

RELEASE

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NEW HOME CONSTRUCTION IN ST. CATHARINES-NIAGARA TO MODERATE

TORONTO, MAY 19, 2009 – The Canada Mortgage and Housing Corporation (CMHC) released its Spring Housing Market Outlook report for the St. Catharines-Niagara Census Metropolitan Area (CMA). New home starts and existing home sales will ease in 2009 before gradually picking up in 2010.

Highlights of this report include:

- Slowing economy, rising unemployment rate and diminishing demographic requirements will bring housing starts lower. Home starts in the St. Catharines-Niagara CMA will decline to 900 units in 2009, down 21 per cent from last year.
- Single-detached starts will decline by 26 per cent. As detached homes are the most expensive product in the market, demand for this type of housing will contract the most. Starts of townhomes are forecast to advance by eight per cent given their increasing popularity. In particular, one-storey conveniently located townhouses will be the preferred option of many downsizing senior households.
- Sales through the Niagara Association of Realtors will continue to fall, but will gradually strengthen in 2010. Sales will decline to 4,700 in 2009, down 20 per cent. Despite lower mortgage rates, cautious consumers will spend less on “big-ticket” items such as houses, pulling sales down.
- Driven by lower sales, resale market conditions will favour buyers and resale home prices will ease. Resale home prices are expected to decline by four per cent to \$195,000.

“Demand for ownership housing is subsiding as the economic slowdown takes hold and affects local employment,” commented Ashot Karapetyan, CMHC Market Analyst for the St. Catharines-Niagara CMA. “The good news is that with the forecast of the economy to turn around in 2010, most housing market indicators will move up. Only resale home prices will lag this trend, edging slightly down further in 2010. Home affordability will improve significantly as a result of lower mortgage rates and easing resale home prices.”

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As Canada's national housing agency, CMHC draws on more than 60 years of experience to help Canadians access a variety of quality, environmentally sustainable, and affordable homes – homes that will continue to create vibrant and healthy communities and cities across the country.

For more information, please visit www.cmhc.ca or call 1-800-668-2642.

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