	-1.1	186,785	8.2
2003	5,586	7.7	7,772	13.3	202,272	8.3
2004	6,328	13.3	9,081	16.8	220,873	9.2
2005	5,894	-6.9	10,160	11.9	236,477	7.1

Source: Toronto Real Estate Board

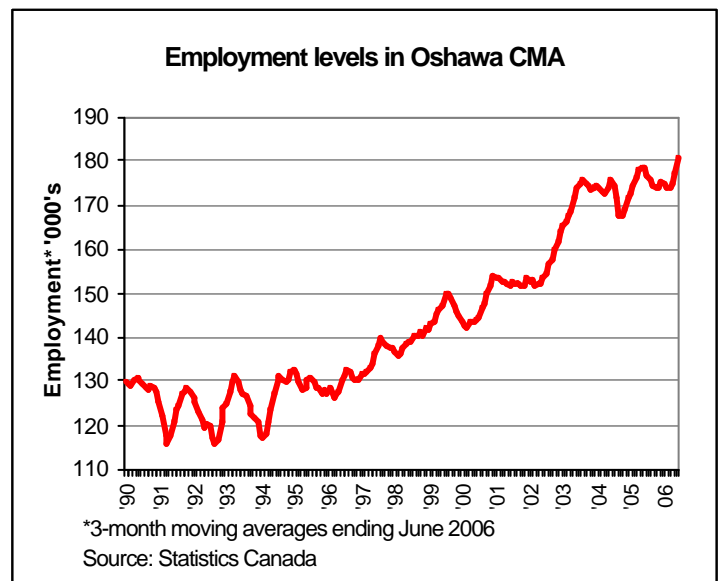
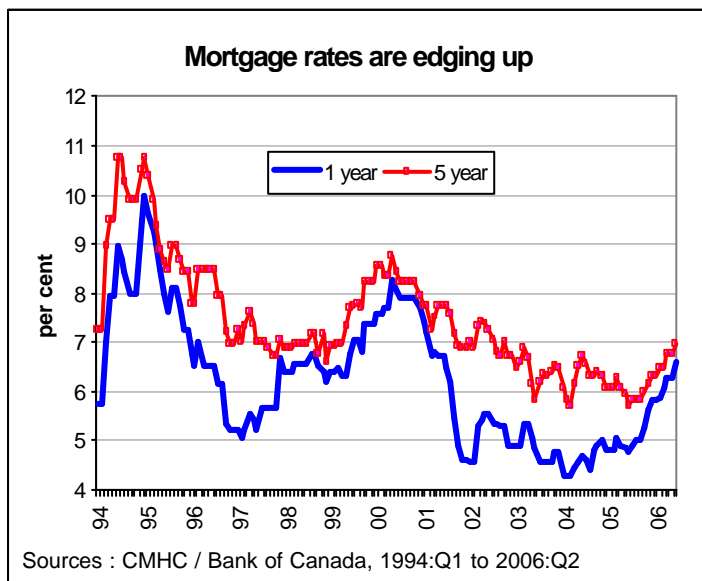
Table 6: Economic Indicators

		Interest and Exchange Rates			Inflation Rate (%)	Oshawa CMA Labour Market			
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)	Ontario 1996=100	Employment SA** (.000)	Employment SA m/m (%)	Unemployment Rate (%) SA
			1 Yr. Term	5 Yr. Term					
2005	January	642.78	4.8	6.1	0.806	1.0	172.8	0.7	6.2
	February	642.78	4.8	6.1	0.811	1.4	175.0	1.3	6.4
	March	654.74	5.1	6.3	0.827	1.9	176.3	0.7	7.2
	April	642.78	4.9	6.1	0.795	1.9	178.0	1.0	7.0
	May	636.84	4.9	6.0	0.797	1.3	177.4	-0.3	6.6
	June	622.08	4.8	5.7	0.816	1.6	176.8	-0.3	6.0
	July	627.97	4.9	5.8	0.817	1.7	175.6	-0.7	6.0
	August	627.97	5.0	5.8	0.842	2.4	175.3	-0.2	6.6
	September	627.97	5.0	5.8	0.860	2.7	175.5	0.1	6.0
	October	639.81	5.3	6.0	0.847	2.3	175.3	-0.1	6.2
	November	648.75	5.6	6.2	0.857	1.9	175.8	0.3	6.0
	December	657.75	5.8	6.3	0.860	2.1	175.8	0.0	6.6
2006	January	657.75	5.8	6.3	0.878	2.8	175.4	-0.2	6.9
	February	666.80	5.9	6.5	0.880	2.0	174.4	-0.6	6.7
	March	666.80	6.1	6.5	0.856	2.0	174.1	-0.2	6.5
	April	685.05	6.3	6.8	0.894	2.3	174.5	0.2	6.1
	May	685.05	6.3	6.8	0.908	2.3	175.6	0.6	6.0
	June	697.33	6.6	7.0	0.896		178.2	1.5	6.0
	July								
	August								
	September								
	October								
	November								
	December								

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

** Seasonally Adjusted

Sources: CMHC, Statistics Canada, Bank of 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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