



PRESS RELEASE



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CMHC Releases 2005 Report on the State of Canada's Housing

OTTAWA, Ontario, December 7, 2005 — Housing continued to be one of the fastest growing sectors of the economy in 2004, supported by high levels of new construction, renovation and sales of existing homes according to the latest edition of the Canadian Housing Observer.

The third edition of the Observer, an annual review of the state of Canada's housing, was released today by Canada Mortgage and Housing Corporation (CMHC). It provides a comprehensive statistical portrait of how well Canadians are housed and charts the key developments affecting this important sector of Canada's economy.

"The Observer is a valuable resource for anyone with an interest or involvement in housing," said Karen Kinsley, President of CMHC. "It provides information and analysis to assess how well the housing sector is performing and where some of the key challenges are."

Two new sections have been added to the 2005 edition. One is devoted to Aboriginal housing, and the housing conditions and challenges facing Aboriginal peoples. It explores some of the innovative ways these challenges are being addressed by Aboriginal communities.

The second is dedicated to healthy housing and sustainable communities, a subject particularly important as housing is a major consumer of resources for construction, maintenance and operation. The chapter focuses on how housing and residential communities that are designed and built to be sustainable can contribute in a positive way to the environment and improve Canadians' quality of life.

The 2005 Observer contains updated statistics on core housing need. The revised estimates show that 1.48 million or 13.7 per cent of Canadian Households were in core housing need in 2001, down from 1.57 million or 15.6 per cent of households in 1996.

The statistical information assembled in the 2005 Observer underscores both the economic vitality of the housing sector in recent years as well as ongoing challenges in the area of affordable housing. While broad improvements in housing affordability have been recorded since the mid-1990s, almost 1.5 million households continue to face challenges in obtaining acceptable housing that meets their needs.

The analysis contained in the Observer is backed by a series of statistical tables, which provide detailed information on housing conditions and trends in Canada, provinces and territories, and major urban centres. The publication and related housing statistics are available on CMHC's website.

Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing agency. For close to 60 years, CMHC has been contributing to improving the living conditions and the well-being of Canadians through four areas of housing activities — housing finance, assisted housing, research and information transfer, and export promotion. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, and making vibrant and

sustainable communities a reality across the country.

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2005 Canadian Housing Observer

Key Findings

Canada's Housing: Influences on Housing Demand

- From 1991 to 2001, the number of people aged 65 and above grew at double the rate of the general population, and this growth rate will continue to accelerate.
- Just under three quarters of senior households own their homes. Of these, five out of six have paid off their mortgages.
- The increasing numbers of seniors suggests a gradual and modest shift away from single detached homes to smaller multiple units including condominiums.
- Also contributing to the changing population profile is the high level of immigration, and rapid growth in the Aboriginal population.
- Immigrants now make up 18 per cent of the Canadian population. More than 70 per cent of immigrants come to Toronto, Vancouver or Montréal.

Current Housing Market Developments

- 2004 was a strong year for the housing sector. Housing-related spending was up 7.7 per cent in current dollars, compared to growth of 5.7 per cent in the rest of the economy.
- Existing home sales set a new record in 2004, as 456,500 dwellings were sold through the Canadian Real Estate Association's Multiple Listing Service® (MLS®). The average MLS® sales price rose by nearly 10 per cent for the third year in a row.
- New housing starts increased by 6.9 per cent in 2004 to reach more than 233,400 units, their highest level since 1987.
- The movement out of rental accommodation into homeownership continued in 2004 and the average apartment vacancy rate for major urban centres rose from 2.2 to 2.7 per cent.
- Despite the increase in vacancy rates, rents rose in 2004, with the highest increases being for two bedroom apartments at 2.3 per cent.

Trends in Housing Finance

- Strong sales and construction activity pushed the total value of mortgage approvals up 17.1 per cent in 2004 compared to 2003. This reflects a 9.8 per cent increase in the number of loan approvals as well as a 6.7 per cent increase in the average loan amount.
- In 2004, mortgage debt accounted for 68.7 per cent of total household debt, down from the peak of 74.5 per cent in 1993.

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- Mortgage holders are increasingly shopping around when renewing. In 2004, 14 per cent of homeowners switched lenders when renewing their mortgage.
- NHA Mortgage backed security (MBS) issuance totalled \$30 billion in 2004, an increase of 9.5 per cent over 2003. Of this total, \$19.3 billion was issued for the Canada Mortgage Bonds (CMB) Program, while the remainder was issued directly to investors in the secondary market.
- At the end of December, total issuance of NHA MBS stood at over \$37.7 billion, about 15 per cent higher than in 2003. The outstanding amount of CMB guaranteed by CMHC rose to \$54.5 billion in 2004.

Aboriginal Housing

- In 2001, there were close to one million Aboriginal people in Canada accounting for 3.4 per cent of all households.
- Of the 398,400 Aboriginal households counted in the census, close to 20 per cent were located on reserves.
- In 2001, nearly 24 per cent of Aboriginal households living outside reserves were in core housing need, compared to 13 per cent of non-Aboriginal households.
- On-reserve, the shortfall of dwelling units is estimated to be between 20,000 to 35,000 units.
- As of 2001, 22.4 per cent of on-reserve Aboriginal households were living in inadequate housing and unable to afford housing in adequate condition. This is over 11 times higher than for non-Aboriginal households.

Healthy Housing and Sustainable Communities

- In 2003, the residential sector accounted for 17 per cent of Canada's total energy use and 16 per cent of the country's greenhouse gas (GHG) emissions.
- Total GHGs from all sectors increased by 23 per cent between 1990 and 2003, while increases in residential GHG emissions were somewhat lower, at 15 per cent.
- Although the increasing size of Canadian houses decreases the overall efficiency of energy use in the residential sector, energy-efficient improvements can reduce energy use and GHG emissions. Between 1990 and 2003, the increase in residential energy use was only 40 per cent of what it would have been without energy efficiency gains.
- On average, houses built between 2001 and 2004 use approximately half the amount of energy as those built before 1946.
- CMHC has developed the Healthy Housing™ concept, based on the principles of occupant health, energy efficiency, resource conservation, environmental impact and affordability. These principles can be applied to all housing forms, styles and price ranges and homes that are appropriately scaled to the occupant's needs.

Housing Affordability

- In 2001, the average Canadian household spent around one fifth of its before-tax income on housing.
- Seventy per cent of Canadian households lived in affordable uncrowded housing in good repair. Another 16.3 per cent could have obtained acceptable housing at a cost of less than 30 per cent before-tax household income.
- Lone-parent, unattached-individual, recent-immigrant and Aboriginal households were all more likely to be in core housing need than other Canadian households.
- Renter households are also over-represented among those in core need housing need. They account for over two thirds of all households in need.