



## PRESS RELEASE



*Canadian Mortgage News - National Archive 2007*

### **CMHC Releases Comprehensive Report on Housing in Canada**

**OTTAWA, Ontario, October 22, 2007** — Building greener homes in higher-density neighbourhoods near public transit, rather than in sprawling suburbs, is key to reducing the housing sector's impact on the environment and lowering greenhouse gas emissions, according to the 2007 Canadian Housing Observer released today by Canada Mortgage and Housing Corporation (CMHC).

“The focus on sustainable housing in this year's Canadian Housing Observer is particularly timely given growing public interest in the environment,” said Karen Kinsley, President of CMHC. “The Observer is a reliable source of current and comprehensive analysis of housing trends and conditions in Canada.”

The 2007 Canadian Housing Observer analyzes the relationship between environment-friendly housing construction, neighbourhood design and transportation. It found that downtown living, which provides easy access to workplaces, schools, and shops, as well as housing located close to public transit, lead to reduced automobile use. Also, better design of the suburbs results in less short-distance driving and lower greenhouse gas emissions.

The 2007 Canadian Housing Observer also examines recent trends in affordable housing, housing finance and market developments. A key conclusion about the living conditions of Canadians, which is based on new CMHC information, found that the level of Canadians living in core housing need<sup>1</sup> has declined slightly from 13.9 per cent in 2002 to 13.6 per cent in 2004.

Other key findings of this year's Canadian Housing Observer include:

- Housing-related spending grew by 6.1 per cent in 2006, contributing more than \$275 billion to the Canadian economy;
- Total mortgage credit outstanding in 2006 reached an annual average of \$694 billion, up 10.7 per cent from 2005. This is mainly due to increased property values, which in turn increased the average mortgage amount approved;
- Environment-friendly, energy-efficient housing is expected to become more the Canadian norm in the future thanks to initiatives such as CMHC's EQUilibrium sustainable housing initiative.
- All of the fastest-growing metropolitan areas in recent years were in Alberta, Ontario and British Columbia, with the exceptions of Moncton, New Brunswick and Sherbrooke, Québec.

“At TD Economics we rely on CMHC's Canadian Housing Observer for analysis and data to help us formulate answers. The 2007 edition is special because for the first time it gives data on housing conditions for between census years,” said Don Drummond, Chief Economist, TD Bank Financial Group.

This year's print edition of the Canadian Housing Observer is complemented by a detailed array of online housing market and housing conditions data resources at [www.cmhc.ca](http://www.cmhc.ca). This includes CMHC's Housing in Canada Online (HiCO), a powerful and free interactive tool that provides access to data on national, regional, local and off-reserve

housing conditions, including core housing need.

The attached backgrounder provides an overview of key findings from the 2007 Canadian Housing Observer.

As Canada's national housing agency, Canada Mortgage and Housing Corporation (CMHC) draws on more than 60 years of experience to help Canadians access a variety of quality, environmentally sustainable, and affordable homes — homes that will continue to create vibrant and healthy communities and cities across the country.

For more information call 1-800-668-2642.

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<sup>1</sup> Core Housing Need: Households which occupy housing that falls below dwelling adequacy, suitability or affordability standards, and which spends 30 percent or more of their before-tax income for the median rent of alternative local market housing that meets all three standards.

## **Backgrounder — 2007 Canadian Housing Observer — Key Findings**

### **New Housing for a Changing World (Chapter 2)**

- Houses are a major consumer of energy, land, water and raw materials. The residential sector is responsible for 60 per cent of water consumption and 17 per cent of energy used.
- CMHC's EQUilibrium sustainable housing initiative promotes market acceptance and builds industry know-how for healthy, affordable, sustainable and energy-efficient housing.
- Savings in residential energy and water consumption can be achieved in a number of ways, including photovoltaic panels, solar heating, ground-source heat pumps, low-flow fixtures and appliances, and greywater (from dishwasher/shower) recycling and reuse.
- Developers in the Netherlands, Japan, Germany, the United Kingdom and the United States are already building and selling homes targeting annual net-zero energy consumption.
- It is expected that sustainable housing design and construction, now a market niche, will become more the norm.

### **Demographic and Socio-Economic Influences on Housing Demand (Chapter 3)**

- Canada's population grew at a slightly faster pace in recent years than in the late 1990s mainly due to increased immigration. Senior, immigrant and Aboriginal groups are growing more rapidly than the general population.
- From 2001 to 2006, the vast majority (86 per cent) of population growth took place in metropolitan areas.
- The number of households in Canada owning second homes, vacation homes, or cottages reached 1.1 million in 2005, about 200,000 more than in 1999.
- From 1990 to 2004, high-income earners enjoyed much stronger income growth than those with low incomes.
- From 1999 to 2005, the average net worth of households in Canada, after adjusting for inflation, grew at an annual rate of more than four per cent. Increased equity in real estate played a major role in this increase.

### **Market Developments (Chapter 4)**

- The strong housing market in 2006 was led by high demand in the western provinces.

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- In 2006, the proportion of gross domestic product spent on housing increased to 19.1 per cent compared to 18.9 per cent the previous year.
- Total housing starts in 2006, at 227,400 units, were at the second highest level since 1987.
- The average MLS ® home price — driven by the strong seller's markets in western provinces — increased by 11.1 per cent to \$277,000 in 2006, the largest price increase since 1989.
- The average estimated rent for two-bedroom apartments in existing structures rose in 27 out of 28 major centres between October 2005 and October 2006, resulting in an average increase of 3.2 per cent.
- Total spending on housing renovations, repair and maintenance reached \$43.9 billion in 2006, an increase of nine per cent compared to 2005.

## Housing Finance (Chapter 5)

- From a record low of 5.99 per cent in 2005, mortgage rates rose to an average posted rate of 6.66 per cent for a five-year term mortgage in 2006. They were still low by historical standards.
- CMHC's 2006 Mortgage Consumer Survey found that the majority of mortgage consumers (84 per cent) were satisfied with the services they received when negotiating their current mortgage.
- About 70 per cent of mortgage consumers prefer to use one of the major lending institutions to obtain a mortgage.
- Issuance of National Housing Act Mortgage Backed Securities and Canada Mortgage Bonds rose 19 per cent in 2006 to \$36 billion.

## Transportation and sustainable, healthy communities (Chapter 6)

- The location of a home and the neighbourhood design help determine how much driving a household does.
- Automobile use could be reduced by concentrating development along public transportation corridors and closer to the urban centre, rather than at the urban fringe.
- Municipalities and developers are increasingly turning to Transit-Oriented Development.
- Infill developments that increase housing density have been found to be more effective at lowering transportation-related greenhouse gas emissions than greenfield (suburban) developments specifically designed to reduce car dependency.

## Recent trends in housing affordability and core housing need (2002 – 2004) (Chapter 7)

- Urban households in British Columbia and Ontario continued to experience a high level of core housing need between 2002 and 2004.
- One-person households accounted for almost half (46.7 per cent) of Canadian urban households in core housing need, up from 43.7 per cent in 2002.
- The incidence of core housing need among senior-led urban households declined from 15.4 per cent in 2002 to 13.9 per cent in 2004.
- The percentage of immigrant urban tenant households in core housing need increased to 36.3 per cent in 2004 from 34.4 per cent in 2002.
- The 20 per cent of households having the lowest incomes accounted for about 81 per cent of all urban households in core housing need in 2004, up from about 78 per cent in 2002.