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## Metropolitan Housing Outlook **Autumn 2009**



# In-Depth Housing Analysis for Canada, the Provinces, and Eight Metropolitan Areas

**ECONOMIC PERFORMANCE AND TRENDS**



Metropolitan Housing Outlook: In-Depth Housing Analysis for Canada, the Provinces, and Eight Metropolitan Areas  
by Alan Arcand, Mario Lefebvre, Jane McIntyre, Greg Sutherland, and Robin Wiebe

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## Preface

This report provides an in-depth analysis of the housing market at the national, provincial, and metropolitan levels. Covering a wide range of housing market statistics, such as interest rates, housing starts, mortgage approvals, and home prices, this report connects the economy with housing market activity. It also provides insights into the financial situation of consumers.

Eight census metropolitan areas are covered:

Québec City, Montréal, Toronto, Ottawa–Gatineau, Calgary, Edmonton, Vancouver, and Victoria.

Provincial coverage includes the Atlantic provinces, Quebec, Ontario, the Prairies, Alberta, and British Columbia.

This report is completed two times a year, in the spring and fall.

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## What Has Changed?

Canada's recession is now forecast to be a little deeper than the Conference Board predicted in the spring 2009 edition of the *Metropolitan Housing Outlook*. National gross domestic product is expected to dip 2.1 per cent in 2009, compared with our earlier call for a 1.7 per cent drop. But the 2010 recovery is now forecast to be a little stronger, with GDP growth expected to come in at 2.9 per cent against a previous forecast of 2.5 per cent.

Prospects for the Canadian dollar are firmer. We now expect the loonie to average US\$0.87 in 2009, up from our earlier call for a US\$0.80 average. Next year's forecast has also been boosted, from US\$0.81 to US\$0.92.

We have cut our 2009 outlook for national housing starts from roughly 144,900 to 135,250, in line with our expectation of a slightly deeper recession. Next year is expected to be a little weaker, too, with just under 164,800 starts now forecast, compared with roughly 166,500 previously. Our call for subsequent years is now a little higher.

Only a slight, 0.1 per cent, easing in the national average price for an existing home is now seen this year, a big upgrade from our earlier forecast of a 7 per cent drop. Existing home prices are now expected to advance modestly in 2010; earlier we had predicted a 2.7 per cent decline. Our call for 2009 new house prices has also improved to a 2.8 per cent fall from a 3.8 per cent decline.

Next year looks a little better, too, with generally stable new house prices now expected, compared with our earlier call of a 3.4 per cent drop.

We now see the number of mortgage approvals dropping 8.6 per cent this year, down from our earlier projection of a 7.6 per cent decline. But 2010's call has been upgraded from a 3.3 per cent drop to 1.3 per cent growth. Better house pricing this year underlies our stronger forecast for only a 3.7 per cent decline in mortgage approval volumes; an 11.3 per cent drop had been expected. Similarly, volumes are now expected to advance in 2010; a modest easing was foreseen earlier.

## Executive Summary

### National Overview

Although the Canadian economy likely came out of recession in this year's third quarter, real gross domestic product is forecast to contract by 2.1 per cent for 2009 as a whole, down 0.4 percentage points from the last *Metropolitan Housing Outlook*. As private sector activity strengthens, planned capital spending by all levels of government will help boost real GDP growth to 2.9 per cent in 2010, with stronger growth of 3.6 per cent expected for 2011. Indeed, federal and provincial governments plan a surge in fiscal stimulus this year and next with real public capital investment rising by 15.7 per cent this year and another 10.8 per cent in 2010. While required in the current economic environment, resulting government deficits are sizable and will severely constrain future policy options as governments try to eliminate them.

Over the last two years, the Bank of Canada has lowered its bank rate to a rock-bottom 0.5 per cent and provided substantial liquidity to the banking system. While such efforts are essential to recession fighting, their full economic impact may take 18 months. And, while bank rate cuts have lowered mortgage and commercial lending rates, lending conditions have continued to tighten, making the efficacy of the Bank's cuts uncertain. While the Bank has committed to maintaining its rate at 0.5 per cent through mid-2010, it has made the promise conditional upon inflation's behaviour. Fortunately, inflation is expected to remain relatively benign

through 2010. Still, Canadian dollar appreciation will hinder export recovery and dampen national economic prospects.

The downturn has hurt the new home market. Housing starts fell over five consecutive quarters, declining from an annualized 235,000 units at the beginning of last year to 125,300 units in the second quarter of 2009. We expect housing starts to tumble 35.9 per cent to 135,250 units this year, with much of the drop among multiple units.

This decade has featured strong real estate pricing. New home values increased by an average of 5 per cent per year from 2000 to 2008. Unfortunately, new house prices are forecast to decline by 2.8 per cent this year, the first drop in 13 years, and little change is expected in 2010. Meanwhile, resale prices nearly doubled in 2000 to 2007, but eased 1.6 per cent last year. Average prices for existing homes are expected to dip again this year, albeit by just 0.1 per cent, before posting small gains over 2011–2013.

Overall, the outlook for Canada's housing market is still positive. Low financing rates, along with government measures such as income tax cuts and tax rebates on renovation projects, have already helped fuel a strong rebound in renovation spending. As well, sales and prices in the existing market both jumped in this year's second quarter, and they were on pace to climb again in the third quarter.

The recovery in new home construction is expected to begin in 2010, as economic conditions improve. Housing starts are forecast to increase by 21.8 per cent to 164,800 units next year. However, by 2013 starts are still expected to be below their 2008 level, as the market moves to realign with long-term demographic demand.

### Provincial Overview

Unsurprisingly, housing starts are on pace to drop in all regions this year but largely bounce back in 2010. Growth in existing house prices is expected to be generally weaker—or price drops bigger—this year than last, with similarly mixed results expected in 2010. New house prices are also forecast to be weak in 2009 and 2010.

British Columbia's economy is forecast to shrink 2.5 per cent this year, following a 0.1 per cent easing in 2008. The province's manufacturing sector has been hammered, and construction is also hurting. Global recovery and the 2010 Olympic Games will lift real GDP 3.4 per cent in 2010 and an average of 3.6 per cent per year in 2011–2013. Employment, expected to drop 2.5 per cent this year, will rise 1.2 per cent in 2010 and faster in 2011 and 2012. Housing starts are expected to fall 58 per cent this year, following a 12 per cent drop in 2008, but rebound smartly in 2010 and 2011. Prices for new and resale homes will drop this year and next but resume modest growth in 2011.

Weak oil prices continue to undermine Alberta's economy, with related construction and services industries also feeling the pinch. Real GDP is forecast to contract 2.7 per cent in 2009, following a flat 2008. Next year's, 3.3 per cent output gain looks much better. Employment is forecast to dip about 1 per cent in 2009 and rise by roughly the same amount in 2010. Housing starts will fall sharply this year, but rebound strongly in 2010. Home values are also weak, with average new and resale prices expected to dip 9 per cent and 6 per cent, respectively, this year. Existing home prices will start to come back next year, with new prices rising in 2011.

The economy and housing markets in the Prairie provinces of Saskatchewan and Manitoba are coming off the boil. Real GDP is slated to contract 1.0 per cent in 2009, following last year's 3.5 per cent expansion. Economic growth is expected to bounce back to 2.7 per cent next year. Housing starts are forecast to fall 42 per cent this year to the lowest level since 2002, before rebounding 14 per cent next year. Average prices for new homes are expected to ease both this year and in 2010; their resale counterparts are forecast to see prices rise this year, but post a small drop in 2010.

Ontario continues to face problems in its key manufacturing and export sectors. Its economy is expected to shrink 3.1 per cent this year, following a modest dip in 2008. A growth rebound to above 3 per cent is forecast in 2010. Employment, set to dip 2.7 per cent this year, will rise only 0.3 per cent next. Housing starts are expected to drop 36 per cent this year, the second straight

annual drop, but two strong years of recovery are predicted in 2010 and 2011, lifting provincial starts above the early-decade peak. Home prices will perform surprisingly well, with no drop in the province's average resale price and a barely perceptible easing in average new prices on tap for 2009.

Quebec's economy expanded 1.2 per cent last year, but faces a 0.9 per cent drop this year. A rebound to 1.8 per cent growth is expected in 2010, and advances above 3 per cent are slated for 2012 and 2013. Provincial employment is expected to drop 1 per cent this year and change little in 2010. Housing starts have been recently mixed; volumes have dropped in three of the past four years. Still, this year's expected 15.8 per cent drop will be the biggest since 1995. Prices for new and existing homes have continued rising, albeit more slowly this year, although both will level off in 2010.

The economy in Canada's Atlantic provinces is expected to shrink 0.4 per cent this year, with only a 1.5 per cent bounce back expected in 2010. Employment is slated to ease 1 per cent this year and trough in 2010, before rebounding. Housing starts are forecast to drop by 17 to 18 per cent both this year and next. Prices for new and existing homes are expected to rise 1.4 per cent and 3.6 per cent respectively this year, but slide in 2010.

## Municipal Overview

The economy is expected to contract in seven of the eight cities covered by this report. Only Québec City is expected to eke out a small output advance of 0.1 per cent.

Toronto's economy is expected to lead the downturn, with a 2.7 per cent decline in real GDP on tap. Prospects improve across the board in 2010, with GDP expected to rise in all cities. Boosted by the Olympics, Vancouver is expected to lead with a 3.4 gain, while this year's growth leader, Québec City, is forecast to be the laggard at 2.2 per cent. Longer term prospects are decent in all cities.

Still a variety of indicators point to a decent 2010 in most cities. On the new home front, developers have generally avoided large inventory additions; the supply of new homes is below the last cyclical peak in all markets, thus positioning starts for a quick increase when demand improves. Resale markets are similarly primed for improvement as the sales-to-listings ratio is expected to end 2009 averaging over 50 per cent in all markets.

Housing starts are on track to end 2009 off significantly in all cities, especially in the West. Calgary, Vancouver, and Victoria are all expected to suffer drops of at least 60 per cent. Montréal is set for this year's smallest drop, 17 per cent. Slightly more than half of our cities will see starts rise next year, although Montréal, Ottawa-Gatineau, and Québec City are forecast to witness more declines. All four western cities will see starts snap back at least 50 per cent. Calgary's 60 per cent rise leads expected growth.

Resale volumes are set to fall in five of this report's eight cities this year, with Edmonton, Vancouver, and Victoria seeing hikes. Vancouver's forecast 6.5 per cent sales rise this year will lead increases. Sales in Calgary and Québec City will both

register 4.9 per cent drops, 2009's largest. Next year will see sales rise in all cities except Ottawa–Gatineau and Québec City, both of which will register fractional declines. Calgary's 11.3 per cent sales advance will lead 2010's increases.

Balanced market reign in seven of our eight cities this year. In Québec City, a sellers' market will prevail, although this city's ratio will be the only one among this report's eight that falls in 2009. This report's other seven cities feature ratios clustered in the mid-50 per cent range, with Calgary's 53 per cent the lowest. Ratios will rise in Calgary, Edmonton, and Vancouver next year.

Despite generally balanced markets, resale prices face mixed prospects this year. Prices are on track to advance in Montréal, Ottawa–Gatineau, and especially Québec City, whose 4.3 per cent growth is our report's largest. This year's biggest drop is expected to be 8.0 per cent in Calgary. Next year is expected to feature price gains in all cities but Québec City, where a fractional decline is forecast. Victoria's 1.6 per cent gain is expected to be the largest.

Lower mortgage rates and soft house prices are improving affordability in all of this report's cities. The proportion of household income consumed by monthly mortgage payments has fallen across the country. Vancouver and Victoria, this report's least affordable cities, have seen particularly large reductions in the share of income spent on mortgages, at 10 and 8 percentage points respectively. Still, these cities still remain the least affordable of the eight. Mortgage payments in Calgary and Québec City are low relative to local incomes. Affordability is forecast to remain relatively stable across the board in 2010.

**Economic Indicators**

|                           | GDP (2002 \$ millions)  |                          |                         | Employment (000s)    |                       |                      | Unemployment Rate |       |       | Personal Income per Capita |                       |                      | Retail Sales (\$ millions) |                        |                       |
|---------------------------|-------------------------|--------------------------|-------------------------|----------------------|-----------------------|----------------------|-------------------|-------|-------|----------------------------|-----------------------|----------------------|----------------------------|------------------------|-----------------------|
|                           | 2008                    | 2009f                    | 2010f                   | 2008                 | 2009f                 | 2010f                | 2008              | 2009f | 2010f | 2008                       | 2009f                 | 2010f                | 2008                       | 2009f                  | 2010f                 |
| <b>Canada</b>             | 1,321,360<br><i>0.4</i> | 1,293,143<br><i>-2.1</i> | 1,330,762<br><i>2.9</i> | 17,123<br><i>1.5</i> | 16,847<br><i>-1.6</i> | 16,946<br><i>0.6</i> | 6.1               | 8.4   | 9.0   | 36,878<br><i>3.6</i>       | 36,580<br><i>-0.8</i> | 37,412<br><i>2.3</i> | 426,047<br><i>3.4</i>      | 410,198<br><i>-3.7</i> | 425,713<br><i>3.8</i> |
| <b>Atlantic Provinces</b> | 70,224<br><i>0.9</i>    | 69,912<br><i>-0.4</i>    | 70,938<br><i>1.5</i>    | 1,110<br><i>1.1</i>  | 1,098<br><i>-1.1</i>  | 1,097<br><i>0.0</i>  | 9.4               | 10.9  | 11.6  | 31,194<br><i>2.4</i>       | 31,418<br><i>0.7</i>  | 32,080<br><i>2.1</i> | 30,789<br><i>5.6</i>       | 29,902<br><i>-2.9</i>  | 30,645<br><i>2.5</i>  |
| <b>Quebec</b>             | 248,270<br><i>1.2</i>   | 246,119<br><i>-0.9</i>   | 250,455<br><i>1.8</i>   | 3,881<br><i>0.8</i>  | 3,843<br><i>-1.0</i>  | 3,845<br><i>0.1</i>  | 7.3               | 8.8   | 9.3   | 33,407<br><i>2.7</i>       | 33,414<br><i>0.0</i>  | 34,056<br><i>1.9</i> | 95,326<br><i>5.1</i>       | 93,648<br><i>-1.8</i>  | 96,133<br><i>2.7</i>  |
| <b>Québec City</b>        | 24,719<br><i>2.1</i>    | 24,755<br><i>0.1</i>     | 25,292<br><i>2.2</i>    | 390<br><i>1.1</i>    | 394<br><i>1.1</i>     | 393<br><i>-0.4</i>   | 4.5               | 5.0   | 5.8   | 36,669<br><i>3.1</i>       | 37,384<br><i>1.9</i>  | 37,962<br><i>1.5</i> | 11,487<br><i>5.9</i>       | 11,385<br><i>-0.9</i>  | 11,733<br><i>3.1</i>  |
| <b>Montréal</b>           | 121,539<br><i>1.1</i>   | 120,312<br><i>-1.0</i>   | 123,219<br><i>2.4</i>   | 1,898<br><i>-0.2</i> | 1,877<br><i>-1.1</i>  | 1,895<br><i>1.0</i>  | 7.4               | 9.5   | 9.8   | 34,586<br><i>2.7</i>       | 34,474<br><i>-0.3</i> | 35,364<br><i>2.6</i> | 42,290<br><i>3.5</i>       | 41,234<br><i>-2.5</i>  | 42,589<br><i>3.3</i>  |
| <b>Ontario</b>            | 491,833<br><i>-0.2</i>  | 476,723<br><i>-3.1</i>   | 492,202<br><i>3.2</i>   | 6,687<br><i>1.4</i>  | 6,508<br><i>-2.7</i>  | 6,530<br><i>0.3</i>  | 6.5               | 9.2   | 10.2  | 37,306<br><i>2.8</i>       | 36,933<br><i>-1.0</i> | 37,564<br><i>1.7</i> | 151,390<br><i>3.5</i>      | 145,864<br><i>-3.7</i> | 151,273<br><i>3.7</i> |
| <b>Ottawa-Gatineau</b>    | 45,212<br><i>0.8</i>    | 45,006<br><i>-0.5</i>    | 46,415<br><i>3.1</i>    | 670<br><i>2.8</i>    | 651<br><i>-2.8</i>    | 653<br><i>0.3</i>    | 4.8               | 6.1   | 6.5   | 41,224<br><i>3.0</i>       | 41,407<br><i>0.4</i>  | 42,223<br><i>2.0</i> | 14,878<br><i>4.0</i>       | 14,589<br><i>-1.9</i>  | 15,113<br><i>3.6</i>  |
| <b>Toronto</b>            | 221,182<br><i>0.3</i>   | 215,259<br><i>-2.7</i>   | 222,092<br><i>3.2</i>   | 2,921<br><i>1.9</i>  | 2,890<br><i>-1.1</i>  | 2,945<br><i>1.9</i>  | 6.9               | 9.3   | 9.6   | 39,037<br><i>2.3</i>       | 38,793<br><i>-0.6</i> | 39,645<br><i>2.2</i> | 60,423<br><i>4.2</i>       | 56,988<br><i>-5.7</i>  | 59,481<br><i>4.4</i>  |
| <b>Prairies</b>           | 78,716<br><i>3.5</i>    | 77,964<br><i>-1.0</i>    | 80,039<br><i>2.7</i>    | 1,119<br><i>1.9</i>  | 1,125<br><i>0.5</i>   | 1,126<br><i>0.2</i>  | 4.1               | 5.3   | 6.1   | 34,369<br><i>7.4</i>       | 34,519<br><i>0.4</i>  | 35,063<br><i>1.6</i> | 29,377<br><i>8.8</i>       | 28,623<br><i>-2.6</i>  | 29,412<br><i>2.8</i>  |
| <b>Alberta</b>            | 178,711<br><i>-0.2</i>  | 173,877<br><i>-2.7</i>   | 179,687<br><i>3.3</i>   | 2,013<br><i>2.7</i>  | 1,994<br><i>-0.9</i>  | 2,011<br><i>0.8</i>  | 3.6               | 6.4   | 7.2   | 48,175<br><i>6.0</i>       | 48,086<br><i>-0.2</i> | 48,955<br><i>1.8</i> | 61,057<br><i>-0.2</i>      | 56,301<br><i>-7.8</i>  | 58,572<br><i>4.0</i>  |
| <b>Calgary</b>            | 62,784<br><i>0.4</i>    | 61,442<br><i>-2.1</i>    | 63,398<br><i>3.2</i>    | 704<br><i>3.5</i>    | 698<br><i>-1.0</i>    | 708<br><i>1.5</i>    | 3.5               | 6.4   | 7.3   | 54,293<br><i>5.5</i>       | 54,264<br><i>-0.1</i> | 55,404<br><i>2.1</i> | 21,829<br><i>-0.4</i>      | 20,396<br><i>-6.6</i>  | 21,200<br><i>3.9</i>  |
| <b>Edmonton</b>           | 51,048<br><i>1.3</i>    | 50,076<br><i>-1.9</i>    | 51,736<br><i>3.3</i>    | 621<br><i>3.6</i>    | 620<br><i>-0.1</i>    | 624<br><i>0.7</i>    | 3.7               | 6.2   | 7.1   | 44,302<br><i>5.3</i>       | 44,654<br><i>0.8</i>  | 45,380<br><i>1.6</i> | 19,132<br><i>-0.8</i>      | 17,847<br><i>-6.7</i>  | 18,557<br><i>4.0</i>  |
| <b>British Columbia</b>   | 150,239<br><i>-0.1</i>  | 146,466<br><i>-2.5</i>   | 151,444<br><i>3.4</i>   | 2,314<br><i>2.1</i>  | 2,257<br><i>-2.5</i>  | 2,284<br><i>1.2</i>  | 4.6               | 7.6   | 8.2   | 36,502<br><i>3.5</i>       | 36,300<br><i>-0.6</i> | 37,208<br><i>2.5</i> | 56,563<br><i>0.4</i>       | 52,523<br><i>-7.1</i>  | 54,611<br><i>4.0</i>  |
| <b>Vancouver</b>          | 80,330<br><i>-0.1</i>   | 78,233<br><i>-2.6</i>    | 80,858<br><i>3.4</i>    | 1,237<br><i>1.1</i>  | 1,232<br><i>-0.4</i>  | 1,246<br><i>1.1</i>  | 4.3               | 6.9   | 7.4   | 37,309<br><i>3.1</i>       | 37,915<br><i>1.6</i>  | 38,774<br><i>2.3</i> | 25,354<br><i>0.1</i>       | 23,945<br><i>-5.6</i>  | 25,337<br><i>5.8</i>  |
| <b>Victoria</b>           | 11,608<br><i>1.6</i>    | 11,492<br><i>-1.0</i>    | 11,760<br><i>2.3</i>    | 191<br><i>4.3</i>    | 181<br><i>-5.2</i>    | 185<br><i>2.1</i>    | 3.4               | 6.4   | 7.2   | 39,684<br><i>4.2</i>       | 39,789<br><i>0.3</i>  | 40,890<br><i>2.8</i> | 3,927<br><i>0.9</i>        | 3,733<br><i>-5.0</i>   | 3,842<br><i>2.9</i>   |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Bank of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.



**Demographic and Housing Indicators**

|                           | Population (000s)    |                      |                      | Housing Starts         |                         |                        | Housing Completions   |                         |                         | Existing Home Prices   |                        |                        | New Home Prices        |                         |                        |
|---------------------------|----------------------|----------------------|----------------------|------------------------|-------------------------|------------------------|-----------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|------------------------|
|                           | 2008                 | 2009f                | 2010f                | 2008                   | 2009f                   | 2010f                  | 2008                  | 2009f                   | 2010f                   | 2008                   | 2009f                  | 2010f                  | 2008                   | 2009f                   | 2010f                  |
| <b>Canada</b>             | 33,260<br><i>1.2</i> | 33,634<br><i>1.1</i> | 33,979<br><i>1.0</i> | 211,056<br><i>-7.6</i> | 135,253<br><i>-35.9</i> | 164,755<br><i>21.8</i> | 214,400<br><i>2.5</i> | 139,737<br><i>-34.8</i> | 115,105<br><i>-17.6</i> | 301,778<br><i>-1.6</i> | 301,362<br><i>-0.1</i> | 306,339<br><i>1.7</i>  | 396,197<br><i>3.4</i>  | 385,284<br><i>-2.8</i>  | 385,397<br><i>0.0</i>  |
| <b>Atlantic Provinces</b> | 4,413<br><i>0.8</i>  | 4,443<br><i>0.7</i>  | 4,465<br><i>0.5</i>  | 12,229<br><i>-1.3</i>  | 10,036<br><i>-17.9</i>  | 8,300<br><i>-17.3</i>  | 12,498<br><i>9.0</i>  | 8,478<br><i>-32.2</i>   | 6,288<br><i>-25.8</i>   | 171,410<br><i>8.1</i>  | 177,610<br><i>3.6</i>  | 176,785<br><i>-0.5</i> | 305,117<br><i>10.8</i> | 309,320<br><i>1.4</i>   | 304,833<br><i>-1.5</i> |
| <b>Quebec</b>             | 7,742<br><i>0.8</i>  | 7,799<br><i>0.7</i>  | 7,840<br><i>0.5</i>  | 47,901<br><i>-1.3</i>  | 40,321<br><i>-15.8</i>  | 36,582<br><i>-9.3</i>  | 47,626<br><i>-3.3</i> | 38,325<br><i>-19.5</i>  | 31,798<br><i>-17.0</i>  | 215,385<br><i>3.8</i>  | 218,795<br><i>1.6</i>  | 218,121<br><i>-0.3</i> | 278,775<br><i>5.0</i>  | 285,710<br><i>2.5</i>   | 285,527<br><i>-0.1</i> |
| <b>Québec City</b>        | 739<br><i>1.2</i>    | 746<br><i>1.0</i>    | 752<br><i>0.8</i>    | 5,315<br><i>2.5</i>    | 3,968<br><i>-25.3</i>   | 3,958<br><i>-0.3</i>   | 5,486<br><i>23.5</i>  | 4,772<br><i>-13.0</i>   | 3,999<br><i>-16.2</i>   | 195,741<br><i>9.2</i>  | 204,099<br><i>4.3</i>  | 203,432<br><i>-0.3</i> | 201,357<br><i>5.3</i>  | 212,991<br><i>5.8</i>   | 212,499<br><i>-0.2</i> |
| <b>Montréal</b>           | 3,751<br><i>0.8</i>  | 3,781<br><i>0.8</i>  | 3,816<br><i>0.9</i>  | 22,228<br><i>-5.2</i>  | 18,558<br><i>-16.5</i>  | 17,626<br><i>-5.0</i>  | 23,808<br><i>-2.3</i> | 18,081<br><i>-24.1</i>  | 17,760<br><i>-1.8</i>   | 259,046<br><i>3.5</i>  | 264,202<br><i>2.0</i>  | 265,024<br><i>0.3</i>  | 295,491<br><i>4.9</i>  | 301,697<br><i>2.1</i>   | 301,557<br><i>0.0</i>  |
| <b>Ontario</b>            | 12,910<br><i>1.1</i> | 13,025<br><i>0.9</i> | 13,162<br><i>1.1</i> | 75,076<br><i>10.2</i>  | 47,843<br><i>-36.3</i>  | 64,411<br><i>34.6</i>  | 68,001<br><i>6.1</i>  | 49,743<br><i>-26.8</i>  | 42,561<br><i>-14.4</i>  | 301,536<br><i>0.7</i>  | 303,930<br><i>0.8</i>  | 307,151<br><i>1.1</i>  | 463,472<br><i>3.9</i>  | 462,949<br><i>-0.1</i>  | 464,741<br><i>0.4</i>  |
| <b>Ottawa-Gatineau</b>    | 1,199<br><i>1.3</i>  | 1,212<br><i>1.1</i>  | 1,222<br><i>0.9</i>  | 10,388<br><i>13.2</i>  | 8,064<br><i>-22.4</i>   | 7,165<br><i>-11.2</i>  | 9,539<br><i>14.8</i>  | 9,976<br><i>4.6</i>     | 7,665<br><i>-23.2</i>   | 268,007<br><i>6.3</i>  | 275,402<br><i>2.8</i>  | 277,440<br><i>0.7</i>  | 362,282<br><i>3.8</i>  | 366,498<br><i>1.2</i>   | 368,466<br><i>0.5</i>  |
| <b>Toronto</b>            | 5,531<br><i>1.8</i>  | 5,628<br><i>1.8</i>  | 5,733<br><i>1.9</i>  | 42,650<br><i>28.8</i>  | 22,592<br><i>-47.0</i>  | 28,606<br><i>26.6</i>  | 36,258<br><i>19.4</i> | 27,088<br><i>-25.3</i>  | 28,567<br><i>5.5</i>    | 392,930<br><i>0.7</i>  | 392,117<br><i>-0.2</i> | 396,285<br><i>1.1</i>  | 537,010<br><i>3.5</i>  | 533,527<br><i>-0.6</i>  | 534,457<br><i>0.2</i>  |
| <b>Prairies</b>           | 2,220<br><i>1.3</i>  | 2,246<br><i>1.2</i>  | 2,264<br><i>0.8</i>  | 12,365<br><i>5.3</i>   | 7,218<br><i>-41.6</i>   | 8,203<br><i>13.6</i>   | 12,159<br><i>30.0</i> | 6,926<br><i>-43.0</i>   | 5,522<br><i>-20.3</i>   | 205,146<br><i>19.6</i> | 208,647<br><i>1.7</i>  | 203,172<br><i>-2.6</i> | 358,014<br><i>15.4</i> | 353,899<br><i>-1.1</i>  | 347,530<br><i>-1.8</i> |
| <b>Alberta</b>            | 3,574<br><i>2.1</i>  | 3,660<br><i>2.4</i>  | 3,725<br><i>1.8</i>  | 29,164<br><i>-39.7</i> | 15,412<br><i>-47.2</i>  | 25,740<br><i>67.0</i>  | 39,453<br><i>-5.7</i> | 16,950<br><i>-57.0</i>  | 14,541<br><i>-74.2</i>  | 352,742<br><i>-1.3</i> | 331,844<br><i>-5.9</i> | 337,404<br><i>1.7</i>  | 469,780<br><i>1.0</i>  | 429,476<br><i>-8.6</i>  | 429,230<br><i>-0.1</i> |
| <b>Calgary</b>            | 1,182<br><i>2.3</i>  | 1,207<br><i>2.1</i>  | 1,231<br><i>2.0</i>  | 11,807<br><i>-11.8</i> | 4,514<br><i>-61.8</i>   | 7,218<br><i>59.9</i>   | 14,195<br><i>8.3</i>  | 8,238<br><i>-42.0</i>   | 6,303<br><i>-23.5</i>   | 404,713<br><i>-2.6</i> | 372,509<br><i>-8.0</i> | 377,763<br><i>1.4</i>  | 508,298<br><i>0.6</i>  | 472,072<br><i>-7.1</i>  | 473,501<br><i>0.3</i>  |
| <b>Edmonton</b>           | 1,124<br><i>2.1</i>  | 1,144<br><i>1.8</i>  | 1,162<br><i>1.6</i>  | 6,808<br><i>-54.4</i>  | 4,032<br><i>-40.8</i>   | 6,283<br><i>55.8</i>   | 11,217<br><i>-5.3</i> | 6,777<br><i>-39.6</i>   | 4,963<br><i>-26.8</i>   | 332,820<br><i>-2.1</i> | 317,215<br><i>-4.7</i> | 317,291<br><i>0.0</i>  | 426,372<br><i>1.0</i>  | 381,012<br><i>-10.6</i> | 379,307<br><i>-0.4</i> |
| <b>British Columbia</b>   | 4,374<br><i>1.6</i>  | 4,439<br><i>1.5</i>  | 4,489<br><i>1.1</i>  | 34,321<br><i>-12.4</i> | 14,423<br><i>-58.0</i>  | 21,520<br><i>49.2</i>  | 34,662<br><i>4.3</i>  | 19,314<br><i>-44.3</i>  | 14,395<br><i>-25.5</i>  | 449,965<br><i>2.5</i>  | 444,001<br><i>-1.3</i> | 443,748<br><i>-0.1</i> | 666,716<br><i>2.1</i>  | 614,923<br><i>-7.8</i>  | 601,144<br><i>-2.2</i> |
| <b>Vancouver</b>          | 2,271<br><i>1.8</i>  | 2,304<br><i>1.4</i>  | 2,336<br><i>1.4</i>  | 19,605<br><i>-5.3</i>  | 7,484<br><i>-61.8</i>   | 11,300<br><i>51.0</i>  | 19,150<br><i>7.5</i>  | 16,989<br><i>-11.3</i>  | 10,959<br><i>-35.5</i>  | 587,596<br><i>3.1</i>  | 563,127<br><i>-4.2</i> | 564,327<br><i>0.2</i>  | 690,091<br><i>2.3</i>  | 636,230<br><i>-7.8</i>  | 621,163<br><i>-2.4</i> |
| <b>Victoria</b>           | 348<br><i>1.5</i>    | 352<br><i>1.2</i>    | 355<br><i>0.8</i>    | 1,878<br><i>-27.6</i>  | 743<br><i>-60.4</i>     | 1,162<br><i>56.5</i>   | 2,149<br><i>0.4</i>   | 1,835<br><i>-14.6</i>   | 924<br><i>-49.7</i>     | 481,076<br><i>3.1</i>  | 464,688<br><i>-3.4</i> | 472,141<br><i>1.6</i>  | 467,101<br><i>-0.1</i> | 438,705<br><i>-6.1</i>  | 439,180<br><i>0.1</i>  |

**Financial Indicators (Canada only)**

|                                 | 2008 | 2009f | 2010f | 2008                            | 2009f | 2010f | 2008 | 2009f                                   | 2010f |     |     |
|---------------------------------|------|-------|-------|---------------------------------|-------|-------|------|---|-------|-----|-----|
| <b>Exchange rate (US\$/C\$)</b> | 0.94 | 0.87  | 0.92  | <b>One-year mortgage rate</b>   | 6.7   | 4.0   | 4.2  | <b>Federal bonds: 1-3 years</b>         | 2.7   | 1.2 | 1.3 |
| <b>Inflation rate</b>           | 2.4  | 0.6   | 2.2   | <b>Three-year mortgage rate</b> | 6.9   | 4.6   | 4.9  | <b>Federal bonds: 3-10 years</b>        | 3.2   | 2.7 | 2.8 |
| <b>Bank rate</b>                | 3.2  | 0.6   | 1.0   | <b>Five-year mortgage rate</b>  | 7.1   | 5.7   | 5.8  | <b>Federal bonds: 10 years and over</b> | 4.0   | 3.9 | 3.6 |

*Italics indicate percentage change.*  
Sources: The Conference Board of Canada; Bank of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## Canada



### Economic Outlook

The collapse in world equity and financial markets is now a year old. This event, occurring at a time of global trade imbalances, fragile U.S. consumer confidence, and a definite burst (following a drawn-out fizzle) in U.S. real estate markets, had astounding effects on the global economy. Thankfully, the darkest days seem to be now past. The all-important U.S. economy is showing signs of resurgence on many fronts. Especially significant are the recent upward trends in home sales and prices.

With the release of data for the second quarter of 2009, Statistics Canada confirmed that the recession in Canada was three quarters long. Assuming growth has resumed in the third quarter of 2009, real gross domestic product will have contracted by 3.2 per cent from peak to trough during this business cycle. To put

Emerging from the depths of the recession, Canada is expected to post a 2.1 per cent decline in GDP for 2009. All things considered, consumer spending has held up relatively well, with a decline of only 0.1 per cent expected in 2009, but hard-hit labour markets will keep the rebound modest, at 2.9 per cent, in 2010. An already weak housing market has shrunk further this year. Housing starts have been particularly hard hit, and are set to tumble 35.9 per cent for the year as a whole. Prices in the new home market are forecast to fall by 2.8 per cent, the first price decline in more than 13 years. Meanwhile, resale prices will be essentially flat after slipping 1.6 per cent in 2008.

this in perspective, for Canadians, the recession just ending has been similar to the one in 1990–91 and much less severe than the 1981–82 recession, which lasted twice as long and dragged down real GDP nearly 5 per cent. Canada fared much better than the U.S. through this cycle in part because it entered the recession with much sounder financial institutions, strong momentum in the domestic economy, and a relatively sound fiscal situation at both the federal and provincial levels of government.

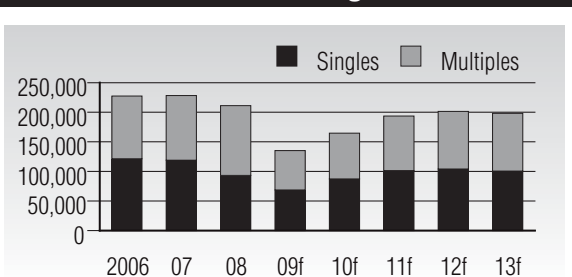
Overall, real GDP is forecast to contract by 2.1 per cent in 2009, down 0.4 percentage points from the last *Metropolitan Housing Outlook*. As private sector activity stabilizes and strengthens next year, planned capital spending by all levels of government will help the economy bounce back and post growth of 2.9 per cent in 2010. Stronger, post-recession-type

growth of 3.6 per cent is in the cards for 2011.

### Financial Markets Outlook

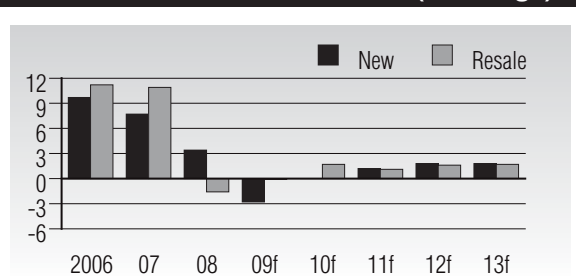
Over the last two years, the Bank of Canada has lowered interest rates to rock-bottom levels, with the bank rate now standing at a paltry 0.5 per cent. It also provided a substantial amount of liquidity to the banking system. One drawback to such an “easy money” policy is that the timing and magnitude of the policy’s effects are uncertain. The transmission of monetary policy to the economy is a relatively long process with, perhaps, an 18-month lag between the time interest rates are changed and the time they have their peak impact on real GDP. While the dramatic cuts in the bank rate have resulted in lower mortgage and commercial lending rates, the Bank’s efforts have been complicated by the fact

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

that lending conditions have continued to tighten. This, in itself, creates increased uncertainty about the timing and magnitude of the monetary transmission process.

Although risks to the economic recovery remain, the Bank of Canada is examining its options for managing the economic recovery and returning monetary policy to a more neutral stance. The Bank has already made plans to withdraw some of its stimulus and will, over the next several months, eliminate some of the liquidity programs it had put in place and scale back others. More recent statements by Governor Mark Carney reasserted that the Bank's primary commitment is to maintaining inflation in the target range and reinforced the notion that the Bank's commitment to maintaining the bank rate at 0.5 per cent until the end of the second quarter of 2010 is conditional upon the outlook for inflation.

The current outlook assumes that indeed the Bank will not begin to raise interest rates until mid-2010. Currently, underlying inflationary pressures remain muted, as weak global and Canadian demand has kept price gains in check. In particular, the precipitous fall in energy prices has had indirect effects on the costs of consumer goods and a direct effect on the retail price of gasoline. These factors are a large part of the reason behind a muted inflation outlook that will see prices advance by only 0.6 per cent this year. For next year, even as underlying capacity pressures remain soft, a rise in energy prices will help boost consumer price inflation to 2.2 per cent. A more rapid recovery in aggregate demand is expected to boost inflation to 2.4 per cent in 2011.

The loonie, which fell against several key currencies including the U.S. dollar during the first quarter of 2009, showed its resiliency in the second and third quarters. While the value of the Canadian dollar had been dominated by a generalized "flight to safety" of the U.S. dollar over the second half of 2008 and into early 2009, it appears that, with increased stability in the global economy, the flight to the greenback has ended. Consequently, the loonie appears to have returned to its old pattern of moving in tandem with energy and other raw materials prices. Overall, the Canadian dollar is expected to average nearly US\$0.87 in 2009 and continue to strengthen steadily over the near term, averaging over US\$0.92 in 2010.

## Housing Outlook

Canada's new housing market increased at a brisk pace from 1996 to 2004. New home construction was initially driven by pent-up demand from the early 1990s, as well as sound economic fundamentals. The introduction of lower interest rates in 2001 and spillover from the resale market also helped keep the new home market moving once economic growth slowed in the early part of this decade. Accordingly, housing starts rose by an average annual pace of 9 per cent over 1996 to 2004, reaching 233,400 units in 2004—a level not seen since 1987.

Although housing starts hit their cyclical peak in 2004, they remained at very healthy levels over the next four years as well. In fact, annual housing starts surpassed 200,000 units for seven consecutive years from 2002 to 2008, the best stretch since the 1970s. The hot market was also reflected in strong home price inflation. New

home prices increased by an average of 5.8 per cent per year over this period. Resale prices were even hotter, climbing by 8.4 per cent annually. This average even includes a 1.6 per cent dip last year.

But in the wake of the global financial crisis, seasonally adjusted annualized housing starts fell below 200,000 units in last year's fourth quarter. In addition, new home construction has remained weak so far this year, as it continues to feel the impact of the global recession. Indeed, housing starts fell over five consecutive quarters, declining from an annualized 235,000 units at the beginning of last year to 125,300 units in the second quarter of 2009. The forecast calls for housing starts to tumble 35.9 per cent in total this year. In fact, housing starts are projected to drop to their lowest level since 1996, with construction set to begin on only 135,300 units this year.

Prices in the new home market have also started to slide. They reached their peak at just under \$400,000 in the third quarter of 2008, and have fallen in each quarter since. New home prices are on track to fall by 2.8 per cent in 2009, the first annual decline in 13 years. As well, resale prices are on pace to fall for the second straight year in 2009, albeit by only 0.1 per cent.

That being said, the outlook for Canada's housing market is still positive, thanks in part to the fact that real estate markets were, for the most part, balanced before the recession hit Canada, at least on the resale side. Low financing rates, along with government measures such as income tax cuts and tax rebates on renovation projects, have already helped fuel a strong rebound

in renovation spending. As well, sales and prices in the existing market both jumped in this year's second quarter, and they were on pace to climb again in the third quarter. The recovery in new home construction is expected to begin in 2010, as economic conditions improve. Housing starts are forecast to increase by 21.8 per cent to 164,800 units next year. However, by 2013 starts are still expected to be below their 2008 level, as the market moves to realign with long-term demographic demand.

### Mortgage Outlook

The Bank of Canada steadily lowered interest rates between the end of 2007 and April 2009 to improve liquidity in the financial system and to help stimulate economic activity. Mortgage rates were quick to follow suit, with the conventional five-year rate dropping from 7.3 per cent in the first quarter of 2008 to 5.5 per cent in the second quarter of this year. For the year as a whole, the conventional five-year rate is expected to average 5.7 per cent. Mortgage rates are expected to rise only 0.1 percentage points to 5.8 per cent in 2010, as the Bank holds interest rates steady until the middle of next year.

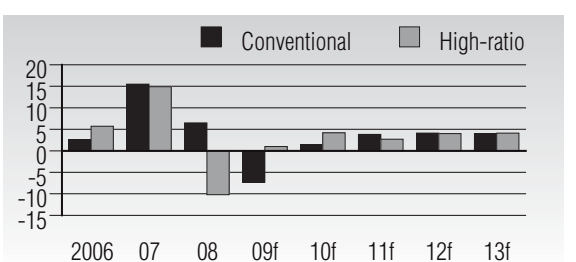
In line with the significant growth in Canada's housing markets, the total number of mortgage approvals rose by an average of 12.6 per cent per year from 2001 to 2004. Average annual growth slowed sharply over the next three years, coming in at just 1.6 per cent. Approvals fell by 5.3 per cent last year, in line with the weakening housing market. Another dip is in the cards this year, with an 8.6 per cent drop forecast. But given that price growth remained strong until recently, dollar volumes of mortgage approvals continued to increase until 2008. That has changed in 2009, as the dollar volume of mortgage approvals is forecast to fall by 3.7 per cent.

Both the level and the dollar volume of mortgage approvals are forecast to bounce back in 2010 and continue to grow through the medium term, as housing markets recover with the upturn in the economy. The number of mortgage approvals is expected to grow by 1.3 per cent next year and then average 2.3 per cent growth annually from 2011 to 2013. Volumes are expected to increase by 2.7 per cent in 2010 and then post average annual growth of 3.8 per cent over the medium term.

The rapid increase in prices this decade in both the new and resale home markets led to a higher number of buyers choosing high-ratio mortgages—meaning those with a down payment of less than 25 per cent. Accordingly, from 2001 to 2007, the number of high-ratio mortgages increased by an average of 9.3 per cent per year, compared with average annual growth of 6.9 per cent in the conventional mortgage market over the same time frame. With some high-risk buyers priced out of the market, and the economy faltering, the total number of high-ratio mortgages declined by 13.4 per cent in 2008, but conventional mortgage approvals still managed to eke out a 2.2 per cent increase.

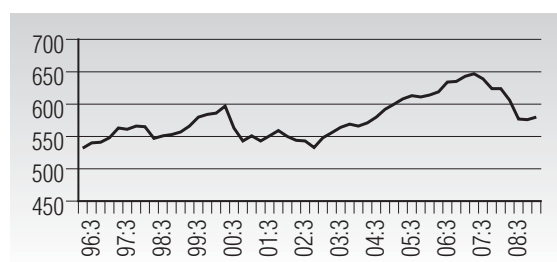
Both categories of mortgage approvals are forecast to fall in 2009. Still, the decline in high-ratio approvals will be less steep than the decline in conventional ones, thanks in part to a tax credit introduced by the federal government this year for first-time homebuyers. The number of high-ratio approvals is set to slip 4 per cent in 2009, while the number of conventional approvals will fall by more than 12 per cent. Moreover, high-risk mortgages are expected to rebound with a 3.1 per cent gain next year, while conventional mortgages will decline a further 0.3 per cent.

**Chart 3—Mortgage Approval Growth (dollar volume per cent change)**



Sources: The Conference Board of Canada; Genworth Financial Canada; CMHC Housing Time Series Database.

**Chart 4—Household Net Worth (as a per cent of disposable income)**



Sources: The Conference Board of Canada; Statistics Canada.

**Table 1—Economic Indicators**

|  | 2006                    | 2007                    | 2008                    | 2009f                    | 2010f                   | 2011f                   | 2012f                   | 2013f                   |
|--|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Real GDP at market prices</b><br>(2002 \$ millions) | 1,283,419<br><i>2.9</i> | 1,315,907<br><i>2.5</i> | 1,321,360<br><i>0.4</i> | 1,293,143<br><i>-2.1</i> | 1,330,762<br><i>2.9</i> | 1,378,939<br><i>3.6</i> | 1,437,314<br><i>4.2</i> | 1,485,757<br><i>3.4</i> |
| <b>Total employment</b> (000s)                         | 16,485<br><i>1.9</i>    | 16,865<br><i>2.3</i>    | 17,123<br><i>1.5</i>    | 16,847<br><i>-1.6</i>    | 16,946<br><i>0.6</i>    | 17,359<br><i>2.4</i>    | 17,814<br><i>2.6</i>    | 18,155<br><i>1.9</i>    |
| <b>Unemployment rate</b>                               | 6.3                     | 6.0                     | 6.1                     | 8.4                      | 9.0                     | 8.2                     | 6.9                     | 6.0                     |
| <b>Personal income per capita</b>                      | 34,002<br><i>5.7</i>    | 35,603<br><i>4.7</i>    | 36,878<br><i>3.6</i>    | 36,580<br><i>-0.8</i>    | 37,412<br><i>2.3</i>    | 38,762<br><i>3.6</i>    | 40,270<br><i>3.9</i>    | 41,845<br><i>3.9</i>    |
| <b>Population</b> (000s)                               | 32,532<br><i>1.0</i>    | 32,882<br><i>1.1</i>    | 33,260<br><i>1.2</i>    | 33,634<br><i>1.1</i>     | 33,979<br><i>1.0</i>    | 34,346<br><i>1.1</i>    | 34,721<br><i>1.1</i>    | 35,106<br><i>1.1</i>    |
| <b>Retail sales</b> (\$ millions)                      | 389,485<br><i>6.4</i>   | 412,037<br><i>5.8</i>   | 426,047<br><i>3.4</i>   | 410,198<br><i>-3.7</i>   | 425,713<br><i>3.8</i>   | 449,621<br><i>5.6</i>   | 479,563<br><i>6.7</i>   | 503,628<br><i>5.0</i>   |
| <b>Exchange rate</b> (U.S./Can.)                       | 0.88                    | 0.93                    | 0.94                    | 0.87                     | 0.92                    | 0.92                    | 0.93                    | 0.94                    |
| <b>Inflation rate</b>                                  | 2.0                     | 2.1                     | 2.4                     | 0.6                      | 2.2                     | 2.4                     | 2.3                     | 2.1                     |

**Table 2—Financial Indicators**

|  |     |     |     |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|-----|-----|-----|
| <b>Bank rate</b>                             | 4.3 | 4.6 | 3.2 | 0.6 | 1.0 | 4.0 | 5.0 | 5.0 |
| <b>Prime lending rate</b>                    | 5.8 | 6.1 | 4.7 | 2.3 | 2.5 | 5.5 | 6.5 | 6.5 |
| <b>Three-month treasury bill</b>             | 4.0 | 4.2 | 2.4 | 0.3 | 0.6 | 3.6 | 4.6 | 4.6 |
| <b>One-year conventional mortgage rate</b>   | 6.3 | 6.9 | 6.7 | 4.0 | 4.2 | 6.1 | 6.8 | 6.8 |
| <b>Three-year conventional mortgage rate</b> | 6.4 | 7.1 | 6.9 | 4.6 | 4.9 | 6.6 | 7.3 | 7.4 |
| <b>Five-year conventional mortgage rate</b>  | 6.7 | 7.1 | 7.1 | 5.7 | 5.8 | 7.0 | 7.6 | 7.8 |
| <b>Federal bonds: 1–3 years</b>              | 4.1 | 4.2 | 2.7 | 1.2 | 1.3 | 3.3 | 4.4 | 4.8 |
| <b>Federal bonds: 3–10 years</b>             | 4.1 | 4.2 | 3.2 | 2.7 | 2.8 | 4.2 | 5.0 | 5.3 |
| <b>Federal bonds: 10 years and over</b>      | 4.3 | 4.3 | 4.0 | 3.9 | 3.6 | 4.5 | 5.2 | 5.5 |

**Table 3—Housing Indicators**

|  |                        |                        |                         |                         |                         |                        |                        |                        |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|
| <b>Housing starts</b>                      | 227,395<br><i>0.8</i>  | 228,343<br><i>0.4</i>  | 211,056<br><i>-7.6</i>  | 135,253<br><i>-35.9</i> | 164,755<br><i>21.8</i>  | 193,708<br><i>17.6</i> | 201,337<br><i>3.9</i>  | 198,187<br><i>-1.6</i> |
| Singles                                    | 121,313<br><i>0.7</i>  | 118,917<br><i>-2.0</i> | 93,202<br><i>-21.6</i>  | 68,683<br><i>-26.3</i>  | 87,235<br><i>27.0</i>   | 101,384<br><i>16.2</i> | 104,112<br><i>2.7</i>  | 100,607<br><i>-3.4</i> |
| Multiples                                  | 106,082<br><i>1.0</i>  | 109,426<br><i>3.2</i>  | 117,854<br><i>7.7</i>   | 66,569<br><i>-43.5</i>  | 77,520<br><i>16.4</i>   | 92,323<br><i>19.1</i>  | 97,224<br><i>5.3</i>   | 97,580<br><i>0.4</i>   |
| <b>Housing completions</b>                 | 216,595<br><i>2.3</i>  | 209,216<br><i>-3.4</i> | 214,400<br><i>2.5</i>   | 139,737<br><i>-34.8</i> | 115,105<br><i>-17.6</i> | 132,579<br><i>15.2</i> | 150,244<br><i>13.3</i> | 154,014<br><i>2.5</i>  |
| Singles                                    | 115,912<br><i>-2.0</i> | 115,720<br><i>-0.2</i> | 104,083<br><i>-10.1</i> | 52,910<br><i>-49.2</i>  | 49,211<br><i>-7.0</i>   | 65,023<br><i>32.1</i>  | 72,589<br><i>11.6</i>  | 70,862<br><i>-2.4</i>  |
| Multiples                                  | 100,683<br><i>7.8</i>  | 93,496<br><i>-7.1</i>  | 110,317<br><i>18.0</i>  | 86,827<br><i>-21.3</i>  | 65,894<br><i>-24.1</i>  | 67,557<br><i>2.5</i>   | 77,655<br><i>14.9</i>  | 83,152<br><i>7.1</i>   |
| <b>Average price of a new home</b> (\$)    | 355,584<br><i>9.7</i>  | 383,133<br><i>7.7</i>  | 396,197<br><i>3.4</i>   | 385,284<br><i>-2.8</i>  | 385,397<br><i>0.0</i>   | 389,842<br><i>1.2</i>  | 396,825<br><i>1.8</i>  | 403,934<br><i>1.8</i>  |
| <b>Average price of a resale home</b> (\$) | 276,584<br><i>11.2</i> | 306,752<br><i>10.9</i> | 301,778<br><i>-1.6</i>  | 301,362<br><i>-0.1</i>  | 306,339<br><i>1.7</i>   | 309,590<br><i>1.1</i>  | 314,697<br><i>1.6</i>  | 319,890<br><i>1.7</i>  |

Italics indicate percentage change.

Sources: The Conference Board of Canada; The Bank of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## Atlantic Canada



### Economic Outlook

Atlantic Canada's real gross domestic product is forecast to slip 0.4 per cent in 2009, although the decline is solely due to lower output in Newfoundland and Labrador. Job losses and production cuts there will be steeper than in any other province in Canada. The oil and gas sector—which accounts for over one-fifth of the province's GDP—will suffer this year as declines in natural gas production, lower crude oil prices, slowdowns in expansion projects, and ongoing maintenance induce an 18 per cent decline in mineral fuels output. The three remaining provinces in the Atlantic region will all post increases in real GDP in 2009, thanks to major public sector stimulus. Prince Edward Island's economy is forecast to expand by 0.8 per cent this year, Nova Scotia's by 0.3 per cent, and New Brunswick's by 0.9 per cent. A global recovery in 2010 will

Atlantic Canada's overall economy slipped into recession this year, and its housing market weakened further as a result. Housing starts, still well above demographic needs, are forecast to decline by 17.9 per cent in 2009 and by an additional 17.3 per cent next year. The softer market has led to weaker price growth as well. New and existing home prices are projected to increase by 1.4 per cent and 3.6 per cent, respectively, in 2009. Prices are forecast to then decline in both markets in 2010.

help push real GDP growth in the overall Atlantic region up by 1.5 per cent next year.

### Housing Outlook

Pent-up demand and solid economic fundamentals helped housing starts in Atlantic Canada increase by an average of 11.8 per cent per year from 1999 to 2002, to reach 13,100 units—a level not seen since 1989. However, as demand became satisfied and real GDP growth slowed, the boom in the market came to an end in 2004. Over the next three years housing starts fell by an average annual rate of 3 per cent.

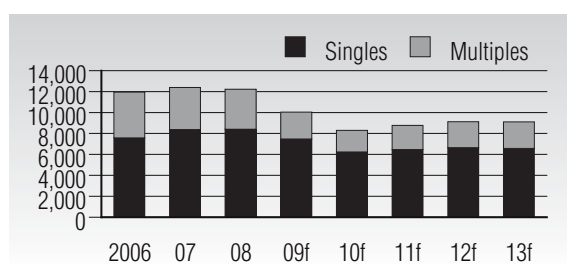
New home prices followed a similar pattern. During 1999 to 2003, growth in new home prices averaged 3 per cent annually. As the market slowed between 2004 and 2006, new home price growth also slowed somewhat to 2.5 per cent per year. Meanwhile, with average resale prices nearly half the value of those

in the new home market, growth in existing home prices was 5.9 per cent on an average annual basis from 1999 to 2003, accelerating to 6.6 per cent over the next three years.

Boosted by the oil and gas sector, Newfoundland and Labrador enjoyed significant GDP growth in 2007. In turn, demand in the housing market bounced back, pushing housing starts in the region up by 3.7 per cent. Price growth improved to 4.1 per cent in the new home market and to 6.9 per cent in the resale market. But the good news was short-lived. Oil production declines led to a drop in real GDP for Newfoundland and Labrador in 2008, while at the same time, overall economic growth in the other Atlantic provinces also weakened. As a result, housing starts edged down by 1.3 per cent.

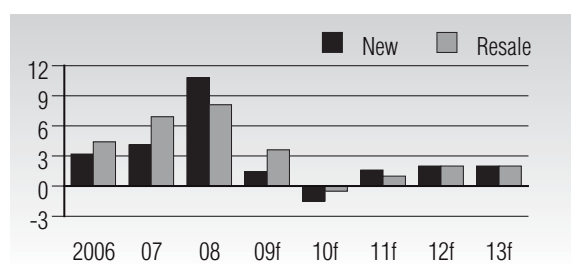
This year, employment losses, slower growth in disposable income, and tighter credit conditions are all playing a role in further weakening

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

the region's housing market. In addition, even though starts fell last year, they remained above 12,000 units—still high by historical standards, and well above demographic requirements.

Accordingly, starts are forecast to drop to 10,000 units in 2009 and to 8,300 units next year. Prices are also expected to moderate, with new home prices growing by just

1.4 per cent in 2009 and falling by 1.5 per cent next year. Resale home prices, meanwhile, are projected to rise by 3.6 per cent this year but to fall by 0.5 per cent in 2010.

**Table 1—Economic Indicators**

|   | 2006                 | 2007                 | 2008                 | 2009f                 | 2010f                | 2011f                | 2012f                | 2013f                |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 67,068<br><i>2.1</i> | 69,593<br><i>3.8</i> | 70,224<br><i>0.9</i> | 69,912<br><i>-0.4</i> | 70,938<br><i>1.5</i> | 73,010<br><i>2.9</i> | 76,222<br><i>4.4</i> | 77,807<br><i>2.1</i> |
| <b>Total employment</b> (000s)                        | 1,082<br><i>0.5</i>  | 1,097<br><i>1.4</i>  | 1,110<br><i>1.1</i>  | 1,098<br><i>-1.1</i>  | 1,097<br><i>0.0</i>  | 1,123<br><i>2.3</i>  | 1,157<br><i>3.0</i>  | 1,162<br><i>0.4</i>  |
| <b>Unemployment rate</b>                              | 9.8                  | 9.2                  | 9.4                  | 10.9                  | 11.6                 | 10.2                 | 8.5                  | 8.1                  |
| <b>Personal income per capita</b>                     | 29,476<br><i>7.7</i> | 30,449<br><i>3.3</i> | 31,194<br><i>2.4</i> | 31,418<br><i>0.7</i>  | 32,080<br><i>2.1</i> | 33,373<br><i>4.0</i> | 34,950<br><i>4.7</i> | 36,174<br><i>3.5</i> |
| <b>Population</b> (000s)                              | 4,369<br><i>-0.1</i> | 4,380<br><i>0.2</i>  | 4,413<br><i>0.8</i>  | 4,443<br><i>0.7</i>   | 4,465<br><i>0.5</i>  | 4,483<br><i>0.4</i>  | 4,503<br><i>0.4</i>  | 4,522<br><i>0.4</i>  |
| <b>Retail sales</b> (\$ millions)                     | 27,514<br><i>5.4</i> | 29,150<br><i>5.9</i> | 30,789<br><i>5.6</i> | 29,902<br><i>-2.9</i> | 30,645<br><i>2.5</i> | 32,291<br><i>5.4</i> | 34,493<br><i>6.8</i> | 36,101<br><i>4.7</i> |
| <b>Inflation rate</b>                                 | 2.1                  | 1.8                  | 3.0                  | 0.0                   | 2.6                  | 2.3                  | 2.2                  | 1.9                  |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; Statistics Canada.

**Table 2—Housing Indicators**

|  | 2006                  | 2007                  | 2008                   | 2009f                  | 2010f                  | 2011f                 | 2012f                 | 2013f                 |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                      | 11,953<br><i>-1.2</i> | 12,391<br><i>3.7</i>  | 12,229<br><i>-1.3</i>  | 10,036<br><i>-17.9</i> | 8,300<br><i>-17.3</i>  | 8,772<br><i>5.7</i>   | 9,124<br><i>4.0</i>   | 9,106<br><i>-0.2</i>  |
| Singles                                    | 7,578<br><i>-8.9</i>  | 8,377<br><i>10.5</i>  | 8,401<br><i>0.3</i>    | 7,467<br><i>-11.1</i>  | 6,234<br><i>-16.5</i>  | 6,468<br><i>3.8</i>   | 6,644<br><i>2.7</i>   | 6,573<br><i>-1.1</i>  |
| Multiples                                  | 4,375<br><i>15.7</i>  | 4,014<br><i>-8.3</i>  | 3,828<br><i>-4.6</i>   | 2,568<br><i>-32.9</i>  | 2,067<br><i>-19.5</i>  | 2,303<br><i>11.5</i>  | 2,480<br><i>7.7</i>   | 2,533<br><i>2.1</i>   |
| <b>Housing completions</b>                 | 11,455<br><i>-0.9</i> | 11,469<br><i>0.1</i>  | 12,498<br><i>9.0</i>   | 8,478<br><i>-32.2</i>  | 6,288<br><i>-25.8</i>  | 6,365<br><i>1.2</i>   | 6,930<br><i>8.9</i>   | 6,999<br><i>1.0</i>   |
| Singles                                    | 7,715<br><i>-7.6</i>  | 7,519<br><i>-2.5</i>  | 8,426<br><i>12.1</i>   | 5,169<br><i>-38.7</i>  | 4,249<br><i>-17.8</i>  | 4,517<br><i>6.3</i>   | 4,834<br><i>7.0</i>   | 4,726<br><i>-2.2</i>  |
| Multiples                                  | 3,740<br><i>16.4</i>  | 3,950<br><i>5.6</i>   | 4,072<br><i>3.1</i>    | 3,309<br><i>-18.7</i>  | 2,039<br><i>-38.4</i>  | 1,848<br><i>-9.4</i>  | 2,096<br><i>13.4</i>  | 2,273<br><i>8.4</i>   |
| <b>Average price of a new home</b> (\$)    | 264,605<br><i>3.2</i> | 275,438<br><i>4.1</i> | 305,117<br><i>10.8</i> | 309,320<br><i>1.4</i>  | 304,833<br><i>-1.5</i> | 309,646<br><i>1.6</i> | 315,886<br><i>2.0</i> | 322,257<br><i>2.0</i> |
| <b>Average price of a resale home</b> (\$) | 148,319<br><i>4.4</i> | 158,620<br><i>6.9</i> | 171,410<br><i>8.1</i>  | 177,610<br><i>3.6</i>  | 176,785<br><i>-0.5</i> | 178,493<br><i>1.0</i> | 182,115<br><i>2.0</i> | 185,814<br><i>2.0</i> |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## Quebec



Quebec's real GDP is on pace to slip by 0.9 per cent this year, pulled down by the effects of the global recession. Economic weakness will push housing starts down by 15.8 per cent this year, and starts will continue to trend downward over the medium term, as new home construction moves back in line with demographic requirements. Although average new and resale home prices will rise moderately this year, they will slip in 2010.

2009–10. By next year, real GDP is expected to rise by 1.8 per cent.

### Economic Outlook

The hit to Quebec's economy from the current global recession has been relatively mild compared with what the province has experienced in previous cyclical downturns. Still, the province is on track to post a decline in real gross domestic product of 0.9 per cent this year. Real exports will contract for a second consecutive year, with most of the leading export sectors in serious difficulty. Also, business investment will retrench considerably in 2009 and won't recover until credit accessibility improves. Machinery and equipment plant upgrades will be greatly affected as well. Two sources of strength remain: Energy-related projects and public capital initiatives will continue to be driving forces behind the resiliency of the construction sector. The provincial government is pursuing its five-year infrastructure program, adding welcome stimulus to the economy over

### Housing Outlook

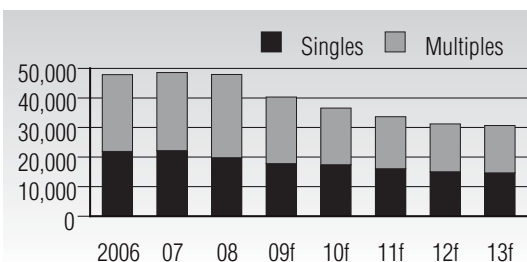
Low interest rates and pent-up demand from the previous decade helped to boost housing starts by an average of 25 per cent per year between 2001 and 2004, to reach 58,400—a level not seen since 1987. Stronger demand also resulted in new home prices jumping 5.7 per cent on an average annual basis, while resale home prices increased by an average of 11.6 per cent—up from 1.1 per cent and 3.5 per cent, respectively, during the previous decade.

By 2005, however, with pent-up demand more than satisfied, soft growth in the overall economy began to catch up to the new home market. Accordingly, builders reduced starts by nearly 20 per cent from 2005 to 2006. And, although they increased starts by 1.4 per cent in 2007, they were quick to reduce them once more last year, down by 1.3 per cent, as

the recession took hold. Over the past four years, the declines were much larger in the single-home market, likely because of relatively higher prices in this market. In fact, multiple-unit starts actually increased by 6.6 per cent last year, while single-home starts fell 10.8 per cent. Average new home price growth began to moderate in 2005, in line with slowing demand. Still, growth remained healthy, averaging 4.8 per cent per year from 2005 to 2008. Resale price growth also moderated but remained healthy, at 5.8 per cent per year on average.

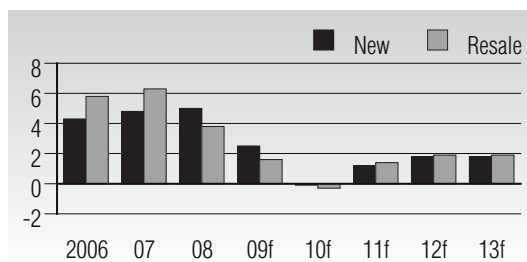
The housing market has continued on a downward trend in 2009. Factors pushing housing starts lower include the uncertain economy and corresponding job losses. In addition, in spite of the declines in starts over the past few years, their current level is still unsustainable given current household formation projections. As a result, housing starts are forecast to drop to 40,300 units in 2009 (down 15.8 per cent) and to 36,600 units

**Chart 1—Housing Starts**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Chart 2—House Price Growth (% change)**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.



in 2010 (a further 9.3 per cent decline). By 2013, starts are projected to reach 30,700 units, consistent with demographic requirements in the province.

The growth in new home prices is expected to slow to 2.5 per cent this year, before prices slip by 0.1 per cent in 2010. Likewise, existing

home prices are forecast to rise by 1.6 per cent in 2009 and then decline by 0.3 per cent next year.

**Table 1—Economic Indicators**

|   | 2006                  | 2007                  | 2008                  | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 239,415<br><i>1.7</i> | 245,221<br><i>2.4</i> | 248,270<br><i>1.2</i> | 246,119<br><i>-0.9</i> | 250,455<br><i>1.8</i> | 256,104<br><i>2.3</i> | 264,388<br><i>3.2</i> | 272,608<br><i>3.1</i> |
| <b>Total employment</b> (000s)                        | 3,766<br><i>1.3</i>   | 3,852<br><i>2.3</i>   | 3,881<br><i>0.8</i>   | 3,843<br><i>-1.0</i>   | 3,845<br><i>0.1</i>   | 3,906<br><i>1.6</i>   | 3,976<br><i>1.8</i>   | 4,017<br><i>1.0</i>   |
| <b>Unemployment rate</b>                              | 8.0                   | 7.2                   | 7.3                   | 8.8                    | 9.3                   | 8.6                   | 7.5                   | 6.7                   |
| <b>Personal income per capita</b>                     | 31,039<br><i>4.0</i>  | 32,540<br><i>4.8</i>  | 33,407<br><i>2.7</i>  | 33,414<br><i>0.0</i>   | 34,056<br><i>1.9</i>  | 35,165<br><i>3.3</i>  | 36,485<br><i>3.8</i>  | 37,818<br><i>3.7</i>  |
| <b>Population</b> (000s)                              | 7,625<br><i>0.6</i>   | 7,679<br><i>0.7</i>   | 7,742<br><i>0.8</i>   | 7,799<br><i>0.7</i>    | 7,840<br><i>0.5</i>   | 7,884<br><i>0.6</i>   | 7,929<br><i>0.6</i>   | 7,974<br><i>0.6</i>   |
| <b>Retail sales</b> (\$ millions)                     | 86,709<br><i>5.1</i>  | 90,663<br><i>4.6</i>  | 95,326<br><i>5.1</i>  | 93,648<br><i>-1.8</i>  | 96,133<br><i>2.7</i>  | 100,479<br><i>4.5</i> | 106,437<br><i>5.9</i> | 111,953<br><i>5.2</i> |
| <b>Inflation rate</b>                                 | 1.7                   | 1.6                   | 2.1                   | 0.6                    | 2.7                   | 3.0                   | 2.3                   | 2.0                   |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; Statistics Canada.

**Table 2—Housing Indicators**

|  | 2006                  | 2007                  | 2008                   | 2009f                  | 2010f                  | 2011f                  | 2012f                 | 2013f                 |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                      | 47,877<br><i>-6.0</i> | 48,553<br><i>1.4</i>  | 47,901<br><i>-1.3</i>  | 40,321<br><i>-15.8</i> | 36,582<br><i>-9.3</i>  | 33,654<br><i>-8.0</i>  | 31,216<br><i>-7.2</i> | 30,695<br><i>-1.7</i> |
| Singles                                    | 21,917<br><i>-8.4</i> | 22,177<br><i>1.2</i>  | 19,778<br><i>-10.8</i> | 17,810<br><i>-9.9</i>  | 17,391<br><i>-2.4</i>  | 16,056<br><i>-7.7</i>  | 15,018<br><i>-6.5</i> | 14,654<br><i>-2.4</i> |
| Multiples                                  | 25,960<br><i>-3.8</i> | 26,376<br><i>1.6</i>  | 28,123<br><i>6.6</i>   | 22,511<br><i>-20.0</i> | 19,191<br><i>-14.7</i> | 17,598<br><i>-8.3</i>  | 16,198<br><i>-8.0</i> | 16,041<br><i>-1.0</i> |
| <b>Housing completions</b>                 | 48,809<br><i>-1.6</i> | 49,238<br><i>0.9</i>  | 47,626<br><i>-3.3</i>  | 38,325<br><i>-19.5</i> | 31,798<br><i>-17.0</i> | 27,350<br><i>-14.0</i> | 25,948<br><i>-5.1</i> | 24,982<br><i>-3.7</i> |
| Singles                                    | 21,842<br><i>-5.9</i> | 21,859<br><i>0.1</i>  | 19,177<br><i>-12.3</i> | 12,494<br><i>-34.8</i> | 11,141<br><i>-10.8</i> | 11,316<br><i>1.6</i>   | 10,854<br><i>-4.1</i> | 10,235<br><i>-5.7</i> |
| Multiples                                  | 26,967<br><i>2.2</i>  | 27,379<br><i>1.5</i>  | 28,449<br><i>3.9</i>   | 25,831<br><i>-9.2</i>  | 20,657<br><i>-20.0</i> | 16,034<br><i>-22.4</i> | 15,093<br><i>-5.9</i> | 14,747<br><i>-2.3</i> |
| <b>Average price of a new home</b> (\$)    | 253,383<br><i>4.3</i> | 265,482<br><i>4.8</i> | 278,775<br><i>5.0</i>  | 285,710<br><i>2.5</i>  | 285,527<br><i>-0.1</i> | 288,971<br><i>1.2</i>  | 294,307<br><i>1.8</i> | 299,743<br><i>1.8</i> |
| <b>Average price of a resale home</b> (\$) | 195,270<br><i>5.8</i> | 207,576<br><i>6.3</i> | 215,385<br><i>3.8</i>  | 218,795<br><i>1.6</i>  | 218,121<br><i>-0.3</i> | 221,101<br><i>1.4</i>  | 225,411<br><i>1.9</i> | 229,805<br><i>1.9</i> |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## Ontario



### Economic Outlook

Recession has become a four-letter word in Ontario's manufacturing heartland this year, after the province posted several quarters of negative growth in real gross domestic product. Ontario has been battered on all fronts by the global recession. International trade will register a massive deficit in 2009 given the heavily integrated nature of Canada-U.S. supply chains. At the same time, job losses have slowed growth in household incomes and, by consequence, elicited cutbacks in consumer spending. Thankfully, while total real consumption is forecast to fall in 2009, a recovery is in sight beginning in the second half of the year as labour markets heal. Likewise, greater stability in financial markets and a resurgence in overseas industrial and consumer

One of the provinces hardest hit by this year's recession, Ontario will suffer a 36.3 per cent decline in housing starts. New home prices are also forecast to fall for the first time in 14 years, slipping 0.1 per cent. Growth in resale home prices will be weak, but still positive, at 0.8 per cent. Fortunately, a more stable economic environment is expected to lead to a rebound in housing starts in 2010, as well as stronger, albeit modest, price growth in both the new and resale markets.

demand will allow investment—both public and private—to pick up speed in 2010. Accordingly, real GDP will contract by 3.1 per cent in 2009 but is forecast to rebound by 3.2 per cent next year.

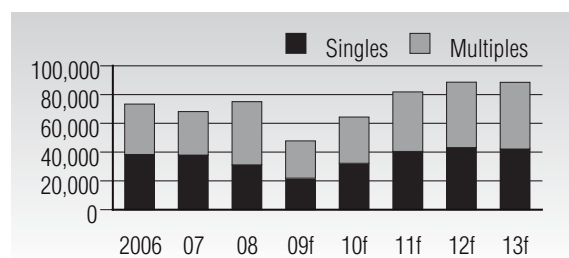
### Housing Outlook

After a sustained period of growth, housing starts in Ontario reached 85,100 units in 2004—above demographic requirements for the province. At the same time, economic growth slowed, with annual growth in provincial real GDP averaging 2.6 per cent over 2004 to 2006. In contrast, economic growth had averaged 4.6 per cent per year from 1994 to 2000. Not surprisingly, demand for housing weakened, and so builders began to retreat from the market starting in 2005, reducing starts by 7.4 per cent that year and by an average of 7 per cent per year over 2006 to

2007. But price growth—which had only started to pick up in 2000—continued, as new home prices gained an average of 4 per cent per year from 2004 to 2007, while the average annual price gain in the resale home market was 7.2 per cent.

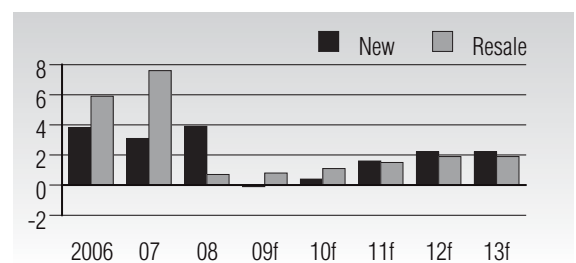
The global recession brought Ontario to its knees last year as the province's real GDP slipped 0.2 per cent. Despite this, housing starts increased 10.2 per cent to 75,100 units. However, that was 12 per cent below the cyclical peak in 2003. Moreover, much of that growth was due to a 52.1 per cent increase in multiple starts in the first quarter of the year, boosted by new high-rise construction in downtown Toronto. During the rest of 2008 and through the first two quarters of this year, overall starts fell rapidly as the recession continued to hamper economic activity. In total, housing starts are set to decline by 36.3 per cent in

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

2009. As economic conditions improve in the coming months, so too will housing demand: starts are expected to rebound in 2010, with growth then continuing for the next two years.

New home prices are forecast to fall this year for the first time since 1995, slipping 0.1 per cent, and to grow by just 0.4 per cent next year. In the resale market, prices will eke out growth of 0.8 per cent in 2009

and 1.1 per cent next year. Between 2011 and 2013, annual price growth will average 2 per cent in the new home market and 1.8 per cent in the resale market.

**Table 1—Economic Indicators**

|   | 2006                  | 2007                  | 2008                   | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---|-----------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 482,489<br><i>2.4</i> | 492,897<br><i>2.2</i> | 491,833<br><i>-0.2</i> | 476,723<br><i>-3.1</i> | 492,202<br><i>3.2</i> | 511,114<br><i>3.8</i> | 533,485<br><i>4.4</i> | 556,483<br><i>4.3</i> |
| <b>Total employment</b> (000s)                        | 6,492<br><i>1.5</i>   | 6,592<br><i>1.5</i>   | 6,687<br><i>1.4</i>    | 6,508<br><i>-2.7</i>   | 6,530<br><i>0.3</i>   | 6,739<br><i>3.2</i>   | 6,951<br><i>3.1</i>   | 7,087<br><i>2.0</i>   |
| <b>Unemployment rate</b>                              | 6.3                   | 6.4                   | 6.5                    | 9.2                    | 10.2                  | 9.0                   | 7.4                   | 7.1                   |
| <b>Personal income per capita</b>                     | 34,986<br><i>4.4</i>  | 36,304<br><i>3.8</i>  | 37,306<br><i>2.8</i>   | 36,933<br><i>-1.0</i>  | 37,564<br><i>1.7</i>  | 38,967<br><i>3.7</i>  | 40,558<br><i>4.1</i>  | 42,090<br><i>3.8</i>  |
| <b>Population</b> (000s)                              | 12,645<br><i>1.1</i>  | 12,775<br><i>1.0</i>  | 12,910<br><i>1.1</i>   | 13,025<br><i>0.9</i>   | 13,162<br><i>1.1</i>  | 13,327<br><i>1.3</i>  | 13,504<br><i>1.3</i>  | 13,693<br><i>1.4</i>  |
| <b>Retail sales</b> (\$ millions)                     | 140,808<br><i>4.1</i> | 146,252<br><i>3.9</i> | 151,390<br><i>3.5</i>  | 145,864<br><i>-3.7</i> | 151,273<br><i>3.7</i> | 161,027<br><i>6.4</i> | 172,677<br><i>7.2</i> | 183,459<br><i>6.2</i> |
| <b>Inflation rate</b>                                 | 1.8                   | 1.8                   | 2.3                    | 0.7                    | 2.4                   | 2.8                   | 2.3                   | 2.0                   |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

**Table 2—Housing Indicators**

|  | 2006                  | 2007                   | 2008                   | 2009f                  | 2010f                  | 2011f                 | 2012f                 | 2013f                 |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                      | 73,417<br><i>-6.8</i> | 68,123<br><i>-7.2</i>  | 75,076<br><i>10.2</i>  | 47,843<br><i>-36.3</i> | 64,411<br><i>34.6</i>  | 81,789<br><i>27.0</i> | 88,569<br><i>8.3</i>  | 88,462<br><i>-0.1</i> |
| Singles                                    | 38,309<br><i>-8.1</i> | 37,910<br><i>-1.0</i>  | 31,108<br><i>-17.9</i> | 21,877<br><i>-29.7</i> | 32,225<br><i>47.3</i>  | 40,467<br><i>25.6</i> | 43,192<br><i>6.7</i>  | 42,158<br><i>-2.4</i> |
| Multiples                                  | 35,108<br><i>-5.4</i> | 30,213<br><i>-13.9</i> | 43,968<br><i>45.5</i>  | 25,967<br><i>-40.9</i> | 32,186<br><i>24.0</i>  | 41,322<br><i>28.4</i> | 45,377<br><i>9.8</i>  | 46,303<br><i>2.0</i>  |
| <b>Housing completions</b>                 | 74,575<br><i>-3.5</i> | 64,070<br><i>-14.1</i> | 68,001<br><i>6.1</i>   | 49,743<br><i>-26.8</i> | 42,561<br><i>-14.4</i> | 52,271<br><i>22.8</i> | 64,253<br><i>22.9</i> | 68,137<br><i>6.0</i>  |
| Singles                                    | 39,958<br><i>-7.7</i> | 36,373<br><i>-9.0</i>  | 34,537<br><i>-5.0</i>  | 17,074<br><i>-50.6</i> | 17,308<br><i>1.4</i>   | 24,929<br><i>44.0</i> | 29,842<br><i>19.7</i> | 29,696<br><i>-0.5</i> |
| Multiples                                  | 34,617<br><i>1.9</i>  | 27,697<br><i>-20.0</i> | 33,464<br><i>20.8</i>  | 32,669<br><i>-2.4</i>  | 25,253<br><i>-22.7</i> | 27,342<br><i>8.3</i>  | 34,411<br><i>25.9</i> | 38,441<br><i>11.7</i> |
| <b>Average price of a new home</b> (\$)    | 432,400<br><i>3.8</i> | 445,933<br><i>3.1</i>  | 463,472<br><i>3.9</i>  | 462,949<br><i>-0.1</i> | 464,741<br><i>0.4</i>  | 472,332<br><i>1.6</i> | 482,566<br><i>2.2</i> | 493,023<br><i>2.2</i> |
| <b>Average price of a resale home</b> (\$) | 278,365<br><i>5.9</i> | 299,525<br><i>7.6</i>  | 301,536<br><i>0.7</i>  | 303,930<br><i>0.8</i>  | 307,151<br><i>1.1</i>  | 311,748<br><i>1.5</i> | 317,662<br><i>1.9</i> | 323,689<br><i>1.9</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## Prairies



Falling economic output and moderating population growth, combined with evidence of previous overbuilding, point to cooling housing markets on the Prairies this year. Housing starts are forecast to hit a seven-year low, and price growth is expected to slow significantly. Indeed, new home prices are expected to dip this year, with those for existing units set to drop in 2010 and 2011. Still, growing output and employment will boost starts in 2010. The medium term looks decent, with accelerating output growth and continued population advances buoying starts while rekindling price growth.

### Economic Outlook

Together, the economies of Manitoba and Saskatchewan are forecast to contract 1.0 per cent this year, the first dip since 2001. This represents a sharp turnabout, since their annual gross domestic product had risen nearly 3 per cent on average in the past five years. But the setback will be brief, as GDP growth will pick up to 2.7 per cent in 2010 and average 3.2 per cent per year in 2011–2013. In Saskatchewan, PotashCorp has cut production because of weak demand, impairing mining’s prospects, while drought conditions this summer hurt agricultural output. Next year is looking better, largely because of a rebounding primary sector. Meanwhile, Manitoba has fared better than many provinces through the global economic downturn. Infrastructure investment is booming, prompted by provincial and federal government spending. But the 2009 Red

River flood damaged Manitoba’s economy, while 2009 crop production is expected to be lower, and many large primary metal operations have been shut down or downsized. Moreover, manufacturing has been hurt by the downturn in Canada and the United States.

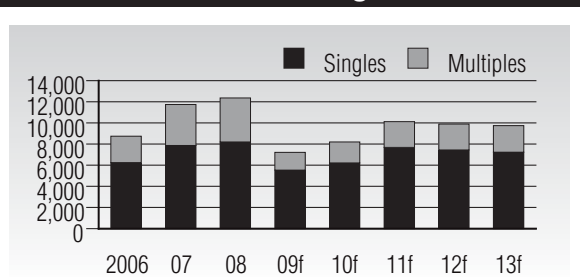
### Housing Outlook

Despite solid demographic support, housing markets in Manitoba and Saskatchewan are softening. Housing starts fell to an annualized 5,700 units in 2009’s first quarter, the least since the third quarter of 2001. Although the second quarter’s 7,700-unit volume was an improvement, it still trailed average annual starts of 12,000 units in 2007 and 2008, when developers were reacting to population growth. Still, overenthusiasm boosted the ratio of housing starts to population change well above reasonable levels, making the pullback inevitable. This ratio averaged

0.43 to 0.57 during the 20 years to 2008 in B.C., Alberta, and Ontario; by contrast, the average of 10 in Manitoba and Saskatchewan in 2005–2007 was completely off this scale. Thus, starts are forecast to fall by 42 per cent to 7,200 units, a seven-year low, in 2009. But housing starts are set to rise by 14 per cent to 8,200 units in 2010, and by 24 per cent to 10,100 units in 2011. Although subsequently easing volumes will keep starts below their 2008 peak, they will remain well above their 20-year average. Population growth will average 0.6 per cent from 2010 to 2013, triple the rate of the last 20 years. This will help rebalance starts with demographic requirements.

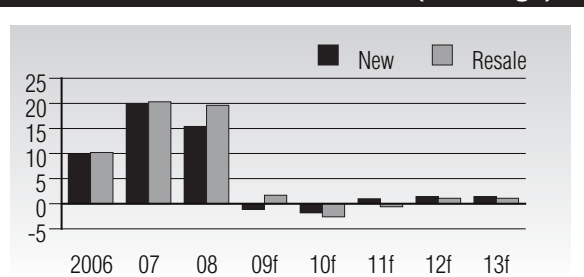
House price growth has quickly and sharply turned negative. Values for existing homes fell 0.7 per cent in 2008’s third quarter and 1.8 per cent in this year’s second quarter. As recently as 2008’s first quarter, resale prices were advancing 6.7 per

**Chart 1—Housing Starts**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Chart 2—House Price Growth (% change)**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

cent, with annual hikes of roughly 20 per cent in 2007 and 2008. This year's forecast resale price growth of only 1.7 per cent will still put average resale prices at a fresh high, but prices are expected to dip in 2010 and 2011. Resale prices are predicted to edge up roughly 1 per

cent in both 2012 and 2013, but remain below the 2009 peak.

New home prices began declining in the fourth quarter of 2008 and kept dropping in this year's first half. For 2009 as a whole, prices are projected to fall by 1.1 per cent, with

another 1.8 per cent drop expected next year. Growth is set to resume in 2011 and average 1.3 per cent in 2011–2013, allowing prices to surpass their previous record of \$358,000 by 2013.

**Table 1—Economic Indicators**

|   | 2006                 | 2007                  | 2008                 | 2009f                 | 2010f                | 2011f                | 2012f                | 2013f                |
|---|----------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 73,804<br><i>1.8</i> | 76,037<br><i>3.0</i>  | 78,716<br><i>3.5</i> | 77,964<br><i>-1.0</i> | 80,039<br><i>2.7</i> | 82,383<br><i>2.9</i> | 85,267<br><i>3.5</i> | 87,933<br><i>3.1</i> |
| <b>Total employment</b> (000s)                        | 1,079<br><i>1.4</i>  | 1,098<br><i>1.8</i>   | 1,119<br><i>1.9</i>  | 1,125<br><i>0.5</i>   | 1,126<br><i>0.2</i>  | 1,147<br><i>1.8</i>  | 1,166<br><i>1.7</i>  | 1,177<br><i>0.9</i>  |
| <b>Unemployment rate</b>                              | 4.5                  | 4.3                   | 4.1                  | 5.3                   | 6.1                  | 5.4                  | 4.6                  | 4.3                  |
| <b>Personal income per capita</b>                     | 29,959<br><i>5.6</i> | 32,014<br><i>6.9</i>  | 34,369<br><i>7.4</i> | 34,519<br><i>0.4</i>  | 35,063<br><i>1.6</i> | 36,152<br><i>3.1</i> | 37,419<br><i>3.5</i> | 38,732<br><i>3.5</i> |
| <b>Population</b> (000s)                              | 2,175<br><i>0.1</i>  | 2,191<br><i>0.7</i>   | 2,220<br><i>1.3</i>  | 2,246<br><i>1.2</i>   | 2,264<br><i>0.8</i>  | 2,278<br><i>0.6</i>  | 2,292<br><i>0.6</i>  | 2,306<br><i>0.6</i>  |
| <b>Retail sales</b> (\$ millions)                     | 24,364<br><i>5.1</i> | 26,992<br><i>10.8</i> | 29,377<br><i>8.8</i> | 28,623<br><i>-2.6</i> | 29,412<br><i>2.8</i> | 30,747<br><i>4.5</i> | 32,452<br><i>5.5</i> | 34,070<br><i>5.0</i> |
| <b>Inflation rate</b>                                 | 2.0                  | 2.5                   | 2.7                  | 1.2                   | 2.7                  | 2.5                  | 2.3                  | 2.0                  |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

**Table 2—Housing Indicators**

|  | 2006                   | 2007                   | 2008                   | 2009f                  | 2010f                  | 2011f                  | 2012f                 | 2013f                 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                      | 8,743<br><i>7.0</i>    | 11,745<br><i>34.3</i>  | 12,365<br><i>5.3</i>   | 7,218<br><i>-41.6</i>  | 8,203<br><i>13.6</i>   | 10,130<br><i>23.5</i>  | 9,899<br><i>-2.3</i>  | 9,745<br><i>-1.6</i>  |
| Singles                                    | 6,241<br><i>1.7</i>    | 7,874<br><i>26.2</i>   | 8,208<br><i>4.2</i>    | 5,529<br><i>-32.6</i>  | 6,210<br><i>12.3</i>   | 7,688<br><i>23.8</i>   | 7,437<br><i>-3.3</i>  | 7,225<br><i>-2.9</i>  |
| Multiples                                  | 2,502<br><i>23.0</i>   | 3,871<br><i>54.7</i>   | 4,157<br><i>7.4</i>    | 1,689<br><i>-59.4</i>  | 1,993<br><i>18.0</i>   | 2,442<br><i>22.6</i>   | 2,462<br><i>0.8</i>   | 2,520<br><i>2.4</i>   |
| <b>Housing completions</b>                 | 7,889<br><i>-1.1</i>   | 9,355<br><i>18.6</i>   | 12,159<br><i>30.0</i>  | 6,926<br><i>-43.0</i>  | 5,522<br><i>-20.3</i>  | 6,809<br><i>23.3</i>   | 7,213<br><i>5.9</i>   | 7,099<br><i>-1.6</i>  |
| Singles                                    | 5,574<br><i>-6.6</i>   | 7,011<br><i>25.8</i>   | 8,009<br><i>14.2</i>   | 4,168<br><i>-48.0</i>  | 3,748<br><i>-10.1</i>  | 4,910<br><i>31.0</i>   | 5,047<br><i>2.8</i>   | 4,812<br><i>-4.7</i>  |
| Multiples                                  | 2,315<br><i>14.9</i>   | 2,343<br><i>1.2</i>    | 4,150<br><i>77.1</i>   | 2,759<br><i>-33.5</i>  | 1,773<br><i>-35.7</i>  | 1,899<br><i>7.1</i>    | 2,167<br><i>14.1</i>  | 2,287<br><i>5.6</i>   |
| <b>Average price of a new home</b> (\$)    | 258,504<br><i>9.8</i>  | 310,259<br><i>20.0</i> | 358,014<br><i>15.4</i> | 353,899<br><i>-1.1</i> | 347,530<br><i>-1.8</i> | 351,140<br><i>1.0</i>  | 356,160<br><i>1.4</i> | 361,255<br><i>1.4</i> |
| <b>Average price of a resale home</b> (\$) | 142,614<br><i>10.2</i> | 171,555<br><i>20.3</i> | 205,146<br><i>19.6</i> | 208,647<br><i>1.7</i>  | 203,172<br><i>-2.6</i> | 201,889<br><i>-0.6</i> | 204,014<br><i>1.1</i> | 206,162<br><i>1.1</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## Alberta



Weak prices for oil and other commodities are hurting Alberta's economy. Slowing employment growth is attracting fewer migrants, in turn curtailing population growth and per capita income—both essential housing market underpinnings. Housing starts and prices for both new and existing homes are forecast to end 2009 down significantly. Housing starts are expected to rebound in 2010 but stay well below recent peaks. With only modest house price growth in the future, the boom's heights will remain beyond reach. But affordability will benefit from this weaker price growth.

### Economic Outlook

Alberta's real gross domestic product will fall by a record 2.7 per cent this year, after 2008's 0.2 per cent dip. Plunging commodity prices, tight credit markets, and slowing global demand have all abetted the downturn. Output in the goods-producing industries will fall sharply, driven by a 10.1 per cent construction industry shrinkage. Services industries, meanwhile, will contract 0.6 per cent—the first drop in over 25 years. Employment is forecast to fall by 18,700 this year, lifting the unemployment rate to 6.4 per cent. Alberta's troubles will largely end in 2010, with real provincial GDP forecast to expand by 3.3 per cent. Falling material and labour costs should rejuvenate construction. Commodity prices are also forecast to rise, spurring non-conventional oil development, though Alberta's new royalty regime is clouding prospects

for conventional oil and gas production. Increased energy activity will also boost manufacturing. This rebounding economy is forecast to help create 16,800 net new jobs next year, although the unemployment rate will still hit 7.2 per cent.

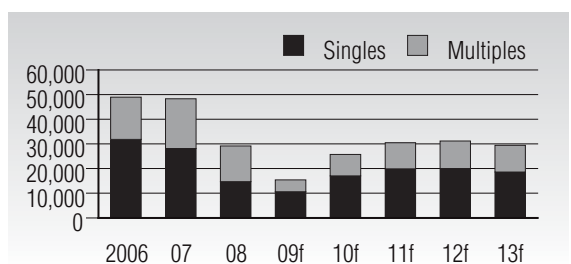
### Housing Outlook

A slowing Alberta economy has cooled population growth and thus housing demand following the mid-decade boom. More balanced market conditions are expected, leading to moderate housing starts volumes and sedate price growth, starting in 2010.

Alberta's projected 2009 population growth of 2.4 per cent, while healthy, trails 2006–2007's 2.8 per cent average when a red-hot economy lured job seekers from other provinces. Population growth is expected to fall below 2 per cent in 2010 and average only 1.6 per cent annually

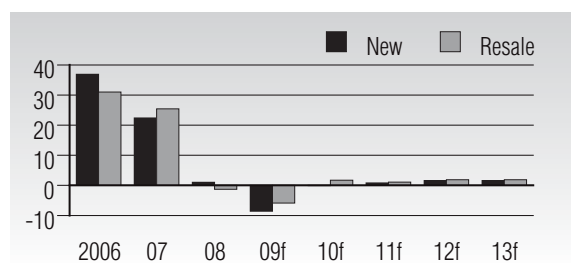
in 2011–2013. Still, such slowing doesn't necessarily doom Alberta residential construction prospects. The ratio of starts to annual population changes fell below 0.5 last year for the first time this decade and is projected to be only 0.2 this year and 0.3 in 2010. This will allow considerable scope for starts increases while the ratio recovers to its long-term norm, 0.5. A better provincial economy and stronger employment will also help. Finally, moderating inventories of completed and unoccupied units in Calgary and Edmonton next year will encourage builders. This encouragement will certainly be necessary following this year's drop in housing starts to 15,400 units, the culmination of three straight annual declines that cut starts from a 2006 peak of 49,000 units. Starts are projected to jump by 67 per cent to 25,700 units in 2010 and by a further 18 per cent to 30,500 units in 2011, then hover near this level

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

in 2012–2013. Such volumes will slightly exceed Alberta's annual average of 27,000 units during the 20 years to 2008.

The softening housing market is expected to prompt a 5.9 per cent decline in Alberta's average resale

price in 2009 following a 1.3 per cent drop last year. Such consecutive price drops are the first since four straight falls in 1982–1985 sliced 22 per cent from average prices. This cycle's cumulative drop is expected to be a relatively modest 7 per cent. Existing home prices are forecast to

resume growth in 2010 and rise nearly 2 per cent in each of 2012 and 2013. New home prices managed a 1.0 per cent advance last year, but are forecast to fall nearly 9 per cent in 2009 before flattening in 2010. Modest growth is expected to resume in 2011.

**Table 1—Economic Indicators**

|   | 2006                  | 2007                  | 2008                   | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---|-----------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 174,080<br><i>5.8</i> | 179,064<br><i>2.9</i> | 178,711<br><i>-0.2</i> | 173,877<br><i>-2.7</i> | 179,687<br><i>3.3</i> | 188,856<br><i>5.1</i> | 199,009<br><i>5.4</i> | 208,183<br><i>4.6</i> |
| <b>Total employment</b> (000s)                        | 1,871<br><i>4.8</i>   | 1,959<br><i>4.7</i>   | 2,013<br><i>2.7</i>    | 1,994<br><i>-0.9</i>   | 2,011<br><i>0.8</i>   | 2,087<br><i>3.8</i>   | 2,160<br><i>3.5</i>   | 2,202<br><i>2.0</i>   |
| <b>Unemployment rate</b>                              | 3.4                   | 3.5                   | 3.6                    | 6.4                    | 7.2                   | 6.1                   | 4.7                   | 4.1                   |
| <b>Personal income per capita</b>                     | 42,716<br><i>10.2</i> | 45,469<br><i>6.4</i>  | 48,175<br><i>6.0</i>   | 48,086<br><i>-0.2</i>  | 48,955<br><i>1.8</i>  | 51,197<br><i>4.6</i>  | 53,665<br><i>4.8</i>  | 55,934<br><i>4.2</i>  |
| <b>Population</b> (000s)                              | 3,411<br><i>3.0</i>   | 3,500<br><i>2.6</i>   | 3,574<br><i>2.1</i>    | 3,660<br><i>2.4</i>    | 3,725<br><i>1.8</i>   | 3,788<br><i>1.7</i>   | 3,847<br><i>1.6</i>   | 3,905<br><i>1.5</i>   |
| <b>Retail sales</b> (\$ millions)                     | 55,942<br><i>15.4</i> | 61,160<br><i>9.3</i>  | 61,057<br><i>-0.2</i>  | 56,301<br><i>-7.8</i>  | 58,572<br><i>4.0</i>  | 63,069<br><i>7.7</i>  | 68,298<br><i>8.3</i>  | 72,979<br><i>6.9</i>  |
| <b>Inflation rate</b>                                 | 3.9                   | 4.9                   | 3.2                    | 0.3                    | 2.7                   | 2.4                   | 2.2                   | 2.0                   |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

**Table 2—Housing Indicators**

|  | 2006                   | 2007                   | 2008                   | 2009f                  | 2010f                  | 2011f                 | 2012f                 | 2013f                 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                      | 48,962<br><i>19.9</i>  | 48,336<br><i>-1.3</i>  | 29,164<br><i>-39.7</i> | 15,412<br><i>-47.2</i> | 25,740<br><i>67.0</i>  | 30,491<br><i>18.5</i> | 31,163<br><i>2.2</i>  | 29,422<br><i>-5.6</i> |
| Singles                                    | 31,835<br><i>19.3</i>  | 28,105<br><i>-11.7</i> | 14,716<br><i>-47.6</i> | 10,597<br><i>-28.0</i> | 17,067<br><i>61.1</i>  | 19,862<br><i>16.4</i> | 20,032<br><i>0.9</i>  | 18,598<br><i>-7.2</i> |
| Multiples                                  | 17,127<br><i>20.9</i>  | 20,231<br><i>18.1</i>  | 14,448<br><i>-28.6</i> | 4,815<br><i>-66.7</i>  | 8,673<br><i>80.1</i>   | 10,628<br><i>22.5</i> | 11,131<br><i>4.7</i>  | 10,824<br><i>-2.8</i> |
| <b>Housing completions</b>                 | 39,142<br><i>5.9</i>   | 41,841<br><i>6.9</i>   | 39,453<br><i>-5.7</i>  | 16,950<br><i>-57.0</i> | 14,541<br><i>-14.2</i> | 20,259<br><i>39.3</i> | 22,643<br><i>11.8</i> | 22,343<br><i>-1.3</i> |
| Singles                                    | 26,101<br><i>6.0</i>   | 29,011<br><i>11.1</i>  | 22,619<br><i>-22.0</i> | 8,674<br><i>-61.7</i>  | 8,498<br><i>-2.0</i>   | 12,639<br><i>48.7</i> | 13,973<br><i>10.5</i> | 13,265<br><i>-5.1</i> |
| Multiples                                  | 13,042<br><i>5.7</i>   | 12,830<br><i>-1.6</i>  | 16,834<br><i>31.2</i>  | 8,276<br><i>-50.8</i>  | 6,042<br><i>-27.0</i>  | 7,620<br><i>26.1</i>  | 8,671<br><i>13.8</i>  | 9,078<br><i>4.7</i>   |
| <b>Average price of a new home</b> (\$)    | 379,785<br><i>36.9</i> | 464,924<br><i>22.4</i> | 469,780<br><i>1.0</i>  | 429,476<br><i>-8.6</i> | 429,230<br><i>-0.1</i> | 432,485<br><i>0.8</i> | 439,479<br><i>1.6</i> | 446,585<br><i>1.6</i> |
| <b>Average price of a resale home</b> (\$) | 285,116<br><i>31.0</i> | 357,452<br><i>25.4</i> | 352,742<br><i>-1.3</i> | 331,844<br><i>-5.9</i> | 337,404<br><i>1.7</i>  | 341,214<br><i>1.1</i> | 347,543<br><i>1.9</i> | 353,990<br><i>1.9</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## British Columbia



British Columbia's soft economy, slowing population growth, and oversupplied housing markets suggest weak housing prospects. The province's GDP will fall in 2009 for the second straight year. Resulting employment softness will contribute to easing population growth and slackening demand for homes. Residential markets are feeling the pinch, with this year's housing starts expected to be the lowest since 2000. Better times await, though, as a recovering economy in 2010 will rekindle starts and lift housing prices in 2011. The medium-term outlook features further starts advances and modest home price growth.

### Economic Outlook

Recovery from B.C.'s recession, its worst in 27 years, will be slow. It will start next year, prompted by rising global demand and the 2010 Olympic Games in Vancouver, and accelerate thereafter. But this year, real gross domestic product is set to contract 2.5 per cent, while almost 57,000 jobs are lost (following seven years of strong provincial job gains). The manufacturing and construction industries are suffering the hardest in 2009, losing 20,400 and 26,900 jobs respectively. Accordingly, expected labour income growth will be the second-worst in the country, after Ontario. Households, their confidence shaken from the global downturn, have held onto their wallets, leading to a big drop in retail sales this year. Fortunately, the worst of the recession appears to be over and the economy is making a slow comeback. Next year, B.C.'s economy

is expected to expand by 3.4 per cent. Nevertheless, the labour market recovery will be tentative, with fewer than half of the 2009 job losses coming back in 2010. As a result, the unemployment rate is expected to hit 8.2 per cent next year, almost double 2007's rate.

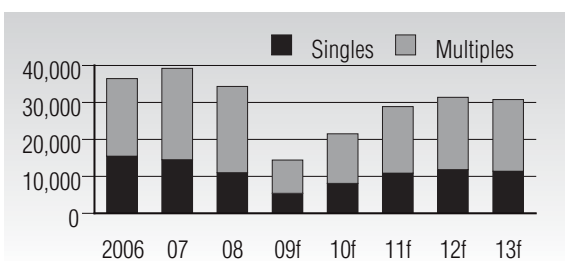
### Housing Outlook

Home builders and realtors are aching through the downturn. Provincial housing starts have collapsed this year, following 2008's 12.4 per cent downturn. While both single- and multiple-unit starts are falling, the latter's drop so far this year has been relatively larger. Housing starts fell to 12,000 units at a seasonally adjusted annualized rate during 2009's second quarter, the lowest level since the fourth quarter of 1984. Economic gloom and competition from existing resale units have respectively shaved housing

demand and increased unit supplies. But we believe the trough has been reached; average starts in 2009's second half are expected to be 26 per cent above the first half. Nonetheless, full-year volumes are forecast to fall 58 per cent to 14,400 units, the lowest since 2000 and less than half the past 20 years' average. Multiple-unit construction will continue to lead the total starts decline, falling 61 per cent to a nine-year low of 9,000 units. Single-unit starts are expected to drop 51 per cent to 5,400, the lowest level on records going back to 1977.

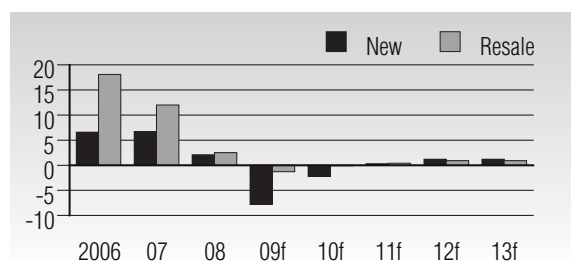
Job growth is forecast to recover in 2010, following this year's drop, and persist through 2013, improving consumer confidence and income levels. Meanwhile, population growth has continued, albeit at a slower pace, through the downturn. Indeed, the second quarter's ratio of housing starts to population growth

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.



was the lowest in nearly 13 years. Favourable fundamentals will contribute to a 49 per cent rise in starts to 21,500 units in 2010 and underpin further increases in 2011 and 2012. Since single- and multiple-unit starts are forecast to post similar growth, multiples will continue to

make up nearly two-thirds of all provincial starts through our forecast.

Growth in home prices has slowed sharply during the downturn and is forecast to turn negative this year. The decrease will be nearly 8 per cent for new homes, bringing

their average price to a three-year low of \$615,000. Another 2 per cent decline is expected in 2010, before prices stabilize in 2011. For resale homes, the average price drop will be only about 1 per cent this year, and essential stability is forecast for 2010. This year's average B.C. resale price is forecast to be \$444,000.

**Table 1—Economic Indicators**

|   | 2006                  | 2007                  | 2008                   | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---|-----------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 146,449<br><i>4.2</i> | 150,412<br><i>2.7</i> | 150,239<br><i>-0.1</i> | 146,466<br><i>-2.5</i> | 151,444<br><i>3.4</i> | 156,749<br><i>3.5</i> | 162,574<br><i>3.7</i> | 168,241<br><i>3.5</i> |
| <b>Total employment</b> (000s)                        | 2,196<br><i>3.1</i>   | 2,267<br><i>3.2</i>   | 2,314<br><i>2.1</i>    | 2,257<br><i>-2.5</i>   | 2,284<br><i>1.2</i>   | 2,342<br><i>2.5</i>   | 2,400<br><i>2.5</i>   | 2,436<br><i>1.5</i>   |
| <b>Unemployment rate</b>                              | 4.8                   | 4.2                   | 4.6                    | 7.6                    | 8.2                   | 7.1                   | 5.9                   | 5.4                   |
| <b>Personal income per capita</b>                     | 33,657<br><i>7.2</i>  | 35,260<br><i>4.8</i>  | 36,502<br><i>3.5</i>   | 36,300<br><i>-0.6</i>  | 37,208<br><i>2.5</i>  | 38,503<br><i>3.5</i>  | 39,987<br><i>3.9</i>  | 41,398<br><i>3.5</i>  |
| <b>Population</b> (000s)                              | 4,238<br><i>1.1</i>   | 4,303<br><i>1.5</i>   | 4,374<br><i>1.6</i>    | 4,439<br><i>1.5</i>    | 4,489<br><i>1.1</i>   | 4,541<br><i>1.2</i>   | 4,595<br><i>1.2</i>   | 4,650<br><i>1.2</i>   |
| <b>Retail sales</b> (\$ millions)                     | 52,837<br><i>7.2</i>  | 56,365<br><i>6.7</i>  | 56,563<br><i>0.4</i>   | 52,523<br><i>-7.1</i>  | 54,611<br><i>4.0</i>  | 57,701<br><i>5.7</i>  | 61,493<br><i>6.6</i>  | 64,880<br><i>5.5</i>  |
| <b>Inflation rate</b>                                 | 1.7                   | 1.7                   | 2.1                    | 0.6                    | 2.6                   | 2.4                   | 2.2                   | 2.0                   |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

**Table 2—Housing Indicators**

|  | 2006                   | 2007                   | 2008                   | 2009f                  | 2010f                  | 2011f                 | 2012f                 | 2013f                 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                      | 36,443<br><i>5.1</i>   | 39,195<br><i>7.6</i>   | 34,321<br><i>-12.4</i> | 14,423<br><i>-58.0</i> | 21,520<br><i>49.2</i>  | 28,872<br><i>34.2</i> | 31,367<br><i>8.6</i>  | 30,757<br><i>-1.9</i> |
| Singles                                    | 15,433<br><i>12.5</i>  | 14,474<br><i>-6.2</i>  | 10,991<br><i>-24.1</i> | 5,402<br><i>-50.8</i>  | 8,109<br><i>50.1</i>   | 10,842<br><i>33.7</i> | 11,791<br><i>8.8</i>  | 11,400<br><i>-3.3</i> |
| Multiples                                  | 21,010<br><i>0.3</i>   | 24,721<br><i>17.7</i>  | 23,330<br><i>-5.6</i>  | 9,020<br><i>-61.3</i>  | 13,410<br><i>48.7</i>  | 18,031<br><i>34.5</i> | 19,576<br><i>8.6</i>  | 19,358<br><i>-1.1</i> |
| <b>Housing completions</b>                 | 34,725<br><i>22.6</i>  | 33,244<br><i>-4.3</i>  | 34,662<br><i>4.3</i>   | 19,314<br><i>-44.3</i> | 14,395<br><i>-25.5</i> | 19,526<br><i>35.6</i> | 23,257<br><i>19.1</i> | 24,454<br><i>5.1</i>  |
| Singles                                    | 14,723<br><i>14.9</i>  | 13,948<br><i>-5.3</i>  | 11,314<br><i>-18.9</i> | 5,331<br><i>-52.9</i>  | 4,266<br><i>-20.0</i>  | 6,711<br><i>57.3</i>  | 8,039<br><i>19.8</i>  | 8,129<br><i>1.1</i>   |
| Multiples                                  | 20,002<br><i>29.0</i>  | 19,297<br><i>-3.5</i>  | 23,348<br><i>21.0</i>  | 13,983<br><i>-40.1</i> | 10,128<br><i>-27.6</i> | 12,814<br><i>26.5</i> | 15,218<br><i>18.8</i> | 16,326<br><i>7.3</i>  |
| <b>Average price of a new home</b> (\$)    | 612,098<br><i>6.6</i>  | 653,225<br><i>6.7</i>  | 666,716<br><i>2.1</i>  | 614,923<br><i>-7.8</i> | 601,144<br><i>-2.2</i> | 602,733<br><i>0.3</i> | 610,112<br><i>1.2</i> | 617,582<br><i>1.2</i> |
| <b>Average price of a resale home</b> (\$) | 391,698<br><i>18.1</i> | 438,838<br><i>12.0</i> | 449,965<br><i>2.5</i>  | 444,001<br><i>-1.3</i> | 443,748<br><i>-0.1</i> | 445,501<br><i>0.4</i> | 449,437<br><i>0.9</i> | 453,410<br><i>0.9</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association; Statistics Canada.

## Québec City



With Québec City's economy posting only meagre growth in 2009, the housing market is slumping. A global recession that has sparked fear in consumers, together with significant housing price increases from recent years, is hampering housing demand. Unit sales of existing homes are forecast to decline by 4.9 per cent this year, while housing starts will tumble 25.3 per cent. Average prices will still increase this year, but slip by 0.3 per cent in the resale market and 0.2 per cent in the new market next year.

## Economic Outlook

The fact that real gross domestic product growth in Québec City's economy is expected to remain virtually flat at 0.1 per cent this year is relatively good news. Still, 2009 is on track to be the area's worst performance since 1996. Strong growth in the construction industry and in the finance, insurance, and real estate sector is offsetting declines in most other areas of the economy. In turn, the unemployment rate is projected to rise. Fortunately, real gross domestic product growth is expected to improve to 2.2 per cent in 2010, as the world economy begins to recover and construction on some regional projects start up.

## Housing Outlook

### EXISTING HOUSING MARKET

Unit sales in Québec City's existing home market increased at an annual average rate of 8.8 per

cent per year from 1996 to 2001, driven by pent-up demand as well as sound economic growth. However, slower real GDP growth starting in 2001 sent the resale market on a roller-coaster ride, with unit sales falling in one year, only to rise again the next. By 2007, unit sales were just shy of 8,000 units—very close to their 2002 level.

Tumbling new listings resulted in the sales-to-new-listings ratio shooting up to 84 per cent in 2002, placing the resale market in a clear sellers' state. Not surprisingly, the average price of an existing home rose by 11.1 per cent per year between 2002 and 2007, a much faster rate than the 1.7 per cent average annual increase posted in the previous five years. Higher home price inflation then enticed more sellers to enter the market, and the sales-to-new-listings ratio fell to 64 per cent by 2006.

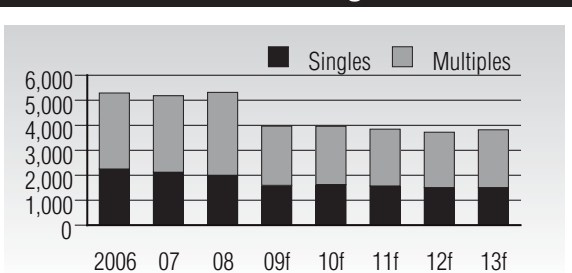
While the higher prices were welcome news for sellers, they proved

to be costly for buyers. Monthly mortgage payments as a per cent of household income rose from just over 10 per cent at the beginning of 2002 to 17.3 per cent by the end of 2008. Deteriorating affordability—along with the global recession, more recently—has put a damper on resale market activity.

Last year saw a 1.5 per cent decline in unit sales. They were particularly weak in the final quarter of 2008, falling by 18.2 per cent at seasonally adjusted annual rates. And, although unit sales picked up somewhat over the first half of 2009, they are still forecast to fall by 4.9 per cent over the year as a whole. Sales will drop by an additional 0.9 per cent in 2010 before better economic growth pushes them back up over the medium term (2011–2013) by 1.7 per cent on an average annual basis.

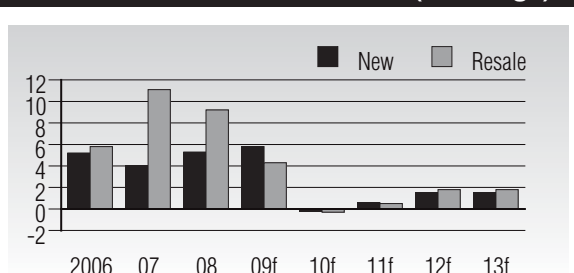
Existing home prices are forecast to grow by 4.3 per cent in 2009 and

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; Canadian Real Estate Association.

then fall 0.3 per cent next year, the first price decline in the resale market since 1997. The recent strong price growth should keep sellers interested in the market, lowering the sales-to-new-listings ratio from 63 per cent this year to 55.3 per cent in 2010. The ratio will then remain near its 2010 level through the medium term as modest unit sales increases are met with modest increases in new listings. These balanced conditions should result in moderate price growth.

### NEW HOUSING MARKET

Spillover demand from the resale market, soft price growth, and decreased supply provided the perfect opportunity for both buyers

and builders of new houses. As a result, housing starts jumped an average of 36 per cent per year from 2000 to 2003.

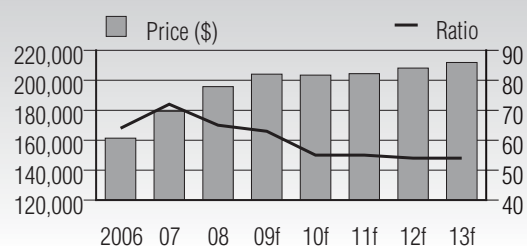
Initially, even with these growth rates, starts did not keep up with the increase in demand for new housing. By 2002, months' supply had fallen to a low of 0.4 months—enough to start edging prices higher. Accordingly, after rising by a modest 3 per cent on an average annual basis from 2000 to 2002, new home prices increased by 9.1 per cent in 2003 alone. New home prices then continued to rise at a rate of 4.9 per cent per year on average over the next four years. In 2007, average new home prices had reached \$191,200,

nearly \$60,000 more than at the start of the decade.

Faced with the significant increases in prices, buyers began to pull back from the market, increasing months' supply. In turn, builders retreated, reducing housing starts by an average of 5.7 per cent per year from 2005 to 2007. Although starts increased by 2.5 per cent in 2008, buoyed by strength in the both the singles and multiples markets in the first half of the year, they remained 14 per cent below their cyclical peak in 2004.

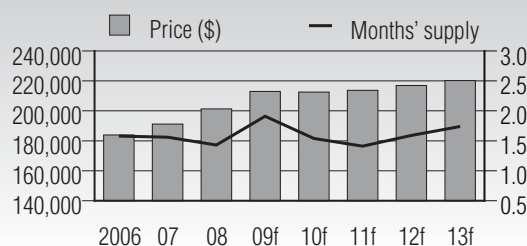
Housing starts then declined substantially in the final quarter of 2008 and in the first quarter of 2009. And, although they did bounce back a little

**Chart 3—Resale Housing Price and Sales-to-New-Listings Ratio**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

**Chart 4—New Housing Price and Months' Supply**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 1—Economic Indicators**

|   | 2006        | 2007       | 2008       | 2009f       | 2010f       | 2011f      | 2012f      | 2013f      |
|---|-------------|------------|------------|-------------|-------------|------------|------------|------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 23,533      | 24,214     | 24,719     | 24,755      | 25,292      | 25,941     | 26,609     | 27,266     |
|   | <i>2.5</i>  | <i>2.9</i> | <i>2.1</i> | <i>0.1</i>  | <i>2.2</i>  | <i>2.6</i> | <i>2.6</i> | <i>2.5</i> |
| <b>Total employment</b> (000s)                        | 377         | 386        | 390        | 394         | 393         | 400        | 408        | 413        |
|   | <i>-0.3</i> | <i>2.4</i> | <i>1.1</i> | <i>1.1</i>  | <i>-0.4</i> | <i>1.9</i> | <i>1.8</i> | <i>1.2</i> |
| <b>Unemployment rate</b>                              | 5.2         | 5.0        | 4.5        | 5.0         | 5.8         | 5.5        | 5.2        | 5.1        |
| <b>Personal income per capita</b>                     | 33,962      | 35,579     | 36,669     | 37,384      | 37,962      | 39,369     | 40,868     | 42,385     |
|   | <i>4.2</i>  | <i>4.8</i> | <i>3.1</i> | <i>1.9</i>  | <i>1.5</i>  | <i>3.7</i> | <i>3.8</i> | <i>3.7</i> |
| <b>Population</b> (000s)                              | 724         | 730        | 739        | 746         | 752         | 758        | 763        | 768        |
|   | <i>0.8</i>  | <i>0.8</i> | <i>1.2</i> | <i>1.0</i>  | <i>0.8</i>  | <i>0.7</i> | <i>0.7</i> | <i>0.7</i> |
| <b>Retail sales</b> (\$ millions)                     | 10,366      | 10,846     | 11,487     | 11,385      | 11,733      | 12,300     | 12,948     | 13,536     |
|   | <i>5.4</i>  | <i>4.6</i> | <i>5.9</i> | <i>-0.9</i> | <i>3.1</i>  | <i>4.8</i> | <i>5.3</i> | <i>4.5</i> |
| <b>Inflation rate</b>                                 | 1.7         | 1.3        | 2.1        | 1.1         | 2.8         | 3.0        | 2.3        | 2.0        |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

in the second quarter, they are expected to stabilize over the rest of the year, falling by 25.3 per cent for the year as a whole. This weakness is partly due to the sluggish economic conditions that have hurt consumer confidence. Housing starts are expected to trend slightly downward over the medium term,

as new home construction falls back in line with demographic requirements. Specifically, housing starts are forecast to fall from 5,300 units in 2008 to 4,000 units this year and next, down to two-thirds of their cyclical peak in 2004. About 3,800 starts are expected by 2013.

New home price growth will remain strong for one more year, forecast at 5.8 per cent for 2009. Prices are then expected to decline by 0.2 per cent next year, and average just 1.2 per cent annual growth between 2011 and 2013.

**Table 2—New Housing Market Indicators**

|                                       | 2006         | 2007         | 2008        | 2009f        | 2010f        | 2011f        | 2012f       | 2013f       |
|---------------------------------------|--------------|--------------|-------------|--------------|--------------|--------------|-------------|-------------|
| <b>Housing starts</b>                 | 5,291        | 5,184        | 5,315       | 3,968        | 3,958        | 3,844        | 3,720       | 3,819       |
|                                       | <i>-11.8</i> | <i>-2.0</i>  | <i>2.5</i>  | <i>-25.3</i> | <i>-0.3</i>  | <i>-2.9</i>  | <i>-3.2</i> | <i>2.7</i>  |
| Singles                               | 2,247        | 2,121        | 1,999       | 1,598        | 1,626        | 1,574        | 1,509       | 1,509       |
|                                       | <i>-11.7</i> | <i>-5.6</i>  | <i>-5.7</i> | <i>-20.1</i> | <i>1.7</i>   | <i>-3.2</i>  | <i>-4.1</i> | <i>0.0</i>  |
| Multiples                             | 3,044        | 3,063        | 3,316       | 2,370        | 2,332        | 2,270        | 2,211       | 2,310       |
|                                       | <i>-11.8</i> | <i>0.6</i>   | <i>8.3</i>  | <i>-28.5</i> | <i>-1.6</i>  | <i>-2.6</i>  | <i>-2.6</i> | <i>4.5</i>  |
| <b>Under construction</b>             | 2,074        | 2,178        | 2,947       | 2,057        | 1,692        | 1,593        | 1,502       | 1,459       |
|                                       | <i>-21.6</i> | <i>5.0</i>   | <i>35.3</i> | <i>-30.2</i> | <i>-17.8</i> | <i>-5.8</i>  | <i>-5.7</i> | <i>-2.9</i> |
| <b>Housing completions</b>            | 5,922        | 4,442        | 5,486       | 4,772        | 3,999        | 3,803        | 3,670       | 3,626       |
|                                       | <i>-3.7</i>  | <i>-25.0</i> | <i>23.5</i> | <i>-13.0</i> | <i>-16.2</i> | <i>-4.9</i>  | <i>-3.5</i> | <i>-1.2</i> |
| Singles                               | 2,308        | 2,162        | 1,983       | 1,721        | 1,592        | 1,565        | 1,506       | 1,472       |
|                                       | <i>-10.8</i> | <i>-6.3</i>  | <i>-8.3</i> | <i>-13.2</i> | <i>-7.5</i>  | <i>-1.6</i>  | <i>-3.8</i> | <i>-2.3</i> |
| Multiples                             | 3,614        | 2,280        | 3,503       | 3,051        | 2,407        | 2,237        | 2,164       | 2,154       |
|                                       | <i>1.5</i>   | <i>-36.9</i> | <i>53.6</i> | <i>-12.9</i> | <i>-21.1</i> | <i>-7.1</i>  | <i>-3.3</i> | <i>-0.5</i> |
| <b>Newly completed and unabsorbed</b> | 651          | 615          | 601         | 771          | 540          | 451          | 480         | 521         |
|                                       | <i>13.1</i>  | <i>-5.5</i>  | <i>-2.3</i> | <i>28.3</i>  | <i>-29.9</i> | <i>-16.4</i> | <i>6.4</i>  | <i>8.4</i>  |
| <b>Absorptions</b>                    | 5,685        | 4,722        | 5,219       | 4,899        | 4,210        | 3,831        | 3,627       | 3,586       |
|                                       | <i>-4.9</i>  | <i>-16.9</i> | <i>10.5</i> | <i>-6.1</i>  | <i>-14.0</i> | <i>-9.0</i>  | <i>-5.3</i> | <i>-1.1</i> |
| <b>Months' supply</b>                 | 1.4          | 1.6          | 1.4         | 1.9          | 1.5          | 1.4          | 1.6         | 1.7         |
| <b>New housing price</b>              | 183,878      | 191,176      | 201,357     | 212,991      | 212,499      | 213,774      | 216,981     | 220,235     |
|                                       | <i>5.2</i>   | <i>4.0</i>   | <i>5.3</i>  | <i>5.8</i>   | <i>-0.2</i>  | <i>0.6</i>   | <i>1.5</i>  | <i>1.5</i>  |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006        | 2007        | 2008        | 2009f       | 2010f       | 2011f      | 2012f      | 2013f      |
|--|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|
| <b>Unit sales</b>                        | 7,490       | 7,955       | 7,838       | 7,454       | 7,388       | 7,468      | 7,607      | 7,764      |
|  | <i>-0.5</i> | <i>6.2</i>  | <i>-1.5</i> | <i>-4.9</i> | <i>-0.9</i> | <i>1.1</i> | <i>1.9</i> | <i>2.1</i> |
| <b>Dollar volume sales (\$ millions)</b> | 1,209       | 1,425       | 1,533       | 1,521       | 1,503       | 1,527      | 1,583      | 1,645      |
|  | <i>5.3</i>  | <i>17.8</i> | <i>7.6</i>  | <i>-0.8</i> | <i>-1.2</i> | <i>1.6</i> | <i>3.7</i> | <i>3.9</i> |
| <b>New listings</b>                      | 11,719      | 11,049      | 12,073      | 11,919      | 13,356      | 13,687     | 14,145     | 14,367     |
|  | <i>5.9</i>  | <i>-5.7</i> | <i>9.3</i>  | <i>-1.3</i> | <i>12.1</i> | <i>2.5</i> | <i>3.3</i> | <i>1.6</i> |
| <b>Sales-to-new-listings ratio</b>       | 64          | 72          | 65          | 63          | 55          | 55         | 54         | 54         |
| <b>Resale price</b>                      | 161,383     | 179,272     | 195,741     | 204,099     | 203,432     | 204,449    | 208,129    | 211,875    |
|  | <i>5.8</i>  | <i>11.1</i> | <i>9.2</i>  | <i>4.3</i>  | <i>-0.3</i> | <i>0.5</i> | <i>1.8</i> | <i>1.8</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Canadian Real Estate Association.

## Montréal



With Montréal's real GDP on track to contract this year, demand for housing is soft once more—unit sales of existing homes will fall 4.3 per cent, while housing starts will tumble 16.5 per cent. After several years of strong increases, price growth will also moderate. A return to more normal economic growth in 2010 will help improve demand in the resale market. But oversupply in the new home market will result in housing starts continuing to fall through most of the medium term. Meanwhile, overall price growth will remain modest.

### Economic Outlook

Montréal's economy is struggling as it faces severe headwinds from the global economic downturn. The sluggish labour market is limiting income growth, leading to weak consumption and slower housing market activity. Manufacturing continues to be a major issue for the economy, and the construction sector and the finance, insurance, and real estate sector have also been sideswiped by the recession. Fortunately, the worst appears to be over for the local economy: real gross domestic product in the Montréal census metropolitan area is expected to rebound with a 2.4 per cent gain in 2010, following a 1.0 per cent decline in 2009.

### Housing Outlook

#### EXISTING HOUSING MARKET

Last year marked the end of a resale housing boom in Montréal. From 1996 to 2007, unit sales of

existing homes had increased by an annual average of 8.7 per cent. Although much of this growth in the late 1990s was buoyed by strong fundamentals in the economy, the later years were helped by low interest rates. But sellers were initially uninterested—falling new listings resulted in the market switching from a buyers' state to a sellers' state. In fact, Montréal's sales-to-new-listings ratio jumped from 33.3 per cent in 1996 to more than 75 per cent at its peak in 2002.

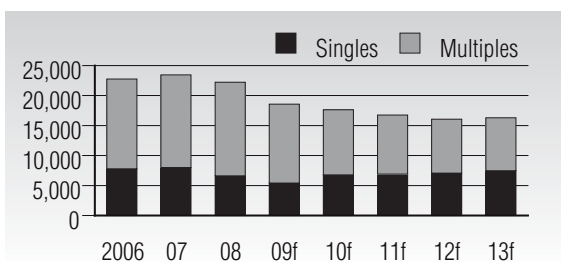
By 2002, price growth was finally starting to pick up in response to the higher demand. Average resale prices increased by 15.7 per cent per year from 2002 to 2004, and then by a still strong 6.3 per cent per year over the next three years. In level terms, the average price of a home increased by \$115,000. Finally, sellers took notice. From 2003 to 2006, new listings rose by an annual average of 8.6 per cent, bringing the sales-to-new-listings ratio back

down to 54.8 per cent. A slight 0.9 per cent decline in new listings in 2007 pushed the ratio back up to 61.7 per cent that year.

With real GDP growth slipping below 2 per cent for the fifth time in eight years last year, it is not surprising that unit sales finally stalled, dropping 7.4 per cent. Still, continued growth in resale prices (an additional 3.5 per cent last year) helped to keep sellers in the market, pushing new listings up by 5.6 per cent and the sales-to-new-listings ratio back down to 54.1 per cent.

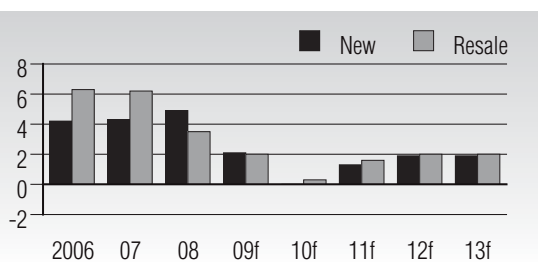
As the global recession took hold in 2008, Montréal's economy weakened further. In turn, unit sales slumped nearly 30 per cent over the final quarter of last year and through the first quarter of 2009. In fact, in this year's first quarter, sales fell to their lowest level since 2000. And, even though sales rebounded in the second quarter of this year, they are expected to still be 4.3 per cent lower

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; Canadian Real Estate Association.

overall for 2009. Resale price growth has weakened in recent months as well, in line with the lower demand. The 2 per cent price rise expected for this year will keep sellers at bay, leading to a 5.1 per cent drop in new listings, holding the sales-to-new-listings ratio at around 54 per cent.

Fortunately, the resale market is expected to rebound in 2010 as the economy improves. Unit sales are forecast to grow by 6 per cent next year, while new listings rise by 7 per cent, even as price growth slows further to just 0.3 per cent. From 2011 to 2013, price growth is expected to average a modest 1.9 per cent per year. Sales will also post modest

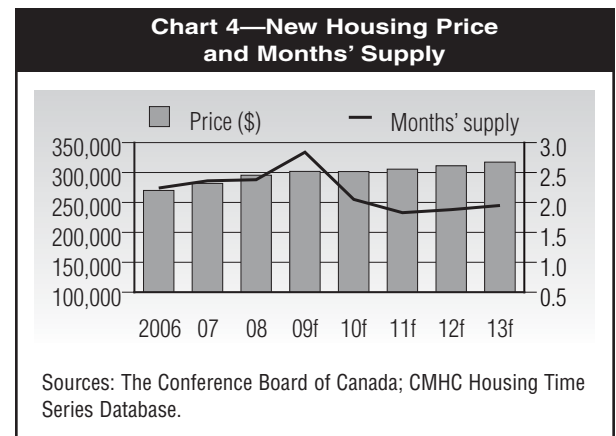
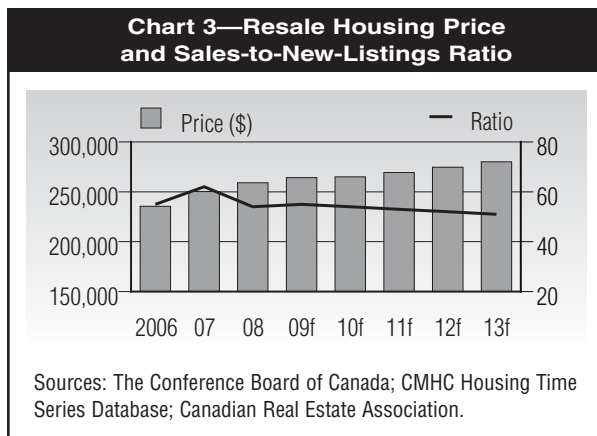
growth over the same time period—1.6 per cent on an average annual basis.

### NEW HOUSING MARKET

The booming resale market sparked vigorous activity in Montréal's new housing market. Spillover demand from the resale market, followed by lower interest rates after 2001, helped to push housing starts up by an average of 20 per cent per year from 1999 to 2004. Activity was particularly strong in the multi-family home segment—where starts increased by 28.4 per cent on an average annual basis—thanks to baby boomers looking to downsize, as well as wealthy foreigners and

young professionals wishing to live in the downtown core. In contrast, single starts climbed by 11.8 per cent per year.

Even with the significant increases in starts, months' supply remained between 1.3 months and 1.6 months until 2005, serving as a catalyst for average prices to rise by 5.9 per cent per year from 2001 to 2005, to reach nearly \$260,000. Unfortunately, the combination of higher prices, weaker economic growth, and a jump in months' supply to 2.2 months resulted in builders retreating from the market starting in 2005. Over that year and the next, starts fell more than 20 per cent. And while



**Table 1—Economic Indicators**

|   | 2006                  | 2007                  | 2008                  | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 117,544<br><i>1.5</i> | 120,201<br><i>2.3</i> | 121,539<br><i>1.1</i> | 120,312<br><i>-1.0</i> | 123,219<br><i>2.4</i> | 126,675<br><i>2.8</i> | 130,541<br><i>3.1</i> | 134,271<br><i>2.9</i> |
| <b>Total employment</b> (000s)                        | 1,856<br><i>1.8</i>   | 1,902<br><i>2.5</i>   | 1,898<br><i>-0.2</i>  | 1,877<br><i>-1.1</i>   | 1,895<br><i>1.0</i>   | 1,931<br><i>1.9</i>   | 1,967<br><i>1.9</i>   | 1,995<br><i>1.4</i>   |
| <b>Unemployment rate</b>                              | 8.4                   | 7.0                   | 7.4                   | 9.5                    | 9.8                   | 8.8                   | 8.1                   | 7.5                   |
| <b>Personal income per capita</b>                     | 32,593<br><i>4.6</i>  | 33,672<br><i>3.3</i>  | 34,586<br><i>2.7</i>  | 34,474<br><i>-0.3</i>  | 35,364<br><i>2.6</i>  | 36,668<br><i>3.7</i>  | 38,055<br><i>3.8</i>  | 39,476<br><i>3.7</i>  |
| <b>Population</b> (000s)                              | 3,685<br><i>0.9</i>   | 3,721<br><i>1.0</i>   | 3,751<br><i>0.8</i>   | 3,781<br><i>0.8</i>    | 3,816<br><i>0.9</i>   | 3,852<br><i>1.0</i>   | 3,889<br><i>1.0</i>   | 3,925<br><i>0.9</i>   |
| <b>Retail sales</b> (\$ millions)                     | 39,532<br><i>3.7</i>  | 40,860<br><i>3.4</i>  | 42,290<br><i>3.5</i>  | 41,234<br><i>-2.5</i>  | 42,589<br><i>3.3</i>  | 44,744<br><i>5.1</i>  | 47,311<br><i>5.7</i>  | 49,641<br><i>4.9</i>  |
| <b>Inflation rate</b>                                 | 1.7                   | 1.6                   | 2.1                   | 1.1                    | 2.7                   | 3.0                   | 2.3                   | 2.0                   |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; Statistics Canada.

a steady months' supply may have caused builders to increase starts by 3.1 per cent in 2007, a slowing economy pushed starts back down by 5.2 per cent last year.

With the recession in full swing, starts have fallen in each of the past five quarters. For 2009 as a whole,

housing starts are forecast to decline by 16.5 per cent to 18,600 units—a level not seen since 2001. Starts are expected to continue to trend downward through most of the medium term as well, falling more in line with demographic requirements. By 2013, annual housing starts are expected to reach 16,300 units.

Price growth will also moderate, with the average price of a new home expected to increase by 2.1 per cent this year, remain flat in 2010, and then rise by an average of 1.7 per cent per year from 2011 to 2013.

**Table 2—New Housing Market Indicators**

|                                       | 2006         | 2007         | 2008         | 2009f        | 2010f        | 2011f        | 2012f        | 2013f       |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| <b>Housing starts</b>                 | 22,748       | 23,449       | 22,228       | 18,558       | 17,626       | 16,759       | 16,048       | 16,296      |
|                                       | <i>-9.8</i>  | <i>3.1</i>   | <i>-5.2</i>  | <i>-16.5</i> | <i>-5.0</i>  | <i>-4.9</i>  | <i>-4.2</i>  | <i>1.5</i>  |
| Singles                               | 7,779        | 8,003        | 6,607        | 5,414        | 6,782        | 6,904        | 7,059        | 7,474       |
|                                       | <i>-9.2</i>  | <i>2.9</i>   | <i>-17.4</i> | <i>-18.1</i> | <i>25.3</i>  | <i>1.8</i>   | <i>2.2</i>   | <i>5.9</i>  |
| Multiples                             | 14,969       | 15,446       | 15,621       | 13,144       | 10,843       | 9,855        | 8,990        | 8,823       |
|                                       | <i>-10.1</i> | <i>3.2</i>   | <i>1.1</i>   | <i>-15.9</i> | <i>-17.5</i> | <i>-9.1</i>  | <i>-8.8</i>  | <i>-1.9</i> |
| <b>Under construction</b>             | 17,088       | 15,120       | 15,184       | 13,537       | 12,948       | 11,151       | 10,226       | 10,282      |
|                                       | <i>-2.8</i>  | <i>-11.5</i> | <i>0.4</i>   | <i>-10.8</i> | <i>-4.3</i>  | <i>-13.9</i> | <i>-8.3</i>  | <i>0.6</i>  |
| <b>Housing completions</b>            | 24,143       | 24,361       | 23,808       | 18,081       | 17,760       | 16,612       | 15,745       | 15,884      |
|                                       | <i>-6.1</i>  | <i>0.9</i>   | <i>-2.3</i>  | <i>-24.1</i> | <i>-1.8</i>  | <i>-6.5</i>  | <i>-5.2</i>  | <i>0.9</i>  |
| Singles                               | 8,344        | 7,720        | 7,364        | 5,467        | 6,288        | 6,842        | 6,957        | 7,232       |
|                                       | <i>-10.1</i> | <i>-7.5</i>  | <i>-4.6</i>  | <i>-25.8</i> | <i>15.0</i>  | <i>8.8</i>   | <i>1.7</i>   | <i>4.0</i>  |
| Multiples                             | 15,799       | 16,641       | 16,444       | 12,614       | 11,472       | 9,771        | 8,788        | 8,652       |
|                                       | <i>-3.8</i>  | <i>5.3</i>   | <i>-1.2</i>  | <i>-23.3</i> | <i>-9.1</i>  | <i>-14.8</i> | <i>-10.1</i> | <i>-1.6</i> |
| <b>Newly completed and unabsorbed</b> | 4,196        | 4,787        | 4,647        | 4,434        | 3,223        | 2,591        | 2,471        | 2,561       |
|                                       | <i>25.6</i>  | <i>14.1</i>  | <i>-2.9</i>  | <i>-4.6</i>  | <i>-27.3</i> | <i>-19.6</i> | <i>-4.6</i>  | <i>3.6</i>  |
| <b>Absorptions</b>                    | 22,625       | 24,911       | 23,494       | 18,837       | 18,826       | 17,004       | 15,772       | 15,754      |
|                                       | <i>-10.0</i> | <i>10.1</i>  | <i>-5.7</i>  | <i>-19.8</i> | <i>-0.1</i>  | <i>-9.7</i>  | <i>-7.2</i>  | <i>-0.1</i> |
| <b>Months' supply</b>                 | 2.2          | 2.3          | 2.4          | 2.8          | 2.1          | 1.8          | 1.9          | 2.0         |
| <b>New housing price</b>              | 270,081      | 281,659      | 295,491      | 301,697      | 301,557      | 305,477      | 311,282      | 317,196     |
|                                       | <i>4.2</i>   | <i>4.3</i>   | <i>4.9</i>   | <i>2.1</i>   | <i>0.0</i>   | <i>1.3</i>   | <i>1.9</i>   | <i>1.9</i>  |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006       | 2007        | 2008        | 2009f       | 2010f      | 2011f      | 2012f      | 2013f      |
|--|------------|-------------|-------------|-------------|------------|------------|------------|------------|
| <b>Unit sales</b>                        | 39,144     | 43,667      | 40,441      | 38,712      | 41,045     | 41,620     | 42,328     | 43,047     |
|  | <i>0.1</i> | <i>11.6</i> | <i>-7.4</i> | <i>-4.3</i> | <i>6.0</i> | <i>1.4</i> | <i>1.7</i> | <i>1.7</i> |
| <b>Dollar volume sales</b> (\$ millions) | 9,220      | 10,926      | 10,476      | 10,230      | 10,878     | 11,207     | 11,626     | 12,060     |
|  | <i>6.4</i> | <i>18.5</i> | <i>-4.1</i> | <i>-2.3</i> | <i>6.3</i> | <i>3.0</i> | <i>3.7</i> | <i>3.7</i> |
| <b>New listings</b>                      | 71,479     | 70,821      | 74,795      | 70,990      | 75,956     | 78,758     | 81,441     | 83,660     |
|  | <i>3.1</i> | <i>-0.9</i> | <i>5.6</i>  | <i>-5.1</i> | <i>7.0</i> | <i>3.7</i> | <i>3.4</i> | <i>2.7</i> |
| <b>Sales-to-new-listings ratio</b>       | 55         | 62          | 54          | 55          | 54         | 53         | 52         | 51         |
| <b>Resale price</b>                      | 235,550    | 250,211     | 259,046     | 264,202     | 265,024    | 269,265    | 274,650    | 280,143    |
|  | <i>6.3</i> | <i>6.2</i>  | <i>3.5</i>  | <i>2.0</i>  | <i>0.3</i> | <i>1.6</i> | <i>2.0</i> | <i>2.0</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Canadian Real Estate Association.

## Toronto



### Economic Outlook

Toronto's economy is expected to contract by 2.7 per cent in 2009, pulled down by the global recession. Manufacturing output is set to drop for the fourth year in a row, because of weaker demand at home and abroad, while construction output will feel the pinch of lower residential and non-residential investment. Meanwhile, output in the services sector, the cornerstone of growth in Toronto's economy in recent years, is being held back by a big drop in wholesale and retail trade. But with local and global conditions expected to improve in 2010, real gross domestic product is forecast to rebound and post 3.2 per cent growth next year.

### Housing Outlook

#### EXISTING HOUSING MARKET

Unit sales of existing homes increased by an annual average of 10.2 per cent per year from 2001 to

Real GDP in Toronto is forecast to decline by 2.7 per cent this year. In turn, housing markets are also expected to contract, with sales of existing units falling 2.7 per cent and housing starts shrinking nearly in half. But the resale market has been showing some signs of life in recent months, likely owing to improved affordability, as prices and mortgage rates have fallen. Still, average prices for existing homes will decrease by 0.2 per cent in 2009, while new home prices fall by 0.6 per cent.

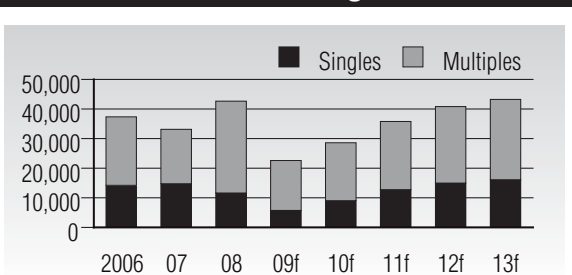
2004, as demand was spurred on by strong economic growth in the last half of the 1990s and lower interest rates after 2001. With the sales-to-new-listings ratio sitting at 66 per cent in 2001, the market was leaning towards a sellers' market. Accordingly, price growth increased in tandem with sales. From 2002 to 2004, existing home prices rose by 7.8 per cent on an average annual basis, to reach \$325,600. As more sellers then entered the market to take advantage of the higher prices, the sales-to-new-listings ratio slipped back down to 57.6 per cent by 2004.

By 2005, several years of subpar economic growth combined with deteriorating affordability to slow demand for existing homes. As a result, growth in unit sales decelerated to 1.9 per cent that year, before turning negative in 2006. However with the sales-to-new-listings ratio holding fairly steady, price growth remained elevated, at an annual average rate of 5.7 per cent.

Buyers came back to the market in 2007 after real GDP improved briefly, pushing up unit sales by 12.5 per cent and prices by 7.2 per cent. However, by 2008, as the global recession began to take hold, and as a new city land transfer tax took effect, demand fell once more. Sales declined in three of the four quarters last year, sliding 20.4 per cent in total. This resulted in the sales-to-new-listings ratio dropping to a 15-year low of 46.7 per cent, putting a damper on home price inflation. After peaking at an average of \$414,300 in the final quarter of 2007, resale prices ended 2008 nearly \$35,000 lower.

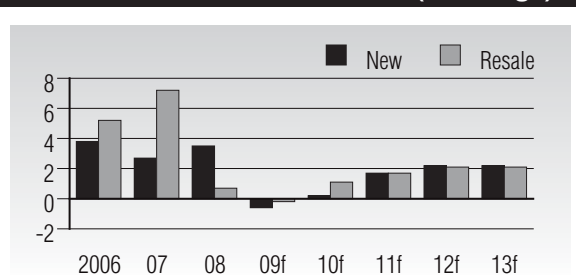
With the market now in buyers' territory and prices still falling, there has been a fair amount of activity in the resale market so far this year in spite of the drop in real GDP. Improved affordability, thanks to lower prices and extremely low interest rates, has also helped to keep the market moving. While it is not out of the woods yet—sales are

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; Canadian Real Estate Association.



still forecast to decline 2.7 per cent in 2009 and increase by only 0.2 per cent next year—a stable economy and decent population growth are expected to lead to higher levels of existing home sales through the medium term. Prices are forecast to fall by 0.2 per cent this year and show only modest growth of 1.1 per cent in 2010, before averaging 2 per cent per year over the next three years.

## NEW HOUSING MARKET

The year 2004 marked the end of an eight-year expansion in Toronto's new home market. Spillover demand from the resale market along with a strong economy resulted in housing starts rising by an average annual

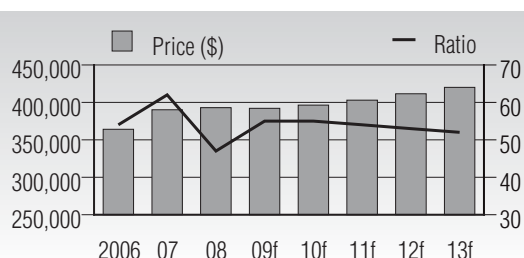
rate of 19.3 per cent from 1996 to 2000. And while economic growth slowed in the early part of this decade, lower interest rates after 2001 were enough to push starts up between 2001 and 2003 by an annual average of 5.5 per cent to 45,500 units, their highest level since 1987.

Several years of weaker economic growth began to have an impact on the new home market in Toronto by 2004. Over the next four years, demand fell, prompting builders to reduce housing starts by an average of 7.8 per cent annually, in order to keep months' supply steady. The tightness in the market was finally translating into higher price growth,

however, as new home prices increased by 4.2 per cent on an average annual basis, to surpass \$500,000 in 2007—a record.

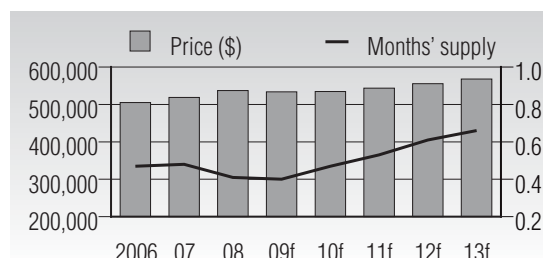
A 78 per cent increase in multiple units starts in the first quarter of 2008 led to a 28.8 per cent rebound in total housing starts for the year as a whole. The surge in the first quarter came about from the start of construction on several new high-rise buildings, many that contained units that were pre-sold in better economic times. Indeed, as real GDP slipped through 2008 and into 2009, housing starts tumbled rapidly, declining in four of the last five quarters. Overall, total housing

**Chart 3—Resale Housing Price and Sales-to-New-Listings Ratio**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

**Chart 4—New Housing Price and Months' Supply**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 1—Economic Indicators**

|   | 2006                  | 2007                  | 2008                  | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 214,456<br><i>3.0</i> | 220,482<br><i>2.8</i> | 221,182<br><i>0.3</i> | 215,259<br><i>-2.7</i> | 222,092<br><i>3.2</i> | 232,008<br><i>4.5</i> | 242,920<br><i>4.7</i> | 254,175<br><i>4.6</i> |
| <b>Total employment</b> (000s)                        | 2,802<br><i>1.4</i>   | 2,866<br><i>2.3</i>   | 2,921<br><i>1.9</i>   | 2,890<br><i>-1.1</i>   | 2,945<br><i>1.9</i>   | 3,032<br><i>3.0</i>   | 3,141<br><i>3.6</i>   | 3,218<br><i>2.4</i>   |
| <b>Unemployment rate</b>                              | 6.6                   | 6.8                   | 6.9                   | 9.3                    | 9.6                   | 9.2                   | 7.8                   | 7.4                   |
| <b>Personal income per capita</b>                     | 37,226<br><i>4.6</i>  | 38,166<br><i>2.5</i>  | 39,037<br><i>2.3</i>  | 38,793<br><i>-0.6</i>  | 39,645<br><i>2.2</i>  | 40,974<br><i>3.4</i>  | 42,603<br><i>4.0</i>  | 44,113<br><i>3.5</i>  |
| <b>Population</b> (000s)                              | 5,337<br><i>2.1</i>   | 5,432<br><i>1.8</i>   | 5,531<br><i>1.8</i>   | 5,628<br><i>1.8</i>    | 5,733<br><i>1.9</i>   | 5,850<br><i>2.0</i>   | 5,975<br><i>2.1</i>   | 6,108<br><i>2.2</i>   |
| <b>Retail sales</b> (\$ millions)                     | 55,078<br><i>3.2</i>  | 57,984<br><i>5.3</i>  | 60,423<br><i>4.2</i>  | 56,988<br><i>-5.7</i>  | 59,481<br><i>4.4</i>  | 63,764<br><i>7.2</i>  | 68,669<br><i>7.7</i>  | 73,250<br><i>6.7</i>  |
| <b>Inflation rate</b>                                 | 1.6                   | 1.9                   | 2.4                   | 0.9                    | 2.4                   | 2.8                   | 2.3                   | 2.0                   |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

starts are forecast to drop by 47 per cent this year. In turn, the average price of a new home is projected to decline by 0.6 per cent in 2009.

Better economic conditions in 2010 and continued low interest rates will lead to an anticipated 26.6 per cent rebound in starts next year, but new home price growth will remain flat. Through 2011 to 2013, housing

starts are expected to continue to trend upward, boosted by an increase in demographic requirements. New home prices are forecast to rise at a moderate pace of 2 per cent per year, on average, from 2011 to 2013.

**Table 2—New Housing Market Indicators**

|                                       | 2006                   | 2007                   | 2008                   | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                 | 37,369<br><i>-9.3</i>  | 33,119<br><i>-11.4</i> | 42,650<br><i>28.8</i>  | 22,592<br><i>-47.0</i> | 28,606<br><i>26.6</i> | 35,791<br><i>25.1</i> | 40,795<br><i>14.0</i> | 43,248<br><i>6.0</i>  |
| Singles                               | 14,224<br><i>-9.3</i>  | 14,724<br><i>3.5</i>   | 11,585<br><i>-21.3</i> | 5,692<br><i>-50.9</i>  | 8,990<br><i>57.9</i>  | 12,759<br><i>41.9</i> | 14,981<br><i>17.4</i> | 16,113<br><i>7.6</i>  |
| Multiples                             | 23,145<br><i>-9.3</i>  | 18,395<br><i>-20.5</i> | 31,065<br><i>68.9</i>  | 16,900<br><i>-45.6</i> | 19,616<br><i>16.1</i> | 23,033<br><i>17.4</i> | 25,814<br><i>12.1</i> | 27,134<br><i>5.1</i>  |
| <b>Under construction</b>             | 41,880<br><i>-0.8</i>  | 43,238<br><i>3.2</i>   | 48,350<br><i>11.8</i>  | 43,755<br><i>-9.5</i>  | 46,243<br><i>5.7</i>  | 54,946<br><i>18.8</i> | 59,626<br><i>8.5</i>  | 59,774<br><i>0.2</i>  |
| <b>Housing completions</b>            | 38,121<br><i>-3.0</i>  | 30,357<br><i>-20.4</i> | 36,258<br><i>19.4</i>  | 27,088<br><i>-25.3</i> | 28,567<br><i>5.5</i>  | 35,790<br><i>25.3</i> | 40,833<br><i>14.1</i> | 43,209<br><i>5.8</i>  |
| Singles                               | 14,779<br><i>-12.6</i> | 14,082<br><i>-4.7</i>  | 13,882<br><i>-1.4</i>  | 7,764<br><i>-44.1</i>  | 8,987<br><i>15.8</i>  | 12,748<br><i>41.8</i> | 14,990<br><i>17.6</i> | 16,083<br><i>7.3</i>  |
| Multiples                             | 23,342<br><i>4.3</i>   | 16,275<br><i>-30.3</i> | 22,376<br><i>37.5</i>  | 19,324<br><i>-13.6</i> | 19,580<br><i>1.3</i>  | 23,042<br><i>17.7</i> | 25,843<br><i>12.2</i> | 27,127<br><i>5.0</i>  |
| <b>Newly completed and unabsorbed</b> | 1,443<br><i>-31.6</i>  | 1,226<br><i>-15.0</i>  | 1,216<br><i>-0.8</i>   | 915<br><i>-24.7</i>    | 1,106<br><i>20.8</i>  | 1,558<br><i>40.9</i>  | 2,046<br><i>31.3</i>  | 2,369<br><i>15.8</i>  |
| <b>Absorptions</b>                    | 38,296<br><i>-3.3</i>  | 30,826<br><i>-19.5</i> | 36,074<br><i>17.0</i>  | 32,058<br><i>-11.1</i> | 33,982<br><i>6.0</i>  | 41,314<br><i>21.6</i> | 46,398<br><i>12.3</i> | 48,936<br><i>5.5</i>  |
| <b>Months' supply</b>                 | 0.5                    | 0.5                    | 0.4                    | 0.3                    | 0.4                   | 0.5                   | 0.5                   | 0.6                   |
| <b>New housing price</b>              | 504,949<br><i>3.8</i>  | 518,619<br><i>2.7</i>  | 537,010<br><i>3.5</i>  | 533,527<br><i>-0.6</i> | 534,457<br><i>0.2</i> | 543,543<br><i>1.7</i> | 555,501<br><i>2.2</i> | 567,722<br><i>2.2</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006                  | 2007                   | 2008                   | 2009f                   | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|--|-----------------------|------------------------|------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Unit sales</b>                        | 75,488<br><i>-1.2</i> | 84,947<br><i>12.5</i>  | 67,590<br><i>-20.4</i> | 65,769<br><i>-2.7</i>   | 65,913<br><i>0.2</i>  | 67,758<br><i>2.8</i>  | 69,859<br><i>3.1</i>  | 72,024<br><i>3.1</i>  |
| <b>Dollar volume sales</b> (\$ millions) | 27,481<br><i>3.8</i>  | 33,166<br><i>20.7</i>  | 26,626<br><i>-19.7</i> | 25,864<br><i>-2.9</i>   | 26,121<br><i>1.0</i>  | 27,309<br><i>4.6</i>  | 28,747<br><i>5.3</i>  | 30,261<br><i>5.3</i>  |
| <b>New listings</b>                      | 139,903<br><i>3.8</i> | 137,940<br><i>-1.4</i> | 144,595<br><i>4.8</i>  | 119,811<br><i>-17.1</i> | 120,711<br><i>0.8</i> | 125,262<br><i>3.8</i> | 132,449<br><i>5.7</i> | 139,775<br><i>5.5</i> |
| <b>Sales-to-new-listings ratio</b>       | 54                    | 62                     | 47                     | 55                      | 55                    | 54                    | 53                    | 52                    |
| <b>Resale price</b>                      | 364,062<br><i>5.2</i> | 390,215<br><i>7.2</i>  | 392,930<br><i>0.7</i>  | 392,117<br><i>-0.2</i>  | 396,285<br><i>1.1</i> | 403,022<br><i>1.7</i> | 411,486<br><i>2.1</i> | 420,127<br><i>2.1</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Canadian Real Estate Association.

## Ottawa–Gatineau



### Economic Outlook

Although the public sector, which accounts for almost a quarter of Ottawa–Gatineau’s economy, is still growing soundly, this is being offset by downturns in other sectors, like manufacturing and commercial services, that are more dependent on the global economic environment. Total employment declined by 3.6 per cent in the first half of this year alone and by 6.7 per cent if we exclude the public administration sector. Overall, real gross domestic product is expected to decline by 0.5 per cent this year, the biggest decline since 1991, before rebounding by a solid 3.1 per cent in 2010.

### Housing Outlook

#### EXISTING HOUSING MARKET

The resale home market in Ottawa–Gatineau enjoyed a period of rapid expansion through the late 1990s. Pent-up demand and solid

With Ottawa–Gatineau’s economy expected to contract for the first time in 13 years this year, it is not surprising that the region’s housing sector will also be weaker. Although the resale market has shown some strength in recent months, unit sales of existing homes are forecast to decline by 0.5 per cent for 2009 as a whole. In the new home market, housing starts are set to fall by 22.4 per cent, following three consecutive years of growth. In turn, price growth in both markets will slow.

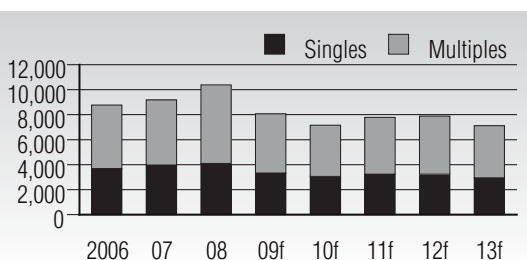
economic growth resulted in unit sales rising by an average of 16.4 per cent annually from 1996 to 2000.

A downturn in the area’s high-tech industry at the beginning of this decade reduced overall real GDP growth in the region, bringing the housing boom to an end. While unit sales continued to grow, the pace of expansion was a much slower 2.9 per cent per year from 2001 to 2007, including a 0.8 per cent dip in 2005. However, price growth picked up from 2000 onward, as the sales-to-new-listings ratio had climbed from 30 per cent in 1995 to just over 70 per cent in 2000, indicating a move from a buyers’ market to a sellers’ market. As a result, resale home prices grew by 7.7 per cent on an average annual basis from 2000 to 2007, an increase of more than \$100,000. These higher prices eventually attracted more sellers. As a result, by 2007, the sales-to-new-listings ratio had dropped back to 63.8 per cent.

With GDP growth decelerating to 0.8 per cent last year, demand in the resale home market slipped further. Unit sales fell 6.4 per cent in 2008, largely because of a 20 per cent decline in the last quarter of the year, pushing the sales-to-new-listings ratio down once more, to 56.3 per cent. Prices continued to be strong, though, as the average price of a resale home in Ottawa–Gatineau increased by 6.3 per cent to nearly \$270,000 in 2008.

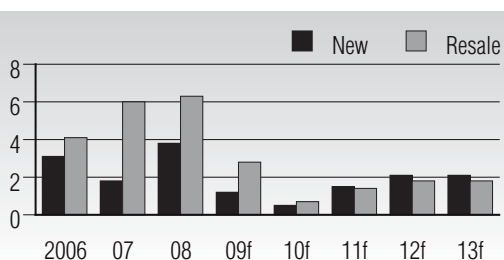
Despite higher prices and weak economic conditions, Ottawa–Gatineau’s resale market has been on the upswing as of late. Egged on by low mortgage rates, unit sales rebounded in the first half of 2009 from their dismal showing at the end of 2008. Still, for the year as a whole, sales are expected to fall by 0.5 per cent. Next year, the resale market should hold steady as overall economic growth improves. Meanwhile, prices will finally begin to moderate over this year and next. Average resale price growth is forecast

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; Canadian Real Estate Association.

to reach 2.8 per cent in 2009, before slowing to 0.7 per cent in 2010.

Over the medium term, stable population growth will keep the resale market on the upswing. Unit sales are forecast to rise 1.6 per cent on an average annual basis from 2011 to 2013, while growth in existing home prices is expected to average 1.7 per cent per year.

### NEW HOUSING MARKET

Ottawa–Gatineau’s new home market also grew rapidly between 1996 and 2002. Housing starts increased by an average of 18 per cent annually, bringing them to 10,000 units in 2002, their highest level since 1998. The growth in

starts was driven not only by sound economic growth but also by spillover demand from the resale market.

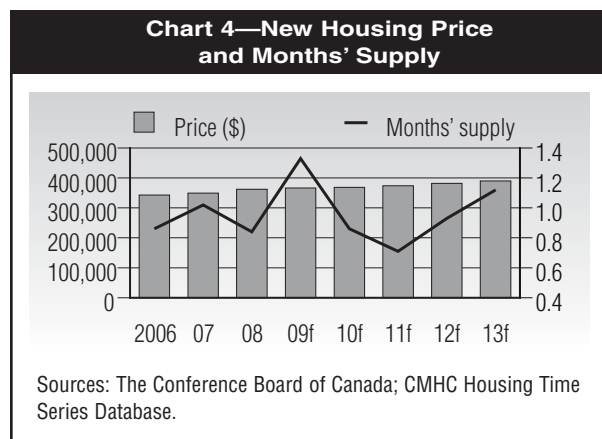
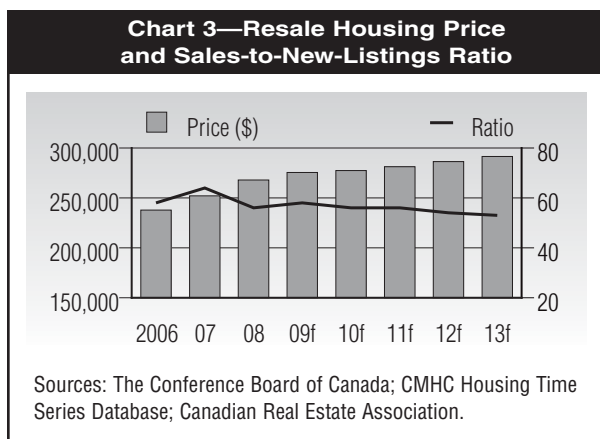
Even so, this new supply was not enough to keep up with increased demand, as months’ supply dipped from 3.5 months in the mid-1990s to just 0.6 months by 2002.

In line with a tighter market, price growth accelerated from 2000 to 2002 as well, averaging 8.9 per cent per year. And while the increase in new home prices was more modest in 2003, at 3.8 per cent, it was enough to push them near \$300,000.

Over the next four years, demand in the new home market flip-flopped. As a result, builders increased

housing starts in one year only to decrease them the next, so as to hold months’ supply between 0.5 months and 1 month. With the uncertainty in the industry, price growth decelerated from 2004 onward, falling from 6.6 per cent in 2004 to 1.8 per cent by 2007.

After rebounding by 25 per cent in 2006, housing starts continued to trend upward in 2007 and 2008, increasing by 4.6 per cent and 13.2 per cent respectively. This growth brought starts above the 10,000-unit mark and above demographic requirements last year. Much of the strength in 2008 came from a 56 per cent rise in multiple-unit starts in the first quarter of the year. But as the overall



**Table 1—Economic Indicators**

|   | 2006          | 2007          | 2008          | 2009f          | 2010f         | 2011f         | 2012f         | 2013f         |
|---|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 43,730<br>3.1 | 44,835<br>2.5 | 45,212<br>0.8 | 45,006<br>-0.5 | 46,415<br>3.1 | 47,813<br>3.0 | 49,370<br>3.3 | 50,958<br>3.2 |
| <b>Total employment</b> (000s)                        | 643<br>4.0    | 651<br>1.3    | 670<br>2.8    | 651<br>-2.8    | 653<br>0.3    | 672<br>3.0    | 692<br>2.9    | 702<br>1.6    |
| <b>Unemployment rate</b>                              | 5.2           | 5.2           | 4.8           | 6.1            | 6.5           | 6.1           | 5.8           | 5.5           |
| <b>Personal income per capita</b>                     | 38,504<br>5.1 | 40,031<br>4.0 | 41,224<br>3.0 | 41,407<br>0.4  | 42,223<br>2.0 | 43,833<br>3.8 | 45,617<br>4.1 | 47,297<br>3.7 |
| <b>Population</b> (000s)                              | 1,169<br>1.0  | 1,183<br>1.2  | 1,199<br>1.3  | 1,212<br>1.1   | 1,222<br>0.9  | 1,234<br>1.0  | 1,247<br>1.0  | 1,260<br>1.1  |
| <b>Retail sales</b> (\$ millions)                     | 13,723<br>4.7 | 14,304<br>4.2 | 14,878<br>4.0 | 14,589<br>-1.9 | 15,113<br>3.6 | 15,962<br>5.6 | 16,938<br>6.1 | 17,811<br>5.1 |
| <b>Inflation rate</b>                                 | 1.7           | 1.9           | 2.2           | 1.0            | 2.5           | 2.8           | 2.3           | 2.0           |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; Statistics Canada.

economy weakened through 2008, so too did new home construction. Indeed, housing starts have declined in every quarter since last year's second quarter. As a result, starts are expected to fall by 22.4 per cent in 2009. Over the medium term, new residential construction is

expected to continue to ease to a level more in line with underlying household formation. Specifically, housing starts are projected to fall from 10,400 units in 2008, to 8,100 units in 2009, and to 7,100 units by 2013.

Price growth in the new home market is expected to continue to moderate through 2009 and 2010, slowing to 1.2 per cent this year and to 0.5 per cent next year. From 2011 to 2013, new home price growth will improve somewhat, averaging 1.9 per cent annually.

**Table 2—New Housing Market Indicators**

|                                       | 2006                  | 2007                  | 2008                  | 2009f                 | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                 | 8,771<br><i>25.0</i>  | 9,177<br><i>4.6</i>   | 10,388<br><i>13.2</i> | 8,064<br><i>-22.4</i> | 7,165<br><i>-11.2</i> | 7,783<br><i>8.6</i>   | 7,891<br><i>1.4</i>   | 7,118<br><i>-9.8</i>  |
| Singles                               | 3,689<br><i>5.8</i>   | 3,973<br><i>7.7</i>   | 4,097<br><i>3.1</i>   | 3,329<br><i>-18.7</i> | 3,061<br><i>-8.0</i>  | 3,237<br><i>5.7</i>   | 3,239<br><i>0.1</i>   | 2,951<br><i>-8.9</i>  |
| Multiples                             | 5,081<br><i>43.9</i>  | 5,205<br><i>2.4</i>   | 6,291<br><i>20.9</i>  | 4,735<br><i>-24.7</i> | 4,104<br><i>-13.3</i> | 4,545<br><i>10.8</i>  | 4,651<br><i>2.3</i>   | 4,167<br><i>-10.4</i> |
| <b>Under construction</b>             | 4,631<br><i>-7.5</i>  | 5,688<br><i>22.8</i>  | 6,713<br><i>18.0</i>  | 6,268<br><i>-6.6</i>  | 4,442<br><i>-29.1</i> | 3,680<br><i>-17.2</i> | 3,696<br><i>0.5</i>   | 3,594<br><i>-2.8</i>  |
| <b>Housing completions</b>            | 8,199<br><i>-1.1</i>  | 8,310<br><i>1.4</i>   | 9,539<br><i>14.8</i>  | 9,976<br><i>4.6</i>   | 7,665<br><i>-23.2</i> | 7,351<br><i>-4.1</i>  | 7,797<br><i>6.1</i>   | 7,619<br><i>-2.3</i>  |
| Singles                               | 3,574<br><i>-10.7</i> | 3,566<br><i>-0.2</i>  | 4,049<br><i>13.5</i>  | 3,866<br><i>-4.5</i>  | 3,146<br><i>-18.6</i> | 3,127<br><i>-0.6</i>  | 3,243<br><i>3.7</i>   | 3,104<br><i>-4.3</i>  |
| Multiples                             | 4,625<br><i>7.8</i>   | 4,744<br><i>2.6</i>   | 5,490<br><i>15.7</i>  | 6,110<br><i>11.3</i>  | 4,518<br><i>-26.1</i> | 4,225<br><i>-6.5</i>  | 4,554<br><i>7.8</i>   | 4,515<br><i>-0.9</i>  |
| <b>Newly completed and unabsorbed</b> | 607<br><i>-13.5</i>   | 691<br><i>13.8</i>    | 667<br><i>-3.5</i>    | 1,037<br><i>55.6</i>  | 592<br><i>-42.9</i>   | 433<br><i>-26.8</i>   | 590<br><i>36.3</i>    | 707<br><i>19.8</i>    |
| <b>Absorptions</b>                    | 8,425<br><i>3.3</i>   | 8,110<br><i>-3.7</i>  | 9,699<br><i>19.6</i>  | 9,631<br><i>-0.7</i>  | 8,155<br><i>-15.3</i> | 7,326<br><i>-10.2</i> | 7,616<br><i>4.0</i>   | 7,554<br><i>-0.8</i>  |
| <b>Months' supply</b>                 | 0.9                   | 1.0                   | 0.8                   | 1.3                   | 0.9                   | 0.7                   | 0.9                   | 1.1                   |
| <b>New housing price</b>              | 343,104<br><i>3.1</i> | 349,131<br><i>1.8</i> | 362,282<br><i>3.8</i> | 366,498<br><i>1.2</i> | 368,466<br><i>0.5</i> | 373,993<br><i>1.5</i> | 381,847<br><i>2.1</i> | 389,866<br><i>2.1</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006                  | 2007                  | 2008                  | 2009f                 | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Unit sales</b>                        | 18,285<br><i>4.9</i>  | 19,342<br><i>5.8</i>  | 18,101<br><i>-6.4</i> | 18,018<br><i>-0.5</i> | 17,992<br><i>-0.1</i> | 18,298<br><i>1.7</i>  | 18,572<br><i>1.5</i>  | 18,851<br><i>1.5</i>  |
| <b>Dollar volume sales</b> (\$ millions) | 4,347<br><i>9.1</i>   | 4,874<br><i>12.1</i>  | 4,852<br><i>-0.4</i>  | 4,968<br><i>2.4</i>   | 4,992<br><i>0.5</i>   | 5,148<br><i>3.1</i>   | 5,319<br><i>3.3</i>   | 5,496<br><i>3.3</i>   |
| <b>New listings</b>                      | 31,543<br><i>-0.1</i> | 30,320<br><i>-3.9</i> | 32,157<br><i>6.1</i>  | 31,321<br><i>-2.6</i> | 32,073<br><i>2.4</i>  | 32,786<br><i>2.2</i>  | 34,195<br><i>4.3</i>  | 35,731<br><i>4.5</i>  |
| <b>Sales-to-new-listings ratio</b>       | 58                    | 64                    | 56                    | 58                    | 56                    | 56                    | 54                    | 53                    |
| <b>Resale price</b>                      | 237,748<br><i>4.1</i> | 252,037<br><i>6.0</i> | 268,007<br><i>6.3</i> | 275,402<br><i>2.8</i> | 277,440<br><i>0.7</i> | 281,324<br><i>1.4</i> | 286,388<br><i>1.8</i> | 291,543<br><i>1.8</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Canadian Real Estate Association.

## Calgary



A weak economy has dampened Calgary's housing market this year, but better times await. Population growth, a key housing demand determinant, will persist, albeit more moderately. Expected GDP and employment hikes in 2010 signal economic recovery following this year's dips. The resale market will become balanced, with sales and prices both forecast to advance next year. Housing starts will also rise in 2010, following 2009's dramatic tumble. Longer term expectations feature above-average economic growth, continued resale market balance, and rebounding starts. Still, most housing market measures will remain moderate by recent boom-period standards.

### Economic Outlook

Calgary's gross domestic product is forecast to drop 2.1 per cent this year, with recession and weak oil and gas markets taking their toll on domestic demand, crimping consumer spending and the overall performance of the services sector. Residential construction has also plummeted and demand for manufactured goods has tumbled. But improving consumer confidence will help lift overall real GDP in Calgary by 3.2 per cent next year, allowing employment to grow by 1.5 per cent after this year's 1.0 per cent drop. Still, the unemployment rate will rise to 7.3 per cent in 2010 as the labour force grows.

### Housing Outlook

#### EXISTING HOUSING MARKET

Calgary's resale market is recovering from its post-oil-boom hangover. The second quarter was

strong, effectively ending recent buyers' market conditions. Generally balanced markets should now prevail throughout our forecast. Indeed, the trough appears to be past for Calgary resale volumes, which hit a 13-year low of 15,700 units annualized in 2009's first quarter. This low follows a 28 per cent annual sales drop in 2008, which cut transactions to only 23,100 units, the fewest in seven years. Although second-quarter sales snapped back to an annual rate of 25,500 units, the first-quarter disappointment along with more sustainable second-half volumes will leave this year's annual count down a further 5 per cent, at 22,000 units. Sales are forecast to regain some lost ground next year with an 11 per cent gain to 24,500 units, but only modest increases through 2013 will keep volumes below their 2006 peak.

New listings supply peaked in early 2008 as vendors rushed to sell

before a cooling market diminished their prospects. By this year's second quarter, listings were off by nearly 40 per cent to only 39,700 units annualized, their lowest level in three years. The second quarter's sales gain should draw some additional listing supply into the market, although hikes are expected to be modest. All told, new listings will reach 41,720 units in 2009. Listings are forecast to rise slightly each year through 2013, although that year's 52,700 listings will still be well below the 2008 peak.

Although sales and listings both declined recently, a relatively faster drop in sales cut the sales-to-new-listings ratio to roughly 37 per cent in both 2008's fourth quarter and 2009's first, the lowest level in 19 years. Such readings clearly signalled buyers' conditions. The spring sales surge lifted the second quarter's ratio to 64 per cent, but we expect moderating sales and slight listings

Chart 1—Housing Starts

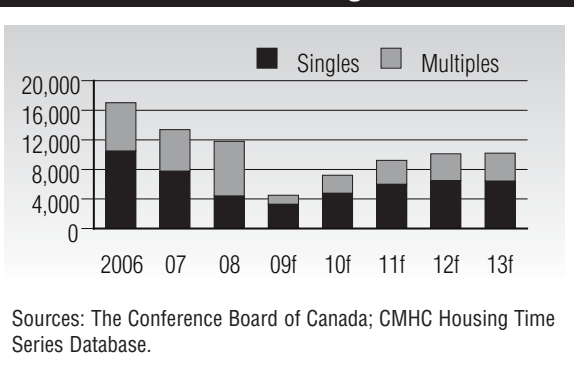
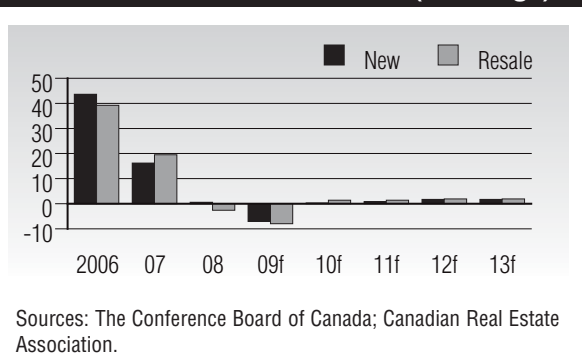


Chart 2—House Price Growth (% change)



increases during this year's second half to trim the ratio much closer to balanced market levels. In 2010, a slightly faster increase in sales than in new listings will nudge the ratio slightly higher. The longer term forecast is for the ratio to drift down slightly but stay within the balanced market range.

The strong rebound in sales this past spring was accompanied by a moderating price decline, with the second-quarter average value decrease the smallest in seven quarters. A stabilizing sales pace in 2009's second half will keep prices flat through year-end. As a result, Calgary's average resale price in 2009 is projected to fall to \$372,500, well off the peak

of \$415,640 in 2007. Average prices are forecast to edge up 1.4 per cent in both 2010 and 2011. Although hikes will accelerate to 1.9 per cent in both 2012 and 2013, average prices will remain under \$400,000.

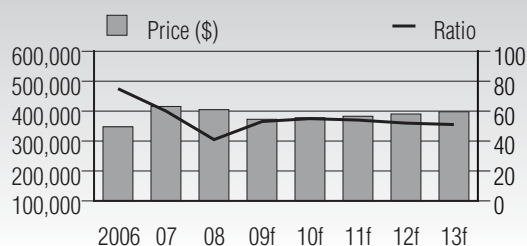
### NEW HOUSING MARKET

Slowing population growth, a cooling resale market, and rising counts of completed and unoccupied units are all depressing housing starts in Calgary. This year's expected population rise, of just over 24,000 people, will be the smallest since 2004, with future net additions around the same level. Relatively abundant resale supply and developer caution amid a landscape of empty new houses underpin a weak starts forecast.

New housing demand, measured by unit absorptions, fell 27 per cent in 2009's first quarter and a further 11 per cent in the second, putting annualized levels at only about half of the 2008 average. Little improvement is forecast for the rest of 2009, resulting in a full-year volume of only about 8,200 units, the fewest since 1996. Absorptions are forecast to fall another 20 per cent in 2010, before rebounding briskly in 2011 and 2012. Even with an additional moderate uptick in 2013, absorptions will remain behind record levels set earlier this decade.

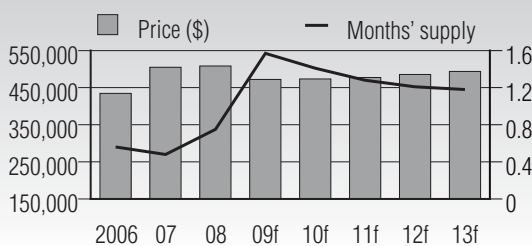
Against this backdrop, Calgary builders are retrenching furiously. Housing starts have fallen sharply,

**Chart 3—Resale Housing Price and Sales-to-New-Listings Ratio**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

**Chart 4—New Housing Price and Months' Supply**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 1—Economic Indicators**

|   | 2006                  | 2007                 | 2008                  | 2009f                 | 2010f                | 2011f                | 2012f                | 2013f                |
|---|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 60,370<br><i>6.9</i>  | 62,561<br><i>3.6</i> | 62,784<br><i>0.4</i>  | 61,442<br><i>-2.1</i> | 63,398<br><i>3.2</i> | 66,226<br><i>4.5</i> | 69,280<br><i>4.6</i> | 72,248<br><i>4.3</i> |
| <b>Total employment</b> (000s)                        | 655<br><i>8.1</i>     | 680<br><i>3.9</i>    | 704<br><i>3.5</i>     | 698<br><i>-1.0</i>    | 708<br><i>1.5</i>    | 723<br><i>2.1</i>    | 736<br><i>1.8</i>    | 747<br><i>1.5</i>    |
| <b>Unemployment rate</b>                              | 3.2                   | 3.2                  | 3.5                   | 6.4                   | 7.3                  | 6.4                  | 5.0                  | 4.6                  |
| <b>Personal income per capita</b>                     | 49,748<br><i>11.3</i> | 51,468<br><i>3.5</i> | 54,293<br><i>5.5</i>  | 54,264<br><i>-0.1</i> | 55,404<br><i>2.1</i> | 56,986<br><i>2.9</i> | 58,690<br><i>3.0</i> | 60,586<br><i>3.2</i> |
| <b>Population</b> (000s)                              | 1,124<br><i>2.9</i>   | 1,156<br><i>2.8</i>  | 1,182<br><i>2.3</i>   | 1,207<br><i>2.1</i>   | 1,231<br><i>2.0</i>  | 1,255<br><i>1.9</i>  | 1,279<br><i>1.9</i>  | 1,302<br><i>1.8</i>  |
| <b>Retail sales</b> (\$ millions)                     | 20,584<br><i>16.4</i> | 21,920<br><i>6.5</i> | 21,829<br><i>-0.4</i> | 20,396<br><i>-6.6</i> | 21,200<br><i>3.9</i> | 22,689<br><i>7.0</i> | 24,393<br><i>7.5</i> | 25,984<br><i>6.5</i> |
| <b>Inflation rate</b>                                 | 4.6                   | 5.0                  | 3.2                   | 0.6                   | 2.7                  | 2.4                  | 2.2                  | 2.0                  |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

averaging only 4,000 units annualized in the first half of 2009, a shadow of the 17,000 units constructed in 2006 and down even from 2008's moderate 11,800-unit production. For 2009 as a whole, starts are forecast to average only 4,500 units—a 21-year low. Next year will see a

decent 60 per cent bounce back, although the resulting 7,200 units will remain modest. As inventory backlogs level off and the resale market steadies, starts will keep increasing but stay below 2006's peak, at only 10,200 in 2013.

New home prices are also off significantly. Average new home prices are forecast to end 2009 down 7.1 per cent and hover near this level in 2010 before edging up in 2011–2013.

**Table 2—New Housing Market Indicators**

|                                       | 2006                   | 2007                   | 2008                   | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Housing starts</b>                 | 17,005<br><i>24.5</i>  | 13,387<br><i>-21.3</i> | 11,807<br><i>-11.8</i> | 4,514<br><i>-61.8</i>  | 7,218<br><i>59.9</i>  | 9,223<br><i>27.8</i>  | 10,116<br><i>9.7</i>  | 10,202<br><i>0.8</i>  |
| Singles                               | 10,490<br><i>20.6</i>  | 7,767<br><i>-26.0</i>  | 4,423<br><i>-43.1</i>  | 3,296<br><i>-25.5</i>  | 4,791<br><i>45.4</i>  | 6,008<br><i>25.4</i>  | 6,495<br><i>8.1</i>   | 6,435<br><i>-0.9</i>  |
| Multiples                             | 6,515<br><i>31.3</i>   | 5,620<br><i>-13.7</i>  | 7,384<br><i>31.4</i>   | 1,217<br><i>-83.5</i>  | 2,426<br><i>99.3</i>  | 3,215<br><i>32.5</i>  | 3,620<br><i>12.6</i>  | 3,767<br><i>4.0</i>   |
| <b>Under construction</b>             | 12,936<br><i>34.9</i>  | 14,619<br><i>13.0</i>  | 13,795<br><i>-5.6</i>  | 9,183<br><i>-33.4</i>  | 6,022<br><i>-34.4</i> | 6,204<br><i>3.0</i>   | 6,927<br><i>11.7</i>  | 7,092<br><i>2.4</i>   |
| <b>Housing completions</b>            | 12,690<br><i>-1.0</i>  | 13,112<br><i>3.3</i>   | 14,195<br><i>8.3</i>   | 8,238<br><i>-42.0</i>  | 6,303<br><i>-23.5</i> | 7,980<br><i>26.6</i>  | 9,532<br><i>19.4</i>  | 10,102<br><i>6.0</i>  |
| Singles                               | 8,181<br><i>2.6</i>    | 9,149<br><i>11.8</i>   | 6,908<br><i>-24.5</i>  | 3,797<br><i>-45.0</i>  | 4,153<br><i>9.4</i>   | 5,597<br><i>34.8</i>  | 6,344<br><i>13.4</i>  | 6,481<br><i>2.2</i>   |
| Multiples                             | 4,509<br><i>-6.8</i>   | 3,963<br><i>-12.1</i>  | 7,287<br><i>83.9</i>   | 4,440<br><i>-39.1</i>  | 2,151<br><i>-51.6</i> | 2,383<br><i>10.8</i>  | 3,188<br><i>33.8</i>  | 3,621<br><i>13.6</i>  |
| <b>Newly completed and unabsorbed</b> | 605<br><i>-52.2</i>    | 520<br><i>-14.0</i>    | 830<br><i>59.5</i>     | 1,080<br><i>30.2</i>   | 771<br><i>-28.6</i>   | 830<br><i>7.7</i>     | 954<br><i>14.8</i>    | 993<br><i>4.2</i>     |
| <b>Absorptions</b>                    | 13,093<br><i>-0.8</i>  | 13,137<br><i>0.3</i>   | 13,742<br><i>4.6</i>   | 8,244<br><i>-40.0</i>  | 6,563<br><i>-20.4</i> | 7,821<br><i>19.2</i>  | 9,444<br><i>20.8</i>  | 10,090<br><i>6.8</i>  |
| <b>Months' supply</b>                 | 0.6                    | 0.5                    | 0.7                    | 1.6                    | 1.4                   | 1.3                   | 1.2                   | 1.2                   |
| <b>New housing price</b>              | 434,763<br><i>43.6</i> | 505,055<br><i>16.2</i> | 508,298<br><i>0.6</i>  | 472,072<br><i>-7.1</i> | 473,501<br><i>0.3</i> | 477,289<br><i>0.8</i> | 485,402<br><i>1.7</i> | 493,654<br><i>1.7</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006                   | 2007                   | 2008                   | 2009f                  | 2010f                 | 2011f                 | 2012f                 | 2013f                 |
|--|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Unit sales</b>                        | 33,027<br><i>4.6</i>   | 32,176<br><i>-2.6</i>  | 23,136<br><i>-28.1</i> | 22,001<br><i>-4.9</i>  | 24,492<br><i>11.3</i> | 25,105<br><i>2.5</i>  | 25,958<br><i>3.4</i>  | 26,841<br><i>3.4</i>  |
| <b>Dollar volume sales (\$ millions)</b> | 11,450<br><i>44.6</i>  | 13,323<br><i>16.4</i>  | 9,376<br><i>-29.6</i>  | 8,198<br><i>-12.6</i>  | 9,253<br><i>12.9</i>  | 9,617<br><i>3.9</i>   | 10,133<br><i>5.4</i>  | 10,676<br><i>5.4</i>  |
| <b>New listings</b>                      | 44,725<br><i>12.3</i>  | 54,202<br><i>21.2</i>  | 56,187<br><i>3.7</i>   | 41,721<br><i>-25.7</i> | 44,918<br><i>7.7</i>  | 46,906<br><i>4.4</i>  | 49,883<br><i>6.3</i>  | 52,693<br><i>5.6</i>  |
| <b>Sales-to-new-listings ratio</b>       | 74                     | 59                     | 41                     | 53                     | 55                    | 54                    | 52                    | 51                    |
| <b>Resale price</b>                      | 347,771<br><i>39.2</i> | 415,640<br><i>19.5</i> | 404,713<br><i>-2.6</i> | 372,509<br><i>-8.0</i> | 377,763<br><i>1.4</i> | 383,052<br><i>1.4</i> | 390,330<br><i>1.9</i> | 397,746<br><i>1.9</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Canadian Real Estate Association.



## Edmonton



### Economic Outlook

Edmonton's economy is poised to shrink 1.9 per cent this year in the fallout from 2008's global financial crisis. The manufacturing sector has been hit hard by soft oil markets, while the construction sector has suffered from deteriorating new home demand. On the services side, consumer spending has sputtered, with retail sales expected to shrink this year and the weakening housing market crimping finance, insurance, and real estate output. Employment will fall fractionally this year and advance only tepidly in 2010.

### Housing Outlook

#### EXISTING HOUSING MARKET

Edmonton's resale market sprang back to life in the second quarter of 2009, but remains well off boom-era activity. And the spring's sellers' market is not expected to persist.

Stagnant employment growth in a weak Edmonton economy is prompting slower population growth and shaving housing demand. Housing starts have crumbled under the weight of high builder inventories, and a recovery is not expected until next year. Moreover, long-term volumes will remain well below peak levels. Meanwhile, although a springtime sales surge lifted the resale market briefly into a sellers' position, this is unsustainable. Balanced markets will become the norm here, a relief after recent years' swings.

Nonetheless, an end to sales declines will give the market a better overall tone than in 2008: a balanced market should prevail through the rest of this year. Pricing, which has been weak, will steady in the year's second half, although only moderate value increases are forecast for subsequent years.

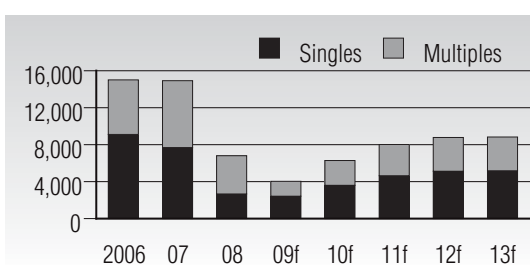
Following dips in four of the previous five quarters, sales rebounded smartly in the spring, but at 20,000 units annualized, remained nearly 10 per cent below 2006's peak volume. Still, the rebound was welcomed by a market whose sales had fallen to a nine-year low below 14,000 units in the first quarter. Sales are set to remain fairly stable in 2009's second half, allowing full-year volumes to rise by 2.6 per cent to 17,800 units. Edmonton thus joins Vancouver and Victoria as the only cities in this report where sales are expected to increase this year. Sales in Edmonton are forecast to rise 5.1 per cent in

2010, and then post lesser gains through 2013.

The supply of new listings, meanwhile, has contracted as weakening sales have discouraged homeowners from marketing their homes. The market's decent second quarter this year should begin to draw forth additional supply, although not enough to prevent full-year new listings from falling to a three-year low near 33,000 units. The persistence of decent market conditions will attract an ongoing stream of new listings, with volumes rising to 38,400 by 2013.

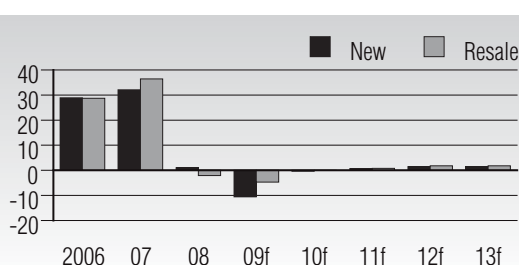
Swings in sales volumes, combined with ongoing listings declines, have led to volatility in Edmonton's sales-to-new-listings ratio. This measure has ranged from a low of 32 per cent in 2007's third quarter to 54 per cent one year later. This year's big second-quarter sales jump pushed the ratio well into sellers'

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; Canadian Real Estate Association.

market territory. But generally stable second-half sales and a concurrent listing increase will shave the ratio nearer to balanced levels by year-end. Next year will see a slightly higher ratio as the rise in sales outpaces the increase in listings. A subtle shift to slightly faster advances in listings than in sales is expected to prompt a modest downward drift in ensuing years' ratios, but not out of balanced market range.

The second quarter's lurch to a sellers' stance lifted Edmonton's average resale price, which had fallen for five of the previous seven quarters. These drops included a 3.5 per cent first-quarter slide, the largest quarterly drop since 1995's

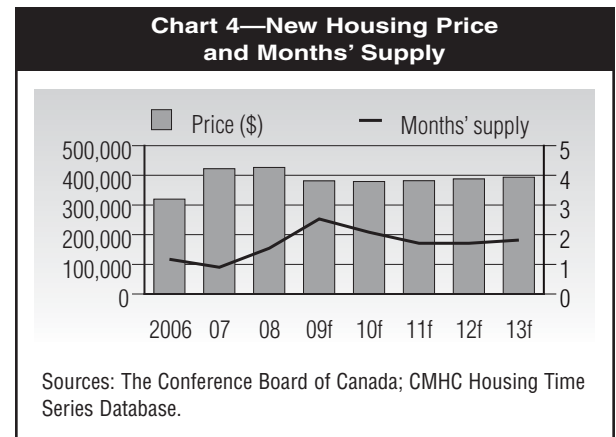
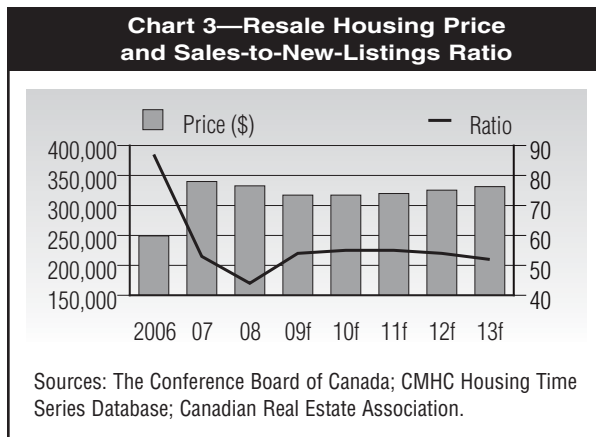
fourth quarter. The market's near-term reversion to a balanced state will cool price increases through year-end, resulting in a full-year average decline of 4.7 per cent, the second consecutive annual drop. Prices will level in 2010 and begin inching higher in 2011, although expected increases will be modest. Still, by 2013, the average price of \$331,450 will not be far off 2007's peak near \$340,000.

### NEW HOUSING MARKET

Although Edmonton's population growth will moderate in the medium term, continued additions will support housing demand. The dissipation of high builder inventories will eventually clear the decks for modest

growth in housing starts. Nonetheless, the boom years are over—even by 2013, Edmonton starts are forecast to be well below their peaks.

Absorption of new homes averaged only 7,800 units at an annual rate in the first half of 2009, down more than a quarter from 10,800 units in 2008. Indeed, sales of 6,600 annualized units in the second quarter of 2009 were the smallest in nearly nine years. Absorptions are forecast to deteriorate further in 2009's second half, reaching only 7,000 units for the year as a whole, well off the previous five years' average near 11,700 units. Another dip, to only 5,340 units, is expected in 2010, before growth seeps back in 2011.



**Table 1—Economic Indicators**

|   | 2006                  | 2007                 | 2008                  | 2009f                 | 2010f                | 2011f                | 2012f                | 2013f                |
|---|-----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 48,465<br><i>6.3</i>  | 50,381<br><i>4.0</i> | 51,048<br><i>1.3</i>  | 50,076<br><i>-1.9</i> | 51,736<br><i>3.3</i> | 54,001<br><i>4.4</i> | 56,427<br><i>4.5</i> | 58,720<br><i>4.1</i> |
| <b>Total employment</b> (000s)                        | 561<br><i>2.8</i>     | 599<br><i>6.7</i>    | 621<br><i>3.6</i>     | 620<br><i>-0.1</i>    | 624<br><i>0.7</i>    | 637<br><i>2.0</i>    | 647<br><i>1.5</i>    | 654<br><i>1.2</i>    |
| <b>Unemployment rate</b>                              | 3.9                   | 3.9                  | 3.7                   | 6.2                   | 7.1                  | 7.4                  | 5.7                  | 4.8                  |
| <b>Personal income per capita</b>                     | 40,407<br><i>9.3</i>  | 42,081<br><i>4.1</i> | 44,302<br><i>5.3</i>  | 44,654<br><i>0.8</i>  | 45,380<br><i>1.6</i> | 46,782<br><i>3.1</i> | 48,211<br><i>3.1</i> | 49,771<br><i>3.2</i> |
| <b>Population</b> (000s)                              | 1,074<br><i>2.7</i>   | 1,101<br><i>2.5</i>  | 1,124<br><i>2.1</i>   | 1,144<br><i>1.8</i>   | 1,162<br><i>1.6</i>  | 1,180<br><i>1.5</i>  | 1,197<br><i>1.5</i>  | 1,214<br><i>1.4</i>  |
| <b>Retail sales</b> (\$ millions)                     | 18,046<br><i>14.1</i> | 19,288<br><i>6.9</i> | 19,132<br><i>-0.8</i> | 17,847<br><i>-6.7</i> | 18,557<br><i>4.0</i> | 19,845<br><i>6.9</i> | 21,311<br><i>7.4</i> | 22,654<br><i>6.3</i> |
| <b>Inflation rate</b>                                 | 3.1                   | 4.8                  | 3.4                   | 0.8                   | 2.8                  | 2.4                  | 2.2                  | 2.0                  |

*Italics indicate percentage change.*  
Sources: The Conference Board of Canada; Statistics Canada.

Slowing housing absorption and rising unsold unit inventories provide a bleak new construction backdrop. Housing starts fell below 3,700 units during 2009's first quarter, the fewest in 13 years, and improved only modestly in the second. Slowing absorptions and builder preoccupation with existing stocks suggest limited improvement this year. Next

year looks a little better, with completed and unoccupied units wrestled below 1,000 units, but the forecast of 6,280 starts remains below the 20-year average of 7,900. Still, continued increases will result in starts hitting nearly 9,000 units by 2013.

Slowing demand for new homes has sliced prices for six consecutive

quarters, leaving the second quarter's value, \$377,000, off 12 per cent from the 2008 average. Since only modest price growth is expected for the rest of 2009, this year's average new price is expected to be down 11 per cent. Prices will trough in 2010, but resume tepid advances in 2011.

**Table 2—New Housing Market Indicators**

|                                       | 2006         | 2007         | 2008         | 2009f        | 2010f        | 2011f       | 2012f       | 2013f       |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| <b>Housing starts</b>                 | 15,006       | 14,923       | 6,808        | 4,032        | 6,283        | 8,023       | 8,777       | 8,829       |
|                                       | <i>14.0</i>  | <i>-0.6</i>  | <i>-54.4</i> | <i>-40.8</i> | <i>55.8</i>  | <i>27.7</i> | <i>9.4</i>  | <i>0.6</i>  |
| Singles                               | 9,114        | 7,682        | 2,676        | 2,418        | 3,605        | 4,638       | 5,123       | 5,170       |
|                                       | <i>19.8</i>  | <i>-15.7</i> | <i>-65.2</i> | <i>-9.6</i>  | <i>49.1</i>  | <i>28.6</i> | <i>10.5</i> | <i>0.9</i>  |
| Multiples                             | 5,892        | 7,241        | 4,132        | 1,614        | 2,678        | 3,385       | 3,654       | 3,659       |
|                                       | <i>6.0</i>   | <i>22.9</i>  | <i>-42.9</i> | <i>-60.9</i> | <i>65.9</i>  | <i>26.4</i> | <i>7.9</i>  | <i>0.1</i>  |
| <b>Under construction</b>             | 12,079       | 14,896       | 13,976       | 8,227        | 4,481        | 5,030       | 6,008       | 6,391       |
|                                       | <i>29.2</i>  | <i>23.3</i>  | <i>-6.2</i>  | <i>-41.1</i> | <i>-45.5</i> | <i>12.2</i> | <i>19.4</i> | <i>6.4</i>  |
| <b>Housing completions</b>            | 12,175       | 11,839       | 11,217       | 6,777        | 4,963        | 6,614       | 8,069       | 8,616       |
|                                       | <i>7.8</i>   | <i>-2.8</i>  | <i>-5.3</i>  | <i>-39.6</i> | <i>-26.8</i> | <i>33.3</i> | <i>22.0</i> | <i>6.8</i>  |
| Singles                               | 7,044        | 7,641        | 6,224        | 2,803        | 2,963        | 4,164       | 4,919       | 5,181       |
|                                       | <i>2.9</i>   | <i>8.5</i>   | <i>-18.5</i> | <i>-55.0</i> | <i>5.7</i>   | <i>40.6</i> | <i>18.1</i> | <i>5.3</i>  |
| Multiples                             | 5,131        | 4,198        | 4,993        | 3,974        | 2,000        | 2,450       | 3,150       | 3,435       |
|                                       | <i>15.4</i>  | <i>-18.2</i> | <i>18.9</i>  | <i>-20.4</i> | <i>-49.7</i> | <i>22.5</i> | <i>28.6</i> | <i>9.0</i>  |
| <b>Newly completed and unabsorbed</b> | 1,247        | 854          | 1,360        | 1,463        | 927          | 922         | 1,120       | 1,288       |
|                                       | <i>-33.1</i> | <i>-31.5</i> | <i>59.3</i>  | <i>7.6</i>   | <i>-36.6</i> | <i>-0.6</i> | <i>21.5</i> | <i>15.0</i> |
| <b>Absorptions</b>                    | 12,875       | 11,679       | 10,811       | 7,032        | 5,342        | 6,478       | 7,863       | 8,479       |
|                                       | <i>12.6</i>  | <i>-9.3</i>  | <i>-7.4</i>  | <i>-35.0</i> | <i>-24.0</i> | <i>21.3</i> | <i>21.4</i> | <i>7.8</i>  |
| <b>Months' supply</b>                 | 1.2          | 0.9          | 1.5          | 2.5          | 2.1          | 1.7         | 1.7         | 1.8         |
| <b>New housing price</b>              | 319,637      | 422,095      | 426,372      | 381,012      | 379,307      | 381,963     | 387,692     | 393,507     |
|                                       | <i>28.9</i>  | <i>32.1</i>  | <i>1.0</i>   | <i>-10.6</i> | <i>-0.4</i>  | <i>0.7</i>  | <i>1.5</i>  | <i>1.5</i>  |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006        | 2007        | 2008         | 2009f        | 2010f      | 2011f      | 2012f      | 2013f      |
|--|-------------|-------------|--------------|--------------|------------|------------|------------|------------|
| <b>Unit sales</b>                        | 21,984      | 20,427      | 17,369       | 17,816       | 18,729     | 19,067     | 19,581     | 20,110     |
|  | <i>18.0</i> | <i>-7.1</i> | <i>-15.0</i> | <i>2.6</i>   | <i>5.1</i> | <i>1.8</i> | <i>2.7</i> | <i>2.7</i> |
| <b>Dollar volume sales</b> (\$ millions) | 5,516       | 6,917       | 5,781        | 5,654        | 5,943      | 6,098      | 6,376      | 6,666      |
|  | <i>52.6</i> | <i>25.4</i> | <i>-16.4</i> | <i>-2.2</i>  | <i>5.1</i> | <i>2.6</i> | <i>4.6</i> | <i>4.5</i> |
| <b>New listings</b>                      | 25,393      | 40,708      | 40,059       | 33,021       | 34,189     | 34,923     | 36,584     | 38,404     |
|  | <i>-1.7</i> | <i>60.3</i> | <i>-1.6</i>  | <i>-17.6</i> | <i>3.5</i> | <i>2.1</i> | <i>4.8</i> | <i>5.0</i> |
| <b>Sales-to-new-listings ratio</b>       | 87          | 50          | 43           | 54           | 55         | 55         | 54         | 52         |
| <b>Resale price</b>                      | 249,217     | 339,976     | 332,820      | 317,215      | 317,291    | 319,829    | 325,586    | 331,447    |
|  | <i>28.7</i> | <i>36.4</i> | <i>-2.1</i>  | <i>-4.7</i>  | <i>0.0</i> | <i>0.8</i> | <i>1.8</i> | <i>1.8</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Canadian Real Estate Association.

## Vancouver



A weak economy, slowing population growth, and previous years' overbuilding are stifling Vancouver's housing market. And it will remain subdued in 2010 despite an economic recovery. The resale market has started to recover as lower home prices and mortgage rates have enticed buyers. Still, balanced markets will become standard, following several years of extreme sellers' conditions. Housing starts have been hammered by meltdown in the multiple-unit sector, in the wake of rising builder inventories, and will recover only slowly.

### Economic Outlook

Economic upheaval associated with the global financial crisis prompted Vancouver's gross domestic product to drop 0.1 per cent in 2008. A bigger 2.6 per cent fall is projected for 2009. Construction, lately an economic mainstay, has collapsed, particularly as new home demand has shrivelled. Since people with jobs buy houses, last year's tepid employment advance and this year's forecast decline are damaging housing market prospects, although employment is expected to rise in 2010, partly because the Winter Olympics will help propel the local economy to 3.4 per cent growth.

### Housing Outlook

#### EXISTING HOUSING MARKET

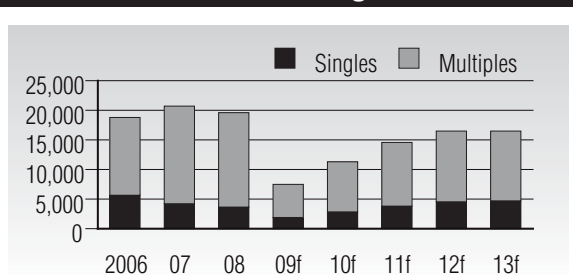
The worst appears to be over for Vancouver's resale market, following 2008's sales meltdown. Annualized resale market volumes sank to just

16,500 units in 2008's fourth quarter, less than half of 2007's volume. This cut 2008 sales to 25,150 units, an eight-year low. Volumes improved slightly in this year's first quarter, then jumped 67 per cent in the second. While second-half sales are expected to flatten, the spring jump will lift annual 2009 volumes by 6.5 per cent to 26,800 units. Sales are forecast to rise again to 27,250 units in 2010 and advance just above 3 per cent annually between 2011 and 2013. Still, we expect 2013 volumes to remain well below peak levels.

Vancouver home vendors, discouraged by a weakening market, cut new listings nearly a third between the second quarters of 2008 and of 2009. We expect listings to remain near the second quarter's 48,400 annualized level through rest of the year. While little change is forecast for 2010, listings increases beginning in 2011 will nudge volumes modestly above long-term norms by 2013.

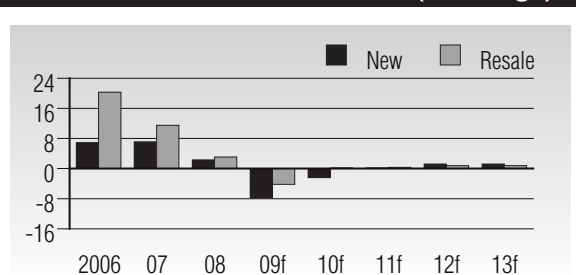
Last year's big sales drop and healthy new listings uptick sliced the sales-to-new-listings ratio to below 39 per cent, the lowest since 1995. And this annual average flattered actual conditions, since the ratio hit a post-1987 low under 30 per cent in the fourth quarter. Such buyers' market levels are in marked contrast to the sellers' conditions prevalent in 2001–2007, which featured annual ratios averaging 72 per cent and included highs of 80 per cent in 2003 and 2005. But the market began to rebalance as 2009 dawned, thanks to rising sales and falling listings, and the second quarter's 69 per cent ratio marked a return to a sellers' stance. Moderating second-half sales will trim the sales-to-new-listings ratio to about 57 per cent, nearer balanced market levels. Although slight growth in both sales and new listings next year will leave the ratio largely unchanged, relatively faster subsequent hikes in listings will cut it to 52 per cent by 2013.

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; Canadian Real Estate Association.

The recent buyers' market conditions resulted in four consecutive quarterly price declines and a cumulative 13 per cent drop. But the second quarter run-up in sales clearly emboldened vendors, resulting in a 4.5 per cent increase in the quarterly average resale price. Values are forecast to flatten in 2009's second half, resulting in a 4.2 per cent drop in Vancouver's annual average price, the first decrease in eight years. Future price increases are projected to be modest, befitting the expected balanced markets. Even by 2013, Vancouver's average resale price, roughly \$575,100, is expected to be 2 per cent below the 2008 peak.

Affordability has improved with falling prices, although Vancouver mortgage payments remain the highest among this report's eight cities, both in absolute terms and as a share of household income. The monthly principle and interest required to finance Vancouver's average resale transaction fell nearly a third between its peak in 2008's first quarter and the second quarter of 2009. Although mortgage payments are predicted to rise through 2013, they will remain more than \$200 below their peak.

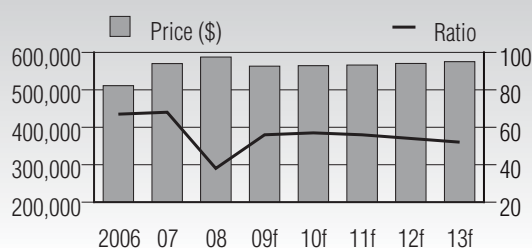
### NEW HOUSING MARKET

Vancouver housing starts have collapsed in the last two years, with volumes down nearly two-thirds from the 2007 peak. Although single-unit

and multiple-unit starts have seen similar proportionate drops, the latter's cave-in has affected absolute volumes far more significantly. Multiples represented 81 per cent of Vancouver starts in 2008, the largest share among this report's eight cities. Thus, the key to a recovery in Vancouver's new housing market is restored confidence in the multiples, especially condominium, market. Even though this year represents a trough, total starts are not forecast to regain peak levels before the end of 2013, although they will hit their 20-year average.

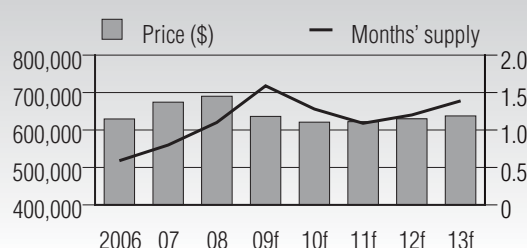
Housing starts in Vancouver clocked in below 6,000 units at a seasonally adjusted annualized rate in 2009's second quarter, the lowest

**Chart 3—Resale Housing Price and Sales-to-New-Listings Ratio**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database; Canadian Real Estate Association.

**Chart 4—New Housing Price and Months' Supply**



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 1—Economic Indicators**

|   | 2006          | 2007          | 2008           | 2009f          | 2010f         | 2011f         | 2012f         | 2013f         |
|---|---------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 78,145<br>4.2 | 80,400<br>2.9 | 80,330<br>-0.1 | 78,233<br>-2.6 | 80,858<br>3.4 | 83,984<br>3.9 | 87,116<br>3.7 | 90,172<br>3.5 |
| <b>Total employment</b> (000s)                        | 1,187<br>2.7  | 1,223<br>3.0  | 1,237<br>1.1   | 1,232<br>-0.4  | 1,246<br>1.1  | 1,271<br>2.0  | 1,296<br>2.0  | 1,316<br>1.5  |
| <b>Unemployment rate</b>                              | 4.4           | 4.0           | 4.3            | 6.9            | 7.4           | 6.9           | 6.1           | 5.8           |
| <b>Personal income per capita</b>                     | 35,133<br>6.7 | 36,203<br>3.0 | 37,309<br>3.1  | 37,915<br>1.6  | 38,774<br>2.3 | 40,019<br>3.2 | 41,387<br>3.4 | 42,799<br>3.4 |
| <b>Population</b> (000s)                              | 2,190<br>1.9  | 2,232<br>1.9  | 2,271<br>1.8   | 2,304<br>1.4   | 2,336<br>1.4  | 2,371<br>1.5  | 2,406<br>1.5  | 2,443<br>1.5  |
| <b>Retail sales</b> (\$ millions)                     | 24,069<br>6.1 | 25,329<br>5.2 | 25,354<br>0.1  | 23,945<br>-5.6 | 25,337<br>5.8 | 26,864<br>6.0 | 28,633<br>6.6 | 30,217<br>5.5 |
| <b>Inflation rate</b>                                 | 1.9           | 2.1           | 2.3            | 0.8            | 2.6           | 2.4           | 2.2           | 2.0           |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Statistics Canada.

on records going back to 1972. The market's descent was swift and remarkable: starts averaged 21,600 units in the year up to 2008's third quarter. The second-quarter damage was largely done by multiple starts, as single starts rebounded.

Although new unit backlogs, which invariably curtail starts, are still high, they have started to ebb and

are expected to resemble historical norms later in our forecast. This will prompt a modest starts rebound, with volumes rising to 11,300 units in 2010 and approaching 16,500 units in 2012 and 2013.

Builders' desire to sell their inventories, combined with keen valuation in a soft resale market,

greatly curtailed builders' pricing leverage. This led to four consecutive quarterly declines in Vancouver's average new home price, for a 9 per cent cumulative drop up to the end of June 2009. Ongoing market weakness underpins a forecast 7.8 per cent new house price decline in 2009, with a further 2.4 per cent erosion expected in 2010.

**Table 2—New Housing Market Indicators**

|                                       | 2006         | 2007         | 2008         | 2009f        | 2010f        | 2011f        | 2012f       | 2013f       |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| <b>Housing starts</b>                 | 18,803       | 20,702       | 19,605       | 7,484        | 11,300       | 14,579       | 16,486      | 16,489      |
|                                       | <i>-0.7</i>  | <i>10.1</i>  | <i>-5.3</i>  | <i>-61.8</i> | <i>51.0</i>  | <i>29.0</i>  | <i>13.1</i> | <i>0.0</i>  |
| Singles                               | 5,643        | 4,213        | 3,636        | 1,902        | 2,842        | 3,811        | 4,548       | 4,694       |
|                                       | <i>14.6</i>  | <i>-25.4</i> | <i>-13.7</i> | <i>-47.7</i> | <i>49.4</i>  | <i>34.1</i>  | <i>19.3</i> | <i>3.2</i>  |
| Multiples                             | 13,160       | 16,490       | 15,969       | 5,582        | 8,459        | 10,768       | 11,938      | 11,795      |
|                                       | <i>-6.1</i>  | <i>25.3</i>  | <i>-3.2</i>  | <i>-65.0</i> | <i>51.5</i>  | <i>27.3</i>  | <i>10.9</i> | <i>-1.2</i> |
| <b>Under construction</b>             | 21,665       | 22,668       | 26,305       | 20,264       | 12,132       | 10,815       | 14,619      | 16,493      |
|                                       | <i>11.7</i>  | <i>4.6</i>   | <i>16.0</i>  | <i>-23.0</i> | <i>-40.1</i> | <i>-10.9</i> | <i>35.2</i> | <i>12.8</i> |
| <b>Housing completions</b>            | 18,072       | 17,816       | 19,150       | 16,989       | 10,959       | 10,436       | 14,359      | 16,106      |
|                                       | <i>14.1</i>  | <i>-1.4</i>  | <i>7.5</i>   | <i>-11.3</i> | <i>-35.5</i> | <i>-4.8</i>  | <i>37.6</i> | <i>12.2</i> |
| Singles                               | 5,306        | 4,552        | 3,716        | 2,902        | 2,250        | 3,167        | 4,174       | 4,555       |
|                                       | <i>13.1</i>  | <i>-14.2</i> | <i>-18.4</i> | <i>-21.9</i> | <i>-22.5</i> | <i>40.7</i>  | <i>31.8</i> | <i>9.1</i>  |
| Multiples                             | 12,766       | 13,264       | 15,434       | 14,087       | 8,708        | 7,269        | 10,185      | 11,551      |
|                                       | <i>14.6</i>  | <i>3.9</i>   | <i>16.4</i>  | <i>-8.7</i>  | <i>-38.2</i> | <i>-16.5</i> | <i>40.1</i> | <i>13.4</i> |
| <b>Newly completed and unabsorbed</b> | 841          | 1,160        | 1,664        | 2,263        | 1,282        | 947          | 1,383       | 1,820       |
|                                       | <i>-10.4</i> | <i>38.0</i>  | <i>43.4</i>  | <i>36.0</i>  | <i>-43.4</i> | <i>-26.1</i> | <i>46.0</i> | <i>31.6</i> |
| <b>Absorptions</b>                    | 17,871       | 17,583       | 18,269       | 17,061       | 11,960       | 10,392       | 13,848      | 15,725      |
|                                       | <i>10.9</i>  | <i>-1.6</i>  | <i>3.9</i>   | <i>-6.6</i>  | <i>-29.9</i> | <i>-13.1</i> | <i>33.3</i> | <i>13.6</i> |
| <b>Months' supply</b>                 | 0.6          | 0.8          | 1.1          | 1.6          | 1.3          | 1.1          | 1.2         | 1.4         |
| <b>New housing price</b>              | 629,595      | 674,490      | 690,091      | 636,230      | 621,163      | 622,405      | 629,874     | 637,432     |
|                                       | <i>6.9</i>   | <i>7.1</i>   | <i>2.3</i>   | <i>-7.8</i>  | <i>-2.4</i>  | <i>0.2</i>   | <i>1.2</i>  | <i>1.2</i>  |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006         | 2007        | 2008         | 2009f        | 2010f      | 2011f      | 2012f      | 2013f      |
|--|--------------|-------------|--------------|--------------|------------|------------|------------|------------|
| <b>Unit sales</b>                        | 36,479       | 38,978      | 25,149       | 26,778       | 27,249     | 28,148     | 29,021     | 29,921     |
|  | <i>-13.6</i> | <i>6.9</i>  | <i>-35.5</i> | <i>6.5</i>   | <i>1.8</i> | <i>3.3</i> | <i>3.1</i> | <i>3.1</i> |
| <b>Dollar volume sales</b> (\$ millions) | 18,600       | 22,248      | 14,933       | 15,120       | 15,377     | 15,933     | 16,558     | 17,208     |
|  | <i>3.5</i>   | <i>19.6</i> | <i>-32.9</i> | <i>1.3</i>   | <i>1.7</i> | <i>3.6</i> | <i>3.9</i> | <i>3.9</i> |
| <b>New listings</b>                      | 54,947       | 57,145      | 65,118       | 47,958       | 48,172     | 50,549     | 54,094     | 57,636     |
|  | <i>4.2</i>   | <i>4.0</i>  | <i>14.0</i>  | <i>-26.4</i> | <i>0.4</i> | <i>4.9</i> | <i>7.0</i> | <i>6.5</i> |
| <b>Sales-to-new-listings ratio</b>       | 66           | 68          | 39           | 56           | 57         | 56         | 54         | 52         |
| <b>Resale price</b>                      | 511,129      | 570,032     | 587,596      | 563,127      | 564,327    | 566,020    | 570,548    | 575,112    |
|  | <i>20.3</i>  | <i>11.5</i> | <i>3.1</i>   | <i>-4.2</i>  | <i>0.2</i> | <i>0.3</i> | <i>0.8</i> | <i>0.8</i> |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; Canadian Real Estate Association.

## Victoria



A shrinking economy, slowing population growth, and poor affordability have hurt Victoria's housing market. Although the resale side has temporarily shot into a sellers' stance, balanced conditions and moderate price increases are generally expected. This year, though, will see the average resale price drop and sales rise only slightly. Similar conditions confront the new home market, with rising developer inventories impeding construction.

### Economic Outlook

After modest 1.6 per cent growth in 2008, Victoria's real gross domestic product is expected to fall by 1 per cent in 2009. The local manufacturing, construction, and primary sectors are all feeling the global economic downturn, and the resulting poor consumer confidence has dampened wholesale and retail trade prospects. Growth in public sector output is providing a rare glimmer of optimism. A rebounding goods sector and improved consumer confidence will help boost total output by 2.3 per cent in 2010, allowing employment to grow by 2.1 per cent, although the unemployment rate will still hit 7.2 per cent.

### Housing Outlook

#### EXISTING HOUSING MARKET

Victoria's resale market is rebounding from the buyers' state into which it descended last year. Improving affordability, due to easing

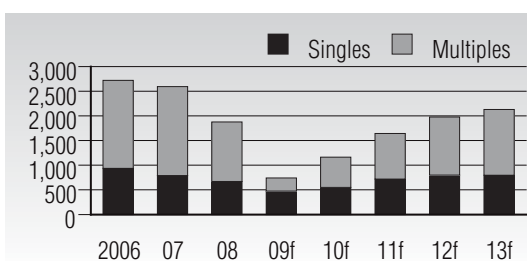
home prices and lower mortgage interest rates, is fuelling a modest sales rebound, which, in turn, is starting to bolster sellers' pricing power. Still, 2009 will be a mediocre year. And generally balanced conditions will prompt only modest price growth in future years.

Annualized sales of existing Victoria homes hit a cyclical trough of 4,100 units during 2008's fourth quarter, the fewest since 1995's first quarter. A sagging economy and poor affordability underpinned this drop. Lower interest rates and softening house prices turned the market around quickly, with sales surging to an annualized 6,400 units in the first half of this year. Accordingly, sales are forecast to reach 6,375 units for 2009 as a whole, up 3.3 per cent from 2008. A further 1.1 per cent volume gain is expected next year, before annual growth stabilizes near 2 per cent beginning in 2011. Sales are expected to average roughly 6,800 units in 2012–2013, near the past decade's average.

Soft pricing has recently discouraged Victoria homeowners from marketing their properties, and so seasonally adjusted new listings fell for three straight quarters, ending in second quarter of this year. Listings are thus poised to decline 18.6 per cent this year, the first annual drop since 2001. Still, potential Victoria homebuyers should continue to benefit from adequate choice, since this year's projected 11,340-unit supply remains above the previous decade's annual average of 10,400. New listings are forecast to post another small gain to roughly 11,500 units in 2010. Accelerating growth later in our forecast will push listings above 13,000 units again by 2013.

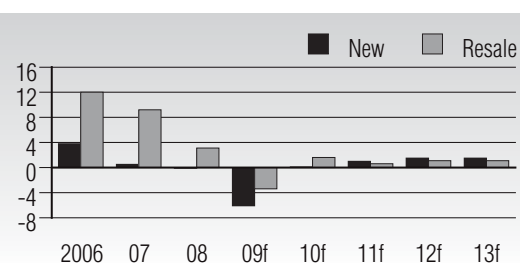
The big fourth-quarter sales drop last year combined with still-high listings to position the sales-to-new-listings ratio decisively in buyers' favour. Indeed, the quarter's value of 32 per cent was the lowest on records from 1987. The sales snap-back, particularly in the spring, along with generally easing new listings, propelled

Chart 1—Housing Starts



Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Chart 2—House Price Growth (% change)



Sources: The Conference Board of Canada; Canadian Real Estate Association.

the ratio to a second-quarter value of 66 per cent, the highest in nearly two years. Moderating sales later in 2009 will put the ratio back near 56 per cent, indicating a balanced market. Next year, similar percentage advances in both sales and listings will leave the sales-to-new-listings ratio little changed. But, by 2012–2013, we expect listings to expand slightly faster than sales, cutting the ratio to the lower end of its balanced range.

Although the shift to a buyers' market stance cut Victoria's average resale price for four consecutive quarters, the jump in sales in the second quarter ended this run. The market's tone has clearly changed. Still, the average resale price is on

track to fall by 3.4 per cent this year, the first significant annual drop since 1995. Modest 1.6 per cent price growth will return in 2010, as the market remains balanced. Moderate price increases will continue through the medium term as balance persists in 2012–2013. By 2013, we expect Victoria's average resale price to exceed \$485,000.

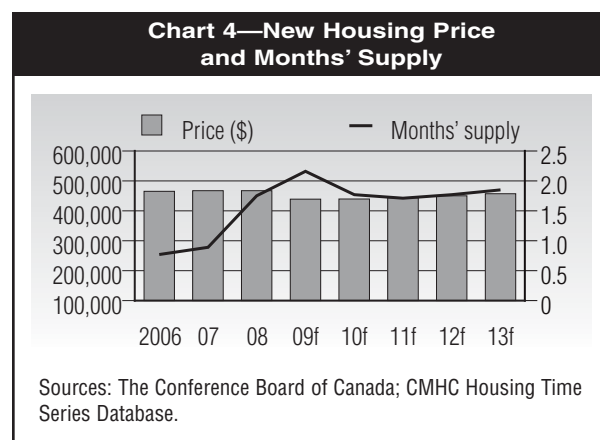
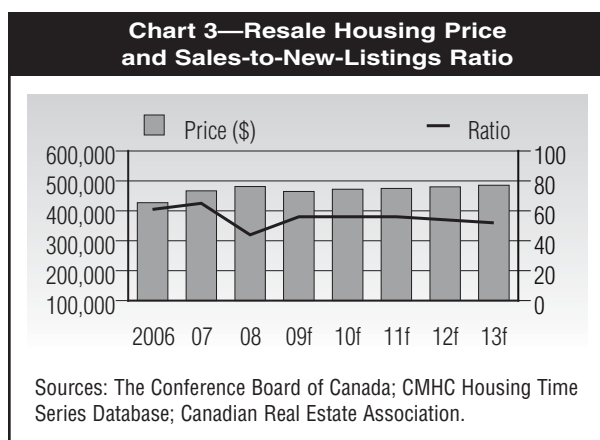
### NEW HOUSING MARKET

The economic slowdown and a decent supply of competing resale units cooled Victoria's new home market in 2008. Accordingly, the absorption of new units eased, and unsold builder inventories soared. But although a low level of housing starts is expected this year, better

times lie ahead. Careful builder inventory management and a decent absorption picture are forecast to eventually boost construction.

Indeed, following an 8.3 per cent decrease in 2008, new-unit absorptions have roared back, with take-up in this year's second quarter the strongest in almost two years. The market will moderate in the second half, but still end the year up modestly. Absorptions are forecast to cool further in 2010, but rise above historical averages by 2013.

The absorption downtick curtailed starts sharply. Builders broke ground on only 640 units at seasonally adjusted annualized rates in this



**Table 1—Economic Indicators**

|   | 2006          | 2007          | 2008          | 2009f          | 2010f         | 2011f         | 2012f         | 2013f         |
|---|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|
| <b>Real GDP at basic prices</b><br>(2002 \$ millions) | 11,043<br>4.3 | 11,430<br>3.5 | 11,608<br>1.6 | 11,492<br>-1.0 | 11,760<br>2.3 | 12,072<br>2.7 | 12,381<br>2.6 | 12,687<br>2.5 |
| <b>Total employment</b> (000s)                        | 175<br>3.6    | 183<br>4.4    | 191<br>4.3    | 181<br>-5.2    | 185<br>2.1    | 189<br>2.1    | 191<br>1.4    | 193<br>0.7    |
| <b>Unemployment rate</b>                              | 3.7           | 3.3           | 3.4           | 6.4            | 7.2           | 6.4           | 5.6           | 5.0           |
| <b>Personal income per capita</b>                     | 36,297<br>6.8 | 38,068<br>4.9 | 39,684<br>4.2 | 39,789<br>0.3  | 40,890<br>2.8 | 42,222<br>3.3 | 43,609<br>3.3 | 45,057<br>3.3 |
| <b>Population</b> (000s)                              | 340<br>0.5    | 343<br>1.0    | 348<br>1.5    | 352<br>1.2     | 355<br>0.8    | 358<br>0.9    | 361<br>0.8    | 364<br>0.8    |
| <b>Retail sales</b> (\$ millions)                     | 3,665<br>6.2  | 3,894<br>6.2  | 3,927<br>0.9  | 3,733<br>-5.0  | 3,842<br>2.9  | 4,026<br>4.8  | 4,243<br>5.4  | 4,433<br>4.5  |
| <b>Inflation rate</b>                                 | 1.6           | 1.1           | 1.8           | 0.9            | 2.6           | 2.4           | 2.2           | 2.0           |

Italics indicate percentage change.  
Sources: The Conference Board of Canada; Statistics Canada.



year's first and second quarters, the fewest since 1982. The drop follows the 28 per cent decline to 1,880 units in 2008, a six-year low. Although starts will pick up over the rest of the year to average a far-more-solid 840 units in the second half, this year's output is still expected to be the lowest on records going back to 1972. Still, population growth should

keep housing demand bubbling. Starts are forecast to rebound strongly in 2010 and 2011, with decent but lesser subsequent advances.

Run-ups in unabsorbed builder inventories typically deter new construction. In Victoria, new unit completions exceeded absorptions for eight consecutive quarters to

this year's second quarter, the longest such run on records from 1992. But recent drops in starts will soon show up in easing completions volumes, allowing absorptions to play catch-up and whittle down builder stocks. Indeed, average developer inventories are forecast to fall by more than half next year.

**Table 2—New Housing Market Indicators**

|                                       | 2006        | 2007         | 2008         | 2009f        | 2010f        | 2011f       | 2012f       | 2013f       |
|---------------------------------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| <b>Housing starts</b>                 | 2,720       | 2,593        | 1,878        | 743          | 1,162        | 1,642       | 1,979       | 2,129       |
|                                       | <i>30.7</i> | <i>-4.7</i>  | <i>-27.6</i> | <i>-60.4</i> | <i>56.5</i>  | <i>41.3</i> | <i>20.5</i> | <i>7.6</i>  |
| Singles                               | 936         | 791          | 671          | 475          | 549          | 719         | 801         | 795         |
|                                       | <i>-3.8</i> | <i>-15.6</i> | <i>-15.1</i> | <i>-29.2</i> | <i>15.5</i>  | <i>31.1</i> | <i>11.4</i> | <i>-0.7</i> |
| Multiples                             | 1,783       | 1,802        | 1,207        | 267          | 614          | 923         | 1,178       | 1,334       |
|                                       | <i>61.1</i> | <i>1.1</i>   | <i>-33.0</i> | <i>-77.8</i> | <i>129.4</i> | <i>50.4</i> | <i>27.7</i> | <i>13.2</i> |
| <b>Under construction</b>             | 2,341       | 3,123        | 3,298        | 2,042        | 895          | 1,034       | 1,483       | 1,773       |
|                                       | <i>20.5</i> | <i>33.4</i>  | <i>5.6</i>   | <i>-38.1</i> | <i>-56.2</i> | <i>15.5</i> | <i>43.4</i> | <i>19.5</i> |
| <b>Housing completions</b>            | 2,045       | 2,141        | 2,149        | 1,835        | 924          | 1,203       | 1,681       | 1,962       |
|                                       | <i>9.2</i>  | <i>4.7</i>   | <i>0.4</i>   | <i>-14.6</i> | <i>-49.7</i> | <i>30.2</i> | <i>39.8</i> | <i>16.7</i> |
| Singles                               | 902         | 815          | 760          | 549          | 514          | 615         | 752         | 789         |
|                                       | <i>-3.5</i> | <i>-9.6</i>  | <i>-6.7</i>  | <i>-27.8</i> | <i>-6.4</i>  | <i>19.8</i> | <i>22.3</i> | <i>4.8</i>  |
| Multiples                             | 1,143       | 1,326        | 1,389        | 1,286        | 410          | 587         | 929         | 1,173       |
|                                       | <i>21.9</i> | <i>16.0</i>  | <i>4.8</i>   | <i>-7.4</i>  | <i>-68.1</i> | <i>43.2</i> | <i>58.1</i> | <i>26.3</i> |
| <b>Newly completed and unabsorbed</b> | 121         | 151          | 281          | 351          | 150          | 164         | 237         | 295         |
|                                       | <i>8.6</i>  | <i>24.8</i>  | <i>86.8</i>  | <i>24.8</i>  | <i>-57.3</i> | <i>9.3</i>  | <i>45.0</i> | <i>24.4</i> |
| <b>Absorptions</b>                    | 1,984       | 2,128        | 1,952        | 1,978        | 1,014        | 1,149       | 1,609       | 1,914       |
|                                       | <i>5.9</i>  | <i>7.3</i>   | <i>-8.3</i>  | <i>1.3</i>   | <i>-48.7</i> | <i>13.2</i> | <i>40.1</i> | <i>19.0</i> |
| <b>Months' supply</b>                 | 0.7         | 0.8          | 1.7          | 2.1          | 1.8          | 1.7         | 1.8         | 1.9         |
| <b>New housing price</b>              | 465,256     | 467,431      | 467,101      | 438,705      | 439,180      | 443,571     | 450,225     | 456,978     |
|                                       | <i>3.8</i>  | <i>0.5</i>   | <i>-0.1</i>  | <i>-6.1</i>  | <i>0.1</i>   | <i>1.0</i>  | <i>1.5</i>  | <i>1.5</i>  |

Italics indicate percentage change.

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

**Table 3—Resale Housing Market Indicators**

|  | 2006        | 2007        | 2008         | 2009f        | 2010f      | 2011f      | 2012f      | 2013f      |
|--|-------------|-------------|--------------|--------------|------------|------------|------------|------------|
| <b>Unit sales</b>                        | 7,500       | 8,403       | 6,171        | 6,375        | 6,446      | 6,581      | 6,732      | 6,887      |
|  | <i>-5.9</i> | <i>12.0</i> | <i>-26.6</i> | <i>3.3</i>   | <i>1.1</i> | <i>2.1</i> | <i>2.3</i> | <i>2.3</i> |
| <b>Dollar volume sales</b> (\$ millions) | 3,204       | 3,924       | 2,992        | 2,966        | 3,043      | 3,126      | 3,233      | 3,344      |
|  | <i>5.5</i>  | <i>22.5</i> | <i>-23.7</i> | <i>-0.9</i>  | <i>2.6</i> | <i>2.7</i> | <i>3.4</i> | <i>3.4</i> |
| <b>New listings</b>                      | 12,280      | 12,840      | 13,928       | 11,344       | 11,464     | 11,783     | 12,525     | 13,271     |
|  | <i>18.0</i> | <i>4.6</i>  | <i>8.5</i>   | <i>-18.6</i> | <i>1.1</i> | <i>2.8</i> | <i>6.3</i> | <i>6.0</i> |
| <b>Sales-to-new-listings ratio</b>       | 61          | 65          | 44           | 56           | 56         | 56         | 54         | 52         |
| <b>Resale price</b>                      | 427,283     | 466,677     | 481,076      | 464,688      | 472,141    | 474,974    | 480,198    | 485,480    |
|  | <i>12.0</i> | <i>9.2</i>  | <i>3.1</i>   | <i>-3.4</i>  | <i>1.6</i> | <i>0.6</i> | <i>1.1</i> | <i>1.1</i> |

Italics indicate percentage change.

Sources: The Conference Board of Canada; Canadian Real Estate Association.





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Note de conjoncture — résidentielle **Automne 2009**



Analyse approfondie du marché  
des logements au Canada,  
dans les provinces et huit  
régions métropolitaines

PERFORMANCE ET TENDANCES ÉCONOMIQUES



Note de conjoncture — résidentielle : Analyse approfondie du marché du logement au Canada, dans les provinces et huit régions métropolitaines.

par Alan Arcand, Mario Lefebvre, Jane McIntyre, Greg Sutherland et Robin Wiebe

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## Préface

Ce rapport contient une analyse en profondeur du marché des logements aux niveaux national, provincial et métropolitain. Il couvre un large éventail de statistiques sur le marché des logements, telles que les taux d'intérêt, les mises en chantier, les prêts hypothécaires consentis et le prix des logements. Ce rapport fait le lien entre l'économie et l'activité du marché des logements. Il jette également un coup d'œil sur la situation financière des consommateurs.

Huit régions métropolitaines de recensement sont couvertes : Québec, Montréal, Toronto, Ottawa-Gatineau, Calgary, Edmonton, Vancouver et Victoria.

La couverture provinciale comprend : les provinces de l'Atlantique, le Québec, l'Ontario, les Prairies, l'Alberta et la Colombie-Britannique.

Ce rapport est produit deux fois par an, au printemps et à l'automne.

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## Nos prévisions actualisées

La récession au Canada s'annonce maintenant un peu plus profonde que nous l'avions prévu antérieurement. Le produit intérieur brut du Canada devrait reculer de 2,1 p. 100 en 2009, taux que nous établissons à 1,7 p. 100 dans nos prévisions antérieures. Nous anticipons maintenant, en 2010, une reprise un peu plus vigoureuse que prévu, si bien que nos prévisions de croissance du PIB sont passées de 2,5 p. 100 dans notre note de conjoncture précédente à 2,9 p. 100.

Le dollar canadien affichera une plus grande fermeté que ce que nous anticipions il y a six mois. Nous prévoyons maintenant que le huard atteindra en moyenne 0,87 \$US en 2009, en comparaison de 0,80 \$US dans nos dernières prévisions. Nous avons aussi révisé à la hausse nos prévisions pour l'année prochaine, qui sont passées de 0,81 à 0,92 \$US.

Puisque nous nous attendons à une récession légèrement plus grave que prévu, nous avons révisé à la baisse nos prévisions de 2009

concernant les mises en chantier de logements à l'échelle nationale; au lieu des quelque 144 900 unités prévues, nous en escomptons maintenant 135 250. La situation se détériorera un peu l'an prochain aussi. Selon nos prévisions actuelles, le nombre de mises en chantier de logements se situera tout juste sous les 164 800 unités contre environ 166 500 antérieurement. Nos prévisions pour les années suivantes sont maintenant un peu plus encourageantes.

On ne s'attend maintenant plus qu'à un modeste fléchissement — 0,1 p. 100 — du prix national moyen des logements existants cette année, ce qui représente une importante révision par rapport à la baisse de 7 p. 100 prévue antérieurement. Selon nos prévisions actuelles, le prix des logements existants augmentera légèrement en 2010, alors que nous avons anticipé auparavant un déclin de 2,7 p. 100. Quant au prix des logements neufs en 2009, nos prévisions se sont améliorées aussi, le recul prévu étant passé de

3,8 à 2,8 p. 100. Les perspectives pour l'an prochain sur ce marché s'annoncent un peu meilleures également : alors que nous anticipions une chute de 3,4 p. 100 dans notre note précédente, nous nous attendons maintenant à des prix généralement stables.

Nous prévoyons maintenant que le nombre de prêts hypothécaires consentis chutera de 8,6 p. 100 cette année, soit à un rythme supérieur à celui de 7,6 p. 100 prévu précédemment. Toutefois, pour 2010, nous avons révisé nos prévisions à la hausse : nous assisterons non pas à un déclin de 3,3 p. 100, mais à un gain de 1,3 p. 100. C'est à l'amélioration des prix des maisons cette année que nous devons nos prévisions plus encourageantes quant aux volumes des prêts hypothécaires consentis : le recul ne sera que de 3,7 p. 100, en comparaison des 11,3 p. 100 prévus il y a six mois. Pour 2010, nous prévoyons maintenant une progression des volumes, alors que nous nous attendions à un léger fléchissement antérieurement.

### La scène nationale

Bien que l'économie canadienne soit vraisemblablement sortie de la récession au troisième trimestre de l'année en cours, nous prévoyons que le produit intérieur brut (PIB) réel accusera une contraction de 2,1 p. 100 pour l'ensemble de l'année 2009, ce qui représente 0,4 point de pourcentage de moins que dans notre dernière *Note de conjoncture résidentielle métropolitaine*. À mesure que l'activité s'intensifiera dans le secteur privé, les dépenses en capital prévues par tous les ordres de gouvernement contribueront à propulser la croissance du PIB réel à 2,9 p. 100 en 2010, taux qui devrait, selon nos prévisions, grimper à 3,6 p. 100 en 2011. En effet, les gouvernements fédéral et provinciaux ont l'intention d'intensifier considérablement leurs mesures de relance budgétaire cette année et l'année prochaine, notamment en augmentant leurs dépenses en capital réelles de 15,7 p. 100 en 2009 et de 10,8 p. 100 supplémentaires en 2010. Bien qu'ils soient incontournables dans le contexte économique actuel, les déficits publics qui résulteront de cette politique seront de taille et limiteront profondément les options stratégiques futures des gouvernements lorsqu'ils tenteront de les éliminer.

Au cours des deux dernières années, la Banque du Canada a abaissé son taux d'escompte à son niveau le plus bas — 0,5 p. 100 — et injecté d'importantes liquidités dans le système bancaire. Bien que de telles mesures soient essentielles pour lutter contre la récession, leurs répercussions économiques globales peuvent prendre jusqu'à 18 mois

avant de se faire sentir. En outre, alors que les baisses du taux d'escompte ont fait reculer les taux des prêts hypothécaires et commerciaux, les conditions du crédit ont continué de se resserrer, rendant incertaine l'efficacité des réductions opérées par la Banque. S'il est vrai que cette dernière s'est engagée à maintenir son taux à 0,5 p. 100 jusqu'au milieu de 2010, elle a subordonné sa promesse au comportement de l'inflation. Heureusement, on s'attend à ce que celle-ci reste relativement modérée jusqu'à la fin de l'année 2010. Cela dit, l'appréciation du dollar canadien nuira à la reprise des exportations et assombriera les perspectives économiques nationales.

Le ralentissement économique a nuí au marché des logements neufs. Les mises en chantier ont reculé pendant cinq trimestres consécutifs : leur nombre, calculé à un taux annualisé, est passé de 235 000 unités au début de l'an dernier à 125 300 unités au deuxième trimestre de 2009. Nous prévoyons qu'elles chuteront de 35,9 p. 100 pour s'établir à 135 250 unités en moyenne cette année, la plus grande partie du déclin devant toucher les immeubles à logements multiples.

Au cours de la décennie actuelle, le marché immobilier a été marqué par des prix élevés. La valeur des logements neufs s'est accrue en moyenne de 5 p. 100 par année de 2000 à 2008. Malheureusement, nous entrevoyons une baisse du prix des maisons neuves de 2,8 p. 100 cette année — la première en 13 ans —, et tout porte à croire que les choses changeront peu en 2010. Parallèlement, les prix de revente ont

presque doublé durant la période de 2000 à 2007, mais ils ont fléchi de 1,6 p. 100 l'an dernier. Nous nous attendons à ce que le prix moyen des logements existants baisse encore cette année, mais de 0,1 p. 100 seulement, avant d'afficher de légers gains au cours des années 2011 à 2013.

Les perspectives du marché canadien de l'habitation demeurent positives. Les faibles taux de financement, conjugués aux mesures gouvernementales comme les réductions de l'impôt sur le revenu et les crédits d'impôt pour la rénovation domiciliaire, ont déjà contribué à susciter une solide augmentation des dépenses de rénovation. De plus, tant les ventes

que les prix sur le marché des logements existants ont fait un bond au deuxième trimestre de l'année en cours, et ils étaient en voie de poursuivre leur remontée au troisième trimestre. Nous nous attendons à ce que la construction de logements neufs amorce une reprise en 2010, alors que les conditions économiques s'amélioreront. Selon nos prévisions, les mises en chantier grimperont de 21,8 p. 100 pour se chiffrer à 164 800 unités l'année prochaine. D'ici à 2013, toutefois, elles devraient tout de même chuter en deçà de leur niveau de 2008, à mesure que le marché s'adaptera à l'évolution démographique à long terme.

### La scène provinciale

Comme on pouvait s'y attendre avec le ralentissement économique, toutes les régions se préparent à enregistrer une baisse des mises en chantier de logements cette année, mais celles-ci se redresseront en



bonne partie en 2010. Nous nous attendons à ce que la croissance des prix des maisons existantes soit généralement plus faible — ou les baisses de prix plus importantes — cette année que l’an dernier; des résultats tout aussi peu concluants sont attendus en 2010. Les prix des maisons neuves devraient eux aussi être faibles en 2009 et en 2010.

Nous prévoyons une contraction de 2,5 p. 100 de l’économie de la Colombie-Britannique cette année, après un recul de 0,1 p. 100 en 2008. Le secteur manufacturier de la province a été frappé de plein fouet, et le secteur de la construction est lui aussi mis à rude épreuve. La reprise générale et les Jeux Olympiques de 2010 entraîneront une hausse du PIB réel de 3,4 p. 100, puis de 3,6 p. 100 en moyenne par année durant la période allant de 2011 à 2013. L’emploi, qui devrait accuser une baisse de 2,5 p. 100 cette année, augmentera de 1,2 p. 100 en 2010 et encore plus rapidement en 2011 et en 2012. Une chute de 58 p. 100 des mises en chantier, qui fait suite à celle de 12 p. 100 enregistrée en 2008, est prévue cette année, mais leur nombre devrait remonter de façon remarquable en 2010 et en 2011. Les prix des logements neufs et existants diminueront cette année et l’année prochaine, mais connaîtront une modeste croissance en 2011.

La faiblesse des cours du pétrole continue de miner l’économie albertaine; les activités connexes dans les industries de la construction et des services en subissent elles aussi le contrecoup. Selon nos prévisions, le PIB réel se contractera de 2,7 p. 100 en 2009, après avoir stagné en 2008. Le gain de production de 3,3 p. 100 que nous entrevoyons pour l’année prochaine est de bien meilleur augure.

Du côté de l’emploi, nous prévoyons un recul d’environ 1 p. 100 en 2009, suivi d’une hausse à peu près égale en 2010. Les mises en chantier chuteront abruptement cette année, mais connaîtront une solide reprise en 2010. Quant aux logements neufs et existants, leurs prix moyens devraient chuter de 9 et de 6 p. 100 respectivement cette année. Par contre, on observera un début de relèvement des prix des logements existants l’an prochain, et en 2011 dans le cas des logements neufs.

L’économie et les marchés du logement en Saskatchewan et au Manitoba entrent dans une phase d’accalmie. Après avoir enregistré une expansion de 3,5 p. 100 l’an dernier, le PIB réel est censé se contracter de 1,0 p. 100 en 2009. Toutefois, le taux de croissance économique devrait remonter à 2,7 p. 100 l’an prochain. Nous prévoyons que les mises en chantier accuseront cette année une baisse de 42 p. 100 qui les fera chuter à leur plus bas niveau depuis 2002, avant d’augmenter de 14 p. 100 l’année prochaine. Les prix moyens des logements neufs devraient reculer cette année ainsi qu’en 2010; sur le marché de la revente, cependant, ils devraient faire un bond cette année, mais diminuer légèrement en 2010.

En Ontario, les secteurs clés de la fabrication et des exportations continuent d’éprouver des problèmes. On s’attend à ce que l’économie de la province, après avoir connu un léger fléchissement en 2008, s’atrophie de 3,1 p. 100 cette année. Une remontée de la croissance à plus de 3 p. 100 est prévue pour 2010. L’emploi, qui devrait baisser de 2,7 p. 100 cette année, n’augmentera que de 0,3 p. 100 l’année prochaine.

Les mises en chantier devraient chuter de 36 p. 100 cette année, mais nous prévoyons deux années de solide reprise en 2010 et 2011, ce qui devrait propulser les mises en chantier dans la province au-delà de leur sommet enregistré au début de la décennie. Du côté du prix des logements, la situation se présentera étonnamment bien; aucune baisse du prix moyen de revente n’est prévue dans la province, et un fléchissement à peine perceptible du prix moyen des logements neufs est attendu en 2009.

L’économie québécoise a affiché une expansion de 1,2 p. 100 l’an dernier, mais elle fait face à un recul de 0,9 p. 100 cette année. Selon nos prévisions, il faudra attendre 2010 pour assister à une remontée du taux de croissance à 1,8 p. 100, et 2012 et 2013 pour des avancées de plus de 3 p. 100. L’emploi dans la province devrait reculer de 1 p. 100 cette année et rester à peu près stable en 2010. Dernièrement, les mises en chantier ont connu une évolution plutôt médiocre : les volumes ont baissé durant trois des quatre dernières années. Cela dit, la diminution de 15,8 p. 100 attendue cette année sera la plus importante depuis 1995. Cette année, les prix tant des logements neufs que des logements existants ont continué d’augmenter, mais plus lentement; toutefois, ils n’afficheront aucun progrès sur les deux marchés en 2010.

Nous prévoyons que l’économie des provinces de l’Atlantique se contractera de 0,4 p. 100 cette année; une remontée de 1,5 p. 100 seulement est attendue en 2010. Selon nos prévisions, l’emploi devrait ralentir de 1 p. 100 et poursuivre sur cette voie tout au long de 2010, avant de remonter. Les mises en chantier de

logements devraient chuter de 17 à 18 p. 100 cette année et l'année prochaine. Nous nous attendons à ce que les prix des logements neufs et existants enregistrent un bond de 1,4 et de 3,6 p. 100 respectivement cette année, mais tombent en 2010.

## La scène municipale

L'économie devrait se contracter dans sept des huit villes couvertes par la présente note de conjoncture. Seule Québec devrait réussir à dégager un faible gain de production de 0,1 p. 100. L'économie torontoise, avec un recul du PIB réel prévu de 2,7 p. 100, promet de connaître le ralentissement le plus marqué. Les perspectives s'amélioreront de façon générale en 2010, alors que toutes les villes verront leur PIB s'accroître. Stimulée par les Jeux Olympiques, la ville de Vancouver devrait arriver en tête du peloton avec un gain de 3,4 p. 100, tandis que la ville au sommet du classement cette année, Québec, devrait fermer la marche avec une expansion de 2,2 p. 100 l'année prochaine. Les perspectives à long terme pour toutes les villes s'annoncent satisfaisantes.

Divers indicateurs permettent tout de même d'envisager une année 2010 décente dans la plupart des villes. Sur le marché des logements neufs, les promoteurs ont en général évité d'augmenter leurs stocks de façon substantielle; l'offre de logements neufs étant inférieure au sommet conjoncturel observé précédemment sur tous les marchés, les mises en chantier de logements devraient se multiplier rapidement lorsque la demande s'accroîtra. La situation est sur le point de s'améliorer aussi sur les marchés de la revente, puisqu'on s'attend à ce que le ratio des ventes par rapport aux nouvelles

inscriptions termine l'année 2009, en moyenne, au-dessus du seuil de 50 p. 100 sur tous les marchés.

Les mises en chantier de logements sont en voie de terminer l'année 2009 sur une note passablement désastreuse dans toutes les villes, surtout dans l'Ouest. Nous nous attendons à ce que Calgary, Vancouver et Victoria accusent des baisses d'au moins 60 p. 100. C'est à Montréal que le recul sera le moins marqué cette année — 17 p. 100. Un peu plus de la moitié des villes que nous couvrons dans notre rapport profiteront d'une remontée des mises en chantier l'année prochaine; Montréal, Ottawa-Gatineau et Québec, toutefois, devraient enregistrer de nouvelles diminutions. Les mises en chantier augmenteront d'au moins 50 p. 100 dans les quatre villes de l'Ouest. Avec une hausse de 60 p. 100, Calgary devrait connaître la plus forte croissance.

Cette année, les ventes des logements existants devraient baisser dans cinq des huit villes couvertes par la présente note, Edmonton, Vancouver et Victoria étant les villes qui afficheront des augmentations. C'est Vancouver qui, avec une remontée prévue des ventes de 6,5 p. 100, occupera la première place du palmarès. Les ventes à Calgary et à Québec accuseront un repli de 4,9 p. 100 — le plus important recul en 2009. L'an prochain, toutes les villes à l'exception d'Ottawa-Gatineau et de Québec, qui enregistreront des baisses minimales, verront leurs ventes progresser. Calgary profitera de la plus forte hausse des ventes en 2010 : 11,3 p. 100.

Cette année, sept des huit villes de notre rapport profitent d'un marché équilibré. À Québec, c'est un marché

favorable aux vendeurs qui prédominera, bien que cette ville sera la seule des huit à voir son ratio des ventes par rapport aux nouvelles inscriptions diminuer en 2009. Dans les sept autres villes, les ratios s'établissent autour de 55 p. 100, celui de Calgary, à 53 p. 100, étant le plus faible. Les ratios recommenceront à croître à Calgary, à Edmonton, et à Vancouver l'an prochain.

Malgré des marchés généralement équilibrés, les perspectives des prix du marché de la revente s'annoncent inégales cette année. En effet, les prix sont en voie d'augmenter à Montréal, à Ottawa-Gatineau et tout particulièrement à Québec, où ils feront un bond de 4,3 p. 100 — le plus important des huit villes de notre rapport —, mais ils chuteront à Calgary, qui devrait connaître la plus forte baisse : 8,0 p. 100. L'an prochain, les prix devraient remonter légèrement dans toutes les villes sauf à Québec, où un modeste repli est attendu. Victoria devrait afficher la plus forte hausse, soit 1,6 p. 100.

L'abordabilité s'améliore dans toutes les villes couvertes par la présente note, grâce au recul des taux hypothécaires et à la faiblesse des prix des maisons. La proportion du revenu des ménages consacrée aux versements hypothécaires mensuels a diminué partout au pays, tout particulièrement à Vancouver et à Victoria, où elle a régressé de 10 et 8 points de pourcentage respectivement. Malgré tout, ces villes demeurent les moins abordables des huit. Les versements hypothécaires à Calgary et à Québec sont peu élevés par rapport aux revenus locaux. L'abordabilité devrait demeurer relativement stable dans l'ensemble du pays en 2010.

**Indicateurs économiques, démographiques, financiers et résidentiels**

|                                  | PIB (en millions \$ de 2002) |                          |                         | Emplois (en milliers) |                       |                      | Taux de chômage |       |       | Revenu personnel, par habitant |                       |                      | Ventes au détail (en millions \$) |                        |                       |
|----------------------------------|------------------------------|--------------------------|-------------------------|-----------------------|-----------------------|----------------------|-----------------|-------|-------|--------------------------------|-----------------------|----------------------|-----------------------------------|------------------------|-----------------------|
|                                  | 2008                         | 2009p                    | 2010p                   | 2008                  | 2009p                 | 2010p                | 2008            | 2009p | 2010p | 2008                           | 2009p                 | 2010p                | 2008                              | 2009p                  | 2010p                 |
| <b>Canada</b>                    | 1 321 360<br><i>0,4</i>      | 1 293 143<br><i>-2,1</i> | 1 330 762<br><i>2,9</i> | 17 123<br><i>1,5</i>  | 16 847<br><i>-1,6</i> | 16 946<br><i>0,6</i> | 6,1             | 8,4   | 9,0   | 36 878<br><i>3,6</i>           | 36 580<br><i>-0,8</i> | 37 412<br><i>2,3</i> | 426 047<br><i>3,4</i>             | 410 198<br><i>-3,7</i> | 425 713<br><i>3,8</i> |
| <b>Provinces de l'Atlantique</b> | 70 224<br><i>0,9</i>         | 69 912<br><i>-0,4</i>    | 70 938<br><i>1,5</i>    | 1 110<br><i>1,1</i>   | 1 098<br><i>-1,1</i>  | 1 097<br><i>0,0</i>  | 9,4             | 10,9  | 11,6  | 31 194<br><i>2,4</i>           | 31 418<br><i>0,7</i>  | 32 080<br><i>2,1</i> | 30 789<br><i>5,6</i>              | 29 902<br><i>-2,9</i>  | 30 645<br><i>2,5</i>  |
| <b>Québec (province)</b>         | 248 270<br><i>1,2</i>        | 246 119<br><i>-0,9</i>   | 250 455<br><i>1,8</i>   | 3 881<br><i>0,8</i>   | 3 843<br><i>-1,0</i>  | 3 845<br><i>0,1</i>  | 7,3             | 8,8   | 9,3   | 33 407<br><i>2,7</i>           | 33 414<br><i>0,0</i>  | 34 056<br><i>1,9</i> | 95 326<br><i>5,1</i>              | 93 648<br><i>-1,8</i>  | 96 133<br><i>2,7</i>  |
| <b>Québec (RMR)</b>              | 24 719<br><i>2,1</i>         | 24 755<br><i>0,1</i>     | 25 292<br><i>2,2</i>    | 390<br><i>1,1</i>     | 394<br><i>1,1</i>     | 393<br><i>-0,4</i>   | 4,5             | 5,0   | 5,8   | 36 669<br><i>3,1</i>           | 37 384<br><i>1,9</i>  | 37 962<br><i>1,5</i> | 11 487<br><i>5,9</i>              | 11 385<br><i>-0,9</i>  | 11 733<br><i>3,1</i>  |
| <b>Montréal</b>                  | 121 539<br><i>1,1</i>        | 120 312<br><i>-1,0</i>   | 123 219<br><i>2,4</i>   | 1 898<br><i>-0,2</i>  | 1 877<br><i>-1,1</i>  | 1 895<br><i>1,0</i>  | 7,4             | 9,5   | 9,8   | 34 586<br><i>2,7</i>           | 34 474<br><i>-0,3</i> | 35 364<br><i>2,6</i> | 42 290<br><i>3,5</i>              | 41 234<br><i>-2,5</i>  | 42 589<br><i>3,3</i>  |
| <b>Ontario</b>                   | 491 833<br><i>-0,2</i>       | 476 723<br><i>-3,1</i>   | 492 202<br><i>3,2</i>   | 6 687<br><i>1,4</i>   | 6 508<br><i>-2,7</i>  | 6 530<br><i>0,3</i>  | 6,5             | 9,2   | 10,2  | 37 306<br><i>2,8</i>           | 36 933<br><i>-1,0</i> | 37 564<br><i>1,7</i> | 151 390<br><i>3,5</i>             | 145 864<br><i>-3,7</i> | 151 273<br><i>3,7</i> |
| <b>Ottawa-Gatineau</b>           | 45 212<br><i>0,8</i>         | 45 006<br><i>-0,5</i>    | 46 415<br><i>3,1</i>    | 670<br><i>2,8</i>     | 651<br><i>-2,8</i>    | 653<br><i>0,3</i>    | 4,8             | 6,1   | 6,5   | 41 224<br><i>3,0</i>           | 41 407<br><i>0,4</i>  | 42 223<br><i>2,0</i> | 14 878<br><i>4,0</i>              | 14 589<br><i>-1,9</i>  | 15 113<br><i>3,6</i>  |
| <b>Toronto</b>                   | 221 182<br><i>0,3</i>        | 215 259<br><i>-2,7</i>   | 222 092<br><i>3,2</i>   | 2 921<br><i>1,9</i>   | 2 890<br><i>-1,1</i>  | 2 945<br><i>1,9</i>  | 6,9             | 9,3   | 9,6   | 39 037<br><i>2,3</i>           | 38 793<br><i>-0,6</i> | 39 645<br><i>2,2</i> | 60 423<br><i>4,2</i>              | 56 988<br><i>-5,7</i>  | 59 481<br><i>4,4</i>  |
| <b>Prairies</b>                  | 78 716<br><i>3,5</i>         | 77 964<br><i>-1,0</i>    | 80 039<br><i>2,7</i>    | 1 119<br><i>1,9</i>   | 1 125<br><i>0,5</i>   | 1 126<br><i>0,2</i>  | 4,1             | 5,3   | 6,1   | 34 369<br><i>7,4</i>           | 34 519<br><i>0,4</i>  | 35 063<br><i>1,6</i> | 29 377<br><i>8,8</i>              | 28 623<br><i>-2,6</i>  | 29 412<br><i>2,8</i>  |
| <b>Alberta</b>                   | 178 711<br><i>-0,2</i>       | 173 877<br><i>-2,7</i>   | 179 687<br><i>3,3</i>   | 2 013<br><i>2,7</i>   | 1 994<br><i>-0,9</i>  | 2 011<br><i>0,8</i>  | 3,6             | 6,4   | 7,2   | 48 175<br><i>6,0</i>           | 48 086<br><i>-0,2</i> | 48 955<br><i>1,8</i> | 61 057<br><i>-0,2</i>             | 56 301<br><i>-7,8</i>  | 58 572<br><i>4,0</i>  |
| <b>Calgary</b>                   | 62 784<br><i>0,4</i>         | 61 442<br><i>-2,1</i>    | 63 398<br><i>3,2</i>    | 704<br><i>3,5</i>     | 698<br><i>-1,0</i>    | 708<br><i>1,5</i>    | 3,5             | 6,4   | 7,3   | 54 293<br><i>5,5</i>           | 54 264<br><i>-0,1</i> | 55 404<br><i>2,1</i> | 21 829<br><i>-0,4</i>             | 20 396<br><i>-6,6</i>  | 21 200<br><i>3,9</i>  |
| <b>Edmonton</b>                  | 51 048<br><i>1,3</i>         | 50 076<br><i>-1,9</i>    | 51 736<br><i>3,3</i>    | 621<br><i>3,6</i>     | 620<br><i>-0,1</i>    | 624<br><i>0,7</i>    | 3,7             | 6,2   | 7,1   | 44 302<br><i>5,3</i>           | 44 654<br><i>0,8</i>  | 45 380<br><i>1,6</i> | 19 132<br><i>-0,8</i>             | 17 847<br><i>-6,7</i>  | 18 557<br><i>4,0</i>  |
| <b>Colombie-Britannique</b>      | 150 239<br><i>-0,1</i>       | 146 466<br><i>-2,5</i>   | 151 444<br><i>3,4</i>   | 2 314<br><i>2,1</i>   | 2 257<br><i>-2,5</i>  | 2 284<br><i>1,2</i>  | 4,6             | 7,6   | 8,2   | 36 502<br><i>3,5</i>           | 36 300<br><i>-0,6</i> | 37 208<br><i>2,5</i> | 56 563<br><i>0,4</i>              | 52 523<br><i>-7,1</i>  | 54 611<br><i>4,0</i>  |
| <b>Vancouver</b>                 | 80 330<br><i>-0,1</i>        | 78 233<br><i>-2,6</i>    | 80 858<br><i>3,4</i>    | 1 237<br><i>1,1</i>   | 1 232<br><i>-0,4</i>  | 1 246<br><i>1,1</i>  | 4,3             | 6,9   | 7,4   | 37 309<br><i>3,1</i>           | 37 915<br><i>1,6</i>  | 38 774<br><i>2,3</i> | 25 354<br><i>0,1</i>              | 23 945<br><i>-5,6</i>  | 25 337<br><i>5,8</i>  |
| <b>Victoria</b>                  | 11 608<br><i>1,6</i>         | 11 492<br><i>-1,0</i>    | 11 760<br><i>2,3</i>    | 191<br><i>4,3</i>     | 181<br><i>-5,2</i>    | 185<br><i>2,1</i>    | 3,4             | 6,4   | 7,2   | 39 684<br><i>4,2</i>           | 39 789<br><i>0,3</i>  | 40 890<br><i>2,8</i> | 3 927<br><i>0,9</i>               | 3 733<br><i>-5,0</i>   | 3 842<br><i>2,9</i>   |

Les chiffres en italique désignent une variation en pourcentage.

Sources : Le Conference Board du Canada; Banque du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble; Statistique Canada.

**Indicateurs de la démographie et du logement**

|                                  | Population (en milliers) |        |        | Mises en chantier |         |         | Projets achevés |         |         | Prix des logements existants |         |         | Prix des logements neufs |         |         |
|----------------------------------|--------------------------|--------|--------|-------------------|---------|---------|-----------------|---------|---------|------------------------------|---------|---------|--------------------------|---------|---------|
|                                  | 2008                     | 2009p  | 2010p  | 2008              | 2009p   | 2010p   | 2008            | 2009p   | 2010p   | 2008                         | 2009p   | 2010p   | 2008                     | 2009p   | 2010p   |
|                                  | <b>Canada</b>            | 33 260 | 33 634 | 33 979            | 211 056 | 135 253 | 164 755         | 214 400 | 139 737 | 115 105                      | 301 778 | 301 362 | 306 339                  | 396 197 | 385 284 |
| <b>Provinces de l'Atlantique</b> | 4 413                    | 4 443  | 4 465  | 12 229            | 10 036  | 8 300   | 12 498          | 8 478   | 6 288   | 171 410                      | 177 610 | 176 785 | 305 117                  | 309 320 | 304 833 |
| <b>Québec (province)</b>         | 7 742                    | 7 799  | 7 840  | 47 901            | 40 321  | 36 582  | 47 626          | 38 325  | 31 798  | 215 385                      | 218 795 | 218 121 | 278 775                  | 285 710 | 285 527 |
| <b>Québec (RMR)</b>              | 739                      | 746    | 752    | 5 315             | 3 968   | 3 958   | 5 486           | 4 772   | 3 999   | 195 741                      | 204 099 | 203 432 | 201 357                  | 212 991 | 212 499 |
| <b>Montréal</b>                  | 3 751                    | 3 781  | 3 816  | 22 228            | 18 558  | 17 626  | 23 808          | 18 081  | 17 760  | 259 046                      | 264 202 | 265 024 | 295 491                  | 301 697 | 301 557 |
| <b>Ontario</b>                   | 12 910                   | 13 025 | 13 162 | 75 076            | 47 843  | 64 411  | 68 001          | 49 743  | 42 561  | 301 536                      | 303 930 | 307 151 | 463 472                  | 462 949 | 464 741 |
| <b>Ottawa-Gatineau</b>           | 1 199                    | 1 212  | 1 222  | 10 388            | 8 064   | 7 165   | 9 539           | 9 976   | 7 665   | 268 007                      | 275 402 | 277 440 | 362 282                  | 366 498 | 368 466 |
| <b>Toronto</b>                   | 5 531                    | 5 628  | 5 733  | 42 650            | 22 592  | 28 606  | 36 258          | 27 088  | 28 567  | 392 930                      | 392 117 | 396 285 | 537 010                  | 533 527 | 534 457 |
| <b>Prairies</b>                  | 2 220                    | 2 246  | 2 264  | 12 365            | 7 218   | 8 203   | 12 159          | 6 926   | 5 522   | 205 146                      | 208 647 | 203 172 | 358 014                  | 353 899 | 347 530 |
| <b>Alberta</b>                   | 3 574                    | 3 660  | 3 725  | 29 164            | 15 412  | 25 740  | 39 453          | 16 950  | 14 541  | 352 742                      | 331 844 | 337 404 | 469 780                  | 429 476 | 429 230 |
| <b>Calgary</b>                   | 1 182                    | 1 207  | 1 231  | 11 807            | 4 514   | 7 218   | 14 195          | 8 238   | 6 303   | 404 713                      | 372 509 | 377 763 | 508 298                  | 472 072 | 473 501 |
| <b>Edmonton</b>                  | 1 124                    | 1 144  | 1 162  | 6 808             | 4 032   | 6 283   | 11 217          | 6 777   | 4 963   | 332 820                      | 317 215 | 317 291 | 426 372                  | 381 012 | 379 307 |
| <b>Colombie-Britannique</b>      | 4 374                    | 4 439  | 4 489  | 34 321            | 14 423  | 21 520  | 34 662          | 19 314  | 14 395  | 449 965                      | 444 001 | 443 748 | 666 716                  | 614 923 | 601 144 |
| <b>Vancouver</b>                 | 2 271                    | 2 304  | 2 336  | 19 605            | 7 484   | 11 300  | 19 150          | 16 989  | 10 959  | 587 596                      | 563 127 | 564 327 | 690 091                  | 636 230 | 621 163 |
| <b>Victoria</b>                  | 348                      | 352    | 355    | 1 878             | 743     | 1 162   | 2 149           | 1 835   | 924     | 481 076                      | 464 688 | 472 141 | 467 101                  | 438 705 | 439 180 |
|                                  | 1,5                      | 1,2    | 0,8    | -27,6             | -60,4   | 56,5    | 0,4             | -14,6   | -49,7   | 3,1                          | -3,4    | 1,6     | -0,1                     | -6,1    | 0,1     |

**Indicateurs financiers (Canada seulement)**

|                                | 2008 | 2009p | 2010p | 2008                             | 2009p | 2010p | 2008 | 2009p                                      | 2010p | 2008 | 2009p | 2010p |
|--------------------------------|------|-------|-------|----------------------------------|-------|-------|------|--|-------|------|-------|-------|
| <b>Taux de change (US/CAN)</b> | 0,94 | 0,87  | 0,92  | <b>Taux hypoth. d'un an</b>      | 6,7   | 4,0   | 4,2  | <b>Obligations féd. sur 1-3 ans</b>        | 2,7   | 1,2  | 1,3   |       |
| <b>Taux d'inflation</b>        | 2,4  | 0,6   | 2,2   | <b>Taux hypoth. de trois ans</b> | 6,9   | 4,6   | 4,9  | <b>Obligations féd. sur 3-10 ans</b>       | 3,2   | 2,7  | 2,8   |       |
| <b>Taux d'escompte</b>         | 3,2  | 0,6   | 1,0   | <b>Taux hypoth. de cinq ans</b>  | 7,1   | 5,7   | 5,8  | <b>Obligations féd. sur 10 ans et plus</b> | 4,0   | 3,9  | 3,6   |       |

Les chiffres en italique désignent une variation en pourcentage.

Sources : Le Conference Board du Canada; Banque du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immobilier; Statistique Canada.

## Canada



### Perspectives économiques

Il y a maintenant un an, les marchés boursiers et financiers mondiaux s'effondraient. À l'époque, le déséquilibre commercial mondial, la confiance ébranlée des consommateurs américains et l'éclatement de la bulle immobilière américaine (qui menaçait depuis longtemps de le faire) ont eu un effet catastrophique sur l'économie mondiale. Heureusement, le plus dur semble être passé. L'économie américaine, toujours importante sur l'échiquier économique mondial, montre des signes de reprise sur de nombreux fronts, dont la récente tendance à la hausse particulièrement significative des ventes et des prix des maisons.

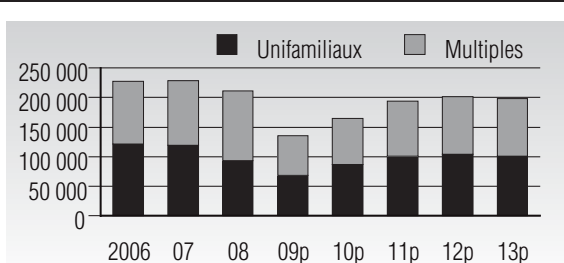
Le Canada, dont le PIB devrait afficher une baisse de 2,1 p. 100 en 2009, émerge d'une profonde récession. Tout compte fait, les dépenses de consommation ont relativement bien tenu le coup, avec un déclin anticipé de seulement 0,1 p. 100 en 2009. En revanche, les marchés de l'emploi ont été durement touchés et limiteront la reprise à 2,9 p. 100 en 2010. Déjà affaibli, le niveau d'activité sur le marché du logement s'est encore contracté cette année. Les mises en chantier de logements en particulier ont souffert et sont parties pour chuter de 35,9 p. 100 sur l'ensemble de l'année. Les prix des logements neufs devraient baisser de 2,8 p. 100, la toute première baisse enregistrée depuis plus de 13 ans. Parallèlement, les prix à la revente vont rester essentiellement stables, après le glissement de 1,6 p. 100 de 2008.

En diffusant ses données du deuxième trimestre de 2009, Statistique Canada a confirmé que la récession au Canada aura duré trois trimestres. Si la croissance reprend comme on le prévoit au troisième trimestre de 2009, le produit intérieur brut réel se sera contracté au total de 3,2 p. 100, de son point culminant à son point le plus bas, durant ce cycle économique. Pour bien comprendre, disons que pour les Canadiens, la récession qui vient de se terminer a été comparable à celle de 1990-1991 et beaucoup moins grave que celle de 1981-1982, qui avait duré deux fois plus longtemps et fait s'effondrer le PIB réel de presque 5 p. 100. Cette fois-ci, le Canada s'en est bien mieux

sorti que les États-Unis, en partie parce qu'au départ, ses institutions financières étaient en bien meilleure posture, son économie intérieure bien plus dynamique et la situation financière des gouvernements fédéral et provinciaux relativement solide.

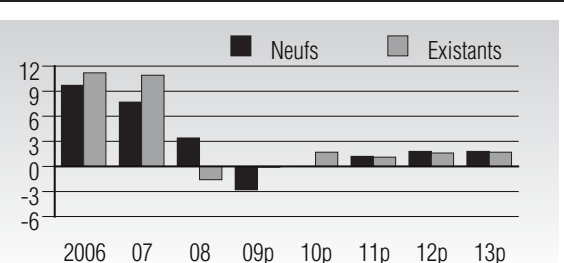
Dans l'ensemble, le PIB réel devrait se contracter de 2,1 p. 100 en 2009, soit une baisse plus prononcée de 0,4 point de pourcentage par rapport à ce que nous avons prévu dans notre *Note de conjoncture métropolitaine* précédente. À mesure que l'activité du secteur privé se stabilisera puis se renforcera l'an prochain, les dépenses en capital prévues par les différents ordres de gouvernement

**Graphique 1 — Mises en chantier de logements**



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

**Graphique 2 — Croissance des prix des logements (variation en pourcentage)**



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble.

aideront l'économie à reprendre du poil de la bête et à afficher une croissance de 2,9 p. 100 en 2010. Comme c'est typiquement le cas après une récession, la croissance sera plus vigoureuse à moyen terme, à commencer par une hausse de 3,6 p. 100 en 2011.

## Perspectives des marchés financiers

Ces deux dernières années, la Banque du Canada a baissé comme jamais ses taux d'intérêt au point que le taux de la banque se situe maintenant à 0,5 p. 100. Elle a aussi injecté beaucoup de liquidités dans le système bancaire. Un des inconvénients de cette politique monétaire très souple est qu'on ne sait trop quand s'en feront sentir les effets et à quel point. Généralement, il faut compter une période assez longue, peut-être de 18 mois, entre le moment où les taux d'intérêt changent et celui où l'impact de ce changement se fait entièrement sentir sur le PIB réel. Or, si les réductions majeures du taux directeur ont fait baisser les taux des prêts hypothécaires et commerciaux, la Banque du Canada s'est heurtée aux conditions de crédit qui ont continué de se resserrer. Et cela suffit pour aviver les craintes que les interventions de la Banque sur les taux ne donnent pas assez vite ou pas suffisamment les effets espérés.

Malgré les risques que présente la reprise économique, la Banque du Canada étudie les possibilités qui s'offrent à elle pour gérer cette reprise et revenir à une politique monétaire plus neutre. Elle a déjà prévu de retirer quelques-unes de ses mesures de stimulation et a l'intention, dans les prochains mois, d'éliminer certains de ses programmes

de liquidités ou d'en réduire la portée. Dans des déclarations plus récentes, cependant, le gouverneur Mark Carney a rappelé que l'engagement premier de la Banque était de maintenir l'inflation dans la fourchette cible et que son désir de maintenir le taux bancaire à 0,5 p. 100 jusqu'à la fin du deuxième trimestre de 2010 dépendait des progrès de l'inflation.

Les perspectives actuelles suggèrent qu'effectivement la Banque ne commencera pas à relever les taux d'intérêt avant le milieu de 2010. Pour le moment, les tensions inflationnistes sous-jacentes restent muettes, car les demandes mondiale et canadienne restent faibles, ce qui limite la hausse des prix. En particulier, la baisse précipitée des prix de l'énergie a eu des effets indirects sur les coûts des biens de consommation et un effet direct sur le prix de l'essence au détail. Ces facteurs expliquent en grande partie pourquoi l'inflation ne progressera pas cette année de plus de 0,6 p. 100. L'an prochain, même si les pressions exercées par la capacité restent faibles, une montée des prix de l'énergie fera grimper l'inflation des prix à la consommation à 2,2 p. 100. Une reprise plus rapide de la demande globale devrait pousser l'inflation à 2,4 p. 100 en 2011.

Le huard, qui a chuté par rapport à de nombreuses devises dont le dollar américain pendant le premier trimestre de 2009, a prouvé sa résistance aux deuxième et troisième trimestres. Alors que la valeur du dollar canadien a été dominée par une « fuite en lieu sûr » généralisée vers le dollar US pendant la deuxième moitié de 2008 et au début de 2009, il semble qu'avec la stabilisation de l'économie mondiale, cette fuite vers

le billet vert se soit stoppée. Du coup, le huard paraît être revenu à son ancienne habitude, celle d'évoluer en tandem avec les prix de l'énergie et des matières premières. Globalement, le dollar canadien devrait s'établir en moyenne à près de 0,87 \$US en 2009 et continuer de se renforcer graduellement à court terme, pour dépasser en moyenne 0,92 \$US en 2010.

## Perspectives du marché du logement

Au Canada, le marché des logements neufs a évolué à un rythme très rapide entre 1996 et 2004. Au départ, la construction de logements neufs était motivée par la demande refoulée du début des années 1990, en plus des bons facteurs économiques fondamentaux. La baisse des taux d'intérêt en 2001 et la demande héritée du marché de la revente ont aussi contribué à maintenir l'activité sur le marché des logements neufs même après que la croissance économique ait ralenti au début des années 2000. Les mises en chantier de logements ont donc progressé, entre 1996 et 2004, à un rythme annuel moyen de 9 p. 100 pour atteindre 233 400 unités en 2004 — un sommet inégalé depuis 1987.

Même si les mises en chantier de logements ont atteint leur sommet cyclique en 2004, elles se sont maintenues à des hauteurs très appréciables les quatre années suivantes. De fait, les mises en chantier annuelles ont dépassé les 200 000 unités chaque année, pendant sept années consécutives, de 2002 à 2008 — la meilleure période de loin depuis les années 1970. Ce marché bouillonnant a aussi eu pour effet d'entraîner une importante inflation des prix des

logements. Dans le cas des logements neufs, les prix ont augmenté en moyenne de 5,8 p. 100 par année pendant cette période. Les prix à la revente ont progressé à un rythme encore plus rapide de 8,4 p. 100 par an. Cette moyenne tient même compte de la chute de 1,6 p. 100 enregistrée l'an dernier.

Cependant, dans le sillage de la crise financière mondiale, les mises en chantier ont chuté en deçà des 200 000 unités sur une base annuelle et désaisonnalisée, au quatrième trimestre de l'an dernier. Jusqu'à présent cette année, le secteur de la construction de logements neufs, encore sous l'effet de la récession mondiale, n'a connu qu'une faible activité. Depuis cinq trimestres consécutifs, les mises en chantier chutent, au point d'être passées de 235 000 unités sur une base annuelle au début de l'an dernier à 125 300 unités au deuxième trimestre de 2009. Selon nos prévisions, les mises en chantier de logements devraient dégringoler de 35,9 p. 100 au total cette année. De fait, elles pourraient bien atteindre leurs plus bas niveaux depuis 1996 avec 135 300 unités en perspectives pour l'année.

Les prix aussi ont commencé à glisser sur le marché des logements neufs. Après avoir atteint un sommet à tout près de 400 000 \$ au troisième trimestre de 2008, ils ont enregistré une baisse continue trimestre après trimestre. Globalement, les prix des logements neufs devraient baisser de 2,8 p. 100 en 2009, le premier déclin annuel en 13 ans. Et les prix à la revente sont partis pour chuter pour une deuxième année consécutive en 2009, mais seulement de 0,1 p. 100.

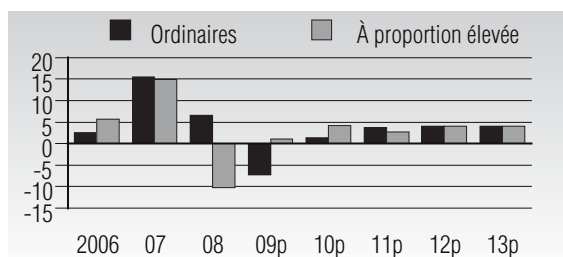
Cela dit, les perspectives du marché canadien du logement restent positives et on doit cette bonne nouvelle en grande partie au fait que les marchés immobiliers étaient généralement équilibrés avant que la récession n'éclate au Canada, au moins du côté de la revente. Les faibles taux de financement, sans parler des mesures gouvernementales comme les réductions de l'impôt sur le revenu et les ristournes fiscales sur les projets de rénovation, ont déjà contribué à stimuler fortement les dépenses de rénovation. En outre, les ventes et les prix du marché des logements existants ont tous deux grimpé au deuxième trimestre de cette année et sont partis pour faire

de même au troisième trimestre. La reprise de la construction sur le marché des logements neufs devrait se faire en 2010, à mesure que les conditions économiques s'amélioreront. Les mises en chantier devraient s'accroître de 21,8 p. 100 pour passer à 164 800 unités l'an prochain. Cependant, d'ici 2013, les mises en chantier ne devraient pas retrouver leur niveau de 2008, car le marché s'alignera sur la demande démographique à long terme.

## Perspectives

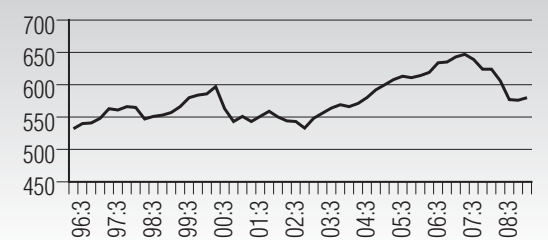
Entre la fin de 2007 et avril 2009, la Banque du Canada a continuellement baissé ses taux d'intérêt pour améliorer les liquidités du système financier et aider à stimuler l'activité économique. Les taux hypothécaires ont rapidement suivi avec une diminution du taux des hypothèques ordinaires sur cinq ans de 7,3 p. 100 au premier trimestre de 2008 à 5,5 p. 100 au deuxième trimestre de cette année. Sur l'ensemble de cette année, le taux des hypothèques ordinaires sur cinq ans devrait s'établir en moyenne à 5,7 p. 100. Les taux hypothécaires ne devraient grimper que de 0,1 point de pourcentage à

**Graphique 3 — Croissance des prêts hypothécaires approuvés (variation en pourcentage de la valeur en dollars)**



Sources : Le Conference Board du Canada; Genworth Financial Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

**Graphique 4 — Valeur nette des ménages (en pourcentage du revenu disponible)**



Sources : Le Conference Board du Canada; Statistique Canada.

5,8 p. 100 en 2010, car la Banque du Canada ne devrait pas intervenir dans ce domaine avant le milieu de l'an prochain.

Pour suivre la croissance appréciable des marchés du logement au Canada, le nombre total d'hypothèques approuvées s'est accru en moyenne de 12,6 p. 100 par année, de 2001 à 2004. La croissance annuelle moyenne a ralenti fortement au cours des trois années suivantes pour s'établir à tout juste 1,6 p. 100. Les approbations ont ensuite chuté de 5,3 p. 100 l'an dernier, comme le laissait prévoir l'affaiblissement du marché du logement. Une autre baisse, de 8,6 p. 100, est prévue cette année. Mais comme la croissance des prix est restée forte jusqu'à récemment, la valeur en dollars des hypothèques approuvées a continué d'augmenter jusqu'en 2008. Cette donnée a cependant changé en 2009 et on prévoit une baisse de 3,7 p. 100 de la valeur en dollars des hypothèques approuvées.

Tant le niveau que la valeur en dollars des hypothèques approuvées devraient se relever en 2010 et continuer de croître à moyen terme, à mesure que le marché du logement profitera de la reprise générale de l'économie. Le nombre des hypothèques approuvées devrait augmenter de 1,3 p. 100 l'an prochain, puis croître en moyenne de 2,3 p. 100 par an de 2011 à 2013. Leur valeur devrait augmenter de 2,7 p. 100 en 2010 pour afficher ensuite une croissance annuelle moyenne de 3,8 p. 100 à moyen terme.

L'augmentation rapide des prix sur les marchés des logements neufs et de la revente depuis le début des années 2000 a amené un plus grand nombre d'acheteurs à choisir des hypothèques à proportion élevée — c'est-à-dire des hypothèques pour lesquelles la mise de fond est inférieure à 25 p. 100. En conséquence, de 2001 à 2007, la valeur de ces hypothèques a augmenté de 9,3 p. 100 en moyenne par année, en comparaison d'une croissance annuelle moyenne de 6,9 p. 100 pour les hypothèques ordinaires pendant

la même période. Certains acheteurs à hauts risques ayant été écartés du marché par la hausse prononcée des prix et d'autres ayant souffert des revers de l'économie, le nombre total d'hypothèques à proportion élevée a baissé de 13,4 p. 100 en 2008, tandis que le nombre d'hypothèques ordinaires approuvées a maintenu une progression de 2,2 p. 100.

Les deux catégories d'hypothèques devraient enregistrer des baisses en 2009. Cela dit, la baisse devrait être moins marquée pour les hypothèques à proportion élevée que pour les hypothèques ordinaires, en partie en raison du crédit d'impôt accordé cette année par le gouvernement fédéral aux acheteurs d'un premier logement. Le nombre d'hypothèques à proportion élevée devrait diminuer de 4 p. 100 en 2009 et celui des hypothèques ordinaires de plus de 12 p. 100. En outre, les hypothèques à proportion élevée devraient connaître un regain de croissance de 3,1 p. 100 l'an prochain, en comparaison d'un autre déclin de 0,3 p. 100 pour les hypothèques ordinaires.



**Tableau 1 — Indicateurs économiques**

|  | 2006                    | 2007                    | 2008                    | 2009p                    | 2010p                   | 2011p                   | 2012p                   | 2013p                   |
|--|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>PIB réel aux prix du marché</b><br>(en millions de dollars de 2002) | 1 283 419<br><i>2,9</i> | 1 315 907<br><i>2,5</i> | 1 321 360<br><i>0,4</i> | 1 293 143<br><i>-2,1</i> | 1 330 762<br><i>2,9</i> | 1 378 939<br><i>3,6</i> | 1 437 314<br><i>4,2</i> | 1 485 757<br><i>3,4</i> |
| <b>Emplois totaux</b> (en milliers)                                    | 16 485<br><i>1,9</i>    | 16 865<br><i>2,3</i>    | 17 123<br><i>1,5</i>    | 16 847<br><i>-1,6</i>    | 16 946<br><i>0,6</i>    | 17 359<br><i>2,4</i>    | 17 814<br><i>2,6</i>    | 18 155<br><i>1,9</i>    |
| <b>Taux de chômage</b>   | 6,3                     | 6,0                     | 6,1                     | 8,4                      | 9,0                     | 8,2                     | 6,9                     | 6,0                     |
| <b>Revenu personnel par habitant</b>                                   | 34 002<br><i>5,7</i>    | 35 603<br><i>4,7</i>    | 36 878<br><i>3,6</i>    | 36 580<br><i>-0,8</i>    | 37 412<br><i>2,3</i>    | 38 762<br><i>3,6</i>    | 40 270<br><i>3,9</i>    | 41 845<br><i>3,9</i>    |
| <b>Population</b> (en milliers)  | 32 532<br><i>1,0</i>    | 32 882<br><i>1,1</i>    | 33 260<br><i>1,2</i>    | 33 634<br><i>1,1</i>     | 33 979<br><i>1,0</i>    | 34 346<br><i>1,1</i>    | 34 721<br><i>1,1</i>    | 35 106<br><i>1,1</i>    |
| <b>Ventes au détail</b> (en millions \$)                               | 389 485<br><i>6,4</i>   | 412 037<br><i>5,8</i>   | 426 047<br><i>3,4</i>   | 410 198<br><i>-3,7</i>   | 425 713<br><i>3,8</i>   | 449 621<br><i>5,6</i>   | 479 563<br><i>6,7</i>   | 503 628<br><i>5,0</i>   |
| <b>Taux de change</b> (\$US/\$CAN)                                     | 0,88                    | 0,93                    | 0,94                    | 0,87                     | 0,92                    | 0,92                    | 0,93                    | 0,94                    |
| <b>Taux d'inflation</b>  | 2,0                     | 2,1                     | 2,4                     | 0,6                      | 2,2                     | 2,4                     | 2,3                     | 2,1                     |

**Tableau 2 — Indicateurs financiers**

|   |     |     |     |     |     |     |     |     |
|---|-----|-----|-----|-----|-----|-----|-----|-----|
| <b>Taux officiel d'escompte</b>               | 4,3 | 4,6 | 3,2 | 0,6 | 1,0 | 4,0 | 5,0 | 5,0 |
| <b>Taux préférentiel</b>                      | 5,8 | 6,1 | 4,7 | 2,3 | 2,5 | 5,5 | 6,5 | 6,5 |
| <b>Bons du Trésor de 3 mois</b>               | 4,0 | 4,2 | 2,4 | 0,3 | 0,6 | 3,6 | 4,6 | 4,6 |
| <b>Taux hypothécaire ordinaire sur 1 an</b>   | 6,3 | 6,9 | 6,7 | 4,0 | 4,2 | 6,1 | 6,8 | 6,8 |
| <b>Taux hypothécaire ordinaire sur 3 ans</b>  | 6,4 | 7,1 | 6,9 | 4,6 | 4,9 | 6,6 | 7,3 | 7,4 |
| <b>Taux hypothécaire ordinaire sur 5 ans</b>  | 6,7 | 7,1 | 7,1 | 5,7 | 5,8 | 7,0 | 7,6 | 7,8 |
| <b>Obligations fédérales : 1-3 ans</b>        | 4,1 | 4,2 | 2,7 | 1,2 | 1,3 | 3,3 | 4,4 | 4,8 |
| <b>Obligations fédérales : 3-10 ans</b>       | 4,1 | 4,2 | 3,2 | 2,7 | 2,8 | 4,2 | 5,0 | 5,3 |
| <b>Obligations fédérales : 10 ans et plus</b> | 4,3 | 4,3 | 4,0 | 3,9 | 3,6 | 4,5 | 5,2 | 5,5 |

**Tableau 3 — Indicateurs du secteur résidentiel**

|   |                        |                        |                         |                         |                         |                        |                        |                        |
|---|------------------------|------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|
| <b>Mises en chantier</b>                      | 227 395<br><i>0,8</i>  | 228 343<br><i>0,4</i>  | 211 056<br><i>-7,6</i>  | 135 253<br><i>-35,9</i> | 164 755<br><i>21,8</i>  | 193 708<br><i>17,6</i> | 201 337<br><i>3,9</i>  | 198 187<br><i>-1,6</i> |
| Logements unifamiliaux                        | 121 313<br><i>0,7</i>  | 118 917<br><i>-2,0</i> | 93 202<br><i>-21,6</i>  | 68 683<br><i>-26,3</i>  | 87 235<br><i>27,0</i>   | 101 384<br><i>16,2</i> | 104 112<br><i>2,7</i>  | 100 607<br><i>-3,4</i> |
| Multiples                                     | 106 082<br><i>1,0</i>  | 109 426<br><i>3,2</i>  | 117 854<br><i>7,7</i>   | 66 569<br><i>-43,5</i>  | 77 520<br><i>16,4</i>   | 92 323<br><i>19,1</i>  | 97 224<br><i>5,3</i>   | 97 580<br><i>0,4</i>   |
| <b>Projets achevés</b>                        | 216 595<br><i>2,3</i>  | 209 216<br><i>-3,4</i> | 214 400<br><i>2,5</i>   | 139 737<br><i>-34,8</i> | 115 105<br><i>-17,6</i> | 132 579<br><i>15,2</i> | 150 244<br><i>13,3</i> | 154 014<br><i>2,5</i>  |
| Logements unifamiliaux                        | 115 912<br><i>-2,0</i> | 115 720<br><i>-0,2</i> | 104 083<br><i>-10,1</i> | 52 910<br><i>-49,2</i>  | 49 211<br><i>-7,0</i>   | 65 023<br><i>32,1</i>  | 72 589<br><i>11,6</i>  | 70 862<br><i>-2,4</i>  |
| Multiples                                     | 100 683<br><i>7,8</i>  | 93 496<br><i>-7,1</i>  | 110 317<br><i>18,0</i>  | 86 827<br><i>-21,3</i>  | 65 894<br><i>-24,1</i>  | 67 557<br><i>2,5</i>   | 77 655<br><i>14,9</i>  | 83 152<br><i>7,1</i>   |
| <b>Prix moyen d'un logement neuf</b> (\$)     | 355 584<br><i>9,7</i>  | 383 133<br><i>7,7</i>  | 396 197<br><i>3,4</i>   | 385 284<br><i>-2,8</i>  | 385 397<br><i>0,0</i>   | 389 842<br><i>1,2</i>  | 396 825<br><i>1,8</i>  | 403 934<br><i>1,8</i>  |
| <b>Prix moyen d'un logement existant</b> (\$) | 276 584<br><i>11,2</i> | 306 752<br><i>10,9</i> | 301 778<br><i>-1,6</i>  | 301 362<br><i>-0,1</i>  | 306 339<br><i>1,7</i>   | 309 590<br><i>1,1</i>  | 314 697<br><i>1,6</i>  | 319 890<br><i>1,7</i>  |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; Banque du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble; Statistique Canada.

## Québec



Entraîné par les effets de la récession mondiale, le PIB réel du Québec est parti pour enregistrer une baisse de 0,9 p. 100 cette année. La faiblesse économique découragera les mises en chantier de logements qui connaîtront un ralentissement de 15,8 p. 100 cette année. Cette tendance baissière se poursuivra à moyen terme, dans la mesure où la construction de logements neufs se mettra au diapason des besoins démographiques. Les prix moyens des logements neufs et existants connaîtront sans doute une légère augmentation cette année, mais reculeront en 2010.

### Perspectives économiques

Les difficultés économiques qu'a causées la récession mondiale au Québec ont été relativement mineures comparées à ce que la province a vécu lors de ralentissements cycliques précédents. Il n'empêche que, selon nos prévisions, la province enregistrera une baisse de son produit intérieur brut (PIB) réel de 0,9 p. 100 cette année. Avec la majorité de ses principaux secteurs d'exportation en crise, ses exportations réelles se contracteront pour une deuxième année consécutive. En outre, les investissements des entreprises subiront un recul notable en 2009 et ne se redresseront pas avant une amélioration des conditions de crédit. Les projets de modernisation des machines et du matériel des usines seront aussi très éprouvés. Deux

sources de vigueur demeurent cependant : les projets énergétiques et les projets publics d'immobilisations, qui expliquent la vigueur du secteur de la construction. Le gouvernement provincial poursuit son programme quinquennal d'infrastructure, lequel ajoutera aux mesures très opportunes de stimulation de l'économie pour 2009-2010. L'an prochain, le PIB réel devrait enregistrer une croissance de 1,8 p. 100.

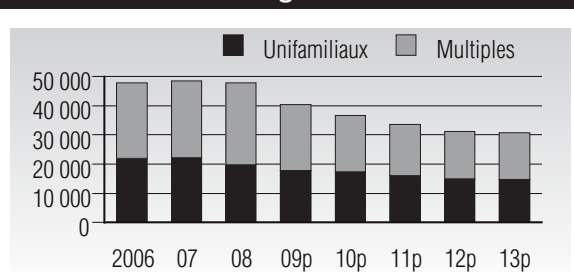
### Perspectives du secteur résidentiel

Les faibles taux d'intérêt et l'élimination de la demande refoulée des années 1990 ont eu pour résultat d'encourager les mises en chantier de logements, qui se sont accrues au rythme de 25 p. 100 par année entre 2001 et 2004 pour atteindre le nombre — inégalé

depuis 1987 — de 58 400 unités. La forte demande a aussi entraîné une montée en flèche des prix des logements neufs qui ont augmenté de 5,7 p. 100 en moyenne annuelle, alors que les prix des logements existants ont augmenté de 11,6 p. 100 en moyenne annuelle — une nette progression par rapport aux croissances respectives de 1,1 p. 100 et de 3,5 p. 100 enregistrées pendant la décennie précédente.

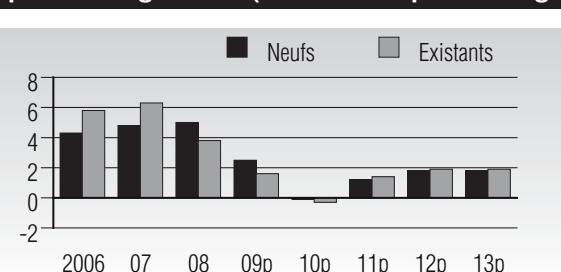
Toutefois, en 2005, la demande refoulée ayant été satisfaite, le rythme plus lent de la croissance globale de l'économie a fini par atteindre aussi le secteur de la construction de logements neufs où le nombre de mises en chantier a diminué de près de 20 p. 100 entre 2005 et 2006. Et, même si les mises en chantier ont gagné 1,4 p. 100 en 2007, elles ont vite fait marche arrière, avec un recul

Graphique 1 — Mises en chantier de logements



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

Graphique 2 — Croissance des prix des logements (variation en pourcentage)



Sources : Le Conference Board du Canada; Société canadienne d'hypothèques et de logement; L'Association canadienne de l'immeuble.

de 1,3 p. 100, quand la récession s'est installée. Ces quatre dernières années, les réductions ont été beaucoup plus fortes sur le marché des logements unifamiliaux, où les prix sont relativement plus élevés. En fait, les mises en chantier de logements multiples ont même augmenté de 6,6 p. 100 l'an dernier, tandis que le recul sur le marché des logements unifamiliaux a atteint 10,8 p. 100. La croissance des prix moyens des logements neufs est devenue plus modérée en 2005, sous l'effet du ralentissement de la demande. Cela dit, la croissance est restée bonne, à un rythme moyen de 4,8 p. 100 par an, entre 2005 et 2008. La croissance

des prix de la revente a connu le même sort : malgré une modération, elle s'est établie à un rythme très sain de 5,8 p. 100 en moyenne annuelle.

Le marché du logement a poursuivi sa tendance baissière en 2009. Les facteurs qui découragent les mises en chantier comprennent l'incertitude économique et les pertes d'emplois correspondantes. En outre, malgré le déclin des mises en chantier ces dernières années, leur niveau actuel n'est toujours pas soutenable si on considère les prévisions courantes sur la formation des ménages. On s'attend donc en fait à ce que les mises en chantier

diminuent à 40 300 unités en 2009 (une baisse de 15,8 p. 100) et à 36 600 unités en 2010 (une autre baisse de 9,3 p. 100). D'ici 2013, les mises en chantier devraient atteindre 30 700 unités, un nombre qui se rapproche davantage des besoins démographiques de la province.

L'inflation des prix des logements neufs devrait se chiffrer à 2,5 p. 100 cette année, mais on prévoit une légère diminution des prix de 0,1 p. 100 en 2010. De même, les prix des logements existants devraient s'accroître de 1,6 p. 100 en 2009 avant de perdre 0,3 p. 100 l'an prochain.

**Tableau 1 — Indicateurs économiques**

|  | 2006                  | 2007                  | 2008                  | 2009p                  | 2010p                 | 2011p                 | 2012p                 | 2013p                 |
|--|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>PIB réel aux prix de base</b><br>(en millions de dollars de 2002) | 239 415<br><i>1,7</i> | 245 221<br><i>2,4</i> | 248 270<br><i>1,2</i> | 246 119<br><i>-0,9</i> | 250 455<br><i>1,8</i> | 256 104<br><i>2,3</i> | 264 388<br><i>3,2</i> | 272 608<br><i>3,1</i> |
| <b>Emplois totaux</b> (en milliers)                                  | 3 766<br><i>1,3</i>   | 3 852<br><i>2,3</i>   | 3 881<br><i>0,8</i>   | 3 843<br><i>-1,0</i>   | 3 845<br><i>0,1</i>   | 3 906<br><i>1,6</i>   | 3 976<br><i>1,8</i>   | 4 017<br><i>1,0</i>   |
| <b>Taux de chômage</b>   | 8,0                   | 7,2                   | 7,3                   | 8,8                    | 9,3                   | 8,6                   | 7,5                   | 6,7                   |
| <b>Revenu personnel par habitant</b>                                 | 31 039<br><i>4,0</i>  | 32 540<br><i>4,8</i>  | 33 407<br><i>2,7</i>  | 33 414<br><i>0,0</i>   | 34 056<br><i>1,9</i>  | 35 165<br><i>3,3</i>  | 36 485<br><i>3,8</i>  | 37 818<br><i>3,7</i>  |
| <b>Population</b> (en milliers)                                      | 7 625<br><i>0,6</i>   | 7 679<br><i>0,7</i>   | 7 742<br><i>0,8</i>   | 7 799<br><i>0,7</i>    | 7 840<br><i>0,5</i>   | 7 884<br><i>0,6</i>   | 7 929<br><i>0,6</i>   | 7 974<br><i>0,6</i>   |
| <b>Ventes au détail</b> (en millions de \$)                          | 86 709<br><i>5,1</i>  | 90 663<br><i>4,6</i>  | 95 326<br><i>5,1</i>  | 93 648<br><i>-1,8</i>  | 96 133<br><i>2,7</i>  | 100 479<br><i>4,5</i> | 106 437<br><i>5,9</i> | 111 953<br><i>5,2</i> |
| <b>Taux d'inflation</b>  | 1,7                   | 1,6                   | 2,1                   | 0,6                    | 2,7                   | 3,0                   | 2,3                   | 2,0                   |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; Statistique Canada.

**Tableau 2 — Indicateurs du secteur résidentiel**

|   | 2006                  | 2007                  | 2008                   | 2009p                  | 2010p                  | 2011p                  | 2012p                 | 2013p                 |
|---|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| <b>Mises en chantier</b>                      | 47 877<br><i>-6,0</i> | 48 553<br><i>1,4</i>  | 47 901<br><i>-1,3</i>  | 40 321<br><i>-15,8</i> | 36 582<br><i>-9,3</i>  | 33 654<br><i>-8,0</i>  | 31 216<br><i>-7,2</i> | 30 695<br><i>-1,7</i> |
| Logements unifamiliaux                        | 21 917<br><i>-8,4</i> | 22 177<br><i>1,2</i>  | 19 778<br><i>-10,8</i> | 17 810<br><i>-9,9</i>  | 17 391<br><i>-2,4</i>  | 16 056<br><i>-7,7</i>  | 15 018<br><i>-6,5</i> | 14 654<br><i>-2,4</i> |
| Multiples                                     | 25 960<br><i>-3,8</i> | 26 376<br><i>1,6</i>  | 28 123<br><i>6,6</i>   | 22 511<br><i>-20,0</i> | 19 191<br><i>-14,7</i> | 17 598<br><i>-8,3</i>  | 16 198<br><i>-8,0</i> | 16 041<br><i>-1,0</i> |
| <b>Projets achevés</b>                        | 48 809<br><i>-1,6</i> | 49 238<br><i>0,9</i>  | 47 626<br><i>-3,3</i>  | 38 325<br><i>-19,5</i> | 31 798<br><i>-17,0</i> | 27 350<br><i>-14,0</i> | 25 948<br><i>-5,1</i> | 24 982<br><i>-3,7</i> |
| Logements unifamiliaux                        | 21 842<br><i>-5,9</i> | 21 859<br><i>0,1</i>  | 19 177<br><i>-12,3</i> | 12 494<br><i>-34,8</i> | 11 141<br><i>-10,8</i> | 11 316<br><i>1,6</i>   | 10 854<br><i>-4,1</i> | 10 235<br><i>-5,7</i> |
| Multiples                                     | 26 967<br><i>2,2</i>  | 27 379<br><i>1,5</i>  | 28 449<br><i>3,9</i>   | 25 831<br><i>-9,2</i>  | 20 657<br><i>-20,0</i> | 16 034<br><i>-22,4</i> | 15 093<br><i>-5,9</i> | 14 747<br><i>-2,3</i> |
| <b>Prix moyen d'un logement neuf</b> (\$)     | 253 383<br><i>4,3</i> | 265 482<br><i>4,8</i> | 278 775<br><i>5,0</i>  | 285 710<br><i>2,5</i>  | 285 527<br><i>-0,1</i> | 288 971<br><i>1,2</i>  | 294 307<br><i>1,8</i> | 299 743<br><i>1,8</i> |
| <b>Prix moyen d'un logement existant</b> (\$) | 195 270<br><i>5,8</i> | 207 576<br><i>6,3</i> | 215 385<br><i>3,8</i>  | 218 795<br><i>1,6</i>  | 218 121<br><i>-0,3</i> | 221 101<br><i>1,4</i>  | 225 411<br><i>1,9</i> | 229 805<br><i>1,9</i> |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble; Statistique Canada.

## RMR de Québec



L'économie de Québec affichant une croissance médiocre en 2009, le marché immobilier est en plein marasme. Une récession mondiale qui suscite la crainte des consommateurs et les importantes hausses des prix des logements des dernières années paralysent la demande de logements. On s'attend cette année à un recul des ventes de logements existants de 4,9 p. 100 et à une chute des mises en chantier de 25,3 p. 100. Les prix moyens augmenteront quand même, mais ils accuseront une baisse sur les marchés de la revente et du neuf, respectivement de 0,3 et de 0,2 p. 100, l'an prochain.

## Perspectives économiques

La croissance du produit intérieur brut (PIB) réel sera à peu près nulle cette année, à 0,1 p. 100. Dans le contexte actuel, il s'agit d'une relativement bonne nouvelle. Il n'en demeure pas moins que 2009 s'annonce la pire année depuis 1996 sur le plan de la performance économique. Une forte croissance dans l'industrie de la construction ainsi que dans les secteurs des finances, de l'assurance et de l'immobilier atténuera le déclin observé dans la plupart des autres sphères de l'économie, mais n'empêchera pas le taux de chômage d'augmenter. Heureusement, la croissance du PIB réel devrait s'améliorer et atteindre 2,2 p. 100 en 2010, tandis que l'économie mondiale reprendra et que les activités de

construction liées à quelques grands projets régionaux débuteront.

## Perspectives du secteur résidentiel

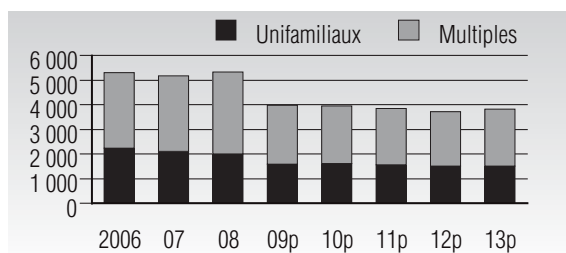
### MARCHÉ DES LOGEMENTS EXISTANTS

Les ventes d'unités sur le marché des logements existants de Québec ont augmenté à un rythme annuel moyen de 8,8 p. 100 de 1996 à 2001, sous l'effet d'une demande refoulée et d'une solide croissance économique. Cependant, la baisse de la croissance du PIB réel, amorcée en 2001, a précipité le marché de la revente sur un parcours en dents de scie, où les ventes de logements semblaient une année pour grimper de nouveau l'année suivante. En 2007, Québec comptait 8 000 unités vendues — frôlant de très près le niveau atteint en 2002.

La dégringolade des nouvelles inscriptions s'est traduite par une montée en flèche du ratio des ventes par rapport aux nouvelles inscriptions, lequel a atteint 84 p. 100 en 2002, ce qui a rendu le marché de la revente nettement plus favorable aux vendeurs. Dans ce contexte, la hausse de 11,1 p. 100 par année du prix moyen d'un logement existant entre 2002 et 2007, beaucoup plus rapide que celle de 1,7 p. 100 des cinq années précédentes, n'avait rien d'étonnant. L'ascension des prix des logements a ensuite incité davantage de vendeurs à entrer sur le marché, et le ratio des ventes par rapport aux nouvelles inscriptions a diminué, s'établissant à 64 p. 100 en 2006.

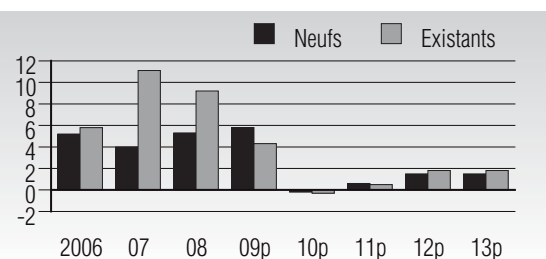
Si les vendeurs ont accueilli avec joie les prix plus élevés, ceux-ci se sont avérés onéreux pour les acheteurs. La proportion

Graphique 1 — Mises en chantier de logements



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

Graphique 2 — Croissance des prix des logements (variation en pourcentage)



Sources : Le Conference Board du Canada; L'Association canadienne de l'immeuble.

des paiements hypothécaires mensuels par rapport au revenu des ménages s'est accrue, passant d'un peu plus de 10 p. 100 au début de 2002 à 17,3 p. 100 à la fin de 2008. La dégradation de l'abordabilité — combinée, plus récemment, avec les effets de la récession mondiale — a freiné l'activité sur le marché de la revente.

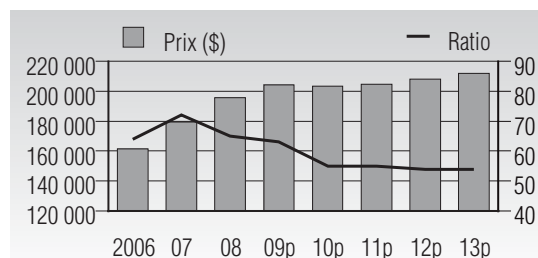
Une diminution de 1,5 p. 100 des ventes d'unités a marqué la dernière année. Les ventes ont été particulièrement faibles au dernier trimestre de 2008, diminuant de 18,2 p. 100 à un taux annualisé. Par ailleurs, bien

qu'elles aient légèrement remonté au premier semestre de 2009, elles reculeront tout de même de 4,9 p. 100 dans l'ensemble de l'année. Elles subiront une baisse de 0,9 p. 100 de plus en 2010, avant qu'une meilleure croissance économique ne ramène la hausse à moyen terme (de 2011 à 2013) à 1,7 p. 100 sur une base annuelle moyenne.

Selon nos prévisions, les prix des logements existants croîtront de 4,3 p. 100 en 2009, puis baisseront de 0,3 p. 100 l'an prochain, ce qui marquera le premier glissement des prix sur le marché de la revente depuis

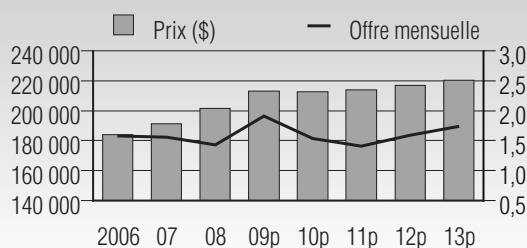
1997. La croissance vigoureuse des prix ces dernières années devrait convaincre les vendeurs de rester sur le marché. Combiné à une réduction des ventes, cela abaissera le ratio des ventes par rapport aux nouvelles inscriptions de 63 à 55,3 p. 100 de 2009 à 2010. Le ratio demeurera ensuite près de son niveau de 2010, à moyen terme, dans la mesure où les légères augmentations des ventes prévues s'accompagneront de quelques nouvelles inscriptions. Cette conjoncture équilibrée sera propice à une croissance modérée des prix.

**Graphique 3 — Prix des logements existants et ratio des ventes par rapport aux nouvelles inscriptions**



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble.

**Graphique 4 — Prix des logements nouveaux et offre mensuelle**



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

**Tableau 1 — Indicateurs économiques**

|  | 2006                 | 2007                 | 2008                 | 2009p                 | 2010p                | 2011p                | 2012p                | 2013p                |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>PIB réel aux prix de base</b><br>(en millions de dollars de 2002) | 23 533<br><i>2,5</i> | 24 214<br><i>2,9</i> | 24 719<br><i>2,1</i> | 24 755<br><i>0,1</i>  | 25 292<br><i>2,2</i> | 25 941<br><i>2,6</i> | 26 609<br><i>2,6</i> | 27 266<br><i>2,5</i> |
| <b>Emplois totaux</b> (en milliers)                                  | 377<br><i>-0,3</i>   | 386<br><i>2,4</i>    | 390<br><i>1,1</i>    | 394<br><i>1,1</i>     | 393<br><i>-0,4</i>   | 400<br><i>1,9</i>    | 408<br><i>1,8</i>    | 413<br><i>1,2</i>    |
| <b>Taux de chômage</b>   | 5,2                  | 5,0                  | 4,5                  | 5,0                   | 5,8                  | 5,5                  | 5,2                  | 5,1                  |
| <b>Revenu personnel par habitant</b>                                 | 33 962<br><i>4,2</i> | 35 579<br><i>4,8</i> | 36 669<br><i>3,1</i> | 37 384<br><i>1,9</i>  | 37 962<br><i>1,5</i> | 39 369<br><i>3,7</i> | 40 868<br><i>3,8</i> | 42 385<br><i>3,7</i> |
| <b>Population</b> (en milliers)                                      | 724<br><i>0,8</i>    | 730<br><i>0,8</i>    | 739<br><i>1,2</i>    | 746<br><i>1,0</i>     | 752<br><i>0,8</i>    | 758<br><i>0,7</i>    | 763<br><i>0,7</i>    | 768<br><i>0,7</i>    |
| <b>Ventes au détail</b> (en millions de \$)                          | 10 366<br><i>5,4</i> | 10 846<br><i>4,6</i> | 11 487<br><i>5,9</i> | 11 385<br><i>-0,9</i> | 11 733<br><i>3,1</i> | 12 300<br><i>4,8</i> | 12 948<br><i>5,3</i> | 13 536<br><i>4,5</i> |
| <b>Taux d'inflation</b>  | 1,7                  | 1,3                  | 2,1                  | 1,1                   | 2,8                  | 3,0                  | 2,3                  | 2,0                  |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; Statistique Canada.

## MARCHÉ DES LOGEMENTS NEUFS

Avec la forte activité sur le marché des logements existants, une croissance en douceur des prix et des stocks relativement bas, toutes les conditions étaient réunies pour que le marché du logement neuf s'anime. Aussi les mises en chantier ont-elles bondi d'en moyenne 36 p. 100 par année de 2000 à 2003.

Au départ, malgré ces taux de croissance, les mises en chantier n'ont pas progressé au même rythme que la demande de logements neufs. En 2002, les stocks de logements neufs étaient tombés à 0,4 mois — et il n'en fallait pas plus pour faire

augmenter davantage les prix. Dans ces conditions, après une hausse modeste de 3 p. 100 sur une base annuelle moyenne, de 2000 à 2002, les prix des logements neufs ont monté de 9,1 p. 100, en 2003 seulement. Ils ont continué leur ascension à un taux annuel moyen de 4,9 p. 100 les quatre années suivantes. En 2007, les prix moyens des logements neufs avaient atteint 191 200 \$, soit près de 60 000 \$ de plus qu'au début de la décennie.

Devant des hausses aussi importantes des prix, les acheteurs ont commencé à se retirer du marché, d'où l'accroissement des stocks mensuels. Les constructeurs ont à leur tour ralenti la cadence, réduisant

les mises en chantier d'en moyenne 5,7 p. 100 par année de 2005 à 2007. En dépit d'une augmentation de 2,5 p. 100 en 2008, les mises en chantier étaient tout de même loin, à 14 p. 100 de moins, de leur sommet cyclique de 2004.

Les mises en chantier ont recommencé à diminuer au dernier trimestre de 2008 et au premier trimestre de 2009. Même si elles se sont un peu remises de cette baisse au deuxième trimestre, elles devraient se stabiliser jusqu'à la fin de 2009, si bien que leur chute globale sera de 25,3 p. 100 pour l'année. Cette faiblesse est en partie imputable à une situation économique languissante qui a miné la confiance des consommateurs.

**Tableau 2 — Indicateurs du marché des logements neufs**

|                                       | 2006         | 2007         | 2008        | 2009p        | 2010p        | 2011p        | 2012p       | 2013p       |
|---------------------------------------|--------------|--------------|-------------|--------------|--------------|--------------|-------------|-------------|
| <b>Mises en chantier</b>              | 5 291        | 5 184        | 5 315       | 3 968        | 3 958        | 3 844        | 3 720       | 3 819       |
|                                       | <i>-11,8</i> | <i>-2,0</i>  | <i>2,5</i>  | <i>-25,3</i> | <i>-0,3</i>  | <i>-2,9</i>  | <i>-3,2</i> | <i>2,7</i>  |
| Logements unifamiliaux                | 2 247        | 2 121        | 1 999       | 1 598        | 1 626        | 1 574        | 1 509       | 1 509       |
|                                       | <i>-11,7</i> | <i>-5,6</i>  | <i>-5,7</i> | <i>-20,1</i> | <i>1,7</i>   | <i>-3,2</i>  | <i>-4,1</i> | <i>0,0</i>  |
| Multiples                             | 3 044        | 3 063        | 3 316       | 2 370        | 2 332        | 2 270        | 2 211       | 2 310       |
|                                       | <i>-11,8</i> | <i>0,6</i>   | <i>8,3</i>  | <i>-28,5</i> | <i>-1,6</i>  | <i>-2,6</i>  | <i>-2,6</i> | <i>4,5</i>  |
| <b>En construction</b>                | 2 074        | 2 178        | 2 947       | 2 057        | 1 692        | 1 593        | 1 502       | 1 459       |
|                                       | <i>-21,6</i> | <i>5,0</i>   | <i>35,3</i> | <i>-30,2</i> | <i>-17,8</i> | <i>-5,8</i>  | <i>-5,7</i> | <i>-2,9</i> |
| <b>Projets achevés</b>                | 5 922        | 4 442        | 5 486       | 4 772        | 3 999        | 3 803        | 3 670       | 3 626       |
|                                       | <i>-3,7</i>  | <i>-25,0</i> | <i>23,5</i> | <i>-13,0</i> | <i>-16,2</i> | <i>-4,9</i>  | <i>-3,5</i> | <i>-1,2</i> |
| Logements unifamiliaux                | 2 308        | 2 162        | 1 983       | 1 721        | 1 592        | 1 565        | 1 506       | 1 472       |
|                                       | <i>-10,8</i> | <i>-6,3</i>  | <i>-8,3</i> | <i>-13,2</i> | <i>-7,5</i>  | <i>-1,6</i>  | <i>-3,8</i> | <i>-2,3</i> |
| Multiples                             | 3 614        | 2 280        | 3 503       | 3 051        | 2 407        | 2 237        | 2 164       | 2 154       |
|                                       | <i>1,5</i>   | <i>-36,9</i> | <i>53,6</i> | <i>-12,9</i> | <i>-21,1</i> | <i>-7,1</i>  | <i>-3,3</i> | <i>-0,5</i> |
| <b>Logements terminés et à vendre</b> | 651          | 615          | 601         | 771          | 540          | 451          | 480         | 521         |
|                                       | <i>13,1</i>  | <i>-5,5</i>  | <i>-2,3</i> | <i>28,3</i>  | <i>-29,9</i> | <i>-16,4</i> | <i>6,4</i>  | <i>8,4</i>  |
| <b>Logements vendus</b>               | 5 685        | 4 722        | 5 219       | 4 899        | 4 210        | 3 831        | 3 627       | 3 586       |
|                                       | <i>-4,9</i>  | <i>-16,9</i> | <i>10,5</i> | <i>-6,1</i>  | <i>-14,0</i> | <i>-9,0</i>  | <i>-5,3</i> | <i>-1,1</i> |
| <b>Offre mensuelle</b>                | 1,4          | 1,6          | 1,4         | 1,9          | 1,5          | 1,4          | 1,6         | 1,7         |
| <b>Prix des logements neufs</b>       | 183 878      | 191 176      | 201 357     | 212 991      | 212 499      | 213 774      | 216 981     | 220 235     |
|                                       | <i>5,2</i>   | <i>4,0</i>   | <i>5,3</i>  | <i>5,8</i>   | <i>-0,2</i>  | <i>0,6</i>   | <i>1,5</i>  | <i>1,5</i>  |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble; Statistique Canada.

On s'attend à ce que les mises en chantier ralentissent légèrement à moyen terme, alors que la construction de logements neufs se mettra au diapason des besoins démographiques. De façon plus précise, les mises en chantier devraient passer de 5 300 unités en 2008 à

4 000 unités en 2009 et en 2010. À 4 000 unités, les mises en chantier auront diminué d'environ un tiers par rapport au sommet cyclique atteint en 2004. On s'attend à environ 3 800 mises en chantier d'ici 2013.

Avec une augmentation anticipée de 5,8 p. 100 en 2009, la croissance des prix des logements neufs demeurera forte cette année. Elle s'essoufflera vraisemblablement l'année prochaine, pour tomber à 0,2 p. 100, avant d'atteindre un taux annuel moyen de seulement 1,2 p. 100 entre 2011 et 2013.

**Tableau 3 — Indicateurs du marché de la revente de logements**

|   | 2006                  | 2007                   | 2008                  | 2009p                 | 2010p                  | 2011p                 | 2012p                 | 2013p                 |
|---|-----------------------|------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| <b>Ventes d'unités</b>                                      | 7 490<br><i>-0,5</i>  | 7 955<br><i>6,2</i>    | 7 838<br><i>-1,5</i>  | 7 454<br><i>-4,9</i>  | 7 388<br><i>-0,9</i>   | 7 468<br><i>1,1</i>   | 7 607<br><i>1,9</i>   | 7 764<br><i>2,1</i>   |
| <b>Volume des ventes en dollars</b><br>(million de dollars) | 1 209<br><i>5,3</i>   | 1 425<br><i>17,8</i>   | 1 533<br><i>7,6</i>   | 1 521<br><i>-0,8</i>  | 1 503<br><i>-1,2</i>   | 1 527<br><i>1,6</i>   | 1 583<br><i>3,7</i>   | 1 645<br><i>3,9</i>   |
| <b>Nouvelles inscriptions</b>                               | 11 719<br><i>5,9</i>  | 11 049<br><i>-5,7</i>  | 12 073<br><i>9,3</i>  | 11 919<br><i>-1,3</i> | 13 356<br><i>12,1</i>  | 13 687<br><i>2,5</i>  | 14 145<br><i>3,3</i>  | 14 367<br><i>1,6</i>  |
| <b>Ratio ventes/nouvelles inscriptions</b>                  | 64                    | 72                     | 65                    | 63                    | 55                     | 55                    | 54                    | 54                    |
| <b>Prix de revente</b>                                      | 161 383<br><i>5,8</i> | 179 272<br><i>11,1</i> | 195 741<br><i>9,2</i> | 204 099<br><i>4,3</i> | 203 432<br><i>-0,3</i> | 204 449<br><i>0,5</i> | 208 129<br><i>1,8</i> | 211 875<br><i>1,8</i> |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; L'Association canadienne de l'immeuble.



## Montréal



### Perspectives économiques

L'économie montréalaise est en difficulté, affrontant les dures répercussions du ralentissement économique mondial. Déprimé, le marché du travail freine la croissance du revenu, d'où l'affaiblissement de la consommation et de l'activité sur le marché des logements. Le secteur de la fabrication demeure dans un état préoccupant, et ceux de la construction, des finances, de l'assurance et de l'immobilier ont aussi fait les frais de la récession. Heureusement, le pire semble passé pour l'économie locale : le PIB réel de la région métropolitaine de recensement de Montréal devrait remonter de 2,4 p. 100 en 2010, après le repli prévu de 1,0 p. 100 en 2009.

Sous l'effet de la baisse anticipée du produit intérieur brut (PIB) réel de Montréal cette année, la demande de logements restera faible — les ventes de logements existants reculeront de 4,3 p. 100, alors que celles de logements neufs chuteront de 16,5 p. 100. Le retour à une croissance économique plus normale en 2010 aidera à améliorer la demande sur le marché de la revente. Cependant, à cause d'une offre excédentaire sur le marché des logements neufs, les mises en chantier continueront de diminuer à court terme et même à moyen terme. Par ailleurs, la croissance globale des prix demeurera modeste.

### Perspectives du secteur résidentiel

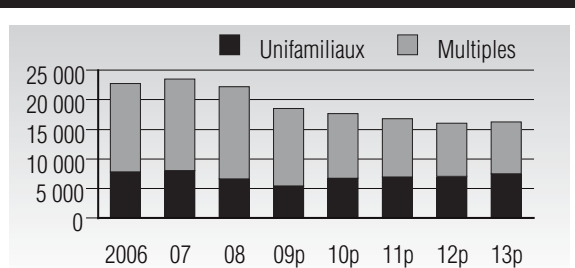
#### MARCHÉ DES LOGEMENTS EXISTANTS

L'année dernière a marqué la fin d'un boum immobilier du côté de la revente à Montréal. De 1996 à 2007, les ventes de logements existants se sont accrues à un rythme annuel moyen de 8,7 p. 100. Si une part importante de la croissance de la fin des années 1990 était attribuable à de solides composantes économiques, le marché a surtout bénéficié de faibles taux d'intérêt les années subséquentes. Les vendeurs se sont toutefois d'abord montrés peu intéressés, et la diminution des nouvelles inscriptions s'est traduite par un renversement du marché, devenu plus favorable aux vendeurs

qu'aux acheteurs. De fait, le ratio des ventes par rapport aux nouvelles inscriptions a bondi, passant de 33,3 p. 100 en 1996 à plus de 75 p. 100 à son sommet de 2002.

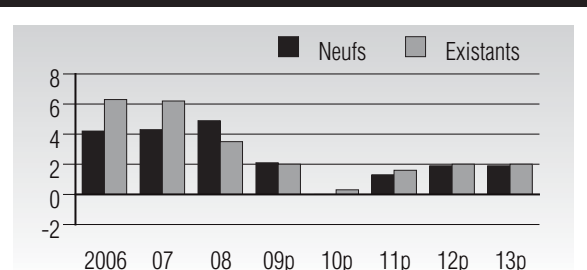
En 2002, la croissance des prix reprenait finalement en réaction à une demande plus élevée. De 2002 à 2004, les prix de revente moyens ont augmenté de 15,7 p. 100 par année puis, les trois années suivantes, de 6,3 p. 100, un rythme toujours très honorable. En termes de correspondance, la croissance du prix moyen d'un logement a été de 115 000 \$. Les vendeurs ont enfin prêté attention à la situation. De 2003 à 2006, les nouvelles inscriptions se sont accrues d'en moyenne 8,6 p. 100 par année, ce qui a réduit le ratio des ventes par rapport aux

**Graphique 1 — Mises en chantier de logements**



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

**Graphique 2 — Croissance des prix des logements (variation en pourcentage)**



Sources : Le Conference Board du Canada; L'Association canadienne de l'immeuble.

nouvelles inscriptions à 54,8 p. 100. Un léger déclin de 0,9 p. 100 des nouvelles inscriptions, en 2007, a ramené le ratio à la hausse, à 61,7 p. 100 cette année-là.

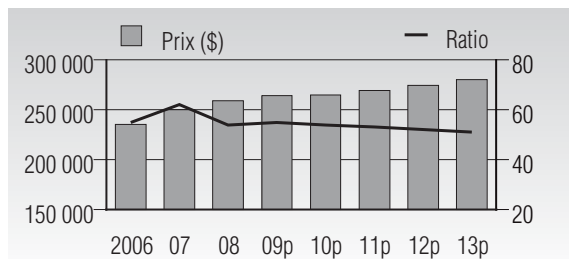
Face à un PIB réel dont la croissance a été inférieure à 2 p. 100 pour la cinquième fois en huit ans l'année dernière, il n'était pas étonnant d'observer une stagnation des ventes d'unités, voire une diminution de celles-ci de 7,4 p. 100. Il reste que la croissance constante des prix de revente (de 3,5 p. 100 de plus

l'année dernière) a contribué au maintien des vendeurs sur le marché, faisant monter les nouvelles inscriptions de 5,6 p. 100 et diminuer le ratio des ventes par rapport aux nouvelles inscriptions à 54,1 p. 100.

Tandis que la récession mondiale s'installait en 2008, l'économie montréalaise s'est détériorée encore davantage : les ventes d'unités ont dégringolé de près de 30 p. 100 au total au dernier trimestre de 2008 et au premier trimestre de 2009. En fait, au premier trimestre de

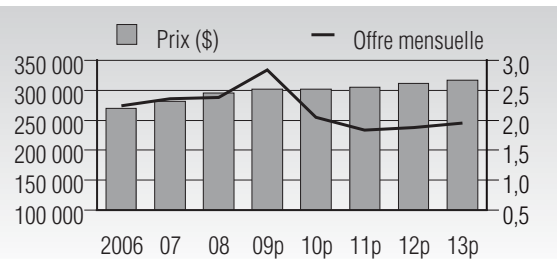
la présente année, les ventes ont atteint leur plus bas niveau depuis 2000. De plus, malgré leur rebond au deuxième trimestre, le niveau moyen pour l'année 2009 dans son ensemble devrait généralement être inférieur de 4,3 p. 100 à celui de 2008. La croissance des prix de revente s'est aussi essouffée ces derniers mois, parallèlement à une demande plus faible. Le gain de 2 p. 100 attendu cette année gardera les vendeurs à distance, entraînant non seulement une diminution de 5,1 p. 100 des nouvelles inscriptions, mais aussi

**Graphique 3 — Prix des logements existants et ratio des ventes par rapport aux nouvelles inscriptions**



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; Association canadienne de l'immeuble.

**Graphique 4 — Prix des logements nouveaux et offre mensuelle**



Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL.

**Tableau 1 — Indicateurs économiques**

|  | 2006       | 2007       | 2008        | 2009p       | 2010p      | 2011p      | 2012p      | 2013p      |
|--|------------|------------|-------------|-------------|------------|------------|------------|------------|
| <b>PIB réel aux prix de base</b><br>(en millions de dollars de 2002) | 117 544    | 120 201    | 121 539     | 120 312     | 123 219    | 126 675    | 130 541    | 134 271    |
|  | <i>1,5</i> | <i>2,3</i> | <i>1,1</i>  | <i>-1,0</i> | <i>2,4</i> | <i>2,8</i> | <i>3,1</i> | <i>2,9</i> |
| <b>Emplois totaux</b> (en milliers)                                  | 1 856      | 1 902      | 1 898       | 1 877       | 1 895      | 1 931      | 1 967      | 1 995      |
|  | <i>1,8</i> | <i>2,5</i> | <i>-0,2</i> | <i>-1,1</i> | <i>1,0</i> | <i>1,9</i> | <i>1,9</i> | <i>1,4</i> |
| <b>Taux de chômage</b>   | 8,4        | 7,0        | 7,4         | 9,5         | 9,8        | 8,8        | 8,1        | 7,5        |
| <b>Revenu personnel par habitant</b>                                 | 32 593     | 33 672     | 34 586      | 34 474      | 35 364     | 36 668     | 38 055     | 39 476     |
|  | <i>4,6</i> | <i>3,3</i> | <i>2,7</i>  | <i>-0,3</i> | <i>2,6</i> | <i>3,7</i> | <i>3,8</i> | <i>3,7</i> |
| <b>Population</b> (en milliers)                                      | 3 685      | 3 721      | 3 751       | 3 781       | 3 816      | 3 852      | 3 889      | 3 925      |
|  | <i>0,9</i> | <i>1,0</i> | <i>0,8</i>  | <i>0,8</i>  | <i>0,9</i> | <i>1,0</i> | <i>1,0</i> | <i>0,9</i> |
| <b>Ventes au détail</b> (en millions de \$)                          | 39 532     | 40 860     | 42 290      | 41 234      | 42 589     | 44 744     | 47 311     | 49 641     |
|  | <i>3,7</i> | <i>3,4</i> | <i>3,5</i>  | <i>-2,5</i> | <i>3,3</i> | <i>5,1</i> | <i>5,7</i> | <i>4,9</i> |
| <b>Taux d'inflation</b>  | 1,7        | 1,6        | 2,1         | 1,1         | 2,7        | 3,0        | 2,3        | 2,0        |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; Statistique Canada.

le maintien du ratio des ventes par rapport aux nouvelles inscriptions aux environs de 54 p. 100.

Heureusement, on s'attend à ce que le marché des logements existants redémarre en 2010, à mesure que la conjoncture s'améliorera. Les ventes d'unités devraient croître de 6 p. 100 l'an prochain, et les nouvelles inscriptions de 7 p. 100, et ce même si la croissance des prix ralentira davantage à tout juste 0,3 p. 100. De 2011 à 2013, la croissance des prix devrait progresser à un rythme modeste, d'en moyenne 1,9 p. 100 par année. Les ventes connaîtront aussi une croissance comparable au cours de la même période — de 1,6 p. 100 sur une base moyenne annuelle.

## MARCHÉ DES LOGEMENTS NEUFS

Le marché de la revente, en plein essor, a déclenché une vigoureuse activité sur le marché des logements neufs de Montréal. La demande découlant du marché des logements existants, suivie par de plus faibles taux d'intérêt après 2001, a aidé à stimuler les mises en chantier, qui ont grimpé d'en moyenne 20 p. 100 par année de 1999 à 2004. L'activité a été particulièrement forte dans le segment des logements multiples — où les mises en chantier se sont accrues de 28,4 p. 100 sur une base annuelle moyenne — grâce à la génération du baby-boom, à la recherche de logements plus petits, ainsi que d'étrangers et de jeunes professionnels bien nantis, désireux

pour leur part de vivre au centre-ville. En revanche, la construction de maisons unifamiliales a augmenté de 11,8 p. 100 par année.

Même avec d'importantes hausses des mises en chantier, les stocks de logements neufs ont continué d'osciller entre 1,3 et 1,6 mois jusqu'en 2005, ce qui a provoqué une hausse des prix moyens de 5,9 p. 100 par année de 2001 à 2005 — pour atteindre près de 260 000 \$. Malheureusement, une conjoncture combinant des prix plus élevés, une croissance économique plus faible et le bond des stocks à 2,2 mois a incité les constructeurs à se retirer du marché à partir de 2005. Cette année-là et la suivante, les mises en chantier de logements neufs ont reculé de plus

Tableau 2 — Indicateurs du marché des logements neufs

|                                       | 2006         | 2007         | 2008         | 2009p        | 2010p        | 2011p        | 2012p        | 2013p       |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| <b>Mises en chantier</b>              | 22 748       | 23 449       | 22 228       | 18 558       | 17 626       | 16 759       | 16 048       | 16 296      |
|                                       | <i>-9,8</i>  | <i>3,1</i>   | <i>-5,2</i>  | <i>-16,5</i> | <i>-5,0</i>  | <i>-4,9</i>  | <i>-4,2</i>  | <i>1,5</i>  |
| Logements unifamiliaux                | 7 779        | 8 003        | 6 607        | 5 414        | 6 782        | 6 904        | 7 059        | 7 474       |
|                                       | <i>-9,2</i>  | <i>2,9</i>   | <i>-17,4</i> | <i>-18,1</i> | <i>25,3</i>  | <i>1,8</i>   | <i>2,2</i>   | <i>5,9</i>  |
| Multiples                             | 14 969       | 15 446       | 15 621       | 13 144       | 10 843       | 9 855        | 8 990        | 8 823       |
|                                       | <i>-10,1</i> | <i>3,2</i>   | <i>1,1</i>   | <i>-15,9</i> | <i>-17,5</i> | <i>-9,1</i>  | <i>-8,8</i>  | <i>-1,9</i> |
| <b>En construction</b>                | 17 088       | 15 120       | 15 184       | 13 537       | 12 948       | 11 151       | 10 226       | 10 282      |
|                                       | <i>-2,8</i>  | <i>-11,5</i> | <i>0,4</i>   | <i>-10,8</i> | <i>-4,3</i>  | <i>-13,9</i> | <i>-8,3</i>  | <i>0,6</i>  |
| <b>Projets achevés</b>                | 24 143       | 24 361       | 23 808       | 18 081       | 17 760       | 16 612       | 15 745       | 15 884      |
|                                       | <i>-6,1</i>  | <i>0,9</i>   | <i>-2,3</i>  | <i>-24,1</i> | <i>-1,8</i>  | <i>-6,5</i>  | <i>-5,2</i>  | <i>0,9</i>  |
| Logements unifamiliaux                | 8 344        | 7 720        | 7 364        | 5 467        | 6 288        | 6 842        | 6 957        | 7 232       |
|                                       | <i>-10,1</i> | <i>-7,5</i>  | <i>-4,6</i>  | <i>-25,8</i> | <i>15,0</i>  | <i>8,8</i>   | <i>1,7</i>   | <i>4,0</i>  |
| Multiples                             | 15 799       | 16 641       | 16 444       | 12 614       | 11 472       | 9 771        | 8 788        | 8 652       |
|                                       | <i>-3,8</i>  | <i>5,3</i>   | <i>-1,2</i>  | <i>-23,3</i> | <i>-9,1</i>  | <i>-14,8</i> | <i>-10,1</i> | <i>-1,6</i> |
| <b>Logements terminés et à vendre</b> | 4 196        | 4 787        | 4 647        | 4 434        | 3 223        | 2 591        | 2 471        | 2 561       |
|                                       | <i>25,6</i>  | <i>14,1</i>  | <i>-2,9</i>  | <i>-4,6</i>  | <i>-27,3</i> | <i>-19,6</i> | <i>-4,6</i>  | <i>3,6</i>  |
| <b>Logements vendus</b>               | 22 625       | 24 911       | 23 494       | 18 837       | 18 826       | 17 004       | 15 772       | 15 754      |
|                                       | <i>-10,0</i> | <i>10,1</i>  | <i>-5,7</i>  | <i>-19,8</i> | <i>-0,1</i>  | <i>-9,7</i>  | <i>-7,2</i>  | <i>-0,1</i> |
| <b>Offre mensuelle</b>                | 2,2          | 2,3          | 2,4          | 2,8          | 2,1          | 1,8          | 1,9          | 2,0         |
| <b>Prix des logements neufs</b>       | 270 081      | 281 659      | 295 491      | 301 697      | 301 557      | 305 477      | 311 282      | 317 196     |
|                                       | <i>4,2</i>   | <i>4,3</i>   | <i>4,9</i>   | <i>2,1</i>   | <i>0,0</i>   | <i>1,3</i>   | <i>1,9</i>   | <i>1,9</i>  |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; Séries chronologiques sur le marché de l'habitation de la SCHL; L'Association canadienne de l'immeuble; Statistique Canada.

de 20 p. 100. Si des stocks stables peuvent avoir amené les constructeurs à accroître les mises en chantier de 3,1 p. 100 en 2007, une économie au ralenti a eu pour effet de faire baisser celles-ci de 5,2 p. 100 l'an dernier.

Pendant que l'économie som-  
brait dans la récession, les mises  
en chantier ont diminué à chacun

des cinq derniers trimestres. Pour  
l'ensemble de 2009, elles devraient  
baisser de 16,5 p. 100 pour atteindre  
18 600 unités — un niveau jamais  
vu depuis 2001. On s'attend au main-  
tien de cette tendance à la baisse  
à court terme et à moyen terme,  
évoluant au diapason des besoins  
démographiques. Vers 2013, les  
mises en chantier devraient atteindre

16 300 unités. La croissance des  
prix sera également modérée. On  
s'attend à ce que le prix moyen  
d'un logement neuf augmente de  
2,1 p. 100 cette année, reste stable  
en 2010 et s'accroisse d'en moyenne  
1,7 p. 100 par année de 2011 à 2013.

**Tableau 3 — Indicateurs du marché de la revente de logements**

|   | 2006       | 2007        | 2008        | 2009p       | 2010p      | 2011p      | 2012p      | 2013p      |
|---|------------|-------------|-------------|-------------|------------|------------|------------|------------|
| <b>Ventes d'unités</b>                                      | 39 144     | 43 667      | 40 441      | 38 712      | 41 045     | 41 620     | 42 328     | 43 047     |
|   | <i>0,1</i> | <i>11,6</i> | <i>-7,4</i> | <i>-4,3</i> | <i>6,0</i> | <i>1,4</i> | <i>1,7</i> | <i>1,7</i> |
| <b>Volume des ventes en dollars</b><br>(million de dollars) | 9 220      | 10 926      | 10 476      | 10 230      | 10 878     | 11 207     | 11 626     | 12 060     |
|   | <i>6,4</i> | <i>18,5</i> | <i>-4,1</i> | <i>-2,3</i> | <i>6,3</i> | <i>3,0</i> | <i>3,7</i> | <i>3,7</i> |
| <b>Nouvelles inscriptions</b>                               | 71 479     | 70 821      | 74 795      | 70 990      | 75 956     | 78 758     | 81 441     | 83 660     |
|   | <i>3,1</i> | <i>-0,9</i> | <i>5,6</i>  | <i>-5,1</i> | <i>7,0</i> | <i>3,7</i> | <i>3,4</i> | <i>2,7</i> |
| <b>Ratio ventes/nouvelles inscriptions</b>                  | 55         | 62          | 54          | 55          | 54         | 53         | 52         | 51         |
| <b>Prix de revente</b>                                      | 235 550    | 250 211     | 259 046     | 264 202     | 265 024    | 269 265    | 274 650    | 280 143    |
|   | <i>6,3</i> | <i>6,2</i>  | <i>3,5</i>  | <i>2,0</i>  | <i>0,3</i> | <i>1,6</i> | <i>2,0</i> | <i>2,0</i> |

L'italique signale les variations en pourcentage.

Sources : Le Conference Board du Canada; L'Association canadienne de l'immeuble.





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