

HOUSING MARKET OUTLOOK

Atlantic Region Highlights



Canada Mortgage and Housing Corporation

Date Released: First Quarter 2008

Outlook Weakens Marginally

Figure 1

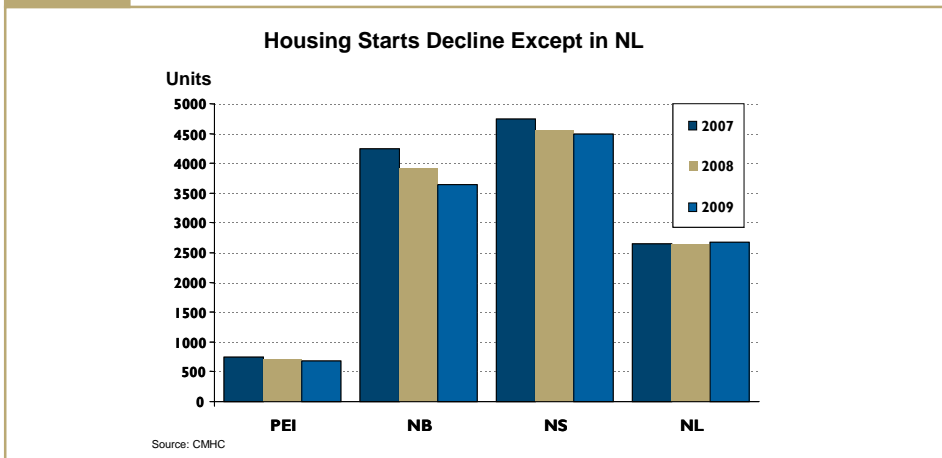
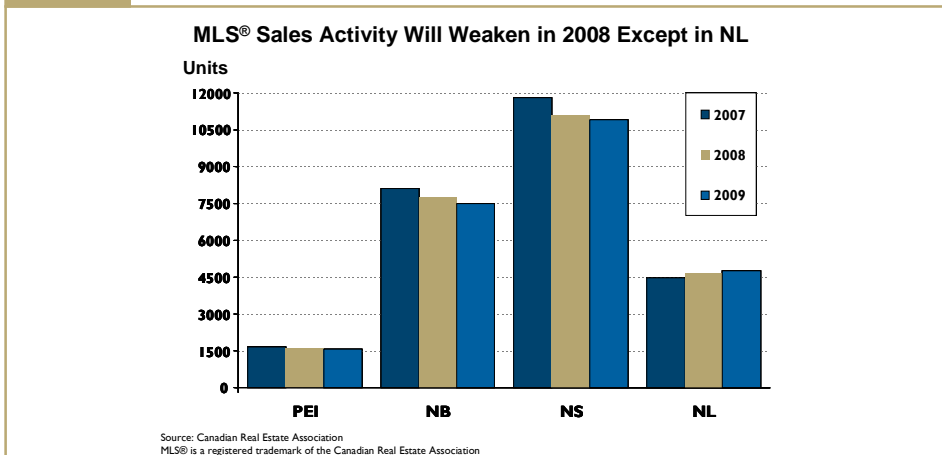


Figure 2



Overview

Housing starts will decline slightly in 2008 for Atlantic Canada after a surge of activity was recorded in the second half of 2007, but the recent trend in activity is forecast to support a greater level of activity in 2008 than had previously been expected. The strongest market for growth in 2008 will be Newfoundland and Labrador.

Small Decline in Singles Expected

Labour market conditions still remain tight. The price of existing homes continues to close the gap with new home prices, but there is still a good selection of inventory available in the existing market. This should result in a small decline in single starts in 2008, but continue to provide an opportunity for growth in the higher density semi-detached segment of the market.

MLS® Sales to Remain Near 2007 Activity

For 2008, activity is expected to decline marginally across the region except in Newfoundland and Labrador. The overall level of sales activity continues to be supported by an improving picture for migration, rising incomes and stable consumer confidence.

Economic Forecast

The economic forecast is supported by the recent gains in household income and continued positive outlook for employment. Economic growth for the four provincial economies will also be supported by increased capital investment, especially from the energy sector. At the same time the challenges for the manufacturing sector remain, as exporters struggle to adjust to a strong Canadian dollar and competitive global markets.

For Newfoundland and Labrador, economic growth will continue to be strongly supported by oil and mineral exports, as well as the addition of new investment activity from the Hebron project. Both Terra Nova and Hibernia should peak in terms of production over 2008-2009.

New Brunswick's level of economic growth will be negatively impacted by several economic challenges, including the higher Canadian dollar and energy prices, as well as a slowdown in growth in the United States. These factors will continue to impact the manufacturing and export sectors, plant and mill closures, as well as declines in production, offset the positive effects of several large scale projects that are currently on-going.

For Nova Scotia, the outlook remains positive as a result of some growth in non-residential investment activity and continued strength in the service sector portion of the economy, as well as contributions to growth by consumers. The outlook is less uncertain than a few months ago, as the recent announcement regarding Deep

Panucke will add support to growth possibly by 2009.

Moderate growth is forecast for the Prince Edward Island economy for 2008-2009. The province will continue to benefit from some gains in employment from the service sector, especially in the area of information technology. Challenges for the Island's economy include the much higher Canadian dollar and a rise in energy prices.

Housing Forecast

Personal income growth continues to support consumer confidence and the current level of demand for both newly built and existing homes, but tighter labour market conditions is exerting pressure on labour costs. Combined with rising land and development costs, this has resulted in continued increases in new home prices, which should impact the level of new single detached homes in 2008.

As a result, rising construction costs and demographic trends will continue to encourage higher density development. Demand for new semi-detached homes will grow, while interest in row housing is expected to remain steady. Developers will

continue to meet the demands for multi-residential living, as several new projects are expected to break ground in 2008.

The existing market will continue to provide competition as an alternative to new construction as the inventory of existing homes includes many extensively renovated homes available for sale. Overall, demand for existing homes will remain high in 2008, with only a marginal slowdown in growth anticipated, except for Newfoundland and Labrador.

Mortgage rates		
1 Year	Q4 2007	7.27
	% pt. chg from Q4 2006	0.90
	2008 (F)	7.11
	2009 (F)	7.00
5 Year	Q3 2007	7.46
	% pt. chg from Q3 2006	0.86
	2007 (F)	7.62
	2008 (F)	7.61

Source: Bank of Canada, CMHC Forecast

Atlantic Region Economic and Housing Indicators

		Labour Market			Housing Market					
		Emp. Growth SA ² (%)	Unemp. Rate SA ² (%)	Average Weekly Earnings (\$)	Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price (\$)	
St. John's	Q4 2007	1.0	6.9	753.44	Q4 2007	434	360	74	1,326	\$152,160
	Q4 2006	5.0	7.5	639.01	Q4 2006	315	246	69	926	\$137,478
	Change ¹	-4.1	-0.6	17.9%	% Change	37.8	46.3	7.2	43.2	10.7
Charlottetown ¹	Q4 2007	0.3	7.8	n/a	Q4 2007	101	82	19	99	\$150,876
	Q4 2006	-1.5	6.7	n/a	Q4 2006	79	67	12	110	\$152,480
	Change ¹	1.9	1.1	-	% Change	27.8	22.4	58.3	-10.0	-1.1
Halifax ²	Q4 2007	2.0	4.5	690.30	Q4 2007	562	376	186	1,196	\$216,662
	Q4 2006	3.2	4.6	656.93	Q4 2006	650	250	400	1,171	\$198,788
	Change ¹	-1.2	-0.1	5.1%	% Change	-13.5	50.4	-53.5	2.1	9.0
Fredericton	Q4 2007	1.0	4.4	n/a	Q4 2007	161	121	40	441	\$132,032
	Q4 2006	2.4	4.6	n/a	Q4 2006	191	95	96	411	\$139,956
	Change ¹	-1.3	-0.2	-	% Change	-15.7	27.4	-58.3	7.3	-5.7
Moncton	Q4 2007	6.7	4.5	629.30	Q4 2007	332	159	173	569	\$138,675
	Q4 2006	-2.8	5.4	638.25	Q4 2006	334	150	184	496	\$129,430
	Change ¹	9.5	-1.0	-1.4%	% Change	-0.6	6.0	-6.0	14.7	7.1
Saint John	Q4 2007	9.7	4.9	683.77	Q4 2007	186	126	60	466	\$141,522
	Q4 2006	0.2	5.5	644.94	Q4 2006	116	89	27	469	\$132,869
	Change ¹	9.6	-0.6	6.0%	% Change	60.3	41.6	122.2	-0.6	6.5
NL	Dec 07	0.4	12.5	712.84	Q4 2007	817	653	164	1,326	\$152,160
	Dec 06	4.0	14.2	646.98	Q4 2006	559	464	95	926	\$137,478
	Change ¹	-3.6	-1.7	10.2%	% Change	46.2	40.7	72.6	43.2	10.7
PEI	Dec 07	0.7	10.7	609.77	Q4 2007	215	162	53	480	\$137,650
	Dec 06	0.1	12.1	598.85	Q4 2006	181	156	25	387	\$132,934
	Change ¹	0.6	-1.4	1.8%	% Change	18.8	3.8	112.0	24.0	3.5
NS	Dec 07	1.5	7.8	664.30	Q4 2007	1,215	890	325	2,277	\$173,617
	Dec 06	1.0	7.6	627.57	Q4 2006	1,257	670	587	2,148	\$162,359
	Change ¹	0.5	0.2	5.9%	% Change	-3.3	32.8	-44.6	6.0	6.9
NB	Dec 07	3.3	7.8	647.13	Q4 2007	1,069	730	339	1,623	\$132,884
	Dec 06	-0.3	8.3	624.11	Q4 2006	963	586	377	1,548	\$128,061
	Change ¹	3.5	-0.5	3.7%	% Change	11.0	24.6	-10.1	4.8	3.8
Atlantic Region	Dec 07	1.8	9.0	686.56	Q4 2007	3,316	2,435	881	5,706	\$154,019
	Dec 06	1.1	9.5	628.52	Q4 2006	2,960	1,876	1,084	5,009	\$144,886
	Change ¹	0.7	-0.6	9.2%	% Change	12.0	29.8	-18.7	13.9	6.3
Canada	Dec 07	2.2	6.0	764.99	Q4 2007	55,174	28,849	26,325	101,323	\$314,591
	Dec 06	2.2	6.1	733.15	Q4 2006	58,052	28,823	29,229	97,229	\$280,730
	Change ¹	0.0	-0.1	4.3%	% Change	-5.0	0.1	-9.9	4.2	12.1

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

¹Changes to the Unemployment Rate and Employment Growth represent the **absolute** difference between current rates and the rates for the same period in the previous year.

²Seasonally adjusted Labour Force data is not available for Charlottetown, Fredericton, Moncton and, therefore, raw data was used.

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA, ¹ PEI Real Estate Association, ² Nova Scotia Association of Realtors

"SA" means Seasonally Adjusted

Atlantic Region Housing Forecast - New Construction

	Housing Starts	2007	2008(F)	% chg (2007/2008)	2009(F)	% chg (2008/2009)	YTD 2007	YTD 2006	% chg (2006/2007)
St. John's	Single-Detached	1,174	1,250	6.5	1,300	4.0	1,174	985	19.2
	Multiple	306	400	30.7	400	0.0	306	290	5.5
	Total	1,480	1,650	11.5	1,700	3.0	1,480	1,275	16.1
Charlottetown	Single-Detached	295	275	-6.8	250	-9.1	295	276	6.9
	Multiple	99	100	1.0	125	25.0	99	191	-48.2
	Total	394	375	-4.8	375	0.0	394	467	-15.6
Halifax	Single-Detached	1,207	1,125	-6.8	1,075	-4.4	1,207	1,056	14.3
	Multiple	1,282	1,375	7.3	1,475	7.3	1,282	1,455	-11.9
	Total	2,489	2,500	0.4	2,550	2.0	2,489	2,511	-0.9
Fredericton	Single-Detached	432	410	-5.1	380	-7.3	432	387	11.6
	Multiple	204	240	17.6	220	-8.3	204	323	-36.8
	Total	636	650	2.2	600	-7.7	636	710	-10.4
Moncton	Single-Detached	655	620	-5.3	590	-4.8	655	593	10.5
	Multiple	770	720	-6.5	660	-8.3	770	823	-6.4
	Total	1,425	1,340	-6.0	1,250	-6.7	1,425	1,416	0.6
Saint John	Single-Detached	412	390	-5.3	370	-5.1	412	363	13.5
	Multiple	275	260	-5.5	255	-1.9	275	202	36.1
	Total	687	650	-5.4	625	-3.8	687	565	21.6
NL	Single-Detached	2,184	2,200	0.7	2,250	2.3	2,184	1,864	17.2
	Multiple	465	450	-3.2	425	-5.6	465	370	25.7
	Total	2,649	2,650	0.0	2,675	0.9	2,649	2,234	18.6
PEI	Single-Detached	573	525	-8.4	500	-4.8	573	512	11.9
	Multiple	177	175	-1.1	175	0.0	177	226	-21.7
	Total	750	700	-6.7	675	-3.6	750	738	1.6
NS	Single-Detached	2,887	2,600	-9.9	2,450	-5.8	2,887	2,757	4.7
	Multiple	1,863	1,950	4.7	2,050	5.1	1,863	2,139	-12.9
	Total	4,750	4,550	-4.2	4,500	-1.1	4,750	4,896	-3.0
NB	Single-Detached	2,733	2,510	-8.2	2,400	-4.4	2,733	2,445	11.8
	Multiple	1,509	1,415	-6.2	1,250	-11.7	1,509	1,640	-8.0
	Total	4,242	3,925	-7.5	3,650	-7.0	4,242	4,085	3.8
Atlantic Region	Single-Detached	8,377	7,835	-6.5	7,600	-3.0	8,377	7,578	10.5
	Multiple	4,014	3,990	-0.6	3,900	-2.3	4,014	4,375	-8.3
	Total	12,391	11,825	-4.6	11,500	-2.7	12,391	11,953	3.7
Canada	Single-Detached	118,917	106,300	-10.6	101,100	-4.9	118,917	121,313	-2.0
	Multiple	109,426	105,400	-3.7	103,600	-1.7	109,426	106,082	3.2
	Total	228,343	211,700	-7.3	204,700	-3.3	228,343	227,395	0.4

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

Atlantic Region Housing Forecast - Resale Market									
		2007	2008(F)	% chg (2007/2008)	2009(F)	% chg (2008/2009)	YTD 2007	YTD 2006	% chg (2006/2007)
St. John's	MLS® Sales(#)	4,471	4,650	4.0	4,750	2.2	4,471	3,537	26.4
	MLS® Avg. Price (\$)	149,258	160,000	7.2	170,000	6.3	149,258	139,542	7.0
Charlottetown¹	MLS® Sales(#)	650	625	-3.8	600	-4.0	650	634	2.5
	MLS® Avg. Price (\$)	166,244	170,000	2.3	175,000	2.9	166,244	153,549	8.3
Halifax²	MLS® Sales(#)	6,942	6,500	-6.4	6,400	-1.5	6,942	6,231	11.4
	MLS® Avg. Price (\$)	215,645	223,000	3.4	230,000	3.1	215,645	201,747	6.9
Fredericton	MLS® Sales(#)	2,448	2,325	-5.0	2,200	-5.4	2,448	2,120	15.5
	MLS® Avg. Price (\$)	141,117	146,500	3.8	151,500	3.4	141,117	138,094	2.2
Moncton	MLS® Sales(#)	2,849	2,650	-7.0	2,500	-5.7	2,849	2,561	11.2
	MLS® Avg. Price (\$)	140,032	147,000	5.0	152,000	3.4	140,032	128,547	8.9
Saint John	MLS® Sales(#)	2,253	2,100	-6.8	2,000	-4.8	2,253	1,852	21.7
	MLS® Avg. Price (\$)	140,544	146,000	3.9	152,000	4.1	140,544	128,202	9.6
NL	MLS® Sales(#)	4,471	4,650	4.0	4,750	2.2	4,471	3,537	26.4
	MLS® Avg. Price (\$)	149,258	160,000	7.2	170,000	6.3	149,258	139,542	7.0
PEI	MLS® Sales(#)	1,769	1,600	-9.5	1,550	-3.1	1,769	1,492	18.6
	MLS® Avg. Price (\$)	133,457	137,500	3.0	142,000	3.3	133,457	125,430	6.4
NS	MLS® Sales(#)	11,857	11,100	-6.4	10,900	-1.8	11,857	10,697	10.8
	MLS® Avg. Price (\$)	180,989	190,000	5.0	195,000	2.6	180,989	168,614	7.3
NB	MLS® Sales(#)	8,161	7,750	-5.0	7,500	-3.2	8,161	7,125	14.5
	MLS® Avg. Price (\$)	136,603	142,000	4.0	146,000	2.8	136,603	126,864	7.7
Atlantic Region	MLS® Sales(#)	26,258	25,100	-4.4	24,700	-1.6	26,258	22,851	14.9
	MLS® Avg. Price (\$)	158,589	166,275	4.8	171,988	3.4	158,589	148,277	7.0
Canada	MLS® Sales(#)	519,722	499,650	-3.9	488,300	-2.3	520,747	484,027	7.6
	MLS® Avg. Price (\$)	306,397	322,400	5.2	334,500	3.8	307,265	276,883	11.0

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 Source: CREA, ¹PEI Real Estate Association, ²Nova Scotia Association of Realtors
 (F) = CMHC Forecast YTD (January-August)

Atlantic Region Housing Forecast - Rental Market				
	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2007	Oct 2008(F)	Oct 2007	Oct 2008(F)
St. John's	2.6	2.5	614	650
Charlottetown	4.3	4.0	659	670
Halifax	3.1	3.5	815	840
Fredericton	6.5	6.0	701	725
Moncton	4.3	4.8	643	660
Saint John	5.2	4.8	570	590
Canada¹	2.6	4.8	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

¹ All centres 100,000+

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