



PRESS RELEASE



Canadian Mortgage News - National Archive 2006

Housing Starts Will Move Lower in 2007

OTTAWA, Ontario, November 2, 2006 — Housing starts will register another strong year in 2006, according to Canada Mortgage and Housing Corporation's (CMHC) fourth quarter Housing Market Outlook, Canada Edition report. Starts will reach 227,900 units in 2006, before decreasing to 210,900 units next year. Although residential construction will ease, 2007 will mark the sixth consecutive year in which housing starts exceed 200,000 units.

“Record activity in Alberta is the main factor leading to the 1.1 per cent increase in national housing starts to 227,900 this year, although starts are up in all western provinces and in parts of Atlantic Canada as well,” said Bob Dugan, Chief Economist at CMHC. “In 2007, starts will resume their downward trend when home ownership demand is dampened due to the continued erosion of the pent-up demand that built up during the 1990s and the rise in mortgage carrying costs.”

Existing home sales of 481,400 units in 2006, as measured by the Multiple Listing Service (MLS®), will be down slightly from the 2005 record, as declines in Ontario and British Columbia offset higher sales in the prairies. While another decline is forecasted for 2007 to 460,100 units, the level of MLS® sales will still be the third highest on record.

Strong price growth in B.C. and Alberta will cause the average MLS® price for all of Canada to increase by 11.5 per cent in 2006, the highest increase since 1989 when prices were up 17.9 per cent. In 2007, higher listings and lower MLS® sales will move the resale market toward more balanced conditions and growth in average MLS® prices will slow to 5.7 per cent.

Between 2008 and 2010, the annual number of housing starts will decline gradually to reach 187,900 units, a level that is consistent with demographic fundamentals. Housing demand will be supported by relatively tight labour markets which will attract a steady inflow of immigrants throughout this period.

In British Columbia, as existing home markets become more balanced, there is less spill-over of demand into the new home market. As a result, housing starts will peak at 36,900 units in 2006 before easing to 35,300 in 2007. Strong labour markets will ensure that the decline in housing market activity is gradual.

In Alberta, unprecedented population inflows will push housing starts up to a record 49,400 in 2006. Rising housing prices will slow housing demand in 2007, causing a drop in starts to 46,000 units.

Intra-provincial migration from rural areas towards Regina and Saskatoon is underpinning residential construction in Saskatchewan despite persistent population losses to other provinces. Total housing starts are expected to increase 4.7 per cent to 3,600 units in 2006 and remain unchanged in 2007.

In Manitoba, strong non-residential construction activity and the successful Provincial Nominee program which is attracting international immigrants are behind a recovery in housing starts to nearly 5,000 units for the first time since 1988. Total housing starts are forecast to reach 4,950 units in 2006 and 5,000 units next year. Manitoba is the only

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province where starts are expected to increase between 2008 and 2010.

Rising new single-detached home prices, more choice in the resale market and land constraints are all factors that will dampen new construction activity in Ontario. Housing starts will decrease to 75,200 units in 2006 and to 69,100 units in 2007. Despite these declines, housing starts remain above historical averages.

Modest economic growth and the satisfaction of pent up demand that accumulated during the 1990s will cause housing demand to slow in Quebec. Housing starts will drop by 10 per cent in 2006 to 45,800 units and will decrease to 40,700 units in 2007.

Strong employment growth in New Brunswick, boosted by highway construction and several large projects in the energy sector will push up housing starts to 4,100 units in 2006. The recently announced oil refinery will support employment in 2007 and reduce out-migration, limiting the decrease in housing starts to 3,750 units in 2007.

A strong increase in multiples will result in a five per cent increase in Nova Scotia's total starts to 5,000 total units this year. Rising rental vacancy rates and slowing condominium apartment sales imply multiples will be down in 2007, leading to a decline in total housing starts to 4,575 units.

In P.E.I., a significant number of new apartments limited the decline in housing starts to 13 per cent in 2006. Total starts will fall to 750 units in 2006 and 700 units in 2007.

An acceleration of GDP growth to 4.8 per cent in Newfoundland will not prevent a decline in housing starts in 2006 to 2,215 units. Flat employment and continued out migration point to further easing in starts in 2007 to 2,150 units.

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country. For more information call 1-800- 668-2642.

Information on this release:

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National Housing Outlook			
Key Housing Market Indicators			
	2005 Actual	2006 Forecasts	2007 Forecasts
Total housing starts (units)	225,481	227,900 ¹	210,900 ¹
Total single-detached houses	120,463	123,000 ¹	110,700 ¹
Total multiple housing units	105,018	104,900 ¹	100,200 ¹
Total MLS [®] sales ²	482,788	481,400 ¹	460,100 ¹
Average MLS [®] selling price (\$) ²	249,365	278,100 ¹	294,100 ¹

Provincial Housing Outlook
Total Housing Starts

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	2005 Actual	2006 Forecasts	2007 Forecasts
Newfoundland and Labrador	2,498	2,215	2,150
Prince Edward Island	862	750	700
Nova Scotia	4,775	5,000	4,575
New Brunswick	3,959	4,100	3,750
Quebec	50,910	45,800	40,700
Ontario	78,795	75,200	69,100
Manitoba	4,731	4,950	5,000
Saskatchewan	3,437	3,600	3,600
Alberta	40,847	49,400	46,000
British Columbia	34,667	36,900	35,300

SOURCE: CMHC Housing Market Outlook, Canada Edition, Fourth Quarter 2006.

¹Rounded off to the nearest hundred.

²The term MLS[®] stands for Multiple Listing Service and is a registered trademark of the Canadian Real Estate Association (CREA). Data are for 10 provinces.