

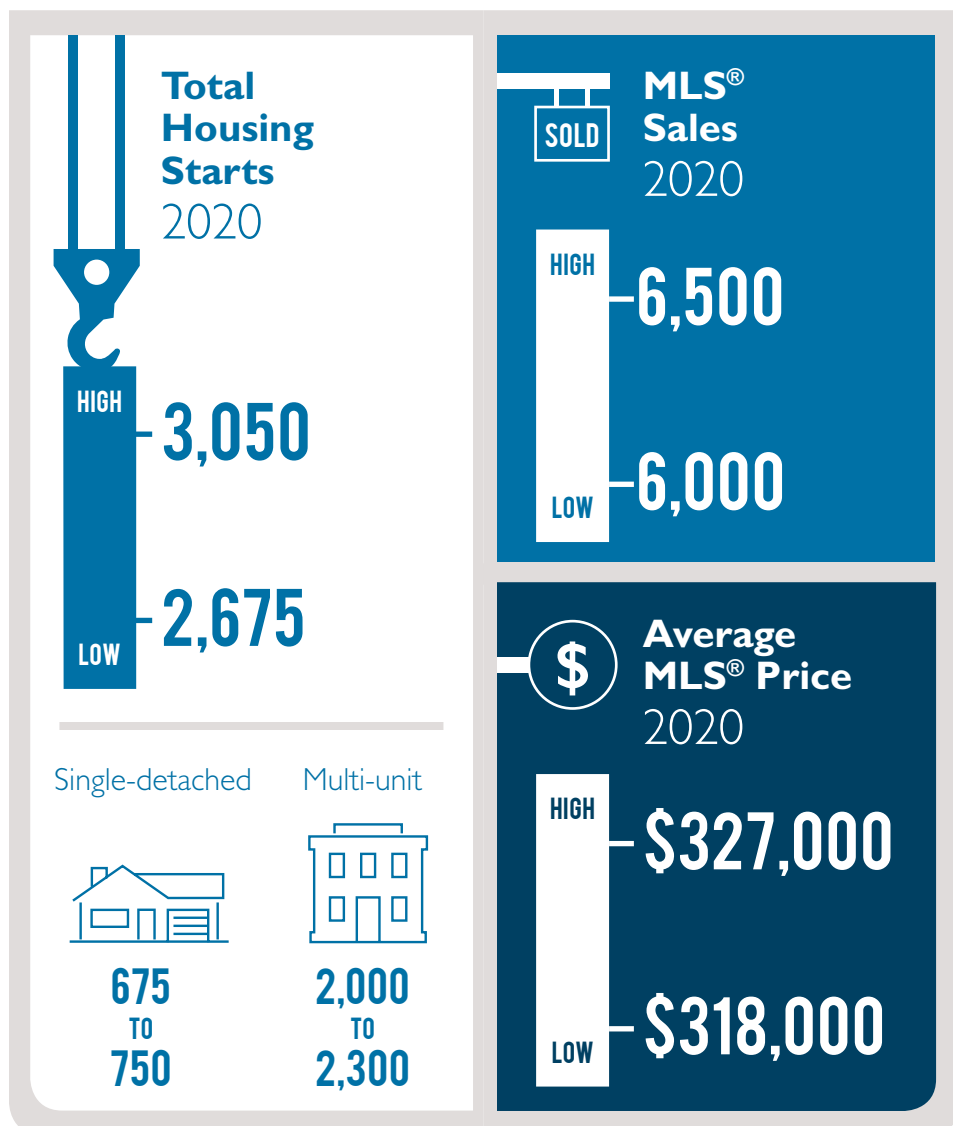
HOUSING MARKET OUTLOOK

Halifax CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2019¹



Housing activity expected to moderate from 2019 to 2020.

“We project housing starts to decline in the forecast horizon following recent record levels of construction. While we expect the highest level of sales in 2019, record high prices and relatively slower population growth should ease sales growth thereafter.”

Kelvin Ndoro
Senior Analyst, Economics

¹ The forecasts and historical data included in this document reflect information available as of September 12, 2019.

Highlights

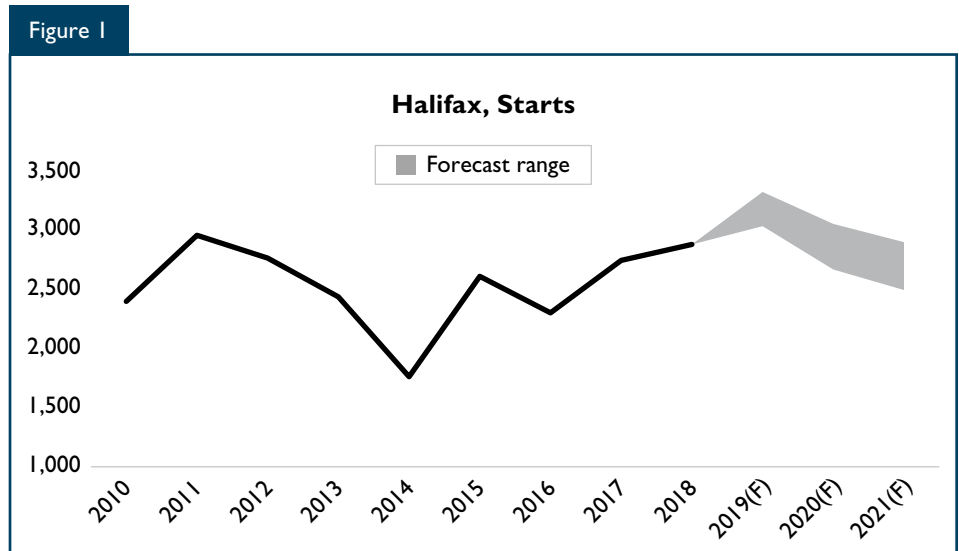
- Demand for apartments expected to support total housing starts activity.
- Record high house prices will dampen growth of existing home sales.
- Vacancy rates will trend lower this year and then increase slightly.

Apartment construction driven by rental demand

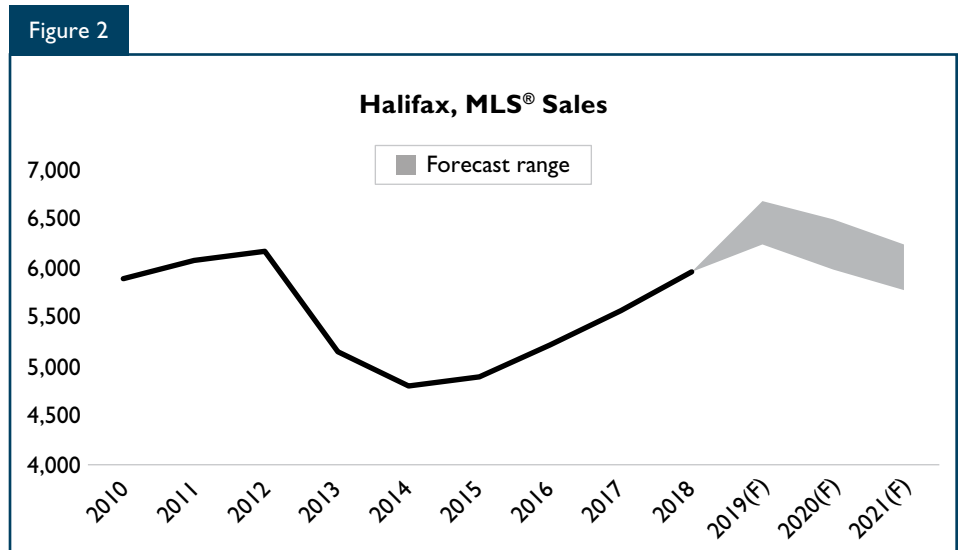
Total housing starts will cool off over the forecast period, but will continue to be supported by demand for rental apartments. Overall, we expect household formation to decline from the current peak over the longer term and this has factored slightly negatively into our total housing starts expectations over the current forecast period.

Multiple housing starts, particularly rental apartments, are on track to peak this year and remain strong into 2020 and 2021, but be slightly lower in relative terms. An ageing population looking to exit homeownership as well as positive interprovincial and international migration will buoy demand for rental apartments. From a geographic perspective, the Halifax Peninsula, Mainland North and Hammonds Plains zones have been key areas of recent development with apartment construction expected to be robust through 2021.

Also on trend to peak in 2019, single-detached housing starts activity is expected to be slightly lower over the forecast period because of slowing population growth in relative terms and affordability challenges for some prospective buyers. With the Atlantic Immigration Pilot program extended to 2021, population growth, although slower, is still expected to remain positive. However, an aging population could mute this program's demand effects on new single-detached homes



Source: CMHC
(F): Forecast



Source: CREA
(F): CMHC Forecast

as increasing numbers of this older demographic downsize and look to sell their homes.

Existing home sales will retreat from 2019 highs and price growth will moderate

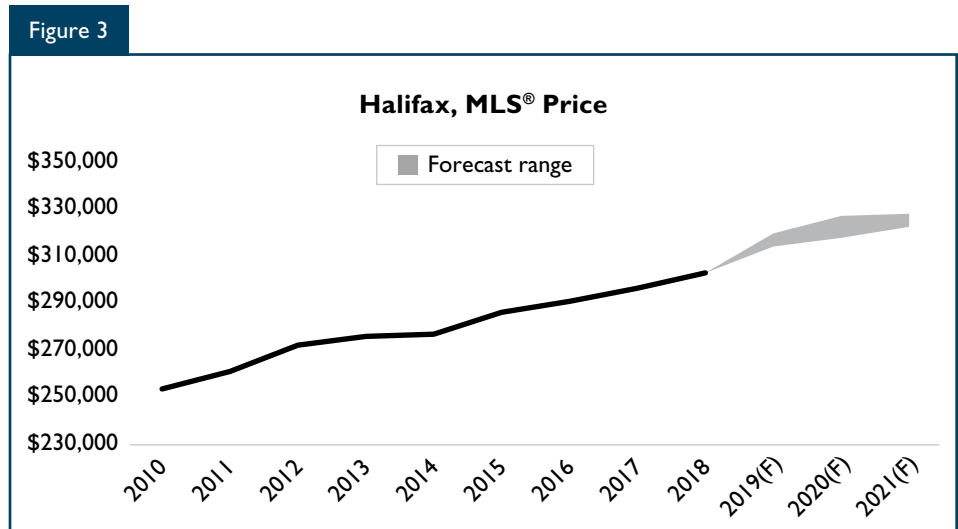
Existing home sales will likely end 2019 at a record level and then retrace slightly over the forecast period. Sales are expected to reach a record this year because of strong

population growth fuelled by the ability to retain more workers and young people age 25 to 34 as job creation has been very strong. Also, Halifax's housing market has been attracting buyers from other parts of the country because of its relative affordability compared to other major Canadian cities. However, with prices at historic highs for existing homes, demand will likely be lower over the forecast period because of increasing mortgage rates and affordability challenges for some prospective existing homebuyers.

In 2020-2021, sales will remain elevated, but will be dampened by weaker employment and population growth, as well by an increase in home prices. High demand paired with lower listings throughout 2019 has resulted in Sellers' market conditions in Halifax. As a result, the average number of days on market has dropped to about two months for a sale transaction. As expected, this housing market environment has created upward pressure on average prices in the CMA and prices are expected to trend slightly higher through 2021.

Rental market will remain solid

High net migration and an increasingly aging clientele switching to the rental market will support demand. In addition, renters looking to move into homeownership will face difficulty because of fewer homes for sale and rising price levels, thus staying in the rental market a bit longer. On the supply side, there are over 4,200 rental apartments currently



Source: CREA
(F): CMHC Forecast

under construction, the highest at any given point in Halifax. As a result, Halifax's vacancy rate is forecast to trend downward in 2019 before rising slightly in 2020 and 2021 as new supply marginally outpaces demand. However, the vacancy rate will remain historically low.

Average rents, particularly on the Halifax Peninsula, will continue to increase through 2021 because of

higher priced new units entering the rental universe, as well as growth in the same sample average rents. Tightening rental market conditions influenced by continuing low vacancy rates will also put pressure on same sample average rents. These conditions have also given property owners with vacancies incentives to invest in renovations and conversions thus increasing rental rates.

To access regional and CMA housing market outlook reports, click on the following link: <https://www.cmhc-schl.gc.ca/en/data-and-research/publications-and-reports/housing-market-outlook-highlights>

Forecast Summary Halifax CMA Fall 2019									
	2016	2017	2018	2019(F)		2020(F)		2021(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	567	738	729	775	815	675	750	600	700
Multiples	1,738	2,014	2,142	2,250	2,500	2,000	2,300	1,900	2,200
Starts - Total	2,305	2,752	2,871	3,025	3,315	2,675	3,050	2,500	2,900
Resale Market									
MLS® Sales	5,236	5,588	5,967	6,250	6,700	6,000	6,500	5,800	6,250
MLS® Average Price(\$)	290,856	296,531	302,430	314,000	319,000	318,000	327,000	322,000	328,000
Economic Overview									
Mortgage Rate(5 year)(%)	4.66	4.78	5.27	5.00	5.60	5.40	6.20	5.50	6.50

	2016	2017	2018	2019(F)	2020(F)	2021(F)
Rental Market						
October Vacancy Rate (%)	2.6	2.3	1.6	1.4	1.8	2.0
Two-bedroom Average Rent (October)(\$)	1,063	1,109	1,156	1,185	1,210	1,230
Economic Overview						
Population	414,020	421,968	430,512	437,800	444,500	448,000
Annual Employment Level	226,100	224,600	234,200	241,200	242,100	243,400

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

Rental Market: Privately initiated rental apartment structures of three units and over.

The forecasts (F) included in this document are based on information available as of 12th September 2019. (L)= Low end of range. (H)= High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey - Market Absorption Survey - Rental Market Survey). Statistics Canada. Nova Scotia Association of REALTORS®. CMHC Forecast (2019-2021).

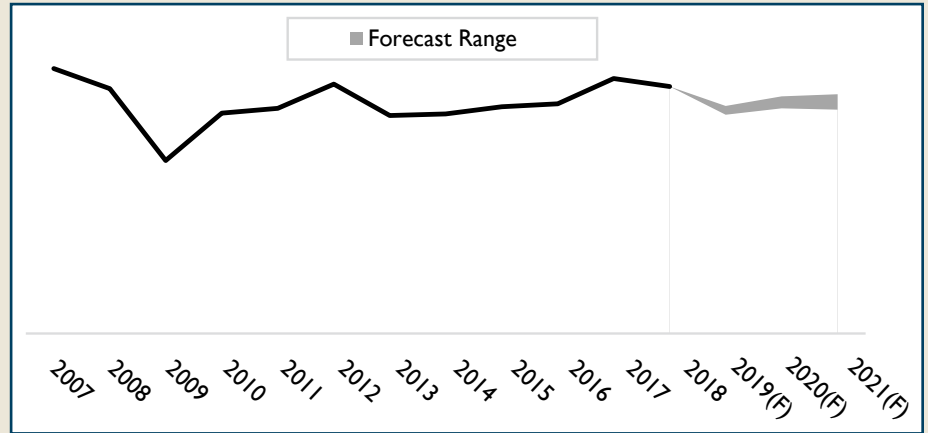
Methodology for forecast ranges

This edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. However, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available.

The range provides a relatively precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. The range is based on the coefficient of variation* of historical data and on past

forecast accuracy. It provides precision and direction for forecasts of housing variables,

given a specific set of assumptions for the market conditions and underlying economic fundamentals.



* The coefficient of variation in this case is the standard deviation divided by the mean of that series. A higher coefficient of variation would produce wider ranges due to the higher volatility of the data, while a lower coefficient of variation would produce tighter ranges.

DEFINITIONS AND METHODOLOGY

New Home Market

Historical home starts numbers are collected through CMHC's monthly [Starts and Completions Survey](#). Building permits are used to determine construction sites and visits confirm construction stages. A **start** is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Dwelling Types

Single-Detached Start:

The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

Semi-Detached Start:

The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

Row (or Townhouse) Start:

Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

Apartment and other Starts:

Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

Intended Market

Freehold Start:

Refers to the commencement of construction of a residence where the owner owns the dwelling and lot outright.

Condominium (including Strata-Titled) Start:

Refers to the commencement of construction of an individual dwelling which is privately owned, but where the building and/or the land are collectively owned by all dwelling unit owners. A condominium is a form of ownership rather than a type of house.

Rental Start:

Refers to the commencement of construction of a dwelling constructed for rental purposes regardless of who finances the structure.

Average and Median Single Detached Home Prices:

Are estimated using CMHC's [Market Absorption Survey](#), which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "**absorbed**" means that a housing unit is no longer on the market as it has been sold or rented.

New Home Price Indexes:

Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Federation of Real Estate Boards.

MLS® (Centris® in the province of Quebec) Sales:

Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS® (Centris® in the province of Quebec) Average Price:

Refers to the average annual price of residential transactions through the Multiple Listings Services.

Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October **Rental Market Survey** (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

Vacancy Rate:

The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Two Bedroom Rent:

The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

Economic Overview

Labour Force variables include the Annual Employment Level, Employment Growth, Unemployment Rate.

Source: Statistics Canada's Labour Force Survey.

Net Migration:

Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

CMHC HELPS CANADIANS MEET THEIR HOUSING NEEDS

Canada Mortgage and Housing Corporation (CMHC) has been helping Canadians meet their housing needs for more than 70 years. As Canada's authority on housing, we contribute to the stability of the housing market and financial system, provide support for Canadians in housing need, and offer unbiased housing research and advice to Canadian governments, consumers and the housing industry. Prudent risk management, strong corporate governance and transparency are cornerstones of our operations.

For more information, visit our website at www.cmhc.ca or follow us on [Twitter](#), [LinkedIn](#), [Facebook](#), [Instagram](#) and [YouTube](#).

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

©2019 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of this CMHC publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or the entire content of, this CMHC publication, please send a Copyright request to the Housing Knowledge Centre at Housing_Knowledge_Centre@cmhc.ca. Please provide the following information: Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

Housing market intelligence you can count on

PUBLICATIONS AND REPORTS AVAILABLE ONLINE

Local, regional and national analysis and data on current market conditions and future trends.

- Housing Information Monthly
- Housing Market Assessment
- Housing Market Insight
- Housing Now Tables
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Northern Housing
- Housing Market Outlook, Canada and Major Centres
- Preliminary Housing Starts Data
- Rental Market Reports, Canada and Provincial Highlights
- Rental Market Reports, Major Centres
- Seniors' Housing Reports
- Mortgage and Consumer Credit Trends Report

DATA TABLES AVAILABLE ONLINE

- Funding and Securitization Data
- Household Characteristics
- Housing Market Data
- Housing Market Indicators
- Mortgage and Debt Data
- Rental Market Data

HOUSING MARKET INFORMATION PORTAL

The housing data you want, the way you want it.

- ✓ Information in one central location
- ✓ Desktop and mobile friendly
- ✓ Neighbourhood-level data

cmhc.ca/hmiportal

SUBSCRIBE NOW

Get email notifications when CMHC publications are released or updated. Sign up for a free myCMHC account for enhanced site access, including one-click subscriptions to the reports and tables that matter to you.

Get your myCMHC account today!

Get the market intelligence you need today!

Find all the latest trends, research and insights at cmhc.ca/housingmarketinformation

Housing Observer

Featuring quick reads and videos on...

- Analysis and data
- Timely insights
- Updates to housing conditions, trends and much more!

Subscribe today to stay in the know!

www.cmhc.ca/observer

