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Demand for detached homes dips

Total housing starts have been trending lower since mid 2004 in the Windsor Census Metropolitan Area (CMA). New home construction continued to slow in the second quarter of 2006, falling 26 per cent to 244 units from one year earlier and reaching a fifteen year low. Single detached home starts were down in all of the five municipalities of the CMA, most significantly in Lakeshore.

Builders are monitoring sales and have slowed production of new homes. The number of new homes absorbed/sold was slightly higher in the second quarter on a year over year basis suggesting that demand for new homes may be improving.

Rising new single family detached home prices and the tendency for aging baby boomers to demand a maintenance free lifestyle has pushed up the demand for new multiple family homes. Multiple family home starts surged ahead by 44 per cent for the second three months of the year to 154 units due to the start of an 83-unit apartment condominium building and 55 row ownership units in Windsor City.

The average price of completed and sold homes rose less than two per cent in the second quarter of 2006 to just over \$235,000. The strongest increases were in

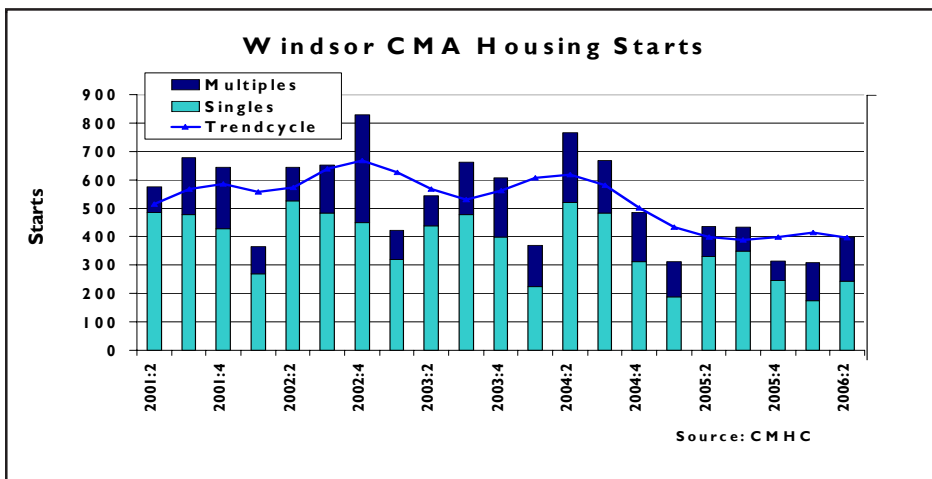
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Lakeshore and Amherstburg. This is a slowdown from the strong increase in the first quarter which contributed to a 12 per cent increase for the first half of 2006.

The emphasis of new construction has moved away from the first-time buyers targeted a few years ago to the move-up and custom market now dominating. There was a dramatic shift away from new Windsor City homes priced between \$150,000 and \$175,000. This segment dropped from 53 per cent of the market in the second quarter of 2005 to less than eight per cent in 2006.



Margot Stevenson, CMHC - Market Analysis, London Office
 Direct Line: (519) 873-2407 * Fax: (519) 438-5266
mstevens@cmhc-schl.gc.ca * www.cmhc.ca

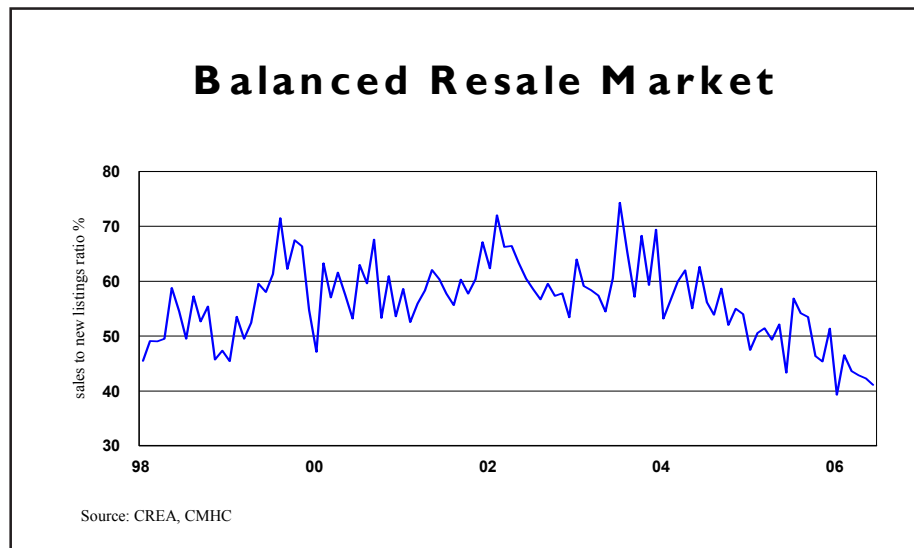
Resale Market

Homebuyers have choice

Lower Windsor home sales can be attributed to cautious consumers. A combination of a high dollar which affects exports, and reduced demand in the auto sector have contributed to slow job growth and hence, consumer confidence.

Sales were down by 14 per cent for the April-June period compared to the same period in 2005. Windsor-Essex MLS home sales continued their downward trend in the second quarter of 2006 from their cyclical peak in 2004.

The cost of carrying a \$100,000 mortgage was up by \$75 in June to \$697 compared to \$622 one year earlier due to higher interest rates, (principal and interest payment assumes a five year mortgage rate and 25 year amortization period.) As rates continue to rise in conjunction with rising houses prices, fewer people will



be able to enter the homeownership market.

The resale home market remains in a balanced position where neither the buyer nor the seller has an advantage in price negotiations. When a sales-to-new listings ratio is in the 35-55 percentage range, home prices usually tend to rise in line with the general rate of inflation. The sales-to-new listings ratio averaged the quarter at 42 per cent, within this balanced market range.

The average price in the second quarter increased a moderate 2.1 per cent, consistent with the general rate of inflation, to \$168,420. This reverses the downward trend of the last three quarters.

The strong price growth of the last year has encouraged many homeowners to realize equity gains by listing and selling their homes. However, with the moderate price growth this year, the number of listings has begun to decline. In the second quarter of 2006, 3,356 homes were listed for sale in the Windsor-Essex market, down 2.1 per cent from second quarter 2005 figures.

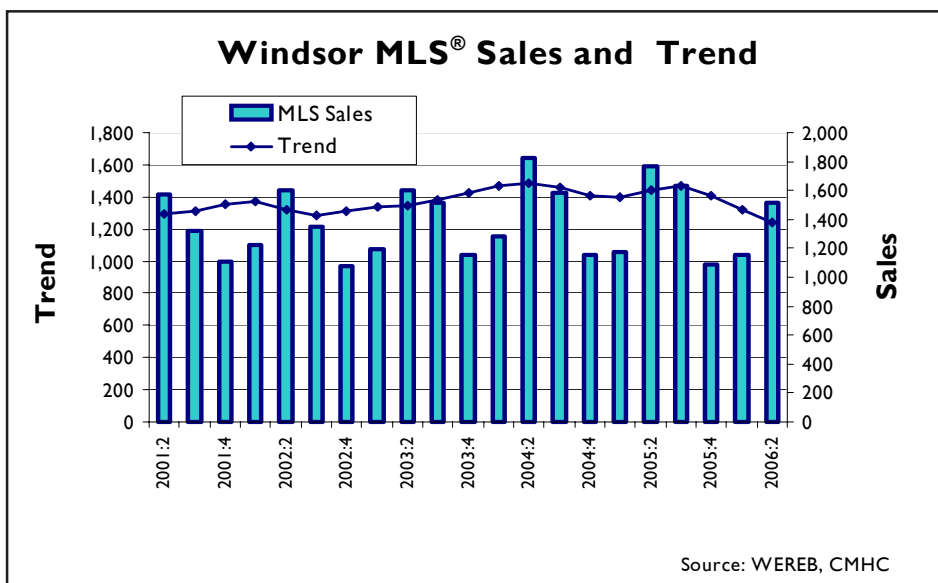


Table I: Housing Activity Summary for Windsor CMA

	OWNERSHIP					RENTAL		GRAND TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q2 2006	244	12	55	0	83	0	4	398
Q2 2005	329	46	39	0	0	12	10	436
% Change	-25.8	-73.9	41.0	NA	NA	-100.0	-60.0	-8.7
Year-to-date 2006	419	22	59	0	201	0	7	708
Year-to-date 2005	516	52	80	0	74	16	10	748
% Change	-18.8	-57.7	-26.3	NA	171.6	-100.0	-30.0	-5.3
UNDER CONSTRUCTION								
June 2006	255	14	43	0	201	0	4	517
June 2005	335	44	78	0	74	16	10	557
COMPLETIONS								
Q2 2006	212	10	50	0	0	0	12	284
Q2 2005	213	26	17	0	0	0	8	264
% Change	-0.5	-61.5	194.1	NA	NA	NA	50.0	7.6
Year-to-date 2006	445	24	88	0	0	0	12	569
Year-to-date 2005	532	66	161	0	88	8	97	952
% Change	-16.4	-63.6	-45.3	NA	-100.0	-100.0	-87.6	-40.2
COMPLETE & NOT ABSORBED								
June 2006	4	1	10	0	0	0	0	15
June 2005	9	6	0	0	0	0	0	15
ABSORPTIONS								
Q2 2006	215	9	48	0	0	0	12	284
Q2 2005	209	27	17	0	0	0	8	261
% Change	2.9	-66.7	182.4	NA	NA	NA	50.0	8.8
Year-to-date 2006	453	27	74	0	0	0	12	566
Year-to-date 2005	530	64	173	0	88	8	97	960
% Change	-14.5	-57.8	-57.2	NA	-100.0	-100.0	-87.6	-41.0

* Includes all market types

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

Source: CMHC

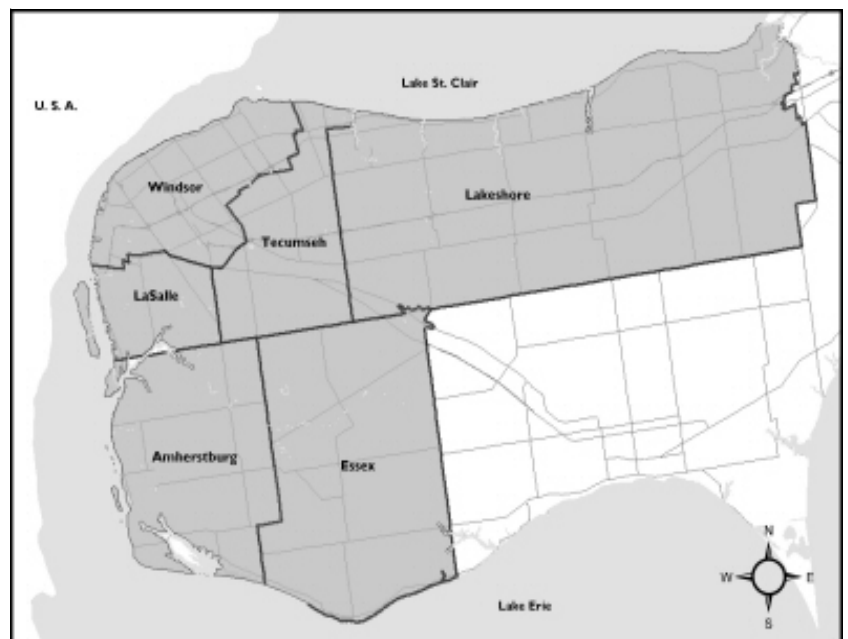


Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q2 2005	Q2 2006	% change	Q2 2005	Q2 2006	% change	Q2 2005	Q2 2006	% change
Windsor CMA	329	244	-25.8	107	154	43.9	436	398	-8.7
Windsor City	142	141	-0.7	88	121	37.5	230	262	13.9
LaSalle Town	33	23	-30.3	10	2	-80.0	43	25	-41.9
Lakeshore Township	115	57	-50.4	9	13	44.4	124	70	-43.5
Amherstburg Township	32	21	-34.4	0	18	NA	32	39	21.9
Tecumseh Town	7	2	-71.4	0	0	NA	7	2	-71.4

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
Windsor CMA	516	419	-18.8	232	289	24.6	748	708	-5.3
Windsor City	250	230	-8.0	153	249	62.7	403	479	18.9
LaSalle Town	42	40	-4.8	27	4	-85.2	69	44	-36.2
Lakeshore Township	167	113	-32.3	9	16	77.8	176	129	-26.7
Amherstburg Township	46	33	-28.3	0	20	NA	46	53	15.2
Tecumseh Town	11	3	-72.7	43	0	-100.0	54	3	-94.4

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

Sub Market Area	Q2 2005	Q2 2006	% Change	YTD 2005	YTD 2006	% Change
Windsor CMA	239,639	239,609	0.0	221,134	247,935	12.1
Windsor City	205,999	206,997	0.5	198,070	216,427	9.3
LaSalle Town	337,444	318,192	-5.7	284,462	326,825	14.9
Lakeshore Township	262,347	283,518	8.1	250,019	292,726	17.1
Amherstburg Township	228,484	235,047	2.9	209,783	239,040	13.9
Tecumseh Town	335,883	NA	NA	271,758	688,333	153.3

Note: NA may appear where CMHC data suppression rules apply

Source: CMHC

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 (%)	
Windsor CMA											
Q2 2006	1	0.5	11	5.1	138	64.2	30	14.0	35	16.3	215
Q2 2005	1	0.5	72	34.4	70	33.5	22	10.5	44	21.1	209
YTD 2006	1	0.2	34	7.5	274	60.5	59	13.0	85	18.8	453
YTD 2005	8	1.5	214	40.4	183	34.5	44	8.3	81	15.3	530
Windsor City											
Q2 2006	1	0.8	9	7.3	95	76.6	16	12.9	3	2.4	124
Q2 2005	1	0.9	57	53.3	27	25.2	9	8.4	13	12.1	107
YTD 2006	1	0.4	30	10.8	203	73.0	26	9.4	18	6.5	278
YTD 2005	7	2.4	159	54.6	80	27.5	16	5.5	29	10.0	291
LaSalle Town											
Q2 2006	0	0.0	0	0.0	7	36.8	3	15.8	9	47.4	19
Q2 2005	0	0.0	0	0.0	3	17.6	5	29.4	9	52.9	17
YTD 2006	0	0.0	0	0.0	15	36.6	7	17.1	19	46.3	41
YTD 2005	1	2.4	2	4.9	13	31.7	11	26.8	14	34.1	41
Lakeshore Township											
Q2 2006	0	0.0	1	1.8	28	50.0	8	14.3	19	33.9	56
Q2 2005	0	0.0	5	8.1	34	54.8	7	11.3	16	25.8	62
YTD 2006	0	0.0	1	1.0	43	43.0	17	17.0	39	39.0	100
YTD 2005	0	0.0	26	19.1	69	50.7	13	9.6	28	20.6	136
Amherstburg Township											
Q2 2006	0	0.0	1	6.7	8	53.3	3	20.0	3	20.0	15
Q2 2005	0	0.0	10	62.5	3	18.8	1	6.3	2	12.5	16
YTD 2006	0	0.0	3	9.7	13	41.9	9	29.0	6	19.4	31
YTD 2005	0	0.0	27	56.3	13	27.1	2	4.2	6	12.5	48
Tecumseh Town											
Q2 2006	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	1
Q2 2005	0	0.0	0	0.0	3	42.9	0	0.0	4	57.1	7
YTD 2006	0	0.0	0	0.0	0	0.0	0	0.0	3	100.0	3
YTD 2005	0	0.0	0	0.0	8	57.1	2	14.3	4	28.6	14

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

Source: CMHC

Table 5: Resale Housing Activity for Windsor Real Estate Board

		Number of Sales	Yr/Yr %	Number of New Listings	Average Price (\$)	Yr/Yr %
2005	January	297	9.6	960	144,757	0.0
	February	398	2.6	938	152,978	0.0
	March	482	-22.8	1,008	154,335	0.0
	April	536	-12.6	1,214	157,942	0.0
	May	609	12.2	1,209	162,711	0.6
	June	618	-8.0	1,232	166,588	0.0
	July	521	2.2	1,004	160,394	0.0
	August	600	17.6	1,161	171,179	0.0
	September	508	-9.1	993	167,550	0.0
	October	459	7.0	1,044	155,157	0.0
	November	384	-10.3	886	151,140	0.0
	December	249	-17.8	461	159,201	0.0
2006	January	268	-9.8	1,069	151,974	5.0
	February	387	-2.8	999	159,579	4.3
	March	497	3.1	1,178	159,903	3.6
	April	439	-18.1	1,121	166,649	5.5
	May	541	-11.2	1,330	170,902	5.0
	June	535	-13.4	1,120	167,507	0.6
	July					
	August					
	September					
	October					
	November					
	December					
Q2 2005		1,763	-3.6	3,655	164,734	1.5
Q2 2006		1,515	-14.1	3,571	168,470	2.3
YTD 2005		2,940	-5.5	6,561	163,641	3.6
YTD 2006		2,667	-9.3	6,817	163,926	0.2

	Annual Sales	Yr/Yr %	Annual New Listings	Annual Average Price (\$)	Yr/Yr %
1996	5,171	12.7	9,938	121,088	3.2
1997	5,045	-2.4	9,875	124,631	2.9
1998	5,015	-0.6	9,853	130,523	4.7
1999	5,077	1.2	8,778	134,490	3.0
2000	4,968	-2.1	8,664	136,318	1.4
2001	5,127	3.2	8,737	138,485	1.6
2002	5,265	2.7	8,757	147,218	6.3
2003	5,472	3.9	9,451	151,948	3.2
2004	5,850	6.9	11,233	159,618	5.0
2005	5,448	-6.9	11,839	162,482	1.8

Source: Windsor-Essex County Real Estate Board

Table 6: Economic Indicators

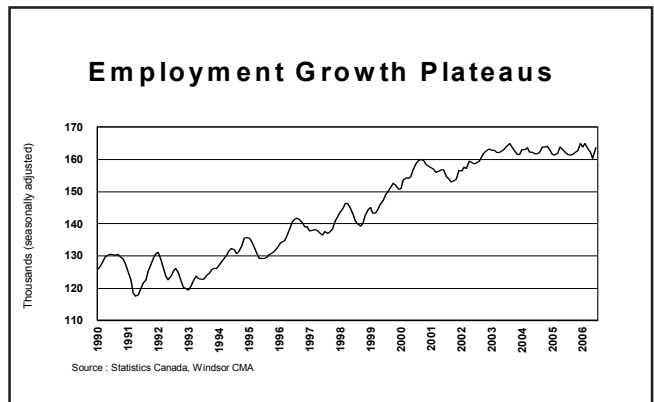
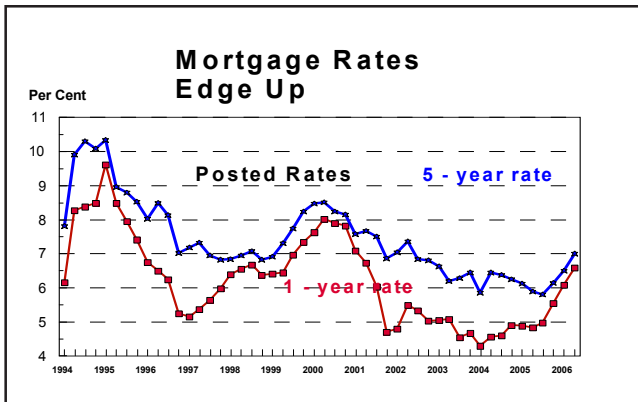
		Interest and Exchange Rates				Inflation Rate (%)	NHI*** % chg	Windsor CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate (%)		Exch. Rate (\$US/\$Cdn)	Ontario	London CMA	Employment	Employment	Unemployment
			1 Yr. Term	5 Yr. Term		1996=100	1997=100	SA** (.000)	SA m/m (%)	Rate (%) SA
2005	January	642.78	4.8	6.1	0.806	1.6	2.4	160.0	-0.9	9.8
	February	642.78	4.8	6.1	0.811	2.2	3.1	159.5	-0.3	9.2
	March	654.74	5.1	6.3	0.827	2.3	2.9	160.1	0.4	8.8
	April	642.78	4.9	6.1	0.795	2.3	2.8	161.7	1.0	8.1
	May	636.84	4.9	6.0	0.797	1.5	3.5	161.3	-0.2	8.2
	June	622.08	4.8	5.7	0.816	1.9	3.6	160.4	-0.6	8.3
	July	627.97	4.9	5.8	0.817	1.9	3.6	160.1	-0.2	8.3
	August	627.97	5.0	5.8	0.842	2.7	2.9	160.1	0.0	7.8
	September	627.97	5.0	5.8	0.860	3.3	2.7	160.9	0.5	7.6
	October	639.81	5.3	6.0	0.847	2.5	2.6	161.5	0.4	7.4
	November	648.75	5.6	6.2	0.857	2.0	2.6	162.1	0.4	7.1
	December	657.75	5.8	6.3	0.860	2.1	2.4	163.7	1.0	6.8
2006	January	657.75	5.8	6.3	0.878	3.0	1.4	163.9	0.1	8.1
	February	666.80	5.9	6.5	0.880	2.0	0.7	165.0	0.7	8.9
	March	666.80	6.1	6.5	0.856	2.3	0.9	163.3	-1.0	9.4
	April	685.05	6.3	6.8	0.894	2.3	-0.5	162.4	-0.6	8.7
	May	685.05	6.3	6.8	0.908	2.8	-0.8	160.5	-1.2	8.5
	June	697.33	6.6	7.0	0.896			163.7	2.0	8.5
	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



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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