



## PRESS RELEASE



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### **Home Starts Expected to be Second Strongest in 14 Years, Renovation Spending to Hit New Records**

**OTTAWA, Ontario, August 13, 2003** — Housing starts are expected to reach 203,200 units this year, the second highest housing starts level in 14 years and renovation spending will rise to \$32.1 billion, according to Canada Mortgage and Housing Corporation's (CMHC) third quarter CMHC Housing Outlook, National Edition report.

"Another solid year for home construction is expected for 2003 but the pace of new construction will ease over the remainder of the year," said Bob Dugan, Chief Economist at CMHC. "Greater availability of existing homes on the resale market along with slightly higher mortgage rates will lead to a further reduction in new home construction in 2004 when starts are expected to reach just over 188,000 units."

"While low interest rates and strong employment growth have supported strong demand for housing, sales of existing homes will fall slightly short of last year's record pace reflecting slower economic growth. Increases in the average resale price of homes will continue to outpace the general rate of inflation. However, as sales edge lower relative to the supply of new listings coming on the market, growth in house prices will moderate from the 2002 pace. The average price of existing homes will increase by 7.4 per cent this year and 4.4 per cent in 2004."

"On the renovation front, active existing home markets and more disposable income mean an increase in renovation spending which will rise from \$29.8 billion last year to record levels of \$32.1 billion in 2003 and \$33.5 billion in 2004. British Columbia and Quebec will lead the growth in renovation spending throughout this year, and well into 2004," added Dugan.

Housing starts in British Columbia will rise again this year as home market conditions improve, and will continue in 2004 with the province expected to have the highest percentage growth in housing starts nationally in 2003-2004.

Residential construction peaked last year in Ontario. Though lower, home starts will remain robust this year and next because of low inventories of newly completed and unoccupied homes, employment gains and low mortgage rates. Multiple family home starts will be strong this year, especially condominiums in the increasingly expensive home markets such as Toronto. Lower but solid migration will nudge starts down in 2004.

Quebec's housing starts will peak this year, as high consumer confidence, continued strength in the labour market and rising disposable income boosts demand for new homes. Home construction will be slightly lower in 2004.

In the Prairies, lower in-migration will cause starts to decline this year after solid growth in 2002. Fewer starts will continue into 2004 in Saskatchewan and Alberta. Manitoba starts will remain stable.

Following large gains in much of the Atlantic region over the past two years, soft labour market conditions will slow the housing demand and starts will begin to slow this year and in 2004.

**Information on this release:**

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<b>National Housing Outlook</b>			
<b>Key Housing Market Indicators</b>			
	<b>2002 Actual</b>	<b>2003 Forecasts</b>	<b>2004 Forecasts</b>
Total housing starts (units)	205,034	*203,200	*188,200
Total single-detached houses	125,374	*119,000	*111,900
Total multiple housing units	79,660	*84,200	*76,400
Total MLS® sales**	420,676	*394,700	*378,200
Average MLS® selling price (\$)**	188,168	*202,000	*210,800
<b>Provincial Housing Outlook</b>			
<b>Total Housing Starts</b>			
	<b>2002 Actual</b>	<b>2003 Forecasts</b>	<b>2004 Forecasts</b>
Newfoundland and Labrador	2,419	2,100	2,000
Prince Edward Island	775	700	610
Nova Scotia	4,970	4,225	4,100
New Brunswick	3,862	3,850	3,600
Quebec	42,452	45,500	42,000
Ontario	83,597	81,500	74,000
Manitoba	3,617	3,200	3,200
Saskatchewan	2,963	2,925	2,900
Alberta	38,754	35,100	31,200
British Columbia	21,625	24,050	24,600

SOURCE: CMHC Housing Outlook, National Edition, Third Quarter 2003.

\* Rounded off to the nearest hundred.

\*\* The term MLS® stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA). Data is for 10 provinces.

**National Renovation Spending Outlook**

**Renovation Expenditure Breakdown\***

(millions of dollars and annual percentage change)

	<b>2002</b>	<b>2003 F</b>	<b>2004 F</b>
Alterations and Improvements	22,008	23,705	24,808
%	7.1	7.7	4.7
Repairs	7,783	8,351	8,613
%	7.1	7.3	3.1
Total Renovations	29,791	32,056	33,461
%	7.1	7.6	4.4

Source: Statistics Canada, CMHC forecast 2003 and 2004.

(F) Forecast

\* Data is for 10 provinces.