



PRESS RELEASE



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2002 Housing Market to Weather Economic Slowdown

OTTAWA, Ontario, November 7, 2001 — Housing starts in Canada are expected to reach 160,100 units this year and 155,800 in 2002, compared with 151,653 in 2000, according to Canada Mortgage and Housing Corporation's (CMHC) fourth quarter **CMHC Housing Outlook** report.

Despite the North American economic slowdown, the Canadian housing market is expected to achieve levels of starts only slightly below 2001 levels. "Low mortgage rates, high immigration, record low inventories of newly completed and not occupied units, high sales to new listings ratios, and lower vacancy rates will all contribute to sustained housing starts," said Michel Laurence, Chief Economist at CMHC.

"Low mortgage rates will continue to power resales in 2002 although record levels attained in 2001 will not be repeated mainly due to a weaker job market in Quebec and Ontario. A slight increase in the B.C. resale market will help offset this situation and stabilize the overall forecast reduction to two per cent."

After housing starts reached a 12 year high in 2001, Ontario housing starts are expected to revert to 2000 levels next year, due mainly to slower economic growth.

In Quebec, the reduction will be less significant. This will be the result of a solid performance of the labour market in recent years and of the low rental vacancy rates combined with a reduced number of properties for sale.

In British Columbia, however, lower interest rates have not only stimulated first-time buyer activity but also lowered financing cost for developers. A 25 per cent increase in the number of resale homes in 2001 and a diminishing inventory of new housing will lift housing starts in 2002 as it did in 2001.

With the Alberta job market performing better than the national average, the province will remain the destination of choice for interprovincial migrants and demand for housing will stay at high levels over the forecast period. Housing construction will be sustained in part by tight resale markets in Manitoba and lower unoccupied house inventories in Saskatchewan.

After large gains in the past two years, starts in the Atlantic provinces will drop this year and remain low next year in line with the weaker job market.

For further information contact:

Michel Laurence
CMHC
(613) 748-2737
mLaurenc@cmhc-schl.gc.ca

National Housing Outlook

Key Housing Market Indicators

	2000 Actual	2001 Forecasts*	2002 Forecasts*
Total housing starts (units)	151,653	*160,100	*155,800
Total single-detached houses	92,184	*91,300	*89,200
Total multiple housing units	59,469	*68,900	*66,600
Total MLS sales**	333,197	*364,500	*357,100
Average MLS selling price (\$)	164,135	*172,500	*177,800

Provincial Housing Outlook

Total Housing Starts

	2000 Actual	2001 Forecasts	2002 Forecasts
Newfoundland	1,459	1,600	1,675
Prince Edward Island	710	550	625
Nova Scotia	4,432	3,700	3,650
New Brunswick	3,079	3,100	3,000
Quebec	24,695	25,900	25,500
Ontario	71,521	74,800	71,500
Manitoba	2,560	2,820	3,000
Saskatchewan	2,513	2,020	2,550
Alberta	26,266	27,650	26,000
British Columbia	14,418	18,000	18,300

SOURCE: CMHC

* Rounded off to the nearest hundred.

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