



PRESS RELEASE



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Housing Starts Rising This Year and Resilient in 2002

OTTAWA, Ontario, May 2, 2001 — Housing starts in Canada are expected to reach 158,600 units this year and 157,700 in 2002, compared to 151,653 in 2000, according to Canada Mortgage and Housing Corporation's (CMHC) second quarter *CMHC Housing Outlook* report.

"Despite the recent cooling of the North American economy, lower mortgage rates, favourable labour markets, income growth, rising migration, and stronger house prices continue to encourage residential construction," said Michel Laurence, Chief Economist at CMHC. "Given these factors, expect starts to rise this year and remain strong in 2002. Over the longer run, expected demographic trends will keep annual starts close to the 160,000 unit mark."

"With increased demand from first time buyers in several markets, sales of existing homes will continue to reach record levels, posting solid growth this year and up marginally in 2002. The strongest resale price gains will occur in Saskatchewan, Quebec, and Ontario."

Starts in Ontario will continue to show resiliency, in spite of recent labour market turbulence, thanks to in-migration and tight resale markets. Toronto starts will increase in 2001 but edge down in 2002, while Ottawa starts will see growth this year and next.

Growth in housing activity in the next two years will also occur in Newfoundland, supported by income growth and increased oil production. After large gains the past two years, starts in the other Atlantic provinces will drop this year.

Low inventories of new and existing homes, favourable labour market conditions, and low vacancy rates will support residential construction in Quebec this year and next. Montreal starts will increase in 2001 but level off in 2002.

In Alberta, a robust labour market, continued high levels of migration and increases in disposable income due to tax cuts will maintain demand for new housing, with Calgary and Edmonton accounting for about two thirds of total starts. Starts in Manitoba and Saskatchewan will bounce back over the next two years.

Over 2001 and 2002, housing starts will rise in British Columbia as market conditions have bottomed out and demand is picking up modestly. Construction will be up in Vancouver and Victoria.

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National Housing Outlook

Key Housing Market Indicators

	2000 Actual	2001 Forecasts*	2002 Forecasts*
Total housing starts (units)	151,653	*158,600	*157,700
Total single-detached houses	92,184	*95,200	*95,500
Total multiple housing units	59,469	*63,400	*62,200
Total MLS sales**	333,197	*341,300	*341,900
Average MLS selling price (\$)	164,135	*170,500	*175,700

Provincial Housing Outlook

Total Housing Starts

	2000 Actual	2001 Forecasts	2002 Forecasts
Newfoundland	1,459	1,550	1,575
Prince Edward Island	710	675	670
Nova Scotia	4,432	4,000	4,000
New Brunswick	3,079	3,035	2,975
Quebec	24,695	26,200	26,500
Ontario	71,521	76,000	74,000
Manitoba	2,560	2,635	2,900
Saskatchewan	2,513	2,850	3,000
Alberta	26,266	26,150	25,775
British Columbia	14,418	15,500	16,300

SOURCE: CMHC

* Rounded off to the nearest hundred.

** Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association.

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