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Metropolitan Condo Outlook **Summer 2010**



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 11-060

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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

Apartment condominium markets are expected to generally improve during 2010, although gains will be choppy. Historically low interest rates have boosted affordability, and the improving economy is helping by boosting employment. But many cities, particularly in the West, face challenging inventories of unsold new units, started during boom years that are now long past. Resale conditions have strengthened, but remain uneven. Only markets in Toronto and Ottawa seem strong right now.

Recent economic weakness had established a poor environment. Gross domestic product declined in all eight of our report's cities during 2009, with drops ranging from a mild 0.7 per cent in Québec City to a sharper 3.1 per cent in Calgary.

Employment, a vital driver of housing demand, fell everywhere except Québec City last year, with Victoria's 4.9 per cent drop the largest decline. The weak economy did at least result in easing interest rates, which improved affordability and thus homebuyer interest. The posted five-year term mortgage rate fell 1.4 percentage points to only 5.6 per cent on average last year, the lowest since 1951. The drop cut \$214 from the monthly payment on a \$250,000 mortgage—an amount near the average condominium price in our eight cities—amortized over 25 years.

Improved economic conditions and continued low mortgage rates have been good for condominium markets so far in 2010. All eight cities

will enjoy GDP growth this year. Vancouver's 4 per cent expansion will lead the pack, but even Montréal's relatively slow 2.3 per cent gain will be a big improvement from its 2009 contraction. Meanwhile, employment is poised to rise across the board in 2010, led by a 1.8 per cent hike in Toronto. Edmonton's 0.6 per cent growth will be this year's slowest. The five-year mortgage rate is forecast to remain highly stimulative, at 5.6 per cent this year, before edging up to 5.8 per cent in 2011.

A firmer economy has improved homebuyer confidence and, as a result, sales of existing condominium apartments are expected to rise everywhere except Edmonton this year. Ottawa's 19.5 per cent transaction increase—its second consecutive double-digit

Table 1—Apartment Condo Indicators

	Starts			Resale sales			Resale price (\$)*		
	2009	2010f	2011f	2009	2010f	2011f	2009	2010f	2011f
Québec City	1,298 <i>16.8</i>	1,033 <i>-20.4</i>	1,016 <i>-1.7</i>	1,816 <i>2.1</i>	1,951 <i>7.4</i>	1,950 <i>-0.1</i>	180,781 <i>6.6</i>	196,643 <i>8.8</i>	199,984 <i>1.7</i>
Montréal	7,452 <i>-6.9</i>	8,030 <i>7.8</i>	7,143 <i>-11.0</i>	11,853 <i>2.7</i>	13,257 <i>11.8</i>	13,347 <i>0.7</i>	225,87 <i>4.1</i>	240,806 <i>6.6</i>	246,054 <i>2.2</i>
Ottawa	927 <i>-38.2</i>	981 <i>5.9</i>	926 <i>-5.7</i>	1,549 <i>10.6</i>	1,851 <i>19.5</i>	1,662 <i>-10.2</i>	220,764 <i>6.9</i>	255,798 <i>15.9</i>	255,907 <i>0.0</i>
Toronto	10,954 <i>-50.8</i>	11,809 <i>7.8</i>	14,525 <i>23.0</i>	21,227 <i>16.4</i>	25,300 <i>19.2</i>	24,176 <i>-4.4</i>	254,378 <i>6.0</i>	285,045 <i>12.1</i>	289,312 <i>1.5</i>
Calgary	383 <i>-92.8</i>	745 <i>94.6</i>	1,434 <i>92.5</i>	3,956 <i>14.1</i>	4,165 <i>5.3</i>	4,275 <i>2.6</i>	241,542 <i>-6.2</i>	251,661 <i>4.2</i>	255,746 <i>1.6</i>
Edmonton	453 <i>-81.9</i>	1,208 <i>166.7</i>	1,513 <i>25.2</i>	2,933 <i>4.0</i>	2,732 <i>-6.9</i>	2,837 <i>3.8</i>	218,075 <i>-5.6</i>	219,356 <i>0.6</i>	222,548 <i>1.5</i>
Vancouver	2,355 <i>-79.5</i>	4,983 <i>111.6</i>	6,452 <i>29.5</i>	15,245 <i>38.4</i>	15,353 <i>0.7</i>	15,902 <i>3.6</i>	335,462 <i>-0.3</i>	367,055 <i>9.4</i>	378,344 <i>3.1</i>
Victoria	139 <i>-85.0</i>	640 <i>360.8</i>	479 <i>-25.3</i>	2,188 <i>23.0</i>	2,348 <i>7.3</i>	2,391 <i>1.8</i>	278,829 <i>-2.2</i>	301,779 <i>8.2</i>	310,302 <i>2.8</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; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Quebec Federation of Real Estate Boards.

gain—will be closely followed by Toronto's 19.2 per cent uptick. Toronto and Vancouver remain Canada's highest-volume condominium markets, with expected 2010 sales exceeding 25,000 units and 15,000 respectively.

Improving markets are also attracting increased supply. Active listings, which fell everywhere but Montréal in 2009, are expected to rise in five of our eight cities this year. But listings are forecast to drop in both Quebec cities and in Edmonton. Despite this mixed supply outlook, most cities' markets have tightened this year. The sales-to-active-listings ratio is projected to rise during 2010 in all markets except Calgary. This year's forecast 40.4 per cent ratio in Toronto, our 2010 high, indicates a sellers' market. And, even Montréal's pack-trailing 17 per cent reading is consistent with a balanced market.

Although prices fell in our four Western cities during 2009, firmer markets will lift prices across the board this year—and at an accelerated pace. Ottawa is expected to post this year's fastest price growth, 15.9 per

cent, while Toronto is expected to register a 12.1 per cent hike. Although Edmonton's 0.6 per cent price gain will be this year's smallest, it nonetheless represents improvement from two years of value erosion.

While months' supply is low, inventories of completed and unoccupied new apartment condominiums are above their 15-year average in most markets and in the aggregate. Such high stocks pose a potential obstacle to new construction. Builder stocks rose everywhere except Ottawa and Montréal last year. Increases last year were particularly large in the Alberta cities, which already laboured under hefty 2008 run-ups. New unit take-up will only partially aid inventory reduction, since absorptions are forecast to fall everywhere west of Ottawa during 2010. Rather, lower levels of completions everywhere but Montréal and Ottawa this year will drive the cuts in inventories. The process will be fitful, though. Higher unsold inventories are expected in Ottawa, Toronto, Calgary, and Vancouver this year.

Against this backdrop, apartment condominium starts will remain muted, despite expected gains everywhere except Québec City. Although starts in the four Western cities will register huge percentage increases, like Victoria's 361 per cent in 2010, these rises represent bounce-backs from severely depressed levels and remain well off recent peaks. In the East, starts will be up everywhere but Québec City. Starts are forecast to rise 7.8 per cent in both Toronto and Montréal.

Population growth, the ultimate driver of housing demand, is expected to continue in all eight cities during 2010, although this year's gains will trail the 2009 advance everywhere. Calgary's 2.6 per cent rise is expected to be 2010's fastest, while even Québec City's 1.1 per cent gain remains good by local standards. Unsurprisingly, given the baby boom's demographic dominance, the population of "empty nesters" aged 55 or more is expected to rise much faster—ranging from 3.2 per cent in Ottawa to 5.3 per cent in Calgary.

Québec City



Although sales of resale apartment condominiums in Québec City will cool as interest rates rise, they are still expected to grow strongly this year and then steadily between 2012 and 2014. But starts are forecast to fall by 20 per cent this year and continue to trend downward over the rest of the forecast.

From the mid-1990s until 2007, annual unit sales in Québec City's resale apartment condominium market more than quadrupled, rising from 373 units to 1,824 units. The strong demand was fuelled by solid economic growth, falling interest rates, and a growing share of the population aged 55 and over. This age group, which tends to be one of biggest buyers of condominiums, represented nearly 28 per cent of the total Québec City population in 2007, up from 20 per cent in 1995.

Active listings did not initially keep pace with demand. Accordingly, the sales-to-active-listings ratio went from a low of 2.4 per cent in 1995 to a high of 28.7 per cent by 2002. This combination of higher demand and low supply pushed up apartment prices by an average of 11.5 per cent per

year between 2002 and 2007, to reach \$156,300.

As growth in Québec City's economy weakened in 2008, largely because of the global recession, demand for existing apartment condominiums dipped. Unit sales slipped 2.5 per cent that year. Still, an even larger decline in active listings meant that prices increased an additional 8.5 per cent. By the second quarter of 2009, the significant drop in mortgage rates, the stabilizing economy, and stronger population growth brought buyers back to the resale apartment condominium market, boosting unit sales by 2.1 per cent and average prices by 6.6 per cent last year.

The positive momentum has continued into 2010, with sales outpacing year-earlier results. But activity is expected to cool somewhat as mortgage rates creep up. As a result, sales growth is projected to hit a solid 7.4 per cent this year before coming in flat in 2011. Price growth

is expected to follow a similar pattern. The market tightened up earlier in 2009, leading to an anticipated 8.8 per cent jump in prices for the year as a whole. But a cooling market will result in average price growth slowing sharply to 1.7 per cent in 2011.

Sustained economic growth and further increases in the share of the population aged 55 and over will keep unit sales rising through the medium term. The market is expected to be balanced, suggesting that price growth will be fairly moderate, at an average annual rate of 2.9 per cent from 2012 to 2014.

Spillover demand from the resale apartment condominium market spelled good news for the new market early last decade. Starts increased from just 81 units in 2000 to nearly 1,200 units in 2004. But inventories climbed in tandem, as absorptions failed to keep pace with the number of newly completed units. As a result, builders began to retreat from the

Chart 1—Share of Population by Age Cohort

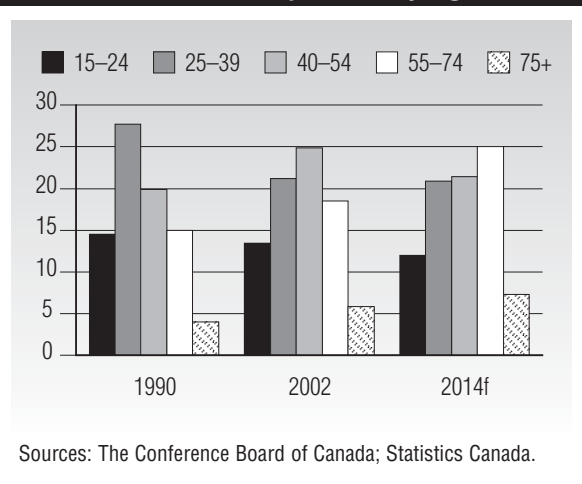
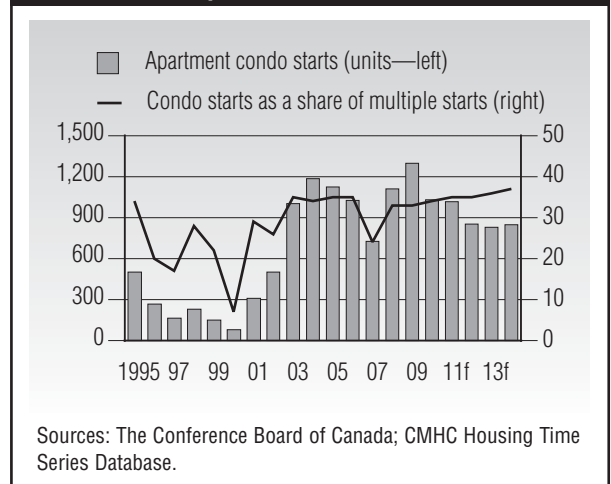


Chart 2—Apartment Condo Construction



market, reducing starts by an average of 14.3 per cent annually from 2005 to 2007.

With inventories slipping under 200 units in 2008 for the first time in four years, starts came roaring

back in 2008 and 2009, even in the face of the global recession. But the good news is expected to end there. Once again absorptions have stalled, so rising inventories will lead to a 20.4 per cent decline in new apartment condominium starts

this year. Higher interest rates are also expected to dampen demand in the new market. Starts are forecast to continue to contract through the medium term, keeping inventories in check, and moving closer to demographic requirements.

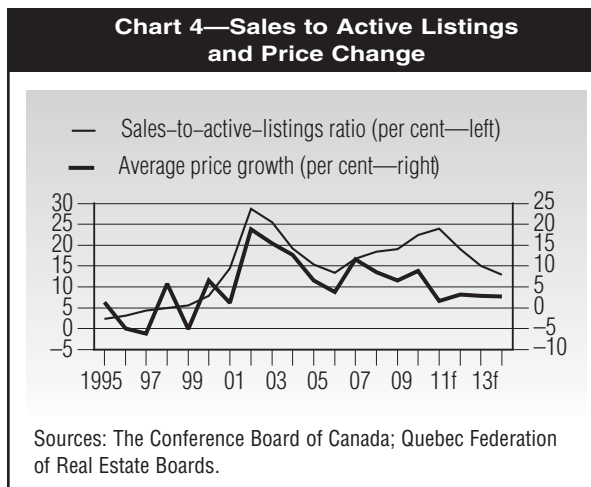
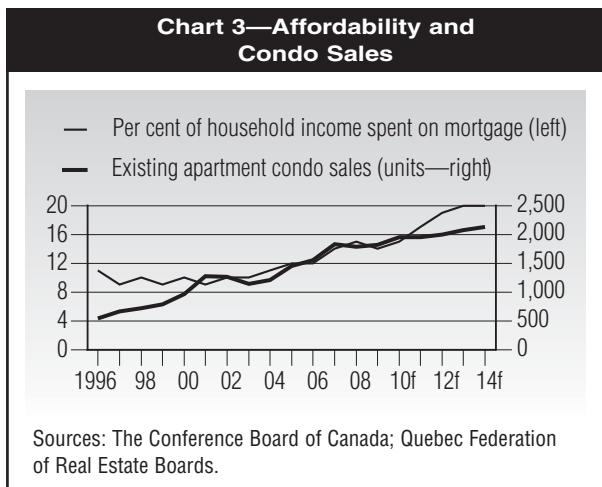


Table 1—Resale Condominium Apartment Market

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	1,824	1,779	1,816	1,951	1,950	1,999	2,068	2,129
	<i>17.8</i>	<i>-2.5</i>	<i>2.1</i>	<i>7.4</i>	<i>-0.1</i>	<i>2.5</i>	<i>3.5</i>	<i>2.9</i>
Active listings	910	803	796	724	680	876	1,144	1,377
	<i>-5.7</i>	<i>-11.7</i>	<i>-0.9</i>	<i>-9.1</i>	<i>-6.0</i>	<i>28.8</i>	<i>30.6</i>	<i>20.4</i>
Months' supply	7.2	5.8	5.5	4.7	4.4	5.4	6.9	8.1
Average price	156,301	169,656	180,781	196,643	199,984	206,205	212,067	217,721
	<i>11.6</i>	<i>8.5</i>	<i>6.6</i>	<i>8.8</i>	<i>1.7</i>	<i>3.1</i>	<i>2.8</i>	<i>2.7</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	729	1,111	1,298	1,033	1,016	853	828	848
	<i>-28.9</i>	<i>52.4</i>	<i>16.8</i>	<i>-20.4</i>	<i>-1.7</i>	<i>-16.1</i>	<i>-2.8</i>	<i>2.4</i>
Under construction	457	676	674	774	758	699	615	592
	<i>-21.1</i>	<i>48.1</i>	<i>-0.3</i>	<i>14.8</i>	<i>-2.0</i>	<i>-7.9</i>	<i>-12.0</i>	<i>-3.7</i>
Completions	770	967	1,203	1,100	1,007	954	891	843
	<i>-35.8</i>	<i>25.6</i>	<i>24.4</i>	<i>-8.6</i>	<i>-8.4</i>	<i>-5.3</i>	<i>-6.5</i>	<i>-5.5</i>
Complete and not absorbed	221	178	244	232	172	178	197	191
	<i>-15.1</i>	<i>-19.7</i>	<i>37.1</i>	<i>-5.0</i>	<i>-25.9</i>	<i>3.5</i>	<i>10.6</i>	<i>-2.9</i>
Absorptions	876	953	1,127	1,166	1,049	933	876	858
	<i>-25.2</i>	<i>8.8</i>	<i>18.3</i>	<i>3.4</i>	<i>-10.0</i>	<i>-11.1</i>	<i>-6.1</i>	<i>-2.0</i>
Months' supply	3.0	2.2	2.6	2.4	2.0	2.3	2.7	2.7

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

Montréal



With the exception of a slight downturn due to the global recession in 2008, Montréal's resale apartment condominium market experienced significant growth from 1996 to 2009. Unit sales increased an average of 12.3 per cent per year. Demand was partly being driven by a solid economy, as well as lower interest rates after 2001. Condominiums were also becoming an increasingly popular housing choice for an aging population, as well as a host of wealthy foreigners and young professionals wishing to live in the downtown core.

Despite the jump in demand, sellers were late coming to the market. Active listings initially fell, raising the sales-to-active-listings ratio from 4 per cent in the mid-1990s to 33.7 per cent by 2002. As a result of this tighter market, from 2002 to 2004, average apartment prices

Montréal's existing and new apartment condominium markets are expected to grow this year thanks to the general economic recovery. However, rising interest rates and high inventories will lead to a modest 0.7 per cent increase in existing unit sales next year and an 11 per cent decline in starts.

posted 16.8 per cent average annual growth, to reach \$183,900. Finally, sellers took notice, bringing the sales-to-active-listings ratio back into balanced territory. Accordingly, from 2005 to 2009, average apartment price growth decelerated to a still healthy, but more moderate, average annual rate of 4.2 per cent.

With the market quick to recover from the downturn in 2008—unit sales were strengthening even before the overall economy showed signs of renewed growth—a record 11,900 apartment condominium units exchanged hands last year. Part of the reason for the quick recovery was the decline in mortgage rates at the start of 2009. Also, Montréal's condominium market remained one of the most affordable housing options for buyers.

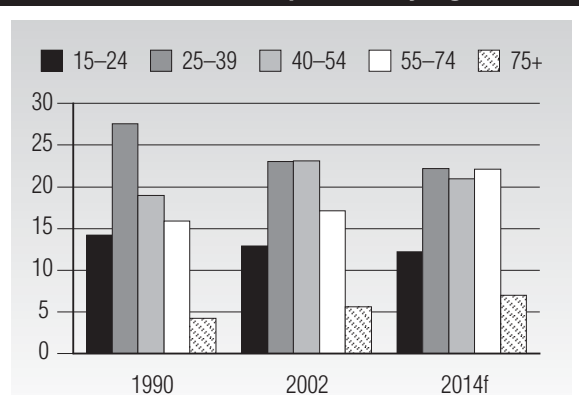
Sales remained strong early in 2010, as the economy continued to recover and mortgage rates remained low. But as interest rates rise, some

slowdown in unit sales of apartment condominiums is expected.

Nevertheless, for the year as a whole, sales are on track to expand by an impressive 11.8 per cent. The full impact of the slowdown will be felt in 2011, however, when unit sales are forecast to rise by just 0.7 per cent. Steady economic growth over the medium term and an increasing share of the population aged 55 and older (expected to increase from 26 per cent in 2009 to 29 per cent by 2014) will help support average annual unit sales growth of 2.8 per cent from 2012 to 2014, with price growth averaging 2.5 per cent per year.

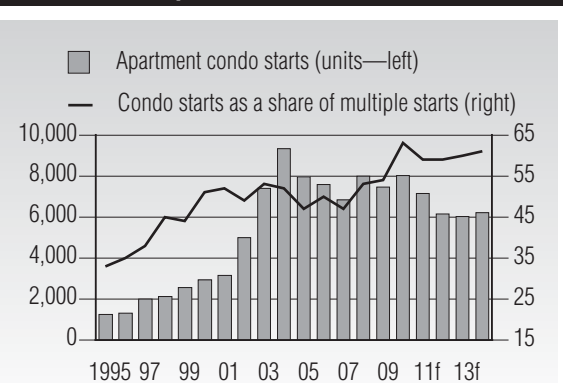
Strong demand and tightening supply in the resale market spurred developers to build new units, as starts increased by an average of 26.5 per cent per year from 1996 to 2004. But the demand for new homes did not keep pace—by 2005 the number of newly completed but unabsorbed units was more than double the 1996 value.

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.

Accordingly, builders began to leave the market, reducing starts by an annual average of 9.9 per cent over the next three years.

By 2008, inventories were once again under control, prompting

builders to increase starts by 17.2 per cent that year. But the impact of the worldwide economic downturn in late 2008 reduced domestic demand and consumer confidence. Demand for new homes fell, and so builders reduced starts by 6.9 per cent last

year. Starts are set to recover this year, in line with stronger economic growth, rising by 7.8 per cent. But they will then head downward again over the medium term as builders try to keep inventories in check.

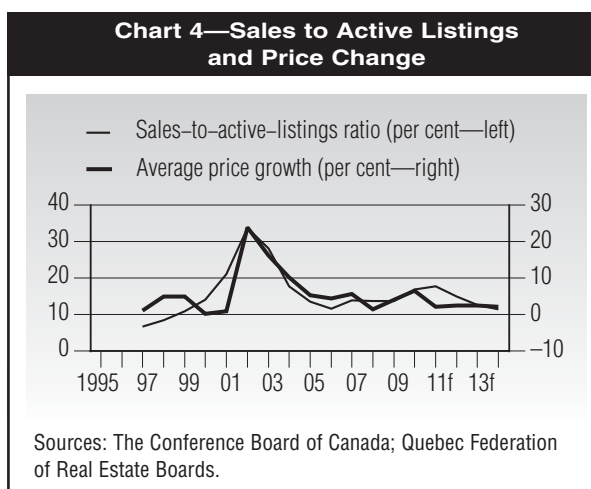
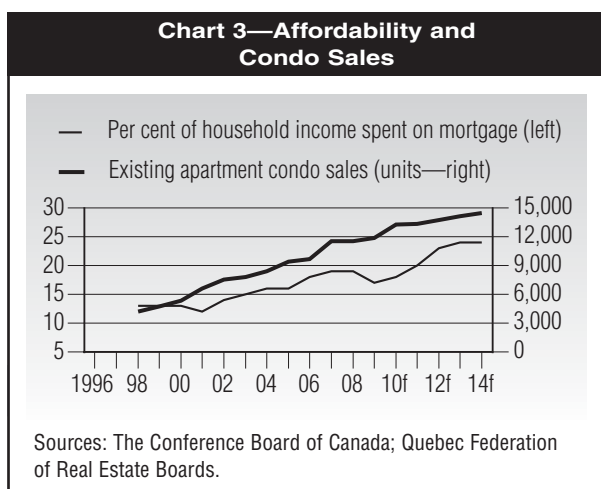


Table 1—Resale Condominium Apartment Market

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	11,550	11,546	11,853	13,257	13,347	13,764	14,142	14,484
	<i>19.1</i>	<i>0.0</i>	<i>2.7</i>	<i>11.8</i>	<i>0.7</i>	<i>3.1</i>	<i>2.7</i>	<i>2.4</i>
Active listings	6,931	7,022	7,223	6,518	6,283	7,709	9,310	10,580
	<i>0.0</i>	<i>1.3</i>	<i>2.9</i>	<i>-9.7</i>	<i>-3.6</i>	<i>22.7</i>	<i>20.8</i>	<i>13.7</i>
Months' supply	8.5	8.0	7.8	6.5	6.0	7.1	8.2	9.1
Average price	213,666	216,906	225,871	240,806	246,054	252,448	258,901	264,681
	<i>5.6</i>	<i>1.5</i>	<i>4.1</i>	<i>6.6</i>	<i>2.2</i>	<i>2.6</i>	<i>2.6</i>	<i>2.2</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	6,826	8,001	7,452	8,030	7,143	6,141	6,037	6,207
	<i>-9.9</i>	<i>17.2</i>	<i>-6.9</i>	<i>7.8</i>	<i>-11.0</i>	<i>-14.0</i>	<i>-1.7</i>	<i>2.8</i>
Under construction	5,594	6,087	5,800	6,589	6,127	5,531	5,013	4,838
	<i>-23.1</i>	<i>8.8</i>	<i>-4.7</i>	<i>13.6</i>	<i>-7.0</i>	<i>-9.7</i>	<i>-9.4</i>	<i>-3.5</i>
Completions	7,936	6,418	7,284	7,627	7,534	6,880	6,407	6,245
	<i>2.1</i>	<i>-19.1</i>	<i>13.5</i>	<i>4.7</i>	<i>-1.2</i>	<i>-8.7</i>	<i>-6.9</i>	<i>-2.5</i>
Complete and not absorbed	2,148	1,711	1,583	1,459	1,648	1,615	1,537	1,494
	<i>-8.3</i>	<i>-20.3</i>	<i>-7.5</i>	<i>-7.8</i>	<i>12.9</i>	<i>-2.0</i>	<i>-4.8</i>	<i>-2.8</i>
Absorptions	9,192	6,774	7,219	7,654	7,452	6,939	6,481	6,273
	<i>43.2</i>	<i>-26.3</i>	<i>6.6</i>	<i>6.0</i>	<i>-2.6</i>	<i>-6.9</i>	<i>-6.6</i>	<i>-3.2</i>
Months' supply	2.8	3.0	2.6	2.3	2.7	2.8	2.8	2.9

Italics indicate percentage change.

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

Ottawa



Unlike many areas of the country, Ottawa did not experience huge growth in its resale apartment condominium market in the early 2000s. The troubled high-tech industry and rapid home price growth curbed demand, despite easing mortgage rates. The rapid home price inflation was the result of falling active listings in the late 1990s, which led to a tight market at the beginning of the last decade. Indeed, median apartment prices grew by an annual average of 11.5 per cent from 2000 to 2005. But rising prices encouraged sellers to list their homes, bringing the sales-to-active-listings ratio back down from 68 per cent in 2002 to a more balanced 23 per cent by 2005.

The next two years, 2006 and 2007, saw demand in the resale market rise once more as stronger

Unit sales of resale apartment condominiums are set to rise 19.5 per cent in Ottawa this year, boosted by a rebounding economy and low mortgage rates. Spillover demand from the resale market will propel housing starts to a 5.9 per cent increase in 2010. However, the HST and rising interest rates will dampen demand in both markets in the months ahead.

economic growth returned to the region. Sales of existing apartment condominiums increased nearly 30 per cent in total, to reach 1,500 units. But in 2008, with the world heading into recession, consumer confidence plummeted, leading to a 7.9 per cent drop in unit sales. Still, prices continued to climb, increasing by a vigorous 10.5 per cent, to top \$200,000 for the first time.

A large, stable public sector meant that the impact of the recession on Ottawa was relatively muted last year, and so buyers flocked back to the resale apartment condominium market, especially once interest rates dropped early in 2009. In total last year, unit sales rose 10.6 per cent. Demand remained strong in the first half of 2010 as well. Indeed, sales are expected to increase an additional 19.5 per cent this year, to a record 1,850 units. Although active listings are expected to outpace sales, the market will remain tight. Accordingly, median apartment prices are projected

to increase by a whopping 15.9 per cent this year.

But rising interest rates are expected to dampen demand in the second half of 2010, extending into 2011. Momentum in the market will also be slowed by the introduction of the HST in July 2010, which will now subject closing costs to the 15 per cent tax. Sales are expected to fall by 10.2 per cent next year. Moderate increases in unit sales, averaging 4.6 per cent per year, are then forecast for the market over the medium term, in line with a solid economy and good population growth. Price growth in the coming years will be more modest as well—1.2 per cent, on an average annual basis, from 2012 to 2014.

The tight resale market spurred developers to ramp up construction of new apartment condominiums by an average of 63 per cent per year from 2001 to 2008. But inventories also climbed, with the number of

Chart 1—Share of Population by Age Cohort

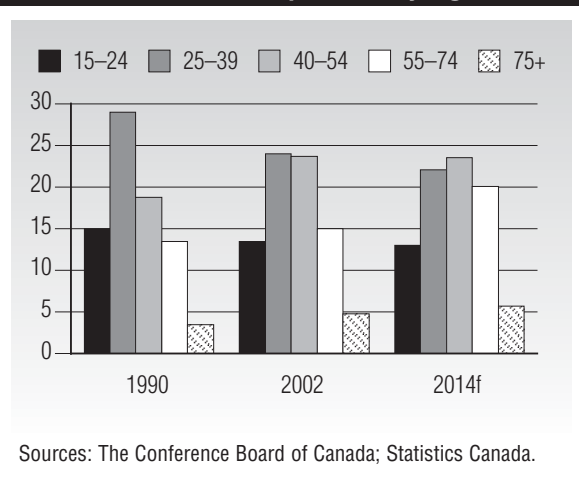
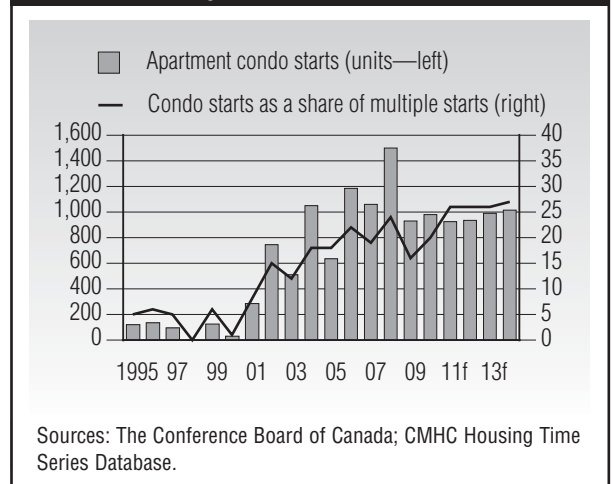


Chart 2—Apartment Condo Construction

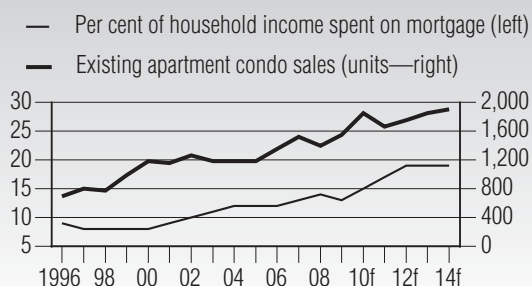


newly completed but unoccupied units jumping from just 4 units in 2000 to 164 units in 2008. Hence, given the uncertainty over the looming recession in late 2008, builders pulled back, lowering starts by 38.2 per cent last year.

Stronger economic growth and spillover demand from the resale market are now bringing builders back to the market. Starts are forecast to rise by 5.9 per cent this year. However, higher interest rates will hamper demand, pushing inventories

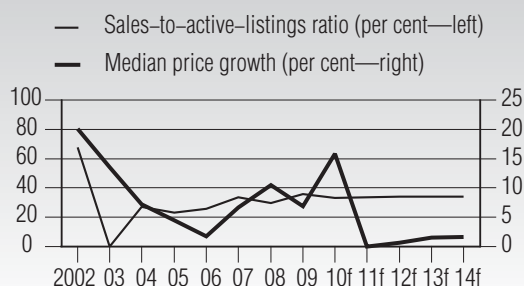
up further. And so, in 2011 builders will retreat once more, decreasing starts by 5.7 per cent. Growth in starts will then resume over the medium term, thanks to a stable economy and an aging population.

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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	1,520	1,400	1,549	1,851	1,662	1,759	1,850	1,903
	<i>11.9</i>	<i>-7.9</i>	<i>10.6</i>	<i>19.5</i>	<i>-10.2</i>	<i>5.8</i>	<i>5.2</i>	<i>2.8</i>
Active listings	379	392	363	465	415	431	455	468
	<i>-13.2</i>	<i>3.4</i>	<i>-7.3</i>	<i>28.2</i>	<i>-10.7</i>	<i>3.8</i>	<i>5.6</i>	<i>2.9</i>
Months' supply	3.5	3.4	3.0	3.5	3.1	3.0	3.1	3.1
Median price	186,975	206,558	220,764	255,798	255,907	257,404	261,313	265,500
	<i>6.6</i>	<i>10.5</i>	<i>6.9</i>	<i>15.9</i>	<i>0.0</i>	<i>0.6</i>	<i>1.5</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	1,057	1,501	927	981	926	935	988	1,012
	<i>-10.7</i>	<i>42.0</i>	<i>-38.2</i>	<i>5.9</i>	<i>-5.7</i>	<i>1.0</i>	<i>5.7</i>	<i>2.4</i>
Under construction	1,536	1,806	1,875	1,689	1,831	1,825	1,858	1,877
	<i>20.3</i>	<i>17.6</i>	<i>3.8</i>	<i>-9.9</i>	<i>8.4</i>	<i>-0.3</i>	<i>1.8</i>	<i>1.0</i>
Completions	1,200	1,047	945	1,155	902	926	953	1,007
	<i>68.5</i>	<i>-12.8</i>	<i>-9.7</i>	<i>22.3</i>	<i>-22.0</i>	<i>2.7</i>	<i>3.0</i>	<i>5.6</i>
Complete and not absorbed	183	164	148	177	216	206	160	147
	<i>145.0</i>	<i>-10.1</i>	<i>-9.9</i>	<i>19.8</i>	<i>21.9</i>	<i>-4.6</i>	<i>-22.1</i>	<i>-8.1</i>
Absorptions	1,051	1,125	951	1,091	868	986	990	999
	<i>45.0</i>	<i>7.0</i>	<i>-15.5</i>	<i>14.8</i>	<i>-20.4</i>	<i>13.6</i>	<i>0.4</i>	<i>0.9</i>
Months' supply	2.1	1.7	1.9	1.9	3.0	2.5	1.9	1.8

Italics indicate percentage change.

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

Toronto



The continued recovery of Toronto's economy in 2010 will help lift unit sales of existing apartment condominiums by 19.2 per cent and starts by 7.8 per cent. Both markets are expected to keep growing over the medium term as well, thanks to solid economic growth, strong in-migration and an aging population.

A sound economy, pent-up demand, and lower interest rates after 2001 fuelled average annual growth in unit sales of existing apartment condominiums of 7.8 per cent from 1996 to 2007. Initially, the huge upswing in demand resulted in median apartment prices rising by an average of 8.6 per cent per year from 1997 to 2002, to reach nearly \$180,000—a gain of more than \$65,000 in just seven years. These higher prices eventually attracted additional sellers, driving the sales-to-active-listings ratio down sharply in 2003. Accordingly, over 2003 to 2007, price growth eased to a still solid 5.2 per cent annually.

Two events were largely responsible for a downturn in Toronto's housing market in 2008. The first was the introduction of a land transfer tax on all home purchases in Toronto. The

second was the global recession, which put a severe dent in local economic activity and consumer confidence. As a result, unit sales of apartment condominiums fell by 15.1 per cent in 2008. Price growth slowed slightly to 4 per cent.

Once Toronto's economy began to recover in early 2009, demand bounced back. Indeed, unit sales increased by 16.4 per cent last year, thanks in part to the market's relative affordability (median apartment prices have averaged about 60 per cent of overall existing home prices for some years now) and sharply lower interest rates. The economy continues to recover, and interest rates remain low. For 2010 as a whole, unit sales are forecast to rise an additional 19.2 per cent.

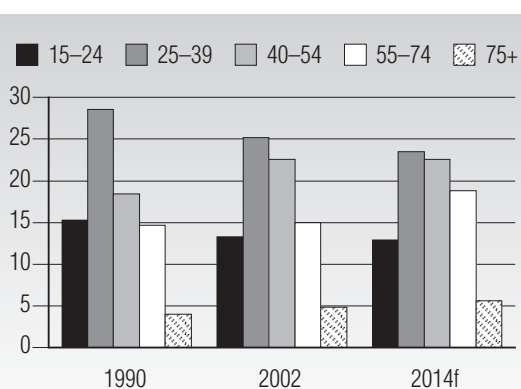
Sales are projected to fall by 4.4 per cent next year, as interest rate hikes begin to bite. But solid economic growth, strong in-migration, relative affordability compared with

single-family homes, and a rising share of the population 55 and over (a prime buying market) will keep demand on an upward trend from 2012 to 2014. The share of the 55-plus group rose just three percentage points over the past 15 years, to 22 per cent, but is set to rise by another three percentage points in the next four years alone.

Meanwhile, prices continue to climb. A drop in active listings last year propelled price growth to 6 per cent. Prices are forecast to increase by a record 12.1 per cent this year. But the recent strong price gains will compel more sellers to list their homes, leading to a balanced market, with average price growth of 1.7 per cent per year from 2011 to 2014.

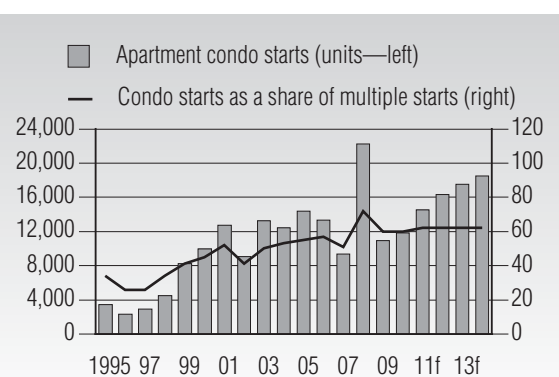
Like the resale apartment condominium market, the new market has been on an upward trend since the mid-1990s, as strong demand in the resale market spilled over into the new market. But a run-up in inventories led

Chart 1—Share of Population by Age Cohort



Sources: The Conference Board of Canada; Statistics Canada.

Chart 2—Apartment Condo Construction



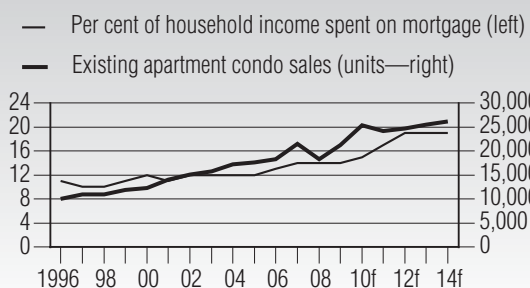
Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

to a pullback in starts in 2006 and 2007. With inventories pared down, starts rose rapidly in 2008. Demand for new homes also received a lift from a wealthy foreign market looking for ways to diversify from an uncertain U.S. economy.

Unfortunately, the start of the recession in late 2008 led builders to pull out of the market once more. Starts slipped 50.8 per cent last year in spite of lower interest rates. Activity has picked up this year, however, in line with better economic

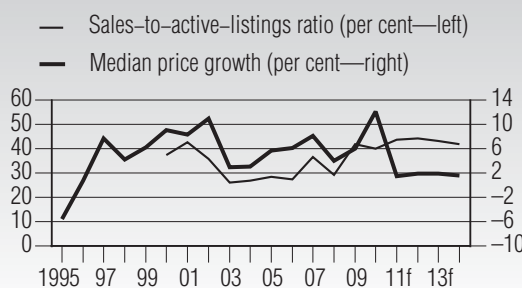
conditions, with starts forecast to rise by 7.8 per cent. Moreover, solid growth in the overall economy, strong in-migration, and an aging population will help boost starts by an average of 11.9 per cent per year from 2011 to 2014.

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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	21,482	18,235	21,227	25,300	24,176	24,752	25,482	26,217
	<i>17.0</i>	<i>-15.1</i>	<i>16.4</i>	<i>19.2</i>	<i>-4.4</i>	<i>2.4</i>	<i>2.9</i>	<i>2.9</i>
Active listings	4,863	5,161	4,217	5,260	4,608	4,664	4,918	5,211
	<i>-12.7</i>	<i>6.1</i>	<i>-18.3</i>	<i>24.7</i>	<i>-12.4</i>	<i>1.2</i>	<i>5.4</i>	<i>6.0</i>
Months' supply	3.1	3.3	2.6	2.9	2.5	2.3	2.4	2.5
Median price	230,825	240,042	254,378	285,045	289,312	294,920	300,506	305,420
	<i>8.1</i>	<i>4.0</i>	<i>6.0</i>	<i>12.1</i>	<i>1.5</i>	<i>1.9</i>	<i>1.9</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	9,396	22,244	10,954	11,809	14,525	16,360	17,527	18,518
	<i>-29.6</i>	<i>136.7</i>	<i>-50.8</i>	<i>7.8</i>	<i>23.0</i>	<i>12.6</i>	<i>7.1</i>	<i>5.7</i>
Under construction	25,563	31,874	35,189	34,727	35,403	36,495	37,507	38,287
	<i>3.0</i>	<i>24.7</i>	<i>10.4</i>	<i>-1.3</i>	<i>1.9</i>	<i>3.1</i>	<i>2.8</i>	<i>2.1</i>
Completions	7,528	13,374	12,212	11,148	13,727	15,238	16,624	17,822
	<i>-44.6</i>	<i>77.7</i>	<i>-8.7</i>	<i>-8.7</i>	<i>23.1</i>	<i>11.0</i>	<i>9.1</i>	<i>7.2</i>
Complete and not absorbed	357	233	278	447	587	591	926	1,645
	<i>-40.0</i>	<i>-34.7</i>	<i>19.2</i>	<i>60.7</i>	<i>31.4</i>	<i>0.6</i>	<i>56.7</i>	<i>77.7</i>
Absorptions	8,057	13,285	12,209	10,682	13,981	15,053	16,207	16,958
	<i>-39.9</i>	<i>64.9</i>	<i>-8.1</i>	<i>-12.5</i>	<i>30.9</i>	<i>7.7</i>	<i>7.7</i>	<i>4.6</i>
Months' supply	0.5	0.2	0.3	0.5	0.5	0.5	0.7	1.2

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 appears set for modest improvement following a tough 2009. Skyrocketing builder inventories, which led to last year's collapse in starts, will limit this year's growth in builder stocks, despite another drop in absorptions. Resale markets will be balanced in 2010 after 2009's price drop.

Alarmed by swelling inventories and sharply lower absorptions, builders broke ground on only 383 apartment condominium units in 2009, one-eighth the prior decade's annual average. Inventories eased in last year's fourth quarter, but peaked afresh at the beginning of this year as new unit completions jumped. Still, last year's starts decline will trim completions this year and whittle builder stocks, prompting starts to nearly double, both this year and in 2011. But, the recent construction collapse means even these gains will leave starts well off their 10-year average.

Longer-term demographic underpinnings for this market remain decent. Population growth is forecast to come in at 2 per cent annually in 2011–2014. Although this is modest compared with both the boom years

and the past 20 years, it is still nearly double the national average. Moreover, hikes in the number of empty nesters aged 55 and above will be more than twice as fast, at 4.6 per cent.

Existing apartment sales rose sharply though 2009, buoyed by improved affordability. The fourth quarter's 4,800-unit annualized volume was nearly double the first quarter's and the most in over two years. Sales cooled over the winter, but remained above 4,000 units. Sales are forecast to pick up later this year, lifting 2010 volumes 5.3 per cent. Ensuing years will enjoy further, albeit more moderate, increases. Even by 2014, though, forecast sales will be below their 2007 peak.

The supply of resale apartments sagged sharply in 2009 as a soft market prompted vendor caution. Active listings fell by more than a third to below 1,200 units on average. But the market's improving tone is beginning

to attract supply, with active listings more than doubling between the third quarter of 2009 and the first quarter of 2010. We expect active listings to average over 1,600 units this year, before tailing off in 2011–2014.

Rising sales in the face of steady listings jerked the apartment condominium market briefly and sharply into a sellers' state during the third quarter, although balance was generally restored last fall and winter. Our expectation of persistent sales increases, combined with listings erosion, will eventually lift the market into sellers' territory.

The buyers' market in 2008–2009 cut prices a cumulative 11.7 per cent from their 2007 peak, including last year's 6.2 per cent fall. But the return of balanced markets began to firm pricing in last year's second half and should set the stage for 4.2 per cent price growth this year. Continuing strong market positions will keep average price growth decent, at

Chart 1—Share of Population by Age Cohort

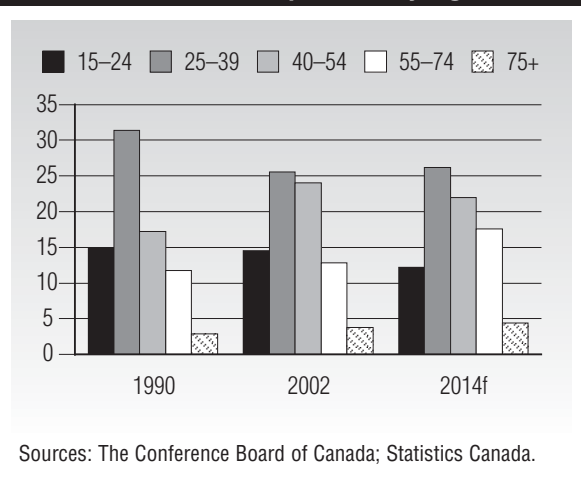
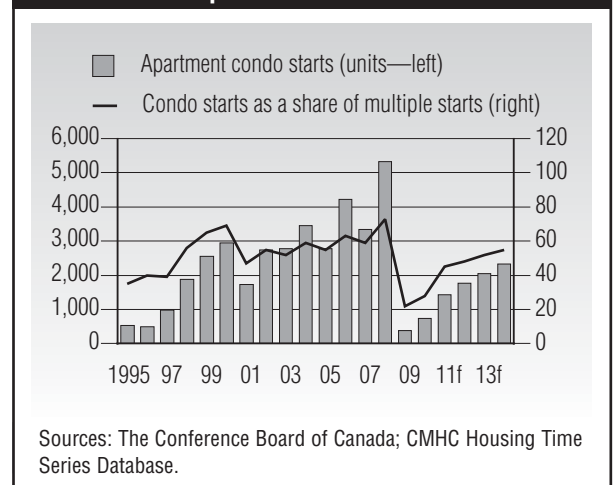


Chart 2—Apartment Condo Construction



around 3 per cent annually from 2011 to 2014.

Falling prices combined with lower mortgage interest rates to cut the monthly cost to finance

Calgary's median apartment condominium by 17.7 per cent last year, following a 5.9 per cent drop in 2008. But stable rates and rising house prices will lift carrying charges 4.4 per cent in 2010. This

will leave Calgary's principal and interest payment just below our eight cities' average, although relatively high local incomes mean such charges consume a significantly below-average share of incomes.

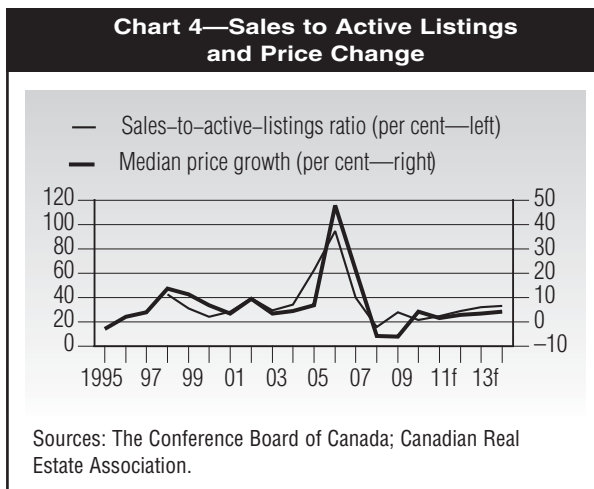
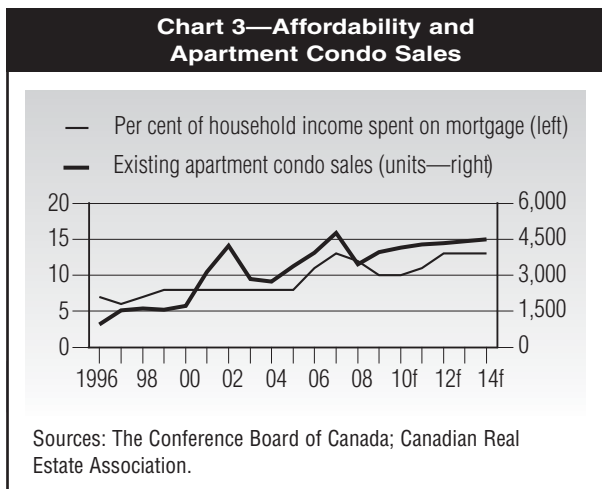


Table 1—Resale Condominium Apartment Market

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	4,764	3,467	3,956	4,165	4,275	4,342	4,427	4,510
	<i>21.0</i>	<i>-27.2</i>	<i>14.1</i>	<i>5.3</i>	<i>2.6</i>	<i>1.6</i>	<i>2.0</i>	<i>1.9</i>
Active listings	996	1,813	1,178	1,607	1,433	1,260	1,148	1,133
	<i>186.4</i>	<i>82.1</i>	<i>-35.0</i>	<i>36.4</i>	<i>-10.8</i>	<i>-12.1</i>	<i>-8.9</i>	<i>-1.3</i>
Months' supply	3.2	5.6	3.5	4.7	4.3	3.6	3.2	3.1
Median price	273,492	257,637	241,542	251,661	255,746	262,940	271,909	283,202
	<i>21.3</i>	<i>-5.8</i>	<i>-6.2</i>	<i>4.2</i>	<i>1.6</i>	<i>2.8</i>	<i>3.4</i>	<i>4.2</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	3,340	5,335	383	745	1,434	1,765	2,045	2,323
	<i>-20.9</i>	<i>59.7</i>	<i>-92.8</i>	<i>94.6</i>	<i>92.5</i>	<i>23.1</i>	<i>15.8</i>	<i>13.6</i>
Under construction	6,351	8,360	5,355	3,791	3,971	3,994	3,990	3,977
	<i>17.9</i>	<i>31.6</i>	<i>-35.9</i>	<i>-29.2</i>	<i>4.8</i>	<i>0.6</i>	<i>-0.1</i>	<i>-0.3</i>
Completions	1,926	4,619	2,164	1,531	1,319	1,761	2,050	2,337
	<i>-31.0</i>	<i>139.8</i>	<i>-53.2</i>	<i>-29.2</i>	<i>-13.8</i>	<i>33.5</i>	<i>16.4</i>	<i>14.0</i>
Complete and not absorbed	10	55	275	311	122	180	266	340
	<i>110.5</i>	<i>450.0</i>	<i>399.1</i>	<i>13.2</i>	<i>-60.8</i>	<i>48.3</i>	<i>47.2</i>	<i>28.0</i>
Absorptions	1,904	4,568	1,921	1,613	1,428	1,679	1,969	2,267
	<i>-33.0</i>	<i>139.9</i>	<i>-57.9</i>	<i>-16.0</i>	<i>-11.5</i>	<i>17.6</i>	<i>17.3</i>	<i>15.1</i>
Months' supply	0.1	0.1	1.7	2.3	1.0	1.3	1.6	1.8

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

Edmonton



The modest erosion of new-unit inventories that began in this year's first quarter likely signals the beginning of recovery in Edmonton's market for new apartment condominiums. Unsold stocks ran up to an average in 2009 from only 47 units on average in 2007. But a big decrease in these backlogs to 124 units is forecast through 2011. This largely reflects 2009's collapse in condominium starts and a resulting drop in completions, because absorptions are forecast to fall in both 2010 and 2011. Indeed, last year's 453 starts were the fewest since 1996 and a big drop from annual averages nearer 2,400 units over the previous decade. Starts will more than double this year, albeit to a still-unspectacular 1,200 units. Ensuing years are expected to see steady but moderate gains to above 1,900 units.

Edmonton's apartment condominium market is stabilizing from its post-boom crash. Lower new-unit inventories through 2011 will rekindle starts, although they will stay below recent peaks. Resale prices will advance modestly this year as listings continue to drop. The median resale price will surpass its 2007 high by 2013.

Although Edmonton's population growth is expected to slow modestly, the 1.7 per cent average hike expected annually in 2010–2014 is on par with the previous two decades. Importantly, growth in the population aged 55 or more will average a much faster 4.3 per cent. Despite the strong growth, the number of such empty nesters in Edmonton is nonetheless forecast to remain comparatively small.

Edmonton's market for existing apartment condominiums faces similarly tepid prospects, although the worst seems over. Apartment sales rose 4 per cent in 2009, although the 2,933 transactions were nowhere near 2006–2007 volumes. This year began with a 21 per cent first-quarter dip, but the second quarter saw an 8 per cent gain. Although sales are expected to edge higher in 2010's second half, they will nonetheless end the year off 6.9 per cent.

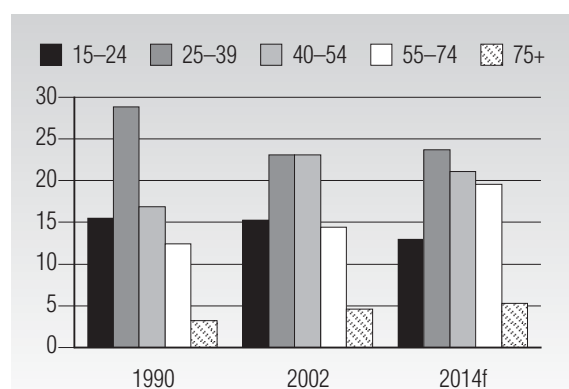
The 2008 market downturn persuaded potential home vendors to

wait for better conditions.

Accordingly, active listings fell 27 per cent to only 1,327 units. Persistently choppy markets and rattled home sellers should prompt a further 2 per cent listings drop this year. In fact, active listings are forecast to decline each year before levelling in 2014. Still, while the sales-to-active-listings ratio is forecast to edge higher for the second consecutive year in 2010, at 17.5 per cent, it will remain firmly in buyers' market territory. A balanced market will not re-emerge until at least the middle of 2011.

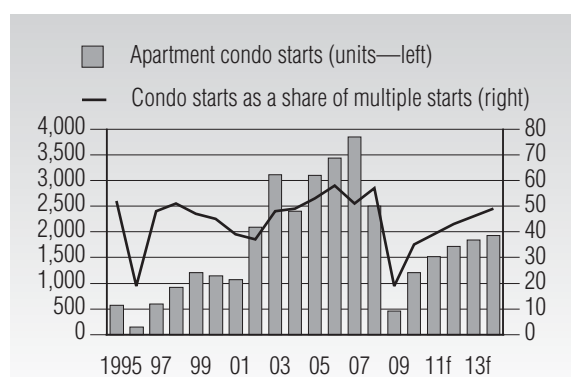
Buyers' markets in 2008 and 2009 prompted two straight annual price drops, including last year's 5.6 per cent decline. Slight improvement to a 0.6 per cent gain is expected this year. Resumed market balance will lift Edmonton's median apartment price 1.5 per cent in 2011, with annual price growth gradually accelerating to 2.7 per cent by 2014.

Chart 1—Share of Population by Age Cohort



Sources: The Conference Board of Canada; Statistics Canada.

Chart 2—Apartment Condo Construction



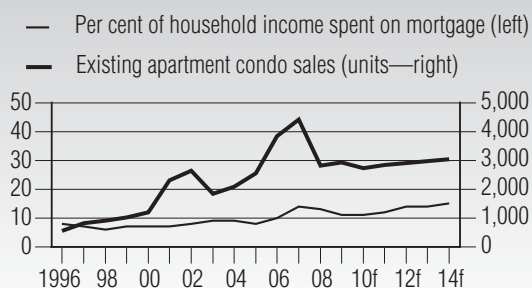
Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Price drops and lower interest rates have improved local affordability, which had deteriorated sharply in recent years. Carrying charges on Edmonton's median apartment unit fell 17.1 per cent last year, with little

change expected in 2010 as weak price growth offsets slowly rising interest rates. This improvement, along with higher incomes, will mean such principal and interest payments will consume only

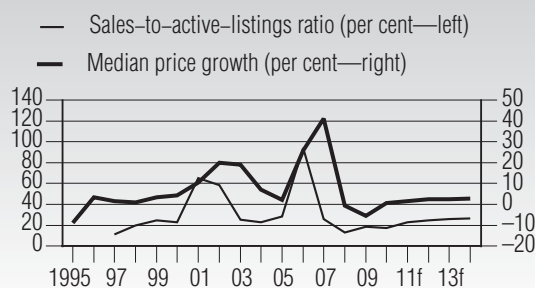
11.2 per cent of Edmonton's average household income in 2010. Among our eight cities, only Calgary's proportion is lower.

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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	4,422	2,819	2,933	2,732	2,837	2,899	2,977	3,037
	<i>14.9</i>	<i>-36.3</i>	<i>4.0</i>	<i>-6.9</i>	<i>3.8</i>	<i>2.2</i>	<i>2.7</i>	<i>2.0</i>
Active listings	1,421	1,829	1,327	1,301	1,038	969	958	963
	<i>316.0</i>	<i>28.7</i>	<i>-27.4</i>	<i>-2.0</i>	<i>-20.2</i>	<i>-6.7</i>	<i>-1.1</i>	<i>0.6</i>
Months' supply	5.3	6.4	4.5	4.8	4.4	4.1	4.0	3.9
Median price	232,353	231,019	218,075	219,356	222,548	227,729	233,351	239,559
	<i>41.1</i>	<i>-0.6</i>	<i>-5.6</i>	<i>0.6</i>	<i>1.5</i>	<i>2.3</i>	<i>2.5</i>	<i>2.7</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	3,856	2,507	453	1,208	1,513	1,719	1,837	1,932
	<i>11.9</i>	<i>-35.0</i>	<i>-81.9</i>	<i>166.7</i>	<i>25.2</i>	<i>13.6</i>	<i>6.9</i>	<i>5.2</i>
Under construction	5,914	7,203	3,986	2,338	2,466	2,474	2,470	2,472
	<i>22.8</i>	<i>21.8</i>	<i>-44.7</i>	<i>-41.3</i>	<i>5.5</i>	<i>0.3</i>	<i>-0.2</i>	<i>0.1</i>
Completions	2,098	2,366	3,987	1,263	1,492	1,713	1,844	1,927
	<i>-20.3</i>	<i>12.8</i>	<i>68.5</i>	<i>-68.3</i>	<i>18.1</i>	<i>14.8</i>	<i>7.6</i>	<i>4.5</i>
Complete and not absorbed	47	130	525	463	124	130	214	303
	<i>-81.1</i>	<i>175.1</i>	<i>303.8</i>	<i>-11.8</i>	<i>-73.2</i>	<i>4.5</i>	<i>65.3</i>	<i>41.4</i>
Absorptions	2,125	2,274	3,395	1,787	1,625	1,653	1,752	1,842
	<i>-28.8</i>	<i>7.0</i>	<i>49.3</i>	<i>-47.4</i>	<i>-9.1</i>	<i>1.7</i>	<i>6.0</i>	<i>5.1</i>
Months' supply	0.3	0.7	1.9	3.1	0.9	0.9	1.5	2.0

Italics indicate percentage change.

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

Vancouver



After a strong end to 2009, Vancouver's condominium market is levelling off, as demand for both new and existing units eases. A buyers' resale market will moderate quarterly price growth in 2010, following acceleration late last year. Persistent population growth will ultimately rekindle local condominium demand, fostering strong resale market balance and higher starts.

Vancouver developers pounced on signs of condominium market improvement, sharply boosting apartment condominium starts in last year's fourth quarter and this year's first. The upswing followed five straight quarters of declining starts, which cut 2009's output 80 per cent to a nine-year low of only 2,355 units. Builder enthusiasm was undoubtedly whetted by expectations of decent absorptions like those in the fourth quarter of 2009 and the first quarter of 2010, because a big upswing in the number of completed and unoccupied units, normally a danger signal, was patently ignored. Of course, industry veterans who weathered inventories closer to 2,500 units during the late 1990s were likely unfazed by 2009's average near 600 units. They should also enjoy expected absorptions largely above the 20-year average through 2014. Thus, starts will more

than double to nearly 5,000 units this year and rise gently in 2011–2014, albeit not to 2007–2008 levels.

Population growth averaging 1.6 per cent annually in 2010–2014 will continue to fuel demand for all types of Vancouver housing. And an aging population is underpinning potential demand for low-maintenance condominiums.

Existing apartment sales rose throughout 2009 and by the fourth quarter were nearly triple the year-earlier volume. This lifted annual sales to 15,245 units, up 38 per cent from 2008's eight-year low. But sales have decelerated since, suggesting only a tepid 2010 advance. Still, our forecast of above 15,300 units remains healthy by recent standards. Further modest gains will push sales to a record near 18,000 units in 2014.

Sellers' early-year jitters left 2009 listings down 26 per cent. But

emboldened by strengthening sales, sellers then boosted the supply of active listings 35 per cent during 2010's first quarter. This jump will propel 2010 listings to a 20 per cent rise, despite subsequent cooling. Moderation will persist in 2011, leading to a 13 per cent listings drop.

The big gains in 2009 sales, combined with vendors' lagged response, rapidly jolted the market from a buyers' to a sellers' state. The ratio of sales to active listings hit nearly 29 per cent in the fourth quarter, a big difference from the ratio of less than 13 per cent one year earlier. Our 2011–2014 call is for broadly similar hikes in sales and in listings, to place the ratio just above our estimated boundary between a balanced and a sellers' market.

Growth in apartment prices accelerated in the last three quarters of 2009 as the market tightened. Nevertheless, this followed four

Chart 1—Share of Population by Age Cohort

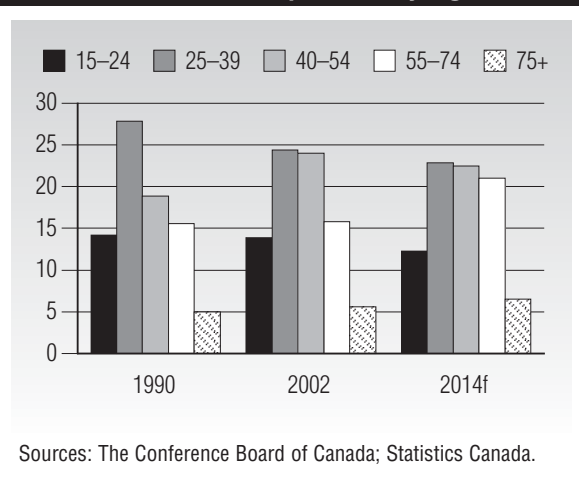
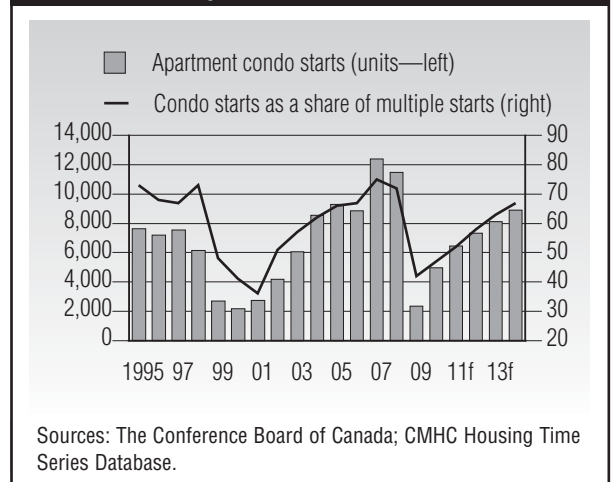


Chart 2—Apartment Condo Construction

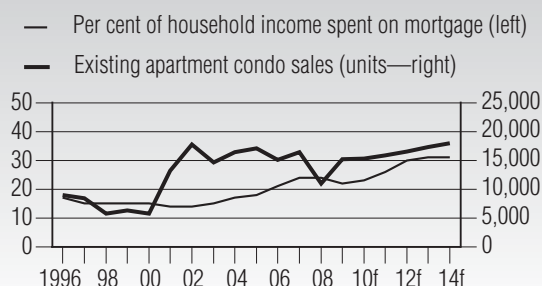


straight quarterly price declines, resulting in a 0.3 per cent annual drop last year. While this year's first-quarter supply surge trimmed price growth, last year's run-up and ongoing modest hikes will lift Vancouver's median apartment price 9.4 per

cent in 2010. Balanced markets are expected to underpin annual gains averaging near 3.2 per cent in 2011–2014. Last year's modest price decline and falling interest rates cut Vancouver's hefty charges to finance the median apartment

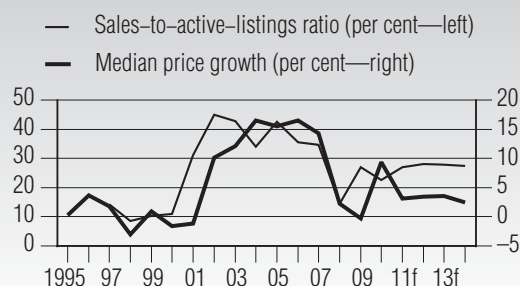
condominium by 12.4 per cent in 2009. Still, local principal and interest fees remained the highest among this report's eight cities, both in absolute terms and as a proportion of local incomes.

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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	16,387	11,017	15,245	15,353	15,902	16,573	17,346	17,976
	<i>8.1</i>	<i>-32.8</i>	<i>38.4</i>	<i>0.7</i>	<i>3.6</i>	<i>4.2</i>	<i>4.7</i>	<i>3.6</i>
Active listings	3,945	6,358	4,724	5,662	4,901	4,934	5,185	5,468
	<i>11.0</i>	<i>61.2</i>	<i>-25.7</i>	<i>19.9</i>	<i>-13.4</i>	<i>0.7</i>	<i>5.1</i>	<i>5.5</i>
Months' supply	2.9	5.1	3.9	4.7	4.1	3.8	3.8	3.9
Median price	329,263	336,438	335,462	367,055	378,344	391,501	405,539	415,778
	<i>14.3</i>	<i>2.2</i>	<i>-0.3</i>	<i>9.4</i>	<i>3.1</i>	<i>3.5</i>	<i>3.6</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	12,376	11,496	2,355	4,983	6,452	7,323	8,105	8,907
	<i>39.9</i>	<i>-7.1</i>	<i>-79.5</i>	<i>111.6</i>	<i>29.5</i>	<i>13.5</i>	<i>10.7</i>	<i>9.9</i>
Under construction	15,978	18,907	13,558	7,648	7,864	8,247	8,775	9,519
	<i>10.8</i>	<i>18.3</i>	<i>-28.3</i>	<i>-43.6</i>	<i>2.8</i>	<i>4.9</i>	<i>6.4</i>	<i>8.5</i>
Completions	8,835	11,689	9,250	7,675	6,113	6,908	7,501	8,076
	<i>9.7</i>	<i>32.3</i>	<i>-20.9</i>	<i>-17.0</i>	<i>-20.4</i>	<i>13.0</i>	<i>8.6</i>	<i>7.7</i>
Complete and not absorbed	163	346	590	1,101	322	368	671	1,027
	<i>105.0</i>	<i>112.6</i>	<i>70.8</i>	<i>86.5</i>	<i>-70.8</i>	<i>14.4</i>	<i>82.3</i>	<i>53.0</i>
Absorptions	8,765	11,272	9,085	7,686	6,578	6,696	7,164	7,717
	<i>8.3</i>	<i>28.6</i>	<i>-19.4</i>	<i>-15.4</i>	<i>-14.4</i>	<i>1.8</i>	<i>7.0</i>	<i>7.7</i>
Months' supply	0.2	0.4	0.8	1.7	0.6	0.7	1.1	1.6

Italics indicate percentage change.

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

Victoria



Victoria's condominium market is recovering. Existing-unit sales have rebounded from their recession-induced downturn, and new construction backlogs are falling. Work on idled downtown projects is being restarted. Although affordability here is relatively poor, the city's attraction to empty nesters and retirees remains a huge positive.

Stronger purchaser interest is starting to shave inventories of unsold new apartment condominiums in Victoria. Sensing opportunity, developers are dusting off mothballed projects, like The Hudson, and beginning new ones. Absorptions of new condominiums posted a record high last year, and we expect them to remain firm despite recent cooling. This will sharply reduce the backlog of newly completed and unoccupied units from last year's spike and prompt new construction. Specifically, a big jump to 640 apartment condominium starts is forecast for 2010, following last year's plunge to a seven-year low of only 139 units.

Local demographic underpinnings remain sound. Growth in Victoria's empty-nester population of those aged 55 or more accelerated to an average of 3.3 per cent annually in the five

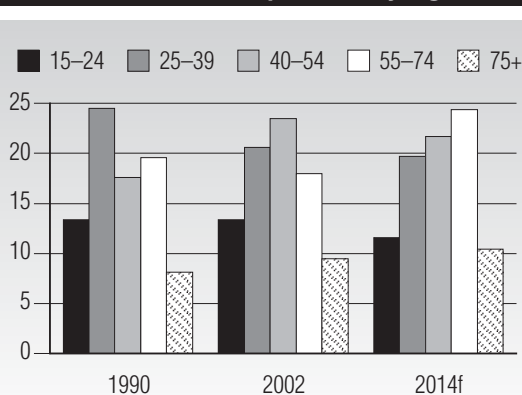
years to 2009 from 2.2 per cent in the prior five years. Victoria's 55-plus cohort remains proportionately the largest of this report's eight cities.

Apartment condominiums also enjoy decent resale prospects. A dramatic market weakening straddling 2008 and 2009 gave way to generally balanced conditions and resumed price growth in the second half of 2009. Sales of apartment condominiums accelerated as 2009 progressed, ending the year up 23 per cent at 2,188 units. Although sales eased in the first quarter of 2010, subsequent upticks will lift full-year volumes 7.3 per cent to nearly 2,350 units. Rising interest rates pose a modest threat to future sales in the medium term, but condominiums remain a relatively affordable local housing option. We expect Victoria's apartment condominium market to remain generally balanced through 2014, with typically moderate price increases.

Weak markets at the beginning of 2009 discouraged potential vendors, propelling the sales-to-active-listings ratio to a sellers' market reading of 28 per cent by the fourth quarter. This firmer market then restored vendor confidence, boosting listings in the first quarter of 2010. This is expected to provide a springboard for 16 per cent growth in active listings this year. Ensuing years are forecast to see active listings hover between 800 and 900 units, relatively high by recent standards. Ongoing small sales gains are expected to produce balanced markets with annual ratios near 23 per cent over the forecast period.

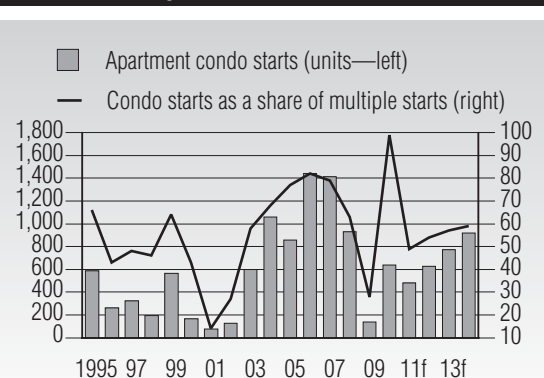
The 2.2 per cent drop in Victoria's median condominium price during 2009 inevitably resulted from weak markets in 2008 and early 2009. The annual decline was the first since 2001 and a big change from double-digit annual advances in 2003–2007. Prices have begun to climb back and are forecast to rise

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.

8.2 per cent this year. Generally balanced markets in 2011–2014 will produce annual price growth averaging just over 3 per cent. Affordability continues to be an issue in Victoria, despite lower

condominium prices and interest rates. While the principal and interest payment on the median Victoria condominium fell 14.1 per cent in 2009, the city’s monthly mortgage payments trailed only Vancouver’s

among this report’s eight cities. Future interest rate hikes and resumed price growth are forecast to hike carrying charges 65 per cent between 2009 and 2014, while household incomes are expected to rise only 15 per cent.

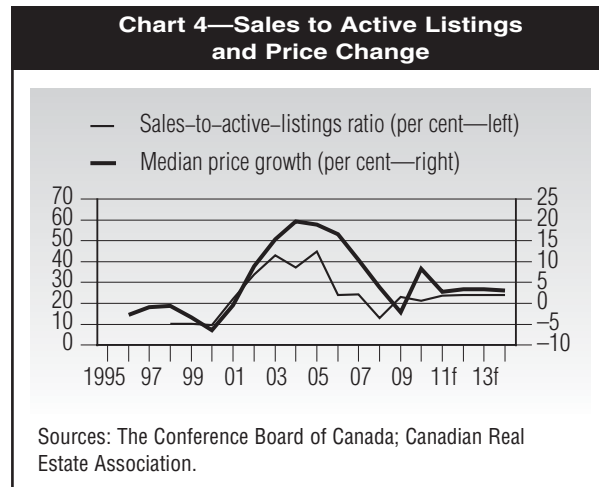
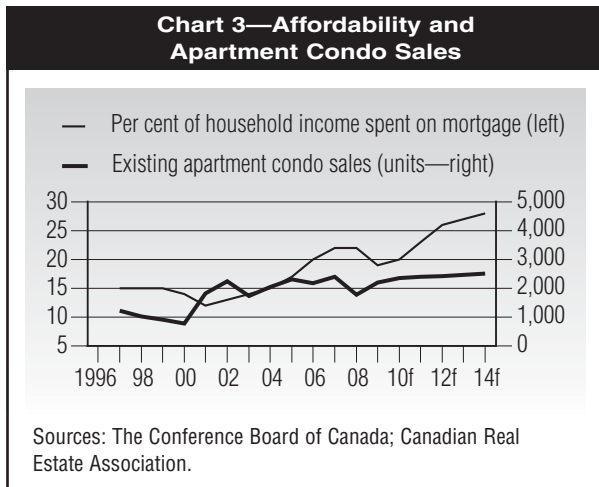


Table 1—Resale Condominium Apartment Market

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Unit sales	2,408	1,779	2,188	2,348	2,391	2,428	2,471	2,512
	<i>10.7</i>	<i>-26.1</i>	<i>23.0</i>	<i>7.3</i>	<i>1.8</i>	<i>1.6</i>	<i>1.8</i>	<i>1.6</i>
Active listings	823	1,154	793	918	837	841	859	873
	<i>8.5</i>	<i>40.2</i>	<i>-31.3</i>	<i>15.7</i>	<i>-8.8</i>	<i>0.6</i>	<i>2.1</i>	<i>1.6</i>
Months’ supply	4.4	6.4	4.5	5.0	4.6	4.3	4.3	4.3
Median price	274,738	285,208	278,829	301,779	310,302	320,841	331,643	341,469
	<i>10.4</i>	<i>3.8</i>	<i>-2.2</i>	<i>8.2</i>	<i>2.8</i>	<i>3.4</i>	<i>3.4</i>	<i>3.0</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

	2007	2008	2009	2010f	2011f	2012f	2013f	2014f
Starts	1,413	928	139	640	479	625	775	922
	<i>-1.8</i>	<i>-34.3</i>	<i>-85.0</i>	<i>360.8</i>	<i>-25.3</i>	<i>30.7</i>	<i>24.0</i>	<i>18.9</i>
Under construction	2,119	2,317	1,170	709	563	567	567	565
	<i>41.7</i>	<i>9.4</i>	<i>-49.5</i>	<i>-39.4</i>	<i>-20.6</i>	<i>0.7</i>	<i>0.0</i>	<i>-0.4</i>
Completions	909	1,019	1,559	648	500	627	775	923
	<i>-0.5</i>	<i>12.1</i>	<i>53.0</i>	<i>-58.4</i>	<i>-22.9</i>	<i>25.5</i>	<i>23.6</i>	<i>19.1</i>
Complete and not absorbed	52	181	306	187	64	41	59	92
	<i>151.8</i>	<i>245.5</i>	<i>69.7</i>	<i>-38.9</i>	<i>-65.6</i>	<i>-36.7</i>	<i>46.0</i>	<i>54.7</i>
Absorptions	865	848	1,470	880	565	623	750	887
	<i>-3.4</i>	<i>-2.0</i>	<i>73.3</i>	<i>-40.1</i>	<i>-35.8</i>	<i>10.2</i>	<i>20.4</i>	<i>18.3</i>
Months’ supply	0.7	2.6	2.5	2.6	1.4	0.8	1.0	1.2

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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