



## PRESS RELEASE



*Canadian Mortgage News - National Archive 2004*

### **Housing Starts Expected to Remain Strong in 2004**

**OTTAWA, Ontario, February 5, 2004** — Housing starts are expected to remain strong in 2004, reaching 203,900 units, their third highest level since 1989, according to Canada Mortgage and Housing Corporation's (CMHC) first quarter Housing Outlook, National Edition report. This is down from a 15-year high of 218,400 units in 2003.

"Consumer confidence remains high while mortgage rates remain low by historical standards", said Bob Dugan, Chief Economist at CMHC. "These factors, combined with accelerated economic growth and continued job creation will contribute to the continued strong performance of the housing market this year. A better balance between listings and sales in the existing home market will reduce spill-over demand to the new home market. Gradually rising mortgage rates in the latter half of 2004 will also ease the pace of new home construction, particularly in 2005 when starts are expected to reach 191,800 units."

"Resale activity is expected to be below last year's record pace, in part due to rising house prices. As sales edge lower, relative to new listings coming on the market, growth in house prices will moderate from the pace seen in 2002 and 2003. Nationally, the average price of existing homes will increase by 4.7 per cent this year and 3.2 per cent in 2005."

British Columbia's housing starts are expected to remain solid this year as stronger economic growth fuels employment and income growth, creating high levels of consumer confidence. British Columbia is expected to be one of two provinces with an increase in housing starts in 2004. Starts in 2005 are expected to match this year's 27,000 units.

Expectations for 2004 remain high in Ontario, where residential construction peaked in 2003, but starts will drop slightly from last year's level to 78,000 units. Levels will continue to drop through to 2005, in part due to fewer people moving to Ontario from other provinces. Multiple-family home starts are expected to decline slightly to 35,000 units in 2004 but still record the second highest level in 14 years.

Quebec's tight housing market will continue to be supported by expected employment growth and increasing net migration in this year and next. Starts are expected to reach 48,000 units in 2004, easing to 45,200 units in 2005. After declining slightly last year, the number of single-family home starts is expected to increase to 27,300 units in 2004.

In the Prairies, residential construction, returned to a more sustainable pace last year after experiencing record growth in 2002. Housing starts will continue to moderate across the Prairies in 2004 and 2005, but will remain at high levels compared with the last decade.

Following the Atlantic region's large gains in housing starts since 2001, the housing market is expected to moderate in 2004 and continue to do so in 2005 in part due to softer employment conditions. New Brunswick is expected to be the only Atlantic province to see an increase in starts in 2004 thanks to continuing intra-provincial migration to large urban centres.

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A special report on the rental market reveals that vacancy rates rose in most markets across Canada. "The rise in the vacancy rate over the past year reflects a number of factors. Foremost among these are low mortgage rates, which reduced mortgage carrying costs and lessened demand for rental housing by bringing home ownership within the reach of many renter households", added Dugan.

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<b>National Housing Outlook</b>			
<b>Key Housing Market Indicators</b>			
	2003 Actual	2004 Forecasts	2005 Forecasts
Total housing starts (units)	*218,400	*203,900	*191,800
Total single-detached houses	*123,200	*115,900	*109,100
Total multiple housing units	*95,200	*88,100	*82,700
Total MLS® sales**	*432,400	*414,300	*388,900
Average MLS® selling price (\$)**	*206,800	*216,500	*223,500

<b>Provincial Housing Outlook</b>			
<b>Total Housing Starts</b>			
	2003 Actual	2004 Forecasts	2005 Forecasts
Newfoundland and Labrador	2,692	2,500	2,300
Prince Edward Island	814	750	700
Nova Scotia	5,096	4,100	3,800
New Brunswick	4,489	4,625	4,200
Quebec	50,289	48,000	45,200
Ontario	85,180	78,000	72,500
Manitoba	4,206	3,700	3,600
Saskatchewan	3,315	3,050	3,035
Alberta	36,171	32,200	29,500
British Columbia	26,174	27,000	27,000

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SOURCE: CMHC Housing Outlook, National Edition, First Quarter 2004.

\* 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.