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Canada Mortgage and Housing Corporation
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FIRST QUARTER 2006

Date Released: Second Quarter 2006

New Home Market

First quarter starts weaker

The slowdown in new home construction witnessed in 2005 continued into the first quarter of this year. Construction started on 216 homes in the first quarter of 2006, down 17 per cent from the same quarter of 2005. Both single-detached and multiple family home starts moved lower in the first quarter.

Demand for new homes was driven by the low mortgage rates and in-migration to the CMA. The warmer than average winter weather helped keep starts figures respectable.

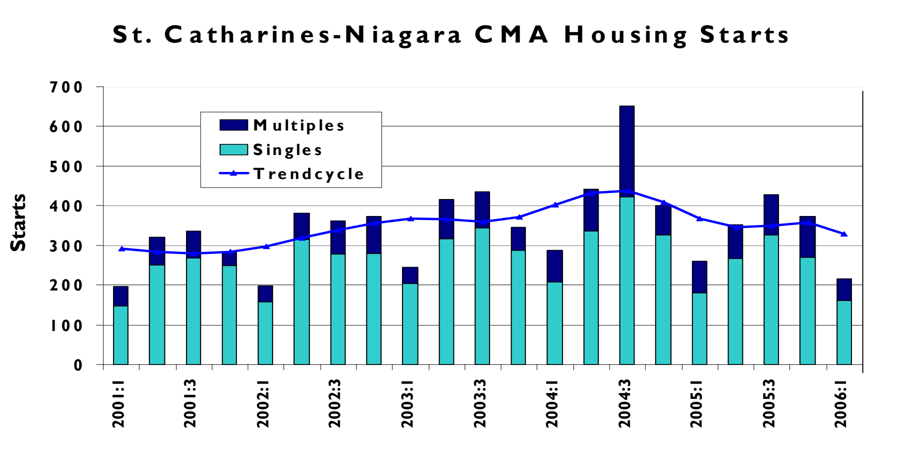
Several factors contributed to the slowdown in new home construction. More homes to choose from in the resale markets have limited spill-over demand into the new home market. Employment has been declining for the last several months, impacting some households' abilities to purchase homes. Inventories of completed and unsold homes have risen, deterring some builders.

Single-detached starts dropped by 11 per cent. Slightly higher mortgage rates and home prices, and higher carrying cost of purchasing a single-detached home have dampened demand. Land constraints and the move to intensification have also limited single-detached construction.

The more affordable forms of housing did not fare any better in the first quarter. Multiple family home starts, which include semi-detached homes, townhomes and apartments, fell by 31 per cent this quarter.

The price for single-detached homes continues to rise. Single-detached homes remain the first choice for homebuyers in the Niagara Region. Strong demand, higher costs

IN THIS ISSUE



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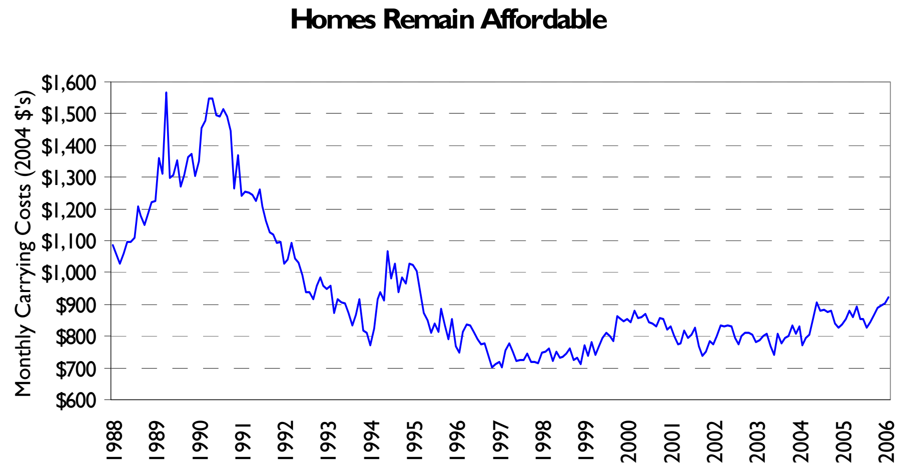
associated with labour and materials and rising land values pushed home prices higher. First quarter single-detached prices have risen by 20 per cent compared to the same quarter last year. All municipalities in the CMA, except Pelham, recorded double digit growth in the price of newly absorbed single-detached homes.

Within the St. Catharines-Niagara CMA, construction activity was lower in all municipalities except Niagara Falls, Pelham and Thorold.



Source: CREA, Statistics Canada, CMHC Calculation

Assumptions: 25% d.p., 5 Yr fixed rate, Average MLS price, 25 yr amortization

Resale Home Market

Hot first quarter sales

The resale home market in the St. Catharines-Niagara CMA had a very impressive start to the year. After adjusting for seasonal variations, existing home sales moved higher this quarter. With a seasonally adjusted annual rate (SAAR) of over 6,700 SAAR in the first quarter, sales are very strong, running slightly higher than last year's 6,698 total sales.

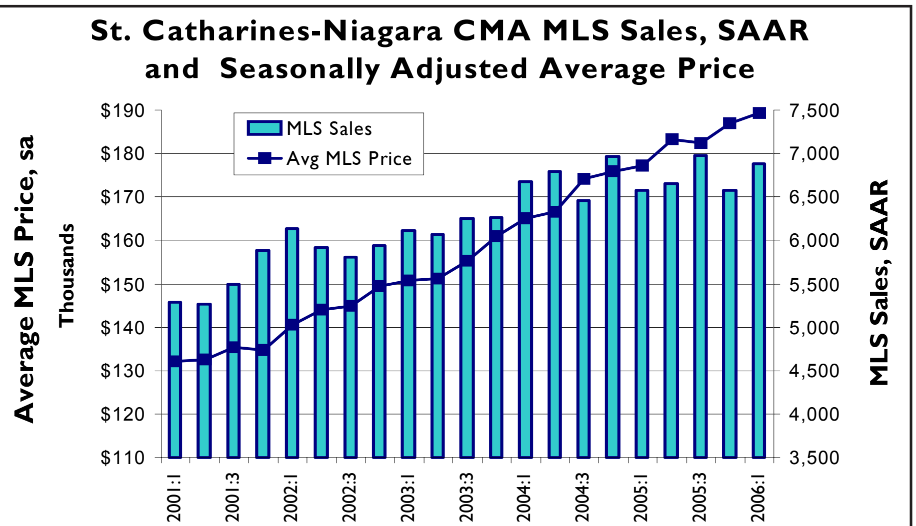
A total of 1,526 homes exchanged hands in the first quarter of 2006, up 4.9 per cent from the same quarter in 2005. This was the best first quarter performance since 1990. Demand for resale homes was driven by the mild winter weather, low mortgage rates, strong consumer confidence, positive in-migration and the lower prices of resale homes when compared to new homes. More choice in the existing home market also contributed to the strong sales figures.

New listings, an indicator of supply, moved higher this quarter, continuing an upward trend started in 2002. Rising home prices have encouraged many homeowners to take advantage of equity gains and list their homes for sale. A total of 2,970 homes were listed in the first quarter, up more than 17 per cent from the level recorded in the first quarter of 2005.

With supply outpacing demand this quarter, the resale market returned to a more balanced state. The sales-to-new listings ratio (SNLR), a leading indicator of future price growth and a measure of market state, moved lower. A sales-to-new listings ratio above 55 per cent is an indicator of a sellers' market, while more balanced market conditions occur when the SNLR is between 35 per cent and 55 per cent.

Despite the looser market conditions, price increases in the existing home market continued to outpace the general rate of inflation. The average price of a resale home increased by more than seven per cent in the first quarter to $188,131. However, the low mortgage rates have kept inflation-adjusted carrying costs within the reach of many homebuyers.

On a sub-market basis, all three resale markets, St. Catharines, Niagara Falls-Fort Erie, and Welland moved closer to a balanced state. Resale home prices in all three districts moved higher.



Source: CREA, CMHC

Table 1: Housing Activity Summary for St. Catharines-Niagara CMA

	OWNERSHIP					RENTAL		
	FREEHOLD			CONDOMINIUM				GRAND
	*SINGLE	*SEMI	ROW	ROW	APT	ROW	APT	**TOTAL
STARTS								
Q1 2006	161	8	12	32	3	0	0	216
Q1 2005	180	16	40	19	0	5	0	260
% Change	-10.6	-50.0	-70.0	68.4	NA	-100.0	NA	-16.9
Year-to-date 2006	161	8	12	32	3	0	0	216
Year-to-date 2005	180	16	40	19	0	5	0	260
% Change	-10.6	-50.0	-70.0	68.4	NA	-100.0	NA	-16.9
UNDER CONSTRUCTION								
March 2006	431	30	170	92	3	0	2	728
March 2005	458	42	148	128	0	5	106	887
COMPLETIONS								
Q1 2006	202	14	42	24	0	11	0	293
Q1 2005	283	20	28	43	0	4	5	383
% Change	-28.6	-30.0	50.0	-44.2	NA	175.0	-100.0	-23.5
Year-to-date 2006	202	14	42	24	0	11	0	293
Year-to-date 2005	283	20	28	43	0	4	5	383
% Change	-28.6	-30.0	50.0	-44.2	NA	175.0	-100.0	-23.5
COMPLETE & NOT ABSORBED								
March 2006	88	11	27	17	0	6	11	160
March 2005	68	10	8	3	0	0	0	89
ABSORPTIONS								
Q1 2006	206	15	34	14	0	5	7	281
Q1 2005	276	18	26	42	0	4	5	371
% Change	-25.4	-16.7	30.8	-66.7	NA	25.0	40.0	-24.3
Year-to-date 2006	206	15	34	14	0	5	7	281
Year-to-date 2005	276	18	26	42	0	4	5	371
% Change	-25.4	-16.7	30.8	-66.7	NA	25.0	40.0	-24.3

*Includes all market types

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

Source: CMHC

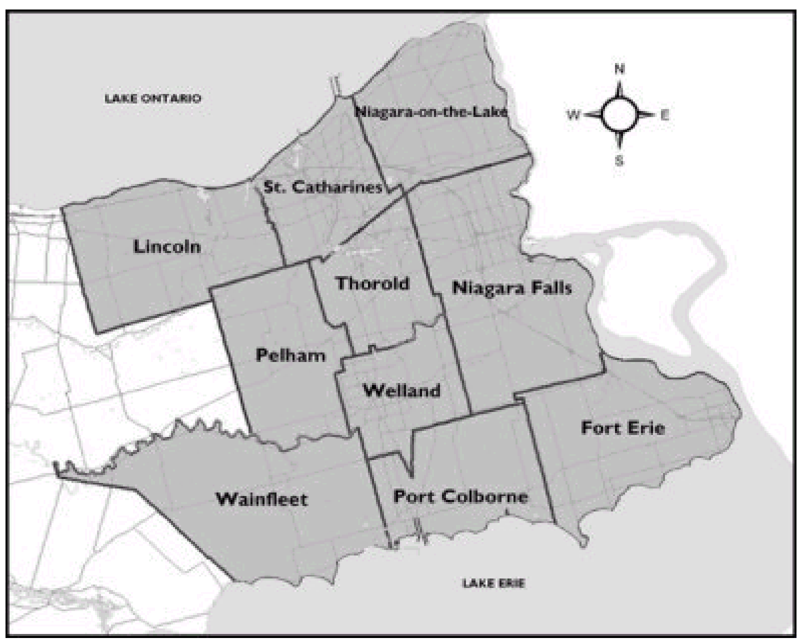


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change	Q1 2005	Q1 2006	% change
St. Catharines-Niagara CMA	180	161	-10.6	80	55	-31.3	260	216	-16.9
St. Catharines City	21	28	33.3	28	13	-53.6	49	41	-16.3
Niagara Falls	35	30	-14.3	0	14	NA	35	44	25.7
Welland	27	17	-37.0	0	0	NA	27	17	-37.0
Lincoln Town	17	18	5.9	9	4	-55.6	26	22	-15.4
Fort Erie	32	23	-28.1	0	2	NA	32	25	-21.9
Niagara-on-the-Lake	21	12	-42.9	23	5	-78.3	44	17	-61.4
Pelham	11	10	-9.1	4	6	50.0	15	16	6.7
Port Colborne City	3	5	66.7	7	0	NA	10	5	-50.0
Thorold City	9	15	66.7	9	11	22.2	18	26	44.4
Wainfleet TWP.	4	3	-25.0	0	0	NA	4	3	-25.0

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
St. Catharines-Niagara CMA	180	161	-10.6	80	55	-31.3	260	216	-16.9
St. Catharines City	21	28	33.3	28	13	-53.6	49	41	-16.3
Niagara Falls	35	30	-14.3	0	14	NA	35	44	25.7
Welland	27	17	-37.0	0	0	NA	27	17	-37.0
Lincoln Town	17	18	5.9	9	4	-55.6	26	22	-15.4
Fort Erie	32	23	-28.1	0	2	NA	32	25	-21.9
Niagara-on-the-Lake	21	12	-42.9	23	5	-78.3	44	17	-61.4
Pelham	11	10	-9.1	4	6	50.0	15	16	6.7
Port Colborne City	3	5	66.7	7	0	NA	10	5	-50.0
Thorold City	9	15	66.7	9	11	22.2	18	26	44.4
Wainfleet TWP.	4	3	-25.0	0	0	NA	4	3	-25.0

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

Sub Market Area	Q1 2005	Q1 2006	% Change	YTD 2005	YTD 2006	% Change
St. Catharines-Niagara CMA	265,221	317,839	19.8	265,221	317,839	19.8
St. Catharines City	276,096	307,960	11.5	276,096	307,960	11.5
Niagara Falls	253,268	352,659	39.2	253,268	352,659	39.2
Welland	217,065	266,640	22.8	217,065	266,640	22.8
Lincoln Town	305,959	348,827	14.0	305,959	348,827	14.0
Fort Erie	214,429	262,796	22.6	214,429	262,796	22.6
Niagara-on-the-Lake	373,733	412,400	10.3	373,733	412,400	10.3
Pelham	352,033	351,967	0.0	352,033	351,967	0.0
Port Colborne City	210,180	238,750	13.6	210,180	238,750	13.6
Thorold City	195,430	227,228	16.3	195,430	227,228	16.3
Wainfleet TWP.	293,429	250,167	-14.7	293,429	250,167	-14.7

Source: CMHC

Note: NA may appear where CMHC data suppression rules apply

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

	PRICE RANGES												
	<$150,000		$150,000-$199,999		$200,000-$249,999		$250,000-$299,999		$300,000-$449,999		$450,000+		
AREA	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	TOTAL
St. Catharines-Niagara CMA													
Q1 2006	1	0.5	20	9.7	43	20.9	60	29.1	59	28.6	23	11.2	206
Q1 2005	9	3.3	52	18.8	77	27.9	53	19.2	76	27.5	9	3.3	276
YTD 2006	1	0.5	20	9.7	43	20.9	60	29.1	59	28.6	23	11.2	206
YTD 2005	9	3.3	52	18.8	77	27.9	53	19.2	76	27.5	9	3.3	276
St. Catharines City													
Q1 2006	0	0.0	2	6.9	7	24.1	9	31.0	7	24.1	4	13.8	29
Q1 2005	0	0.0	3	6.5	13	28.3	15	32.6	14	30.4	1	2.2	46
YTD 2006	0	0.0	2	6.9	7	24.1	9	31.0	7	24.1	4	13.8	29
YTD 2005	0	0.0	3	6.5	13	28.3	15	32.6	14	30.4	1	2.2	46
Niagara Falls													
Q1 2006	0	0.0	1	2.2	13	28.3	13	28.3	12	26.1	7	15.2	46
Q1 2005	0	0.0	9	15.0	29	48.3	8	13.3	12	20.0	2	3.3	60
YTD 2006	0	0.0	1	2.2	13	28.3	13	28.3	12	26.1	7	15.2	46
YTD 2005	0	0.0	9	15.0	29	48.3	8	13.3	12	20.0	2	3.3	60
Welland													
Q1 2006	0	0.0	8	23.5	10	29.4	9	26.5	6	17.6	1	2.9	34
Q1 2005	1	2.0	25	50.0	10	20.0	9	18.0	5	10.0	0	0.0	50
YTD 2006	0	0.0	8	23.5	10	29.4	9	26.5	6	17.6	1	2.9	34
YTD 2005	1	2.0	25	50.0	10	20.0	9	18.0	5	10.0	0	0.0	50
Lincoln Town													
Q1 2006	1	3.7	1	3.7	1	3.7	9	33.3	12	44.4	3	11.1	27
Q1 2005	0	0.0	0	0.0	10	58.8	0	0.0	6	35.3	1	5.9	17
YTD 2006	1	3.7	1	3.7	1	3.7	9	33.3	12	44.4	3	11.1	27
YTD 2005	0	0.0	0	0.0	10	58.8	0	0.0	6	35.3	1	5.9	17
Fort Erie													
Q1 2006	0	0.0	5	20.0	7	28.0	6	24.0	6	24.0	1	4.0	25
Q1 2005	6	19.4	5	16.1	10	32.3	8	25.8	2	6.5	0	0.0	31
YTD 2006	0	0.0	5	20.0	7	28.0	6	24.0	6	24.0	1	4.0	25
YTD 2005	6	19.4	5	16.1	10	32.3	8	25.8	2	6.5	0	0.0	31
Niagara-on-the-Lake													
Q1 2006	0	0.0	0	0.0	0	0.0	2	12.5	11	68.8	3	18.8	16
Q1 2005	0	0.0	0	0.0	0	0.0	1	3.3	27	90.0	2	6.7	30
YTD 2006	0	0.0	0	0.0	0	0.0	2	12.5	11	68.8	3	18.8	16
YTD 2005	0	0.0	0	0.0	0	0.0	1	3.3	27	90.0	2	6.7	30
Pelham													
Q1 2006	0	0.0	0	0.0	2	12.5	6	37.5	4	25.0	4	25.0	16
Q1 2005	0	0.0	1	6.7	1	6.7	4	26.7	6	40.0	3	20.0	15
YTD 2006	0	0.0	0	0.0	2	12.5	6	37.5	4	25.0	4	25.0	16
YTD 2005	0	0.0	1	6.7	1	6.7	4	26.7	6	40.0	3	20.0	15
Port Colborne City													
Q1 2006	0	0.0	0	0.0	2	50.0	2	50.0	0	0.0	0	0.0	4
Q1 2005	0	0.0	4	40.0	3	30.0	3	30.0	0	0.0	0	0.0	10
YTD 2006	0	0.0	0	0.0	2	50.0	2	50.0	0	0.0	0	0.0	4
YTD 2005	0	0.0	4	40.0	3	30.0	3	30.0	0	0.0	0	0.0	10
Thorold City													
Q1 2006	0	0.0	3	50.0	0	0.0	3	50.0	0	0.0	0	0.0	6
Q1 2005	2	20.0	5	50.0	1	10.0	1	10.0	1	10.0	0	0.0	10
YTD 2006	0	0.0	3	50.0	0	0.0	3	50.0	0	0.0	0	0.0	6
YTD 2005	2	20.0	5	50.0	1	10.0	1	10.0	1	10.0	0	0.0	10
Wainfleet TWP.													
Q1 2006	0	0.0	0	0.0	1	33.3	1	33.3	1	33.3	0	0.0	3
Q1 2005	0	0.0	0	0.0	0	0.0	4	57.1	3	42.9	0	0.0	7
YTD 2006	0	0.0	0	0.0	1	33.3	1	33.3	1	33.3	0	0.0	3
YTD 2005	0	0.0	0	0.0	0	0.0	4	57.1	3	42.9	0	0.0	7

Table 5: Resale Housing Activity for St.Catharines-Niagara CMA

	Number of Sales	Yr/Yr %	Number of New Listings	Sales-to-New Listings	Average Price ($)	Yr/Yr %
All districts						
Q1 2005	1,455	-1.8	2,531	57.5	175,383	8.3
Q1 2006	1,526	4.9	2,970	51.4	188,035	7.2
YTD 2005	1,455	-1.8	2,531		175,383	7.3
YTD 2006	1,526	4.9	2,970		182,547	4.1
St. Catharines district						
Q1 2005	743	-2.0	1,180	63.0	186,666	7.3
Q1 2006	798	7.4	1,452	55.0	203,593	9.1
YTD 2005	743	-2.0	1,180		186,666	7.3
YTD 2006	798	7.4	1,452		193,099	3.4
Niagara Falls-Fort Erie						
Q1 2005	397	0.8	770	51.6	166,557	11.6
Q1 2006	405	2.0	869	46.6	178,186	7.0
YTD 2005	397	0.8	770		166,557	7.4
YTD 2006	405	2.0	869		178,186	7.0
Welland district						
Q1 2005	315	-4.5	581	54.2	159,891	7.2
Q1 2006	323	2.5	649	49.8	161,947	1.3
YTD 2005	315	-4.5	581		159,891	7.2
YTD 2006	323	2.5	649		161,947	1.3

	Annual Sales	Yr/Yr %	Annual New Listings	Yr/Yr %	Annual Average Price ($)	Yr/Yr %
1996	5,457	18.4	11,873	-0.9	114,072	-0.2
1997	5,509	1.0	11,154	-6.1	117,778	3.2
1998	5,794	5.2	11,354	1.8	121,981	3.6
1999	5,863	1.2	9,982	-12.1	126,155	3.4
2000	5,207	-11.2	9,310	-6.7	129,390	2.6
2001	5,488	5.4	9,221	-1.0	133,715	3.3
2002	5,951	8.4	8,828	-4.3	144,720	8.2
2003	6,174	3.7	9,270	5.0	154,559	6.8
2004	6,722	8.9	10,051	8.4	170,452	10.3
2005	6,698	-0.4	10,583	5.3	182,443	7.0

Source: Canadian Real Estate Association

Table 6: Economic Indicators

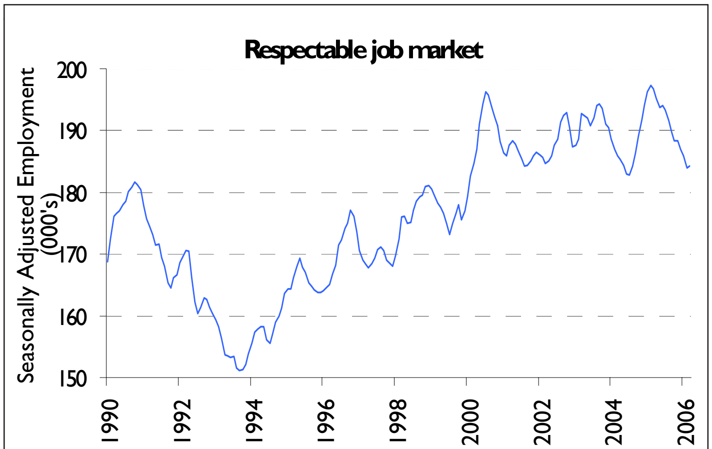
		Interest and Exchange Rates				Inflation Rate (%)	NHPI*** % chg.	St. Catharines-Niagara CMA Labour Market		
		P & I*	Mortgage Rate (%)		Exch. Rate	Ontario	St. Catharines-Niagara CMA	Employment	Employment	Unemployment
		Per $100,000	1 Yr. Term	5 Yr. Term	($US/$Cdn)	1996=100	1997=100	SA** (,000)	SA m/m (%)	Rate (%) SA
2005	January	642.78	4.8	6.1	0.806	1.6	9.3	196.3	1.1	6.4
	February	642.78	4.8	6.1	0.811	2.2	8.5	197.3	0.5	6.0
	March	654.74	5.1	6.3	0.827	2.3	9.2	196.8	-0.3	6.2
	April	642.78	4.9	6.1	0.795	2.3	8.1	195.2	-0.8	7.0
	May	636.84	4.9	6.0	0.797	1.5	9.6	193.7	-0.8	6.8
	June	622.08	4.8	5.7	0.816	1.9	6.7	194.1	0.2	6.4
	July	627.97	4.9	5.8	0.817	1.9	5.7	193.3	-0.4	6.6
	August	627.97	5.0	5.8	0.842	2.7	5.6	191.6	-0.9	8.1
	September	627.97	5.0	5.8	0.860	3.3	5.0	189.8	-0.9	8.4
	October	639.81	5.3	6.0	0.847	2.5	5.5	188.4	-0.7	8.0
	November	648.75	5.6	6.2	0.857	2.0	6.2	188.3	-0.1	7.1
	December	657.75	5.8	6.3	0.860	2.1	4.3	187.0	-0.7	7.0
2006	January	657.75	5.8	6.3	0.878	3.0	3.7	186.0	-0.5	7.1
	February	666.80	5.9	6.5	0.880	2.0	4.7	183.9	-1.1	6.8
	March	666.80	6.1	6.5	0.856	2.3		184.2	0.2	6.7
	April	685.05	6.3	6.8						
	May									
	June									
	July									
	August									
	September									
	October									
	November									
	December									

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

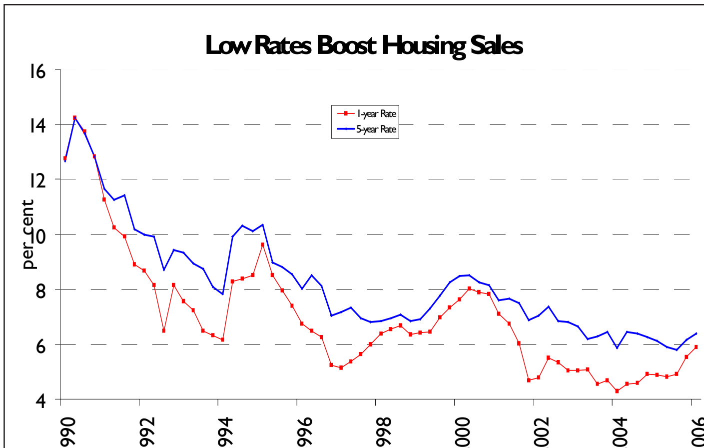
** Seasonally Adjusted

*** New Housing Price Index

Source: CMHC, Statistics Canada Labour Force Survey



Source: Statistics Canada



Source: 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

Your Guide to Renting a Home – CMHC's new, online guide for tenants, landlords, and property managers

CMHC is breaking new ground with the introduction of "Your Guide to Renting a Home". A comprehensive rental guide, developed by the Research and Information Transfer team, this free, online tool launched this spring. It will help the estimated four million Canadian households in rental accommodation, as well as landlords and property managers, to find plain language information on tenant and landlord rights and rental practices across the country.

"Your Guide to Renting a Home" is located on the CMHC Web site at www.cmhc.ca. From the left-hand menu, you can select "Buying or Renting a Home" and click on "Renting a Home".

CMHC – HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for over 60 years.

Together with other housing stakeholders, we help ensure that Canada maintains one of the best housing systems in the world. We are committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country.

For more information, visit our website at www.cmhc.ca

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