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Metropolitan Condo Outlook **Autumn 2011**



Insights Into the Apartment Condominium Market in Eight Large Canadian Metropolitan Areas

ECONOMIC PERFORMANCE AND TRENDS



Metropolitan Condo Outlook: Insights Into the Apartment Condominium Market in Eight Large Canadian Metropolitan Areas

by *Jane McIntyre* and *Robin Wiebe*

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Preface

This report from The Conference Board of Canada and Genworth Financial Canada offers an in-depth analysis of the condominium market for eight large Canadian census metropolitan areas (CMAs). The report covers a wide range of condominium market statistics, such as starts, completions, absorptions, and prices. The main goal of this publication is to analyze the recent trends in the condo market in each of the eight CMAs, as well as where each of the eight markets is heading over the next five years.

The eight census metropolitan areas covered are Québec City, Montréal, Ottawa, Toronto, Calgary, Edmonton, Vancouver, and Victoria.

This report is published twice a year, in summer and winter.

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Overview

Canadian condominiums markets face an uneven 2011. While continued economic growth in all eight cities in this report, along with moderate mortgage interest rates and an aging population, suggests ongoing demand for apartment condominiums, significant inventories of unsold units in many cities are deterring starts. Resale conditions are also soft. Price growth is forecast to slow in all eight cities this year, with outright price declines expected in Ottawa, Calgary, and Edmonton. This will, however, help contain mortgage carrying costs after sharp hikes in recent years.

Decent economic growth and moderate interest rates are helpful. All cities saw relatively strong gross domestic product growth in 2010, following widespread 2009 dips.

More moderate GDP advances are expected in 2011. Projected expansion ranges from 1.7 per cent in Victoria to Calgary's 3.4 per cent. Employment is forecast to rise everywhere in 2011, although gains will be very small in some areas. Calgary leads here, too, with a 3 per cent hike on tap. Affordability will be aided by mortgage rates hovering near historical lows. The 5-year rate is projected to average only 5.5 per cent this year, down from 5.6 per cent in 2010. This will offset expected modest house price increases and cap hikes in carrying costs. The monthly payment required to finance an apartment condominium valued at the average of our eight cities (\$265,500 in 2011) using the prevailing 5-year mortgage rate and amortized over 25 years, is \$1,465, only \$8 above the 2010 cost.

Resale transactions of apartment condominiums fell in many areas last year, including double-digit percentage declines in all four Western cities. Calgary's 18 per cent drop was the largest. By contrast, Ottawa sales rose 19 per cent. Western fortunes are forecast to improve greatly this year. Vancouver's 12 per cent sales increase leads gainers, and Calgary volumes will rise 10 per cent. Although sales are expected to dip in Ottawa, Montréal, and Québec City this year, they will still exceed their 10-year average in all three cities.

The supply outlook is mixed. Led by Québec City's 29 per cent rise, active listings are projected to rise in all four eastern cities and Victoria. But listings are expected to decline 39 per cent in Calgary.

Table 1—Apartment Condo Indicators

	Starts			Resale sales			Resale price (\$)*		
	2010	2011f	2012f	2010	2011f	2012f	2010	2011f	2012f
Québec City	1,675 <i>29.0</i>	1,960 <i>17.0</i>	1,200 <i>-38.8</i>	1,800 <i>-0.8</i>	1,749 <i>-2.8</i>	1,849 <i>5.7</i>	198,203 <i>9.6</i>	208,219 <i>5.1</i>	216,756 <i>4.1</i>
Montréal	10,293 <i>38.1</i>	8,269 <i>-19.7</i>	7,000 <i>-15.3</i>	12,654 <i>6.8</i>	12,467 <i>-1.5</i>	12,809 <i>2.7</i>	247,728 <i>9.7</i>	254,145 <i>2.6</i>	260,206 <i>2.4</i>
Ottawa	1,509 <i>62.8</i>	1,231 <i>-18.4</i>	1,149 <i>-6.7</i>	1,835 <i>18.5</i>	1,715 <i>-6.5</i>	1,820 <i>6.1</i>	257,777 <i>16.8</i>	243,249 <i>-5.6</i>	248,604 <i>2.2</i>
Toronto	11,586 <i>5.8</i>	15,011 <i>29.6</i>	15,346 <i>2.2</i>	21,701 <i>2.2</i>	23,725 <i>9.3</i>	25,578 <i>7.8</i>	280,333 <i>10.2</i>	293,698 <i>4.8</i>	296,821 <i>1.1</i>
Calgary	1,063 <i>177.5</i>	825 <i>-22.4</i>	1,715 <i>107.8</i>	3,257 <i>-17.7</i>	3,594 <i>10.3</i>	3,717 <i>3.4</i>	242,925 <i>0.6</i>	237,465 <i>-2.2</i>	245,859 <i>3.5</i>
Edmonton	1,463 <i>223.0</i>	1,170 <i>-20.0</i>	1,683 <i>43.9</i>	2,472 <i>-15.7</i>	2,590 <i>4.8</i>	2,653 <i>2.4</i>	217,438 <i>-0.3</i>	215,872 <i>-0.7</i>	222,390 <i>3.0</i>
Vancouver	5,793 <i>146.0</i>	7,241 <i>25.0</i>	7,796 <i>7.7</i>	13,083 <i>-14.2</i>	14,681 <i>12.2</i>	15,255 <i>3.9</i>	363,996 <i>8.5</i>	379,007 <i>4.1</i>	392,125 <i>3.5</i>
Victoria	801 <i>476.3</i>	371 <i>-53.7</i>	567 <i>52.8</i>	1,824 <i>-16.6</i>	1,953 <i>7.1</i>	2,079 <i>6.4</i>	290,696 <i>4.3</i>	292,531 <i>0.6</i>	299,366 <i>2.3</i>

*Average resale prices are used for Québec City and Montréal; median resale prices are used for the remainder of the metropolitan areas. Resale sales and average prices in Montréal and Québec City include all condominium styles, not just apartments. Italics indicate percentage change.

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

Accordingly, the sales-to-active-listings ratio is projected to dip fractionally in our three eastern-most cities, but rise elsewhere. Most markets remain soft by this measure. Sales-to-active-listings ratios in 2011 are projected to be below their 10-year average everywhere except Toronto. Most other areas will experience buyers' market conditions in 2011.

Tepid markets will slow price increases and cut values in some cities. For instance, Ottawa, last year's price growth leader at 16.8 per cent, is forecast to suffer a price dip of 5.6 per cent this year. Values will also drop in the Alberta cities. Even the 5.1 per cent price advance forecast for Québec City, this year's fastest, is well off the 9.6 per cent growth it enjoyed in 2010. Vancouver remains our most expensive city, with a median condominium value of \$379,000 projected for 2011. On the other hand, Québec City's average price is forecast at only \$208,200.

Most areas continue to experience hefty volumes of completed and unoccupied units, a strong deterrent to new construction.

During 2010, such backlogs were above their 10-year average everywhere except Montréal, by a wide margin in many cases. Vancouver, Calgary, and Toronto saw particularly large jumps. This year should see inventories ease in all four Western cities, while Toronto will see them cut nearly in half. Rising new-unit take-up is expected to help lower inventories in Edmonton and Victoria, while falling condominium completions will drive declines elsewhere. Higher absorptions are also expected in Québec City and Montréal this year.

High supplies of unabsorbed units will keep starts of apartment condominiums this year well behind peaks of the previous decade everywhere except Québec City, where starts are on track to increase for the fourth consecutive year. Starts are also projected to climb in both Toronto and Vancouver, the two cities that typically have Canada's highest levels of starts. Apartment condominium starts are expected to fall in this report's five other cities. Relative to their own history, drops will be particularly large in the Alberta cities and Victoria.

Population growth is forecast to cool in all cities in 2011, although easing will be slight everywhere. Vancouver and Toronto will tie as growth leaders, at 1.9 per cent. The population increase will be at least 1 per cent everywhere else except Victoria, where it is projected to be 0.8 per cent. An aging population means population hikes among those aged 55-plus will be much stronger than the overall population. Expected advances in this cohort range from 2.9 per cent in Victoria to 4.4 per cent in Calgary.

Softer pricing, along with stable and low mortgage interest rates, will temper increases in carrying costs this year. Such charges are actually expected to decline in Ottawa, Calgary, and Edmonton, led by Ottawa's 6.2 per cent drop. By contrast, both Toronto and Québec City will see carrying costs rise just over 4 per cent. Vancouver remains our least affordable city, both in absolute terms and relative to local incomes. Affordability remains the best in Québec City measured in dollar terms, but high incomes in Calgary mean mortgage payments consume the smallest proportion of household income there.

Québec City



Unit sales in Québec City's resale apartment condominium market are set to fall by 2.8 per cent in 2011, pulled down by tighter mortgage rules, slower economic growth, and higher taxes. But absorptions of new units are on track to surge by over 50 per cent, leading to a 17 per cent increase in starts.

Sound economic growth and an aging population helped to boost demand in Québec City's resale apartment condominium market from 1996 to 2007, with unit sales reaching 1,800 units in 2007—significantly higher than the average 430 units sold annually during the first half of the 1990s. The market finally tipped over into a sellers' market in 2002, with the jump in the sales-to-active-listings ratio fuelling average price growth of 11.5 per cent per year from 2002 to 2007. Unit sales slipped 2.4 per cent in 2008, as the global recession put a damper on demand. But price growth remained strong, at 8.5 per cent, thanks to an even bigger decline in listings. With the economic recovery, and spurred on by even lower interest rates, buyers increased sales by 2 per cent in 2009. Once again, sales demand outpaced new listings

supply, and so the sales-to-active-listings ratio spiked to its highest level in five years, leading to a further 6.6 per cent increase in average prices.

Unit sales of apartment condominiums slipped 0.8 per cent in 2010, as the economic recovery slowed. Still, price growth remained robust last year, at 9.6 per cent, as the market stayed in a sellers' position. Although sales picked up in the final quarter of 2010, they weakened again in the first quarter of this year and are on track to fall another 2.8 per cent in 2011—partly because of higher taxes and tighter mortgage rules. By next year, a more stable economy is expected to push sales up. Indeed, over the next four years, unit sales are forecast rise by an annual average rate of 4.9 per cent. Meanwhile, the sales-to-active-listings ratio is finally declining this year, allowing average price growth to moderate to a still-solid 5.1 per cent in 2011 and 4.1 in 2012.

Unlike the resale market, demand for new apartment condominiums in Québec City shrunk through the last half of the 1990s. Builders took notice and reduced starts from their peak of 1,411 units in 1993 to just 81 units in 2000, allowing inventories to fall even in a weak market. So, builders were well positioned when demand picked up, as absorptions climbed from 150 units in 1999 to nearly 1,200 units in 2006. Accordingly, starts of apartment condominiums increased by an annual average of 115.6 per cent from 2000 to 2004. But, as inventories began to climb in 2005, builders reduced starts by 14.3 per cent per year, on average, from 2005 to 2007.

The new apartment condominium market shook off the 2008–09 global recession and higher taxes, with absorptions increasing by an average of 13.5 per cent annually in 2008 and 2009. Starts climbed by an even faster 33.4 per cent per year, leading to rising inventories. Inventories

Chart 1—Share of Population by Age Cohort

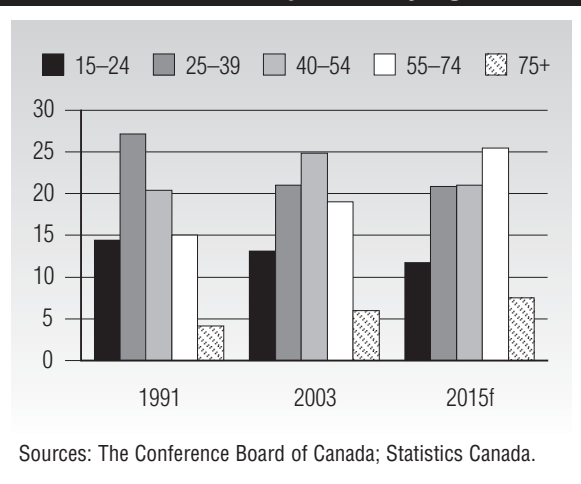
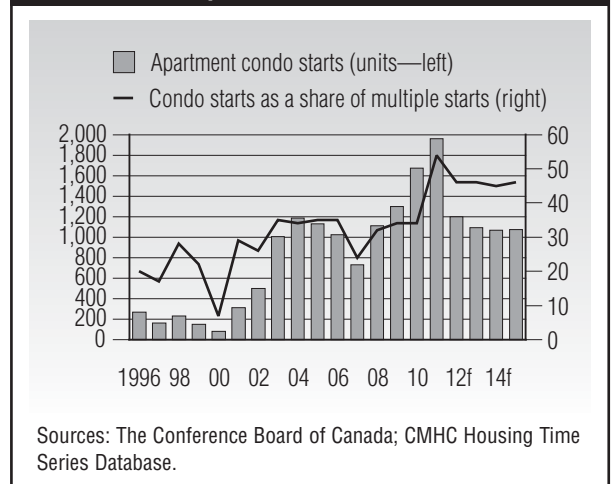


Chart 2—Apartment Condo Construction

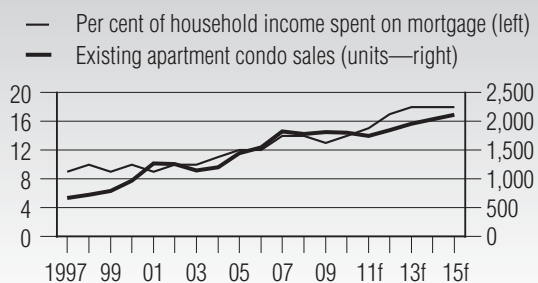


edged up further last year, as completions slightly outpaced absorptions at the end of the year and starts reached a record 1,675 units. Starts of apartment condominiums posted another

substantial increase in this year's first quarter. High inventories and weaker absorptions starting in 2012 will force builders to retreat from the market. So, after rising by a further 17 per cent this year, starts

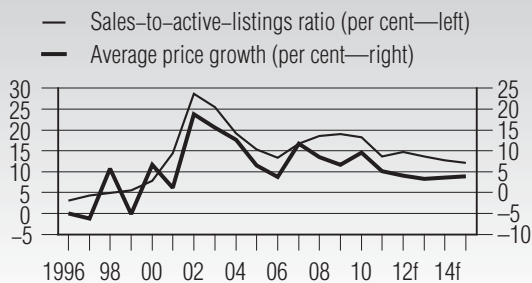
are forecast to fall by 38.8 per cent in 2012 and then further through the medium term, moving back in line with demographic needs.

Chart 3—Affordability and Condo Sales



Sources: The Conference Board of Canada; Quebec Federation of Real Estate Boards.

Chart 4—Sales to Active Listings and Price Change



Sources: The Conference Board of Canada; Quebec Federation of Real Estate Boards.

Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	1,779	1,815	1,800	1,749	1,849	1,959	2,037	2,114
	<i>-2.4</i>	<i>2.0</i>	<i>-0.8</i>	<i>-2.8</i>	<i>5.7</i>	<i>6.0</i>	<i>3.9</i>	<i>3.8</i>
Active listings	803	796	822	1,062	1,047	1,198	1,335	1,455
	<i>-11.7</i>	<i>-0.9</i>	<i>3.2</i>	<i>29.2</i>	<i>-1.4</i>	<i>14.4</i>	<i>11.5</i>	<i>9.0</i>
Months' supply	5.4	5.3	5.5	7.3	6.8	7.3	7.9	8.3
Average price	169,656	180,802	198,203	208,219	216,756	223,886	231,864	241,006
	<i>8.5</i>	<i>6.6</i>	<i>9.6</i>	<i>5.1</i>	<i>4.1</i>	<i>3.3</i>	<i>3.6</i>	<i>3.9</i>

Italics indicate percentage change.

Sources: The Conference Board of Canada; Quebec Federation of Real Estate Boards; CMHC Housing Time Series Database.

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	1,111	1,298	1,675	1,960	1,200	1,093	1,069	1,076
	<i>52.4</i>	<i>16.8</i>	<i>29.0</i>	<i>17.0</i>	<i>-38.8</i>	<i>-8.9</i>	<i>-2.2</i>	<i>0.7</i>
Under construction	676	674	919	1,187	885	705	690	693
	<i>48.1</i>	<i>-0.3</i>	<i>36.3</i>	<i>29.1</i>	<i>-25.4</i>	<i>-20.3</i>	<i>-2.1</i>	<i>0.3</i>
Completions	967	1,203	1,294	1,995	1,476	1,183	1,068	1,072
	<i>25.6</i>	<i>24.4</i>	<i>7.6</i>	<i>54.2</i>	<i>-26.0</i>	<i>-19.8</i>	<i>-9.7</i>	<i>0.3</i>
Complete and not absorbed	178	244	255	296	277	241	206	202
	<i>-19.7</i>	<i>37.1</i>	<i>4.7</i>	<i>16.0</i>	<i>-6.6</i>	<i>-12.9</i>	<i>-14.5</i>	<i>-2.1</i>
Absorptions	953	1,128	1,295	1,978	1,491	1,234	1,090	1,071
	<i>8.8</i>	<i>18.4</i>	<i>14.8</i>	<i>52.8</i>	<i>-24.6</i>	<i>-17.2</i>	<i>-11.7</i>	<i>-1.7</i>
Months' supply	2.2	2.6	2.4	1.8	2.2	2.3	2.3	2.3

Italics indicate percentage change.

Sources: The Conference Board of Canada; Quebec Federation of Real Estate Boards; CMHC Housing Time Series Database.

Montréal



Montréal's existing and new apartment condominium markets are set to shrink this year. Unit sales are forecast to decline by 1.5 per cent in 2011, and starts by 19.7 per cent. Demand is being weighed down by increased taxes, slower economic growth, tighter mortgage rules, and rising inventories in the new market.

Unit sales in Montréal's resale apartment condominium market increased by an average of 17.3 per cent per year from 1996 to 2007, fuelled by a sound economy, low interest rates after 2001, an aging population, and an increasing number of wealthy foreigners and young professional settling in the downtown core. But sellers did not initially flock to the market. As a result, the sales-to-active-listings ratio increased from 4.7 per cent in 1996 to 33.7 per cent in 2002, leading to average annual price growth of 16.8 per cent from 2002 to 2004. Finally, sellers took notice. Accordingly, over the next three years, 2005 to 2007, higher listings brought the sales-to-active-listings ratio back down to 13.9 per cent and slowed average annual price growth to a still-healthy 5.1 per cent.

As demand slowed in the wake of the global recession in 2008, unit sales flattened and price growth slowed sharply to 1.5 per cent. With the economy gaining momentum again, unit sales advanced 6.8 per cent last year. Meanwhile, a jump in the sales-to-active-listings ratio (thanks to both higher sales and lower listings), pushed prices up 9.7 per cent. But by the second half of 2010, higher taxes and slower economic growth reduced demand once more. This year, sales are set to decline by 1.5 per cent while price growth decelerates to 2.6 per cent.

But healthy economic growth, coupled with further increases in the share of the population 55 and older, will help to boost demand next year. Sales are forecast to grow 2.7 per cent in 2012 and then average 4.5 per cent per year from 2013 to 2015. Sales are expected to outpace listings, leading to a tighter market, as evidenced by a rising sales-to-active-listings ratio. This will push up average

price growth from 2.4 per cent next year to an annual average of 3.6 per cent over the rest of the forecast.

The new apartment condominium market also enjoyed strong growth from 1996 to 2004, thanks to spillover demand from the resale market as well as falling inventories. Builders increased starts by an average of 26.5 per cent per year during this period. Still, builders initially could not keep up with demand. By 2005, inventories had reached 1,600 units. As a result, builders retreated from the market, with starts falling by an average of 9.9 per cent per year from 2005 to 2007. With inventories under control, builders came back to the market in 2008, increasing starts by 17.2 per cent. But absorptions plummeted by over 26 per cent that year, as reduced consumer confidence at the start of the global downturn pushed demand lower. Builders responded the next year by reducing starts 6.9 per cent. As in the resale market, once the economy started

Chart 1—Share of Population by Age Cohort

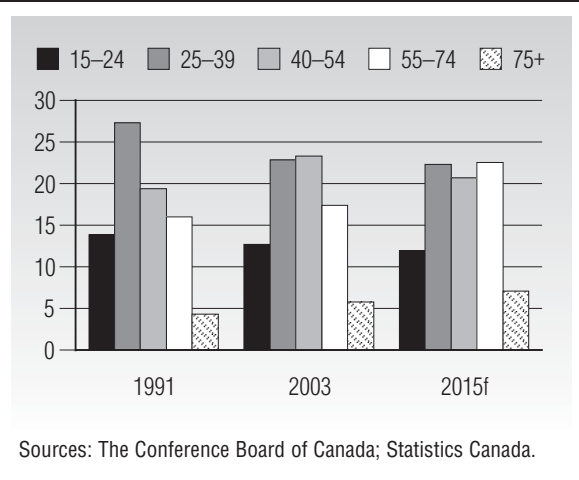
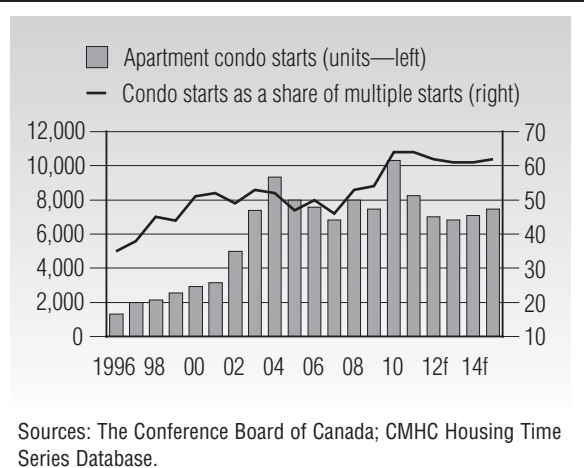


Chart 2—Apartment Condo Construction



on its road to recovery, demand was quick to improve: higher absorptions allowed builders to boost starts by 38.1 per cent last year.

Demand for apartment condominiums is still on the rise, as evidenced

by growing absorptions, but not by enough to clear existing inventories. Indeed, inventories have been moving up again in recent months, prompting builders to reduce starts. Increased taxes, tighter mortgage rules, and, eventually, rising interest rates will

further hamper the new apartment condominium market, with starts are expected to decline 19.7 per cent in 2011 and 15.3 per cent in 2012.

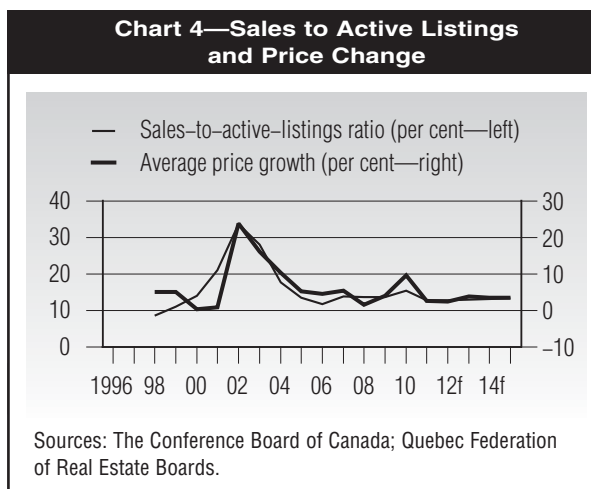
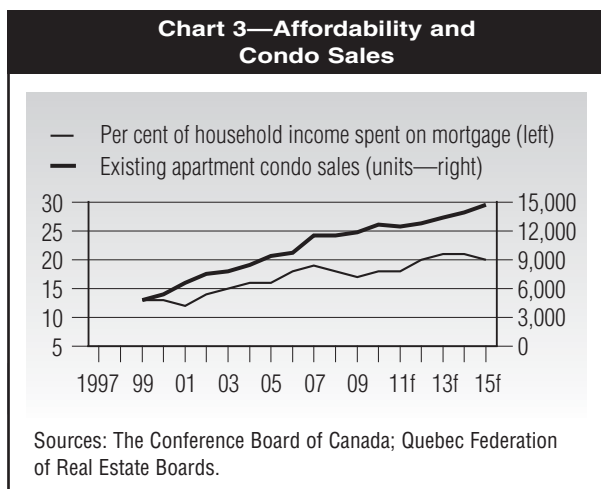


Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	11,546	11,852	12,654	12,467	12,809	13,380	13,937	14,616
	<i>0.0</i>	<i>2.7</i>	<i>6.8</i>	<i>-1.5</i>	<i>2.7</i>	<i>4.5</i>	<i>4.2</i>	<i>4.9</i>
Active listings	7,021	7,222	6,834	8,181	8,426	8,634	8,855	9,076
	<i>1.3</i>	<i>2.9</i>	<i>-5.4</i>	<i>19.7</i>	<i>3.0</i>	<i>2.5</i>	<i>2.6</i>	<i>2.5</i>
Months' supply	7.3	7.3	6.5	7.9	7.9	7.7	7.6	7.5
Average price	216,914	225,878	247,728	254,145	260,206	270,137	279,504	289,418
	<i>1.5</i>	<i>4.1</i>	<i>9.7</i>	<i>2.6</i>	<i>2.4</i>	<i>3.8</i>	<i>3.5</i>	<i>3.5</i>

Italics indicate percentage change.
Sources: The Conference Board of Canada; Quebec Federation of Real Estate Boards; CMHC Housing Time Series Database.

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	8,001	7,452	10,293	8,269	7,000	6,838	7,096	7,462
	<i>17.2</i>	<i>-6.9</i>	<i>38.1</i>	<i>-19.7</i>	<i>-15.3</i>	<i>-2.3</i>	<i>3.8</i>	<i>5.2</i>
Under construction	6,087	5,800	7,803	8,528	7,342	6,768	6,928	7,007
	<i>8.8</i>	<i>-4.7</i>	<i>34.5</i>	<i>9.3</i>	<i>-13.9</i>	<i>-7.8</i>	<i>2.4</i>	<i>1.1</i>
Completions	6,418	7,284	7,197	9,326	8,124	7,073	6,817	7,484
	<i>-19.1</i>	<i>13.5</i>	<i>-1.2</i>	<i>29.6</i>	<i>-12.9</i>	<i>-12.9</i>	<i>-3.6</i>	<i>9.8</i>
Complete and not absorbed	1,711	1,583	1,233	1,329	1,418	1,312	1,244	1,327
	<i>-20.3</i>	<i>-7.5</i>	<i>-22.1</i>	<i>7.8</i>	<i>6.7</i>	<i>-7.5</i>	<i>-5.2</i>	<i>6.6</i>
Absorptions	6,764	7,208	7,753	8,968	8,166	7,187	6,839	7,356
	<i>-26.4</i>	<i>6.6</i>	<i>7.6</i>	<i>15.7</i>	<i>-8.9</i>	<i>-12.0</i>	<i>-4.8</i>	<i>7.6</i>
Months' supply	3.0	2.6	1.9	1.8	2.1	2.2	2.2	2.2

Italics indicate percentage change.
Sources: The Conference Board of Canada; Quebec Federation of Real Estate Boards; CMHC Housing Time Series Database.

Ottawa



Unit sales in Ottawa's resale apartment condominium market are set to drop 6.5 per cent this year, as demand is weakened by slower economic growth and tighter mortgage rules. Absorptions of new units are also on track to fall by 12.8 per cent. Higher inventories will compel builders to reduce starts by 18.4 per cent.

Ottawa's resale apartment condominium market enjoyed growth in unit sales of 20 per cent per year on average from 1996 to 2000. With sellers initially slow to respond, a significant increase in the sales-to-active listings ratio led to average annual price growth of 10.7 per cent from 1999 to 2005. But a big jump in active listings, combined with the slower sales growth, allowed the sales-to-active-listings ratio to fall back down to 22.9 per cent by 2005.

Several years of stable economic growth fuelled demand once more in 2006 and 2007, as unit sales increased by an average of 13.1 per cent in 2006 and 2007. But the global recession then reduced consumer confidence in the region, pulling unit sales of apartment condominiums down by 7.9 per cent in 2008. Still,

median prices strengthened further, rising 10.5 per cent and topping \$200,000 for the first time, as the sales-to-active-listings ratio remained above 30 per cent.

Demand bounced back in 2009, as the Ottawa economy recovered from the worldwide downturn and population growth strengthened. Over 2009 and 2010, unit sales grew by nearly 30 per cent, to reach a record 1,840 units, nearly double their level at the start of the decade, while prices increased 6.9 per cent in 2009 and 16.8 per cent last year. Price growth in the apartment category has been much stronger than in the overall market. Indeed, median apartment prices were just 11 per cent lower than median prices for the overall market in 2010. In contrast, this gap was over a third in 2000.

While this price growth has been encouraging for sellers (active listings jumped by more than 50 per cent last

year), it is also discouraging for buyers. Reduced affordability, tighter mortgage rules, and slower economic growth are set to lead to a 6.5 per cent decline in unit sales this year. Although economic growth is expected to remain moderate next year, sales of existing apartment condominiums are projected to climb by 6.1 per cent, and then by an average of 5 per cent per year from 2013 to 2015. Median apartment prices have eased in recent months, falling by 7.8 per cent in the first quarter of this year alone. Prices are forecast to decline by 5.6 per cent in total for 2011, the first price drop since 1998. Over the medium term, annual median price growth is forecast to average a modest 3.3 per cent.

Low inventories and overflow demand from the resale market led to significant growth in Ottawa's new apartment condominium market for much of the 2000s. From 2001 to 2010, absorptions climbed

Chart 1—Share of Population by Age Cohort

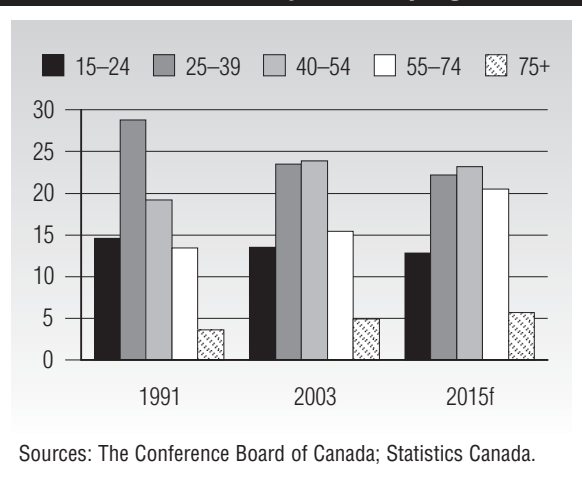
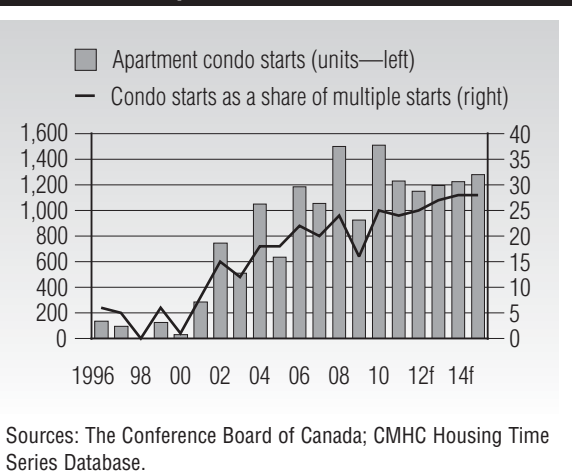


Chart 2—Apartment Condo Construction



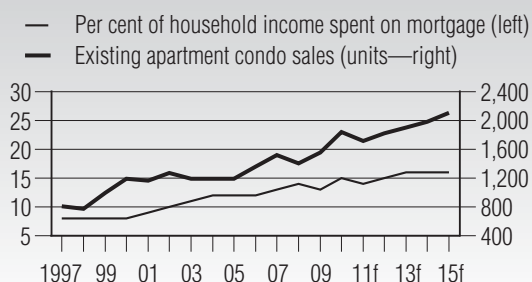
by a jaw-dropping 40.8 per cent per year. Builders took notice and increased starts from just 30 units in 2000 to 1,509 units in 2010.

Although absorptions are expected to stay historically high, they will fall

this year and over much of next year, as slower economic growth and tighter mortgage rules hurt demand for new apartment condominiums. With inventories expected to reach their highest level since 1992, builders are set to reduce starts by 18.4 per cent this year

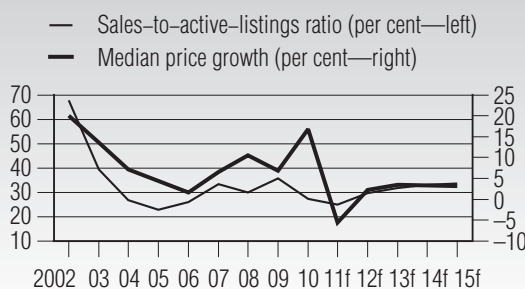
and 6.7 per cent in 2012. Starts will then resume an upward trend through the medium term, climbing an average of 3.7 per cent annually.

Chart 3—Affordability and Apartment Condo Sales



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

Chart 4—Sales to Active Listings and Price Change



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

Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	1,400	1,549	1,835	1,715	1,820	1,901	1,978	2,107
	<i>-7.9</i>	<i>10.6</i>	<i>18.5</i>	<i>-6.5</i>	<i>6.1</i>	<i>4.4</i>	<i>4.1</i>	<i>6.5</i>
Active listings	392	363	560	575	511	497	499	520
	<i>3.4</i>	<i>-7.3</i>	<i>54.3</i>	<i>2.7</i>	<i>-11.1</i>	<i>-2.7</i>	<i>0.3</i>	<i>4.2</i>
Months' supply	3.4	2.8	3.7	4.0	3.4	3.1	3.0	3.0
Median price	206,558	220,764	257,777	243,249	248,604	257,134	265,657	273,965
	<i>10.5</i>	<i>6.9</i>	<i>16.8</i>	<i>-5.6</i>	<i>2.2</i>	<i>3.4</i>	<i>3.3</i>	<i>3.1</i>

Italics indicate percentage change.

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

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	1,501	927	1,509	1,231	1,149	1,193	1,224	1,282
	<i>42.0</i>	<i>-38.2</i>	<i>62.8</i>	<i>-18.4</i>	<i>-6.7</i>	<i>3.8</i>	<i>2.6</i>	<i>4.8</i>
Under construction	1,806	1,875	1,830	1,937	1,863	1,860	1,855	1,854
	<i>17.6</i>	<i>3.8</i>	<i>-2.4</i>	<i>5.9</i>	<i>-3.8</i>	<i>-0.1</i>	<i>-0.3</i>	<i>-0.1</i>
Completions	1,047	945	1,443	1,416	1,201	1,185	1,231	1,283
	<i>-12.8</i>	<i>-9.7</i>	<i>52.7</i>	<i>-1.8</i>	<i>-15.2</i>	<i>-1.3</i>	<i>3.8</i>	<i>4.3</i>
Complete and not absorbed	164	148	129	243	213	184	177	171
	<i>-10.1</i>	<i>-9.9</i>	<i>-12.7</i>	<i>88.4</i>	<i>-12.6</i>	<i>-13.6</i>	<i>-3.7</i>	<i>-3.4</i>
Absorptions	1,123	951	1,463	1,276	1,285	1,190	1,235	1,297
	<i>6.9</i>	<i>-15.3</i>	<i>53.8</i>	<i>-12.8</i>	<i>0.7</i>	<i>-7.3</i>	<i>3.7</i>	<i>5.1</i>
Months' supply	1.8	1.9	1.1	2.3	2.0	1.9	1.7	1.6

Italics indicate percentage change.

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

Toronto



Unit sales of apartment condominiums in Toronto are expected to rise by 9.3 per cent in 2011, while starts are forecast to grow by 29.6 per cent. Demand has been spurred on by a stable economy, good population growth, and relative affordability, factors that will continue to drive the markets.

Toronto's resale apartment condominium market grew impressively from 1996 to 2007, as unit sales rose by an annual average of 10.1 per cent, boosted by pent-up demand, a healthy economy, and lower interest rates after 2001. In line with higher demand, median apartment prices jumped 6.6 per cent per year from 1997 to 2007, reaching nearly \$231,000. But with a new land transfer tax on all home purchases and the onset of the global recession, unit sales fell by 15.1 per cent in 2008, while median price growth slowed to 4 per cent. Stronger economic growth and low interest rates helped to drive unit sales back up by 16.4 per cent in 2009. At the same time, new listings dropped, pushing the sales-to-active-listings ratio to its highest level since 2001. Accordingly, price growth accelerated to 6 per cent. The introduction of the HST in

July 2010 and slower economic growth over the second half of last year limited growth in unit sales to 2.2 per cent in 2010.

Strong underlying fundamentals, including a stable economy and healthy population growth, combined with continued low interest rates and relative affordability (the median price of an apartment condominium in Toronto is 23 per cent lower than the median price in the overall resale market), are keeping the condominium market an attractive option for both the young and old. As a result, unit sales of apartment condominiums in Toronto are forecast to rise by 9.3 per cent in 2011 and a further 7.8 per cent in 2012. Solid population growth (nearly 100,000 new immigrants arrive in Toronto each year) will help sales grow by an average of 4 per cent annually from 2013 to 2015. But price growth will weaken from 4.8 per cent this year to just 1.1 per cent in 2012. After that, a

fairly steady and more balanced sales-to-active-listings ratio will hold the growth in resale prices to an average of 3 per cent through the medium term.

Spillover demand from the resale market helped to fuel average growth in apartment condominium starts of a whopping 42.6 per cent per year from 1997 to 2001. Although growth then levelled off over the next few years, annual starts still averaged near 12,000 units between 2002 and 2007. In 2008, builders started over 22,200 apartment condominiums, blowing away the previous record of 14,400 units in 2005, despite the new land transfer tax and the looming recession. Builders were spurred on by low inventories and an influx of foreign investors looking for alternatives to a shaky U.S. market.

But this level of activity was not sustainable, especially given the global downturn. Accordingly, builders reduced apartment condominium

Chart 1—Share of Population by Age Cohort

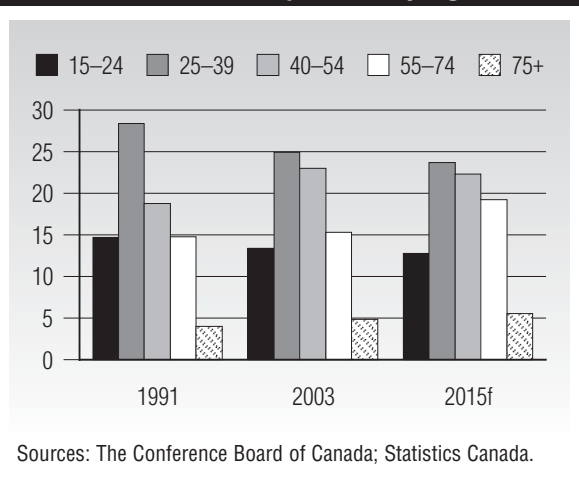
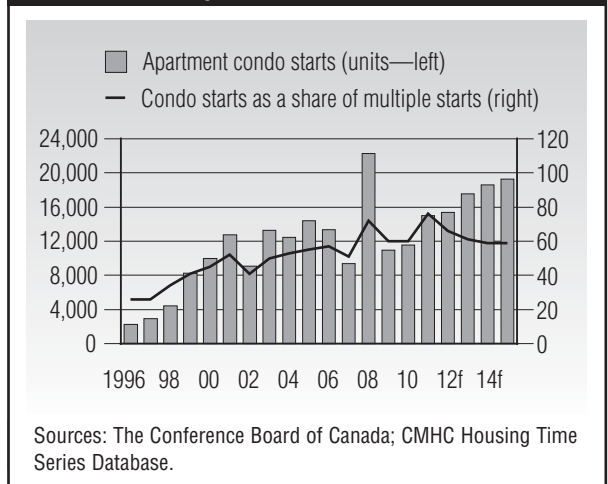


Chart 2—Apartment Condo Construction

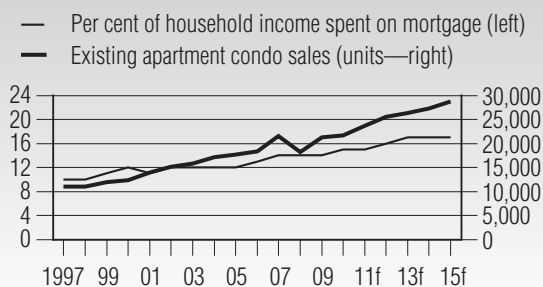


starts by more than 50 per cent in 2009. Better economic conditions boosted starts by 5.8 per cent in 2010, and activity has continued to improve through 2011 thanks to low interest rates, falling inventories, and

healthy population growth. Starts are forecast to rise by 29.6 per cent this year and 2.2 per cent in 2012. As in the resale market, demand will continue to be driven in part by healthy population growth and an increasing

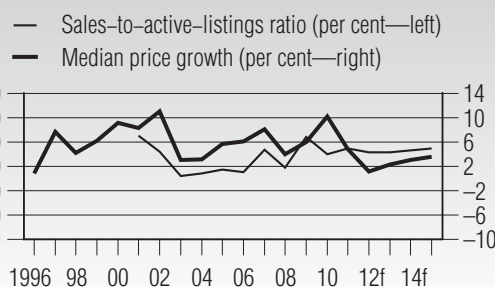
number of people finding condominiums an affordable way to live downtown. Indeed, absorptions of apartment condominiums are forecast to increase by a solid 9.5 per cent per year from 2012 to 2015.

Chart 3—Affordability and Apartment Condo Sales



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

Chart 4—Sales to Active Listings and Price Change



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

Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	18,235	21,227	21,701	23,725	25,578	26,371	27,284	28,763
	<i>-15.1</i>	<i>16.4</i>	<i>2.2</i>	<i>9.3</i>	<i>7.8</i>	<i>3.1</i>	<i>3.5</i>	<i>5.4</i>
Active listings	5,161	4,217	5,182	5,283	5,969	6,152	6,228	6,409
	<i>6.1</i>	<i>-18.3</i>	<i>22.9</i>	<i>2.0</i>	<i>13.0</i>	<i>3.1</i>	<i>1.2</i>	<i>2.9</i>
Months' supply	3.4	2.4	2.9	2.7	2.8	2.8	2.7	2.7
Median price	240,042	254,378	280,333	293,698	296,821	303,671	312,903	323,918
	<i>4.0</i>	<i>6.0</i>	<i>10.2</i>	<i>4.8</i>	<i>1.1</i>	<i>2.3</i>	<i>3.0</i>	<i>3.5</i>

Italics indicate percentage change.

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

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	22,244	10,954	11,586	15,011	15,346	17,555	18,611	19,282
	<i>136.7</i>	<i>-50.8</i>	<i>5.8</i>	<i>29.6</i>	<i>2.2</i>	<i>14.4</i>	<i>6.0</i>	<i>3.6</i>
Under construction	31,874	35,189	32,897	32,358	33,403	34,465	34,776	34,743
	<i>24.7</i>	<i>10.4</i>	<i>-6.5</i>	<i>-1.6</i>	<i>3.2</i>	<i>3.2</i>	<i>0.9</i>	<i>-0.1</i>
Completions	13,374	12,212	14,948	13,049	14,179	16,639	18,596	19,341
	<i>77.7</i>	<i>-8.7</i>	<i>22.4</i>	<i>-12.7</i>	<i>8.7</i>	<i>17.3</i>	<i>11.8</i>	<i>4.0</i>
Complete and not absorbed	233	278	756	391	398	483	554	601
	<i>-34.7</i>	<i>19.2</i>	<i>171.8</i>	<i>-48.2</i>	<i>1.6</i>	<i>21.5</i>	<i>14.6</i>	<i>8.6</i>
Absorptions	13,281	12,209	14,478	13,429	14,182	16,484	18,563	19,286
	<i>64.8</i>	<i>-8.1</i>	<i>18.6</i>	<i>-7.2</i>	<i>5.6</i>	<i>16.2</i>	<i>12.6</i>	<i>3.9</i>
Months' supply	0.2	0.3	0.6	0.3	0.3	0.4	0.4	0.4

Italics indicate percentage change.

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

Calgary



Calgary's apartment condominium market continues to seek traction. Persistently high inventories plague the new market, and the resale market remains soggy. But strong growth in the 55-plus cohort and good affordability should bolster medium-term demand, with starts and price growth perking up. A return to boom-era levels is not foreseen, however.

Calgary's new apartment condominium market is firming. Last year, rising completions in the first quarter and over the summer overwhelmed absorptions, boosting inventories. These are subsiding fitfully. Absorptions are expected to fall by over 50 per cent in 2011, mainly because of a poor first quarter, but completions are projected to fall even faster. This will cut average inventories by roughly a third this year, with further declines to follow in 2012. Stock depletion will support increases in starts over the medium term, albeit not to boom-era levels, after a 22 per cent fall this year.

Local demographics remain supportive of condominium tenure. The proportion of the population of those aged at least 55 has recently risen faster here than in any of our report's cities, and this is projected to continue

through 2015. Calgary does start from the lowest share, though.

The resale market for apartment condominiums tightened abruptly during the first quarter of this year. As interest rates remained low and tighter mortgage rules loomed, annualized sales spiked to nearly 3,700 units—but still trailed year-earlier volumes. Transactions are forecast to hover near 3,500–3,600 units through the rest of 2011, generating an annual volume just under 3,600 units, up 10.3 per cent from 2010. Ensuing temperate gains, starting with a 3.4 per cent rise in 2012, will leave sales below their 2007 peak throughout our forecast.

The first-quarter surge in sales surprised vendors, who cut active listings to a four-year low under 700 units. We expect steady sales to nudge listings above 850 units by the fourth quarter, although the resulting 2011 count, below

800 units, will still be less than half the 2008 peak. Modestly rising sales should attract additional listings, although their annual count will stay below 1,000 units throughout our forecast. Unsurprisingly, the sales-to-active-listings ratio, in buyers' market territory through much of 2010, surged to a sellers' market level of 38 per cent in the first quarter. Tiny sales dips and gradual listings increases will trim the ratio through 2011 and next year. Still, we expect it to average roughly 35 per cent in 2012, near the boundary between a balanced and a sellers' market. Last year's buyers' market conditions impaired unit values, with prices declining each quarter. Although we expect a more balanced market this year, the median price is forecast to fall 2.2 per cent, the third annual decline in four years. But strengthening markets in 2011 will set the stage for 3.5 per cent price growth in 2012.

Chart 1—Share of Population by Age Cohort

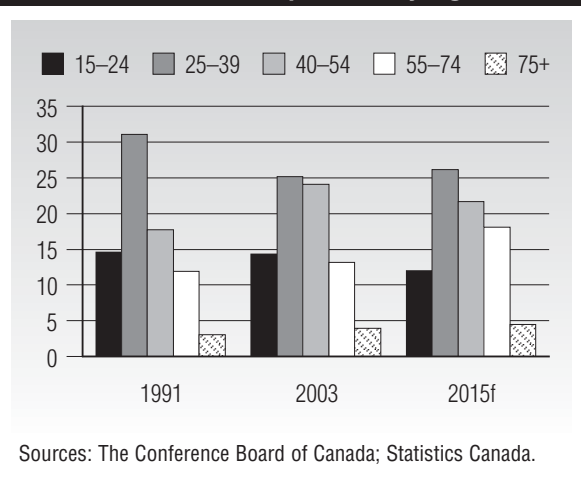
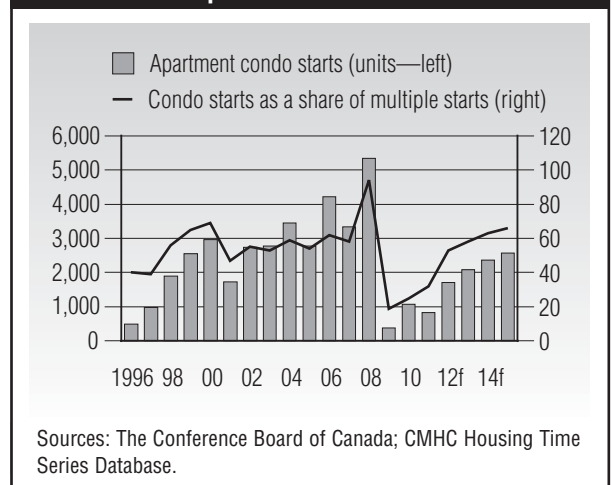


Chart 2—Apartment Condo Construction

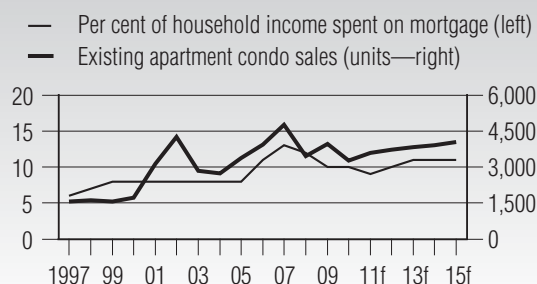


Stable interest rates and soft pricing left average principle and interest costs essentially unchanged in Calgary last year. Since mortgage rates are expected to change little and prices are on track to decline

this year, carrying charges are expected to fall, both absolutely and relative to household income. Next year, rising interest rates and higher unit prices will boost carrying charges 14 per cent. Calgary

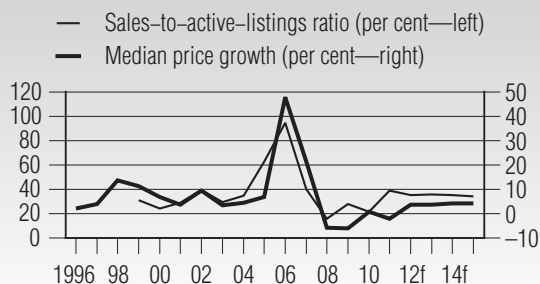
remains relatively affordable, with mortgage costs expected to be the lowest as a percentage of household income among our eight cities this year, although Québec City's dollar cost is lower.

Chart 3—Affordability and Apartment Condo Sales



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

Chart 4—Sales to Active Listings and Price Change



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

Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	3,467	3,956	3,257	3,594	3,717	3,826	3,918	4,043
	<i>-27.2</i>	<i>14.1</i>	<i>-17.7</i>	<i>10.3</i>	<i>3.4</i>	<i>2.9</i>	<i>2.4</i>	<i>3.2</i>
Active listings	1,813	1,178	1,267	775	877	893	931	982
	<i>82.1</i>	<i>-35.0</i>	<i>7.5</i>	<i>-38.8</i>	<i>13.1</i>	<i>1.8</i>	<i>4.3</i>	<i>5.0</i>
Months' supply	6.3	3.6	4.7	2.6	2.8	2.8	2.9	2.9
Median price	257,637	241,542	242,925	237,465	245,859	254,594	265,199	276,117
	<i>-5.8</i>	<i>-6.2</i>	<i>0.6</i>	<i>-2.2</i>	<i>3.5</i>	<i>3.6</i>	<i>4.2</i>	<i>4.1</i>

Italics indicate percentage change.

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

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	5,335	383	1,063	825	1,715	2,086	2,367	2,571
	<i>59.7</i>	<i>-92.8</i>	<i>177.5</i>	<i>-22.4</i>	<i>107.8</i>	<i>21.7</i>	<i>13.4</i>	<i>8.6</i>
Under construction	8,360	5,355	3,387	2,880	3,063	3,269	3,471	3,695
	<i>31.6</i>	<i>-35.9</i>	<i>-36.8</i>	<i>-15.0</i>	<i>6.4</i>	<i>6.7</i>	<i>6.2</i>	<i>6.5</i>
Completions	4,619	2,164	2,768	825	1,500	1,877	2,174	2,302
	<i>139.8</i>	<i>-53.2</i>	<i>27.9</i>	<i>-70.2</i>	<i>81.8</i>	<i>25.1</i>	<i>15.8</i>	<i>5.9</i>
Complete and not absorbed	55	275	579	389	252	236	234	251
	<i>450.0</i>	<i>399.1</i>	<i>110.8</i>	<i>-32.7</i>	<i>-35.2</i>	<i>-6.2</i>	<i>-0.9</i>	<i>7.1</i>
Absorptions	4,566	1,904	2,549	1,189	1,437	1,908	2,162	2,288
	<i>139.9</i>	<i>-58.3</i>	<i>33.9</i>	<i>-53.3</i>	<i>20.8</i>	<i>32.7</i>	<i>13.3</i>	<i>5.8</i>
Months' supply	0.1	1.7	2.7	3.9	2.1	1.5	1.3	1.3

Italics indicate percentage change.

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

Edmonton



Solid economic growth and healthy population gains are good news for Edmonton's condominium market. We expect decent new-unit take-up to pare inventories, fostering higher medium-term starts. The resale market will remain weak this year, but a more balanced market will produce moderate price advances in the medium term.

Since Edmonton apartment condominium shoppers greeted the more than eightfold increase in completions between the third and fourth quarter last year with unspectacular absorptions, builder stocks swelled. Absorptions dipped in the third quarter and came back only modestly in the fourth. This lifted the 2010 average of inventories to 645 units, a record high. Completions were higher than absorptions during the first quarter of 2011, fuelling a further rise in inventories. But absorptions are expected to outpace completions over the rest of this year, significantly trimming builder inventories by year-end. Encouraged builders will lift starts from an annualized volume below 900 units during the first quarter of 2011 to a total of nearly 1,200 units for the year as a whole, then to nearly 1,700 units

in 2012. Further increases thereafter will still leave starts below boom-era levels.

Demographics remain supportive for the local apartment condominium market. Annual population growth is expected to remain near or above 1.5 per cent throughout our forecast, slightly above the average of this report's other seven cities. Those aged 55-plus make up just 23 per cent of Edmonton's population, above only Calgary. But this cohort's projected average growth in Edmonton between 2011 and 2015 will be faster than everywhere but Calgary.

The area's market for existing apartment condominiums remains tepid. Transactions eased in the first quarter of 2011, after an uptick in last year's fourth quarter. Gentle rises through the rest of 2011 will lift full-year sales 5 per cent to nearly 2,600 units, an improvement from last year's 16 per cent drop. Sales will advance modestly but remain

well below the peak volumes of 2006 and 2007 throughout our forecast.

Despite uneven sales through 2010, active listings rose 7 per cent last year, following a 27 per cent drop in 2009. The increase occurred during the first half of 2010; this year's first-quarter drop was the third straight quarterly decline. Listings are forecast to keep easing as potential vendors remain wary of their units' prospects. This, along with our expectation of modest sales increases, will continue to lift the ratio of sales to active listings. But buyers' market conditions are still expected all this year. A balanced market will not arrive until 2012. Accordingly, Edmonton's median apartment condominium price is forecast to dip for the fourth consecutive year in 2011. Still, three of these declines, including this year's, are less than 1 per cent, and they follow several years of vigorous growth. The return of balanced markets in 2012 will foster 3 per cent price growth.

Chart 1—Share of Population by Age Cohort

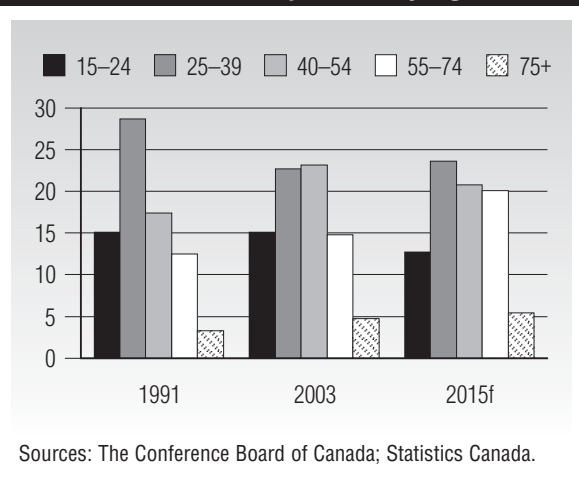
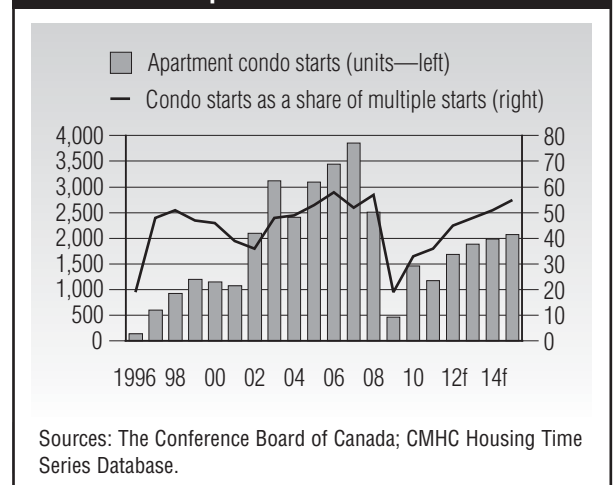


Chart 2—Apartment Condo Construction

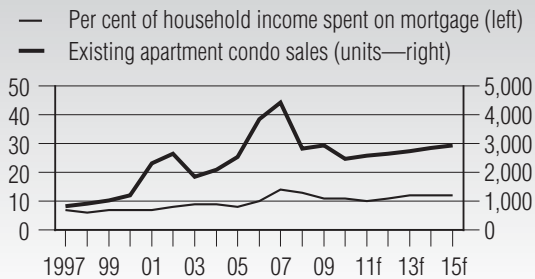


Soft pricing has boosted condominium affordability. Principle and interest charges on Edmonton's median condominium apartment fell 0.5 per cent last year, the third straight annual decline. Easing

prices and continued low interest rates are forecast to cut carrying costs another 1.3 per cent in 2011. Such costs consumed only 10.7 per cent of average household incomes last year. Only Calgary's proportion

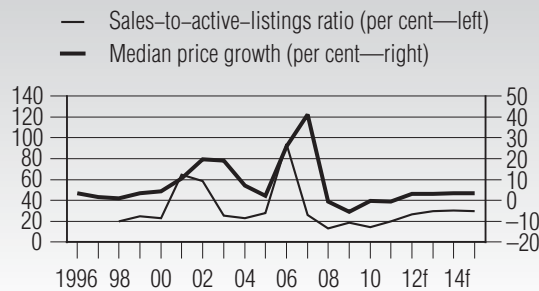
was lower. While rising interest rates and resumed house price growth will prompt carrying costs to increase 13 per cent in 2012, charges will remain well below boom-era peaks.

Chart 3—Affordability and Apartment Condo Sales



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

Chart 4—Sales to Active Listings and Price Change



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

Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	2,819	2,933	2,472	2,590	2,653	2,729	2,839	2,939
	<i>-236.3</i>	<i>4.0</i>	<i>-15.7</i>	<i>4.8</i>	<i>2.4</i>	<i>2.9</i>	<i>4.0</i>	<i>3.5</i>
Active listings	1,829	1,327	1,421	1,090	823	761	789	818
	<i>28.7</i>	<i>-27.4</i>	<i>7.0</i>	<i>-23.3</i>	<i>-24.4</i>	<i>-7.6</i>	<i>3.7</i>	<i>3.75</i>
Months' supply	7.8	5.4	6.9	5.0	3.7	3.3	3.3	3.3
Median price	231,019	218,075	217,438	215,872	222,390	229,344	237,348	245,553
	<i>-0.6</i>	<i>-5.6</i>	<i>-0.3</i>	<i>-0.7</i>	<i>3.0</i>	<i>3.1</i>	<i>3.5</i>	<i>3.5</i>

Italics indicate percentage change.

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

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	2,507	453	1,463	1,170	1,683	1,877	1,980	2,070
	<i>-35.0</i>	<i>-81.9</i>	<i>223.0</i>	<i>-20.0</i>	<i>43.9</i>	<i>11.5</i>	<i>5.5</i>	<i>4.6</i>
Under construction	7,203	3,986	2,599	2,836	2,973	3,089	3,179	3,281
	<i>21.8</i>	<i>-44.7</i>	<i>-34.8</i>	<i>9.1</i>	<i>4.8</i>	<i>3.9</i>	<i>2.9</i>	<i>3.2</i>
Completions	2,366	3,987	1,321	1,209	1,539	1,776	1,895	1,952
	<i>12.8</i>	<i>68.5</i>	<i>-66.9</i>	<i>-8.5</i>	<i>27.3</i>	<i>15.4</i>	<i>6.7</i>	<i>3.0</i>
Complete and not absorbed	130	525	645	485	226	233	250	263
	<i>175.1</i>	<i>303.8</i>	<i>22.8</i>	<i>-24.8</i>	<i>-53.4</i>	<i>3.3</i>	<i>7.3</i>	<i>5.2</i>
Absorptions	2,275	3,387	1,456	1,540	1,627	1,741	1,883	1,939
	<i>7.0</i>	<i>48.9</i>	<i>-57.0</i>	<i>5.8</i>	<i>5.6</i>	<i>7.0</i>	<i>8.1</i>	<i>2.9</i>
Months' supply	0.7	1.9	5.3	3.8	1.7	1.6	1.6	1.6

Italics indicate percentage change.

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

Vancouver



Vancouver's market for condominiums has been much weaker than that for single homes, where rapid price growth has grabbed headlines. Buyers enjoy more-than-adequate choice in both the new and resale markets. Absorption of new apartment condominiums averaged 6,766 units in 2010, the fewest since 2005. Meanwhile, a surge of completions in late 2009 and early 2010 pushed developer inventories to nearly 2,100 units in both the third and fourth quarters of 2010. Stocks have eased slightly, to roughly 1,500 units in this year's first quarter, but are incomparable to figures regularly below 100 units earlier last decade. Rising backlogs had prompted a starts plunge to 2,355 units in 2009, down from 12,400 units in 2007. Last year's volume near 5,800 units was a significant rebound, albeit

Vancouver's apartment condominium market has been soft, notwithstanding discussion of a housing bubble, with falling new-unit take-up and swelling builder inventories. Resale price growth has been subdued by increased buyer choice. Neither starts nor resale prices appear set to grow rapidly under these conditions.

under half the 2007 peak. Falling completions are forecast to cut inventories this year despite easing absorptions. This will lift starts above 7,200 units this year and to nearly 7,800 units in 2012.

Vancouver demographics remain generally supportive of condominium tenure, with roughly 25 per cent of the population aged 55 or more in 2010, equal to the average of our other seven cities. This cohort's five-year growth was much faster than Vancouver's overall population increase, but slightly below the seven-city average. Although local weather is mild, high condominium prices deter empty-nesters from other cities.

Condominium resales were uneven in 2010 but spiked to an annual rate above 16,200 units in the first quarter of 2011 as impending mortgage rule tightening spurred buyers. For the year as a whole, sales

are projected to be up 12 per cent, at 14,680 units, before rising 4 per cent in 2012.

Active listings, meanwhile, have tailed off, as volatile sales made potential vendors cautious. Listings have hovered between 5,200 and 5,800 units during the last three quarters, down from a six-quarter high above 6,500 units in the second quarter of 2010. Only a modest rise in listings is expected through the rest of 2011 as sales flatten.

Mixed performances by both sales and active listings have produced a buyers' market. The sales-to-active-listings ratio has hovered near 21 per cent for the past year, below its equilibrium value of 25 per cent. Although little change in the ratio is expected during the rest of 2011, firming sales and easing listings are expected to lift the market toward balance by the end of 2012. This market unevenness curtailed quarterly

Chart 1—Share of Population by Age Cohort

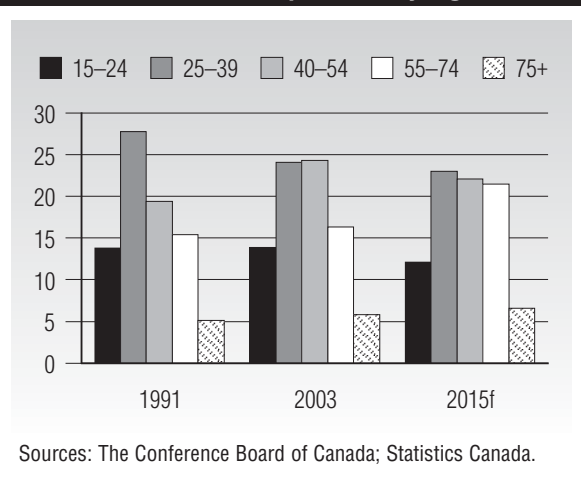
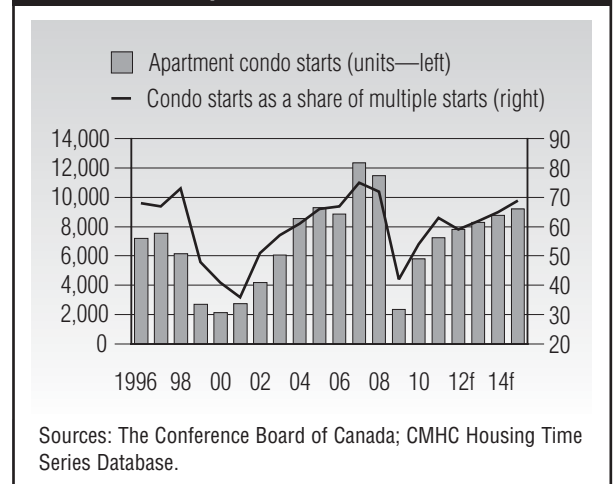


Chart 2—Apartment Condo Construction

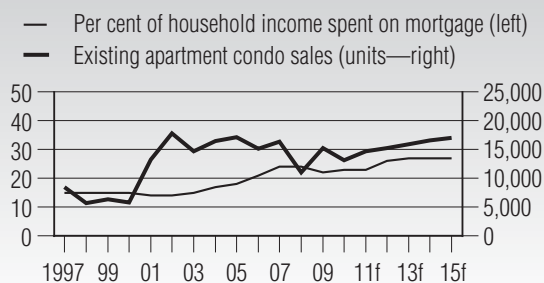


price increases in 2010, although prices did end the year up 8.5 per cent. Slower 4.1 per cent price growth is expected in 2011, with advances easing further in the medium term. Softer pricing and

low interest rates have temporarily improved Vancouver's notoriously poor affordability, although it's still the poorest among our eight cities, both absolutely and relative to local incomes. Persistently low interest

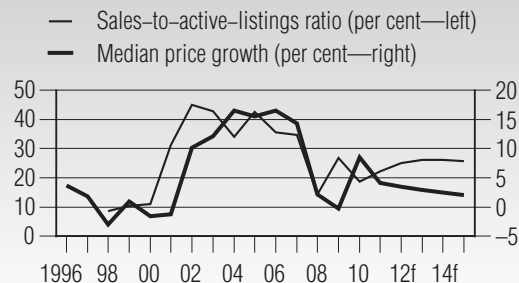
rates, combined with relatively modest price increases, will raise Vancouver's average carrying charges only 3.5 per cent this year, but rate hikes expected in 2012 will lift these costs 13.5 per cent.

Chart 3—Affordability and Apartment Condo Sales



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

Chart 4—Sales to Active Listings and Price Change



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

Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	11,017	15,245	13,083	14,681	15,255	15,902	16,535	17,025
	<i>-32.8</i>	<i>38.4</i>	<i>-14.2</i>	<i>12.2</i>	<i>3.9</i>	<i>4.2</i>	<i>4.0</i>	<i>3.0</i>
Active listings	6,358	4,724	5,842	5,520	5,088	5,056	5,283	5,531
	<i>61.2</i>	<i>-25.7</i>	<i>23.7</i>	<i>-5.5</i>	<i>-7.8</i>	<i>-0.6</i>	<i>4.5</i>	<i>4.7</i>
Months' supply	6.9	3.7	5.4	4.5	4.0	3.8	3.8	3.9
Median price	336,438	335,462	363,996	379,007	392,125	403,581	413,678	422,121
	<i>2.2</i>	<i>-0.3</i>	<i>8.5</i>	<i>4.1</i>	<i>3.5</i>	<i>2.9</i>	<i>2.5</i>	<i>2.0</i>

Italics indicate percentage change.

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

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	11,496	2,355	5,793	7,241	7,796	8,313	8,778	9,199
	<i>-7.1</i>	<i>-79.5</i>	<i>146.0</i>	<i>25.0</i>	<i>7.7</i>	<i>6.6</i>	<i>5.6</i>	<i>4.8</i>
Under construction	18,907	13,558	7,761	9,880	10,490	10,564	10,598	10,536
	<i>18.3</i>	<i>-28.3</i>	<i>-42.8</i>	<i>27.3</i>	<i>6.2</i>	<i>0.7</i>	<i>0.3</i>	<i>-0.60</i>
Completions	11,689	9,250	8,124	5,376	7,441	8,293	8,771	9,280
	<i>32.3</i>	<i>-20.9</i>	<i>-12.2</i>	<i>-33.8</i>	<i>38.4</i>	<i>11.5</i>	<i>5.8</i>	<i>5.8</i>
Complete and not absorbed	346	590	1,818	1,317	1,221	1,288	1,229	1,196
	<i>112.6</i>	<i>70.8</i>	<i>208.0</i>	<i>-27.6</i>	<i>-7.3</i>	<i>5.4</i>	<i>-4.6</i>	<i>-2.7</i>
Absorptions	11,277	9,098	6,766	6,204	7,426	8,288	8,816	9,308
	<i>28.7</i>	<i>-19.3</i>	<i>-25.6</i>	<i>-8.3</i>	<i>19.7</i>	<i>11.6</i>	<i>6.4</i>	<i>5.6</i>
Months' supply	0.4	0.8	3.2	2.5	2.0	1.9	1.7	1.5

Italics indicate percentage change.

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

Victoria



The demographic underpinning of Victoria's condominium market remains outstanding. Those aged 55 or more represent 33 per cent of the population, the highest share among this report's eight cities. Although Victoria's 55+ growth is expected to be the slowest among the eight, it will still be nearly four times as fast as the area's total population increase between 2011 and 2015.

Despite this advantage, markets for both new and resale apartment condominiums are tepid. Surging starts in late 2009 and early 2010 resulted in heavy unit completions last fall and winter. Although most were immediately absorbed, unsold stocks jumped nearly a fifth during the fourth quarter of 2010 and eased only fractionally in the first quarter of 2011. Slower absorptions in this

Victoria condominium markets continue to be soft, despite favourable demographics. Relatively high inventories of unabsorbed new units suggest weak starts this year, but falling builder stocks in 2012 will support more construction. Price growth will be subdued in the resale market this year before picking up modestly in 2012.

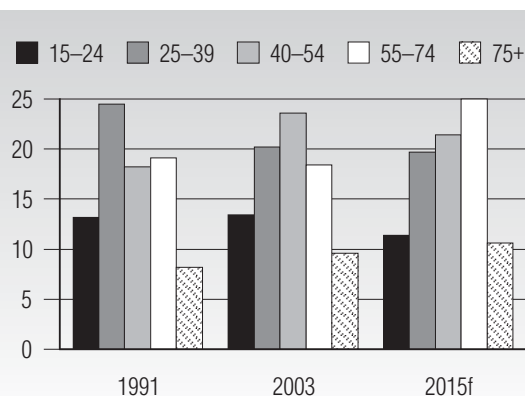
year's second and third quarters are keeping the number of completed and unoccupied units high. But an expected fourth-quarter rebound in absorptions will result in a modest drop in inventory at year's end. Stabilizing condominium completions will cut inventories by nearly a third next year. This will encourage builders, who have significantly trimmed starts. This year's first-quarter volume was only a seventh of the year-earlier level, although Victoria's low starts can make seasonally adjusted data volatile. Still, the trend is clear. Apartment condominium starts are projected to fall 54 per cent to just over 370 units in 2011. Fewer unsold new units should result in starts rising 53 per cent to nearly 570 units in 2012 and to nearly 700 units in 2013—still well below the last decade's highs.

Resale units, meanwhile, continue to confront buyers' market conditions. Sales are lacklustre and

pricing has suffered. Both remain significantly below the last decade's peak. Sales did average nearly 1,900 units in last year's fourth quarter and this year's first quarter, up from roughly 1,600 during spring and summer 2010, but price growth remained relatively sluggish. Little change in either sales or the median price is expected through the rest of 2011.

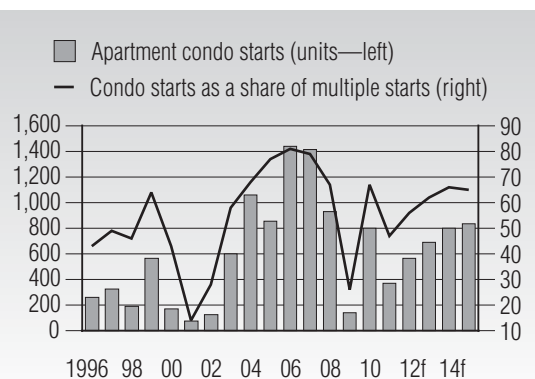
Anemic sales in the middle of last year discouraged vendors, who trimmed resale supply in late 2010. But the year's strong finish provided optimism and boosted active listings to an annualized 950 units during the first quarter of 2011, up from an average of 900 units in 2010. This cut the sales-to-listings ratio to a two-year low of 15.4 per cent from 16.7 per cent in 2010. We estimate 23 per cent indicates balance here. The ratio is forecast to change little this year, but begin rising in 2012.

Chart 1—Share of Population by Age Cohort



Sources: The Conference Board of Canada; Statistics Canada.

Chart 2—Apartment Condo Construction



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

Momentum from strong advances in 2009 lifted the median condominium price 4.3 per cent during 2010, despite dips in the second and third quarter. But carryover from this weakness will limit price growth to

0.6 per cent in 2011. An improved market tone is forecast to boost prices a better 2.3 per cent in 2012. This year's limited price movement, along with stable interest rates, will leave principle and interest charges

on the median apartment condominium unchanged. Such charges will continue to consume just under 20 per cent of household incomes, trailing only Vancouver among this report's eight cities.

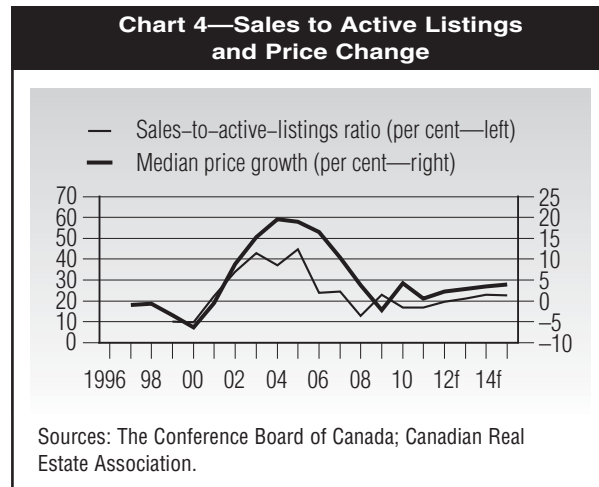
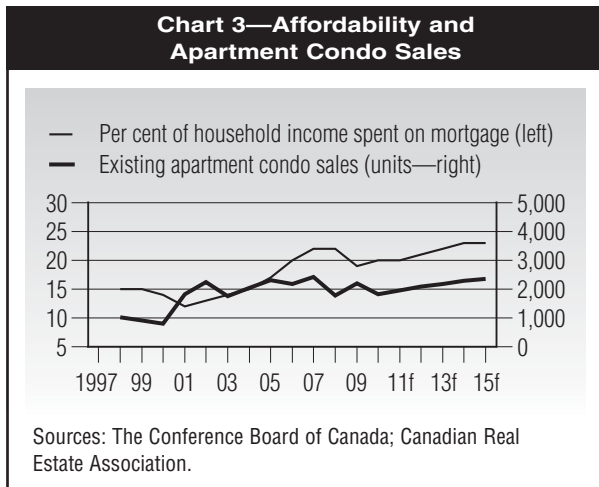


Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	1,779	2,188	1,824	1,953	2,079	2,173	2,273	2,353
	<i>-26.1</i>	<i>23.0</i>	<i>-16.6</i>	<i>7.1</i>	<i>6.4</i>	<i>4.5</i>	<i>4.6</i>	<i>3.5</i>
Active listings	1,154	793	908	967	878	853	827	865
	<i>40.2</i>	<i>-31.3</i>	<i>14.5</i>	<i>6.5</i>	<i>-9.2</i>	<i>-2.8</i>	<i>-3.1</i>	<i>4.6</i>
Months' supply	7.8	4.3	6.0	5.9	5.1	4.7	4.4	4.4
Median price	285,208	278,829	290,696	292,531	299,366	308,049	318,879	331,723
	<i>3.8</i>	<i>-2.2</i>	<i>4.3</i>	<i>0.6</i>	<i>2.3</i>	<i>2.9</i>	<i>3.5</i>	<i>4.0</i>

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

Table 2—New Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Starts	928	139	801	371	567	692	799	837
	<i>-34.3</i>	<i>-85.0</i>	<i>476.3</i>	<i>-53.7</i>	<i>52.8</i>	<i>22.1</i>	<i>15.4</i>	<i>4.8</i>
Under construction	2,317	1,170	959	790	748	752	747	735
	<i>9.4</i>	<i>-49.5</i>	<i>-18.1</i>	<i>-17.5</i>	<i>-5.4</i>	<i>0.6</i>	<i>-0.8</i>	<i>-1.5</i>
Completions	1,019	1,559	555	577	577	684	814	845
	<i>12.1</i>	<i>53.0</i>	<i>-64.4</i>	<i>4.0</i>	<i>-0.1</i>	<i>18.6</i>	<i>19.0</i>	<i>3.8</i>
Complete and not absorbed	181	306	299	283	192	173	187	199
	<i>245.5</i>	<i>69.7</i>	<i>-2.4</i>	<i>-5.2</i>	<i>-32.2</i>	<i>-10.0</i>	<i>8.3</i>	<i>6.4</i>
Absorptions	851	1,478	555	669	640	680	793	841
	<i>-1.7</i>	<i>73.6</i>	<i>-62.5</i>	<i>20.6</i>	<i>-4.3</i>	<i>6.2</i>	<i>16.7</i>	<i>6.0</i>
Months' supply	2.5	2.5	6.5	5.1	3.6	3.0	2.8	2.8

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

Definitions and Concepts

Housing starts—Refers to the beginning of construction work on a building, usually when the concrete has been poured for the entire footing around the structure, or at an equivalent stage where a basement will not be part of the structure.

Multiple starts—The sum of semi-detached starts, row starts, and apartment and other non-single-detached starts. These starts are distributed among five tenures: homeownership, rental, condominium, co-op, and other.

Under construction—Units started but not completed.

Completions—Refers to units where all the proposed construction work has been performed or, in some cases, where 90 per cent of construction work has been completed and the structure is fit for occupancy.

Complete and not absorbed—Refers to inventories of newly completed units that remain unoccupied.

Absorptions—Newly completed units sold or rented. Units pre-sold or pre-leased are not included until the completion stage.

Short-term supply—The number of months needed to absorb unoccupied units. It is defined as the ratio between unoccupied units and absorbed units (average for the last 12 months).

Long-term supply—The number of months needed to absorb units under construction and those complete and unoccupied (total supply). It is defined as the ratio between total supply and absorbed units (average for the last 12 months).

Months' supply (new condos)—The number of months needed to absorb units that are completed but not absorbed.

Unit sales—The number of existing condo apartments sold on the Multiple Listing Service (MLS).

Active listings—The number of condo apartments for sale on the MLS.

Sales-to-active-listings ratio—The number of condo apartments sold divided by the number of active condo apartment listings.

Months' supply (resale)—The number of months needed to sell the current supply of active listings, based on an average of recent months' sales volumes.

Median resale price—The median price of all resale apartment condominium units sold on the MLS. The average price is used for Montréal and Québec City. Data do not generally include figures for new construction sales.

Average resale price—The average resale condo price in Montréal and Québec City. These data cover sales of all condominium types, not just apartments. Data do not generally include figures for new construction sales.

Sources: The Conference Board of Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Quebec Federation of Real Estate Boards.

Standard Geographical Classification (SGC) 2006

Metropolitan areas with their component census subdivisions

Name	Type	Name	Type
Québec City		Longueuil	City
Beaumont	Municipality	Lorraine	City
Boischatel	Municipality	Mascouche	City
Château-Richer	City	McMaster City	Municipality
Fossambault-sur-le-Lac	City	Mercier	City
Lac-Beauport	Municipality	Mirabel	City
Lac-Delage	City	Montréal	City
Lac-Saint-Joseph	City	Montréal-Est	City
L'Ancienne-Lorette	City	Montréal-Ouest	City
L'Ange-Gardien	Parish (Municipality of)	Mont-Royal	City
Lévis	City	Mont-Saint-Hilaire	City
Notre-Dame-des-Anges	Parish (Municipality of)	Notre-Dame-de-l'Île-Perrot	City
Québec	City	Oka	Municipality
Saint-Augustin-de-Desmaures	City	Otterburn Park	City
Sainte-Brigitte-de-Laval	Municipality	Pincourt	City
Sainte-Catherine-de-la-Jacques-Cartier	City	Pointe-Calumet	Municipality
Sainte-Famille	Parish (Municipality of)	Pointe-Claire	City
Sainte-Pétronille	Village	Pointe-des-Cascades	Village
Saint-François-de-l'Île-d'Orléans	Municipality	Repentigny	City
Saint-Gabriel-de-Valcartier	Municipality	Richelieu	City
Saint-Henri	Municipality	Rosemère	City
Saint-Jean-de-l'Île-d'Orléans	Municipality	Saint-Amable	Municipality
Saint-Lambert-de-Lauzon	Parish (Municipality of)	Saint-Basile-le-Grand	City
Saint-Laurent-de-l'Île-d'Orléans	Municipality	Saint-Bruno-de-MontarCity	City
Saint-Pierre-de-l'Île-d'Orléans	Municipality	Saint-Colomban	Parish (Municipality of)
Shannon	Municipality	Saint-Constant	City
Stoneham-et-Tewkesbury	United Townships (Municipality of)	Sainte-Anne-de-Bellevue	City
Wendake	Indian reserve	Sainte-Anne-des-Plaines	City
		Sainte-Catherine	City
Montréal		Sainte-Julie	City
Baie-d'Urfé	City	Sainte-Marthe-sur-le-Lac	City
Beaconsfield	City	Sainte-Thérèse	City
Beauharnois	City	Saint-Eustache	City
Beloeil	City	Saint-Isidore	Parish (Municipality of)
Blainville	City	Saint-Jérôme	City
Boisbriand	City	Saint-Joseph-du-Lac	Municipality
Bois-des-Filion	City	Saint-Lambert	City
BoucherCity	City	Saint-Lazare	City
Brossard	City	Saint-Mathias-sur-Richelieu	Municipality
Candiac	City	Saint-Mathieu	Municipality
Carignan	City	Saint-Mathieu-de-Beloeil	Municipality
Chambly	City	Saint-Philippe	Municipality
Charlemagne	City	Saint-Placide	Municipality
Châteauguay	City	Saint-Sulpice	Parish (Municipality of)
Coteau-du-Lac	Municipality	Saint-Zotique	Village
Côte-Saint-Luc	City	Senneville	Village
Delson	City	Terrasse-Vaudreuil	Municipality
Deux-Montagnes	City	Terrebonne	City
Dollard-des-Ormeaux	City	Varennes	City
Dorval	Cité	Vaudreuil-Dorion	City
Gore	Township (Municipality of)	Vaudreuil-sur-le-Lac	Village
Hampstead	City	Verchères	Municipality
Hudson	City	Westmount	City
Kahnawake	Indian reserve		
Kanesatake	Indian settlement	Ottawa	
Kirkland	City	Clarence-Rockland	City
La Prairie	City	Ottawa	City
L'Assomption	City	Russell	Township
Laval	City		
Lavaltrie	City	Toronto	
L'Épiphanie	Parish (Municipality of)	Ajax	Town
L'Épiphanie	City	Aurora	Town
Léry	City	Bradford West Gwillimbury	Town
Les Cèdres	Municipality	Brampton	City
Les Coteaux	Municipality	Caledon	Town
L'Île-Cadieux	City	Chippewas of Georgina Island First Nation	Indian reserve
L'Île-Dorval	City	East Gwillimbury	Town
L'Île-Perrot	City	Georgina	Town

Standard Geographical Classification (SGC) 2006

Name	Type	Name	Type
Halton Hills	Town	Vancouver	
King	Township	Anmore	Village
Markham	Town	Barnston Island 3	Indian reserve
Milton	Town	Belcarra	Village
Mississauga	City	Bowen Island	Island municipality
Mono	Town	Burnaby	City
New Tecumseth	Town	Burrard Inlet 3	Indian reserve
Newmarket	Town	Capilano 5	Indian reserve
Oakville	Town	Coquitlam	City
Orangeville	Town	Coquitlam 1	Indian reserve
Pickering	City	Coquitlam 2	Indian reserve
Richmond Hill	Town	Delta	District municipality
Toronto	City	Greater Vancouver A	Regional district electoral area
Uxbridge	Township	Katzie 1	Indian reserve
Vaughan	City	Katzie 2	Indian reserve
Whitchurch-Stouffville	Town	Langley	City
Calgary		Langley	District municipality
Airdrie	City	Langley 5	Indian reserve
Beiseker	Village	Lions Bay	Village
Calgary	City	Maple Ridge	District municipality
Chestermere	Town	Matsqui 4	Indian reserve
Cochrane	Town	McMillan Island 6	Indian reserve
Crossfield	Town	Mission 1	Indian reserve
Irricana	Village	Musqueam 2	Indian reserve
Rocky View No. 44	Municipal district	Musqueam 4	Indian reserve
Tsuu T'ina Nation 145 (Sarcee 145)	Indian reserve	New Westminster	City
Edmonton		North Vancouver	City
Alexander 134	Indian reserve	North Vancouver	District municipality
Beaumont	Town	Pitt Meadows	District municipality
Betula Beach	Summer village	Port Coquitlam	City
Bon Accord	Town	Port Moody	City
Bruderheim	Town	Richmond	City
Calmar	Town	Semiahmoo	Indian reserve
Devon	Town	Seymour Creek 2	Indian reserve
Edmonton	City	Surrey	City
Fort Saskatchewan	City	Tsawwassen	Indian reserve
Gibbons	Town	Vancouver	City
Golden Days	Summer village	West Vancouver	District municipality
Itaska Beach	Summer village	White Rock	City
Kapasiwin	Summer village	Whonnock 1	Indian reserve
Lakeview	Summer village	Victoria	
Leduc	City	Becher Bay 1	Indian reserve
Leduc County	County (municipality)	Capital H (Part 1)	Regional district electoral area
Legal	Town	Central Saanich	District municipality
Morinville	Town	Cole Bay 3	Indian reserve
New Sarepta	Village	Colwood	City
Parkland County	County (municipality)	East Saanich 2	Indian reserve
Point Alison	Summer village	Esquimalt	District municipality
Redwater	Town	Esquimalt	Indian reserve
Seba Beach	Summer village	Highlands	District municipality
Spring Lake	Village	Langford	City
Spruce Grove	City	Metchosin	District municipality
St. Albert	City	New Songhees 1A	Indian reserve
Stony Plain	Town	North Saanich	District municipality
Stony Plain 135	Indian reserve	Oak Bay	District municipality
Strathcona County	Specialized municipality	Saanich	District municipality
Sturgeon County	Municipal district	Sidney	Town
Sundance Beach	Summer village	Sooke	District municipality
Thorsby	Village	South Saanich 1	Indian reserve
Wabamun	Village	T'Sou-ke 1 (Sooke 1)	Indian reserve
Wabamun 133A	Indian reserve	T'Sou-ke 2 (Sooke 2)	Indian reserve
Wabamun 133B	Indian reserve	Union Bay 4	Indian reserve
Warburg	Village	Victoria	City
		View Royal	Town

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