

# Global Trends. Regional Impacts

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CANADA MORTGAGE AND HOUSING CORPORATION  
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# Summary of the presentation

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## Drivers of housing demand

- Economic assumptions

Despite global economic uncertainty, Canada's economic fundamentals remain positive.

- Interest rate outlook

Interest rates are expected to remain at historically low levels.

## Housing Market Outlook

- Existing home market

Balanced market conditions will be maintained and resale prices are expected to experience modest gains.

- New home market

The new home market is expected to continue to moderate.

# Housing and economic outlook for 2012

	Forecast	Low growth	High growth
<b>Total Housing Starts</b>	<b>190,000</b>	<b>164,000</b>	<b>212,700</b>
<b>Singles</b>	<b>82,700</b>	<b>71,500</b>	<b>92,700</b>
<b>Multiples</b>	<b>107,300</b>	<b>92,500</b>	<b>120,000</b>
<b>MLS® Sales</b>	<b>457,300</b>	<b>406,000</b>	<b>504,500</b>
<b>MLS® Price</b>	<b>\$368,900</b>	<b>\$330,000</b>	<b>\$410,000</b>
<b>5-Year Mortgage Rate</b>	<b>5.30%</b>	<b>5.10%</b>	<b>5.40%</b>
<b>GDP Growth Rate</b>	<b>2.1%</b>	<b>1.7%</b>	<b>2.4%</b>
<b>Employment Growth</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.8%</b>
<b>Unemployment Rate</b>	<b>7.3%</b>	<b>7.6%</b>	<b>7.1%</b>

# Housing outlook for Atlantic Canada

		2011	2012	Per cent Change		
				2011-2012F	2012F-2013F	2011-2012F Forecast Range*
Starts	Single	6,911	6,425	-7.0%	-3.5%	-18% to +4%
	Multiple	5,613	4,775	-14.9%	-6.0%	-26% to -4%
MLS®	Sales	22,912	22,325	-2.6%	-3.5%	-11% to +6%
	Average Price	\$201,008	\$206,775	+2.9%	+2.5%	+1.4% to +4.4%



A “great” piece of baseball wisdom

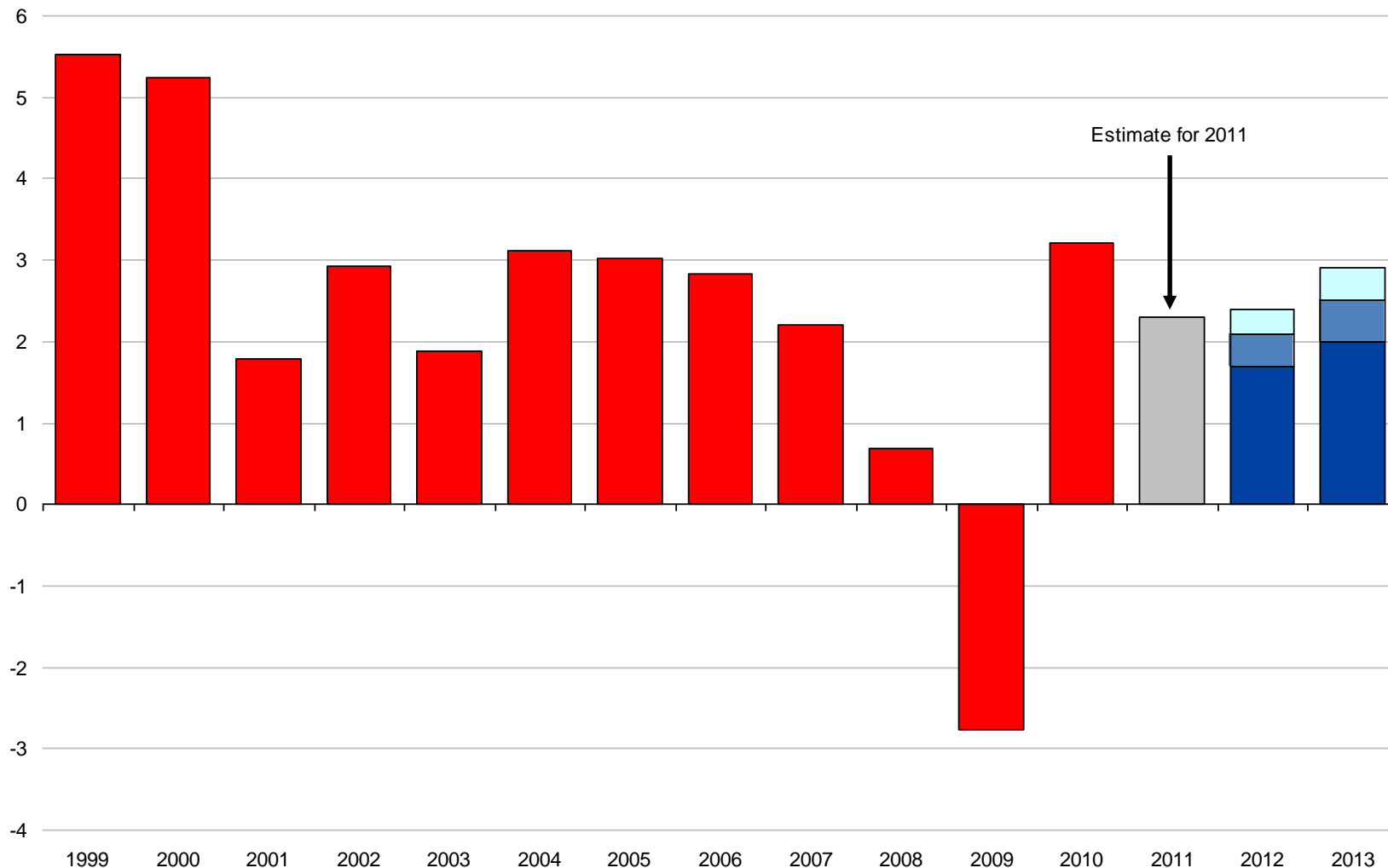
***“The future ain’t what it used to be”***  
**- Yogi Bera**

# 2012 forecast comparison in the last year

	<b>Consensus Economics</b>	<b>Consensus Economics</b>	<b>Consensus Economics</b>
	<b>January 2011</b>	<b>June 2011</b>	<b>January 2012</b>
<b>GDP Growth</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.0%</b>
<b>Unemployment Rate</b>	<b>7.3%</b>	<b>7.2%</b>	<b>7.4%</b>

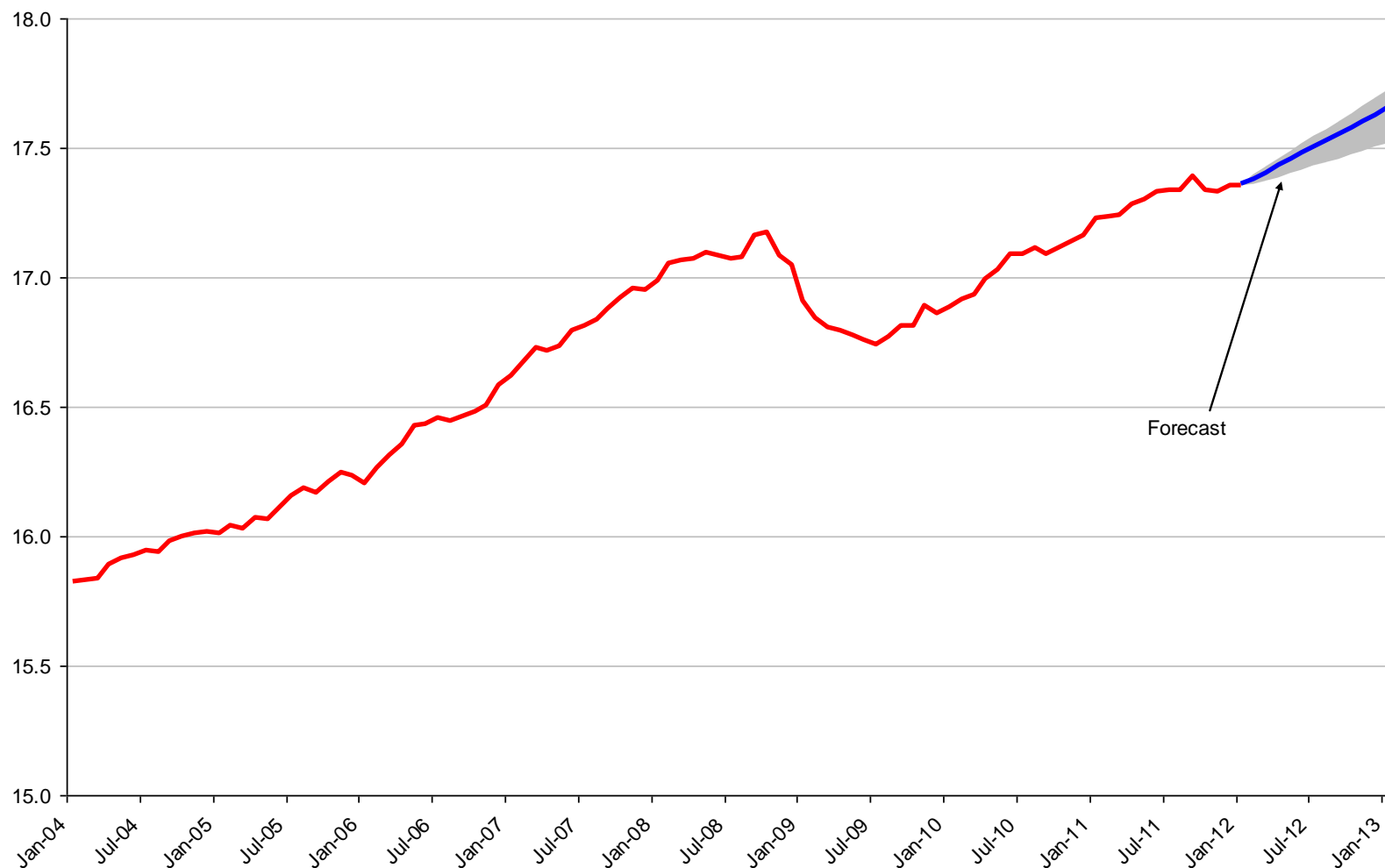
# Canadian economy supporting housing

**GDP Growth,  
Per cent**



# Employment to continue to support housing

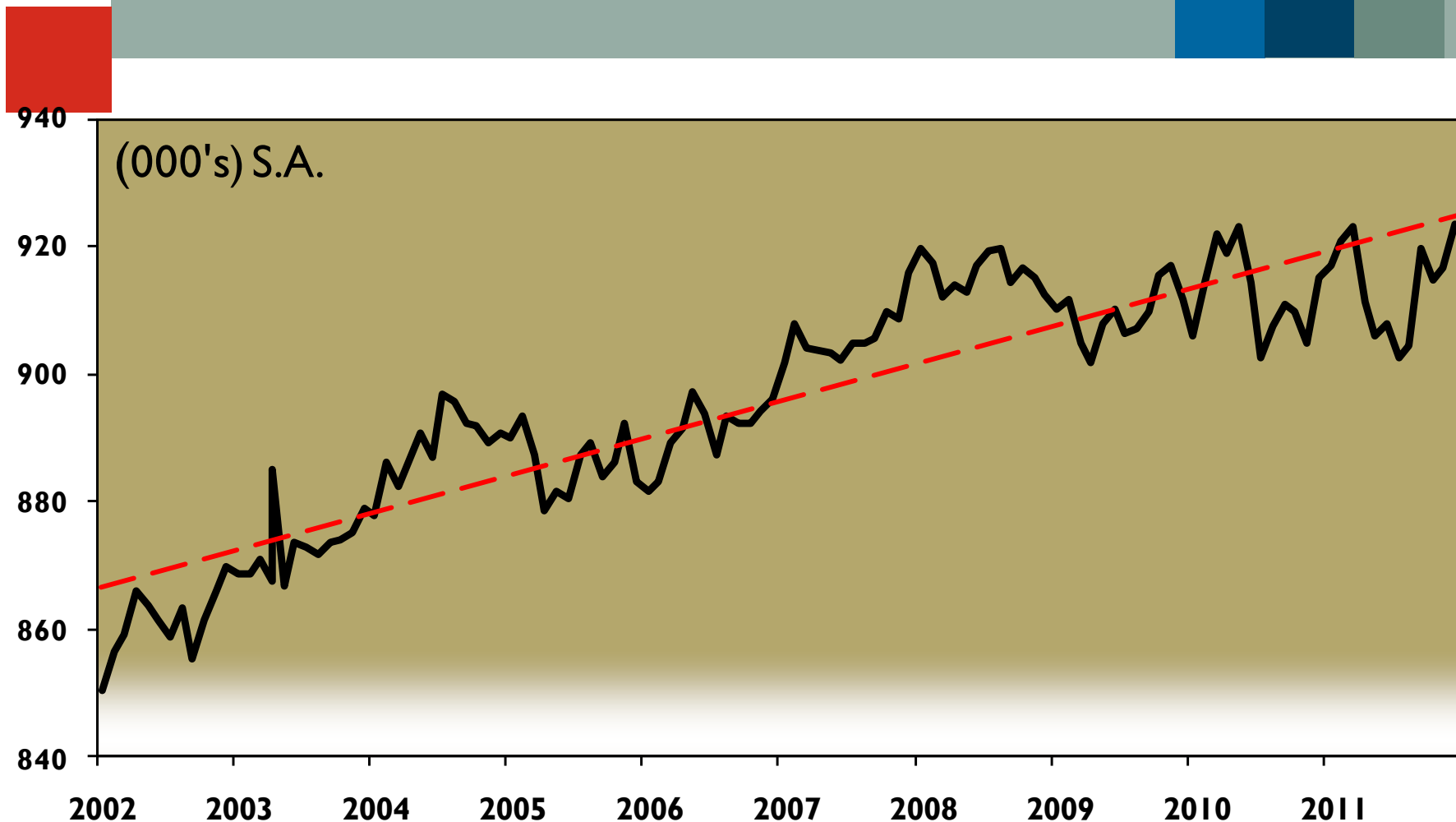
Employment level, number of persons,  
Millions,



Forecast



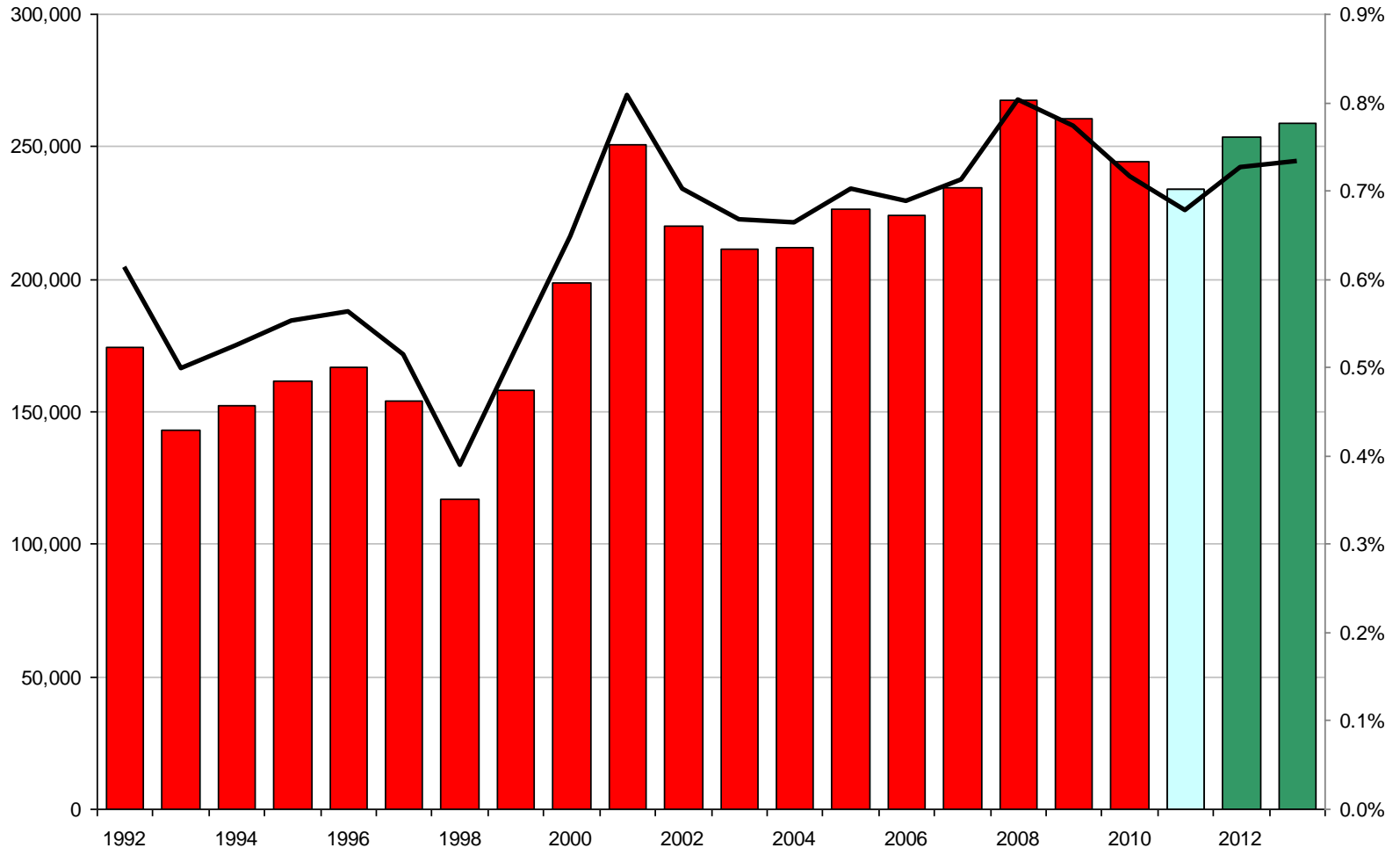
# Atlantic Canada full-time employment



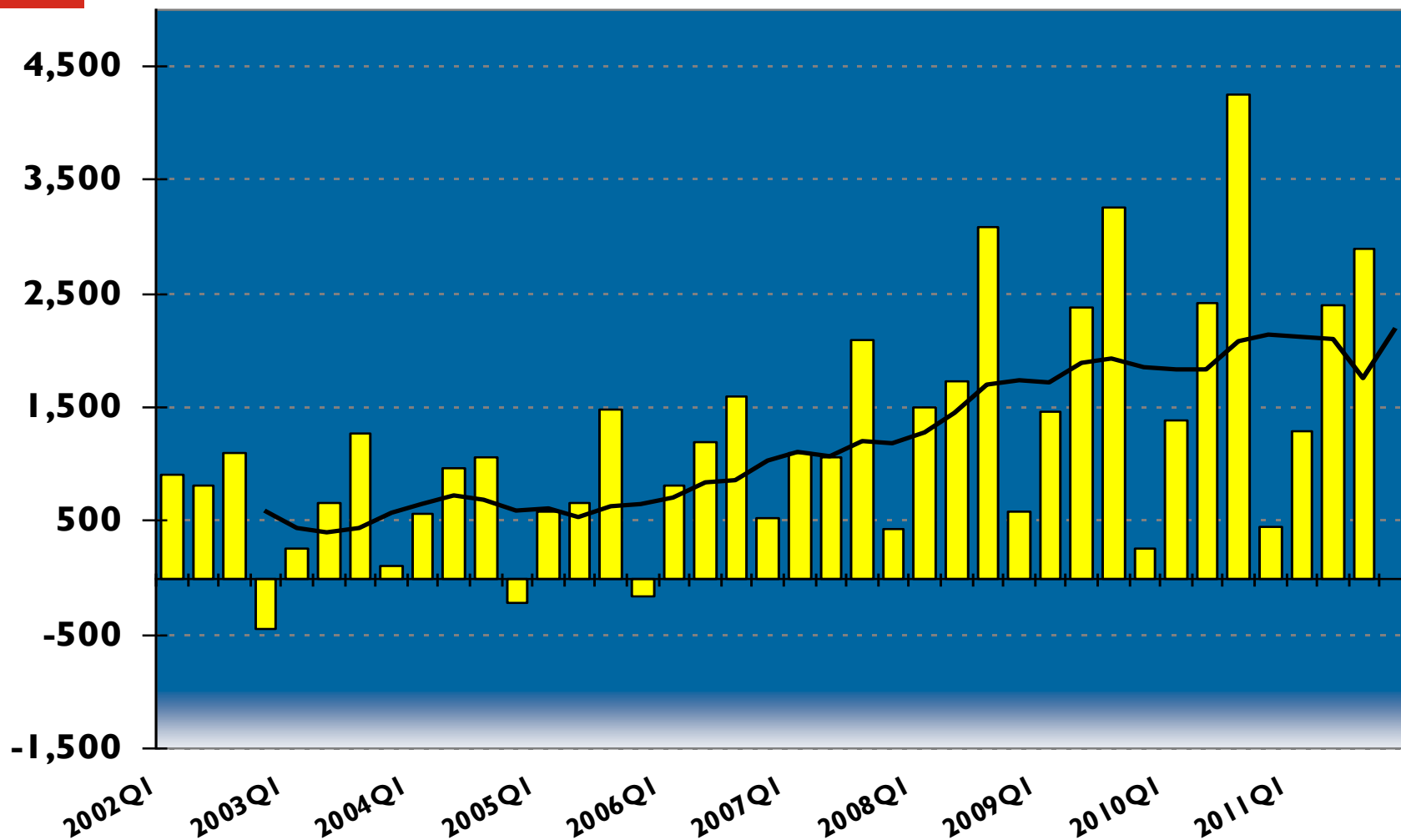
# Better prospects in Canada attract immigrants

Net migration level,  
Number of Persons

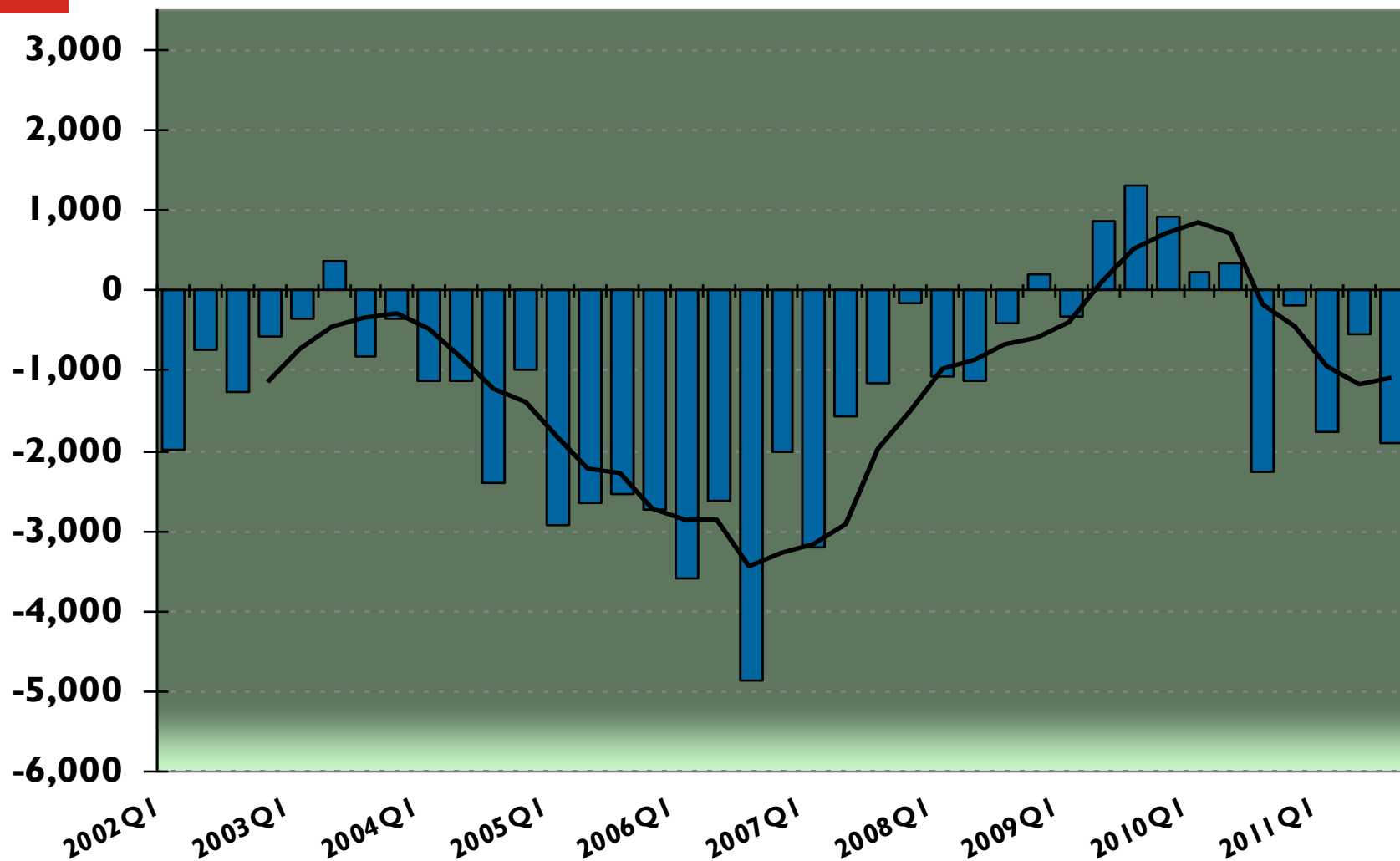
Net migration Forecast Estimate Net migration as a percentage of the population



# Atlantic quarterly net international migration



# Atlantic quarterly net interprovincial migration

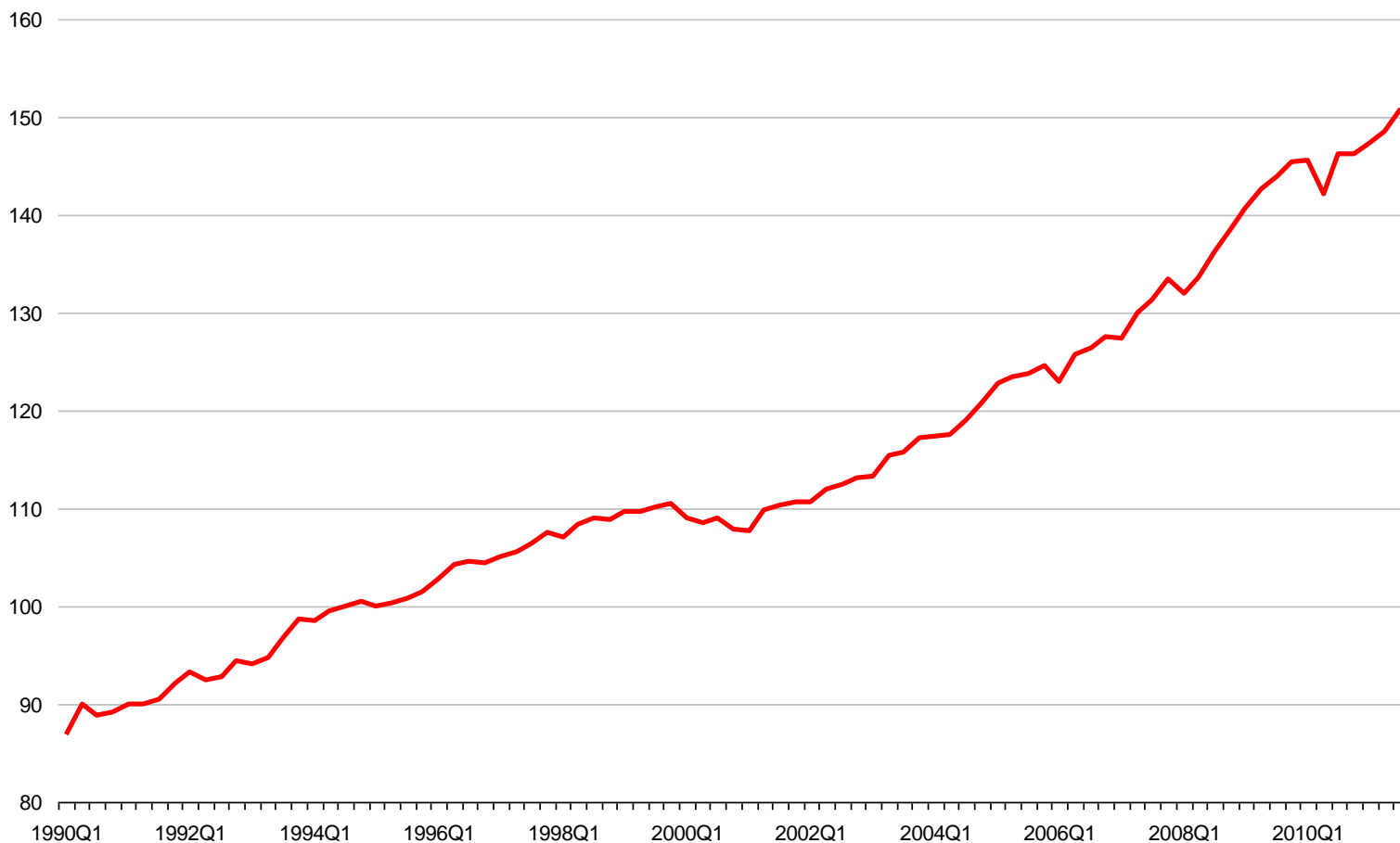


# The 5-Year mortgage rate is at a 60-year low

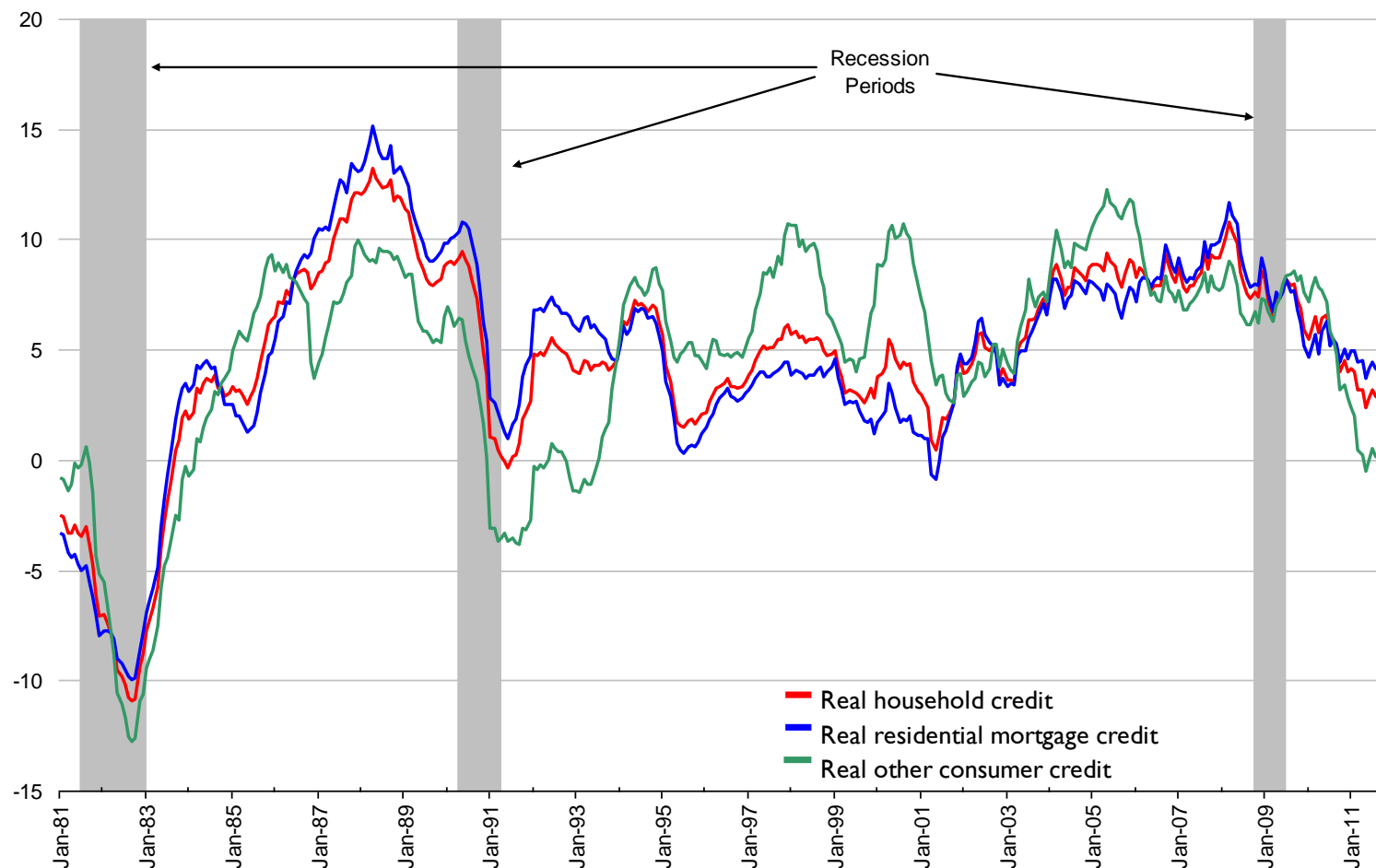
Per Cent



# Debt-to-income reached a peak in 2011



# Household credit growth is decelerating





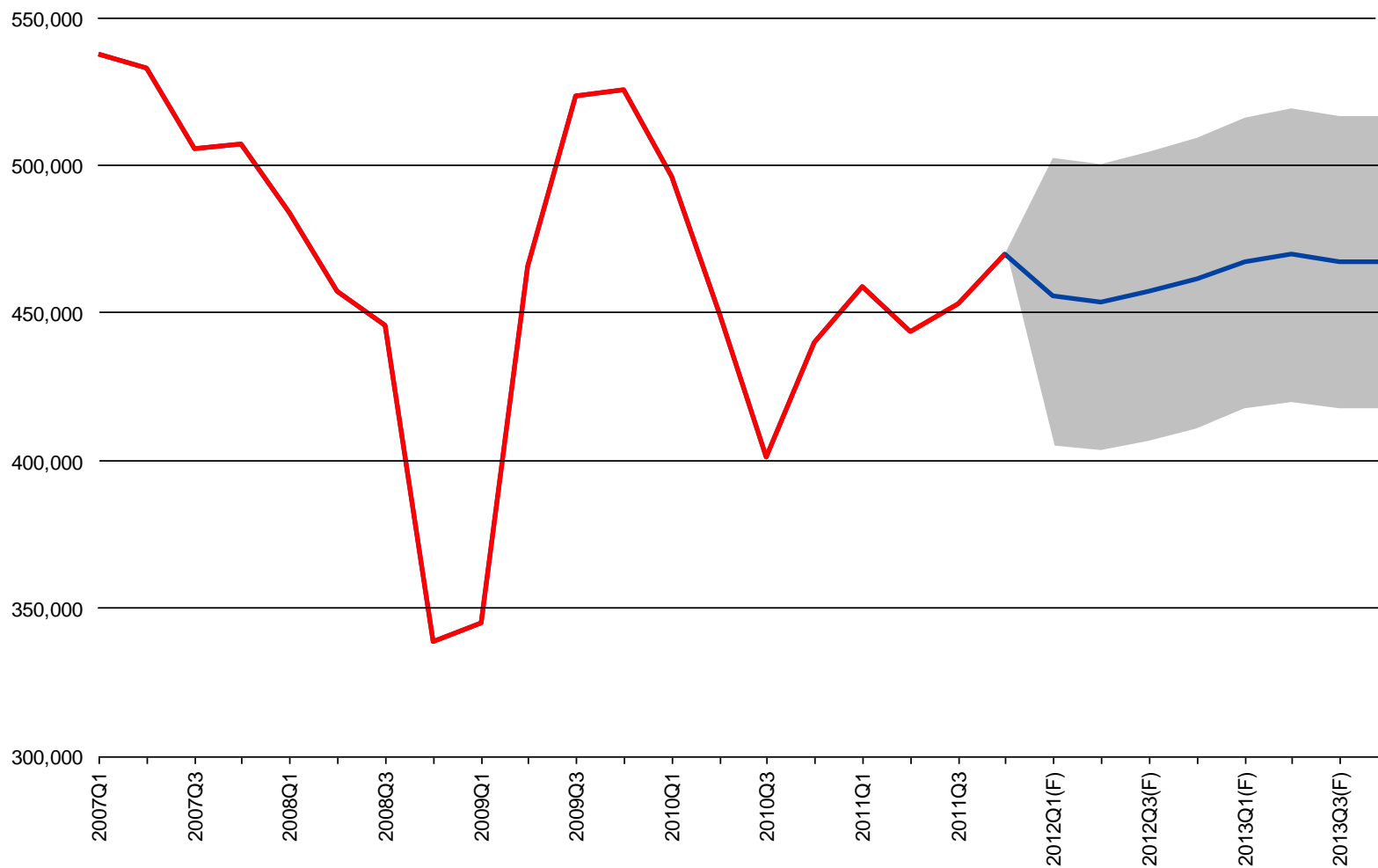
Another “great” piece of baseball wisdom

***“It’s tough to make predictions,  
especially about the future”  
- Yogi Bera***

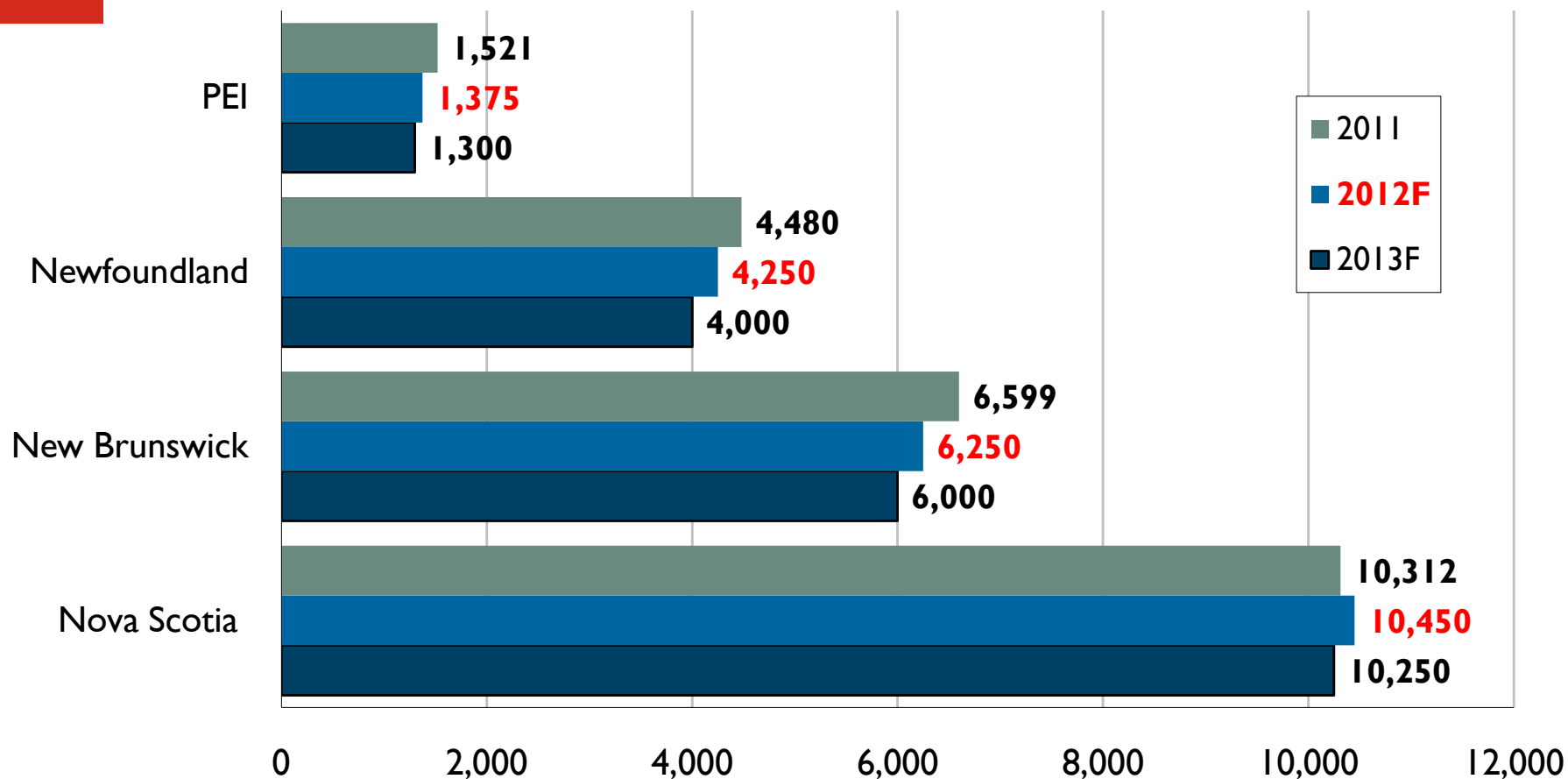


# Stability is expected in MLS<sup>®</sup> sales in 2012

MLS sales,  
number of units



# Existing home sales by province in Atlantic Canada

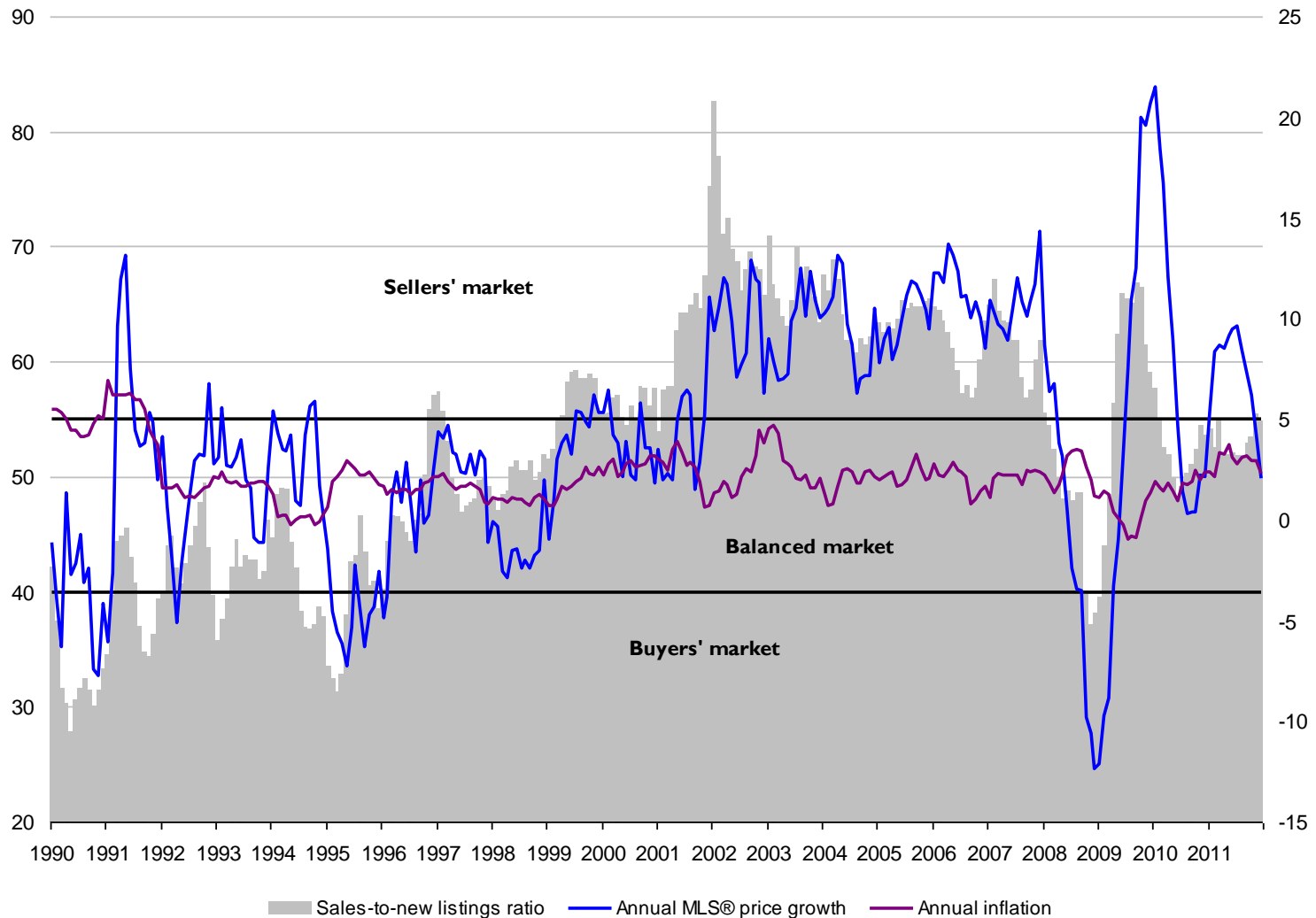


Source: Nova Scotia, New Brunswick, Newfoundland and PEI Association of REALTORS®  
MLS® is a registered trademark of the Canadian Real Estate Association

# Balanced markets mean prices in line with inflation

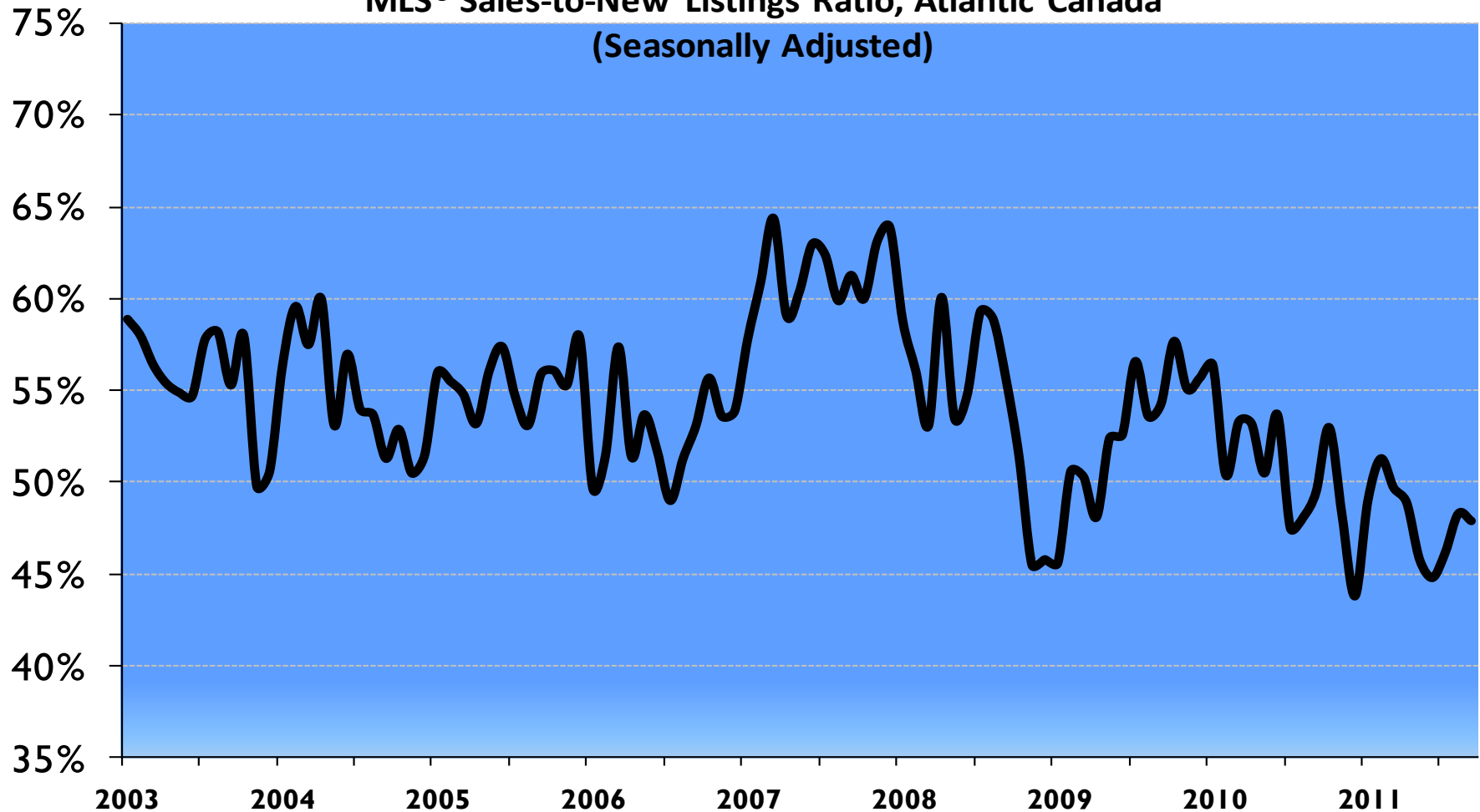
Sales-to-new-listings, %

MLS Price Growth, Inflation, %



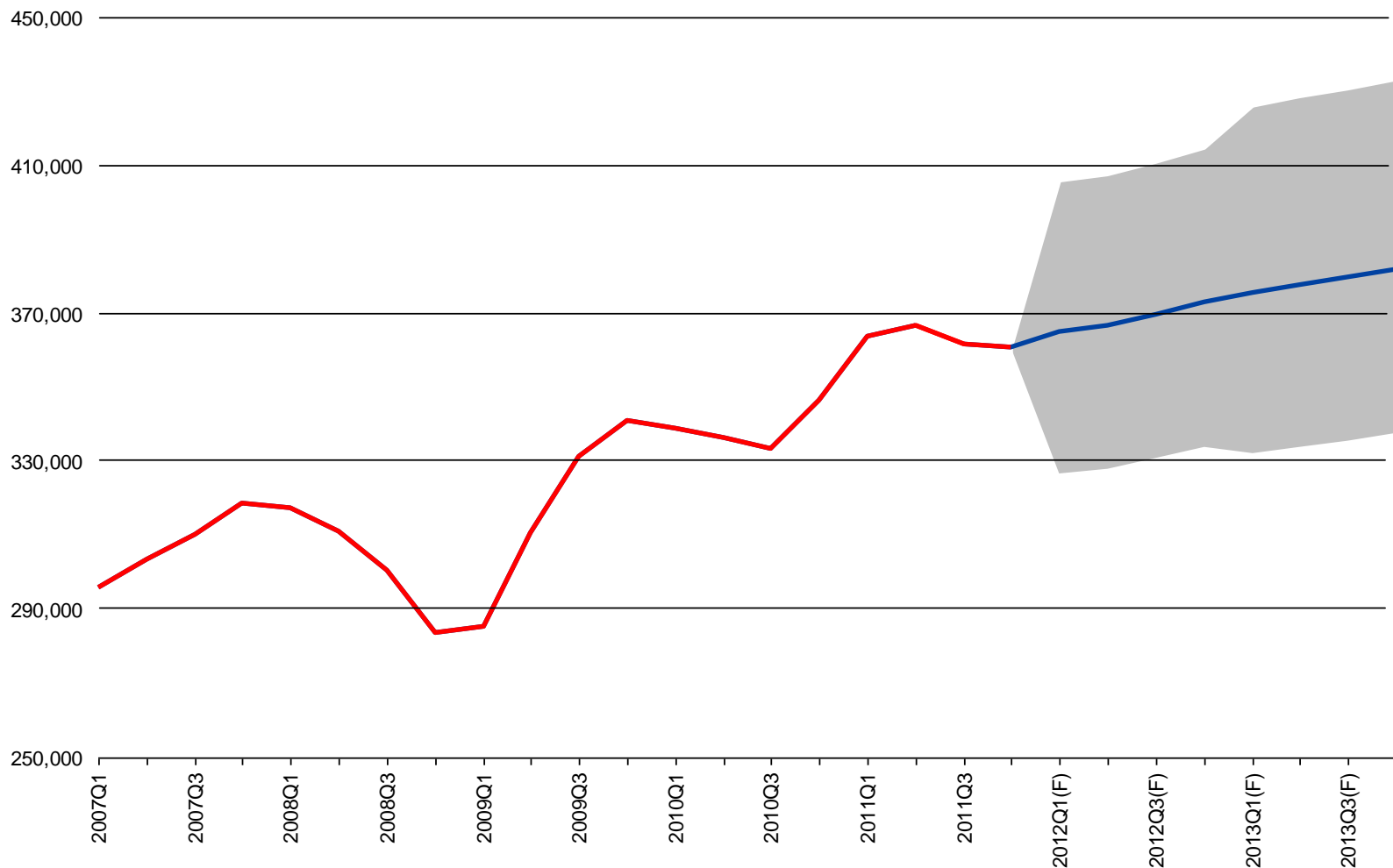
# Market remains balanced in the Atlantic region

**MLS® Sales-to-New Listings Ratio, Atlantic Canada  
(Seasonally Adjusted)**

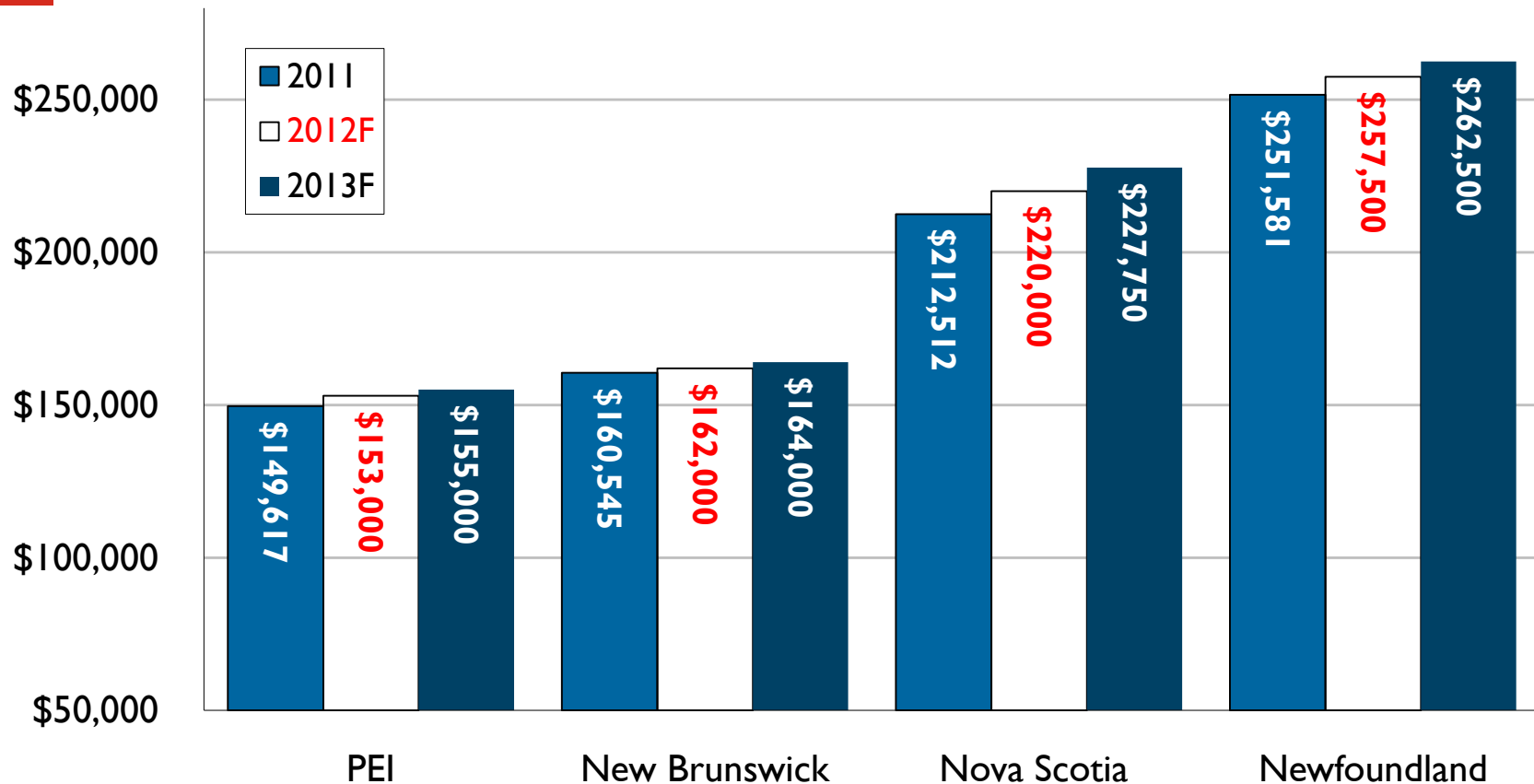


# The average MLS® resale price posts modest gains

MLS® price,  
Dollars



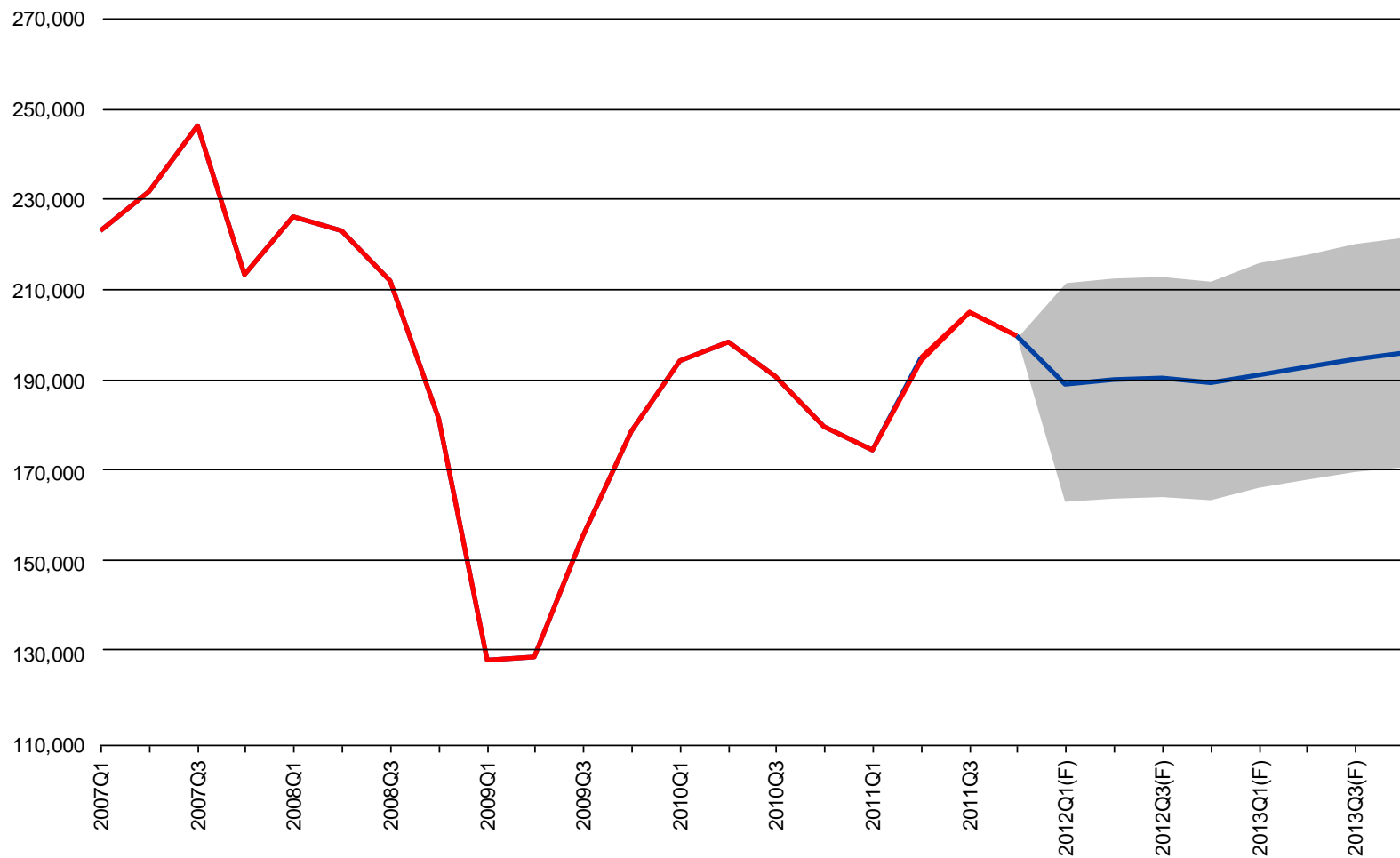
# Average price growth slowing except in NS



Source: Nova Scotia, New Brunswick, Newfoundland and PEI Association of REALTORS®  
 MLS® is a registered trademark of the Canadian Real Estate Association

# Housing starts to be stable going forward

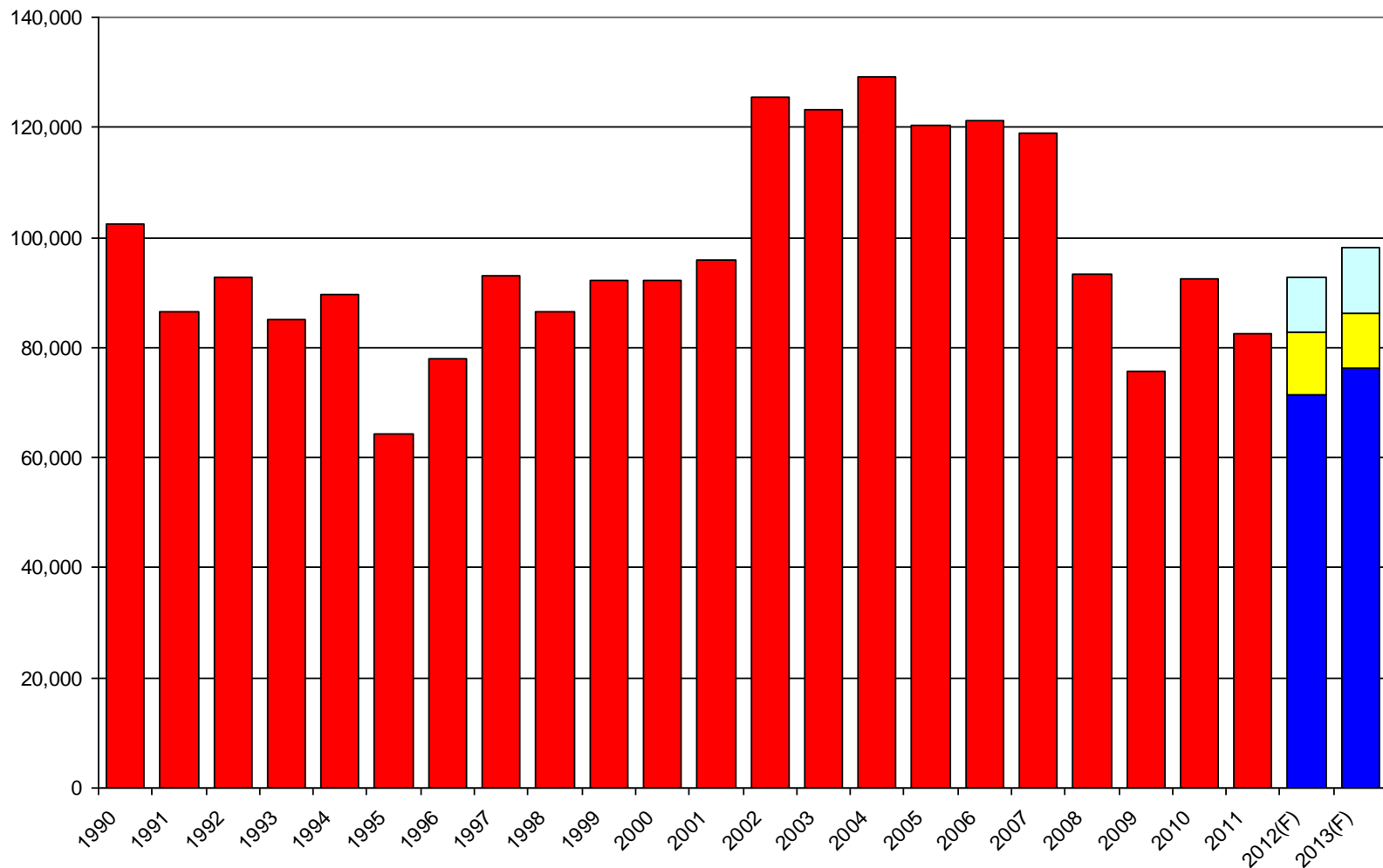
Housing starts,  
Number of units



# Single starts to move up slightly

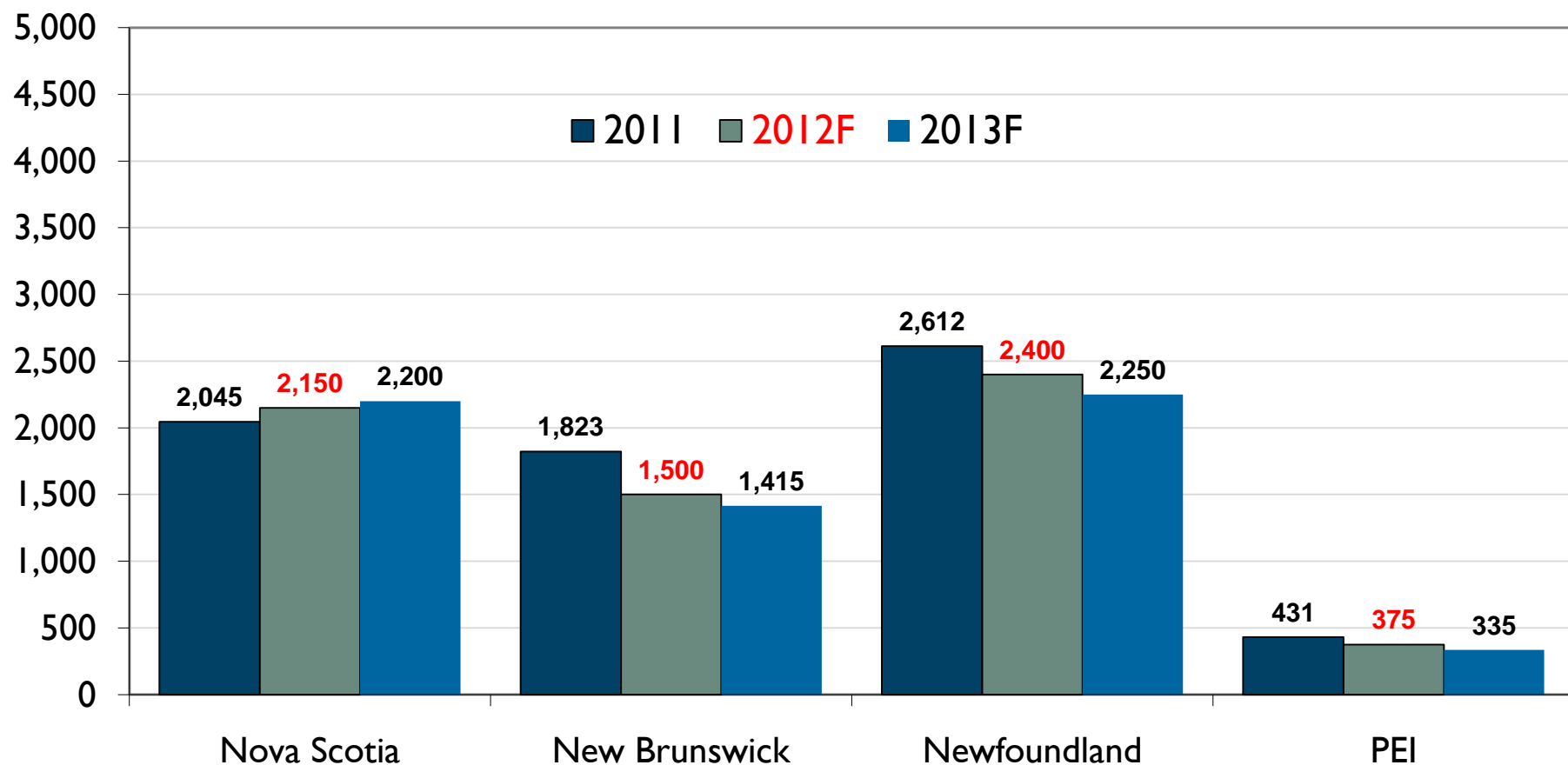
**Single housing starts,  
Number of units**

■ Singles   
 ■ Forecast lower bound   
 ■ Singles forecast   
 ■ Forecast upper bound





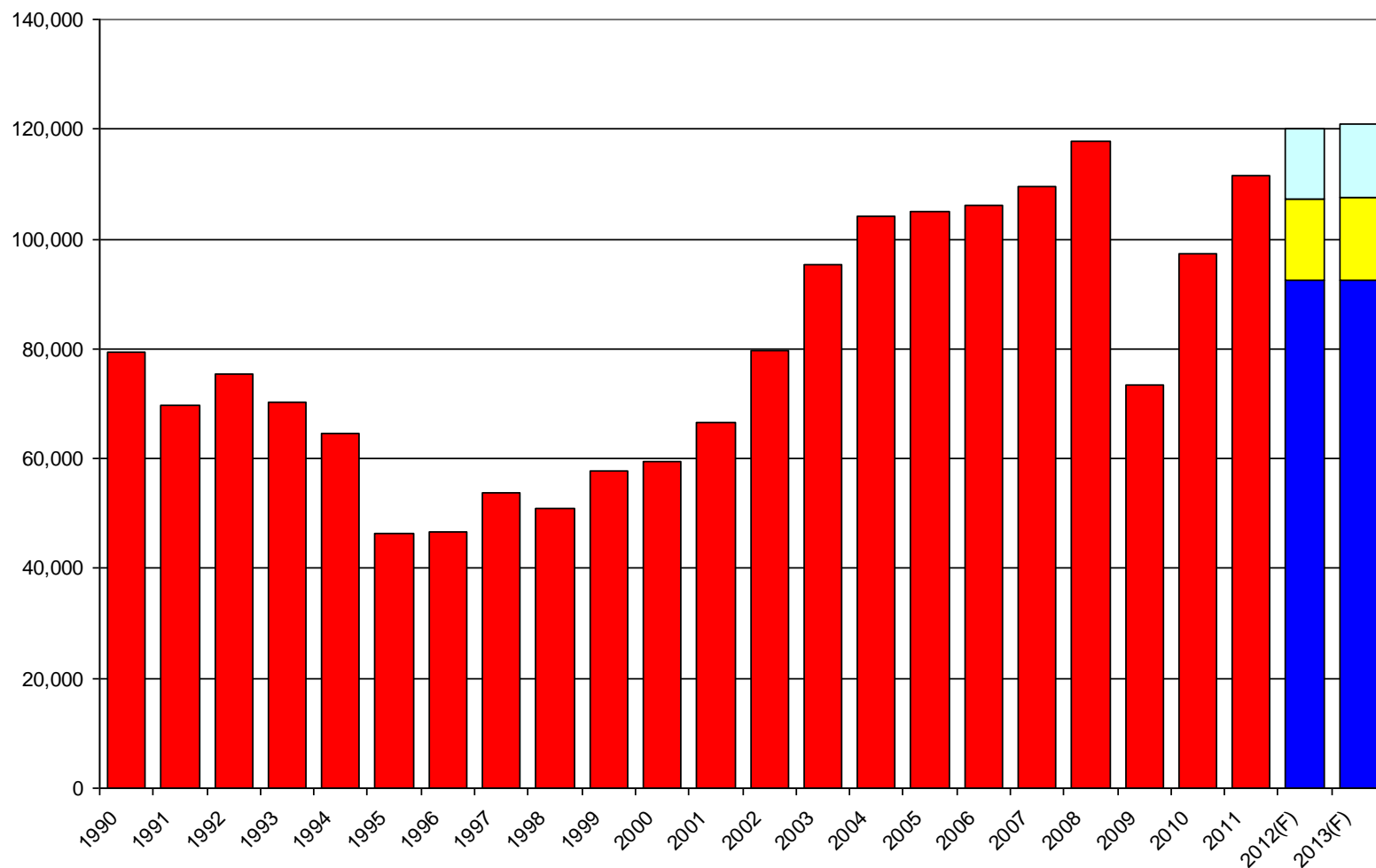
# Atlantic single housing starts in 2012 and 2013



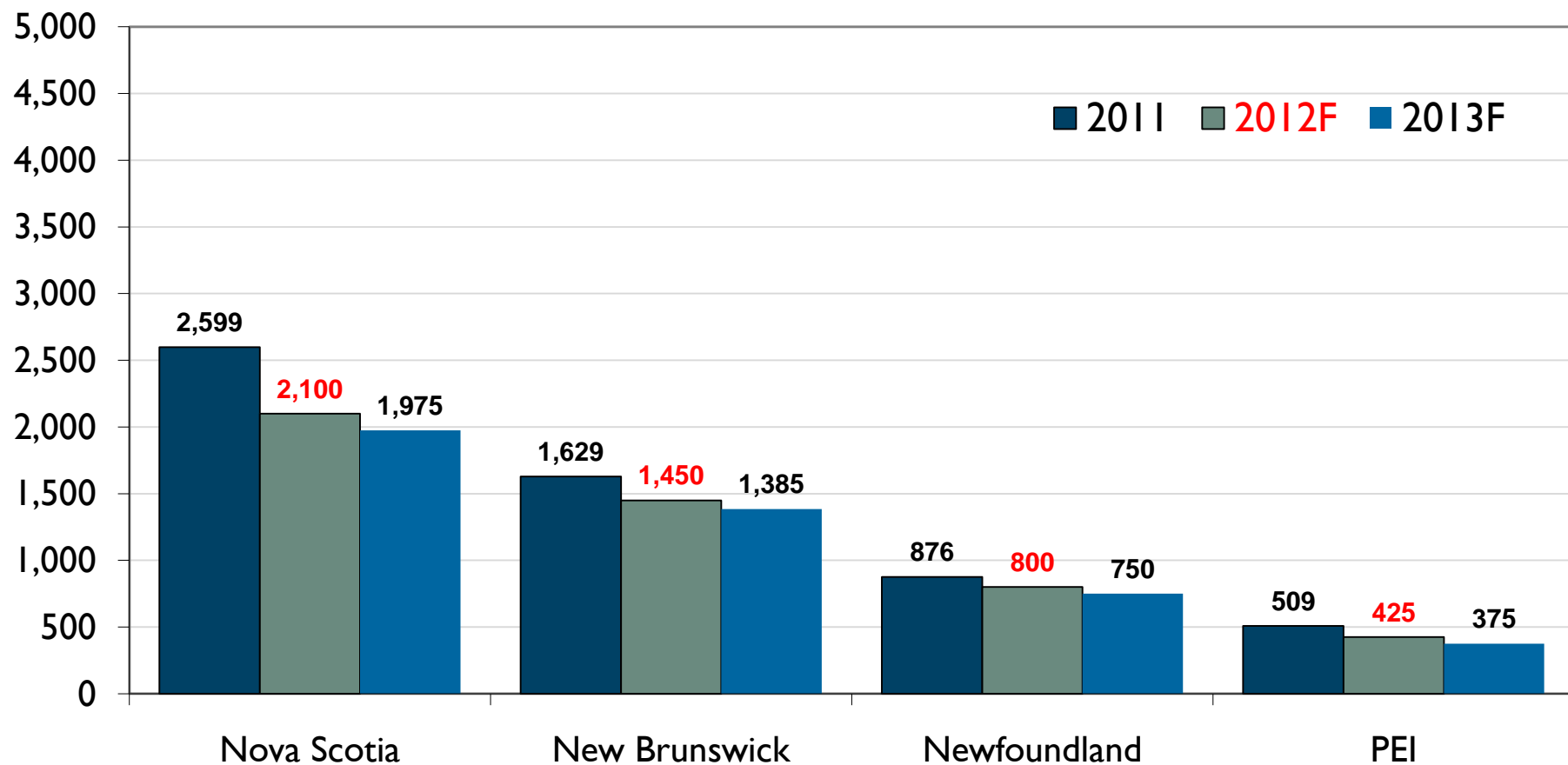
# Multiple starts to moderate slightly

**Multiple housing starts,  
Number of units**

■ Multiples ■ Forecast lower bound ■ Multiples growth forecast ■ Forecast upper bound



# Atlantic multiple starts in 2012 and 2013



# Forecast Risks

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- Some upside risks include the potential that the U.S. could recover more quickly than anticipated, which would be positive for U.S. employment and economic growth. In turn, this could boost employment growth in Canada and thus lead to a stronger than expected housing market.
- Some continuing downsides include a slower than expected recovery for the U.S., reduced economic growth in emerging economies and a downturn in parts of Europe. Such events could result in slower employment growth in Canada, which could lead to lower demand for housing.

# Atlantic outlook

- Improved outlook for NS in 2012-2013
- Except in NS developers are likely to become more cautious given the number of multiple unit projects under construction
- Economic growth in 2012-2013 is expected to remain below 2 per cent as employment and consumer spending growth remains moderate outside of NS
- Existing prices begin to grow more in line with inflation in 2012-2013



# Thank You!!



## **Contact Information:**

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# Seniors' Housing Trends

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CANADA MORTGAGE AND HOUSING CORPORATION  
February 2012



# Seniors' Housing Trends

- General Housing Trends
- Key Drivers of Housing Demand
- Population Projections
- Seniors' Housing in Canada
- CMHC 2011 Seniors' National Survey
- Global Seniors' Housing Trends



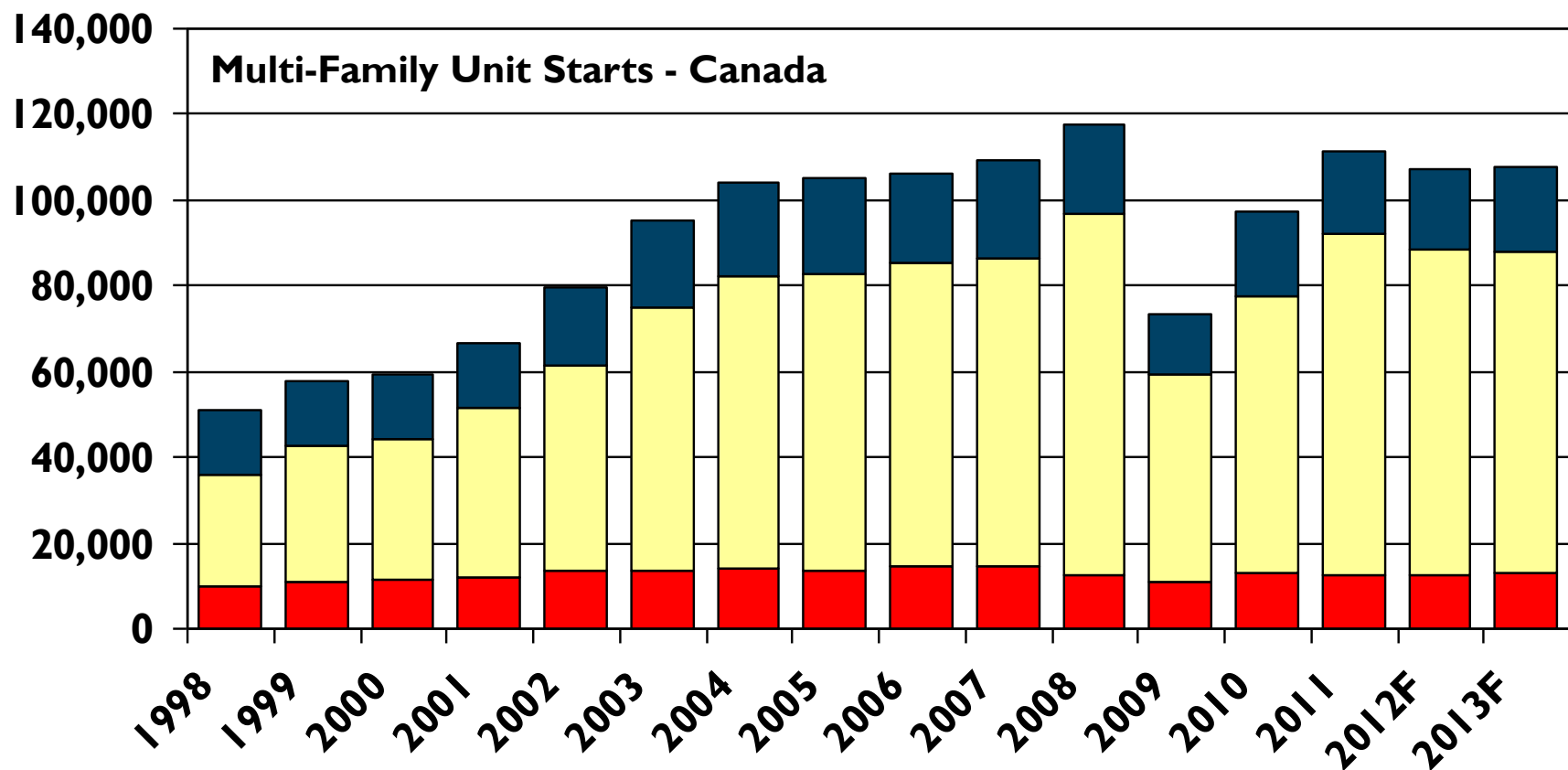


# General Housing Trends



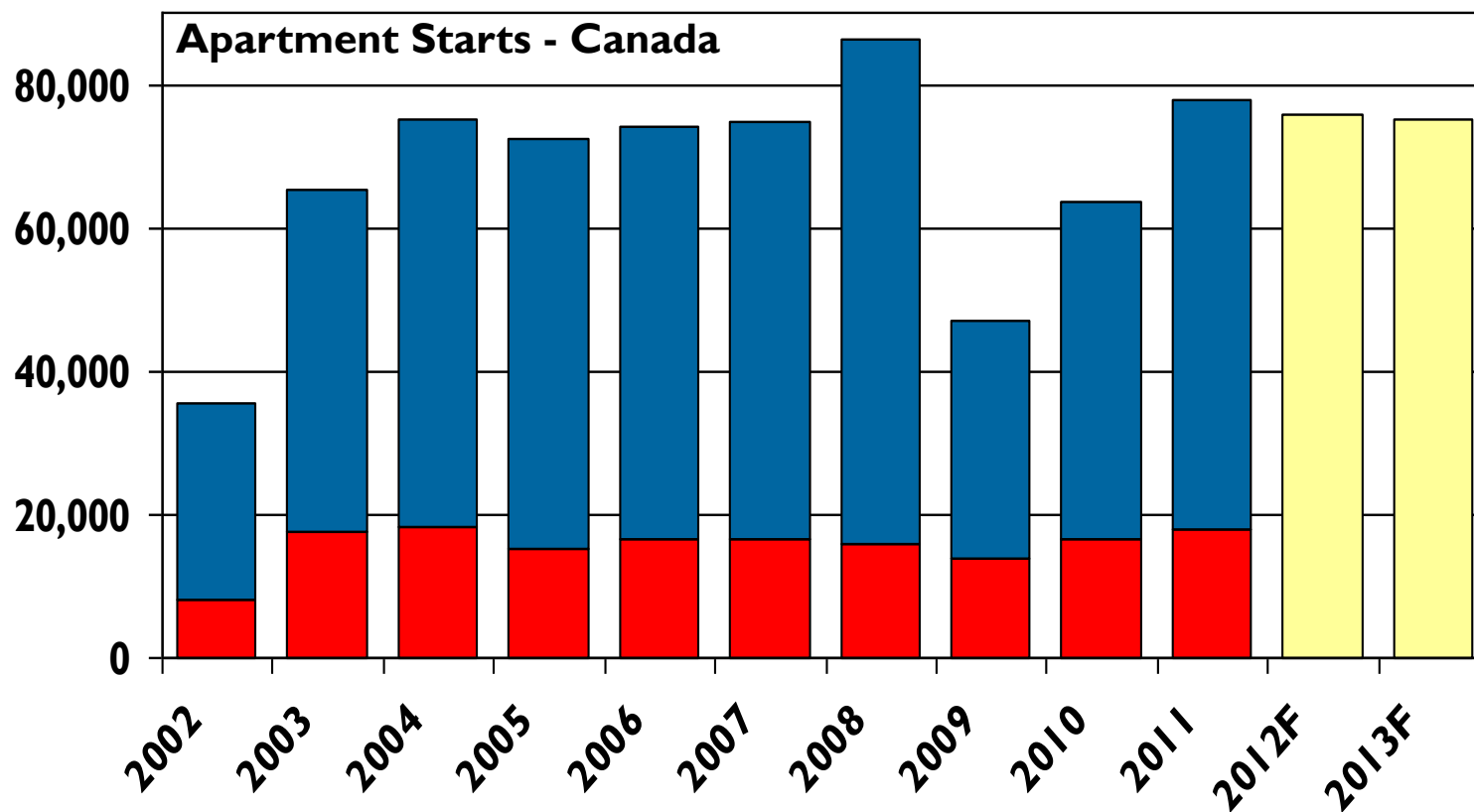
# Multi-Family Construction Plateauing

■ Semi-detached ■ Apartment ■ Row



# Vast Majority of Apartments: Condominiums

■ Rental ■ Condominium ■ Apartment Forecast



# Key Drivers of Housing Demand

## Short-term

- Mortgage interest rates
- Employment and incomes

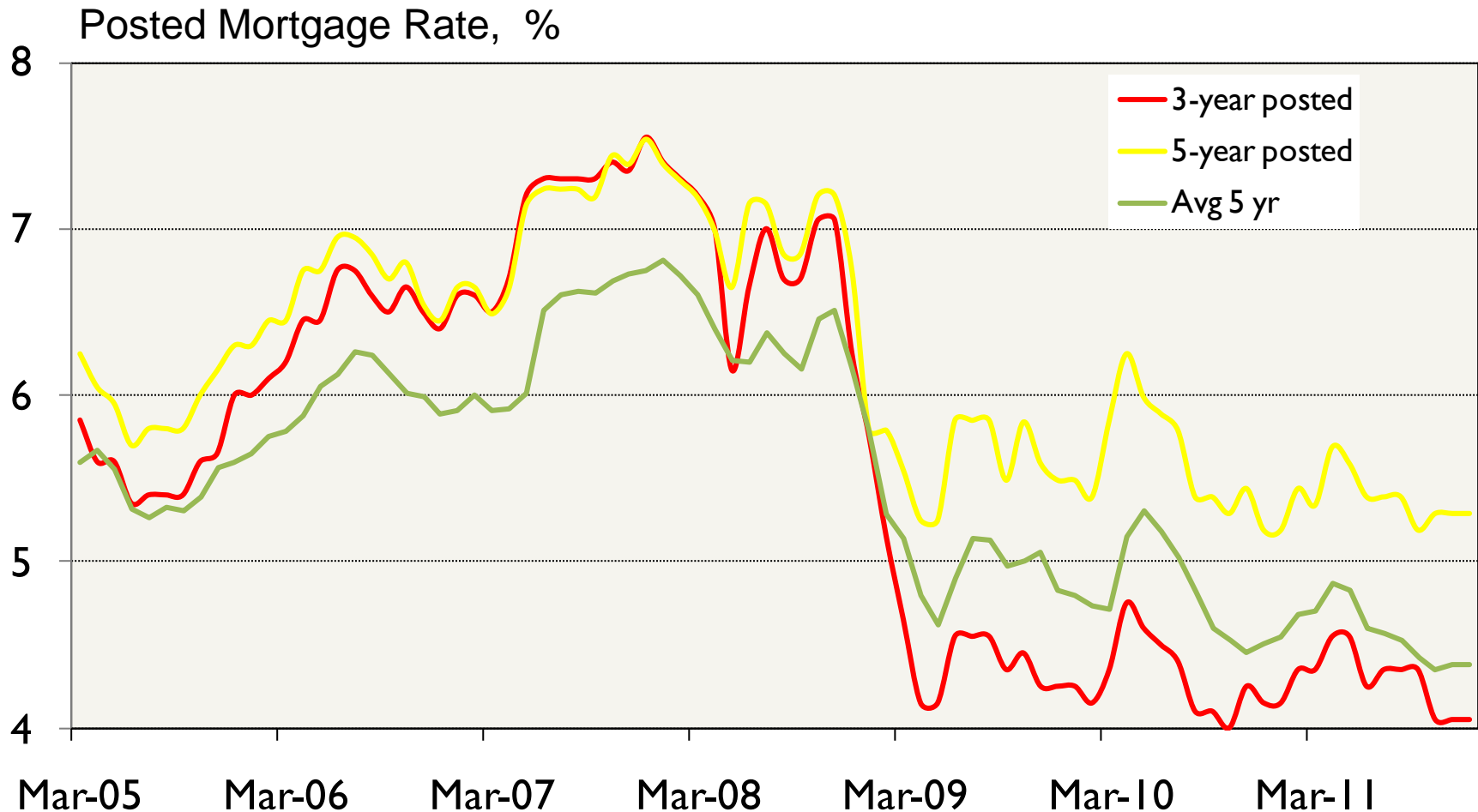


## Long-term

- Population growth
- Household formation

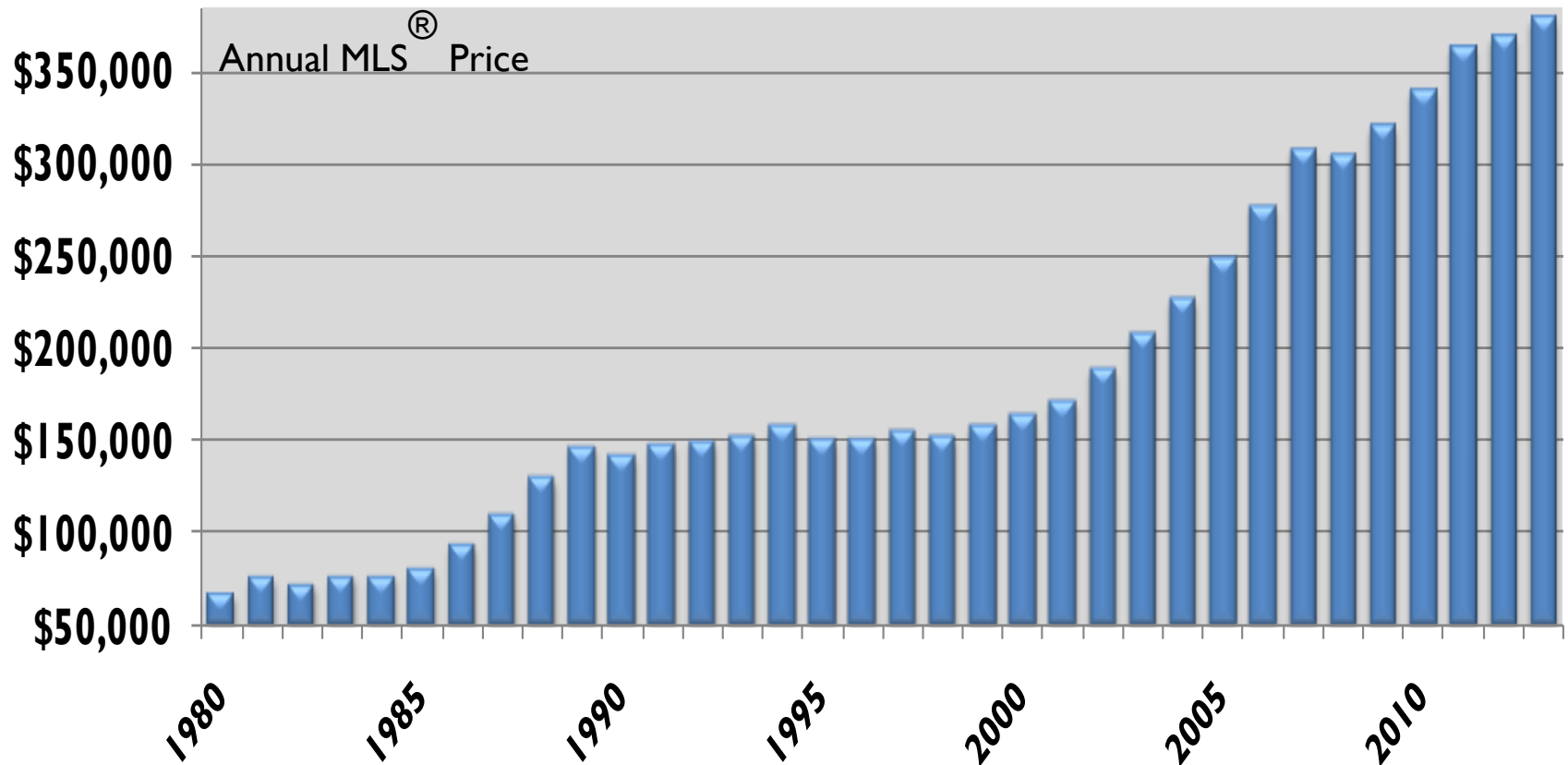


# Mortgage Rates: Remaining Low



# Mortgage Carrying Costs on the Rise

Rise in house prices in Canada is causing mortgage carrying costs to increase



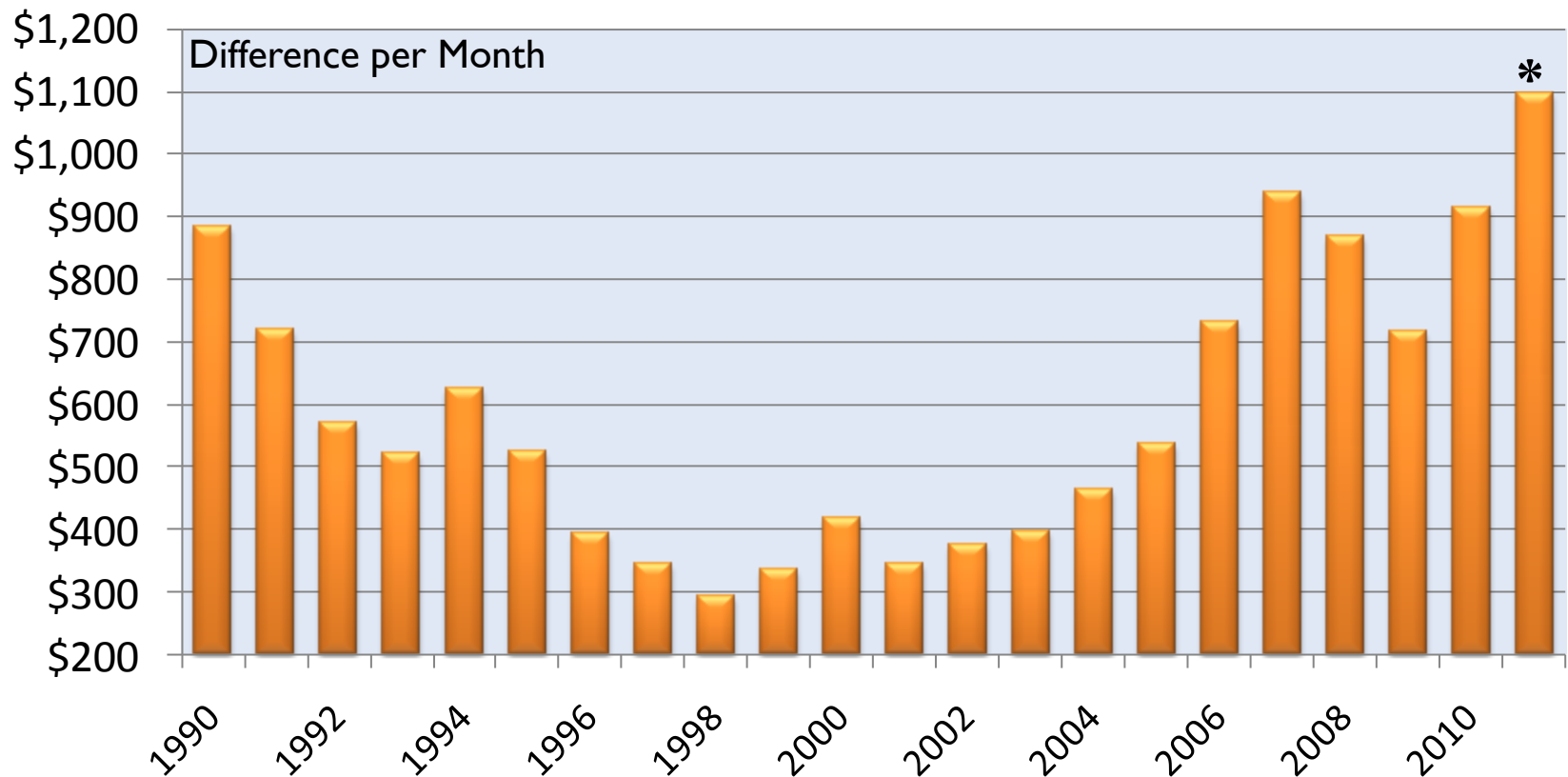
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Sources: Canadian Real Estate Association (CREA) and CMHC

# Comparing Owning to Renting

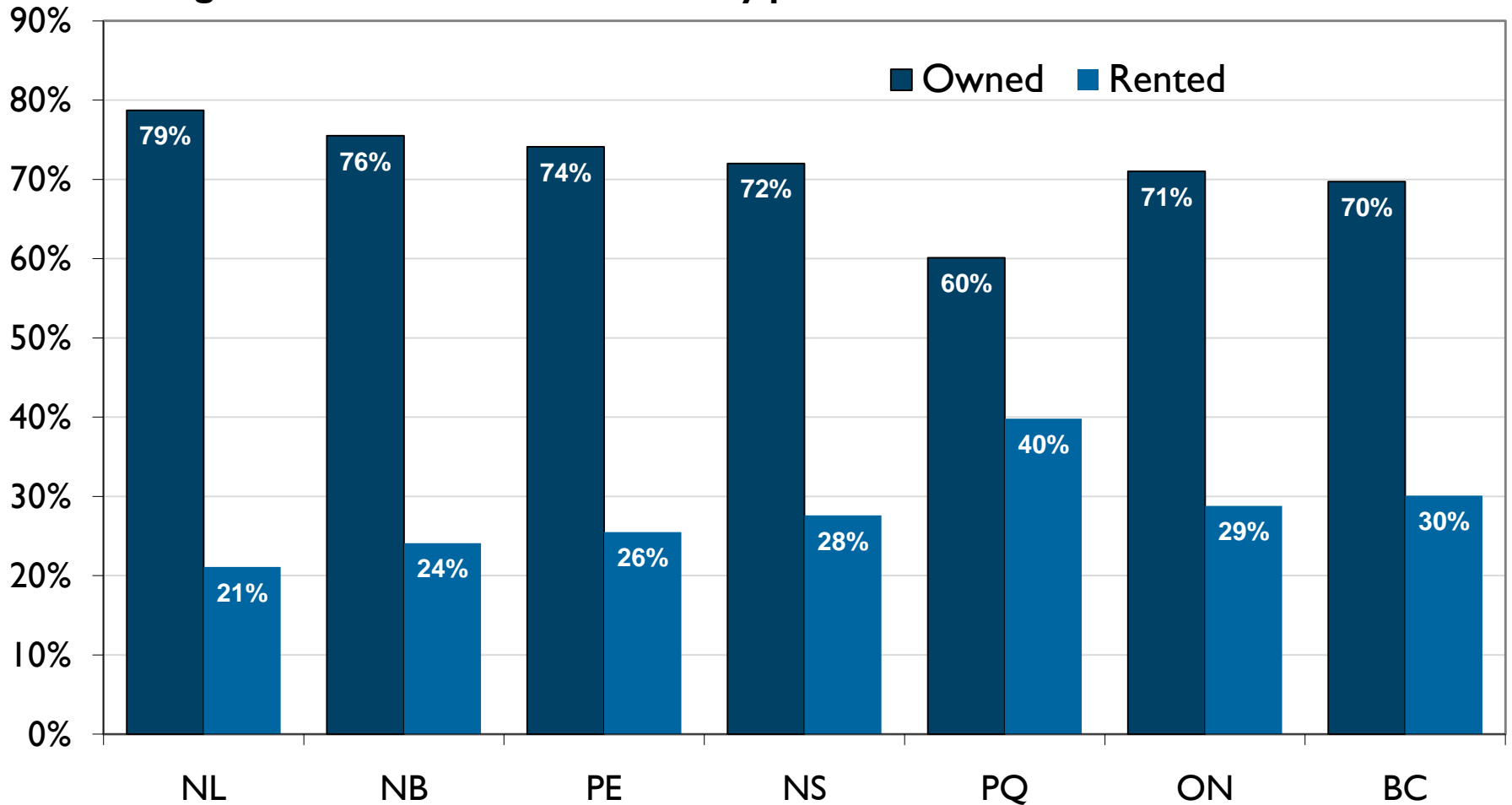
The gap between the cost of owning a home and renting in Canada is increasing



Sources: CREA and CMHC, \*2011 Calculation: 25 yr mortgage of \$327,029 at 5.4% (\$1980/month) vs. Canada CMA Av. 2 bed rent of \$882/month

# Renter vs. Owner

Percentage of Units Owned and Rented by province





# Employment, Pensions and Retirement

- Some Canadians may end up working longer before they retire due to higher debt levels and lower expected returns from both private and public pensions
- Not enough Canadians have planned for their retirement requiring more to work longer until they are able to retire
- Recent lower interest rates are impacting the traditional source for income for those currently retired requiring some to return to work part-time



# Population Projections



# The Various Generations

- Silent Generation (1926-1945)
- The Baby-Boomers (1946-1962)
- Generation X (1963-1976)
- Generation Y (1977-1989)
- Generation Z (1990-2008)



# Generation: Baby-Boomers

## The Baby-Boomers (1946-1962)



- 7,500,000 in Canada (23%)
- The me generation of the 60's boomers grew up in a time of social and technological change
- Walk on the moon, Woodstock, Vietnam War and the Kennedy era defined older boomers
- Younger boomers are associated with the oil embargo, the Watergate scandal, Nixon and 70's disco
- Jon Bon Jovi, David Bowie, Wayne Gretzky, Madonna, President George Bush and President Bill Clinton are boomers



# Life Expectancy for Canadians Increasing

## Baby Boys



1981	72 years
1996	75 years
2006	77.7 years
2041	81 years

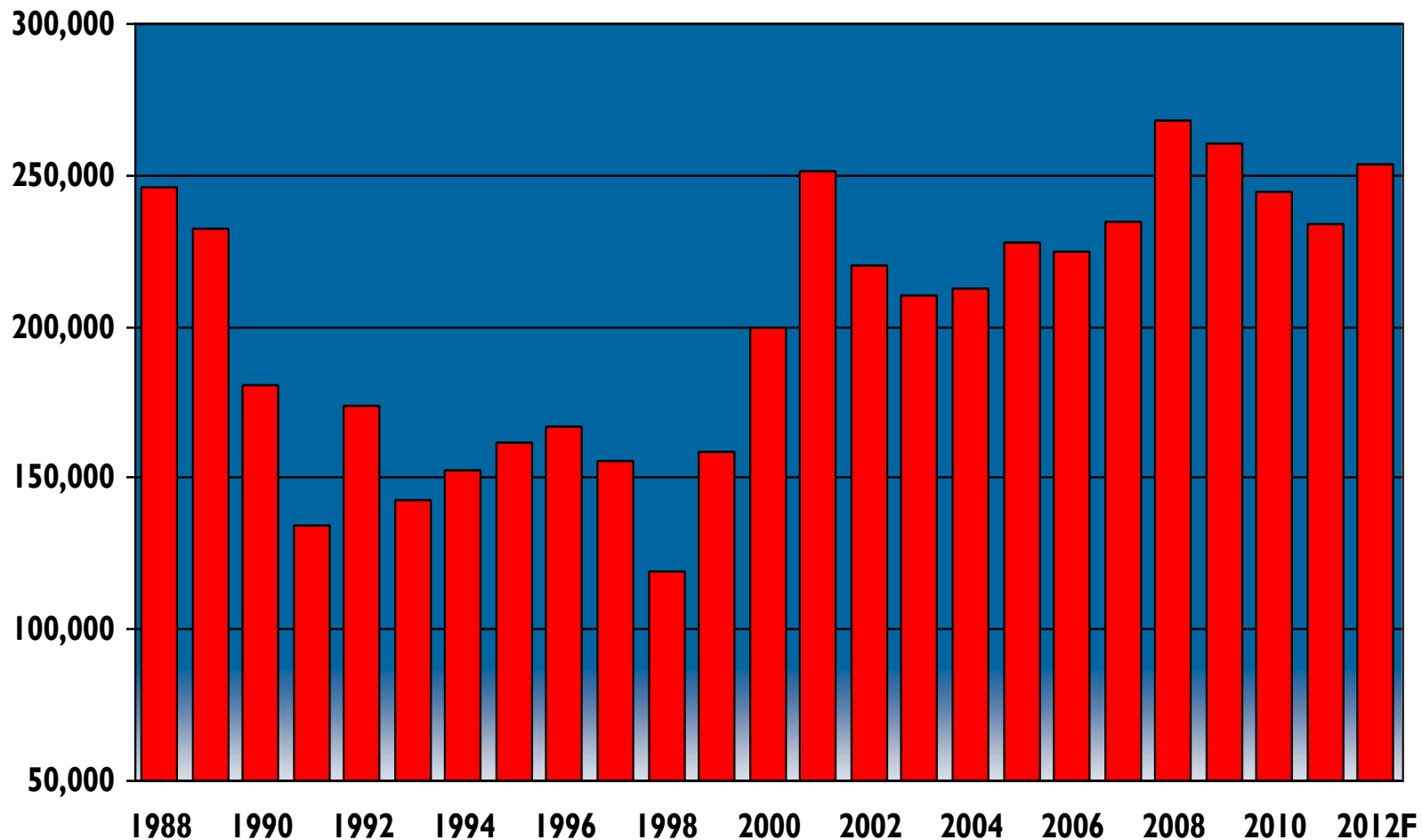
## Baby Girls



79 years
81 years
82.5 years
86 years

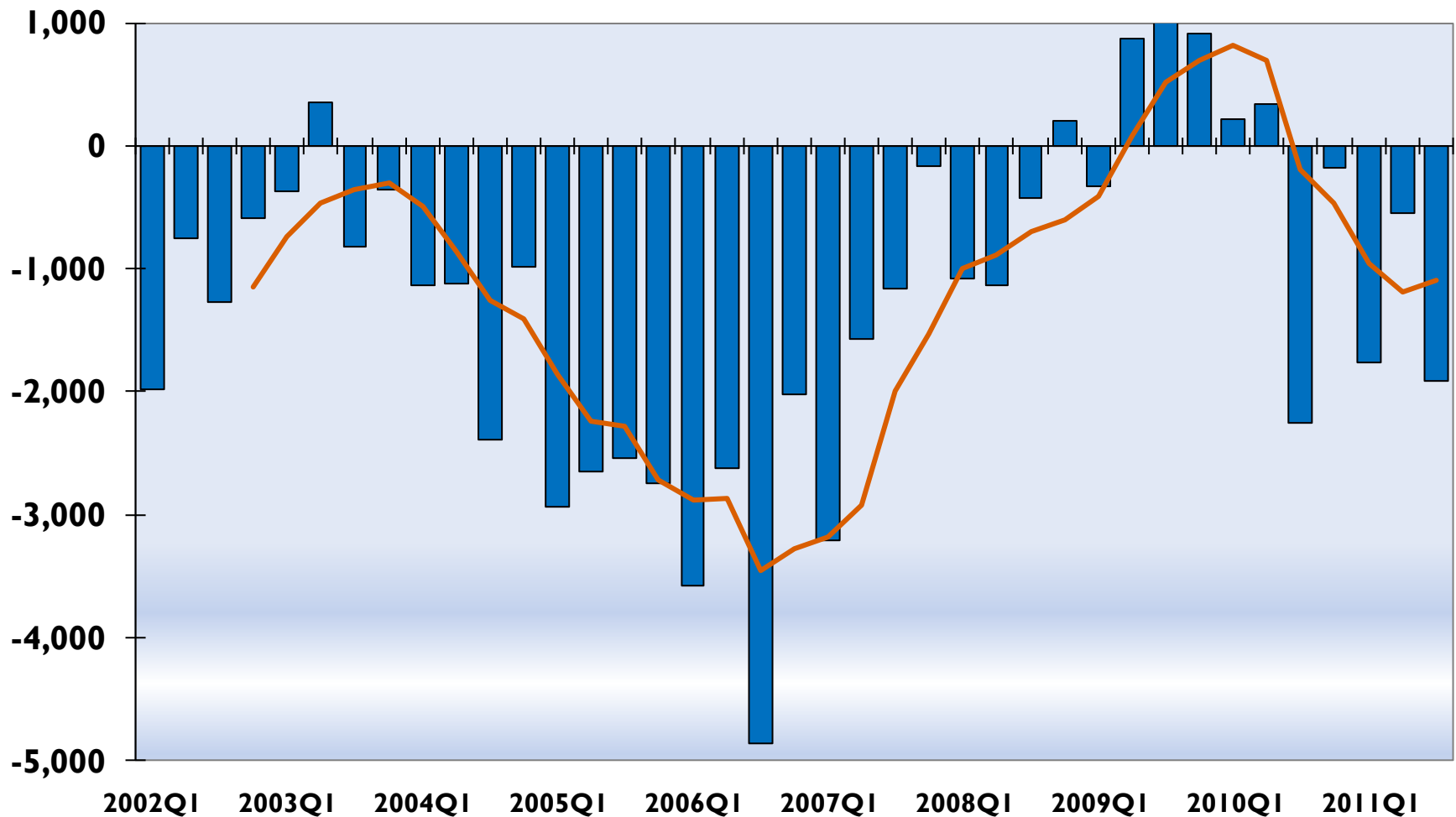
# For Canada Immigration is a Key to Growth

International Migration now accounts for two-thirds of population growth



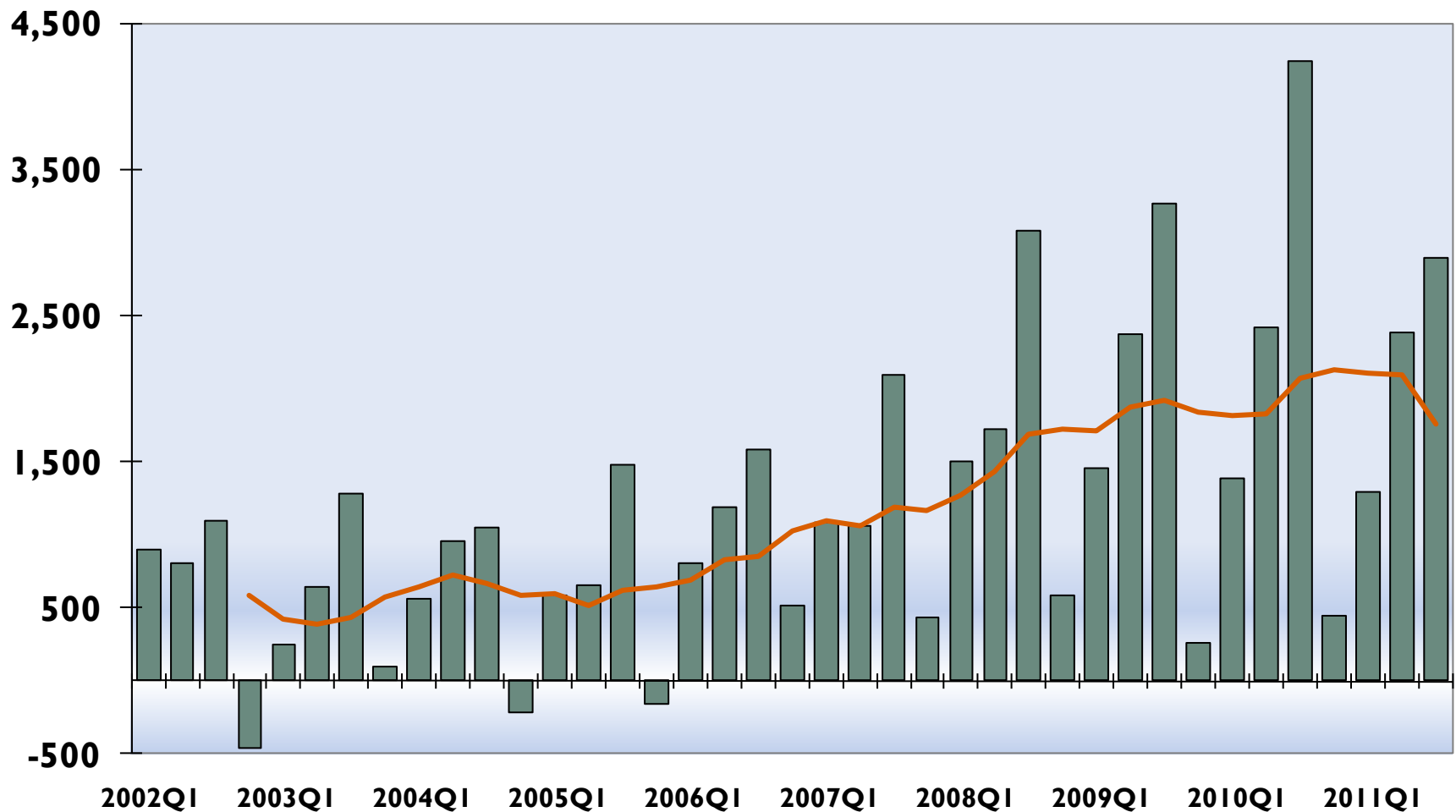
# Inter-Provincial Migration Patterns

## Quarterly Inter-Provincial Migration, Atlantic Canada



# Immigration Driving Population Growth

## Quarterly Immigration, Atlantic Canada






# Long -Term Population Projections

A decorative graphic at the top of the slide. On the left is a solid red square. To its right is a light grey horizontal bar. On the right side of this bar, there is a small bar chart with three bars of increasing height from left to right, colored in shades of blue and grey.

- Since 1974 Statistics Canada's Demography Division has been publishing population projections for Canada and the provinces
- Projections are based on a series of assumptions for fertility, mortality, migration (including international and interprovincial)
- The presentation is based on the set of low projection assumptions as this is the most conservative for population growth for Canada and Atlantic Canada
- CMHC Projection for Halifax includes the impact of the Ship Building Contract over the next 20 years

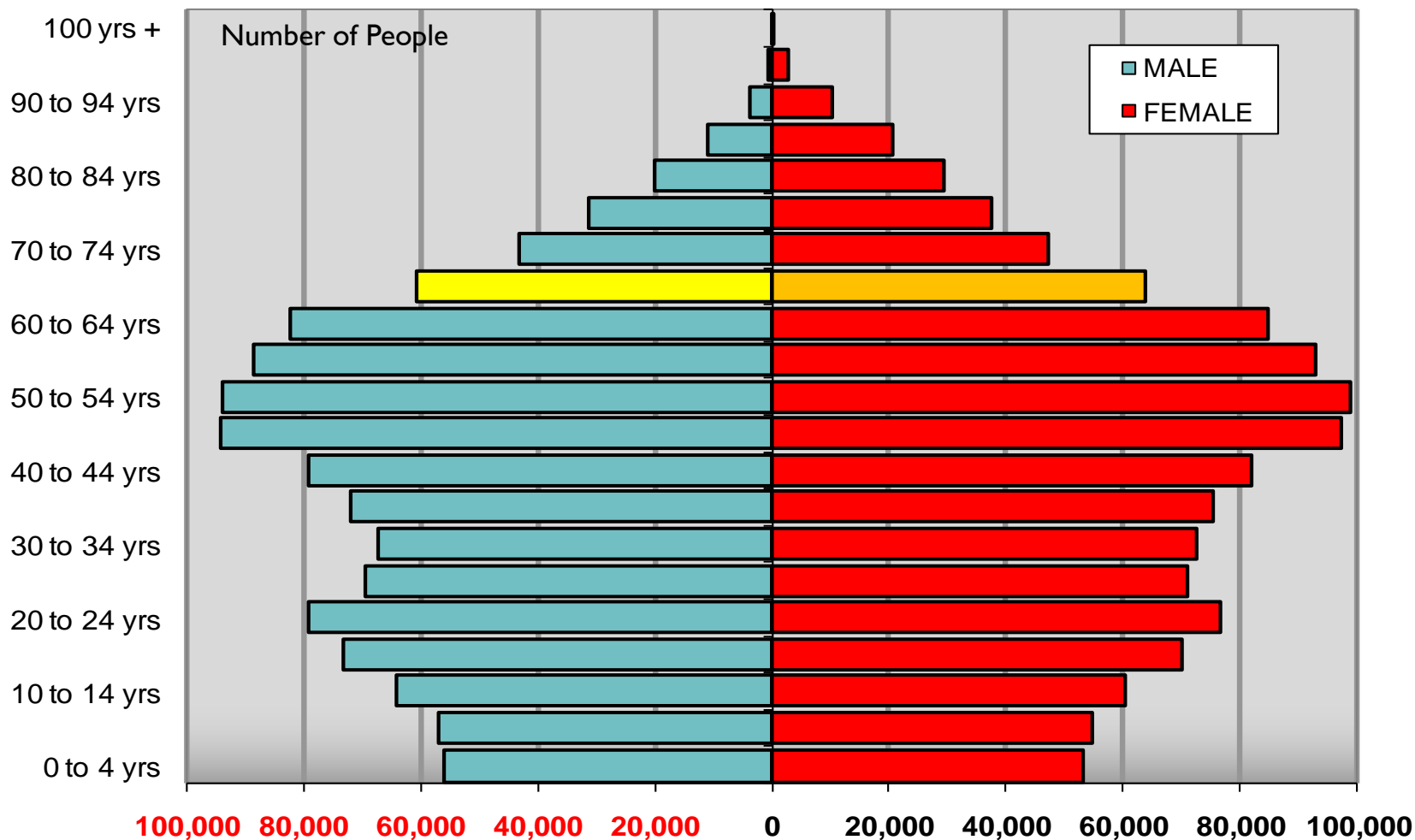
# Population by Age Group



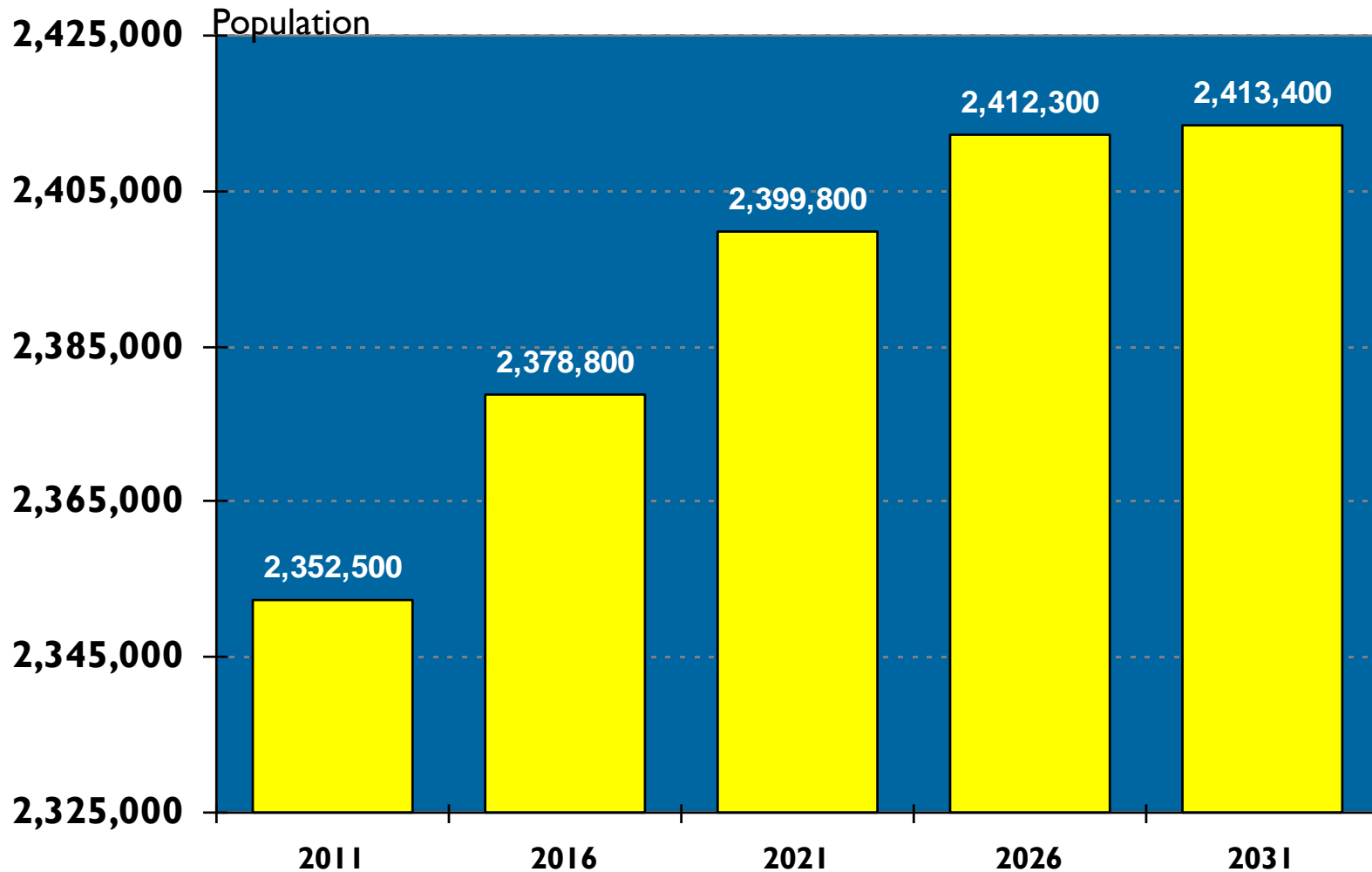
Age	% of Canada Population, 2011	% of Newfoundland-Labrador Population, 2011	% of Prince Edward Island Population, 2011	% of New Brunswick Population, 2011	% of Nova Scotia Population, 2011
Under 25	30.6%	27.8%	30.9%	28.7%	28.9%
25 – 35	14.0%	11.6%	11.4%	12.4%	11.8%
35 – 45	13.9%	13.5%	12.9%	13.1%	13.1%
45 – 55	15.9%	16.6%	16.1%	16.1%	16.6%
55 – 65	12.6%	15.6%	14.3%	14.8%	14.6%
65 – 75	7.5%	9.4%	8.7%	9.0%	9.0%
75+	5.4%	5.4%	5.7%	5.9%	6.0%

# Atlantic Canada Population Profile: 2011

**In 2011 the first boomers born in 1946 turned 65 !**

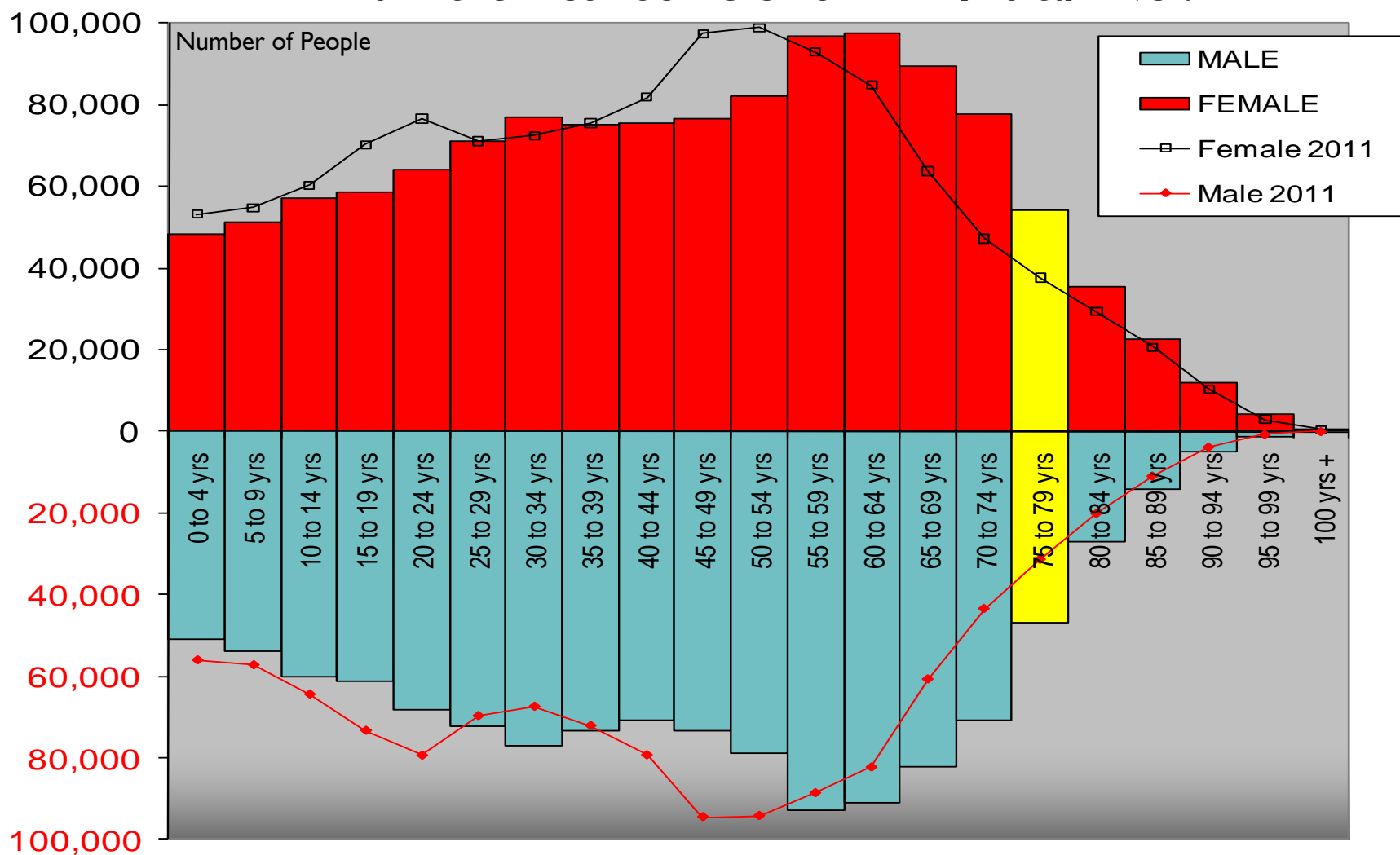


# Atlantic Canada Population Forecast to 2031



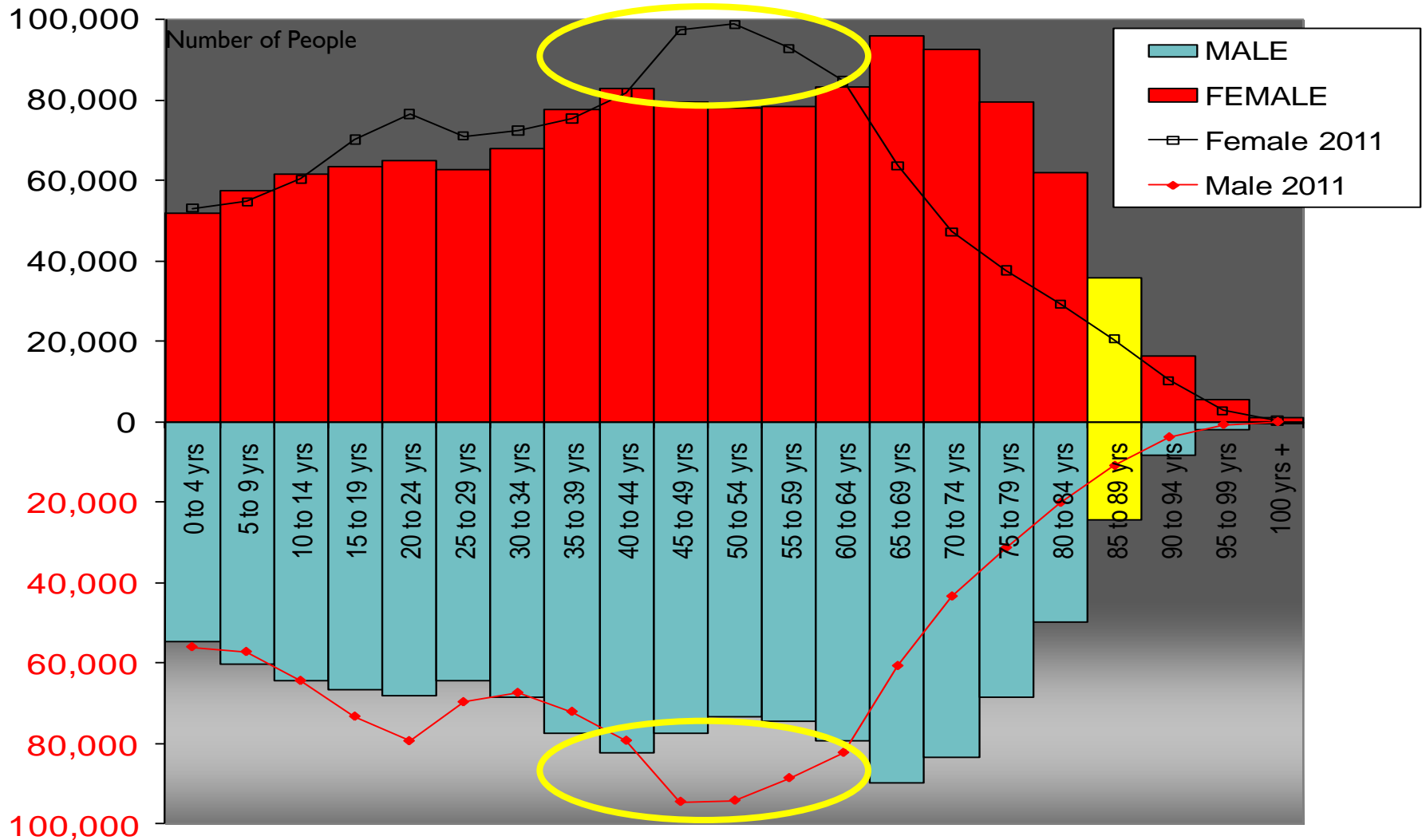
# Atlantic Canada Population Profile: 2021

**In 2021 the first boomers born in 1946 turn 75 !**



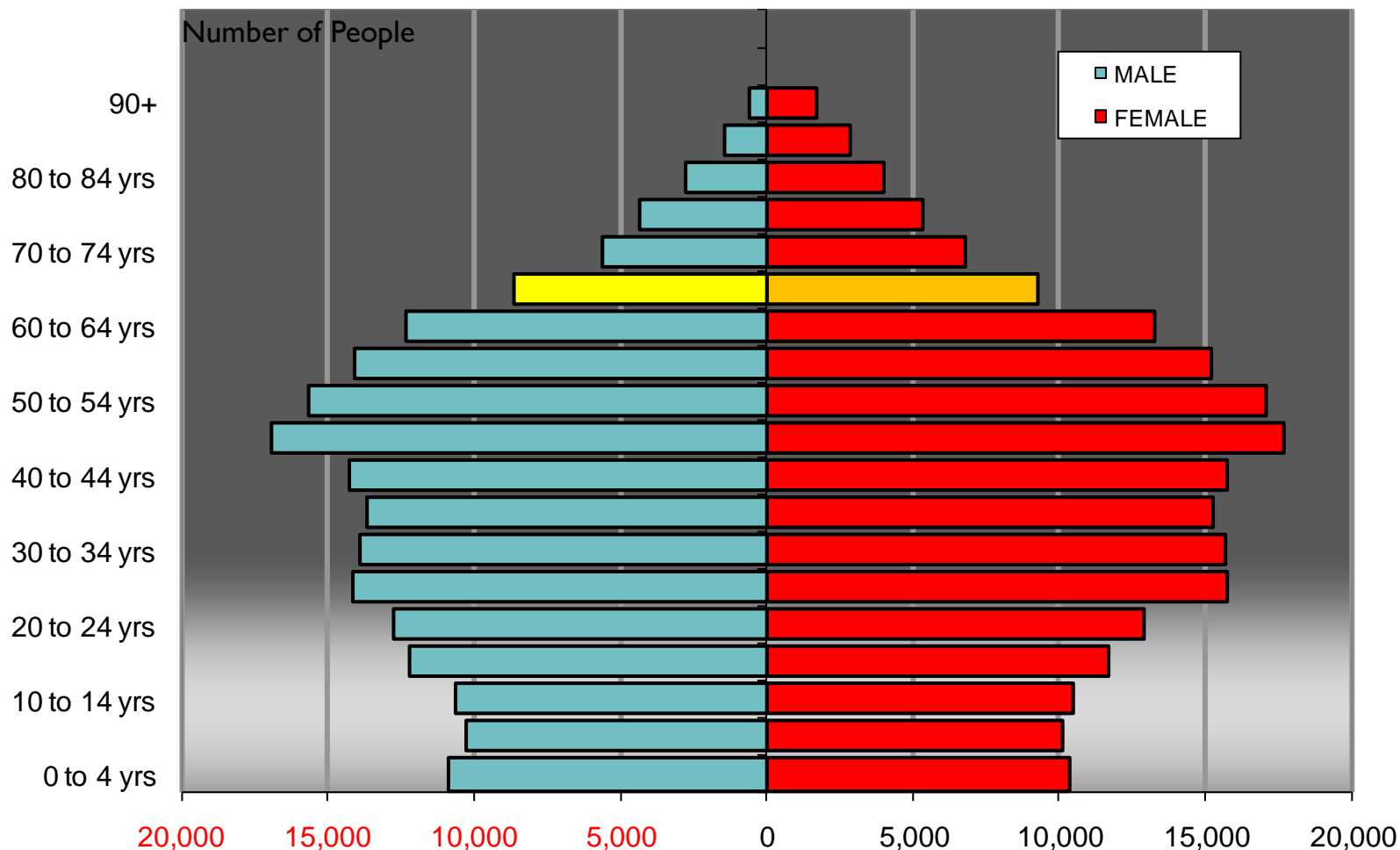
# Atlantic Canada Population Profile: 2031

**In 2031 the first boomers born in 1946 turn 85 !**

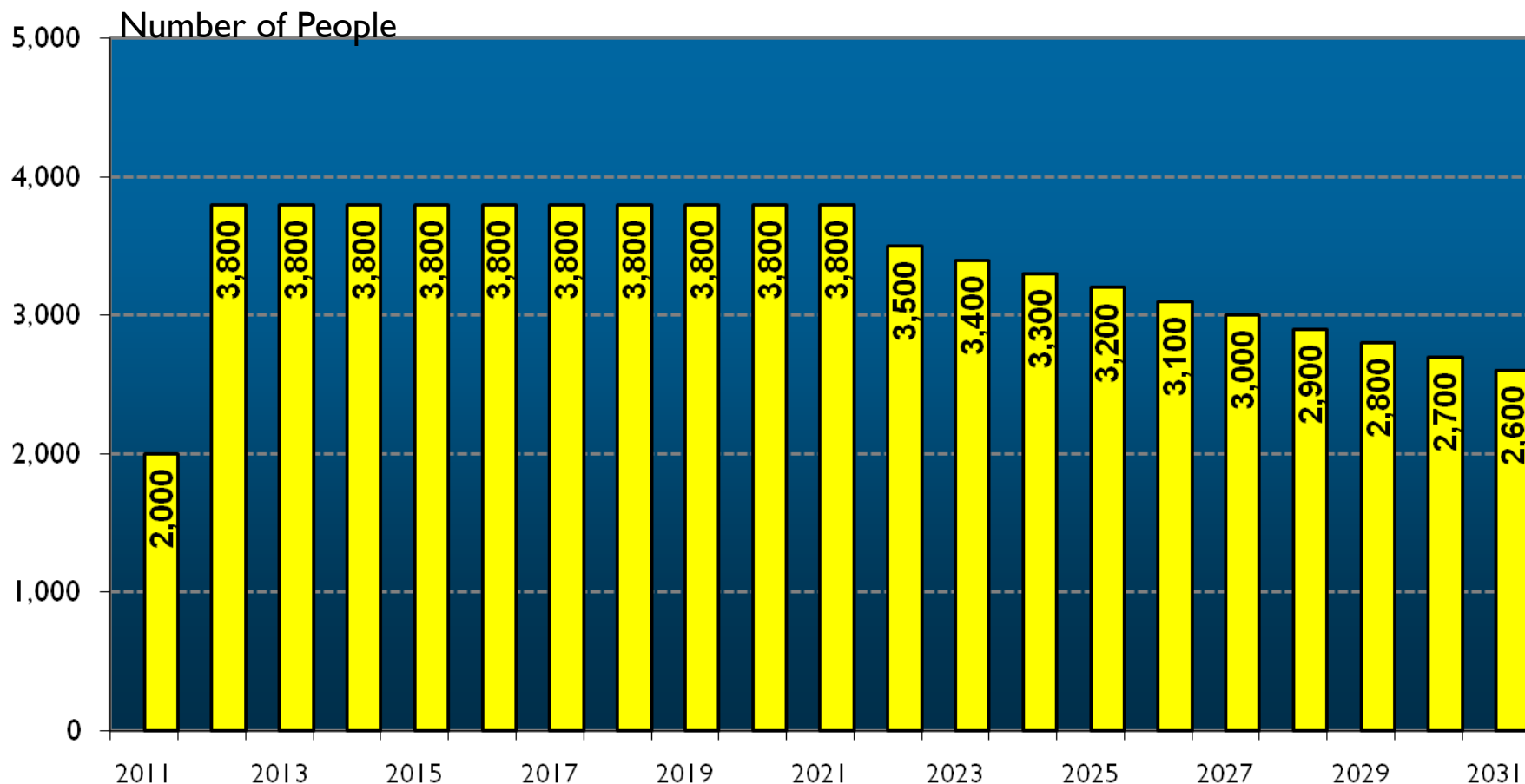


# Halifax Population Profile: 2011

**In 2011 the first boomers born in 1946 turned 65 !**

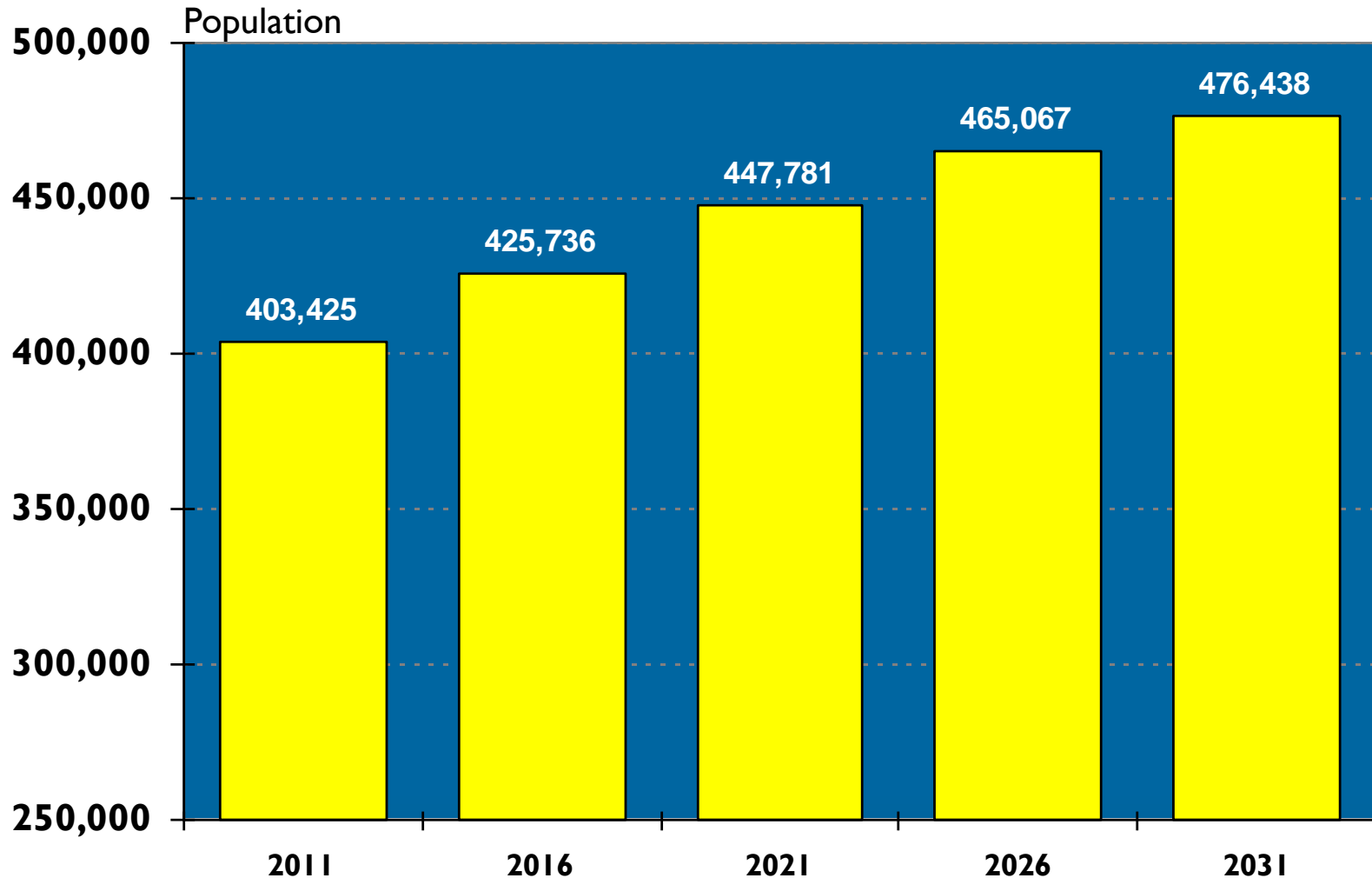


# Halifax Migration Forecast to 2031



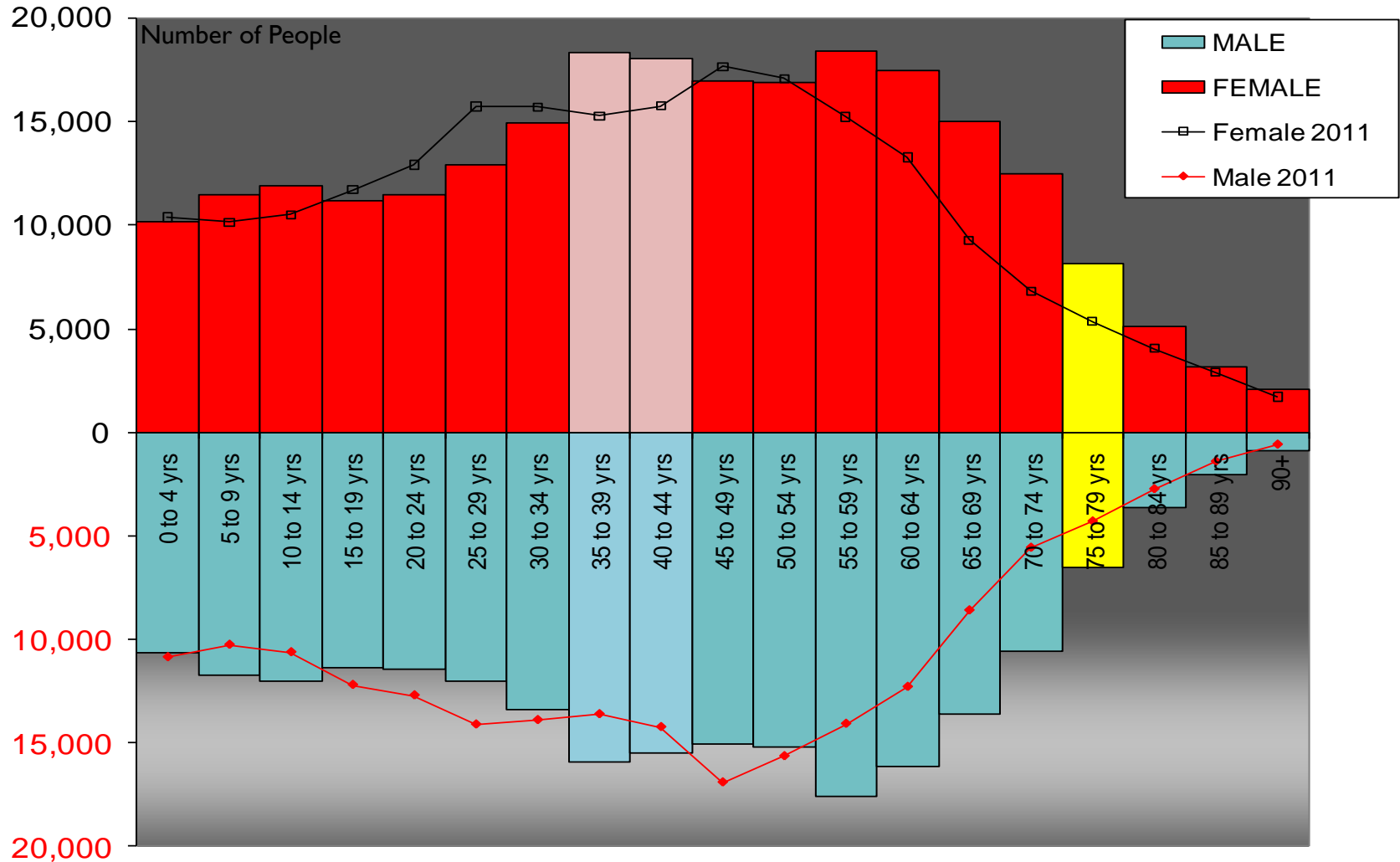


# Halifax Population Forecast to 2031



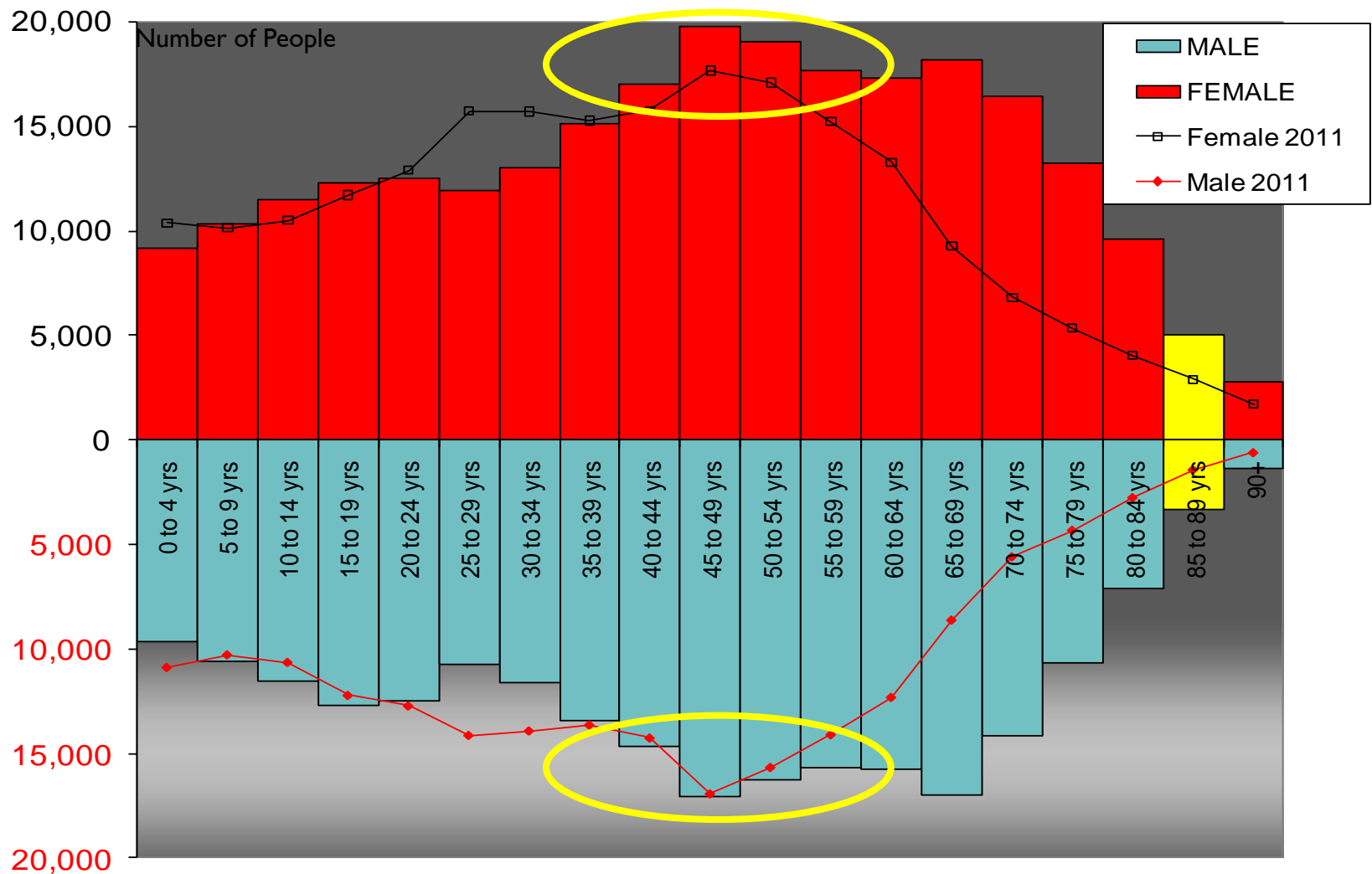
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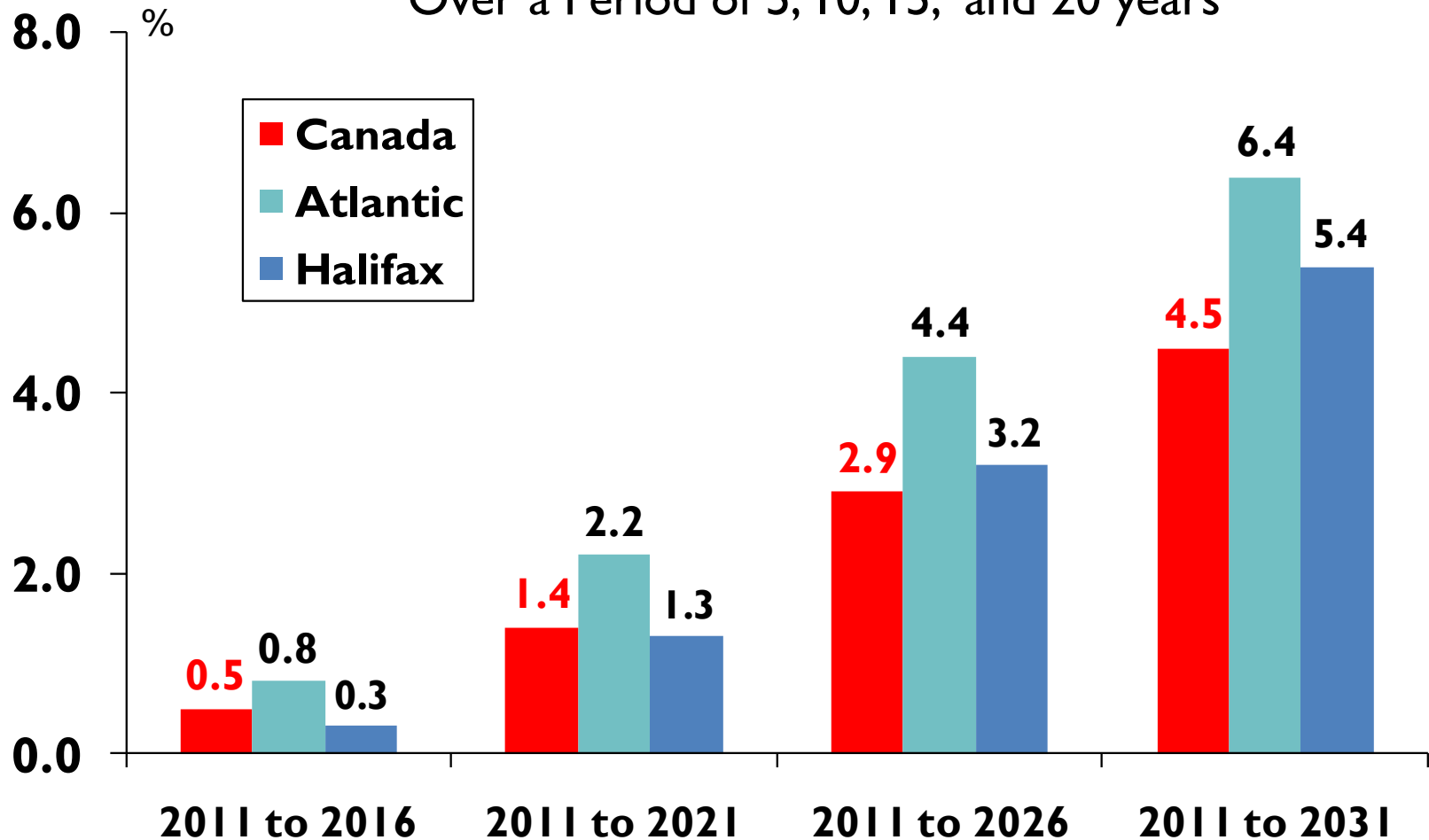
# Halifax Population Profile: 2031

**In 2031 the first boomers born in 1946 turn 85 !**



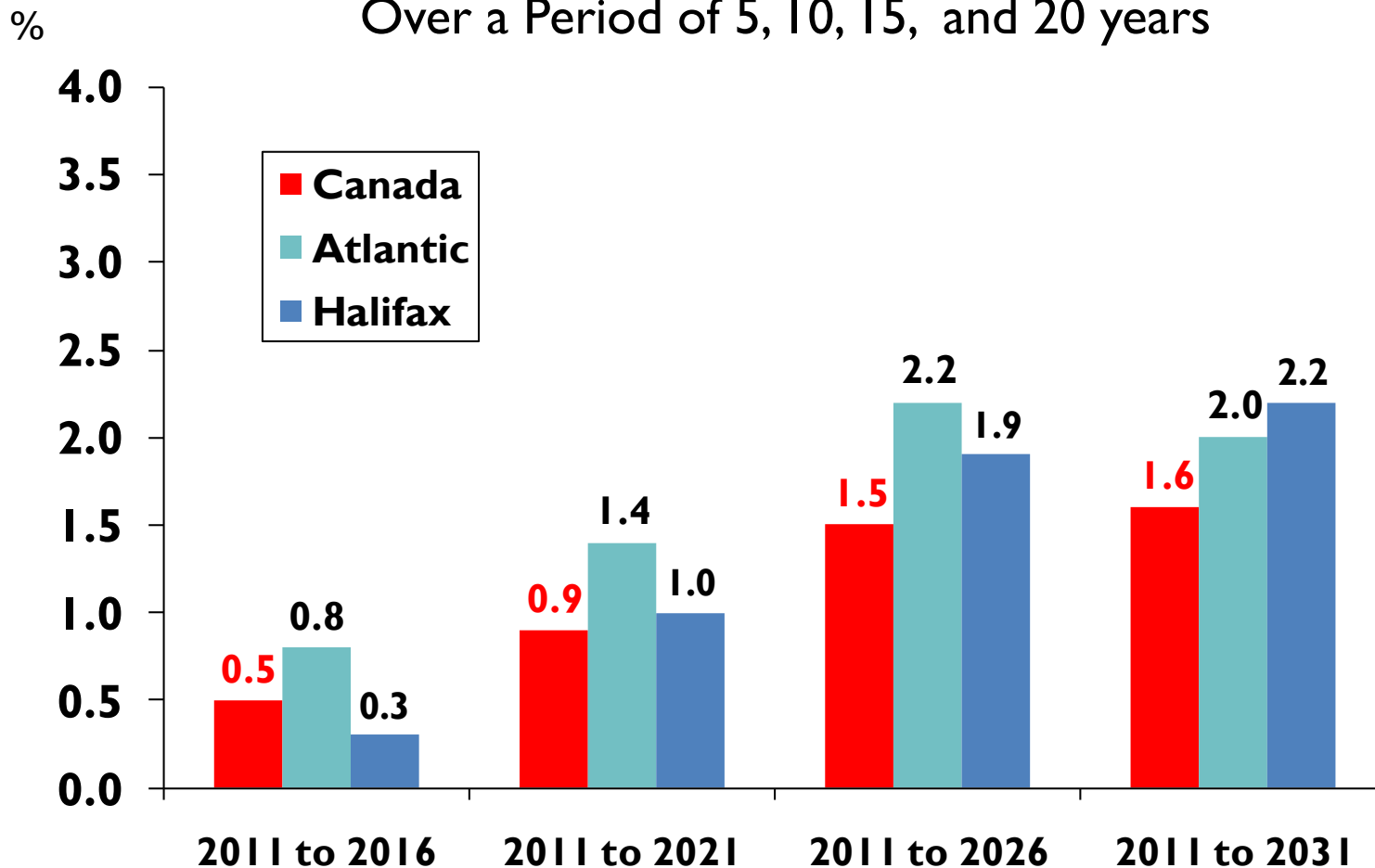
# Per Cent Increase in +75 Population

% Increase in Population, +75 years of age  
Over a Period of 5, 10, 15, and 20 years



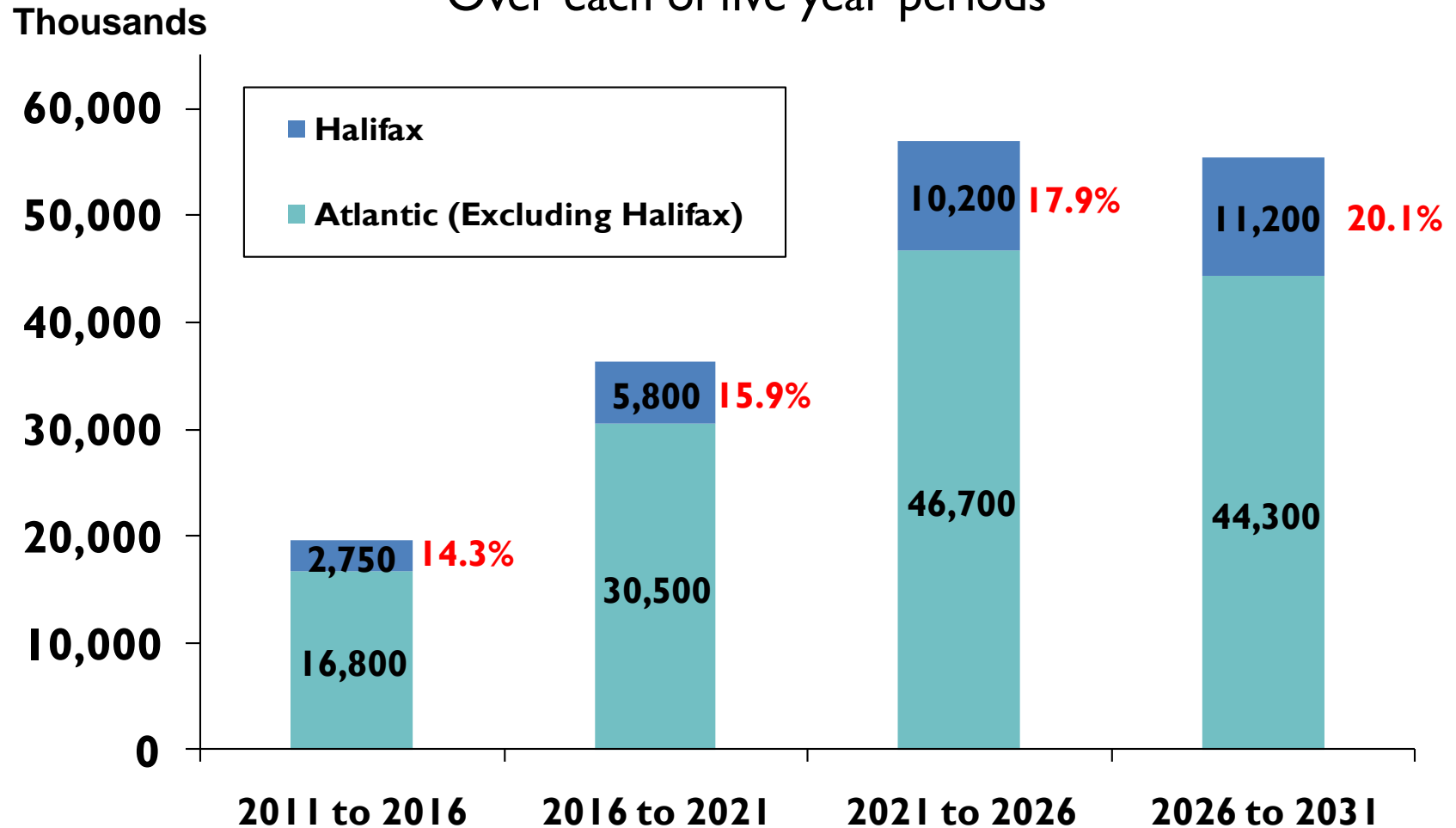
## +75 Growth Rate peaks in 15 Yrs in the Atlantic

% Change in Rate of Growth of Population, +75 years of Age  
Over a Period of 5, 10, 15, and 20 years

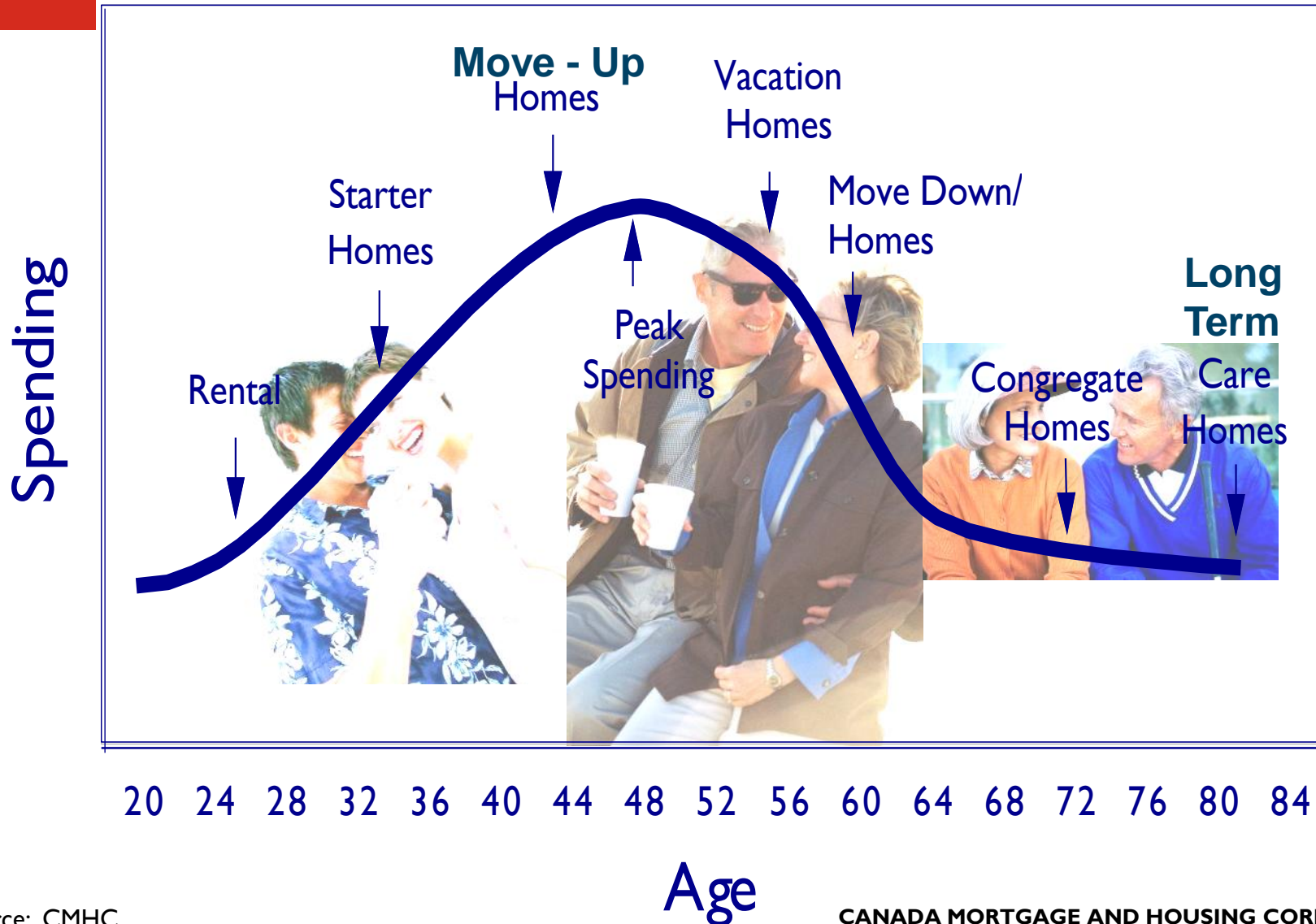


# Increase in the Number of People: +75

Increase in the Number of People, +75 years of Age  
Over each of five year periods

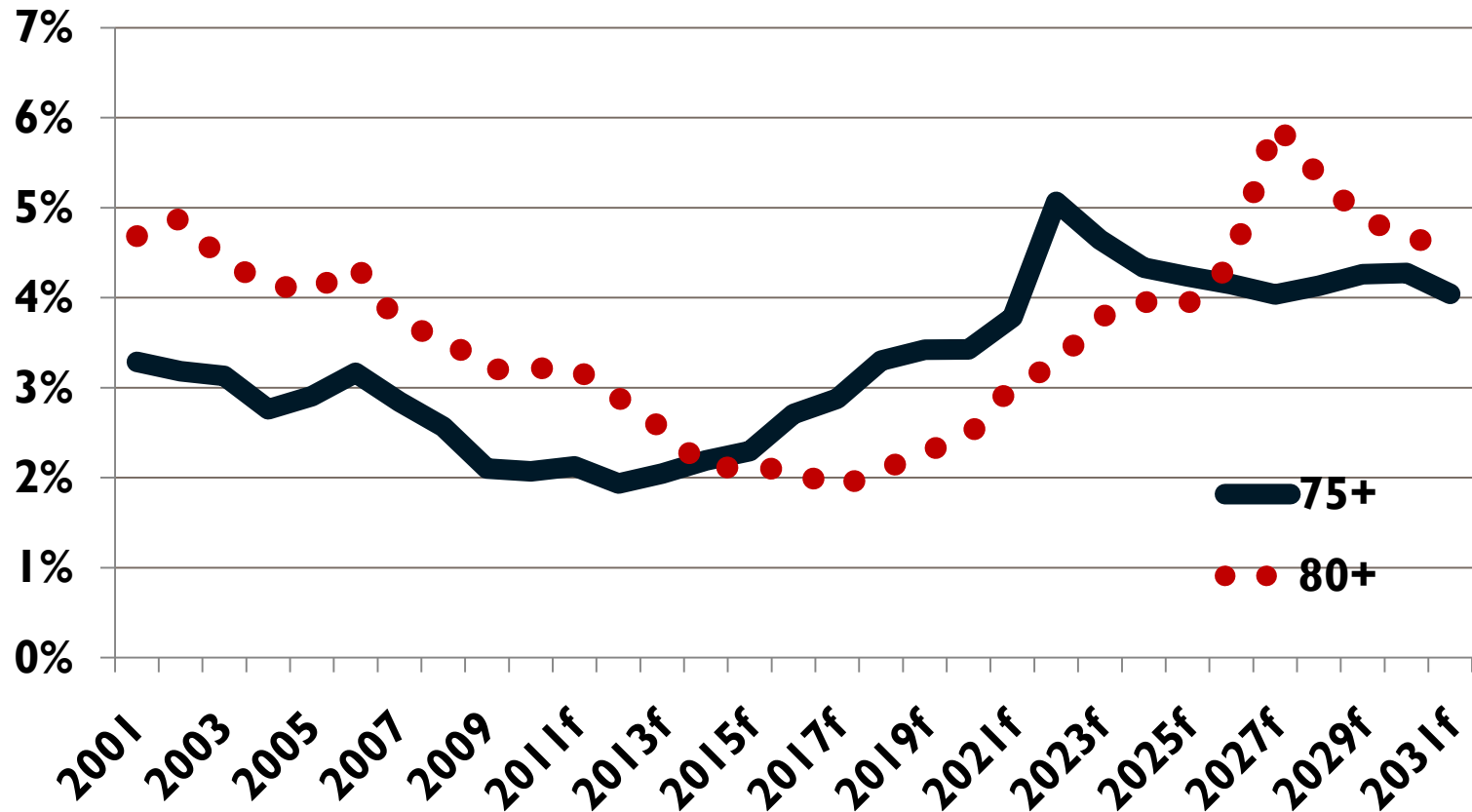


# Key Homebuyer Groups



# Demand for Seniors' Housing in Canada Rises after 2017

## Annual growth





# Population by Age Group & Future Housing Demand

Age	% of Canada Population, 2011	% of Canada Population, 2016	% of Canada Population, 2021	
Under 25	30.6%	29.1%	27.9%	Rental/ First-Time Buyers
25 – 35	14.0%	14.2%	13.8%	
35 – 45	13.9%	13.5%	13.8%	Move-Up Buyers
45 – 55	15.9%	14.6%	13.0%	
55 – 65	12.6%	13.6%	14.2%	Vacation/ Trade-Down Buyers
65 – 75	7.5%	9.1%	10.5%	
75+	5.4%	5.9%	6.8%	Seniors Housing/ Longer Term Care

# Population by Age Group & Future Housing Demand

Age	% of Atlantic Population, 2011	% of Atlantic Population, 2016	% of Atlantic Population, 2021	
Under 25	28.7%	26.7%	25.1%	Rental/ First-Time Buyers
25 – 35	11.9%	12.7%	12.7%	
35 – 45	13.2%	12.3%	12.3%	Move-Up Buyers
45 – 55	16.4%	14.9%	13.0%	
55 – 65	14.9%	15.4%	15.7%	Vacation/ Trade-Down Buyers
65 – 75	9.1%	11.4%	13.1%	
75+	5.8%	6.6%	8.0%	Seniors Housing/ Longer Term Care

# Population by Age Group & Future Housing Demand

Age	% of Halifax Population, 2011	% of Halifax Population, 2016	% of Halifax Population, 2021	
Under 25	27.7%	26.2%	25.1%	Rental/ First-Time Buyers
25 – 35	14.6%	13.5%	11.8%	
35 – 45	14.5%	14.5%	15.0%	Move-Up Buyers
45 – 55	16.6%	15.5%	14.2%	
55 – 65	13.5%	14.6%	15.4%	Vacation/ Trade-Down Buyers
65 – 75	7.5%	9.6%	11.4%	
75+	5.7%	6.0%	7.0%	Seniors Housing/ Longer Term Care

# Seniors' Housing in Canada

- Social Trends
- Housing Options and Choices for Seniors
- Seniors and Wealth

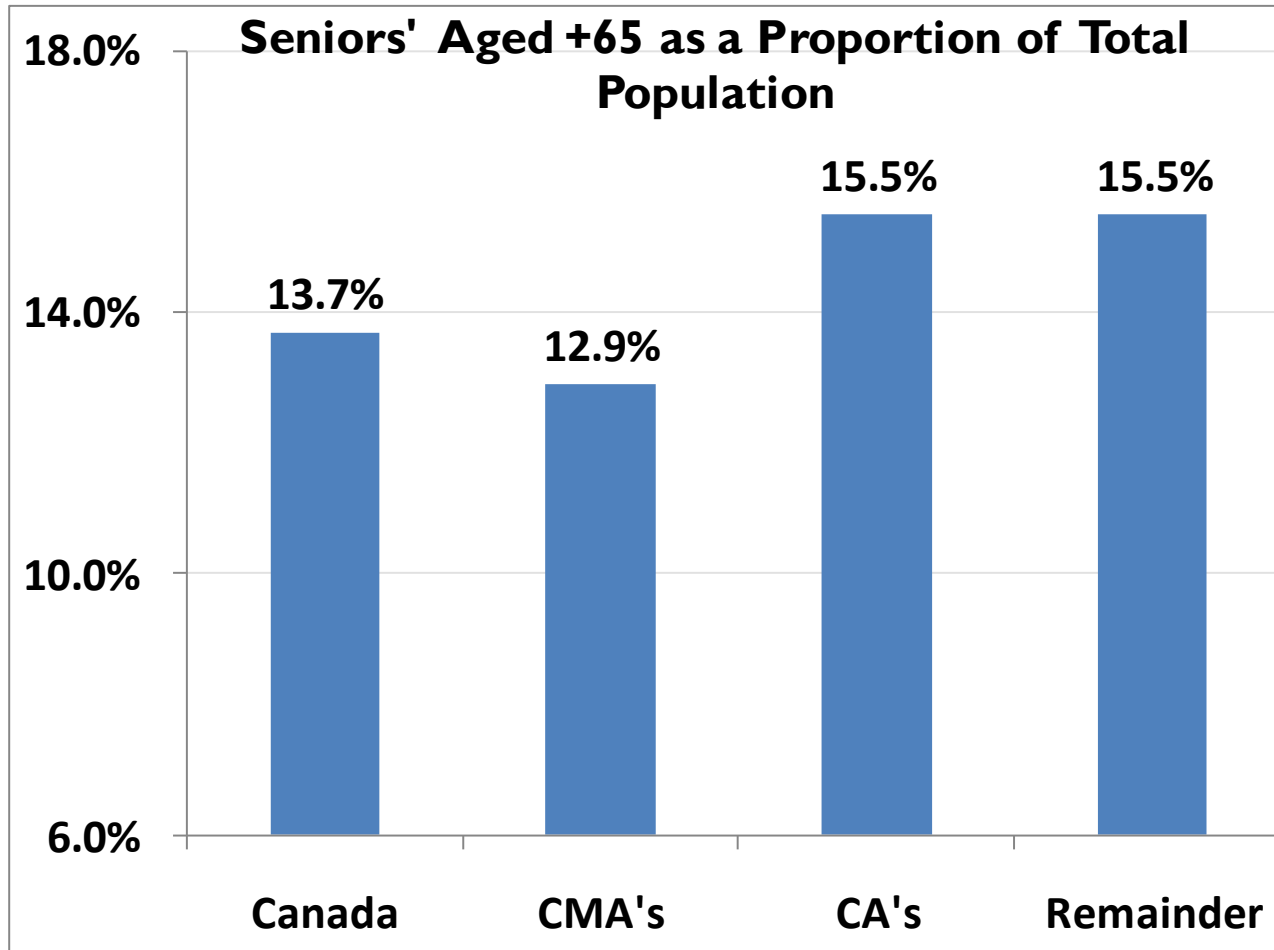


# Housing Tenure and Types - Canada 2006

- In 2006, there were 2.6 million senior\*-led households
- Over two-thirds (72%) owned their home, 86% of owners were mortgage-free
- Nearly 1 in 4 rented their home
- 68% of households headed by seniors aged 75 or older owned a home
- 55% of seniors lived in single-detached houses
- 31% of seniors lived in apartments
- 13% of seniors lived in semis, townhouses, or flats in duplexes
- 10% of seniors owned a condominium compared to 7% for non-senior households

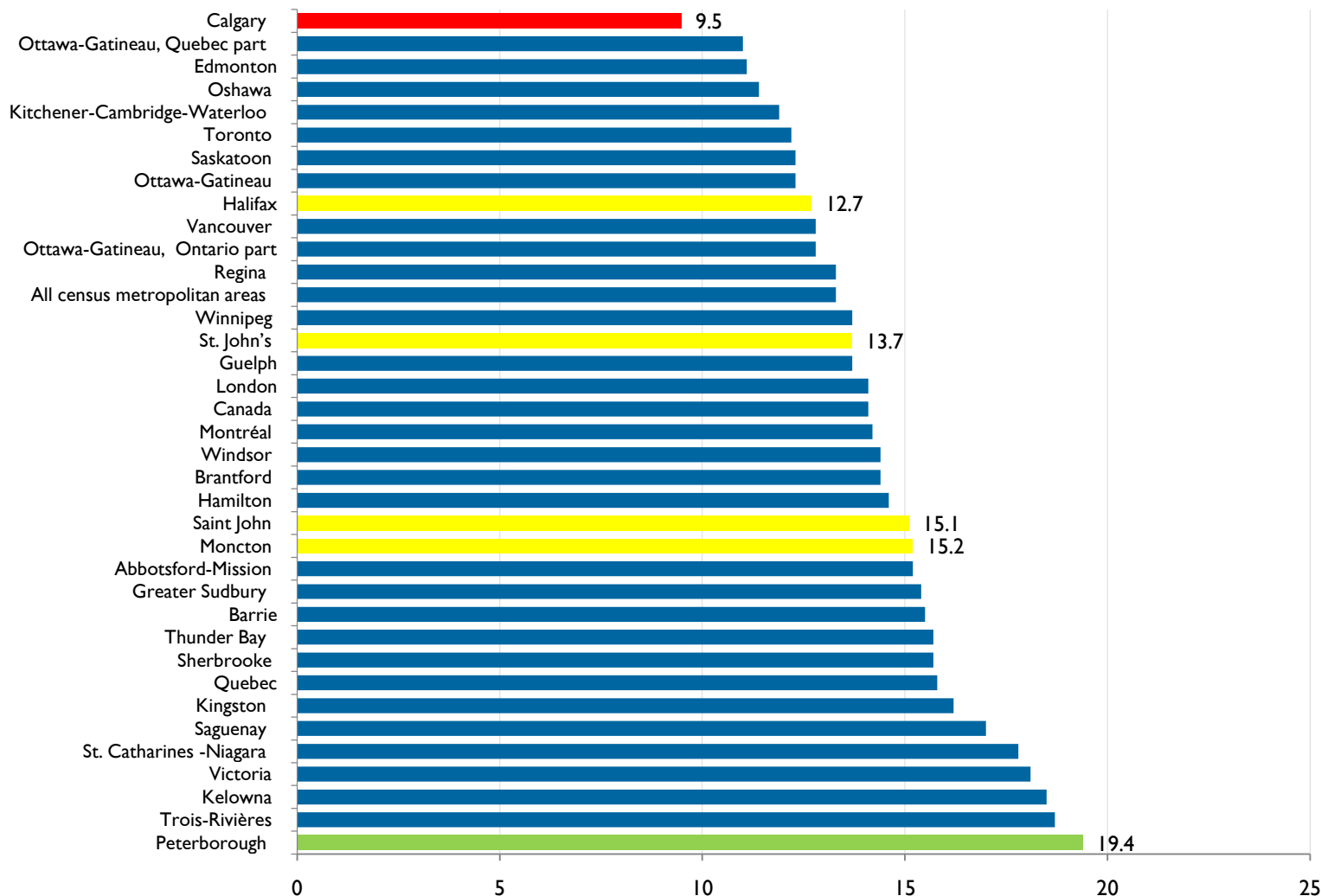


# Seniors' Population – Canada in 2006



# CMA's are Aging at Different Rates

## Per Cent of Population over 65 yrs old in 2010



# Migration Drives Growth

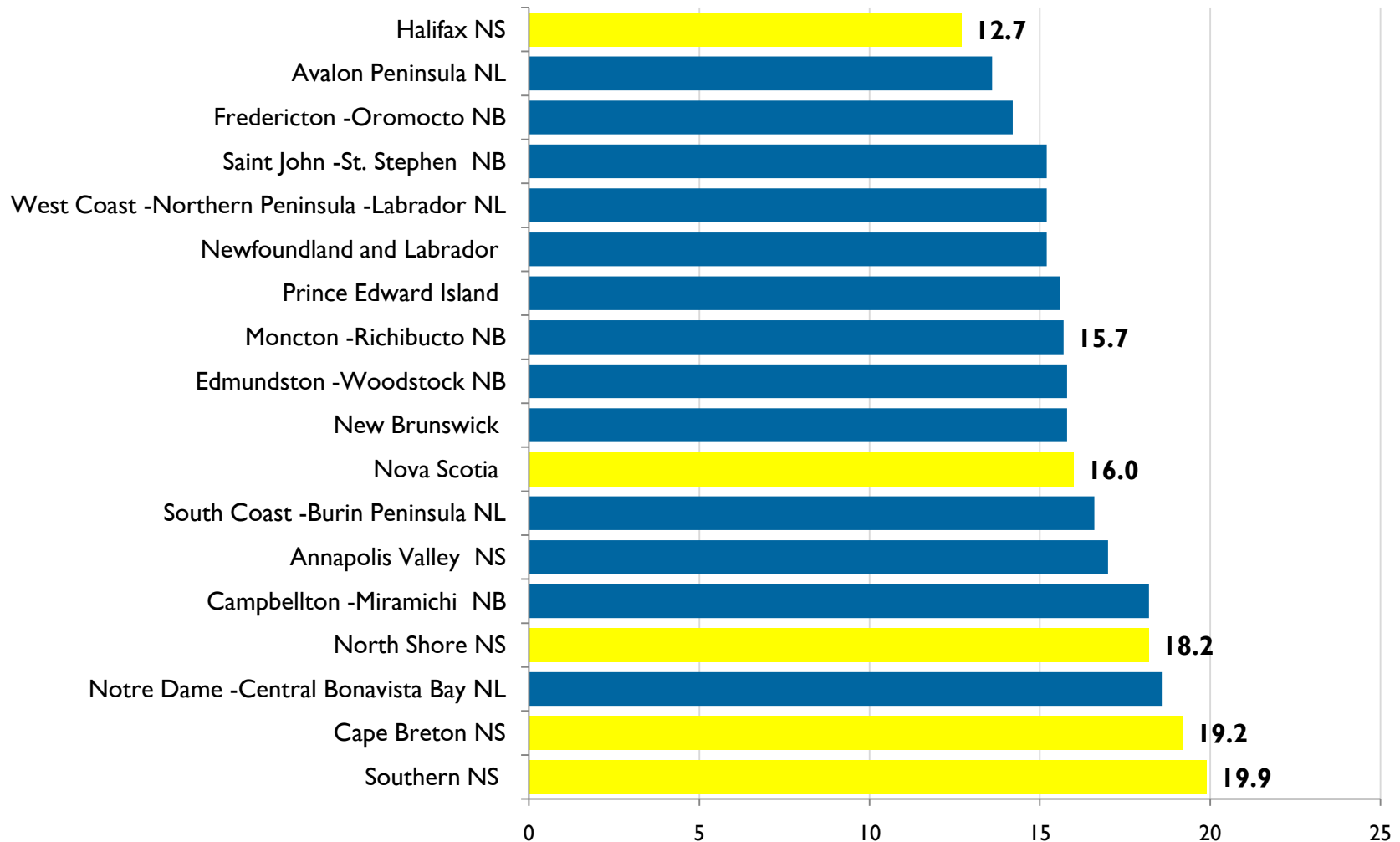
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- Median ages and the percentage of seniors are generally lower in faster-growing communities
- Migration is the factor that differentiates fast-growing and slow-growing cities
- Slower growing communities attract fewer newcomers and experience more out-migration to other parts of Canada
- Without increased inflows of immigrants or migrants from other parts of Canada weaker growing cities are likely to stagnate or decline in population limiting future housing demand



# Nova Scotia: The Young and the Old

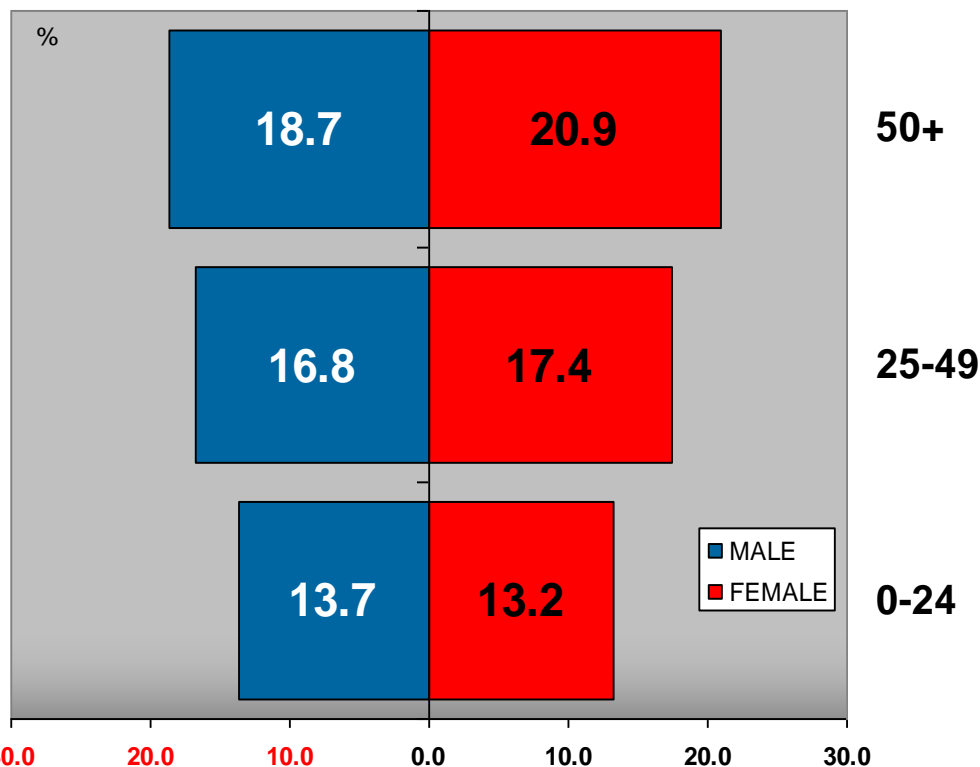
## Per Cent of Population over 65 yrs old in 2010



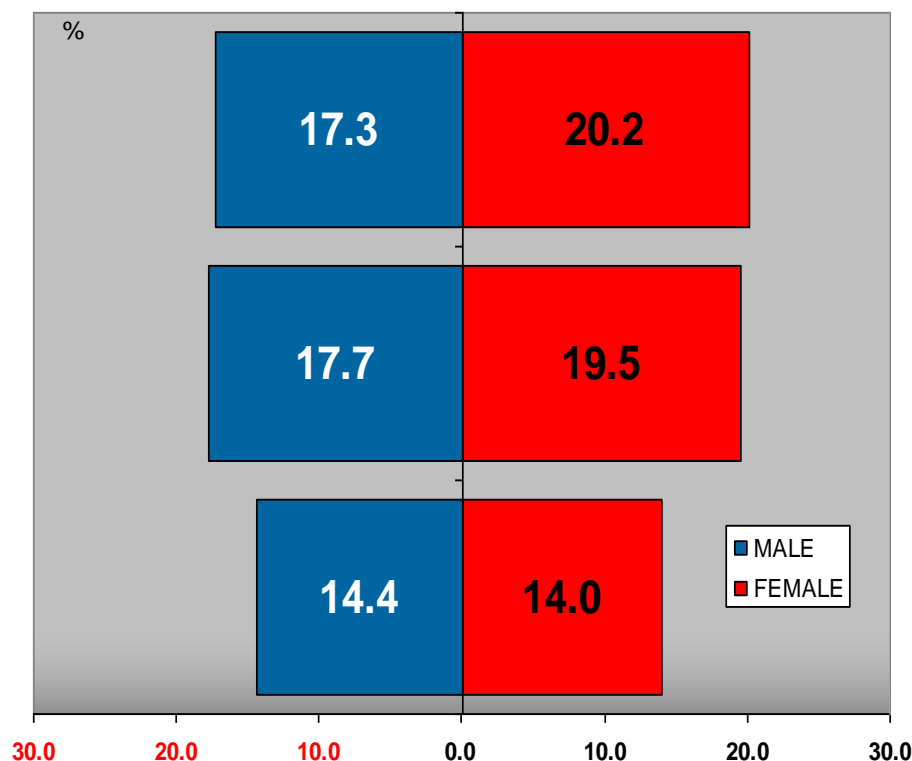
# Comparison of Age Profiles: 2011

More people over 50 live outside the six largest urban centres (39.6% vs. 37.5%)

**Atlantic 2011**



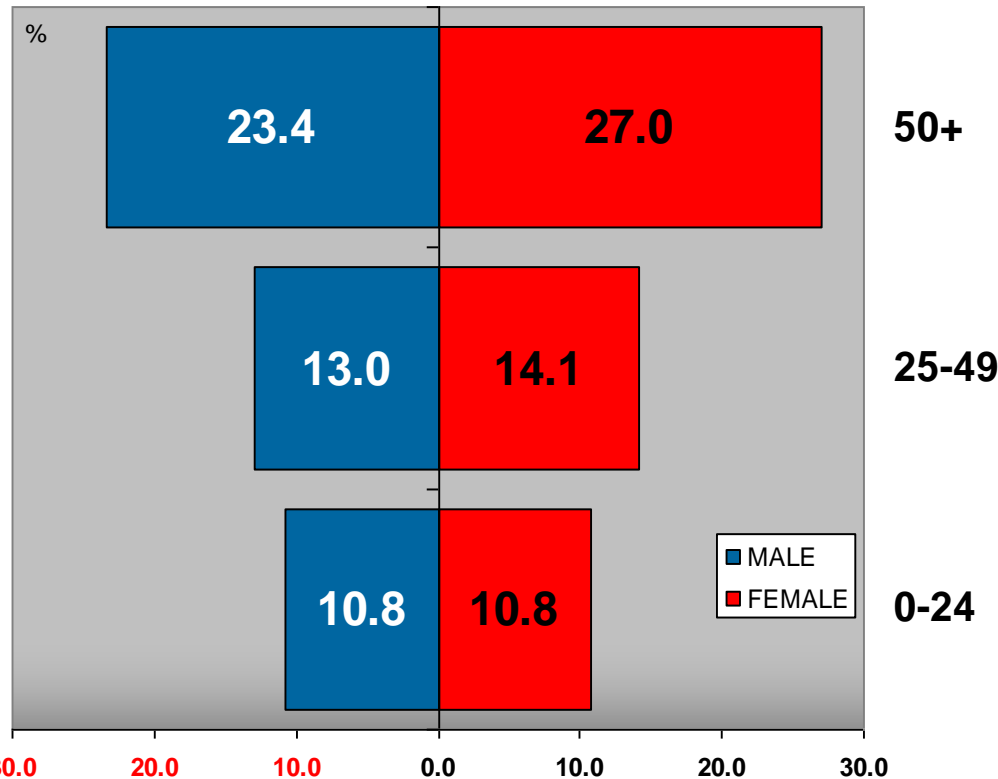
**Atlantic Urban 2011**



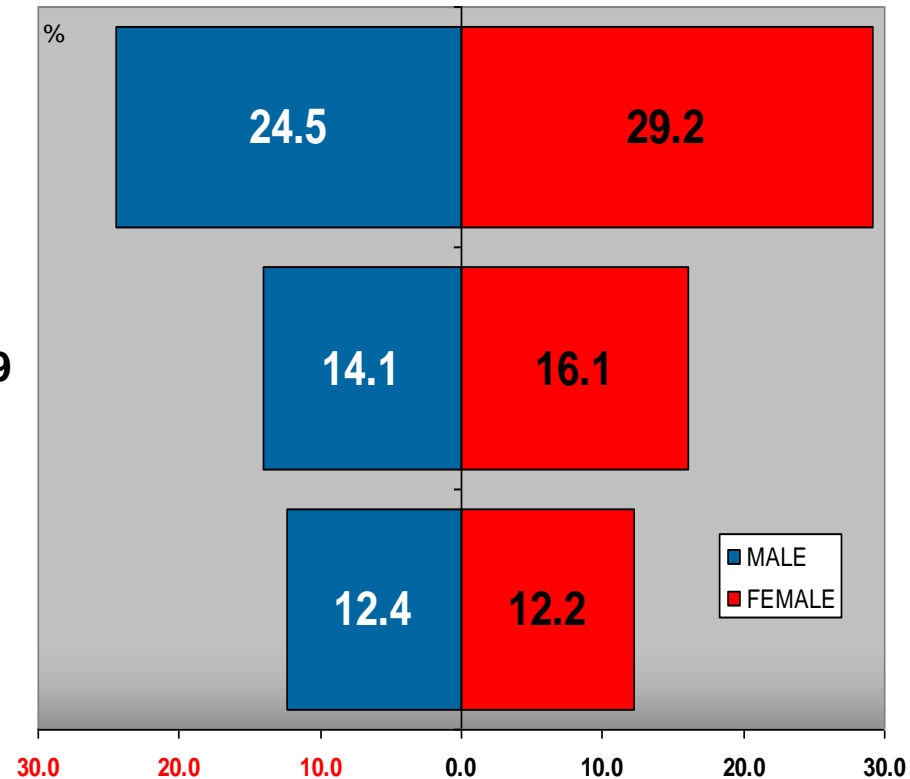
# Comparison of Age Profiles: 2031

More people over 50 live in the six largest urban centres with over half of the population over 50 years old

**Atlantic 2031**



**Atlantic Urban 2031**





# Observations: 2007 Atlantic Study on Seniors

- Atlantic Seniors live in rural areas (42.2%) while only 22.6% of all Canada's seniors live in rural areas
- The majority 75.8% - live in single-family homes
- Atlantic Seniors are also more likely to live in houses rather than apartments
- Seniors in Atlantic Canada also live in more mobile homes than the rest of Canada (3 to 1)
- For the 12% of Atlantic Canada seniors who plan to move in the future the preference is for housing that is focused on independent living

# Housing Options for Seniors

Independent Living		Facility Living	
	Congregate Residences		
		Care Facilities	
At Home Care	Independent Housing with Support	Assisted Living	Residential Care
<ul style="list-style-type: none"> <li>• Home support</li> <li>• Shelter Aid for Elderly - Rental assistance</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Housing</li> <li>• Some combination of the following:                             <ul style="list-style-type: none"> <li>›Meals</li> <li>›Housekeeping</li> <li>›24-hour response</li> <li>›Social Activities</li> <li>›Home Support</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Independent housing</li> <li>• Meals</li> <li>• Housekeeping</li> <li>• 24-hour response</li> <li>• Social activities</li> <li>• Personal care services</li> <li>• Registered</li> </ul>	<ul style="list-style-type: none"> <li>• Full-time professional care</li> <li>• Licensed</li> </ul>



# Impacts of Aging on Housing and Communities

- Population aging will have profound impacts on the form and function of communities and housing as the number of very old adults increases
- Communities will need to respond by adopting planning strategies that address an aging population that is less mobile and choosing to live in their current home and community for as long as possible
- An aging population will change the nature of transportation requirements and require communities to be more responsive to people with disabilities
- There will be increased demand for home maintenance and support services for personal care and increased reliance on non-family support services such as government and private service providers

# What Housing Choices do Seniors have Today?

## Independent Living

### Tenure Options:

- Freehold: Single/Semi/Row
- Rental: Single/Semi/Row/Apartment
- Congregate Residence
- Life Lease or Life Equity\*
- Condominium: Single/Semi/Row/Apartment
- Condominium: Apartment Style with Services

\* Purchase the “Right to Occupy” a residential unit. Entitled to occupy the unit for life, or for as long as the occupant(s) are capable of independent living. When necessary the unit is sold at its current market value. The previous occupants, or estate receive a share of the unit’s current market value



# What Housing Choices do Seniors have Today?

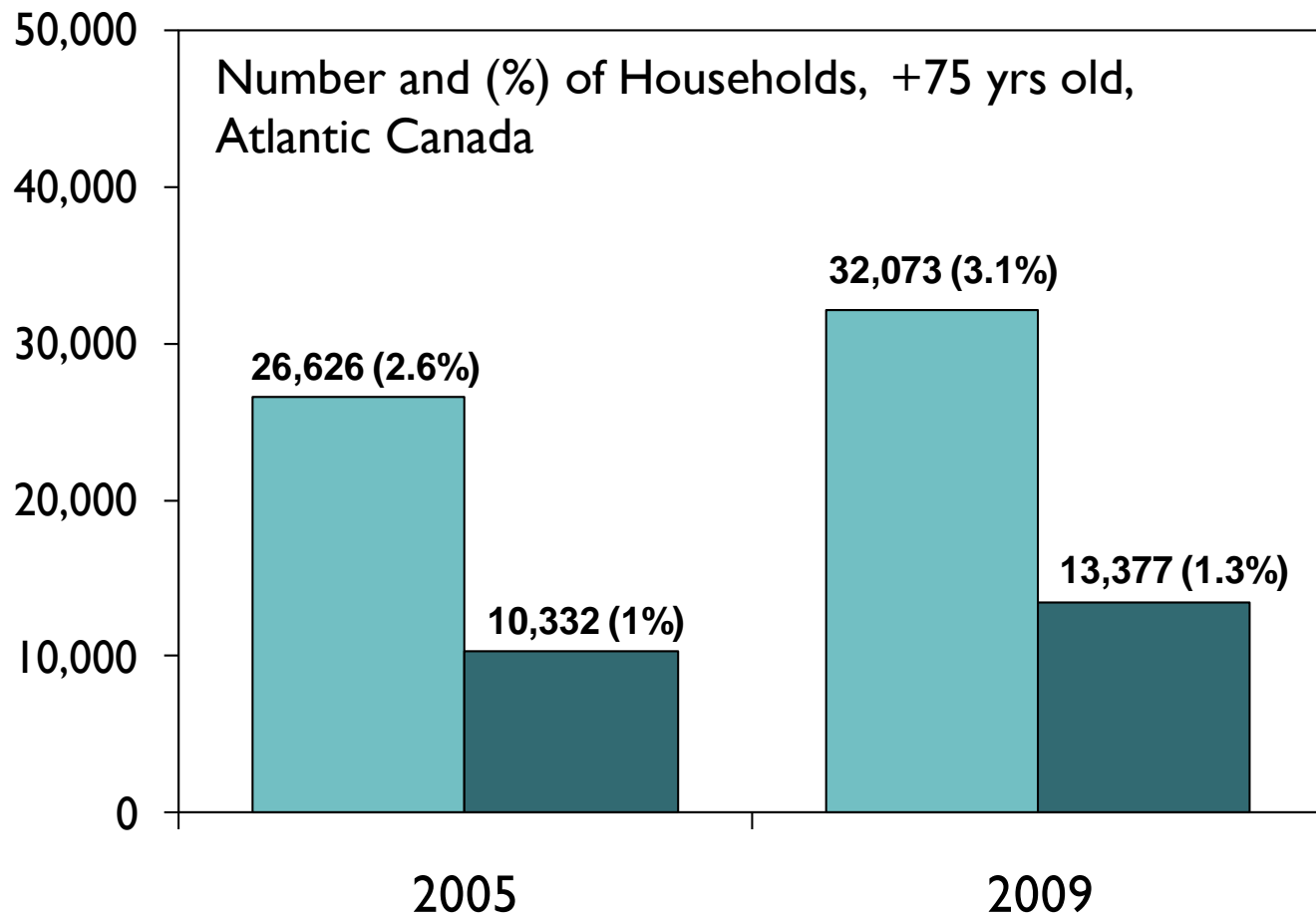
## **Housing for Seniors will Depend on:**

- The need for medical care now
- The anticipation of needing on-going medical care
- Whether they are independent but want some support
- Are totally independent now but may want some support in the future



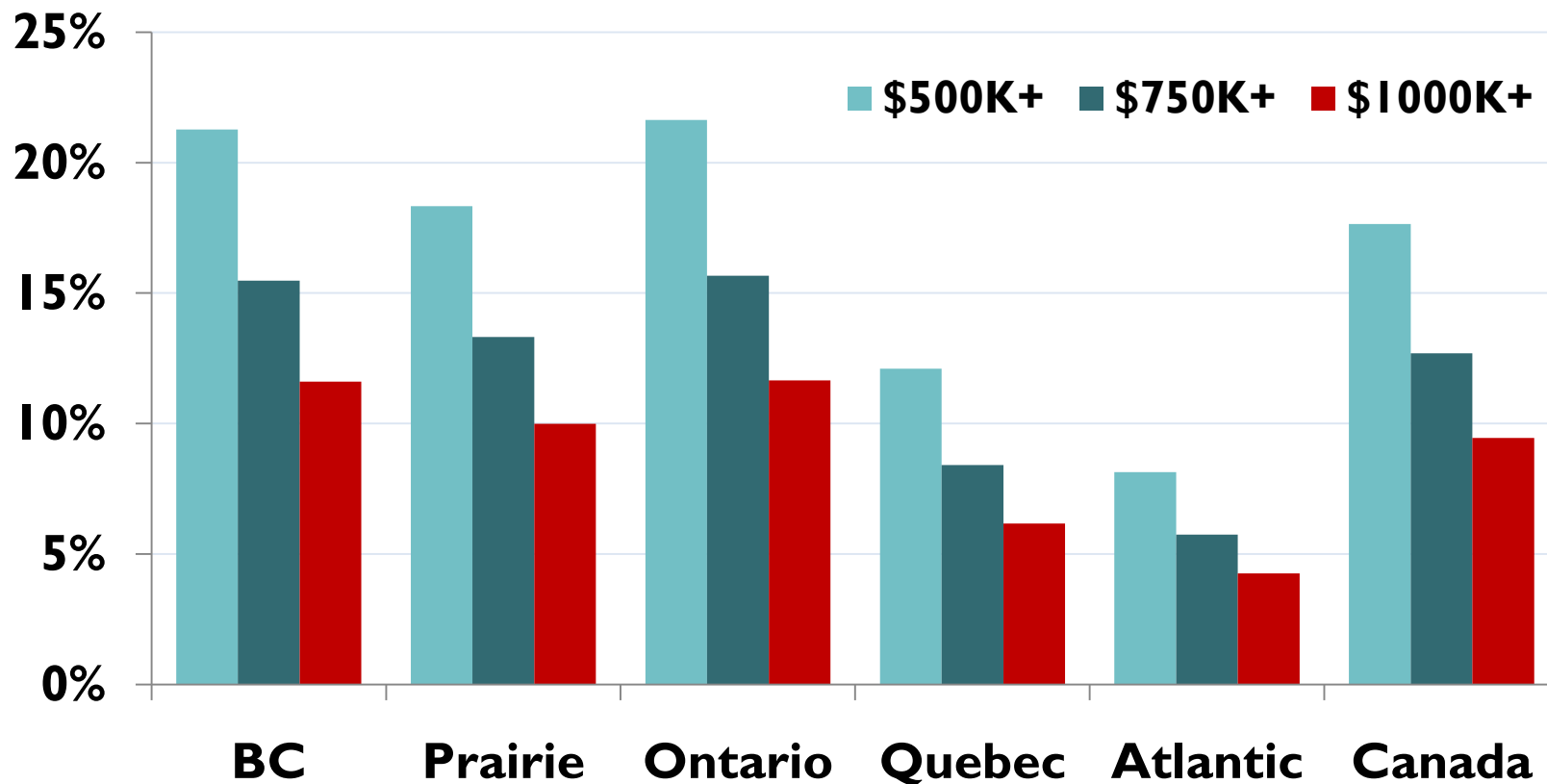
# What Housing Choices do Seniors +75 have Today?

- For many of today's seniors housing options are determined by income levels



# Wealth: Less than 20 Per Cent Currently Have Enough?

## % of Households Aged 75+



# Financial Wealth Projection for Canada

- Affluent Market will hold almost  $\frac{3}{4}$  of assets by 2018

	Share of Total		Annual Growth 2009-2018
	2009	2018	
<b>Financial Wealth Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>5.2%</b>
<b>Mass Market</b>	11.5%	<b>7.8%</b>	<b>0.8%</b>
\$0-\$50K	9.9%	6.4%	0.3%
\$50-\$100K	1.5%	1.4%	4.0%
<b>Mid-Market</b>	11.3%	<b>10.8%</b>	<b>4.7%</b>
\$100-\$250K	4.5%	4.3%	4.5%
\$250-\$500K	6.7%	6.5%	4.8%
<b>Upscale Market</b>	10.7%	<b>11.0%</b>	<b>5.6%</b>
\$500-\$750K	5.5%	5.6%	5.3%
\$750K-\$1 million	5.2%	5.5%	5.9%
<b>Affluent Market (\$1 Million+)</b>	66.6%	<b>70.4%</b>	<b>5.9%</b>

# Looking Forward in Atlantic Canada

- Migration will have to play a greater role in supporting future population growth
- Within ten years the six key urban centres will have more people over the age of 50 as a share of the population
- Implications regarding the increased number of one person households and the need for housing technology focused on seniors
- The share of the population currently over the age of 75 with sufficient income and assets to provide for adequate support and choices is small
- Wealth is not expected to rise substantially in Atlantic Canada for those with assets under 50K

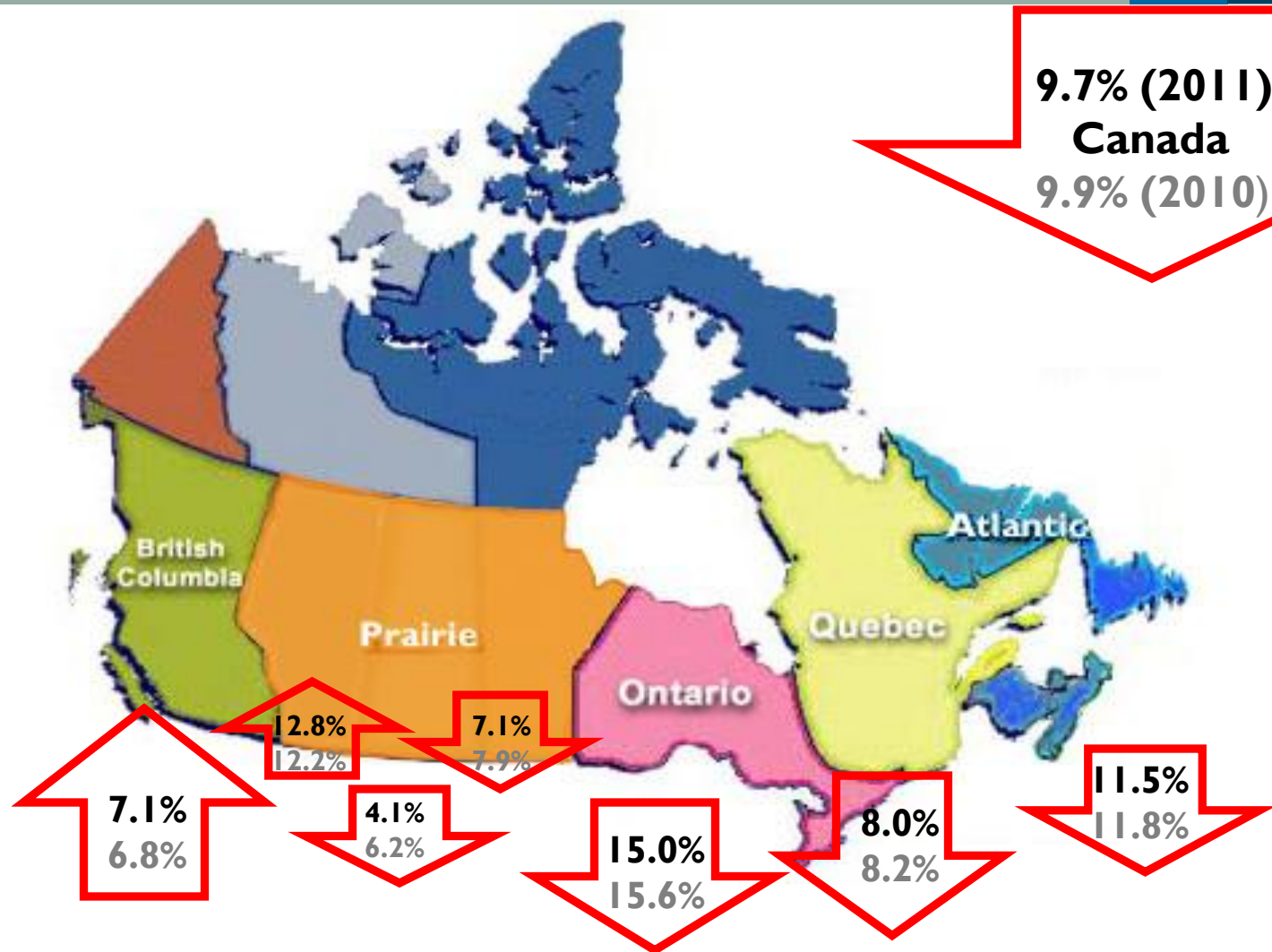


# 2011 CMHC NATIONAL SENIORS' HOUSING SURVEY

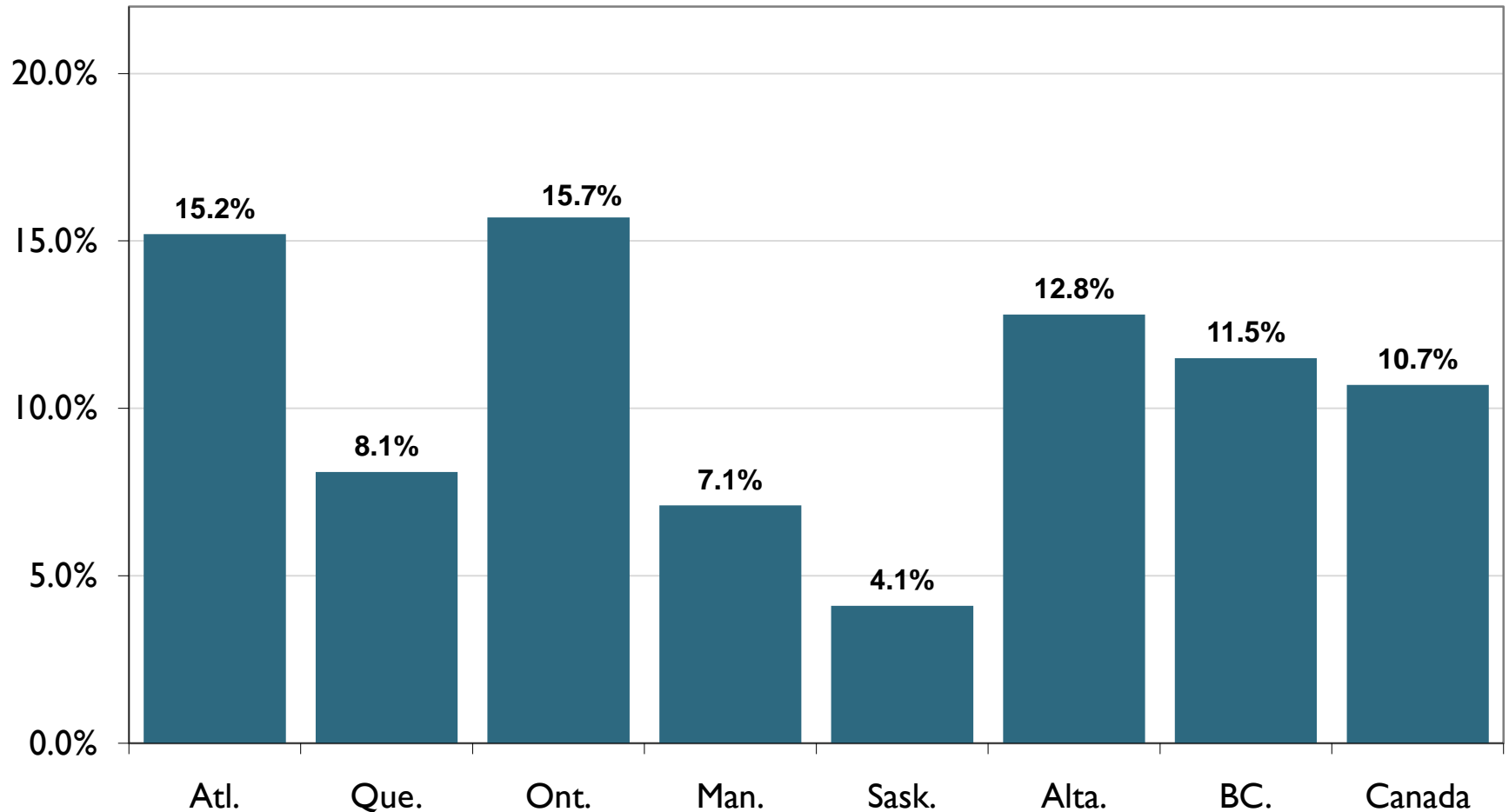
## The National Market



# Lower Total Vacancy Rate in 2011

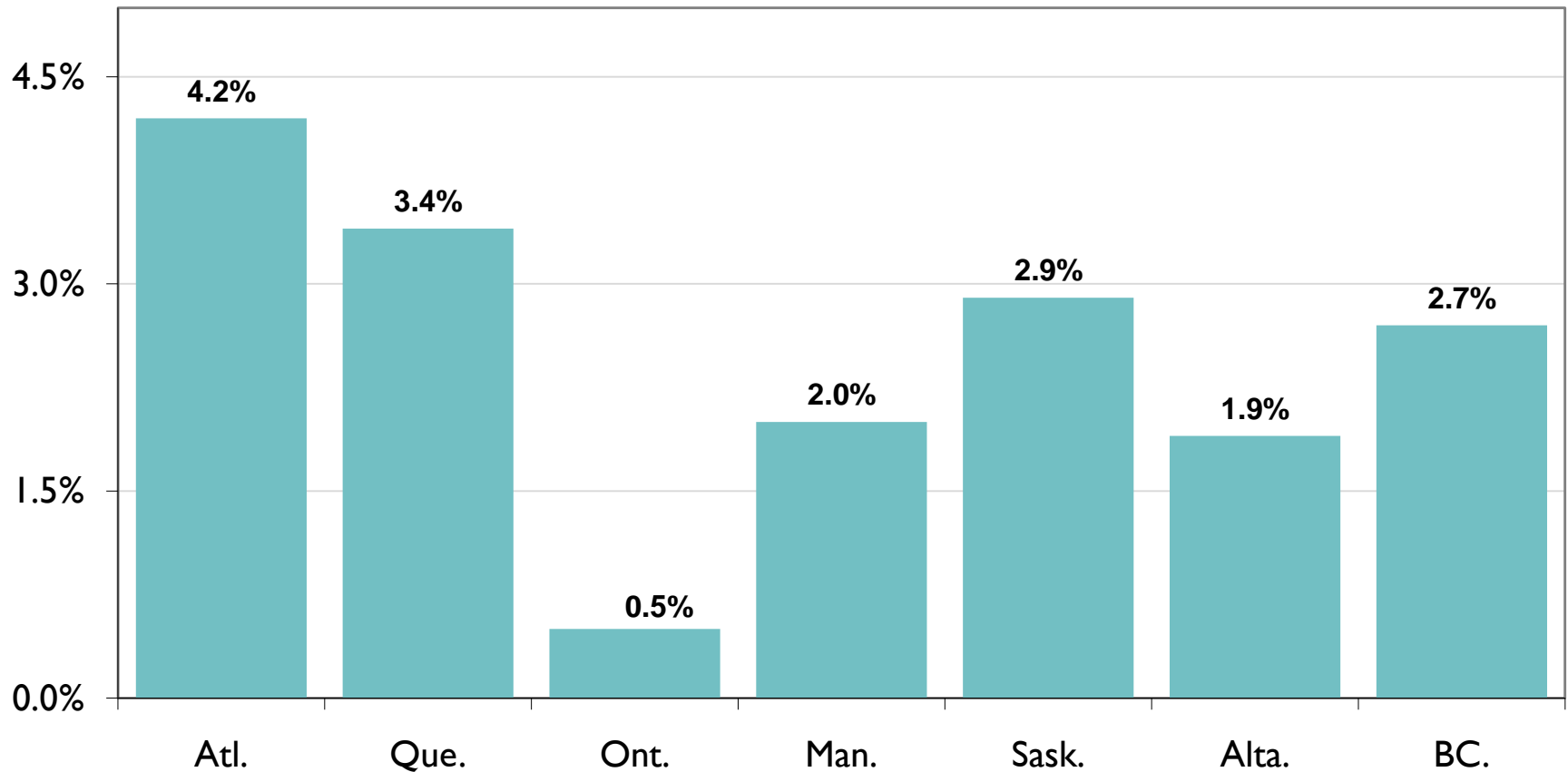


# Vacancy Rate: Standard Spaces\* 2011



\* A space occupied that receives less than 1.5 hours of care per day

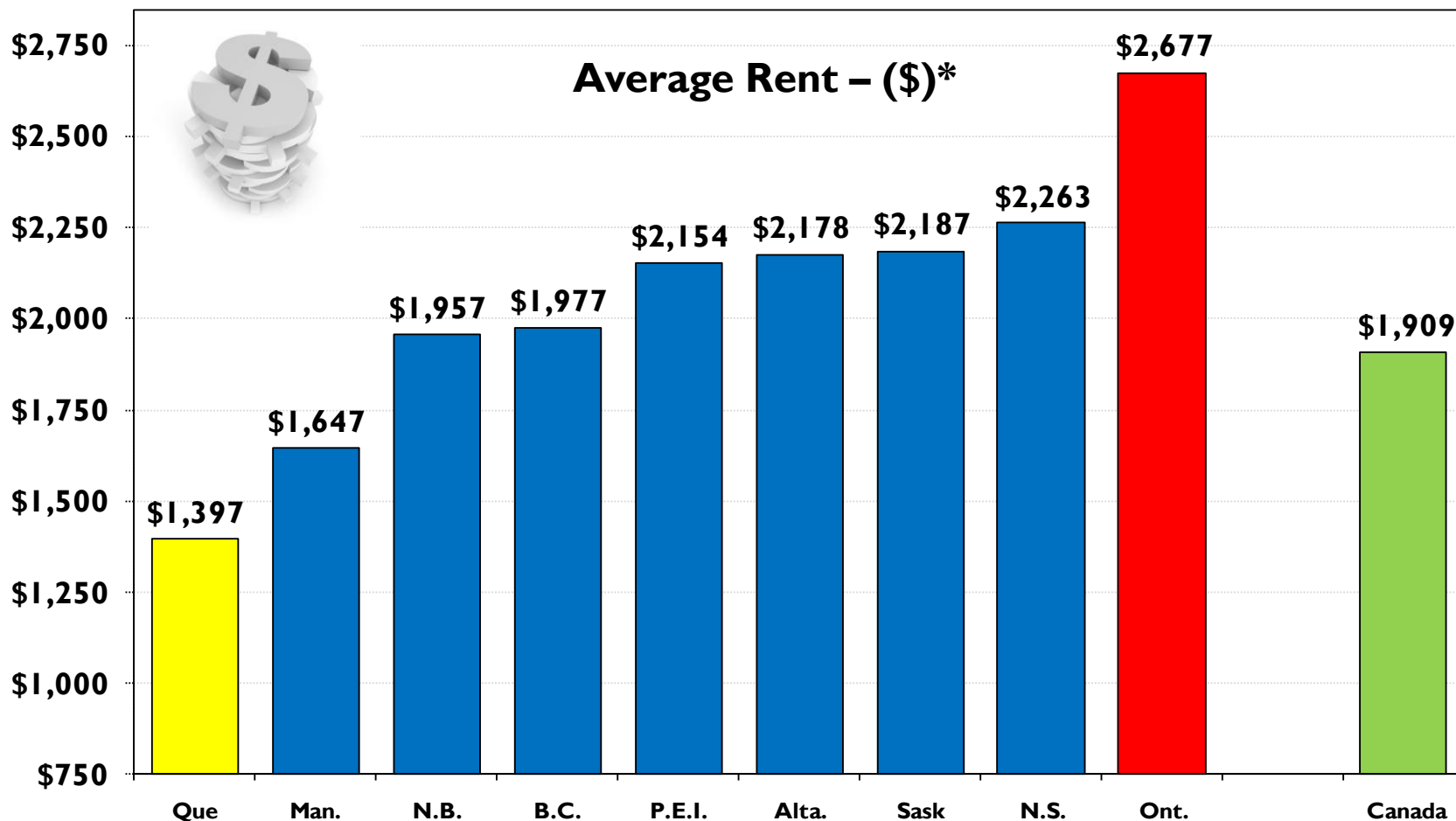
# Vacancy Rate: Heavy Care Spaces\* 2011



\* A space occupied that receives more than 1.5 hours of care per day

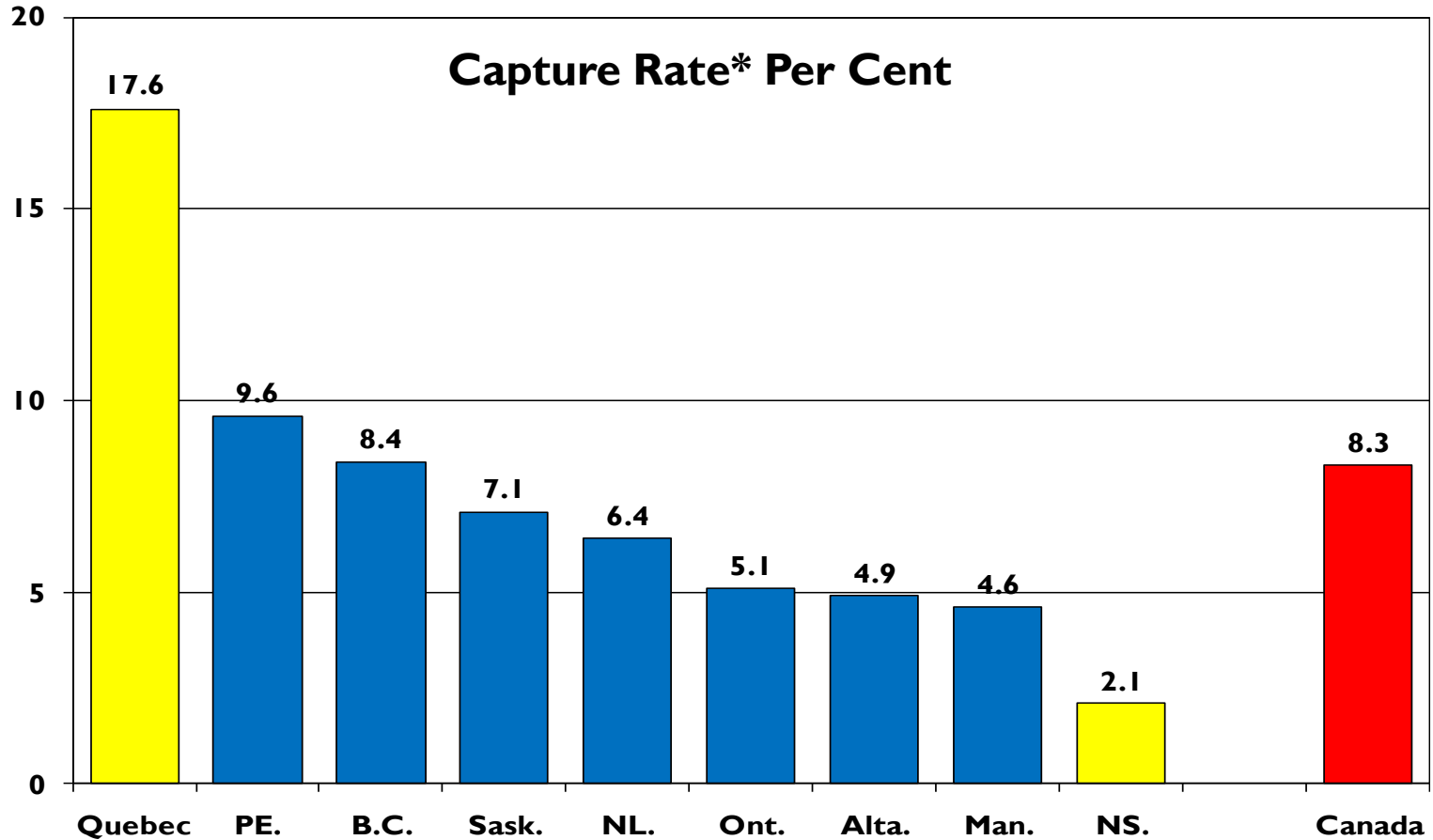


# Average Rents Highest Ontario - Lowest in Quebec



\* Average rent for bachelor units and private rooms where at least one meal is included in the rent. Charges for additional non-mandatory services are excluded. Rent refers to actual amount paid by residents.

# Preference for Seniors' Housing Differs



\*The capture rate is the proportion of the population aged 75 and over living in the survey universe.

Source: CMHC 2011 National Seniors' Housing Survey  
Based on 2010-2011 Population Estimates

Note : Calculation for NB. not included as it was not statistically reliable

# Highlights of Unique Features of Supply

- Quebec: Room-and-board spaces account for over one third of total
- Ontario: 2/3rd of units rent for more than \$2,500 per month
- Alberta and BC: Suites continue to dominate with Ontario at less than 30 per cent of total
- PE and Manitoba: Over 80 per cent of units are ward, semi-private and bachelor



# Global Seniors' Housing Trends



# Global Trends

A decorative graphic at the top of the slide. It features a solid red square on the left. To its right is a horizontal bar chart with three bars of increasing height from left to right, colored in shades of blue and grey.

- Average rents are increasing as a result of demand increasing faster than available supply
- There have been changes in finance and capital markets and growth in Real Estate Investment Trusts (REITs)
- Increased use of new technology
- Age in Place: Renovate and repurpose and increase in the growth of home healthcare

# Concept of “Aging in Place”

A decorative graphic at the top of the slide. On the left is a solid red square. To its right is a light grey horizontal bar. On the right side of this bar, there is a small bar chart with three bars of increasing height from left to right, colored blue, dark blue, and grey.

- As the global population ages, the increase in the percentage of seniors is expected to place an additional burden on health care systems worldwide
- These factors lend weight to the concept of “Aging in Place” or helping seniors to remain living independently for as long as possible, in their homes and communities
- Older adults prefer to remain in their home as long as possible as mobility rates for seniors are lower than for non-senior households

# “Aging in Place”

A decorative graphic at the top of the slide. It features a solid red square on the left. To its right is a light grey horizontal bar. On the right side of this bar, there is a bar chart with three bars of increasing height from left to right, colored in shades of blue and grey.

- The ability to meet the desired option for senior adults to age in place represents the possibility of tremendous cost savings to a country's healthcare system
- As a result, there is increasing demand for the retrofitting of housing with innovative technologies aimed at keeping older adults in their homes
- The Question Remains: How far and at what cost, can the housing stock be modified to accommodate the technology that can enable older occupants to remain in their own home?

A decorative graphic at the top of the slide. On the left is a solid red square. To its right is a light grey horizontal bar. Inside this bar, on the right side, is a small bar chart with three bars of increasing height from left to right, colored blue, dark blue, and grey respectively.

# Summary

- Canadian housing market remains very active.
- Seniors will continue to be a large and growing group with changing housing needs as they age
- There are many housing options available for seniors but incomes, assets and health will continue to dictate preferences and choices
- CMHC's Research on Seniors and CMHC's Seniors' National Housing Report are a source for information





# **Thank You**

## **Questions?**

# 2012 Halifax Housing Outlook Conference

## Canada Mortgage and Housing Corporation

### Metro Halifax Housing Market Outlook

MATTHEW GILMORE, *Senior Market Analyst, CMHC*





# 2011 Highlights

- ✓ **Mixed economic variables**
- ✓ **Negative real wage growth & low interest rates**
- ✓ **Single-family sales & starts slow**
- ✓ **Apartment construction & low vacancy rate**
- ✓ **Shipbuilding contract – Game changer?**





# Lots of questions

- ✓ **What is impacting the housing market?**
- ✓ **Where are people coming from?**
- ✓ **I'm an empty nester, what should I do?**
- ✓ **Are prices/rents going up?**
- ✓ **Can we keep building all these apartments?**
- ✓ **What will the shipbuilding contract mean for us?**



# What's impacting the market?

## ✓ **Demographic**

- ✓ **Population, migration, immigration**
- ✓ **Age, preferences, needs**

## ✓ **Economic**

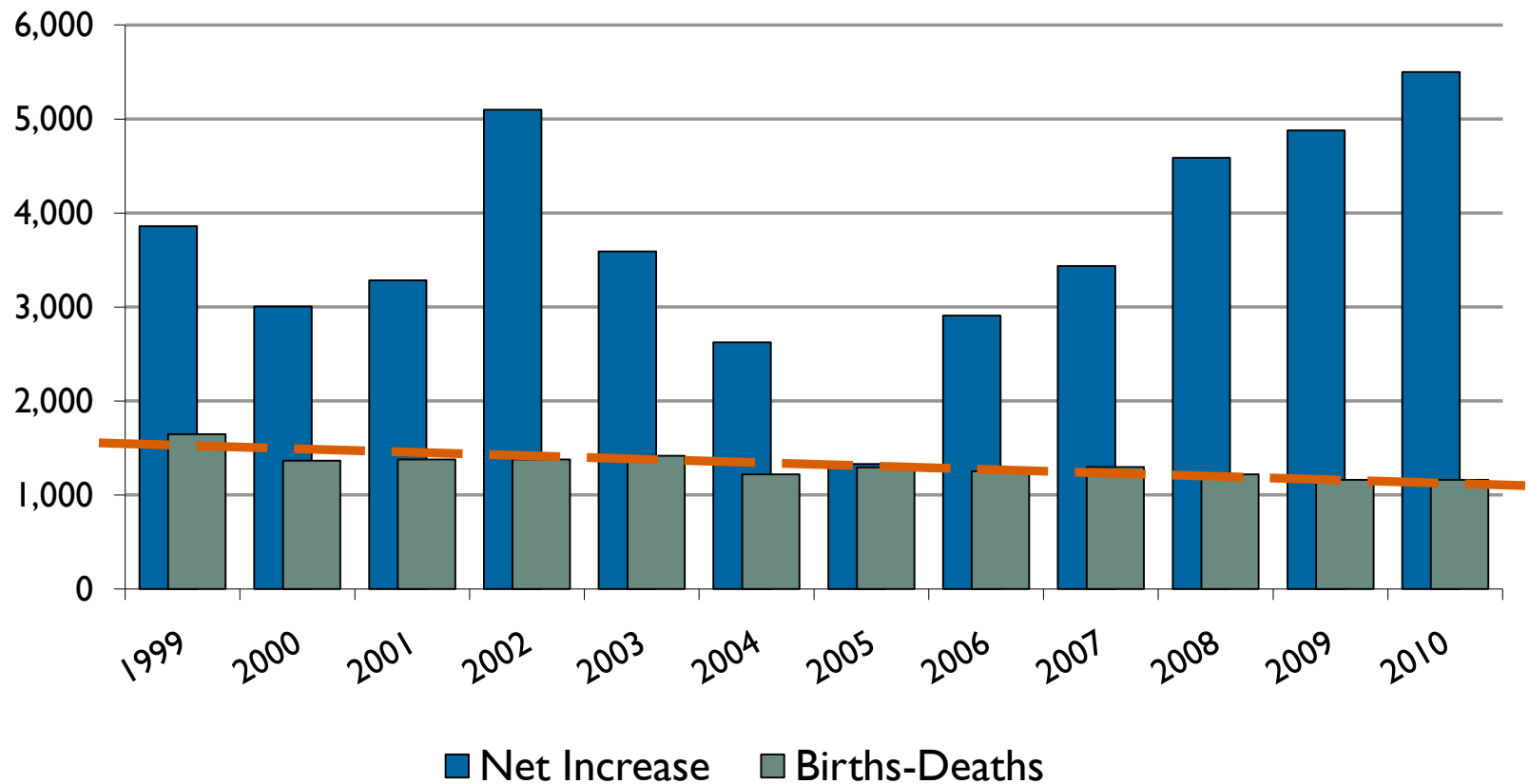
- ✓ **Employment, wages, economic growth, interest rates**

## ✓ **Supply**

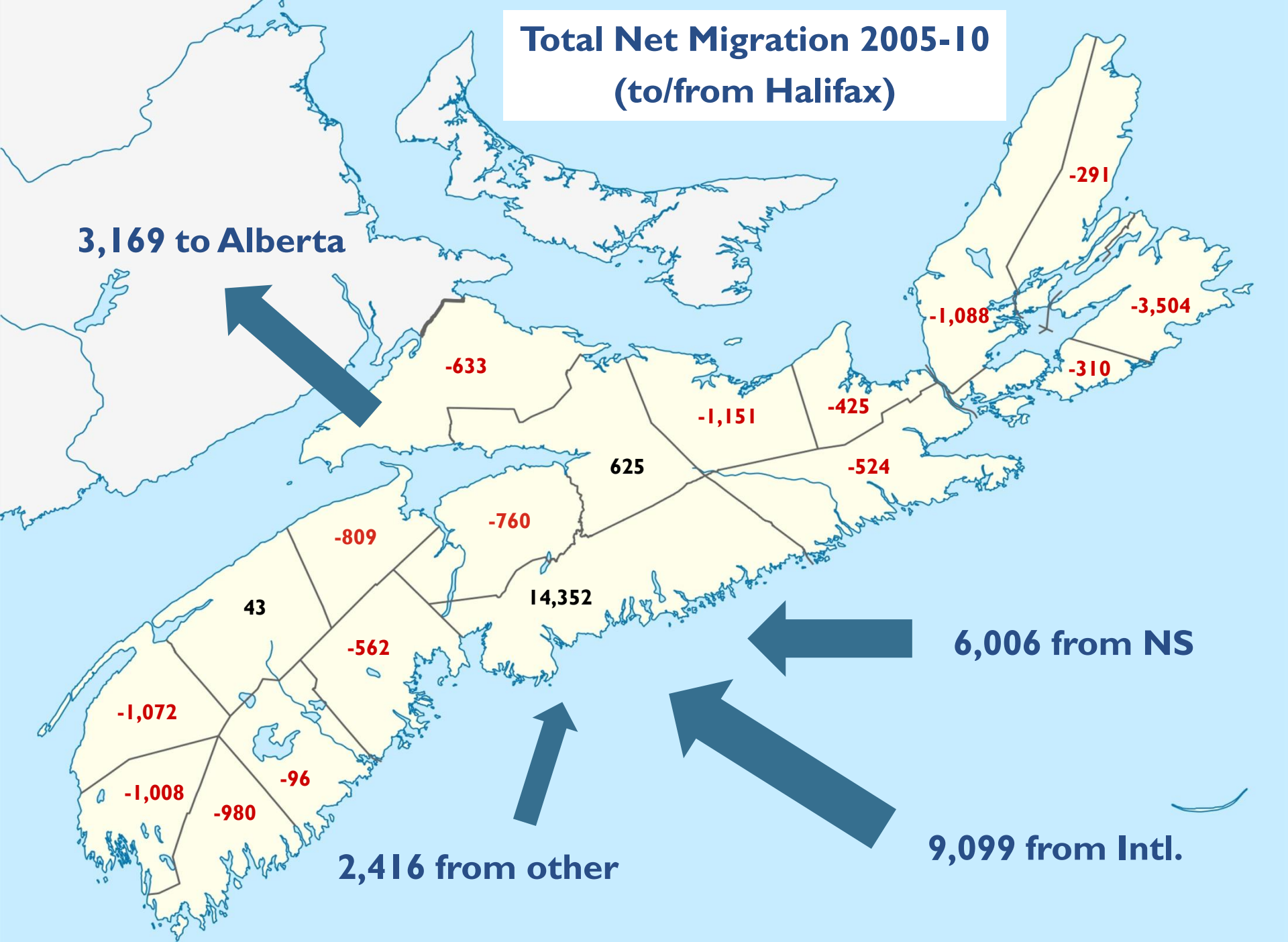
- ✓ **New singles, semis, rows, apartments, vacant units**

# Halifax population increases

## Net Population Changes (estimated), Halifax



# Total Net Migration 2005-10 (to/from Halifax)



Source: Statistics Canada Tax Filer Data



# Who's moving to Halifax?



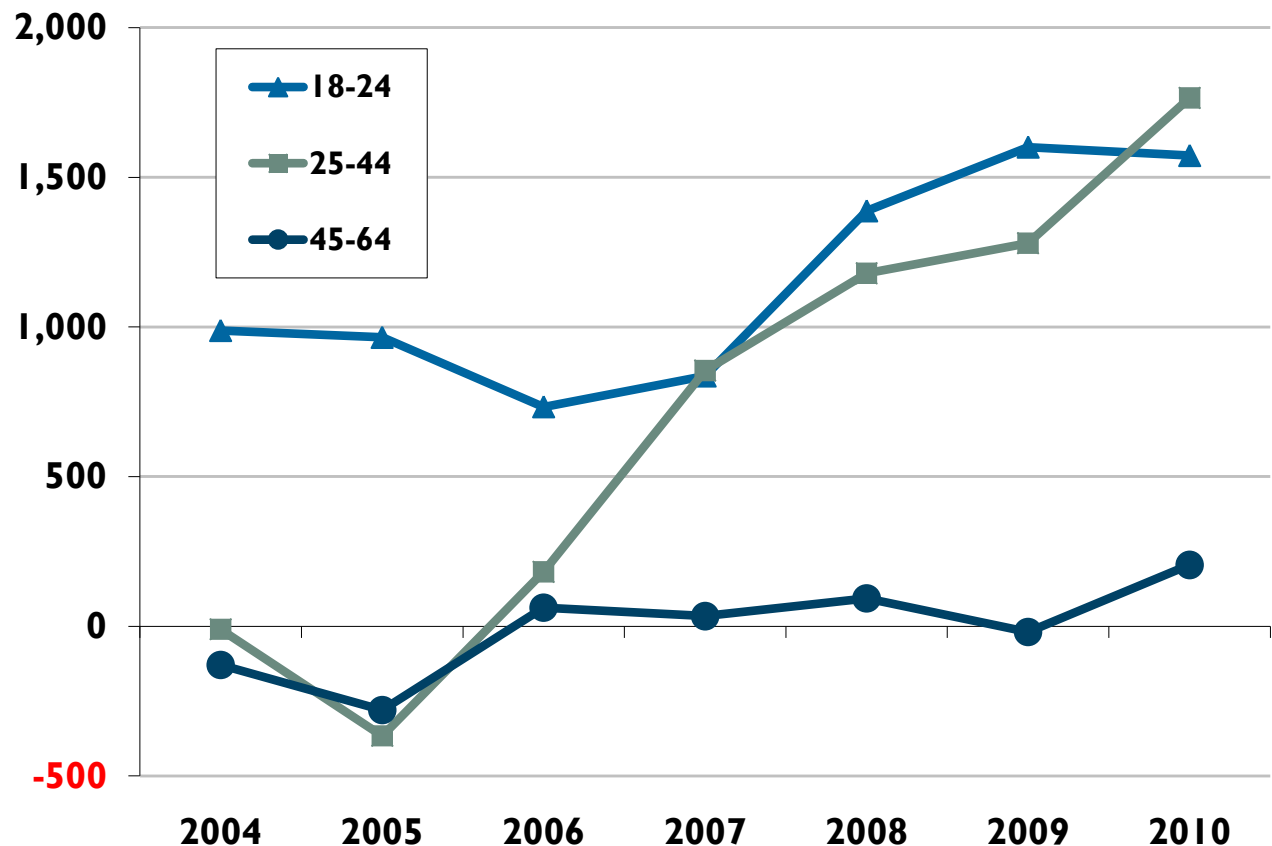
## Sources of Migration

Young adults – tend to rent

Young professionals – rent or own first home

Established professionals – own, move-up market, downsize

## Net Migration by Age Group 2004-10, Halifax

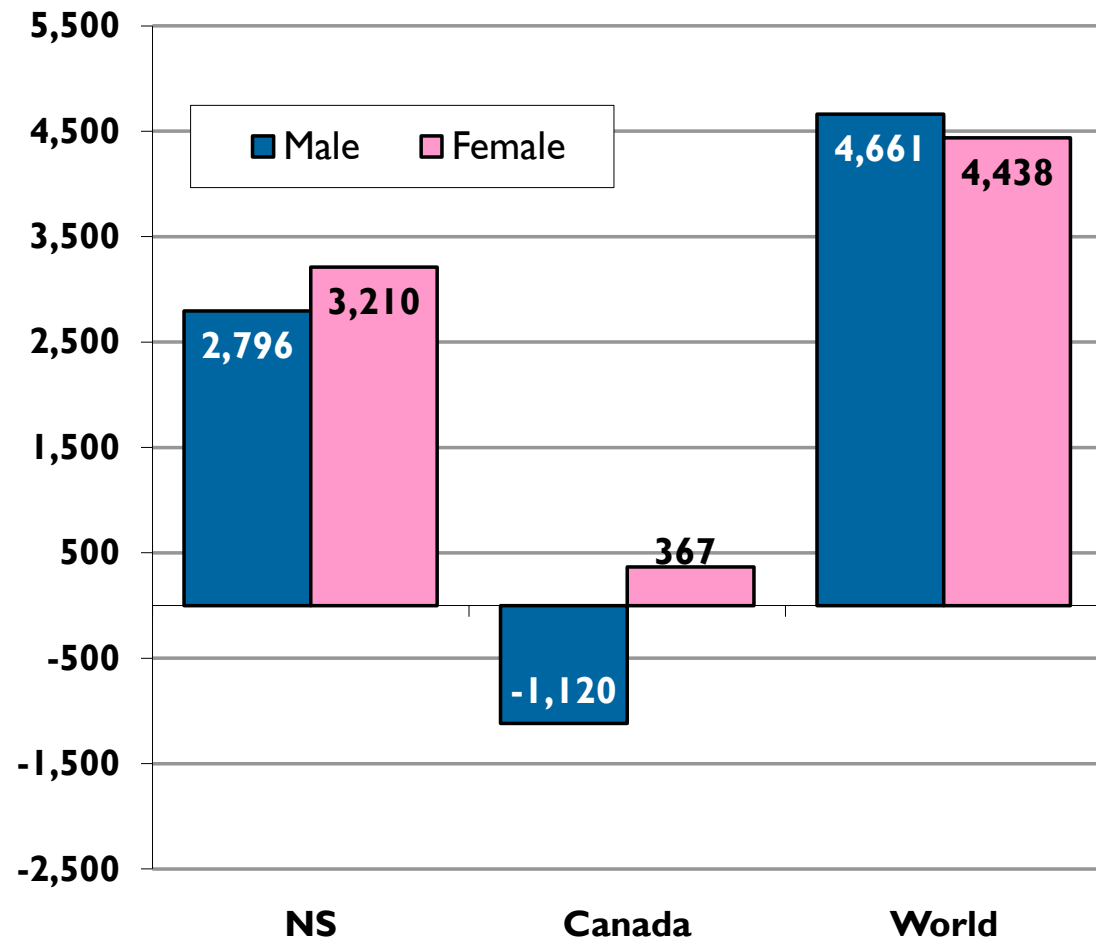


# Men leaving...



## Net-Migration by Gender

2005-2010, Halifax CMA



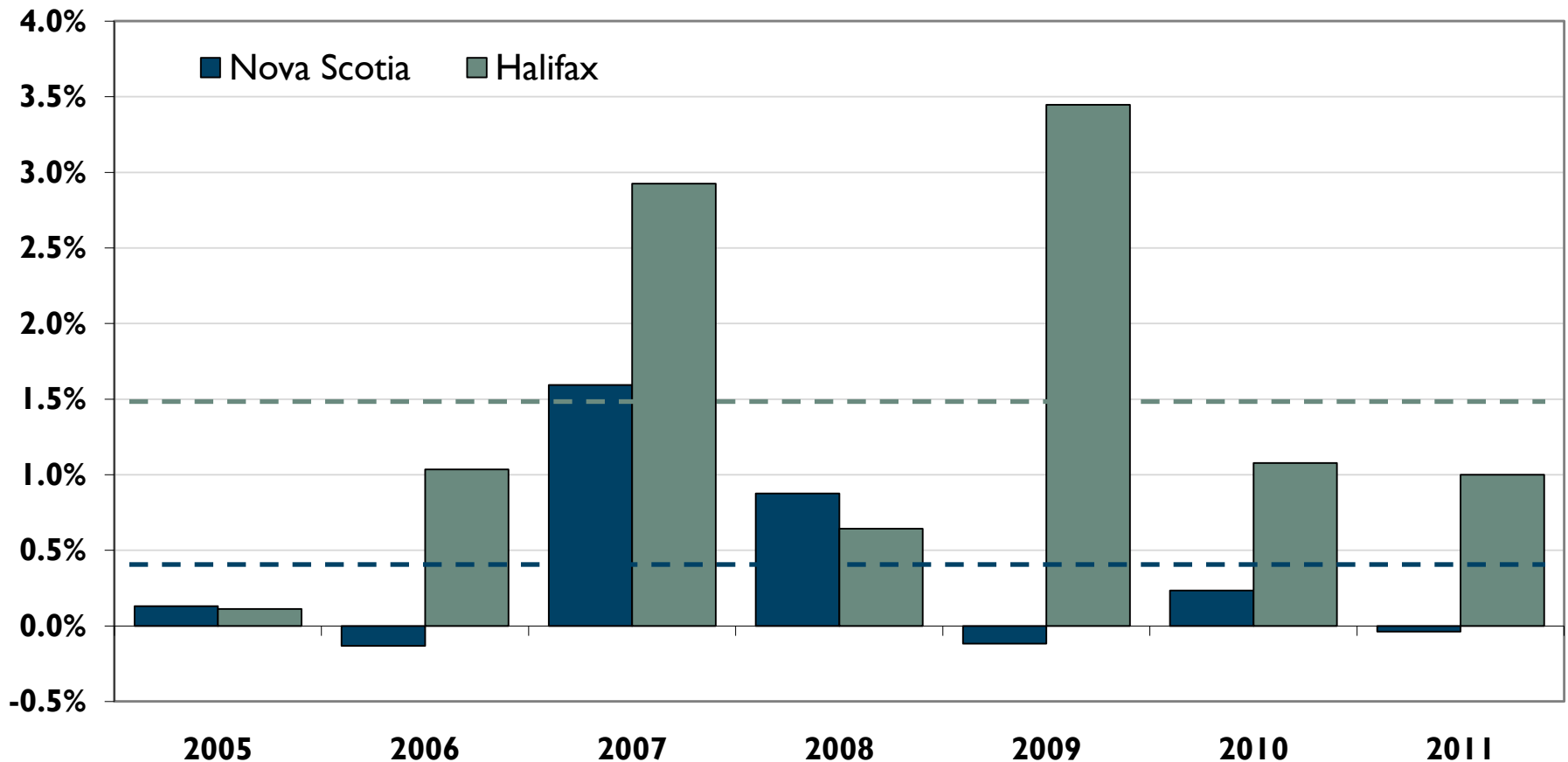
### Gender Differences

More women moving to Halifax from rest of NS

Loss of men to western Canada

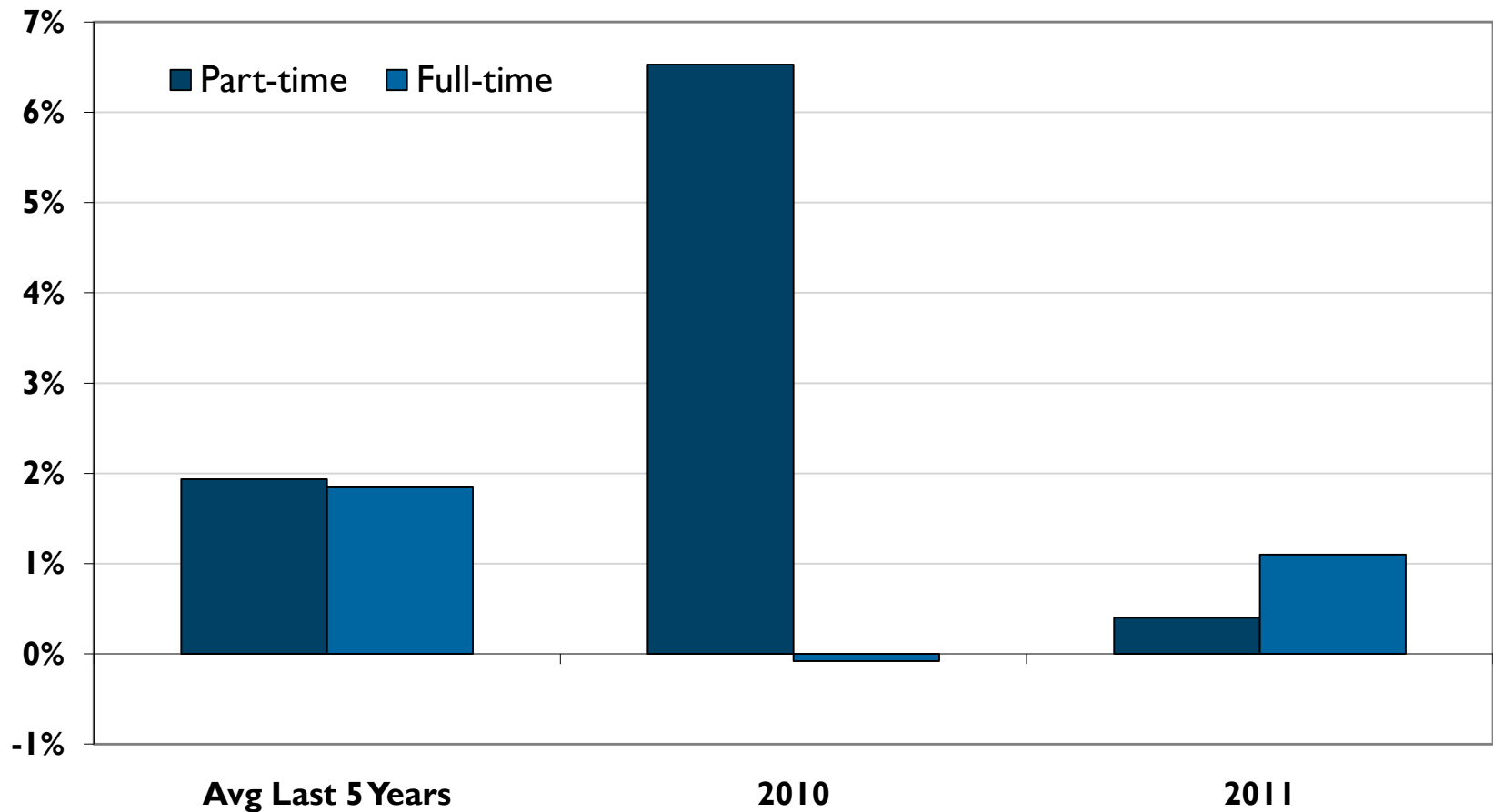
# Employment growth has been weak

## Employment Growth

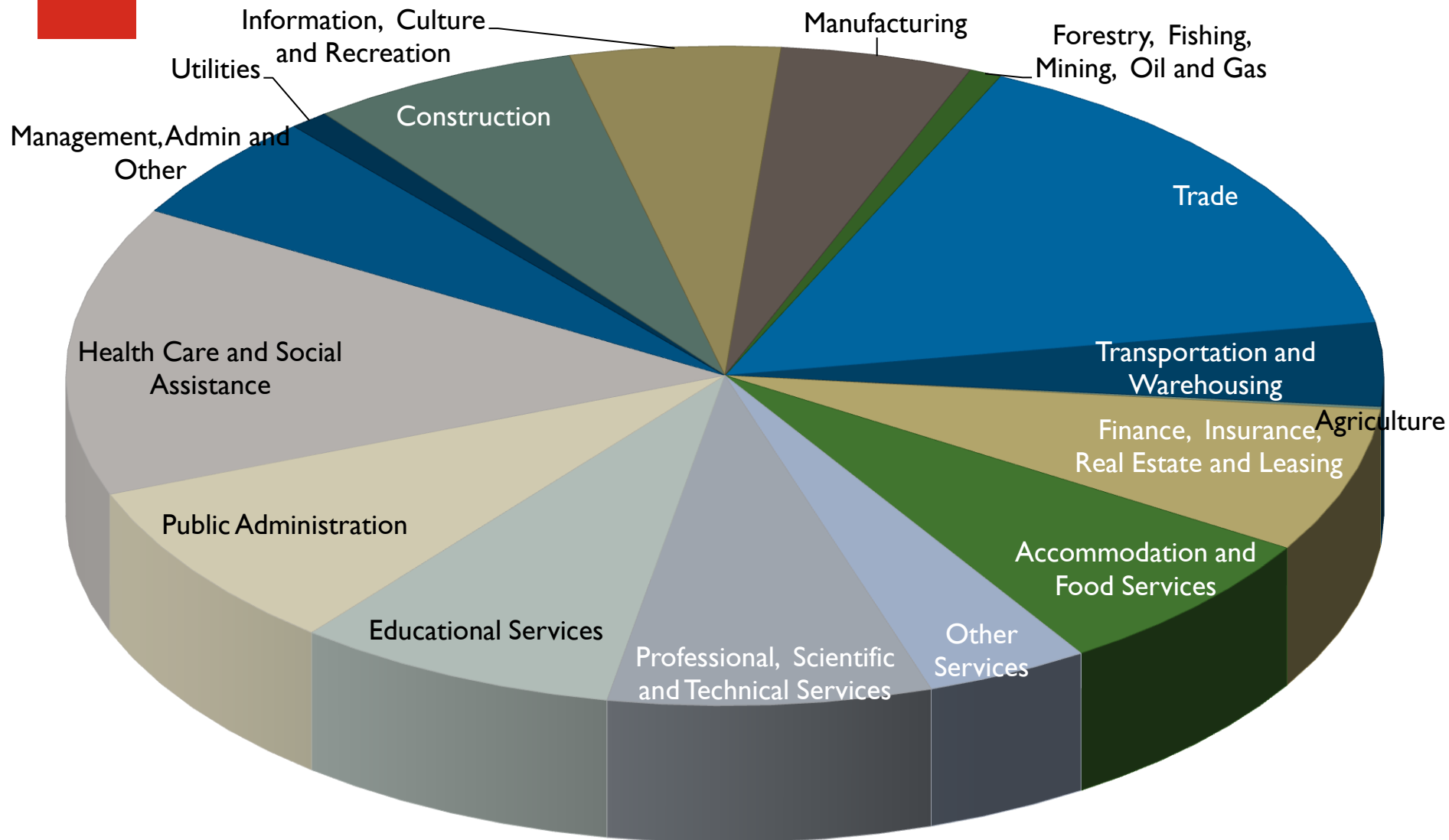


# Part-time vs. full-time employment

## Annual Employment Growth in Halifax

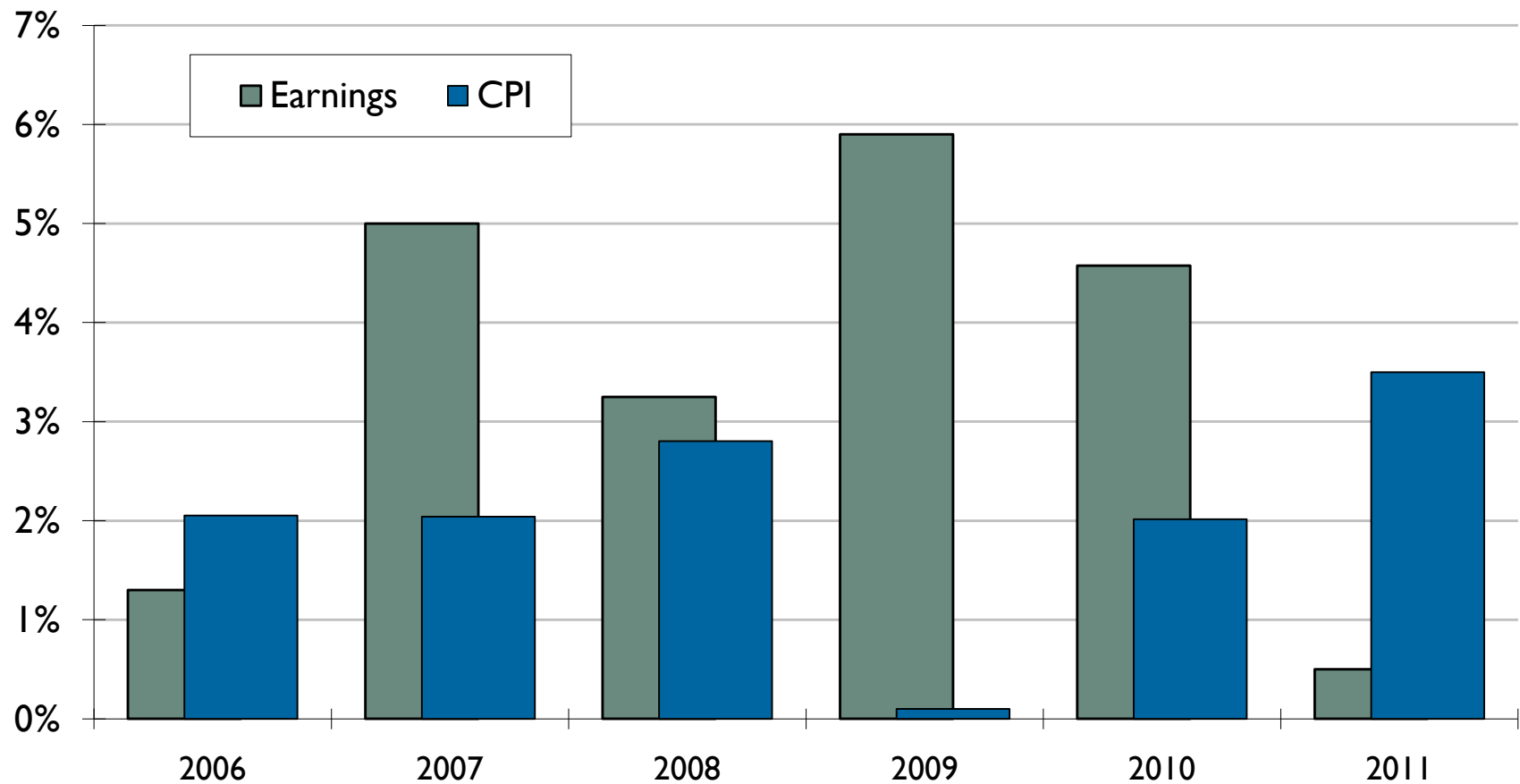


# Diverse economy



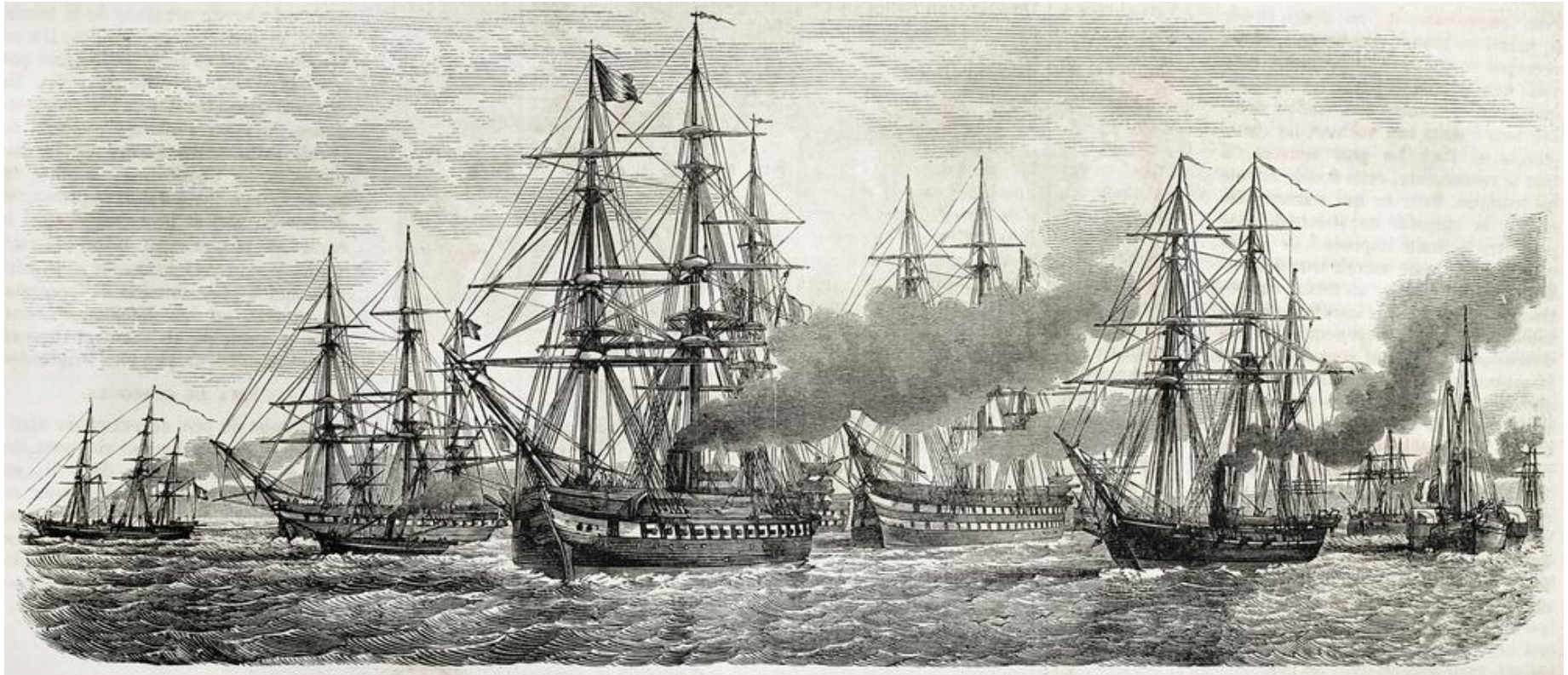
# Real wage growth

## Earnings Growth vs. Inflation, Halifax



# Shipbuilding contract?

- ✓ **What will the shipbuilding contract mean for us?**
- ✓ **Long history of strong economic impact in Halifax**





# Is it a game changer?







# Areas of impact

- ✓ **Economic growth**
- ✓ **Employment growth**
- ✓ **Housing demand**
- ✓ **Demand for labour**
- ✓ **Renovations**

# Employment and Housing

## **Steady growth market (e.g., Halifax)**

✓ **For every 100 new jobs, approx. 50 to 60 new housing units**

## **Faster growth market (e.g., Alberta, St. John's, Saint John)**

✓ **Accelerates to 65 to 75+ new units**



# Employment and Housing

**For most markets, over a ten-year period...**

- ✓ **For every 100 jobs, approximately 30 to 35 incremental existing home sales**





# Potential impact from contract

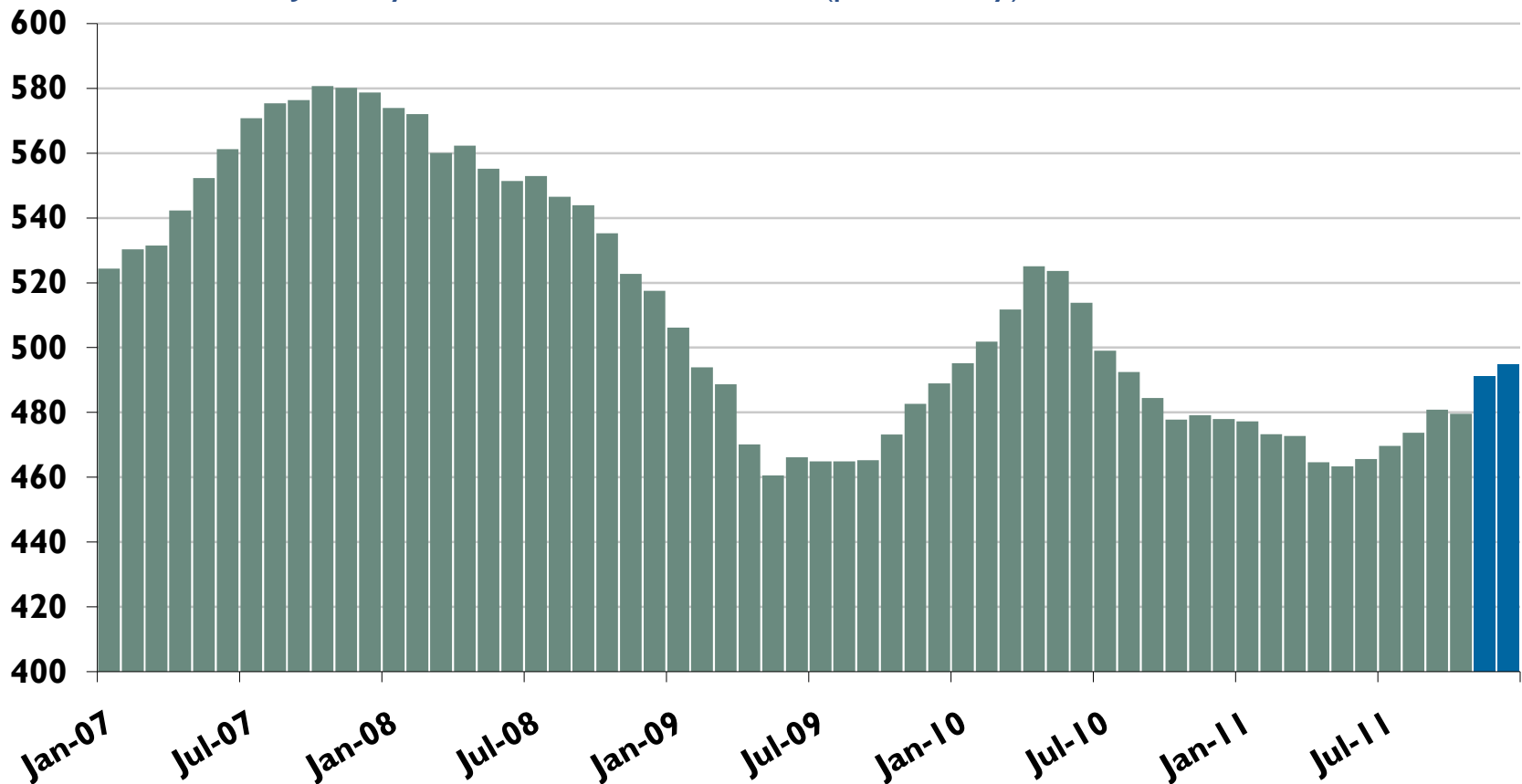
## Shipbuilding contract

- ✓ **Up to 600 housing starts per year (average) until peak incremental employment (est. 2021)**
- ✓ **Up to 300 existing home sales per year (average)**
- ✓ **Increased demand for labour and migration gains**
- ✓ **Based on estimate of 10,000 to 12,000 net new jobs at peak of contract**

# Monthly MLS<sup>®</sup> sales changes

## MLS<sup>®</sup> Sales 12 Month Moving Average

January 2005 to December 2011 (preliminary), Halifax-Dartmouth

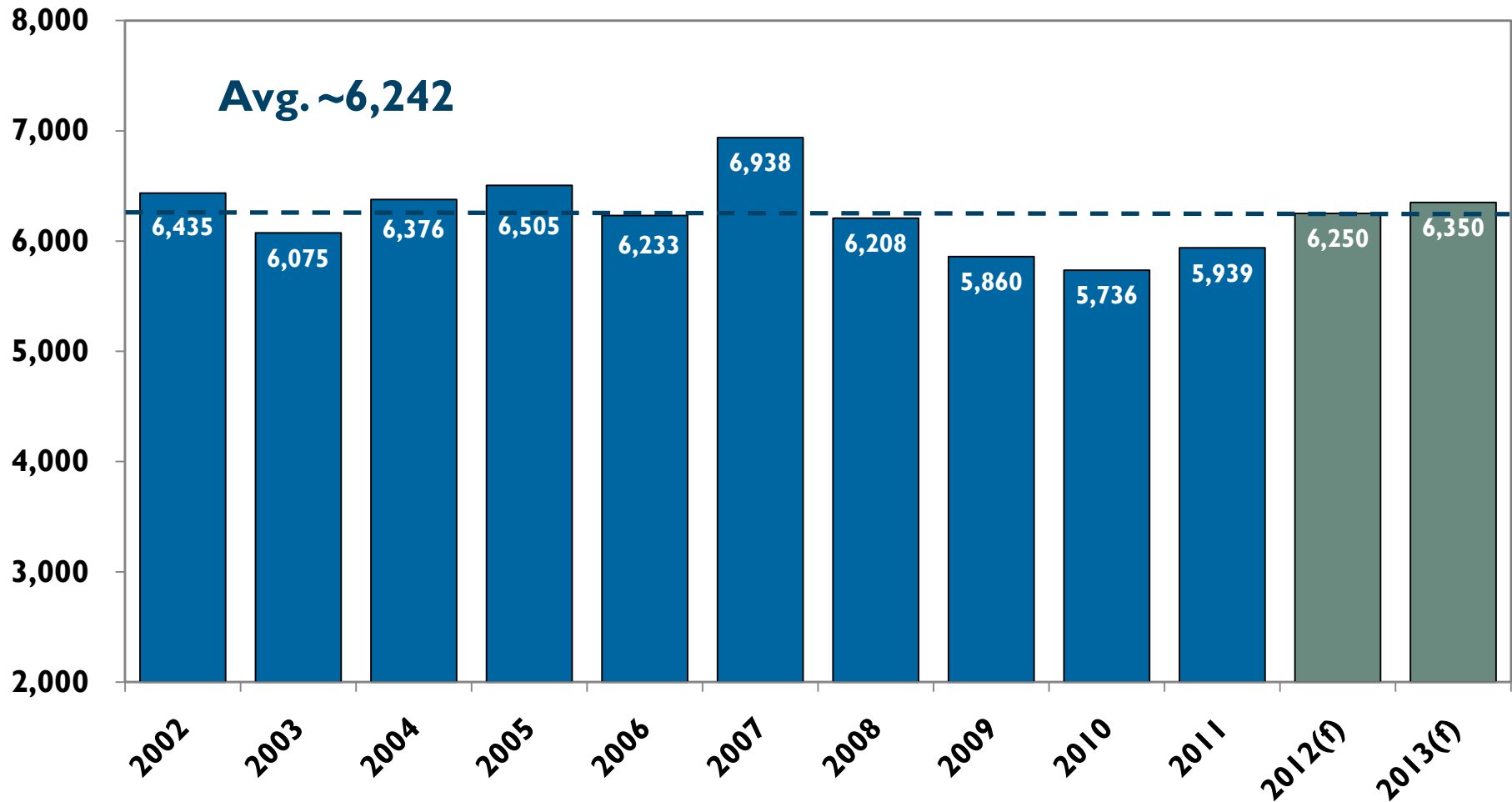




# Existing Homes Market

MLS<sup>®</sup> sales near 10-year average

## Annual Sales, Halifax-Dartmouth





A map of Nova Scotia, Canada, showing various cities and towns. Overlaid on the map are several blue callout bubbles, each containing text about a real estate listing. The bubbles are connected to specific locations on the map by thin lines. The locations include Bedford, Stillwater Lake, Clayton Park, the Peninsula, Dartmouth, and Halifax. The map also shows major roads like Highway 101, 102, 111, and 118, as well as various lakes and parks.

Brand new  
Split Entry in  
Beaverbank

Homes for \$259,000

21 year old  
Semi-detached  
in Bedford

23 year old Salt  
Box/Garage in  
Stillwater Lake

12 year old  
Townhouse in  
Clayton Park

50 year old  
1½ Storey on  
the Peninsula

10 year old 1-bed  
Condo on the  
Peninsula

11 year old  
Townhouse in  
Dartmouth



# Average MLS<sup>®</sup> price growth

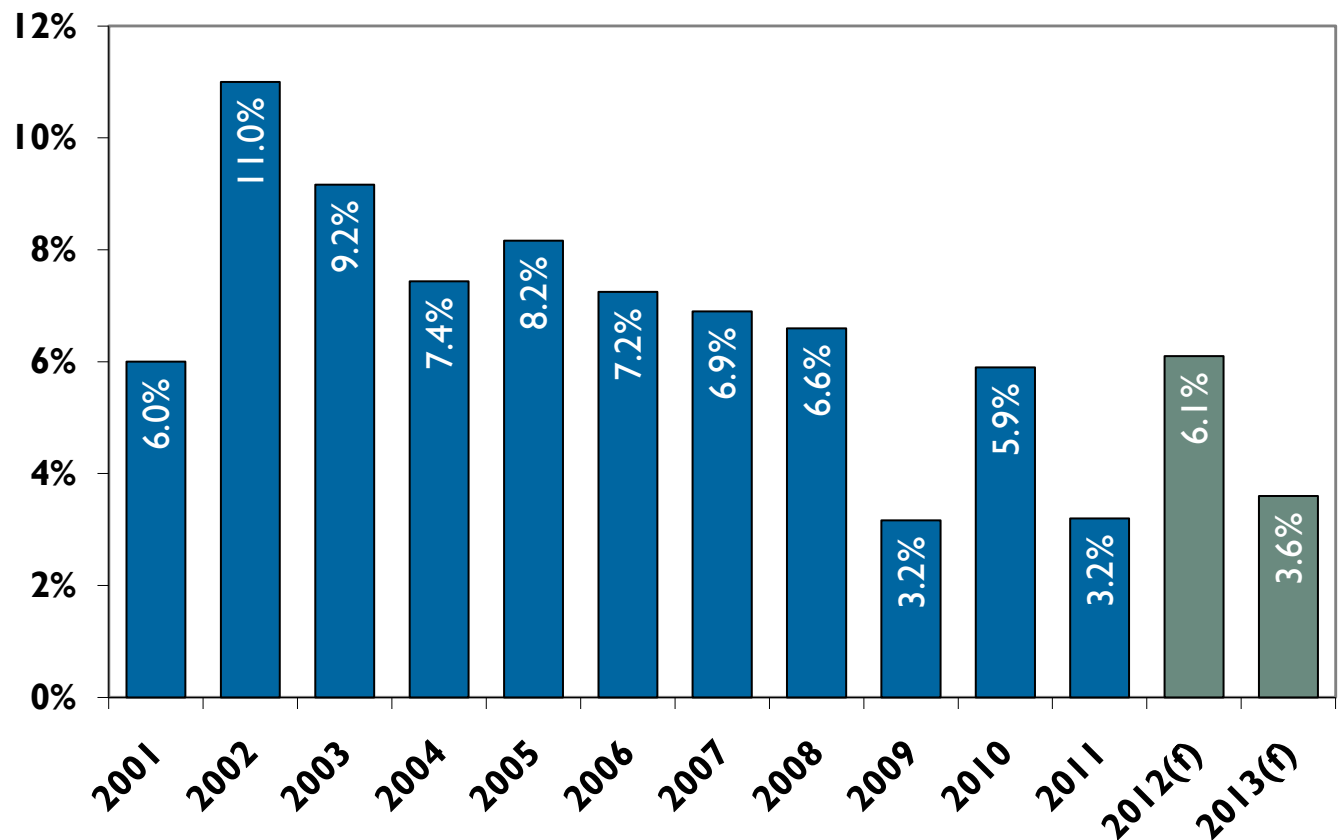
## Halifax-Dartmouth

6.9% average  
annual growth

Growth expected  
to continue

**\$275,000**

Up from \$259,000 in 2011



+7.7% / \$205,000

+4.5% / \$279,000

+5.3% / \$345,000

2011 average MLS® sales prices

+2.4% / \$229,000

+3% / \$303,000

\$195,000

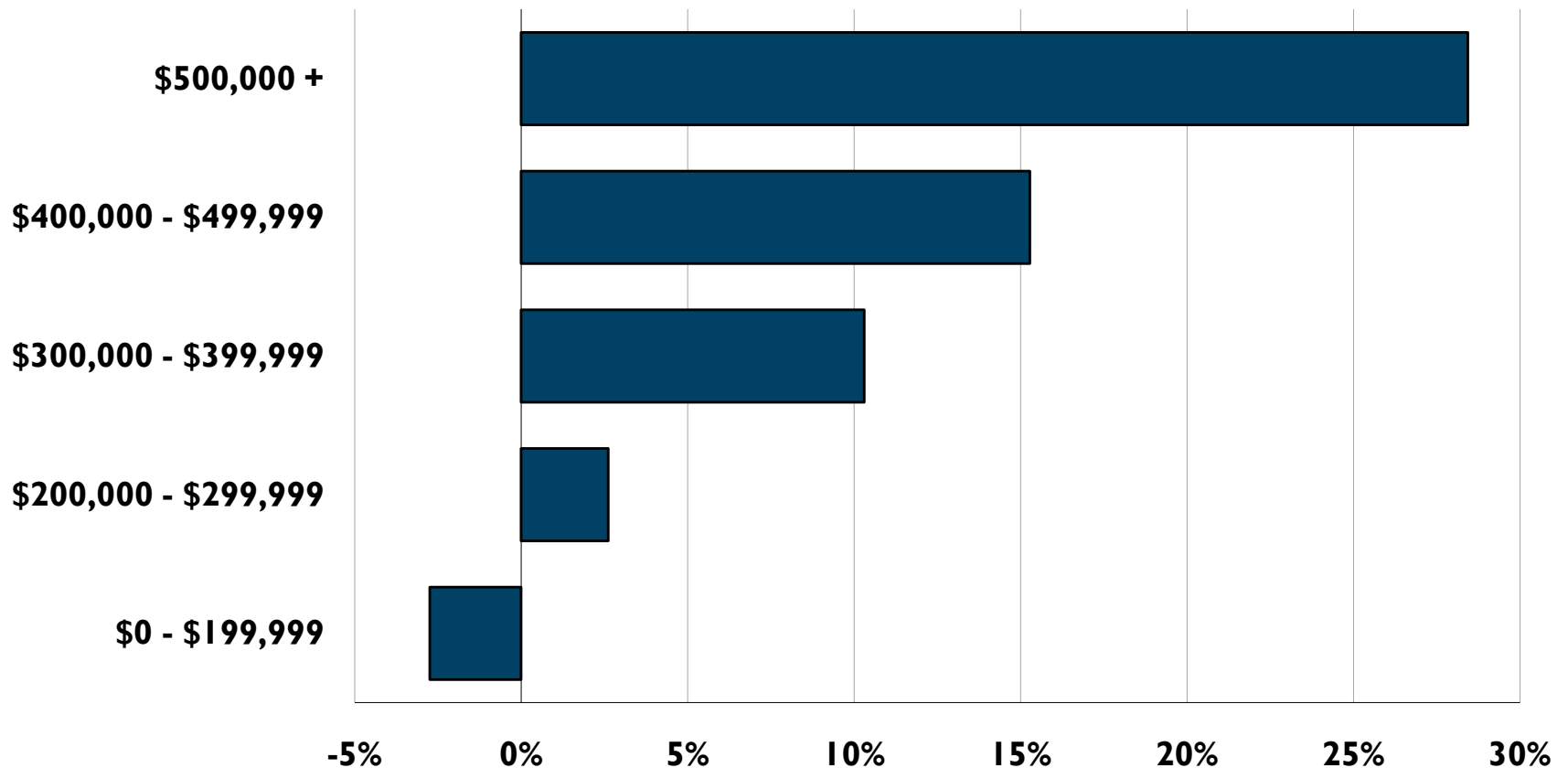
+2.9% / \$250,000

Southwest

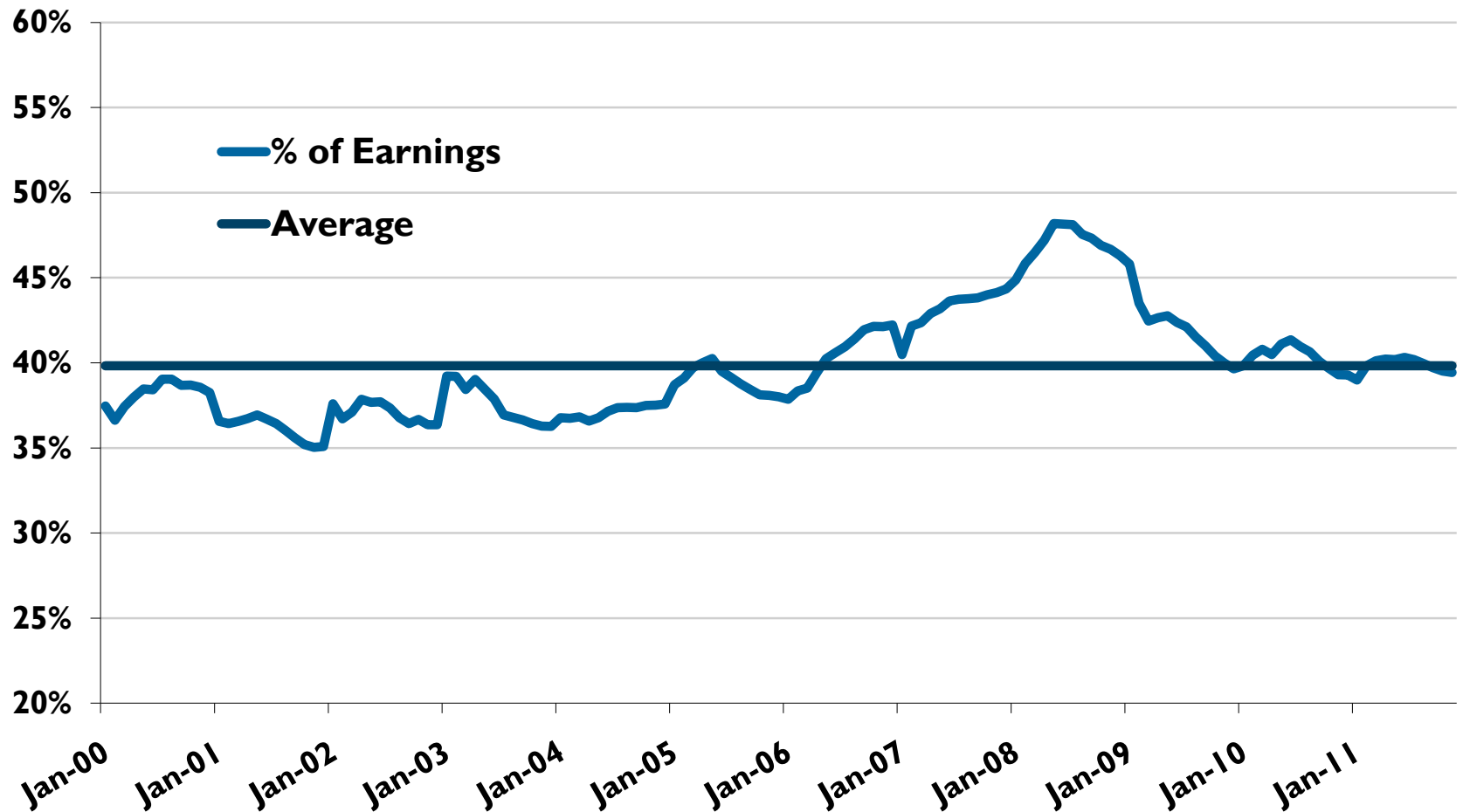
Dartmouth  
East

# MLS® sales growth

## Sales by Price Range, Halifax-Dartmouth, 2011/2010



# Average MLS<sup>®</sup> payments vs. earnings



## **2011 Market Conditions – Generally Balanced**

- ✓ **Prices higher – More favourable to Sellers**
- ✓ **Price growth has been slow – Buyer's**
- ✓ **Sales slow but increasing – Shifting (Buyer's to Seller's)**
- ✓ **Listings slowed in Q4 – Shifting (Buyer's to Seller's)**
- ✓ **Days on market stable - Balanced**

# Halifax MLS® outlook summary

	2011	2012(f)	%chg	2013(f)	%chg
MLS® Sales	5,930	6,250	+5%	6,350	+2%
Avg. Price	\$259,106	\$275,000	+6%	\$285,000	+3-4%

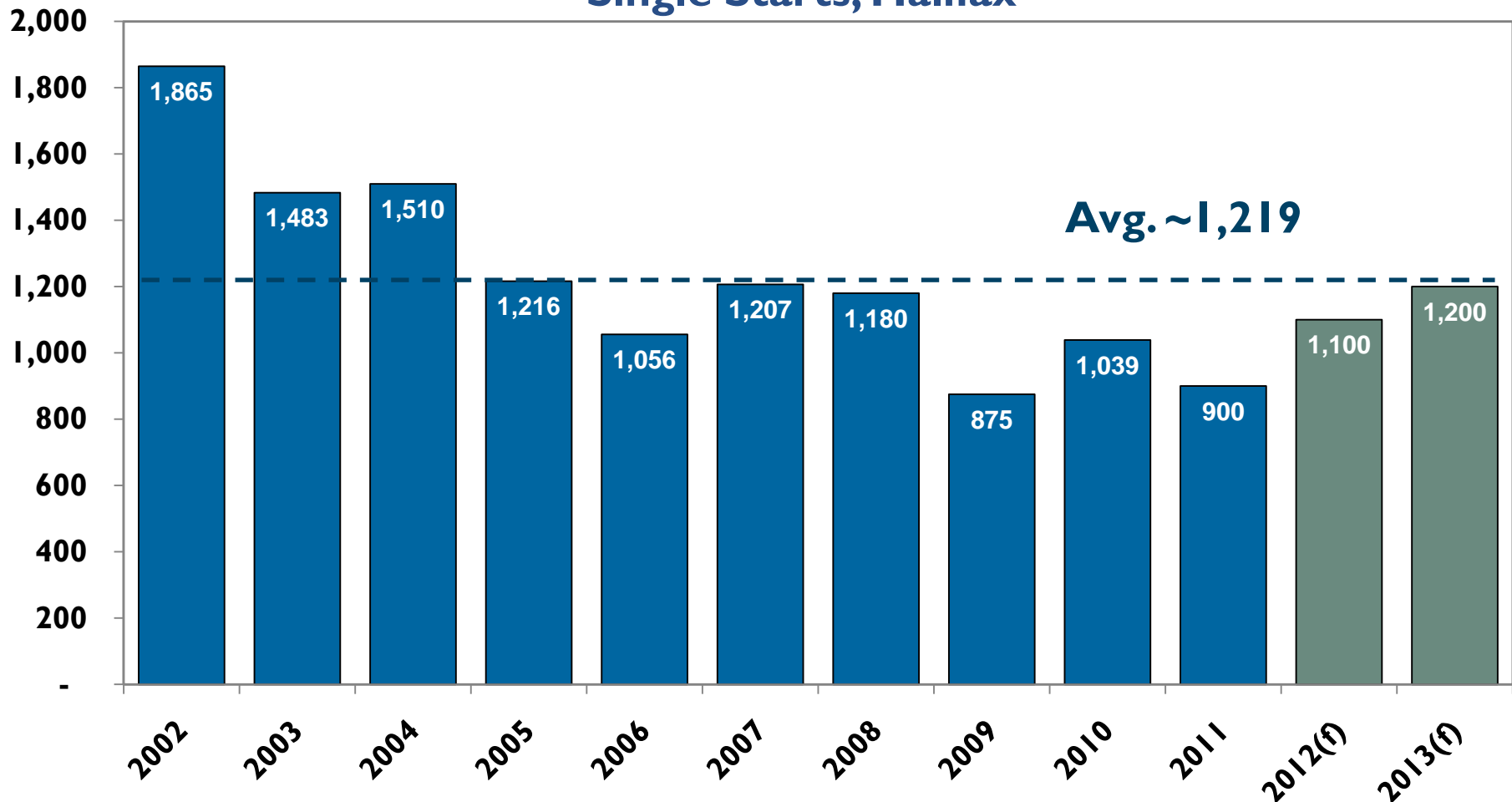
- ✓ **Economic growth to support housing demand**
- ✓ **Upward pressure on prices / Mix of sales impacting**
- ✓ **Balanced market shifting to seller's**
- ✓ **Monthly payments consistent with 10-year trend**



# New Construction

Single starts approach 10-year avg.

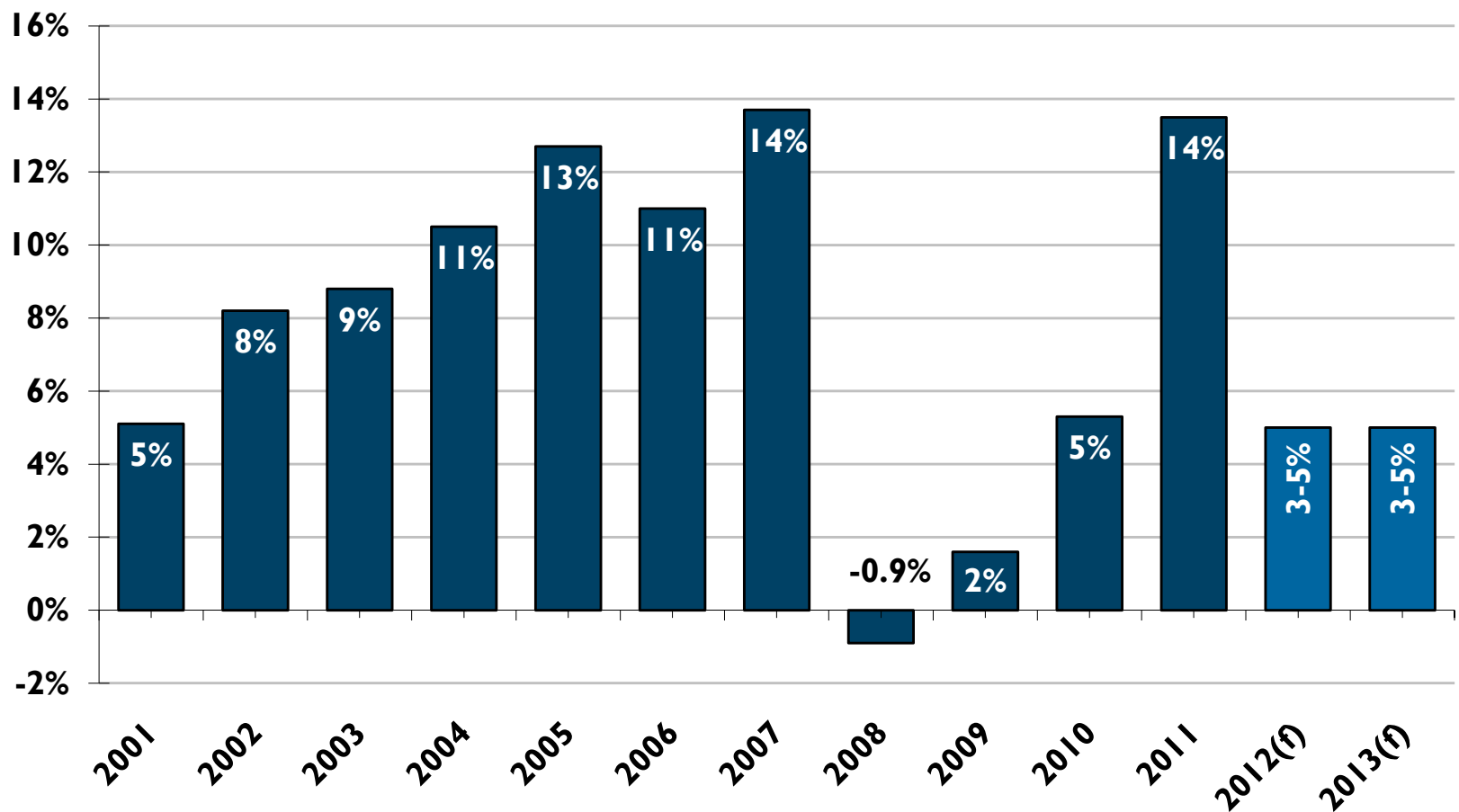
## Single Starts, Halifax





# New home price growth

## Average New Singles Price Growth, Halifax CMA



4% / \$326,000

15% / \$415,000

4% / \$450,000

2011 average new singles prices

10% / \$329,000\*

13% / \$520,000

16% / \$266,000

8% / \$361,000

# New singles sales growth

2011/2010

**Bedford-Hammonds Plains**

**Halifax County Southwest**

**Sackville**

**Fall River-Beaver Bank**

**Halifax City**

**Dartmouth City**

**Halifax County East**

**Above Avg. Price**

**Below Avg. Price**

-40%

-30%

-20%

-10%

0%

10%

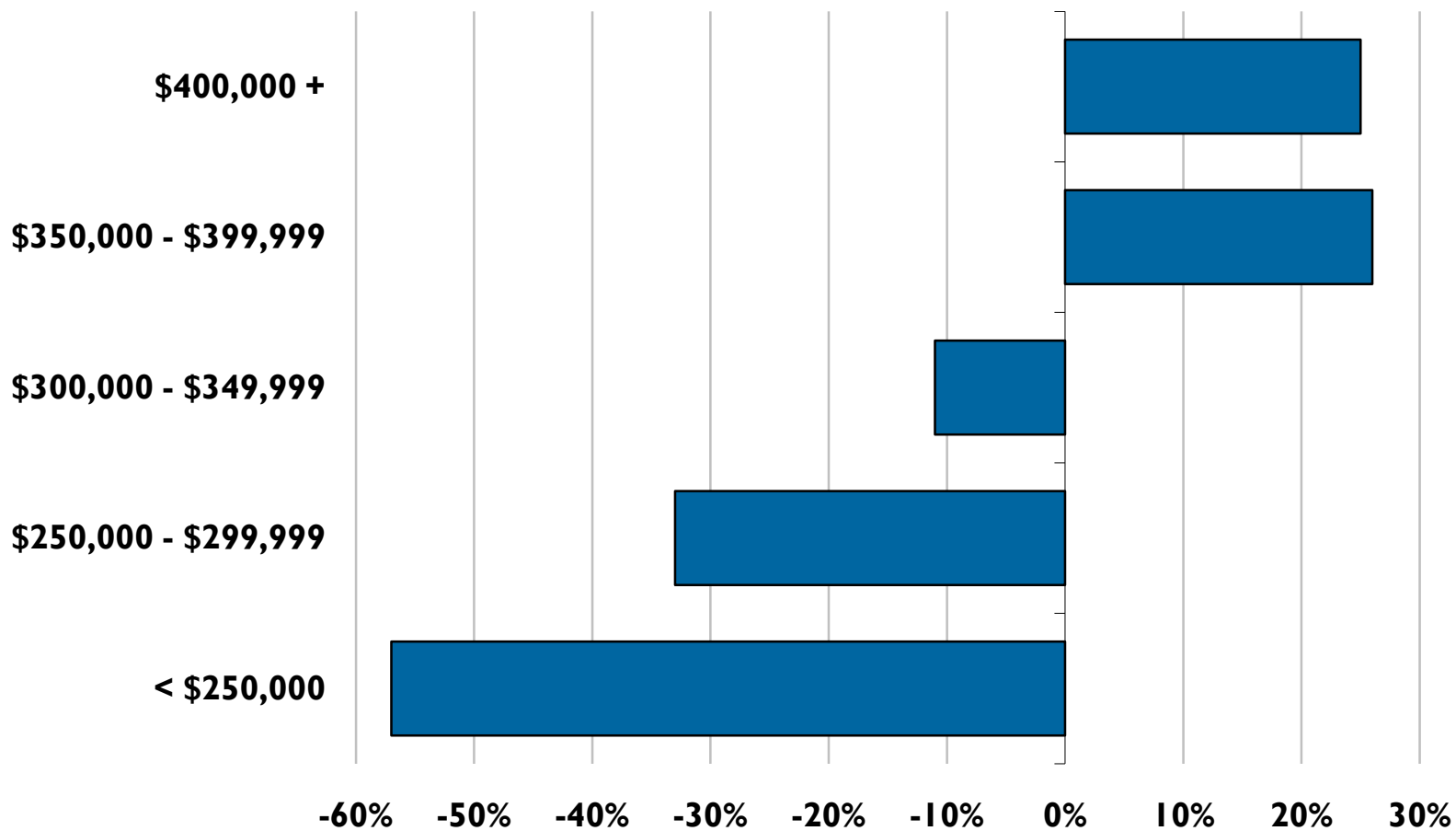
20%

30%

40%

# New singles sales growth

2011/2010



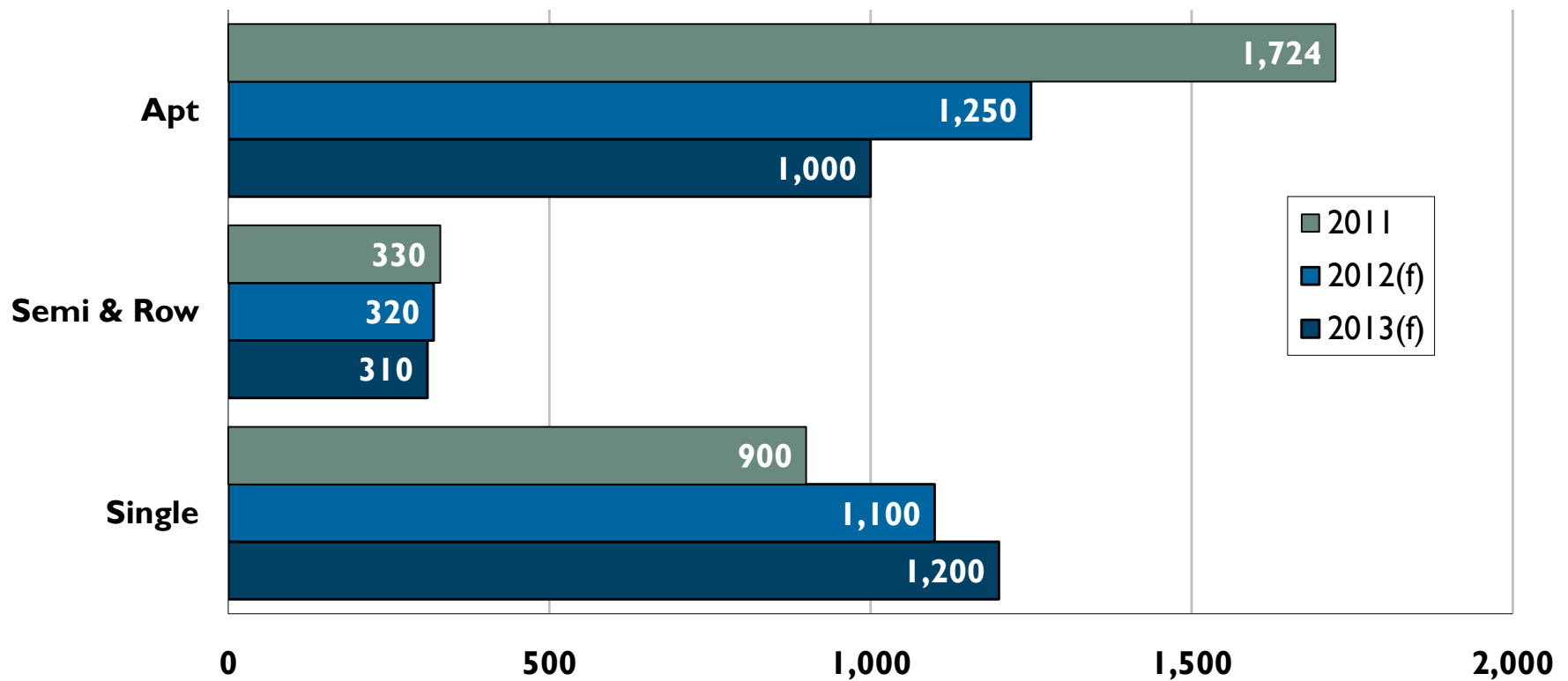
# Halifax new construction summary

	2011	2012(f)	%chg	2013(f)	%chg
Total Starts	2,954	2,670	-10%	2,510	-6%
Singles	900	1,100	+22%	1,200	+9%
Multiples	2,054	1,570	-24%	1,310	-17%
Semi & Row	330	320	-3%	310	-3%
Apartment	1,724	1,250	-28%	1,000	-20%

- ✓ **Economic growth supportive of housing demand**
- ✓ **Expect increased levels of single starts**
- ✓ **Strong levels of apartment construction**

# New construction

## Halifax Starts by Unit Type





# 2,250 apartment starts over next 2 years

Bedford &  
Lr Sackville  
~700-800

Dartmouth  
~400-500

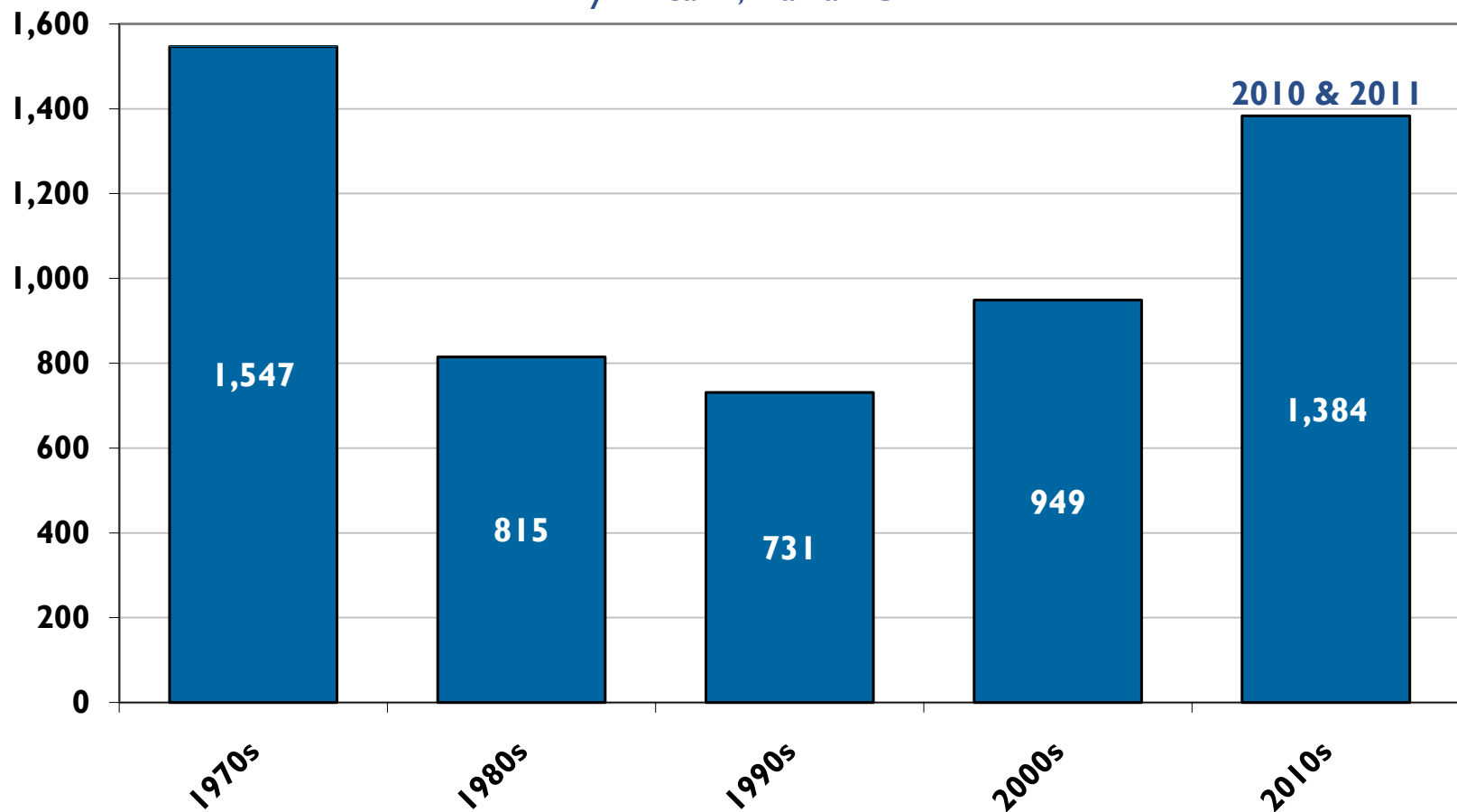
Halifax  
Mainland  
~500-600

Halifax  
Peninsula  
~400-500

# Historical perspective

## Annual Average Apartment Starts

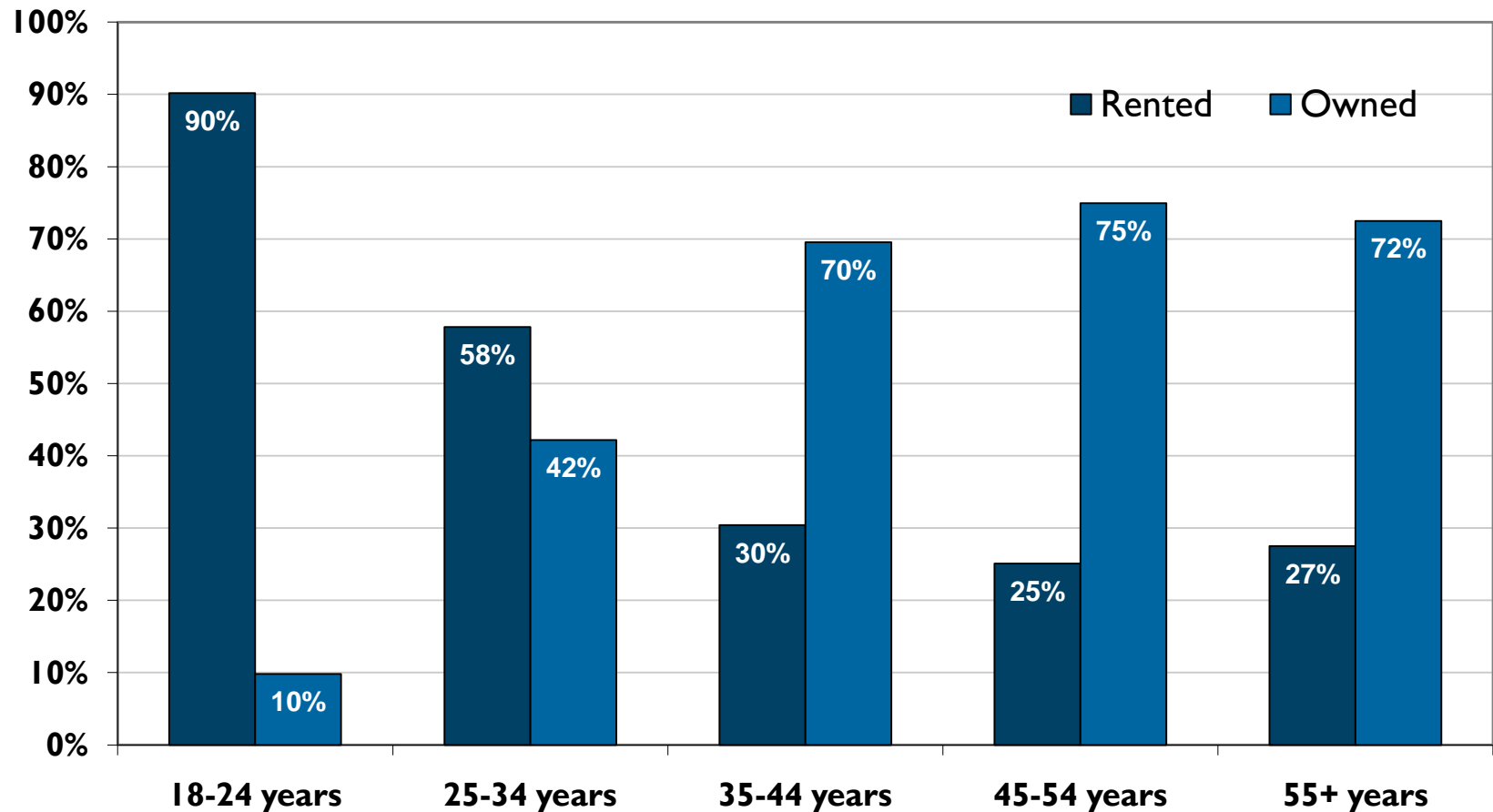
By Decade, Halifax CMA





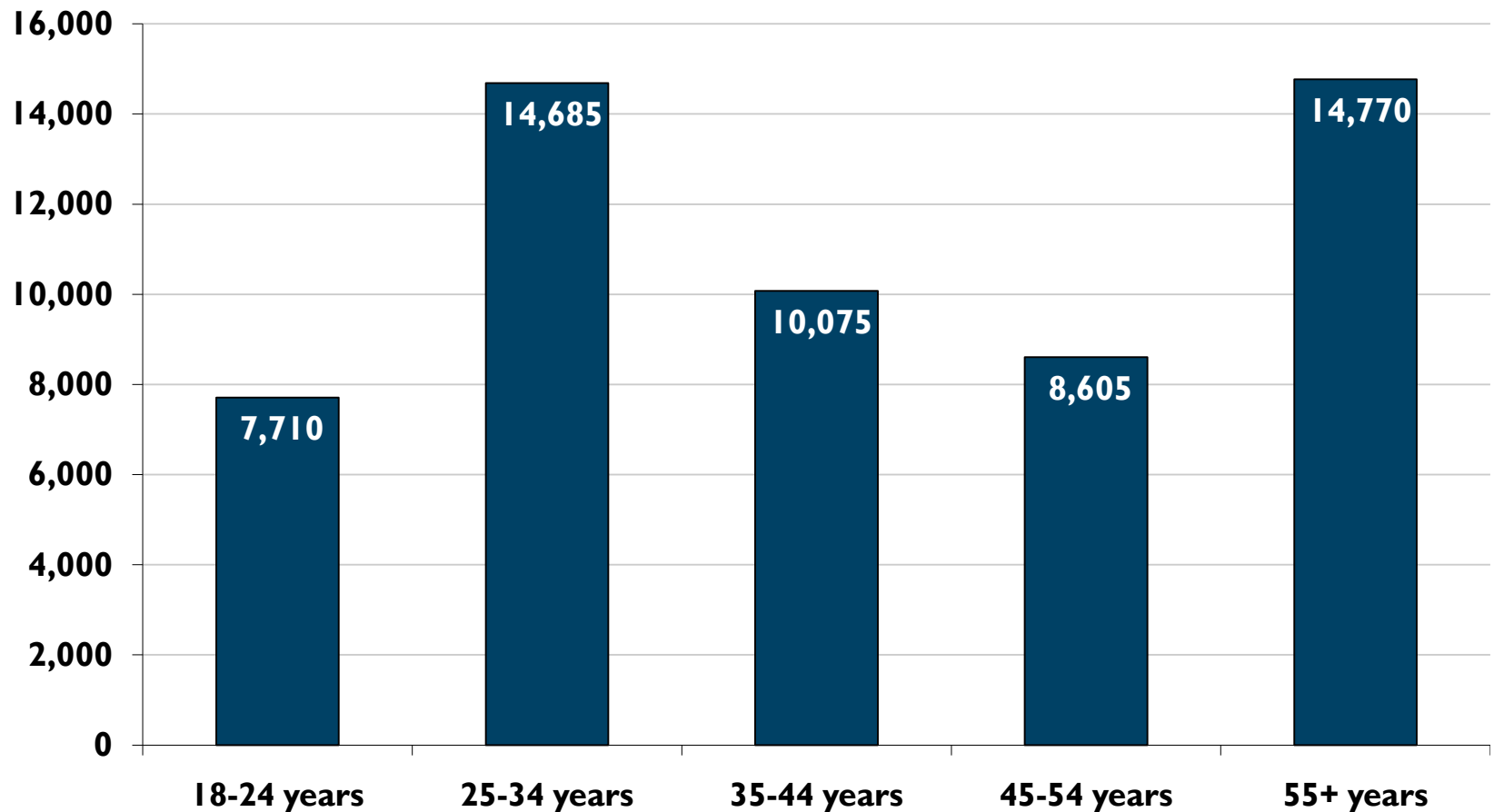
# Household age profile

## Renter vs. Owner Households, Halifax



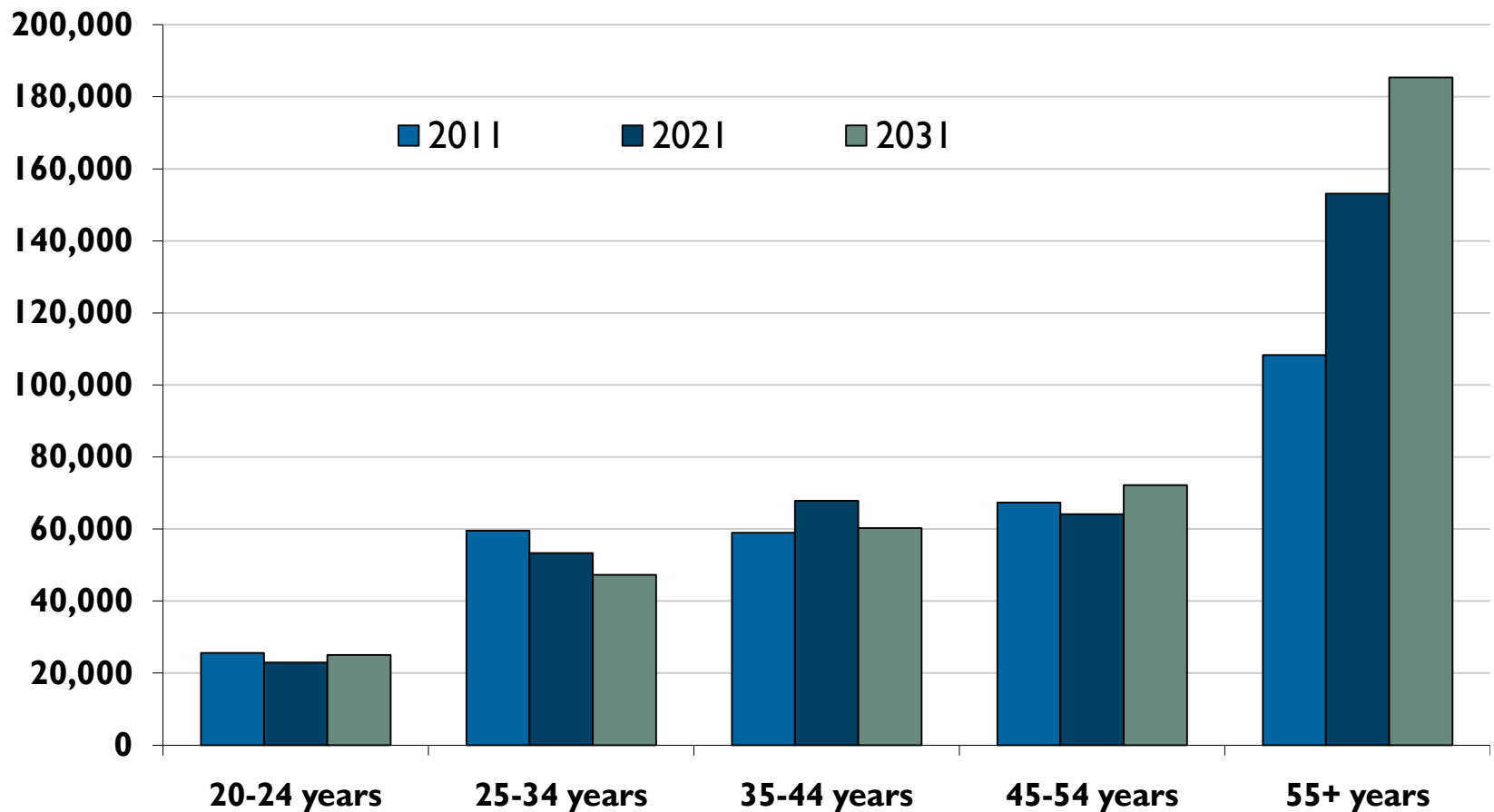
# Tenant age profile

## Renter Households by Age, Halifax



# Population estimates by age

## Population Estimates by Age by Year, Halifax





# Options for empty nesters

**Option 1: Stay put**

**Option 2: Renovate**

**Option 3: Downsize (house or condo)**

**Option 4: Rent**

**Option 5: Move away**

# Average home purchase prices by age



25-34 - \$260,000



35-44 - \$265,000



45-54 - \$270,000



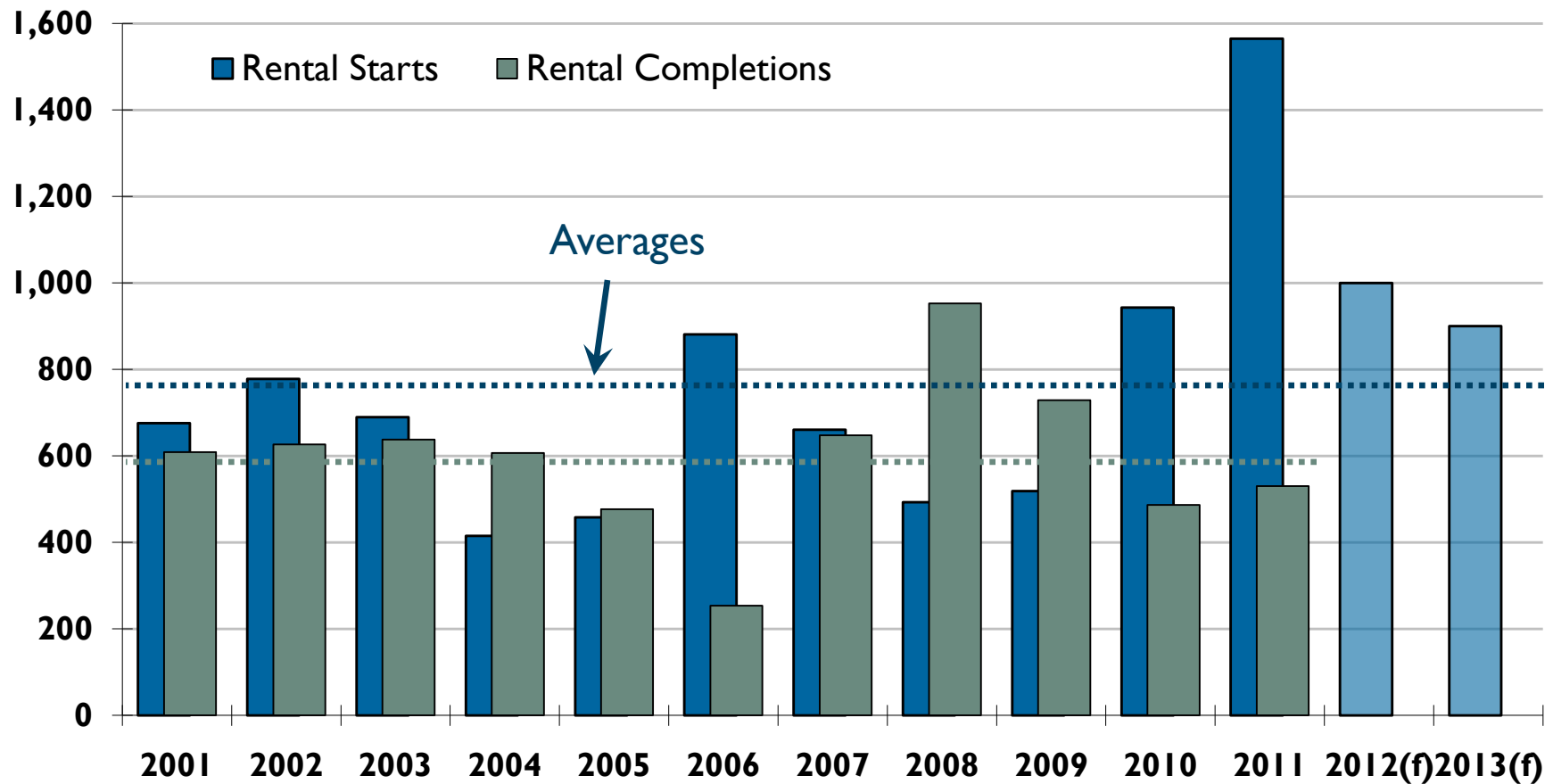
55-64 - \$239,000



# Rental Market

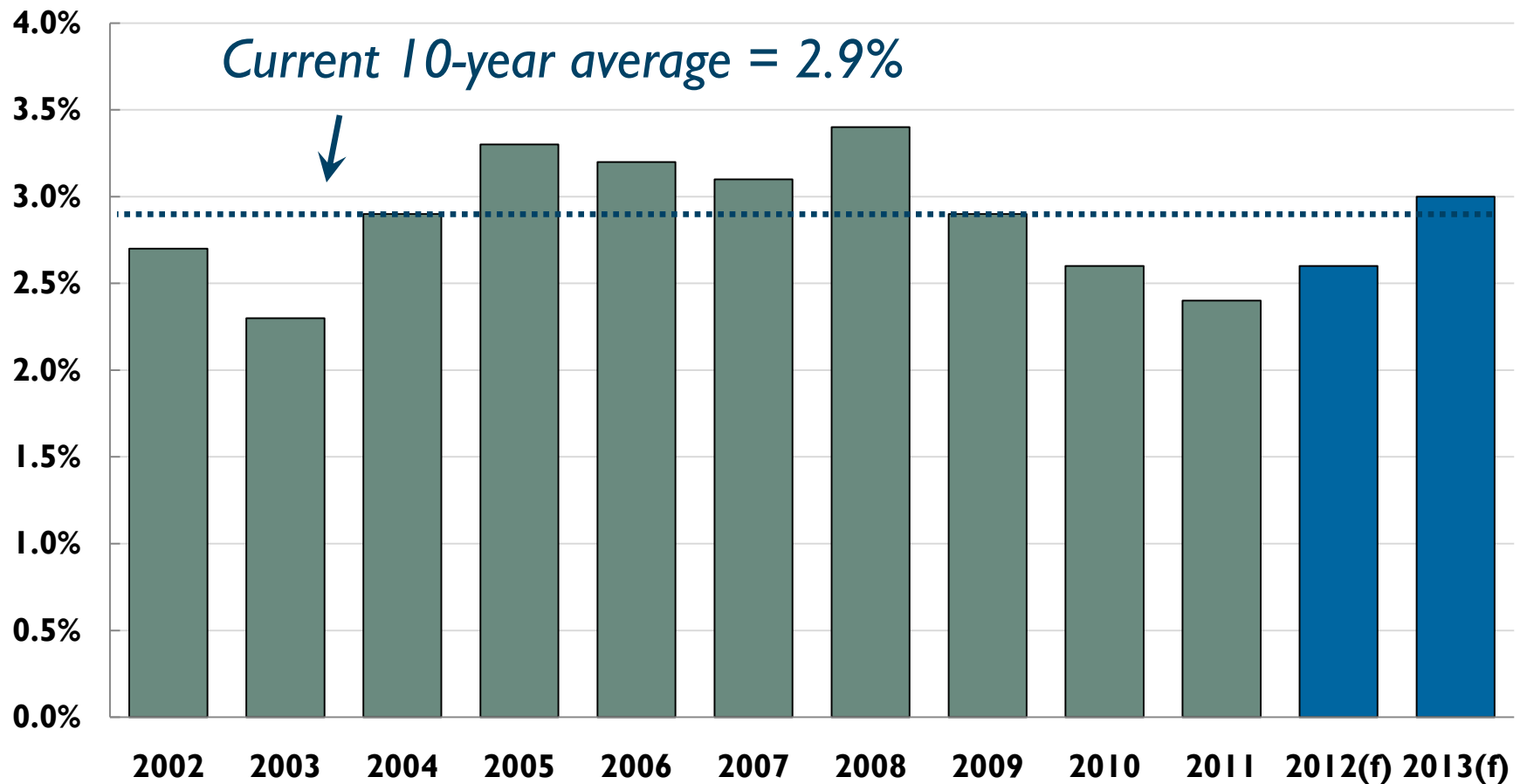
# Reduced supply in short term

## Rental Starts and Completions, Halifax



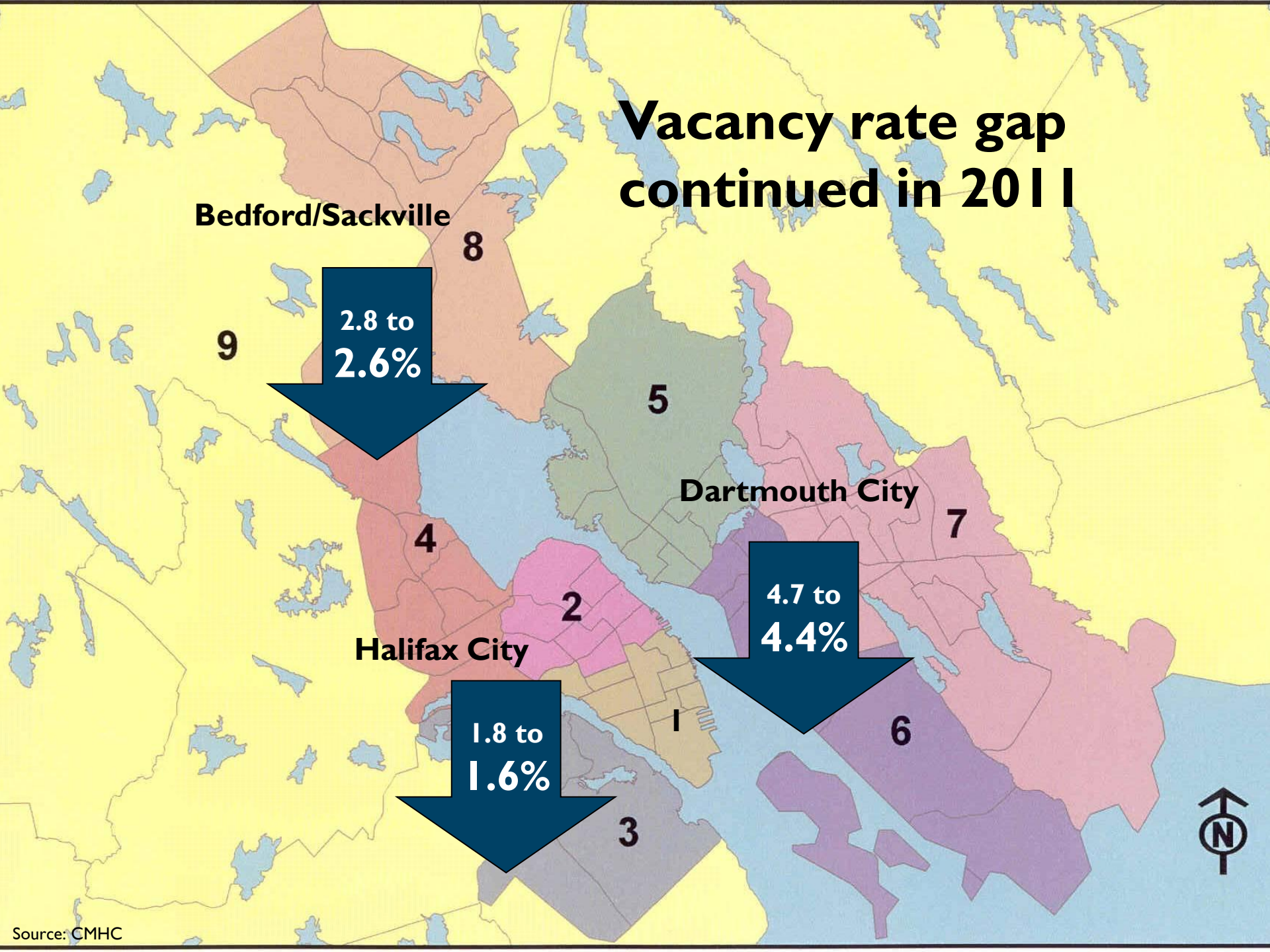
Lowest vacancy since 2003

## Rental apartment vacancy rate, Halifax CMA





# Vacancy rate gap continued in 2011



Bedford/Sackville

8

2.8 to  
2.6%

9

5

Dartmouth City

7

4

2

Halifax City

1

1.8 to  
1.6%

3

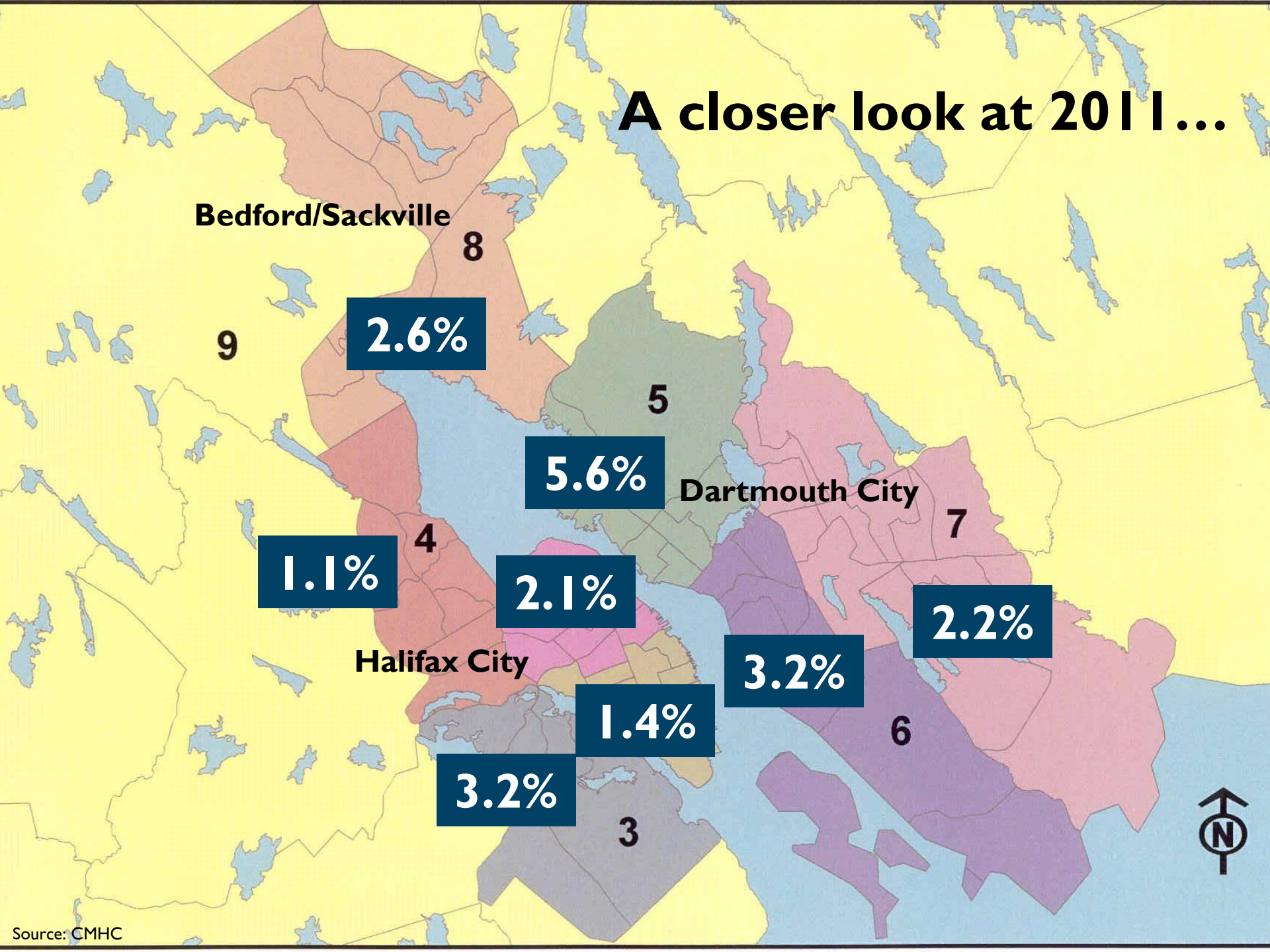
4.7 to  
4.4%

6





# A closer look at 2011...



Bedford/Sackville

8

2.6%

9

5

5.6%

Dartmouth City

7

1.1%

4

2.1%

Halifax City

3.2%

2.2%

1.4%

3.2%

3

6





# Market demand drives rent premiums

- ✓ **Newer buildings have less than half the average vacancy rate (below 1%)**
- ✓ **Newer buildings command a 42% rent premium (at over \$1,200)**
- ✓ **Specific locations command premiums (e.g, Peninsula South 48% and Bedford South 19%)**
- ✓ **Generally, the older the building and the lower the rent, the higher the vacancy rate**



# Supply and Demand

## **What's impacting vacancy rates?**

- ✓ **Supply – below average**
- ✓ **Demand – steady**
- ✓ **Reduced competition**



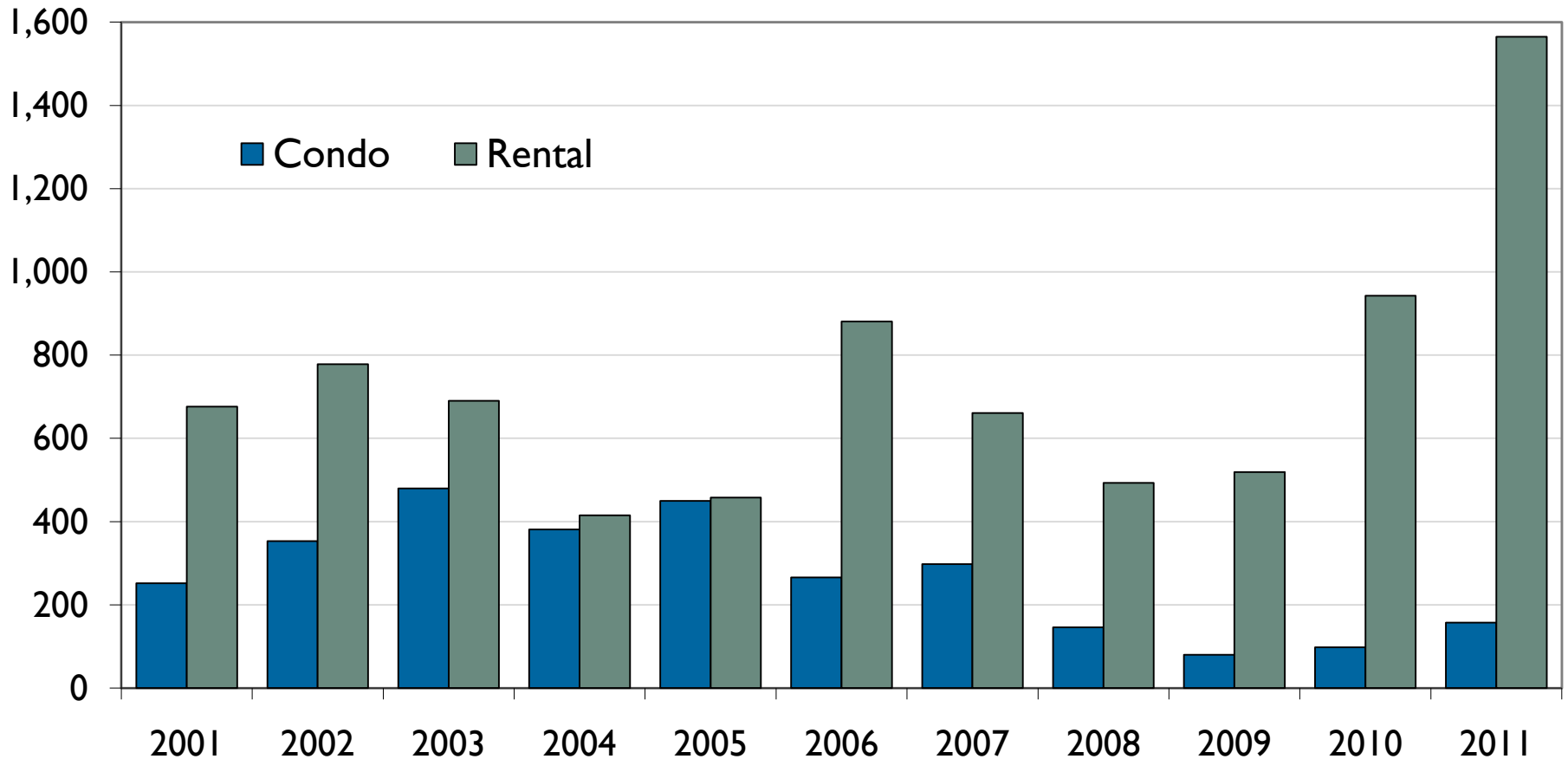
# Reduced competition for rental

## Reduced demand for homeownership

- **MLS® sales saw little growth (until late in 2011)**
- **New singles construction near 10-year lows**
- **Low levels of condo construction**

# Most apartments built to rent

## Apartment Starts, Halifax

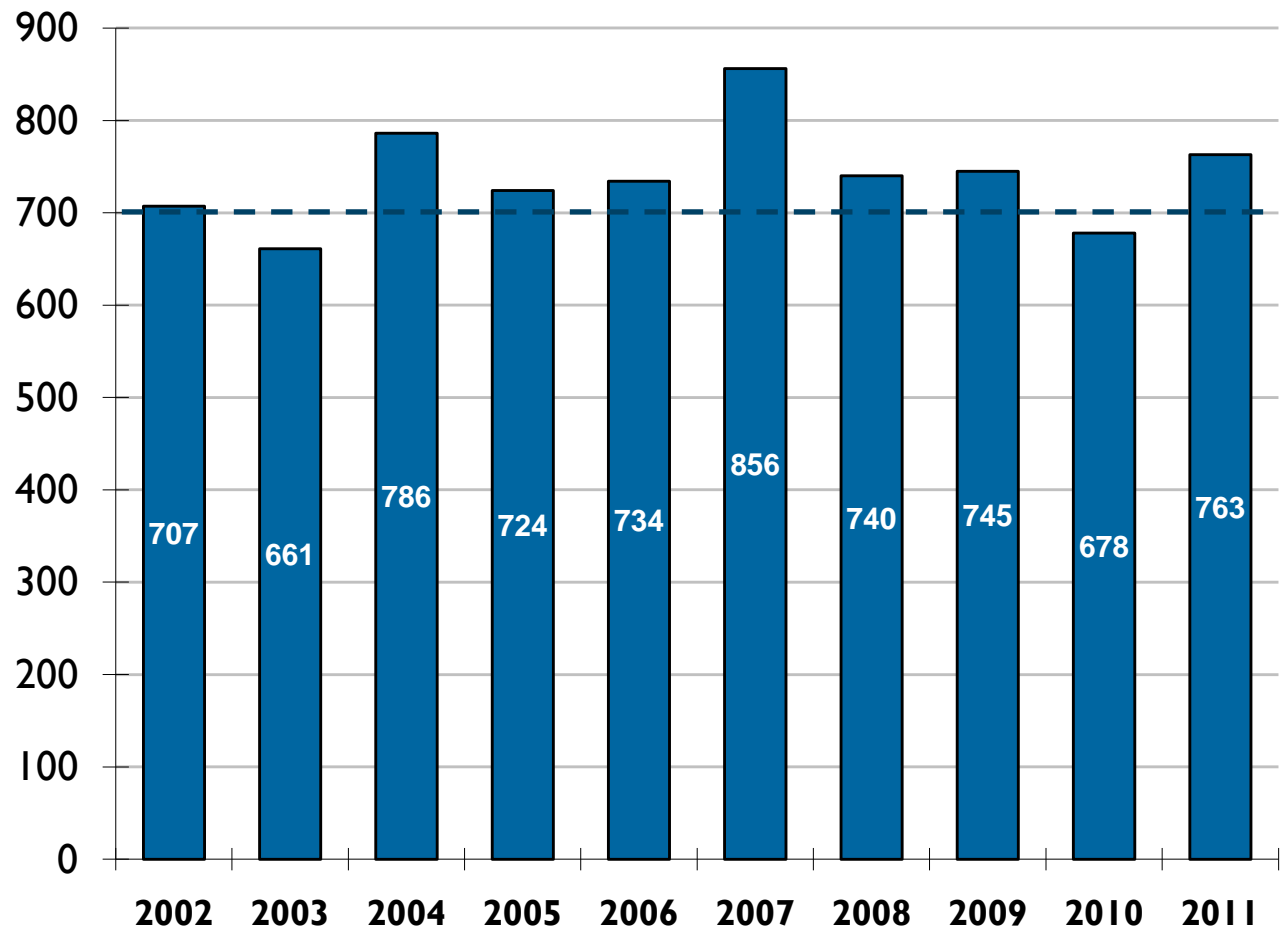


# MLS® condo sales in Halifax

Condo Sales, by year

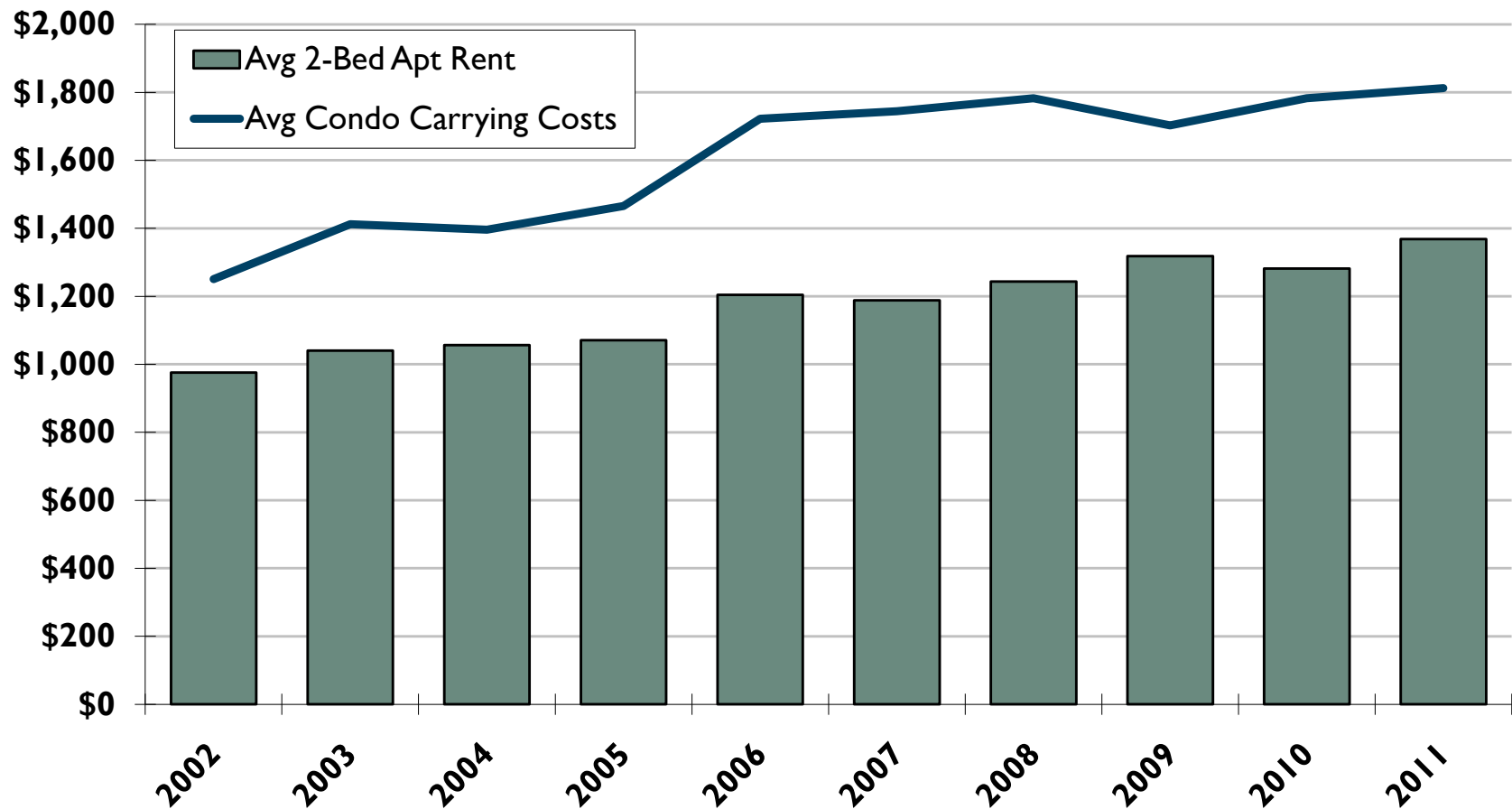
Price growth of 4%  
in 2010  
\$232,000

Price growth of 3%  
in 2011  
\$238,000



# Rental units remain competitive

## Cost of Owning vs. Renting in Halifax Peninsula





# Halifax rental outlook



	2011	2012(f)	%chg	2013(f)	Chg
Vacancy Rate	2.4%	2.6%	+0.2pts	3.0%	+0.4pts
Avg. 2-Bed Rent	\$925	\$955	3.2%	\$980	2.6%

- ✓ **Supply to increase and put upward pressure on vacancy rates, but not until 2013**
- ✓ **Demand to be supported by economic growth and demographic trends**



# Summary of Key Points

- ✓ **Immigration key to population growth**
- ✓ **Economic and employment growth expected**
- ✓ **Shipbuilding contract to have significant impact on economic growth and housing demand**



# Summary of Key Points

- ✓ **Single family home sales and average prices expected to rise**
- ✓ **Apartment construction expected to remain strong**
- ✓ **Vacancy rates expected to rise with increased supply**

# Thank You

Questions?

A hand wearing a blue long-sleeved shirt is using a piece of white chalk to write the word 'Questions?' on a dark, textured chalkboard. The hand is positioned on the right side of the frame, with the index finger pointing towards the end of the word.

Call Matthew Gilmore at 426-4686

[www.cmhc.ca/housingmarketinformation](http://www.cmhc.ca/housingmarketinformation)