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Metropolitan Condo Outlook **Winter 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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Publication 11-211

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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

Condominium markets face mixed prospects in 2011. Reasonable economic growth in all of our report's eight cities and persistently low interest rates provide a decent backdrop, but high inventories of unsold new units remain a daunting challenge to new construction, particularly in Western Canada. Resale conditions are typically decent but unexceptional. Measured by the price growth expected in 2011, Vancouver's market is the strongest, Ottawa's the weakest. However, affordability remains a particular concern in the Vancouver market.

Widespread economic improvement in 2010 bolstered markets. Gross domestic product advanced everywhere last year. Toronto's 4.3 per cent hike was our cities' fastest, but

even laggard Victoria's 2.4 per cent growth was that area's best in three years. Employment rebounded from pervasive losses in 2009 to post gains everywhere but in the Alberta cities. Montréal and Québec City enjoyed job growth above 3 per cent. Still, the perceived fragility of the economic recovery kept interest rates down. For instance, the five-year mortgage rate ended 2010 unchanged at 5.6 per cent—still the lowest since at least 1973. Accordingly, the payment required to finance a \$260,000 condominium (an amount near our eight cities' average price), using a five-year mortgage rate and amortized over 25 years, remained under \$1,450.

Continued economic improvement should help. GDP is forecast to rise in all eight cities during 2011, albeit

more slowly than during 2010 in six of them. We expect a 3.7 per cent rise in Calgary's output to lead, with Montréal's 2.2 per cent advance the smallest. Employment is forecast to rise everywhere this year, with gains ranging from 0.4 per cent in Ottawa to 2.9 per cent in Calgary and Victoria. Mortgage rates are forecast to rise slowly but steadily through the year, with the five-year rate averaging 5.8 per cent for 2011 as a whole, before approaching 7 per cent in 2012.

Existing sales of condominiums in many markets rose sharply earlier this decade, so their recent weakness seems inevitable in retrospect. Rising sales are expected in only Toronto, Edmonton, and Vancouver this year. Edmonton's 2.7 per cent growth is expected to lead these

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>	1,318 <i>-21.3</i>	1,034 <i>-21.5</i>	1,804 <i>-0.6</i>	1,757 <i>-2.6</i>	1,867 <i>6.3</i>	198,088 <i>9.6</i>	198,428 <i>0.2</i>	203,777 <i>2.7</i>
Montréal	10,293 <i>38.1</i>	8,494 <i>-17.5</i>	6,900 <i>-18.8</i>	12,668 <i>6.9</i>	12,554 <i>-0.9</i>	12,908 <i>2.8</i>	247,656 <i>9.6</i>	251,090 <i>1.4</i>	253,395 <i>0.9</i>
Ottawa	1,509 <i>62.8</i>	972 <i>-35.6</i>	938 <i>-3.5</i>	1,835 <i>18.5</i>	1,634 <i>-10.9</i>	1,737 <i>6.3</i>	257,777 <i>16.8</i>	257,230 <i>-0.2</i>	258,923 <i>0.7</i>
Toronto	11,586 <i>5.8</i>	13,268 <i>14.5</i>	15,667 <i>18.1</i>	21,701 <i>2.2</i>	22,263 <i>2.6</i>	24,450 <i>9.8</i>	280,333 <i>10.2</i>	280,513 <i>0.1</i>	282,293 <i>0.6</i>
Calgary	1,063 <i>177.5</i>	1,276 <i>20.0</i>	1,691 <i>32.5</i>	3,257 <i>-17.7</i>	3,146 <i>-3.4</i>	3,312 <i>5.3</i>	242,925 <i>0.6</i>	245,140 <i>0.9</i>	252,712 <i>3.1</i>
Edmonton	1,463 <i>223.0</i>	1,407 <i>-3.8</i>	1,648 <i>17.1</i>	2,472 <i>-15.7</i>	2,539 <i>2.7</i>	2,596 <i>2.2</i>	217,438 <i>-0.3</i>	218,658 <i>0.6</i>	223,771 <i>2.3</i>
Vancouver	5,793 <i>146.0</i>	6,194 <i>6.9</i>	7,313 <i>18.1</i>	13,083 <i>-14.2</i>	13,100 <i>0.1</i>	14,633 <i>11.7</i>	363,996 <i>8.5</i>	371,790 <i>2.1</i>	383,210 <i>3.1</i>
Victoria	801 <i>476.3</i>	499 <i>-37.8</i>	615 <i>23.4</i>	1,824 <i>-16.6</i>	1,811 <i>-0.7</i>	2,113 <i>16.7</i>	290,696 <i>4.3</i>	291,296 <i>0.2</i>	298,839 <i>2.6</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.

modest gains. Still, 2011 volumes are expected to exceed their 10-year average in all four eastern cities, despite drops like Ottawa's 10.9 per cent.

Most areas saw resale supply increase during 2010 as healthy sales in 2009 persuaded condominium owners to market their units. Active listings rose the most quickly in the Ontario markets and Vancouver. Only Montréal saw listings fall. The cycle has swung, though, with listings poised to drop during 2011 in five markets, led by a 26 per cent drop in Edmonton. Fewer listings will help lift 2011's sales-to-active-listings ratio in five of our markets; it is forecast to dip only in Ottawa and the Quebec cities. Still, most areas are expected to remain in a buyers' stance this year. Balanced markets forecast in Toronto and in Québec City are the exceptions.

Values are wilting in these buyers' markets. Much slower price growth is expected nearly everywhere in 2011. Vancouver, whose forecast price advance of 2.1 per cent is our strongest call, typifies this. Its median price advanced 8.5 per cent during 2010. Still, the 0.2 per cent price decline in Ottawa is our only forecast dip.

Large stocks of completed and unoccupied new apartment condominiums continue to dampen new construction. Builder inventories rose in five of our eight cities during 2010, with only Montréal, Ottawa, and Victoria seeing decreases. Vancouver's unoccupied volume more than tripled during 2010, while Toronto and Calgary also suffered triple-digit percentage hikes. Sales of new units will be of limited help, as falling absorptions are predicted in four cities, headlined by Calgary's 41 per cent decline. A 25 per cent absorption gain in Victoria is expected to lead increases. Thus, while we forecast a decline in unsold inventories in all cities except Montréal and Ottawa, largely because of falling completions, we also expect these stocks to remain above their 10-year average everywhere but Montréal.

Unsurprisingly, therefore, we expect extensive declines in apartment condominium starts. Only Vancouver, Calgary, and Toronto will be spared drops this year. Victoria and Ottawa are both projected to see declines of 35 to 40 per cent. Although Calgary's 20 per cent rise will be the strongest, it will still leave the area's starts a fraction of boom-era levels.

Population growth is forecast to continue across the board in 2011, but more slowly than in 2010 everywhere but in Toronto. Calgary's forecast 1.9 per cent population increase leads our expectations. This city is also predicted to have the fastest population increases between 2012 and 2015. Aging baby boomers make growth among the 55-plus cohort much larger. Calgary's expected 4.6 per cent jump in this cohort in 2011 leads here too.

Only slight changes in affordability are expected this year as price increases remain muted and interest rates rise slowly. Principle and interest charges on the median or average condominium are expected to consume a lower percentage of average household incomes in five of our eight cities. The three expecting increases are led by Vancouver's tiny 0.1 percentage point hike. This city's poor affordability continues. Its average carrying charges are forecast to consume 23 per cent of the average household income—our cities' highest by a wide margin.

Québec City



Québec City's resale apartment condominium market will contract by 2.6 per cent this year, while starts are expected to drop by more than 21 per cent. Both markets will feel the pinch of slower economic activity and rising interest rates, with the new home market also facing high inventories of unsold homes.

Québec City's resale apartment condominium market enjoyed an impressive period of growth from 1996 to 2007, as unit sales increased by an annual average of 15 per cent, to reach a record 1,824 units. Demand in the market was driven by a combination of good economic growth, low interest rates, and a rapidly growing share of the population aged 55 and over (a prime market for condominiums). Indeed, by 2007, the group aged 55 and over represented nearly 28 per cent of Québec City's total population, an 8 percentage point jump from 1995.

The onset of the global recession in 2008 hammered consumer confidence and led to reduced demand for existing apartment condominiums, as unit sales fell by 2.5 per cent that year. But an even bigger drop in active listings drove prices higher, up by

8.5 per cent. Low interest rates and continued growth in the share of the population aged 55 and older meant that demand bounced back at the first sign of an economic recovery in 2009. Accordingly, unit sales rebounded 2 per cent that year, pushing prices up a further 6.6 per cent as the sales-to-active-listings ratio jumped to 19 per cent.

Despite stronger economic activity and low interest rates, unit sales of apartment condominiums edged down by 0.6 per cent last year. But three consecutive years of declining listings resulted in even stronger price growth for 2010 (9.6 per cent), driving the average price up to \$198,100. Weaker economic growth in 2011, tighter mortgage rules, and rising interest rates through the year are expected to reduce demand in the resale market again this year, lowering sales by 2.6 per cent and holding price growth to just 0.2 per cent. Stable economic growth and additional increases in the share of the

population aged 55 and over will allow the resale condominium market to grow once more starting in 2012. Unit sales are forecast to rise by 6.3 per cent next year and by an annual average of 4.3 per cent for the rest of the forecast (2013 to 2015). Still, with active listings also increasing, a steady decline in the sales-to-active-listings ratio will limit average price growth to 2.4 per cent per year.

Thanks to spillover demand from the resale apartment condominium market, the new market enjoyed a period of healthy growth from 2001 to 2004 as well. Apartment condominium starts grew by a whopping 115.6 per cent per year, on average, to reach 1,190 units. Unfortunately, at this pace, supply was outstripping demand. As inventories climbed, builders began to take notice. And so, by 2005, they were retreating from the market, lowering starts by an average of 14.3 per cent a year over the next three years.

Chart 1—Share of Population by Age Cohort

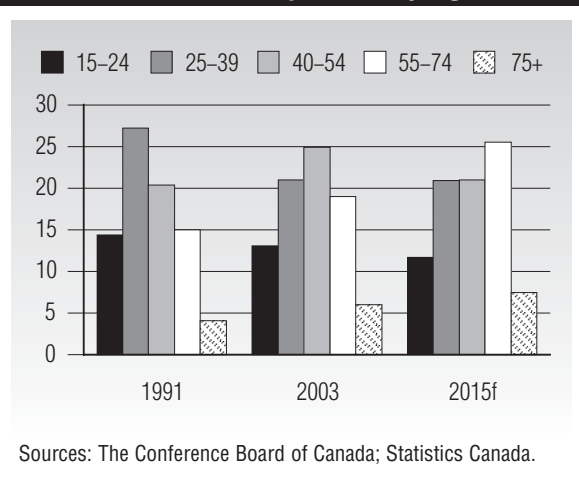
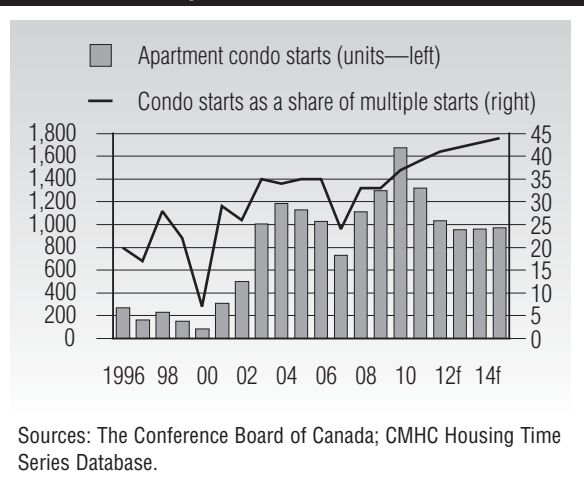


Chart 2—Apartment Condo Construction



Finally, in 2008, inventories began to fall. As a result, builders entered the market once more, in spite of the looming recession. Apartment condominium starts rose an annual average of 34.6 per cent in 2008 and 2009. Growth continued into

last year as well, with starts increasing another 29 per cent to reach a record 1,675 units. However, inventories also climbed through 2010. Accordingly, starts are expected to fall this year and next, by an average of 21.4 per cent per year. Starts will

slip another 7.5 per cent in 2013, and then rise only modestly through 2014 and 2015, in line with demographic requirements.

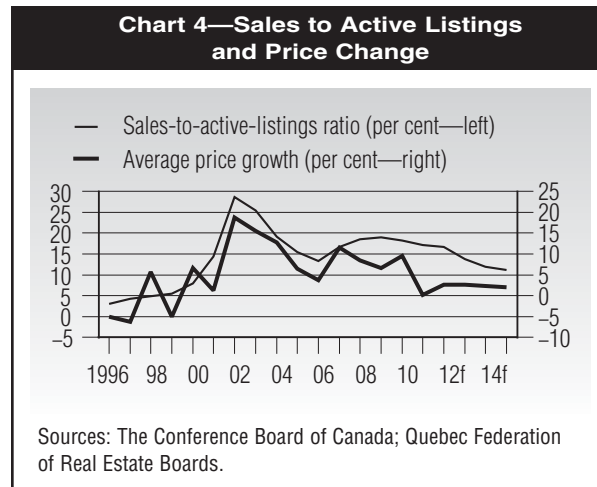
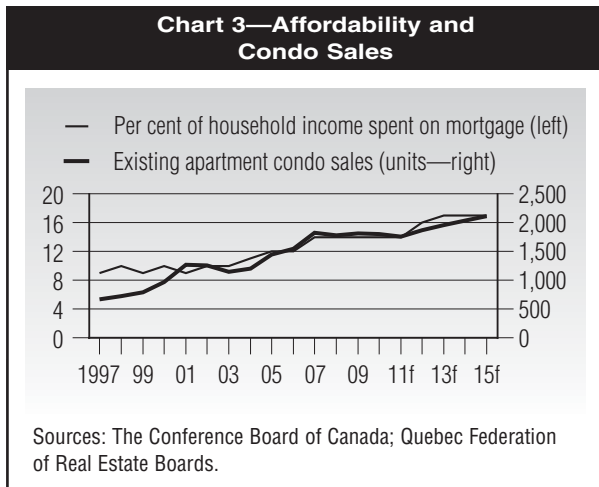


Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	1,779	1,815	1,804	1,757	1,867	1,963	2,032	2,117
	<i>-2.5</i>	<i>2.0</i>	<i>-0.6</i>	<i>-2.6</i>	<i>6.3</i>	<i>5.1</i>	<i>3.5</i>	<i>4.2</i>
Active listings	803	796	820	851	933	1,183	1,406	1,572
	<i>-11.7</i>	<i>-0.9</i>	<i>3.0</i>	<i>3.8</i>	<i>9.6</i>	<i>26.8</i>	<i>18.8</i>	<i>11.8</i>
Months' supply	5.4	5.3	5.5	5.8	6.0	7.2	8.3	8.9
Average price	169,656	180,802	198,088	198,428	203,777	209,073	214,091	218,565
	<i>8.5</i>	<i>6.6</i>	<i>9.6</i>	<i>0.2</i>	<i>2.7</i>	<i>2.6</i>	<i>2.4</i>	<i>2.1</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	1,318	1,034	957	962	969
	<i>52.4</i>	<i>16.8</i>	<i>29.0</i>	<i>-21.3</i>	<i>-21.5</i>	<i>-7.5</i>	<i>0.5</i>	<i>0.7</i>
Under construction	676	674	919	1,119	1,036	956	936	934
	<i>48.1</i>	<i>-0.3</i>	<i>36.3</i>	<i>21.8</i>	<i>-7.4</i>	<i>-7.7</i>	<i>-2.1</i>	<i>-0.2</i>
Completions	967	1,203	1,294	1,314	1,151	1,009	968	970
	<i>25.6</i>	<i>24.4</i>	<i>7.6</i>	<i>1.6</i>	<i>-12.4</i>	<i>-12.3</i>	<i>-4.0</i>	<i>0.2</i>
Complete and not absorbed	178	244	255	245	241	211	191	188
	<i>-19.7</i>	<i>37.1</i>	<i>4.7</i>	<i>-3.9</i>	<i>-1.8</i>	<i>-12.4</i>	<i>-9.3</i>	<i>-1.9</i>
Absorptions	954	1,129	1,295	1,339	1,157	1,047	980	972
	<i>8.8</i>	<i>18.4</i>	<i>14.7</i>	<i>3.4</i>	<i>-13.6</i>	<i>-9.6</i>	<i>-6.4</i>	<i>-0.8</i>
Months' supply	2.2	2.6	2.4	2.2	2.5	2.4	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 forecast to contract in 2011. Slower economic growth, tighter mortgage rules, and rising interest rates in the second half of this year will pull down apartment condominiums sales and new condominium starts.

Despite a slight decline in 2008 during the global economic downturn, unit sales of existing apartment condominiums increased by an annual average of 14.5 per cent from 1996 to 2009, to reach 11,852. The market reaped the benefits of sound economic growth, low interest rates, and a steadily increasing share of the population aged 55 and over, a prime buying market for this type of housing. In recent years, demand has also been driven by wealthy foreigners looking for places to invest outside the United States and young professionals wanting to live downtown.

At first, sellers did not respond to the spike in sales, and so the sales-to-active-listings ratio increased from just 4.7 per cent in 1996 to 33.7 per cent by 2002. As a result of the tighter market, average price growth accelerated to 16.8 per cent, on an average

annual basis, from 2002 to 2004. This higher price growth attracted an influx of sellers, bringing the sales-to-active-listings ratio back down and holding annual average price growth to 4.2 per cent from 2005 to 2009.

Unit sales of apartment condominiums increased a further 6.9 per cent in 2010, thanks to a recovering economy and low interest rates. While demand remained strong in 2010, sellers retreated from the market, pushing the sales-to-active-listings ratio up once more. Accordingly, prices increased a further 9.6 per cent, reaching nearly \$250,000, up from just over \$100,000 in the mid-1990s.

But economic activity is moderating, tighter mortgage rules are coming into effect, and interest rates are expected to rise through the year. As a result, unit sales are forecast to edge down by 0.9 per cent this year. Active listings are expected to increase, however, holding price growth to 1.4 per cent.

The medium-term outlook for the resale condominium market is bright. Healthy demand will be supported by solid economic growth and a continued rise in the share of the population aged 55 and older. Unit sales of apartment condominiums are forecast to increase by 2.8 per cent in 2012 and then by an average of 4.4 per cent per year from 2013 to 2015, with a steady sales-to-active-listings ratio holding price growth to an annual average rate of 1.8 per cent.

Strong demand and tightening supply in the resale market spurred developers to build new units, as starts increased by an average of 26.5 per cent per year from 1996 to 2004. Although demand initially kept pace with the increase in supply, by 2003 inventories of unabsorbed new homes were starting to climb. In response, builders retreated from the market. From 2005 to 2007, starts fell by an average of 9.9 per cent per year.

Chart 1—Share of Population by Age Cohort

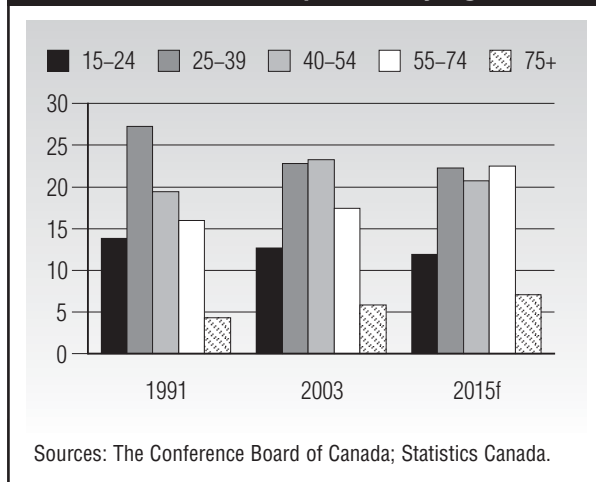
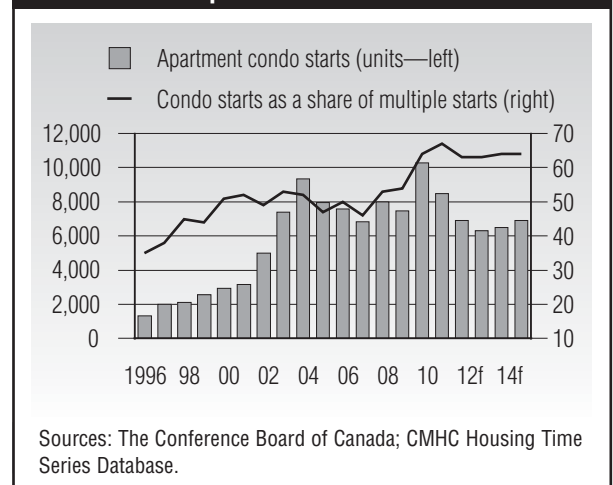


Chart 2—Apartment Condo Construction

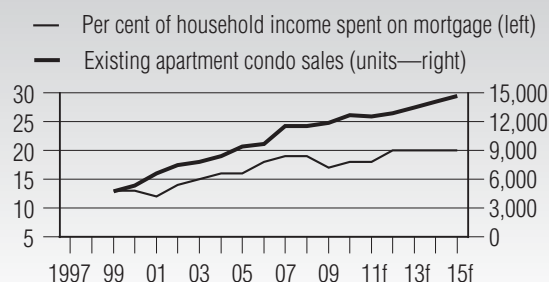


Reduced inventories gave way to increased starts again in 2008, as they rose by 17.2 per cent. However, the onset of the global recession later that year shook consumer confidence and, with it, spending on big-ticket items such as housing, lowering

starts by 6.9 per cent for 2009. A combination of low interest rates, improved economic growth, and a dip in inventories brought builders back last year, as starts increased by 38.1 per cent. But as in the resale market this year, the new

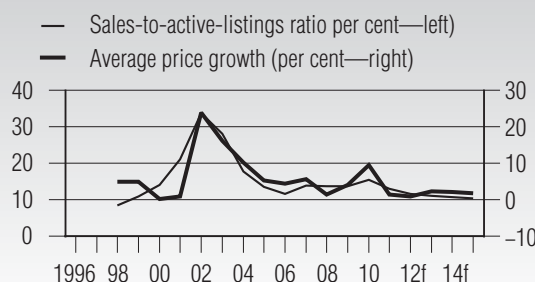
home market will feel the pinch of moderating economic activity, tighter mortgage rules, and higher interest rates. Resulting inventory hikes will cut starts by 17.5 per cent in 2011 with drops forecast to persist through 2013.

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	11,546	11,852	12,668	12,554	12,908	13,483	14,056	14,697
	<i>0.0</i>	<i>2.7</i>	<i>6.9</i>	<i>-0.9</i>	<i>2.8</i>	<i>4.5</i>	<i>4.3</i>	<i>4.6</i>
Active listings	7,022	7,222	6,828	8,021	9,161	10,127	10,947	11,703
	<i>1.3</i>	<i>2.8</i>	<i>-5.5</i>	<i>17.5</i>	<i>14.2</i>	<i>10.5</i>	<i>8.1</i>	<i>6.9</i>
Months' supply	7.3	7.3	6.5	7.7	8.5	9.0	9.3	9.6
Average price	216,906	225,878	247,656	251,090	253,395	259,247	264,747	269,901
	<i>1.5</i>	<i>4.1</i>	<i>9.6</i>	<i>1.4</i>	<i>0.9</i>	<i>2.3</i>	<i>2.1</i>	<i>1.9</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	8,001	7,452	10,293	8,494	6,900	6,327	6,507	6,908
	<i>17.2</i>	<i>-6.9</i>	<i>38.1</i>	<i>-17.5</i>	<i>-18.8</i>	<i>-8.3</i>	<i>2.8</i>	<i>6.2</i>
Under construction	6,087	5,800	7,803	8,534	7,135	6,249	6,185	6,097
	<i>8.8</i>	<i>-4.7</i>	<i>34.5</i>	<i>9.4</i>	<i>-16.4</i>	<i>-12.4</i>	<i>-1.0</i>	<i>-1.4</i>
Completions	6,418	7,284	7,197	9,490	8,241	6,880	6,440	7,090
	<i>-19.1</i>	<i>13.5</i>	<i>-1.2</i>	<i>31.9</i>	<i>-13.2</i>	<i>-16.5</i>	<i>-6.4</i>	<i>10.1</i>
Complete and not absorbed	1,711	1,583	1,233	1,280	1,392	1,264	1,161	1,230
	<i>-20.3</i>	<i>-7.5</i>	<i>-22.1</i>	<i>3.8</i>	<i>8.8</i>	<i>-9.2</i>	<i>-8.1</i>	<i>5.9</i>
Absorptions	6,770	7,217	7,749	9,148	8,277	7,027	6,491	6,968
	<i>-26.3</i>	<i>6.6</i>	<i>7.4</i>	<i>18.1</i>	<i>-9.5</i>	<i>-15.1</i>	<i>-7.6</i>	<i>7.3</i>
Months' supply	3.0	2.6	1.9	1.7	2.0	2.2	2.1	2.1

Italics indicate percentage change.

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

Ottawa



After several years of strong growth in the late 1990s, Ottawa's resale apartment condominium market ground to a halt in 2001, as demand was hampered by swift price growth and relatively slower economic growth, stemming from the region's beleaguered high-tech industry. The strong price growth was driven by a tightening market, as evidenced by an elevated sales-to-active-listings ratio, the result of several years of rising sales and declining active listings in the previous decade. Overall, median apartment prices increased an average of 12.9 per cent annually from 2000 to 2004. However, at the same time that rapid price inflation was helping to curb demand, it was also finally attracting new sellers into the market. Accordingly, by 2004, the sales-to-active-listings ratio had fallen back to 26.8 per cent, down from 67.7 per cent in 2002.

Ottawa's apartment condominium market is expected to see unit resales decrease by 10.9 per cent and starts drop by 35.6 per cent this year, as demand gets pinched by slower economic growth and rising interest rates. But both markets will enjoy solid growth through the medium term, thanks to a stable economy.

A stronger economy led to increased demand through 2006 and 2007, pushing unit sales of apartment condominiums up by an average of 13.1 per cent per year. Price growth remained modest over the two years, however, at 4.1 per cent on an average annual basis. Unit sales then slipped by 7.9 per cent in 2008 as the threat of a global recession loomed. But with the sales-to-active-listings ratio back on the upswing, median apartment prices took off once more, gaining 10.5 per cent that year.

The next two years, 2009 and 2010, saw demand rise significantly. Having come through the recession relatively unscathed (Ottawa's real GDP fell by 0.9 per cent in 2009, but this decline was much smaller than the 2.5 per cent national drop), buyers increased unit sales by an average of 18.5 per cent per year, to a record 1,840 units last year. Growth in median apartment prices stayed strong as well, at 6.9 per cent in 2009 and 16.8 per cent in 2010.

Buyers have recently pulled back from the market, as economic growth has slowed. Rising interest rates later this year are expected to further dampen demand through 2011. As a result, unit sales are set to fall by 10.9 per cent this year, while the median price slips by 0.2 per cent—the first drop since 1998. But thanks to steady economic growth, sales are expected to grow by an annual average of 5.2 per cent from 2012 to 2015. Meanwhile, a stable sales-to-active-listings ratio will limit growth in median prices to an average of 1.5 per cent per year.

The new apartment condominium market remained on an upward trend through much of the last decade, as demand for condos could not be sated by the resale market alone. Starts of apartment condominiums climbed from just 30 units in 2000 to 1,500 units by 2008. By 2009, rising inventories and the worldwide economic downturn led builders to reduce starts by 38.2 per cent. The economic

Chart 1—Share of Population by Age Cohort

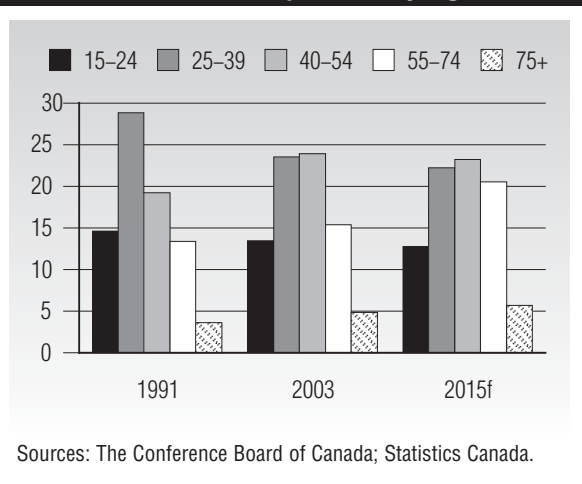
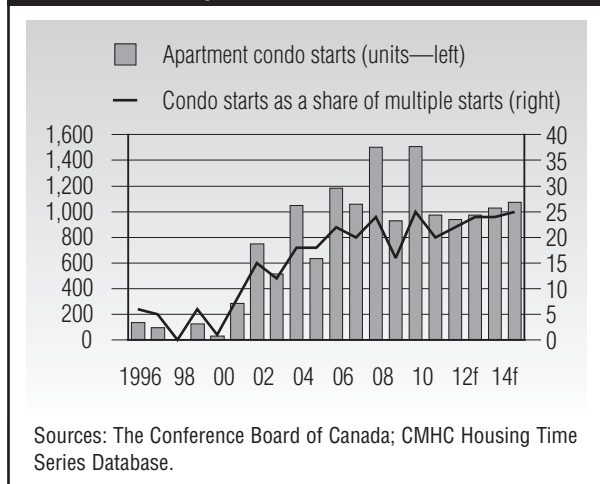


Chart 2—Apartment Condo Construction

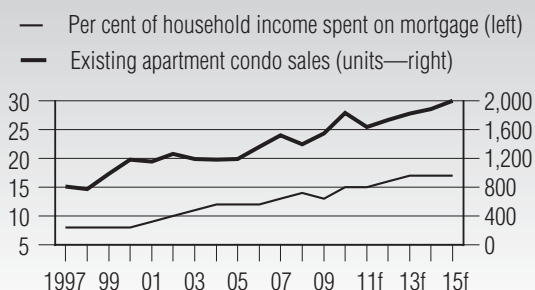


recovery, lower inventories, and spillover demand from the resale market encouraged builders to return to the market last year, increasing starts by 62.8 per cent. But new home construction is

expected to weaken this year and next, as demand is pinched by slower economic growth, tighter mortgage rules, and rising interest rates. Starts will fall by a total of 37.8 per cent over 2011 and 2012,

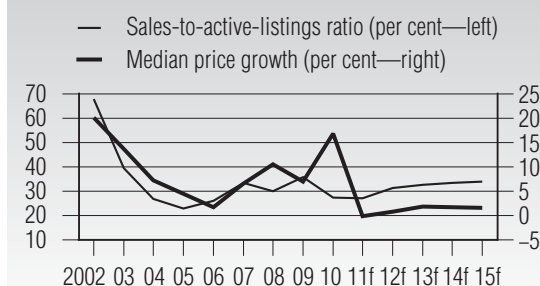
before rising modestly through the medium term, in line with demographic requirements.

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	1,634	1,737	1,819	1,888	2,005
	<i>-7.9</i>	<i>10.6</i>	<i>18.5</i>	<i>-10.9</i>	<i>6.3</i>	<i>4.7</i>	<i>3.8</i>	<i>6.2</i>
Active listings	392	363	560	504	463	464	472	494
	<i>3.4</i>	<i>-7.3</i>	<i>54.3</i>	<i>-10.0</i>	<i>-8.0</i>	<i>0.2</i>	<i>1.7</i>	<i>4.6</i>
Months' supply	3.4	2.8	3.7	3.7	3.2	3.1	3.0	3.0
Median price	206,558	220,764	257,777	257,230	258,923	263,573	268,095	272,497
	<i>10.5</i>	<i>6.9</i>	<i>16.8</i>	<i>-0.2</i>	<i>0.7</i>	<i>1.8</i>	<i>1.7</i>	<i>1.6</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	972	938	975	1,026	1,073
	<i>42.0</i>	<i>-38.2</i>	<i>62.8</i>	<i>-35.6</i>	<i>-3.5</i>	<i>3.9</i>	<i>5.3</i>	<i>4.5</i>
Under construction	1,806	1,875	1,830	1,873	1,705	1,642	1,612	1,601
	<i>17.6</i>	<i>3.8</i>	<i>-2.4</i>	<i>2.3</i>	<i>-9.0</i>	<i>-3.7</i>	<i>-1.8</i>	<i>-0.6</i>
Completions	1,047	945	1,443	1,199	1,058	1,013	1,052	1,076
	<i>-12.8</i>	<i>-9.7</i>	<i>52.7</i>	<i>-16.9</i>	<i>-11.7</i>	<i>-4.2</i>	<i>3.8</i>	<i>2.3</i>
Complete and not absorbed	164	148	129	209	200	162	169	175
	<i>-10.1</i>	<i>-9.9</i>	<i>-12.7</i>	<i>62.3</i>	<i>-4.6</i>	<i>-18.8</i>	<i>4.2</i>	<i>3.9</i>
Absorptions	1,124	951	1,463	1,087	1,115	1,030	1,051	1,033
	<i>6.7</i>	<i>-15.3</i>	<i>53.8</i>	<i>-25.7</i>	<i>2.6</i>	<i>-7.6</i>	<i>2.0</i>	<i>-1.7</i>
Months' supply	1.8	1.9	1.1	2.3	2.1	1.9	1.9	2.0

Italics indicate percentage change.

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

Toronto



Despite slower economic growth and rising interest rates, unit sales of existing apartment condominiums will rise by 2.6 per cent while starts increase by 14.5 per cent this year. The two markets will then keep growing, thanks in part to a stronger economy and an aging population.

Toronto's resale apartment condominium market increased at a rapid pace from the mid-1990s until 2007, thanks to sound economic growth, relative affordability, and lower interest rates after 2001. Unit sales grew by 10.1 per cent, on an average annual basis, reaching nearly 21,500 units. Prices grew by an annual average of 7.7 per cent from 1997 to 2002, and of 5.2 per cent from 2003 to 2007 as an increase in listings eased price pressure. A new land transfer tax on all home purchases in Toronto and the start of the global recession reduced demand in the resale market in 2008. Accordingly, unit sales of apartment condominiums slipped 15.1 per cent that year. Meanwhile, sellers continued to enter the market, reducing the sales-to-active-listings ratio. As a result, median apartment price growth slowed to 4 per cent.

The market was quick to rebound in 2009 once economic growth picked up. Low interest rates also helped to spur demand. Unit sales rose 16.4 per cent in 2009, while prices rose by 6 per cent as the market tightened. Demand then continued to rise in 2010 as well, even as economic activity slowed in the last half of the year. Indeed, sales advanced another 2.2 per cent. Strong population growth, an aging population, and the continued affordability of the condo market compared with other housing options (median apartment prices in Toronto have remained about 60 per cent of total resale housing prices) are expected to keep the resale apartment condominium market expanding. Sales are forecast to grow by 2.6 per cent in 2011, in spite of rising interest rates, and a further 9.8 per cent next year as economic activity improves.

A slightly rising sales-to-active-listings ratio over the medium term is expected to lead to moderate

increases in price growth. Median apartment prices are forecast to increase by just 0.1 per cent this year, with growth accelerating to 2.2 per cent by 2015. This will bring median apartment prices in Toronto to just below \$300,000 by forecast end.

Toronto's new apartment condominium market increased rapidly from 1997 to 2001, driven in part by spillover demand from the resale market. Starts increased 42.6 per cent, on an average annual basis, over this period, to reach 12,700 units. Starts continued to climb over the next few years, although growth was much more subdued. A significant rise in inventories resulted in builders retreating from the market in both 2006 and 2007, reducing starts by nearly 40 per cent. With inventories back under control, starts more than doubled in 2008, even as the recession was looming. Part of this growth was due to wealthy foreigners looking for ways to invest outside the United States, whose housing market was

Chart 1—Share of Population by Age Cohort

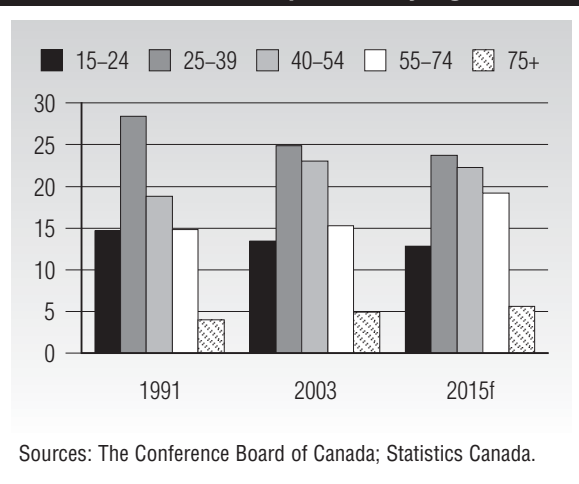
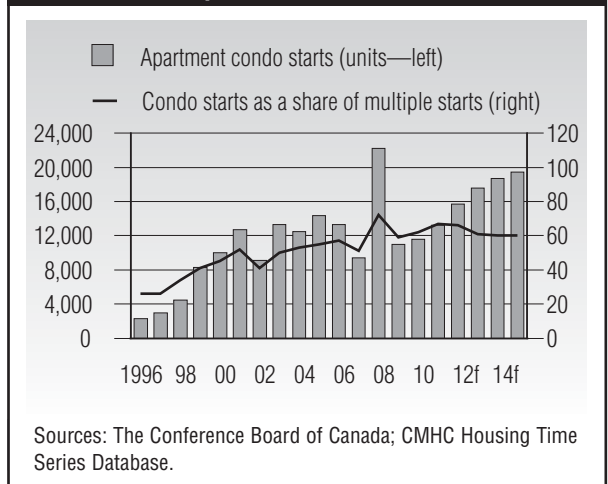


Chart 2—Apartment Condo Construction



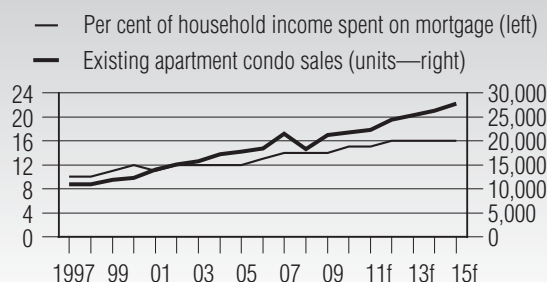
in a deep slump. And part was due to presales in buildings that had been planned before the downturn hit.

Once the recession hit full force, rising inventories again forced builders to reduce starts,

down 50.8 per cent in 2009. But low interest rates and strong economic growth encouraged builders to boost starts by 5.8 per cent in 2010, with a further 14.5 per cent rise expected in 2011 as new unit inventories shrink. Moreover, an

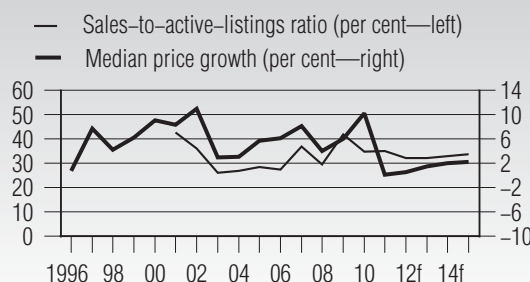
increasing share of the population aged 55 and older, stronger in-migration, and a solid economy are all expected to keep starts on an upward trend through the medium term. Still, starts will remain below 2008 levels through the forecast.

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	22,263	24,450	25,290	26,259	27,780
	<i>-15.1</i>	<i>16.4</i>	<i>2.2</i>	<i>2.6</i>	<i>9.8</i>	<i>3.4</i>	<i>3.8</i>	<i>5.8</i>
Active listings	5,161	4,217	5,182	5,282	6,339	6,542	6,633	6,846
	<i>6.1</i>	<i>-18.3</i>	<i>22.9</i>	<i>1.9</i>	<i>20.0</i>	<i>3.2</i>	<i>1.4</i>	<i>3.2</i>
Months' supply	3.4	2.4	2.9	2.8	3.1	3.1	3.0	3.0
Median price	240,042	254,378	280,333	280,513	282,293	286,519	292,217	298,727
	<i>4.0</i>	<i>6.0</i>	<i>10.2</i>	<i>0.1</i>	<i>0.6</i>	<i>1.5</i>	<i>2.0</i>	<i>2.2</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	13,268	15,667	17,572	18,674	19,437
	<i>136.7</i>	<i>-50.8</i>	<i>5.8</i>	<i>14.5</i>	<i>18.1</i>	<i>12.2</i>	<i>6.3</i>	<i>4.1</i>
Under construction	31,874	35,189	32,897	31,688	32,796	33,919	34,244	34,313
	<i>24.7</i>	<i>10.4</i>	<i>-6.5</i>	<i>-3.7</i>	<i>3.5</i>	<i>3.4</i>	<i>1.0</i>	<i>0.2</i>
Completions	13,374	12,212	14,948	12,469	14,346	16,699	18,594	19,368
	<i>77.7</i>	<i>-8.7</i>	<i>22.4</i>	<i>-16.6</i>	<i>15.1</i>	<i>16.4</i>	<i>11.3</i>	<i>4.2</i>
Complete and not absorbed	233	278	756	531	588	730	871	907
	<i>-34.7</i>	<i>19.2</i>	<i>171.8</i>	<i>-29.7</i>	<i>10.6</i>	<i>24.3</i>	<i>19.2</i>	<i>4.1</i>
Absorptions	13,279	12,205	14,468	12,833	14,086	16,471	18,670	19,266
	<i>64.9</i>	<i>-8.1</i>	<i>18.5</i>	<i>-11.3</i>	<i>9.8</i>	<i>16.9</i>	<i>13.4</i>	<i>3.2</i>
Months' supply	0.2	0.3	0.6	0.5	0.5	0.5	0.6	0.6

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 is slowly shedding its post-boom hangover. Falling new unit inventories should lift starts this year, but not to boom-era levels. The resale apartment market remains in a buyers' position, with only a tepid price increase expected this year. Rapid population growth among those aged 55 plus is encouraging, despite their small absolute number.

The new apartment market is set to improve as inventories of units started during the boom, but left unsold when the economy stalled, begin to decline. A falling supply of new condominiums will adjust these stocks; we expect completions to drop 56 per cent in 2011. New unit demand will not help though, as an expected 41 per cent drop in absorptions will slice them to a 12-year low. Still, the drop in completions will be enough to shave inventories 39 per cent in 2011 from last year's record high near 600 units. Mildly positive builder reaction is expected to lift starts 20 per cent to 1,276 units in 2011, still nowhere near boom-time activity. Moreover, even in 2015, we forecast fewer than half 2008's peak condominium starts.

Since the 1.9 per cent annual growth forecast in Calgary's total

population and the 4.6 per cent annual hike forecast in its 55-plus cohort this year are both the fastest among our report's eight cities, condominiums' local future appears demographically secure, even though Calgary's 55-plus population share in 2010 was the lowest among our eight cities.

Heavy sales of existing condominiums during the year ending in the first quarter of 2010 gave way to sluggish volumes by mid-year as pent-up demand was satisfied. Sales increased in the fourth quarter, but this was insufficient to prevent an 18 per cent drop for all of 2010. Volumes are forecast to ease another 3 per cent this year before recovering in 2012. The modest annual volume growth then envisioned will leave sales well behind peak levels even by 2015.

The market's mid-year stall withered supply as potential condominium vendors waited for better

selling conditions. By the fourth quarter, active listings were off 28 per cent from the first. Early-year strength, however, kept overall listings for 2010 modestly above 2009's. In 2011, we expect continued market weakness to slice active listings 20 per cent to 1,013 units. Listings are then forecast to hover near 900 units.

This listings decline should improve the market's balance. The sales-to-active-listings ratio is forecast to hit 26 per cent this year, up from 21 per cent in 2010, although the expected level still indicates buyers' conditions. Ensuing years are expected to see sales rise slightly faster than listings, lifting Calgary's market closer to a balanced state by 2014. Price increases will remain subdued in this environment. The 2010 advance, a modest 0.6 per cent, nonetheless ended a two-year slump. A similarly slight 0.9 per cent price rise is in the cards for this year. But we expect movement toward market

Chart 1—Share of Population by Age Cohort

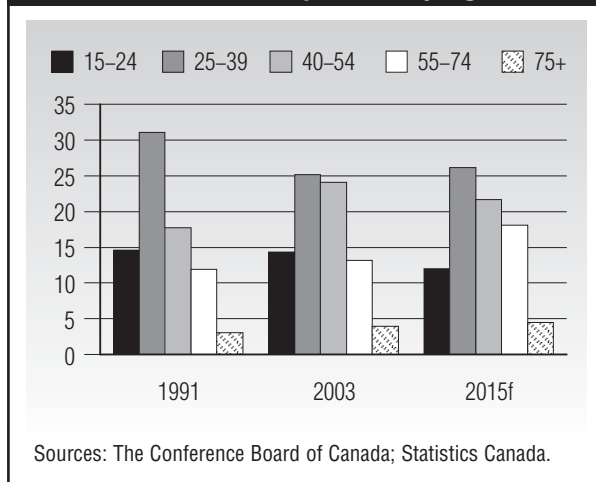
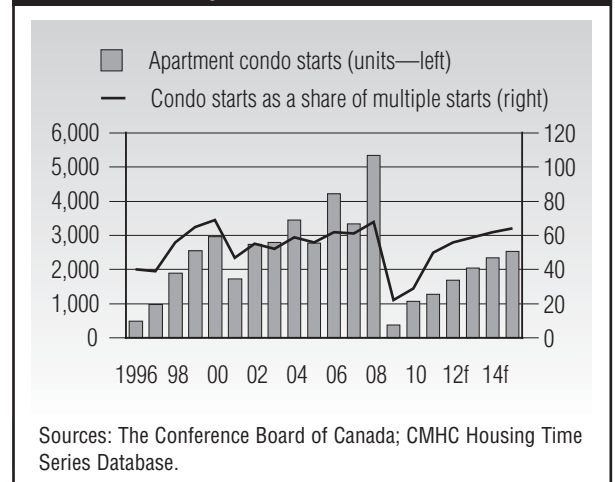


Chart 2—Apartment Condo Construction



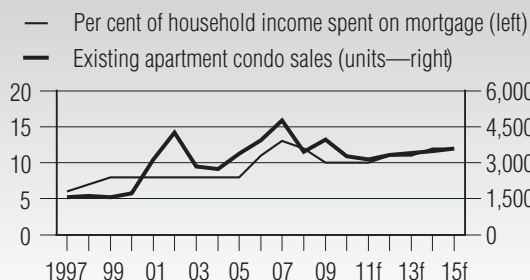
balance to eventually prompt faster growth—price hikes above 3 per cent are forecast each year between 2012 and 2015.

The slight price growth last year, combined with stable interest

rates, bumped principle and interest charges on Calgary's median condominium unit 0.6 per cent higher in 2010. But rising interest rates through this year will lead to a faster 2.7 per cent increase in 2011. These increases will nonetheless

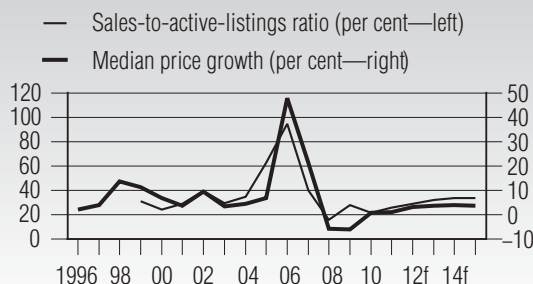
leave carrying costs 20 per cent lower in 2011 than at their 2007 peak and consuming only 9.8 per cent of average household income, the lowest expected among this report's eight cities.

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	3,146	3,312	3,399	3,478	3,595
	<i>-27.2</i>	<i>14.1</i>	<i>-17.7</i>	<i>-3.4</i>	<i>5.3</i>	<i>2.6</i>	<i>2.3</i>	<i>3.3</i>
Active listings	1,813	1,178	1,267	1,013	954	881	870	894
	<i>82.1</i>	<i>-35.0</i>	<i>7.5</i>	<i>-20.0</i>	<i>-5.9</i>	<i>-7.6</i>	<i>-1.3</i>	<i>2.7</i>
Months' supply	6.3	3.6	4.7	3.9	3.5	3.1	3.0	3.0
Median price	257,637	241,542	242,925	245,140	252,712	261,525	271,458	281,094
	<i>-5.8</i>	<i>-6.2</i>	<i>0.6</i>	<i>0.9</i>	<i>3.1</i>	<i>3.5</i>	<i>3.8</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	5,335	383	1,063	1,276	1,691	2,052	2,336	2,538
	<i>59.7</i>	<i>-92.8</i>	<i>177.5</i>	<i>20.0</i>	<i>32.5</i>	<i>21.3</i>	<i>13.9</i>	<i>8.6</i>
Under construction	8,360	5,355	3,387	3,087	3,122	3,205	3,301	3,419
	<i>31.6</i>	<i>-35.9</i>	<i>-36.8</i>	<i>-8.9</i>	<i>1.1</i>	<i>2.7</i>	<i>3.0</i>	<i>3.6</i>
Completions	4,619	2,164	2,768	1,228	1,639	1,953	2,250	2,377
	<i>139.8</i>	<i>-53.2</i>	<i>27.9</i>	<i>-55.6</i>	<i>33.5</i>	<i>19.1</i>	<i>15.2</i>	<i>5.6</i>
Complete and not absorbed	55	275	579	355	338	347	362	389
	<i>450.0</i>	<i>399.1</i>	<i>110.8</i>	<i>-38.7</i>	<i>-4.7</i>	<i>2.6</i>	<i>4.5</i>	<i>7.3</i>
Absorptions	4,565	1,906	2,550	1,508	1,553	1,970	2,221	2,360
	<i>139.8</i>	<i>-58.3</i>	<i>33.8</i>	<i>-40.9</i>	<i>3.0</i>	<i>26.8</i>	<i>12.7</i>	<i>6.2</i>
Months' supply	0.1	1.7	2.7	2.8	2.6	2.1	2.0	2.0

Italics indicate percentage change.

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

Edmonton



Edmonton's apartment condominium market is firming. Although starts are expected to ease this year, falling stocks of unabsorbed new units during 2011 will fuel stronger starts in 2012. The existing apartment market is forecast to remain in a buyers' position in 2011, albeit with a stronger tone and stabilizing prices.

The rapid fall in the number of completed and unoccupied new apartment condominiums through the third quarter of 2010 was good news for this market. Although such stocks rose in the fourth quarter and remain high by boom-era standards, prospects are favourable for 2011. Decent absorptions will abet further inventory erosion from the demand side, with new-unit take-up slated to advance 21 per cent this year. The supply of freshly completed condominiums, meanwhile, will remain moderate by boom-era standards. As a result, builders' unsold inventories are expected to drop through 2011, to a fourth-quarter level roughly half the year-earlier level. Although apartment condominium starts are expected to fall this year, the declining inventory is expected to produce a significant 2012 rebound.

While population growth is projected to slow in Edmonton, our call of 1.7 per cent in 2011 ties it with Toronto for second place among this report's eight cities, behind only Calgary. Indeed, hikes above 2 per cent like those in each of the past six years are unsustainable. And a much quicker 4.3 per cent advance among those aged 55 or more—key condominium clients—is on tap for this year. This group nonetheless remains relatively small.

After rebounding in 2009, Edmonton's market for existing apartment condominiums cooled significantly in 2010. Sales tailed off in each of the first three quarters before a fourth quarter bounce-back. While this uptick was insufficient to prevent 2010 sales from dropping 16 per cent, 2011 is expected to register a 2.7 per cent increase. Similarly modest gains foreseen through 2015 will keep sales well below 2007's peak.

The supply of resale condominium apartments was boosted as a result of the sales increase in 2009, as vendors took advantage of a favourable market. Active listings rose 24 per cent between 2009's fourth quarter and 2010's second before slowing sales unsettled sellers. All in all, listings ended 2010 up 7 per cent from 2009. This year's uninspiring market is expected to trim active listings 26 per cent. This will help the ratio of sales to active listings hit a four-year high of 20 per cent in 2011—although this is still consistent with a buyers' market here. Gradual sales increases are forecast to combine with continued listings softness to lift the ratio to a balanced-market reading near 27 per cent by 2015.

The buyers' market in 2010 inevitably resulted in a third consecutive annual price decline, although the 0.3 per cent drop was virtually imperceptible. And the fourth quarter's median price was down only 0.1 per cent, foreshadowing slightly better

Chart 1—Share of Population by Age Cohort

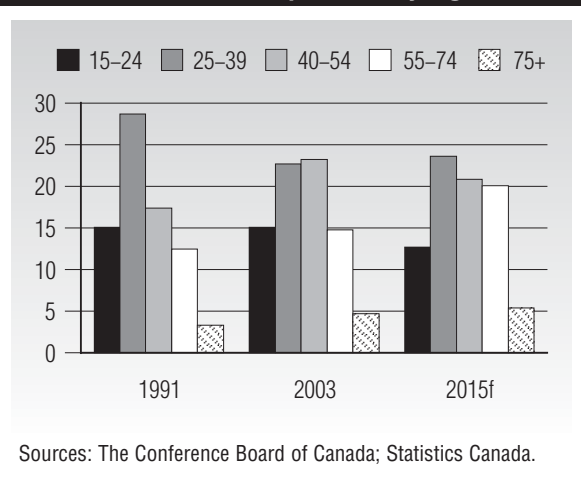
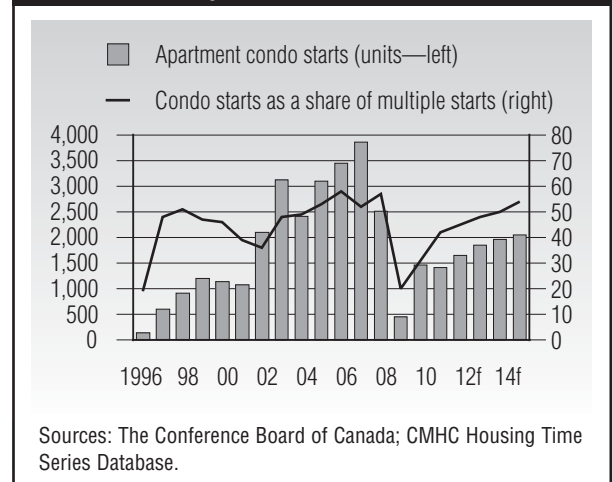


Chart 2—Apartment Condo Construction



performance. We expect Edmonton's median apartment condominium price to advance 0.6 per cent this year—a decent outcome under persistent buyers' conditions.

Condominium affordability continued to improve as carrying charges dipped, albeit marginally, for a third straight year last year. Indeed, since peaking in 2007, the principle and interest payment on Edmonton's median condominium apartment

has fallen 18 per cent. Small expected increases in both prices and interest rates during 2011 will nudge mortgage payments up 2.3 per cent. Larger hikes in rates and prices in 2012 are expected to lift these costs more substantially.

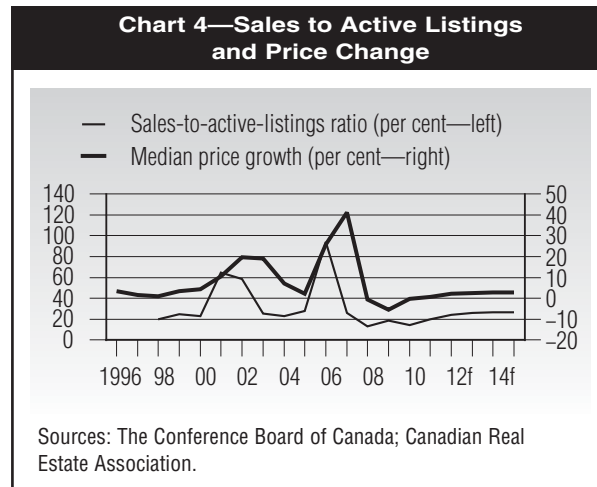
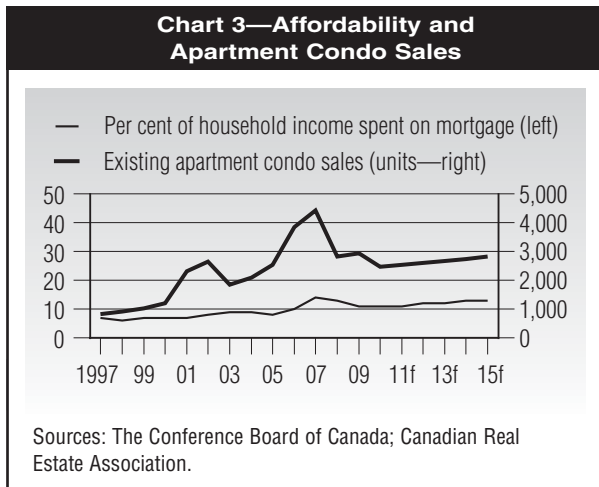


Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	2,819	2,933	2,472	2,539	2,596	2,659	2,733	2,816
	<i>-36.3</i>	<i>4.0</i>	<i>-15.7</i>	<i>2.7</i>	<i>2.2</i>	<i>2.4</i>	<i>2.8</i>	<i>3.0</i>
Active listings	1,829	1,327	1,421	1,055	896	859	863	884
	<i>28.7</i>	<i>-27.4</i>	<i>7.0</i>	<i>-25.7</i>	<i>-15.1</i>	<i>-4.1</i>	<i>0.4</i>	<i>2.5</i>
Months' supply	7.8	5.4	6.9	5.0	4.1	3.9	3.8	3.8
Median price	231,019	218,075	217,438	218,658	223,771	229,329	235,647	242,455
	<i>-0.6</i>	<i>-5.6</i>	<i>-0.3</i>	<i>0.6</i>	<i>2.3</i>	<i>2.5</i>	<i>2.8</i>	<i>2.9</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	1,407	1,648	1,852	1,960	2,054
	<i>-35.0</i>	<i>-81.9</i>	<i>223.0</i>	<i>-3.8</i>	<i>17.1</i>	<i>12.4</i>	<i>5.8</i>	<i>4.8</i>
Under construction	7,203	3,986	2,599	2,906	2,823	2,770	2,719	2,692
	<i>21.8</i>	<i>-44.7</i>	<i>-34.8</i>	<i>11.8</i>	<i>-2.9</i>	<i>-1.9</i>	<i>-1.8</i>	<i>-1.0</i>
Completions	2,366	3,987	1,321	1,461	1,721	1,899	2,011	2,065
	<i>12.8</i>	<i>68.5</i>	<i>-66.9</i>	<i>10.6</i>	<i>17.8</i>	<i>10.4</i>	<i>5.9</i>	<i>2.7</i>
Complete and not absorbed	130	525	645	387	275	302	310	310
	<i>175.1</i>	<i>303.8</i>	<i>22.8</i>	<i>-40.0</i>	<i>-29.0</i>	<i>10.2</i>	<i>2.4</i>	<i>0.2</i>
Absorptions	2,276	3,394	1,458	1,765	1,742	1,880	2,008	2,070
	<i>7.0</i>	<i>49.1</i>	<i>-57.0</i>	<i>21.0</i>	<i>-1.3</i>	<i>7.9</i>	<i>6.8</i>	<i>3.0</i>
Months' supply	0.7	1.9	5.3	2.6	1.9	1.9	1.9	1.8

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

Vancouver



Vancouver's apartment condominium market has cooled for both new and existing units. Higher builder inventories are keeping starts below their long-term average, while soft sales and rising listings are relegating resale markets to a similarly languid buyers' state. Although demographics are favourable, affordability remains a big concern.

Strengthening new unit take-up straddling 2009 and 2010 propelled steadily rising starts of condominium apartments in Vancouver during 2010. By the fourth quarter, starts were running at an annualized rate above 7,600 units, the most in two years. This lifted the annual 2010 volume to 5,793 units, well over double 2009's pace. Unfortunately, slackening absorptions then lifted fourth-quarter inventories of completed and unoccupied condominiums to nearly three times their year-earlier level and the most in 10 years. Fewer condominium completions in 2011 will inevitably trim builder stocks, despite easing absorptions. This will prompt a modest starts increase in 2011, after which stronger absorptions in 2012 will contribute to inventory paring, further boosting starts. By 2015, we expect starts to be near 9,700 units—still well off the 2007 peak.

Vancouver's population growth eased to an estimated 1.9 per cent during 2010 from over 2 per cent in both 2008 and 2009. This remains above the 10-year average, and hikes are forecast to stay above this benchmark through 2015. The 55-plus population, an important cohort for condo demand, is expanding much faster—by more than 4 per cent in both 2009 and 2010. We expect the 55-plus crowd to grow more than twice as rapidly as the total population through 2015.

Quarterly apartment resale transactions have slowed considerably since late 2009, but remain above their 2008 trough. Full-year sales averaged 13,083 units in 2010, down 14 per cent from 2009 and well off recent highs. We forecast little sales change this year, but an 11.7 per cent jump in 2012 and continued increases through 2015. By then, sales are expected to surpass their 2002 peak.

Slowing sales ultimately cut supply as potential apartment sellers waited for better markets. Active listings peaked in the second quarter of 2010 and were off 24 per cent by the fourth. Still, full-year listings increased 23.7 per cent. These rising listings, together with declining sales, dissipated the seller's conditions, as the ratio of sales-to-active-listings fell from nearly 29 per cent in the fourth quarter of 2009 to under 21 per cent by the second quarter of 2010. For all of 2010, the 18.7 per cent average signalled a buyers' market. Stable sales and a 17.1 per cent drop in listings are forecast to tighten the market gently in 2011, but the forecast ratio of 22.5 per cent still favours buyers.

Market slackening sharply cut apartment price growth in 2010, and the median value actually fell in the second quarter. Still, propelled by strong year-end gains in 2009, median prices increased by 8.5 per cent for

Chart 1—Share of Population by Age Cohort

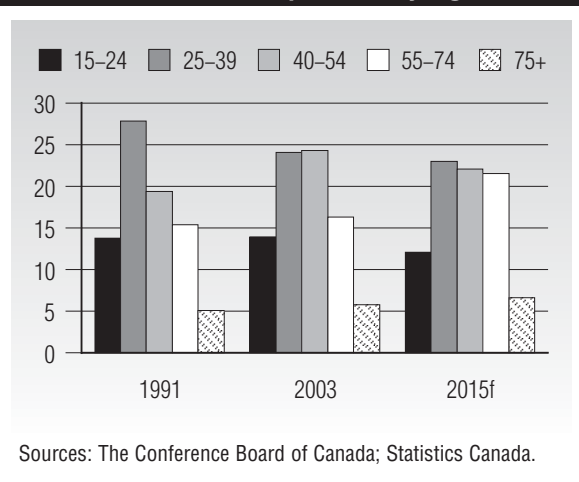
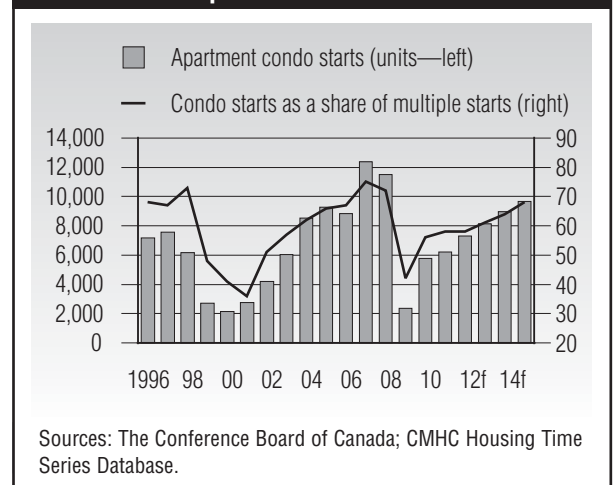


Chart 2—Apartment Condo Construction

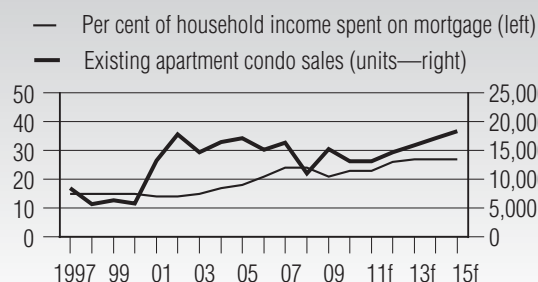


2010 as a whole. But ongoing buyers' conditions are forecast to cap price advances at 2.1 per cent this year. Although we expect price growth to accelerate to 3.1 per cent in 2012 and to 3.4 per cent in 2013, by 2015 a price hike of only 1.8 per

cent is foreseen. Affordability remains a real issue in Vancouver. Carrying charges on its median-priced condominium consumed 22.9 per cent of average household income last year—this report's highest. Our forecast of a modest

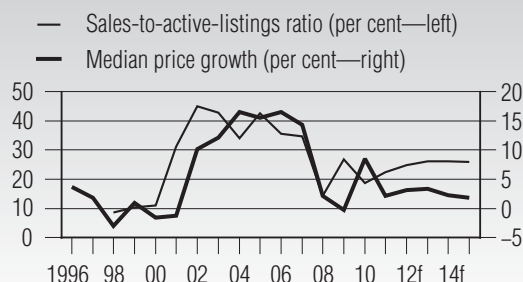
price increase in 2011, along with a slight mortgage rate uptick, will nudge the dollar value of these costs up 3.9 per cent.

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	13,100	14,633	15,856	17,134	18,382
	<i>-32.8</i>	<i>38.4</i>	<i>-14.2</i>	<i>0.1</i>	<i>11.7</i>	<i>8.4</i>	<i>8.1</i>	<i>7.3</i>
Active listings	6,358	4,724	5,842	4,844	4,892	5,060	5,475	5,919
	<i>61.2</i>	<i>-25.7</i>	<i>23.7</i>	<i>-17.1</i>	<i>1.0</i>	<i>3.4</i>	<i>8.2</i>	<i>8.1</i>
Months' supply	6.9	3.7	5.4	4.4	4.0	3.8	3.8	3.9
Median price	336,438	335,462	363,996	371,790	383,210	396,184	405,387	412,845
	<i>2.2</i>	<i>-0.3</i>	<i>8.5</i>	<i>2.1</i>	<i>3.1</i>	<i>3.4</i>	<i>2.3</i>	<i>1.8</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	6,194	7,313	8,120	8,948	9,668
	<i>-7.1</i>	<i>-79.5</i>	<i>146.0</i>	<i>6.9</i>	<i>18.1</i>	<i>11.0</i>	<i>10.2</i>	<i>8.0</i>
Under construction	18,907	13,558	7,761	8,810	9,426	9,573	9,796	9,993
	<i>18.3</i>	<i>-28.3</i>	<i>-42.8</i>	<i>13.5</i>	<i>7.0</i>	<i>1.6</i>	<i>2.3</i>	<i>2.0</i>
Completions	11,689	9,250	8,124	5,495	6,897	7,995	8,699	9,524
	<i>32.3</i>	<i>-20.9</i>	<i>-12.2</i>	<i>-32.4</i>	<i>25.5</i>	<i>15.9</i>	<i>8.8</i>	<i>9.5</i>
Complete and not absorbed	346	590	1,818	1,454	1,214	1,245	1,219	1,220
	<i>112.6</i>	<i>70.8</i>	<i>208.0</i>	<i>-20.0</i>	<i>-16.5</i>	<i>2.6</i>	<i>-2.1</i>	<i>0.0</i>
Absorptions	11,270	9,086	6,710	6,305	6,993	8,004	8,707	9,530
	<i>28.6</i>	<i>-19.4</i>	<i>-26.1</i>	<i>-6.0</i>	<i>10.9</i>	<i>14.5</i>	<i>8.8</i>	<i>9.5</i>
Months' supply	0.4	0.8	3.3	2.8	2.1	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



An aging Canadian population provides a ready source of retirees seeking places with easy winters and pretty scenery. Accordingly, growth in Victoria's cohort aged 55 or more is three times as fast as its overall population, despite slowing in the past two years. Condominiums provide perfect homesteading for this crowd. These facts underpin condominiums' decent local prospects.

However, Victoria's new condominium market faces near-term challenges. While the backlog of unabsorbed condominium units fell 25 per cent during the year following its peak in the third quarter of 2009, stocks edged higher in the fourth quarter and remain elevated. This lifted the number of completed and unoccupied apartment condos to an average of 299 units in 2010, not much below the 2009 peak of

Victoria's resale condominium market remains in a buyers' state, with little price change expected this year. Unsold builder inventories, a new construction deterrent, remain high and will dwindle only modestly in 2011, keeping builder enthusiasm in check. Victoria's trump card is its mild climate—highly attractive to condo-loving empty-nesters.

306 units. Moreover, any inventory drop has not been demand-driven. Indeed, absorptions fell to a six-year low of 554 units in 2010. Rather, it is supply that has been trimmed, as starts averaged an annualized 45 units in 2009's first three quarters, well below normal. Although starts rose to 801 units in 2010, a drop to near 500 units is on tap for this year. Improving demand will steadily increase condominium absorptions through 2011 to 2015 and keep developers interested. Even by 2015, though, our forecast calls for starts to remain below their 2006–2007 peak.

Weak new condominium absorptions are matched by their uneven resale performance. Buyers' market conditions prevailed throughout 2010. As a result, the median price fell in the second and third quarters. Moreover, sales fell to 1,824 units, off 17 per cent from 2009. Little change is on tap for 2011, with sales remaining just above 1,800 units.

Although the strong markets of 2009 attracted more resale supply in late 2009 and early 2010, by the third quarter, weaker sales had shrunk it. Still, full-year active listings were up 14.5 per cent in 2010. The increase in listings through mid-year, combined with sluggish sales, kept the sales-to-listings ratio in buyers' market territory, with the full-year ratio near 17 per cent. Easing listings are forecast to lift the ratio to nearly 18 per cent in 2011—still a buyers' market. The years 2012 to 2015 are forecast to see the market move toward balance.

Despite the market's uneven footing, the median apartment condominium price rose 4.3 per cent during 2010, a big improvement from the 2.2 per cent drop in 2009. An increase of only 0.2 per cent in the median apartment value is on tap for 2011, given the expected buyers' market conditions, but movement toward balance thereafter will fuel

Chart 1—Share of Population by Age Cohort

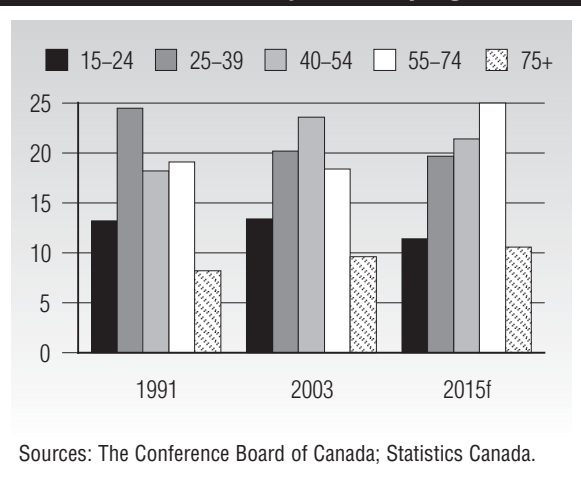
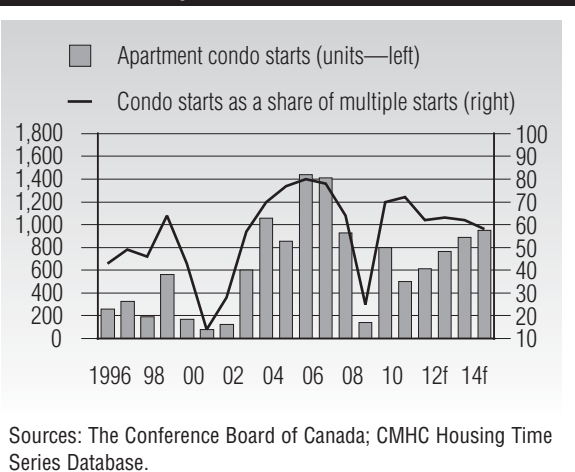


Chart 2—Apartment Condo Construction



price advances between 2.5 and 3.1 per cent. Price stability in 2011, combined with only a modest interest rate hike, will limit this year's increase in average principle and interest charges to

2 per cent—considerably below our forecast of 4.1 per cent household income growth. This will keep such charges below 20 per cent of household income in 2011, well off the

22.2 per cent peak of 2007. Still, this share is higher than any of our report's other cities except Vancouver.

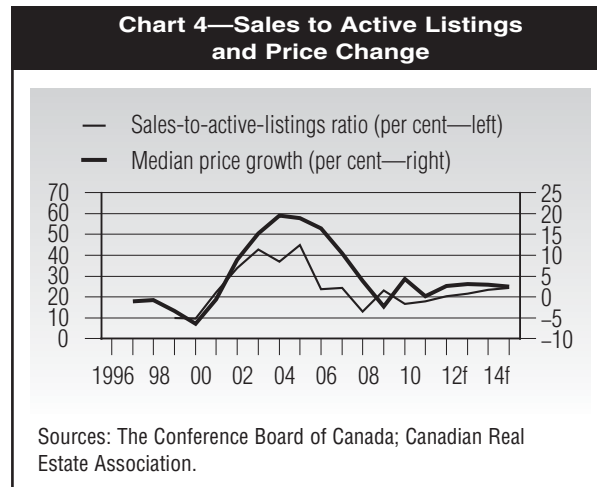
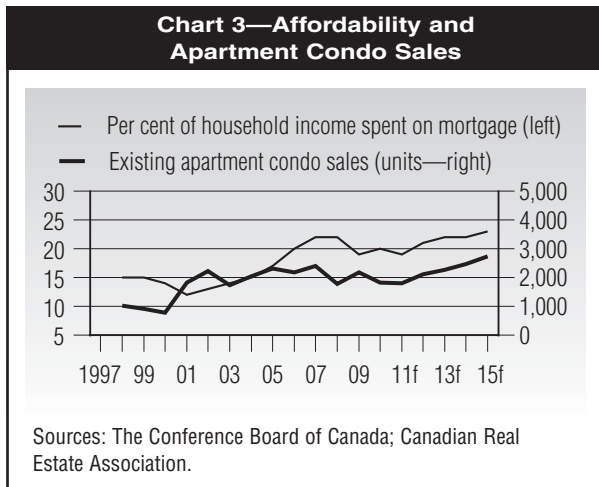


Table 1—Resale Condominium Apartment Market

	2008	2009	2010	2011f	2012f	2013f	2014f	2015f
Unit sales	1,779	2,188	1,824	1,811	2,113	2,262	2,478	2,739
	<i>-26.1</i>	<i>23.0</i>	<i>-16.6</i>	<i>-0.7</i>	<i>16.7</i>	<i>7.0</i>	<i>9.6</i>	<i>10.5</i>
Active listings	1,154	793	908	850	860	877	877	938
	<i>40.2</i>	<i>-31.3</i>	<i>14.5</i>	<i>-6.4</i>	<i>1.2</i>	<i>2.0</i>	<i>0.0</i>	<i>6.9</i>
Months' supply	7.8	4.3	6.0	5.6	4.9	4.7	4.2	4.1
Median price	285,208	278,829	290,696	291,296	298,839	308,141	317,132	325,139
	<i>3.8</i>	<i>-2.2</i>	<i>4.3</i>	<i>0.2</i>	<i>2.6</i>	<i>3.1</i>	<i>2.9</i>	<i>2.5</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	928	139	801	499	615	766	888	951
	<i>-34.3</i>	<i>-85.0</i>	<i>476.3</i>	<i>-37.8</i>	<i>23.4</i>	<i>24.5</i>	<i>16.0</i>	<i>7.1</i>
Under construction	2,317	1,170	959	913	833	821	821	813
	<i>9.4</i>	<i>-49.5</i>	<i>-18.1</i>	<i>-4.7</i>	<i>-8.8</i>	<i>-1.4</i>	<i>0.0</i>	<i>-1.0</i>
Completions	1,019	1,559	555	620	665	763	896	956
	<i>12.1</i>	<i>53.0</i>	<i>-64.4</i>	<i>11.8</i>	<i>7.1</i>	<i>14.7</i>	<i>17.5</i>	<i>6.7</i>
Complete and not absorbed	181	306	299	297	219	197	213	234
	<i>245.5</i>	<i>69.7</i>	<i>-2.4</i>	<i>-0.7</i>	<i>-26.4</i>	<i>-10.0</i>	<i>8.4</i>	<i>9.8</i>
Absorptions	851	1,476	554	695	720	764	871	941
	<i>-1.8</i>	<i>73.6</i>	<i>-62.5</i>	<i>25.3</i>	<i>3.7</i>	<i>6.2</i>	<i>13.9</i>	<i>8.0</i>
Months' supply	2.5	2.5	6.5	5.1	3.6	3.1	2.9	3.0

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 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. This data covers 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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