HOUSING MARKET INFORMATION

Housing Market Outlook

CANADIAN METROPOLITAN AREAS
Spring 2024

Welcome to the Housing Market Outlook (HMO)

This publication provides forward-looking analysis of Canada's housing markets. Published annually, it helps anticipate emerging trends in new-home and resale housing markets at the national and metropolitan-area levels. The HMO includes forecasts for important housing market variables such as starts, prices and resales. The forecasts included in this document are based on information available as of May 1st, 2024.

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Our Chief Economist and Deputy Chief Economists

Our Chief Economist and Deputy Chief Economists lead a cross-country team of housing economists, analysts and researchers who strive to improve understanding of trends in the economy, housing markets, and how they impact affordability.

They offer insights on the complex factors and challenges that impact housing markets in Canada and can speak on Canada Mortgage and Housing Corporation's (CMHC) latest research on housing issues and markets.

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Housing Market Outlook in select Census Metropolitan Areas (CMAs)

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NATIONAL OUTLOOK

HIGHLIGHTS

- **Economic growth outlook:** Expecting weak economic growth in 2024. We're projecting a momentum regain in 2025–2026 as interest rates decrease.
- **Housing starts prediction:** Expecting lower housing starts in 2024. There is a slight improvement forecasted over the next 2 years. Supply challenges, notably the lagged effects of higher interest rates, mean that new construction in 2025–2026 won't reach 2021–2023 levels.
- **MLS® price forecast:** Forecasting demand to push MLS® prices beyond previous peak levels. This indicates a lack of short-term affordability improvement.
- **MLS® sales rebound:** Foreseeing an increase in MLS® sales due to strong population growth. Sales are expected to surpass the past 10-year average levels but remain below the record levels of 2020–2021. This is reflective of decreased housing affordability.
- **Rental housing demand:** Despite more rental completions, growing demand for rental homes will not be met because the cost of homeownership will lead households to stay in rental housing. Rents will rise and vacancy rates will fall.

Forecasting economic insights and housing trends in 2024 and beyond

Interest rates increases that started in early 2022 to combat inflation resulted in weaker economic growth. This, in turn affected the housing market. Higher mortgage rates made things more difficult for potential homebuyers, leading to less homeownership demand and weaker house price growth.

Higher interest rates made it challenging for builders and developers to get financing. This immediately slowed the construction of smaller buildings such as single-detached homes. We expect interest rate increases to slow apartment starts in 2024. The increased level of apartment starts in 2023 was likely the result of financing secured before interest rates began to rise.

Demand will return and growth in sales and prices will increase as inflation and interest rates decrease. With the weakness in housing supply, affordability challenges will continue. These challenges will be most evident in the rental sector. The 2 key factors that will influence the record-low vacancy rates and rent increases on unit turnover in 2024 are:

1. The higher costs of homeownership driven by elevated interest rates.
2. The reduction in the construction of rental buildings that will further impact the rental market dynamics.

We expect a gradual rebound after a weak 2024

We anticipate weak growth in gross domestic product in 2024 with economic momentum gradually increasing throughout 2025–2026.

Consumers were a significant driver of post-pandemic economic recovery, but their spending capacity in 2024 will be constrained by high price levels and interest rates. Moreover, Canadians who financed homes during the pandemic will renew their mortgages at higher rates throughout 2024–2027.

Because of the uncertain economy and people's net worth (relative to net income) dropping in 2023, households may spend less money. Reduced consumption has been masked by record population growth stemming from immigration. Per capita household spending has already declined over the last 3 quarters of 2023.

Rising production costs and decreased demand will put pressure on Canadian businesses. Labour market conditions will likely loosen in 2024, with companies unable to absorb a significantly higher labour supply. As a result, the unemployment rate is forecasted to rise by more than 1 percentage point to 6.5% in 2024, which remains slightly below the 10-year average.

To support the slowing economy and booming population, government spending will increase in 2024 and will grow more moderately thereafter.

We expect inflation to fall to the mid-2% range by mid-2024 and then stabilize in the low 2% range in 2025–2026. This decline will let the Bank of Canada gradually lower its policy rate from mid-2024.

Anticipated higher real personal disposable incomes and lower interest rates in 2025–2026 should gradually increase consumer confidence, stimulating a rebound in GDP growth.

Housing starts decline in 2024 with partial rebound projected for 2025–2026

We anticipate housing starts will decline in 2024, continuing the decline from the record high levels of 2021.

Interest rate increases led rapidly to declining starts of smaller structures, particularly single-detached starts.

We anticipate a decline in apartment starts in 2024, following their record-high levels in 2023. Purpose-built rental starts, fueled by unprecedented demand and government support, accounted for over half of these starts. However, unfavourable financing conditions are expected to make more new rental projects unfeasible in 2024.

Some condominium projects may also face delays in 2024. Lower pre-construction sale levels will make securing financing harder. Additionally, despite labour shortages and rising construction costs, developers are handling a record number of units already in development.

In 2025–2026, lower interest rates, milder construction cost growth and government support should make more projects viable. Homebuyers can also expect lower interest rates as real incomes and confidence levels improve. Consequently, more homes are expected to be built in 2025–2026.

Regional outlook: Ontario and B.C. face challenges, while Prairie provinces thrive

- **The Prairie provinces** are expected to perform well due to their affordable home prices and stronger economic outlook. This attracts homebuyers and job seekers, leading to increased home construction with fewer constraints on skilled workers.
- **Ontario and British Columbia** are expected to drive the decline in national housing starts for 2024. High home prices will make certain home types unaffordable, while developers may struggle even with apartment construction because of supply-side challenges, particularly financing costs.
- **Québec** housing starts are expected to grow more robustly compared to those in other regions as they realign with fundamental levels but remain below post-pandemic levels. Québec experienced a sharp decline in new home construction in 2023, before other provinces did.
- **In the Atlantic region**, the pressure on new home construction due to unusually strong migration in 2022–2023 will ease. Housing starts in certain provinces will remain historically robust but will realign more closely with weaker population growth over the forecast period.

Sales and prices will rise in the coming years

Demand for homes will push prices up throughout the projection horizon. By 2025, prices could reach the peak level recorded in early 2022 and surpass it in the following year. Affordability will therefore be a growing concern.

We anticipate a rebound in MLS® sales and prices from 2024 to 2026, fueled by declining mortgage rates alongside stronger growth in population and real disposable incomes.

Sales dropped by about one third from their early 2021 peak to the end of 2023. Prices fell by nearly 15% in the same period. During this time, the pool of potential homebuyers grew through robust population growth, increased savings and higher incomes. As mortgage rates and economic uncertainty decrease in the second half of 2024, we expect buyers to start returning to the market.

Strong population growth recorded in 2023, the highest since the 1950s, will continue into 2024. This will contribute to the recovery in sales. This resurgence will also be driven by a shift in demand towards lower-priced homes and markets across Canada.

We project sales levels in 2025–2026 to slightly surpass the past 10-year average but remain below the record 2020–2021 levels because housing will remain expensive for the average household.

Rental demand will continue to outpace supply

Despite some recovery in homeownership demand, many households will struggle to afford homes in 2024–2026, leading to increased demand for rentals. Strong population growth will further increase rental housing demand because newcomers tend to rent after arriving in Canada.

We anticipate an increase in purpose-built rental completions over the forecast horizon due to the record number of projects started in 2021–2023. However, this increase will not meet the growing demand. As a result, rental markets will remain tight, particularly in the pricier areas of Canada.

Alternative scenarios address elevated levels of uncertainty

To address significant economic uncertainty, we present 2 alternative scenarios and their housing market implications.

Relative to our baseline scenario, the pessimistic scenario anticipates:

- recession in 2024 and a more modest recovery in 2025–2026
- decreased business confidence resulting in reduced investments
- persistent inflation keeping interest rates higher than expected
- reduced real income growth due to slower nominal wage growth, lower labour productivity and higher unemployment rates
- higher mortgage payments stressing consumers' confidence and spending

This scenario reduces households' ability to manage housing payments and weakens housing demand. Decreased labour productivity and business confidence also lower housing starts.

Relative to our baseline scenario, the high-growth scenario anticipates:

- stronger economic growth, especially in 2025–2026
- slightly stronger population growth in 2024–2026
- greater immigrant integration boosting labour productivity
- increased government spending
- resilient consumption levels driven by substantial increases in real disposable income

In this scenario, housing markets experience increased demand and stronger price pressure due to favourable labour and income market conditions. Additionally, higher population growth and improved labour market outcomes for immigrants add to the demand pressure on rental housing.

Forecast Summary — Canada (1 of 2)

	2021	2022	2023
New Home Market			
Starts:			
Starts — Total	271,198	261,849	240,267
Resale Market			
MLS® Sales	666,319	498,958	443,511
MLS® Average Price ($)	687,251	703,959	678,282
Economic Overview			
Real GDP (index, 2020=100)	105.3	109.3	110.4
Employment (index, 2020=100)	105.0	109.1	111.8
Mortgage Rate (fixed 5-year*) (%)	3.3	4.9	6.0

Forecast Summary — Canada (2 of 2)

	2024 (F)			2025 (F)			2026 (F)		
	Pessimistic	Baseline	High growth	Pessimistic	Baseline	High growth	Pessimistic	Baseline	High growth
New Home Market									
Starts:									
Starts — Total	215,989	224,485	232,267	223,875	232,276	240,463	226,211	232,084	241,659
Resale Market									
MLS® Sales	473,622	482,244	490,481	490,756	520,146	545,972	483,555	525,991	555,341
MLS® Average Price ($)	703,361	711,429	721,909	755,077	779,357	802,503	776,360	814,851	838,119
Economic Overview									
Real GDP (index, 2020=100)	109.4	110.4	112.1	110.1	112.5	115.6	111.6	115.6	119.1
Employment (index, 2020=100)	112.4	112.6	113.5	113.7	114.4	116.4	115.0	116.0	118.0
Mortgage Rate (fixed 5-year*) (%)	6.4	6.3	6.2	6.5	6.0	5.9	6.4	5.7	5.6

* Conventional 5-year fixed mortgage rate (average of rates posted by Canadian lending institutions).
The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC, Statistics Canada, Haver Analytics

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VICTORIA

HIGHLIGHTS

- Lower mortgage costs will encourage some households to enter the resale market, promoting recovery in sales and the average price following 2023 declines. Growth rates will remain below recent peaks.
- Financing challenges and labour constraints will continue to limit new construction, especially for multi-family housing starts.
- Housing starts will decline in 2024 before recovering in 2025. Over the forecast horizon, they will remain below the record high observed in 2021.
- The rental market is expected to remain tight, stabilizing near 2023 vacancy rate levels, while average rents will continue to rise. The stable outlook for the vacancy rate is due to offsetting impacts from higher rental completions and population growth.

Sales and price growth will recover as declining interest rates attract buyers into homeownership

Positive MLS® sales and average price growth will return in 2024, but remain well below the highs of recent years.

Some of the factors discussed in the National section of this report are expected to be particularly important in Victoria. These include the following:

- Modest declines in mortgage rates, as monetary policy loosens in an environment of declining inflation. This will encourage some renewed demand for homeownership. This is likely most relevant in higher-priced markets like Victoria, where even slight improvements in affordability may entice some households with prolonged pent-up demand to enter homeownership.
- Strong immigration growth will continue to be an important source of demand in Victoria over the forecast, as Victoria is a destination for many new immigrants.

- Employment growth was concentrated in full-time positions in 2023 in Victoria, well above full-time growth in B.C. and Canada. This should lend increased support to housing demand in Victoria.
- On the other hand, high price levels and still-elevated mortgage rates will continue to prevent homeownership for many potential buyers in more expensive markets like Victoria in 2024. This will act to limit sales and price growth over the forecast period.
- Weaker economic conditions in 2024 will also act to limit the demand from and the confidence of potential homebuyers.

Sales and price growth will strengthen in 2025, as the pace of economic growth strengthens from its 2024 pace. In 2026, sales and price growth will moderate as macroeconomic and inflationary conditions return to historical levels.

Housing starts will decline in 2024 due to lower apartment starts

Total starts will decrease in 2024, driven by lower multi-family housing starts. Within this category, purpose-built rental apartments are likely to contribute to most of the decline, though condominium apartment starts are also likely to decline.

In addition to the weaker economic conditions expected in 2024, the following major factors will also impact the near-term housing starts outlook:

- Apartment projects started in 2024 will face a more difficult environment, placing downward pressure on apartment starts. Apartments started in 2023 likely secured financing prior to the most recent rate increases.
- The shortage of labour is particularly acute in B.C., with a job vacancy rate well above the national rate for the construction industry. Labour availability will remain a barrier to sustaining elevated levels of construction activity in Victoria.
- Rental apartments under construction reached a new high in 2023. This heightened activity, combined with labour shortages, will also likely constrain the capacity to maintain starts at recent highs.

Single-family housing starts are expected to increase in 2024. The share of single-family housing starts to total starts declined sharply in a short period (falling to 9% in 2023 from an average of 19% from 2018 to 2022). We expect this trend to pause in 2024, consistent with the renewed growth in MLS® sales and prices we are forecasting.

Starts will recover in 2025 and stabilize in 2026 at levels roughly in line with longer-run historical averages, but significantly below the highs of recent years.

Rental markets will remain tight and rental affordability is set to deteriorate

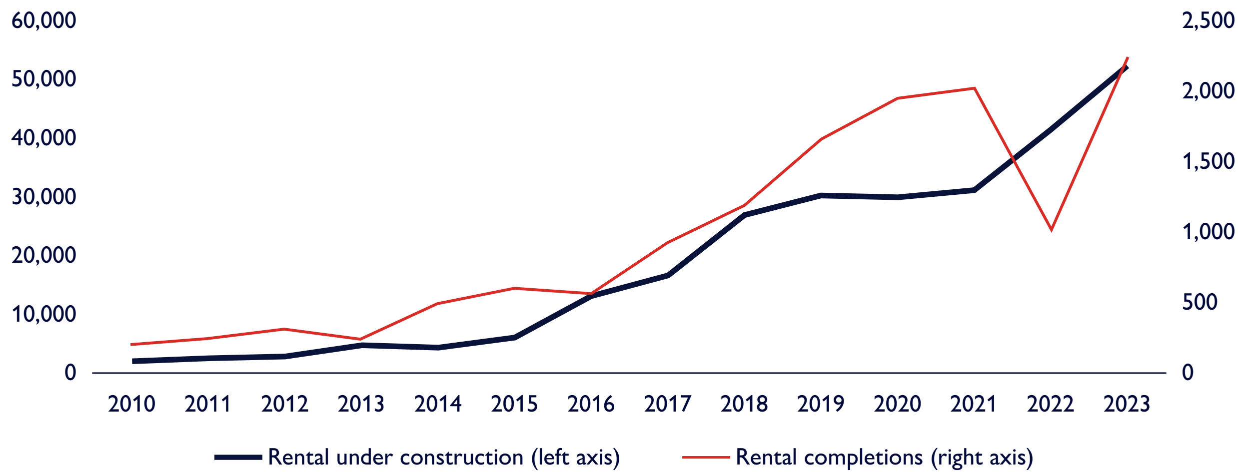
The rental market is expected to remain tight over the forecast period. The vacancy rate is forecast to hold steady at 1.6% in 2024 before rising slightly in 2025 and 2026. Overall, the vacancy rate will remain below its 2020 high over the forecast period, while rents will continue to increase. This will place downward pressure on rental affordability in one of Canada's most expensive rental markets.

Stability in the vacancy rate will reflect a balance of offsetting factors. Population growth will remain near recent highs in 2024, before slowing over 2025 and 2026, though remaining elevated. This reflects the outlook for immigration. Strong population growth will contribute to rental demand.

Elevated population growth is forecast to be offset by significant additions to the purpose-built rental stock. Record high levels of rental starts in recent years will result in the addition of a substantial number of units in the purpose-built rental universe. This situation is expected to continue through 2025 as projects started in 2023 get completed, before beginning to slow in 2026.

While higher completions will help stabilize the vacancy rate over our forecast horizon, this will not last. Total housing starts, including rental starts, are expected to slow from recent highs and stabilize at levels more in line with historical averages. This implies a negative outlook for rental supply growth and affordability in the longer run.

Figure 1: Rental completions will continue to trend higher in 2024, contributing to a stable outlook for the vacancy rate — Purpose-built rental apartments, under construction and completions



Source: CMHC

Forecast Summary — Victoria CMA

	2021	2022	2023	2024 (F) (L)	2024 (F) (H)	2025 (F) (L)	2025 (F) (H)	2026 (F) (L)	2026 (F) (H)
New Home Market									
Starts:									
Single-Detached	860	679	385	260	640	310	660	340	630
Multiples	3,949	4,108	4,607	3,630	4,370	3,880	4,900	3,770	4,980
Starts — Total	4,809	4,787	4,992	3,890	5,010	4,190	5,560	4,110	5,610
Resale Market									
MLS® Sales	9,514	6,499	5,934	5,600	7,050	5,800	8,600	5,550	9,750
MLS® Average Price ($)	906,404	1,012,428	982,350	971,000	1,013,000	1,021,000	1,135,000	1,061,000	1,259,000
Rental Market									
Vacancy Rate (%)	1.0	1.5	1.6	1.6		1.7		1.7	
Average Rent Two Bedrooms ($)	1,571	1,699	1,839	1,980		2,120		2,260	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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VANCOUVER

HIGHLIGHTS

- **Decline in new home construction:** We are projecting a slight decline in new home construction for 2024, attributed to restricted financing affecting multi-family building. However, a robust recovery and ongoing near-record growth are anticipated in the following years.
- **Resale activity outlook:** Resale activity is expected to bounce back in 2024 and continue its upward trajectory until 2026, although it may fall short of peak levels. Supported by sustained immigration and a stable economic environment boosting housing demand, prices are forecasted to rebound and reach new highs by 2026.
- **Rental market demand:** The persistently high rental demand will drive rents upward and constrain vacancy rates, indicating a challenging landscape for renters.

Anticipate a decline in housing starts for 2024 following a year of record activity

Rental construction has gained traction in recent years, notably expanding its share of multi-unit starts. Despite tight financing conditions expected to impact activity in 2024, demand for rental housing continues to drive growth in purpose-built rental construction.

High land and construction costs, along with financing constraints are making it hard for some multi-family projects to move forward. Favourable financing policies are likely to support rental constructions near the city core, while new condominium developments are projected to focus on areas with lower land costs. These include Coquitlam, Port Coquitlam, Port Moody, Maple Ridge, Surrey, Delta, Langley, within the North and South Fraser regions.

We anticipate these multi-family projects to account for most of the decline in new home constructions in 2024 but are expected to rebound as monetary policies ease in 2025. Construction activity is forecasted to return to previous levels by the end of 2025, driven by the persistent high demand for housing in Vancouver.

The provincial government's announcement of zoning policy changes across British Columbia in 2023 is set to pave the way for higher density development in existing single-detached zones. This will likely lead to an increase in ground-oriented multi-family developments in the upcoming years.

We project construction of single-detached homes will continue to decrease due to limited greenfield space and profitability concerns compared to higher density housing types. While a resurgence is expected in 2025, it is forecasted to remain below the peak levels observed in 2022.

Price declines will reverse as homebuyers' budgets are expected to expand

Resale activity is expected to pick up in 2024 across Metro Vancouver. The trend of declining prices that began in 2022 is expected to end in 2024. The average resale price will grow in 2025. By 2026, the average resale price in the Lower Mainland will surpass all-time highs last seen in early 2022. This shift in trend follows signs of stronger resale activity at the end of 2023, as prices stabilized and homes saw fewer days on market than the peak at the end of 2022.

Prices in 2024 will be supported mostly by expectations of lower mortgage rates as the Bank of Canada may begin cutting the policy rate by mid-2024, continuing into 2025. Tightening monetary policy over the past couple of years shrank consumers' budgets and dampened real estate activity across the region. As mortgage rates may change before policy rate decisions, resale activity could quicken earlier than official policy rate changes.

Average incomes rose in 2023, faster than the previous 10-year average, as the economy remained inflationary. We expect incomes to continue growing, but at a slower pace than in recent years. This growth will allow for higher homebuyer budgets and loans.

Price growth in 2024 will not be equal across all housing types. As mortgage rates fall, the most affected buyers will be those seeking lower-priced homes. These homes are further away from the city core, in the North and South Fraser regions. Following lower mortgage rates in 2025 and 2026, single-detached home prices will grow faster.

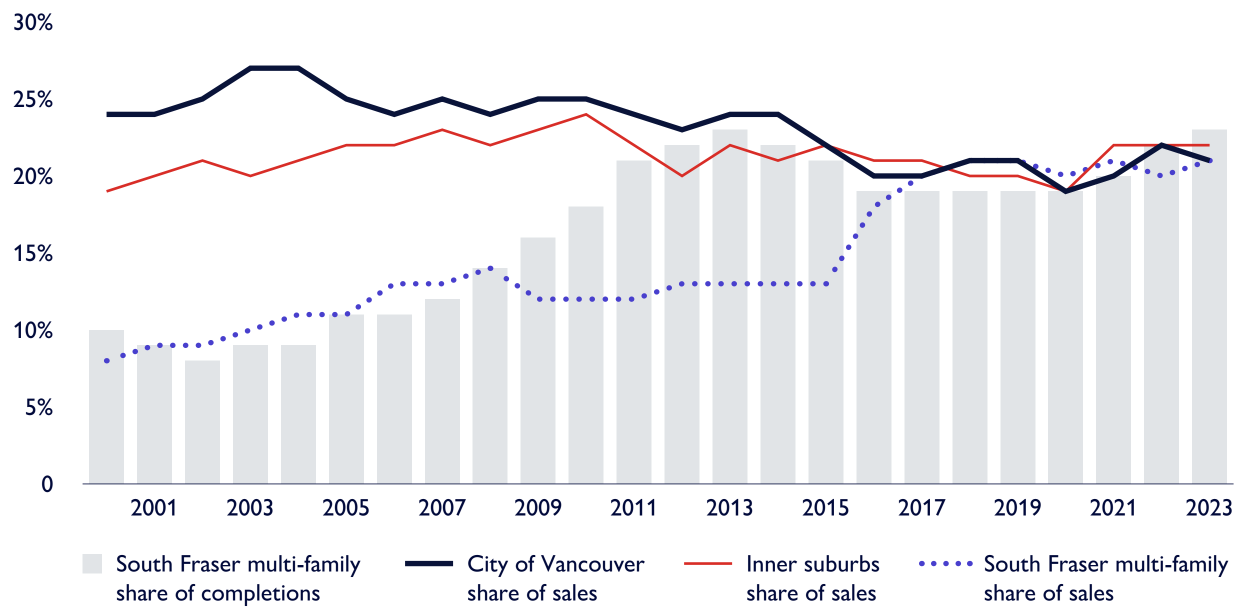
Higher mortgage rates in the previous 2 years may also have delayed potential first-time homebuyers. As this subset is more likely to buy lower-priced homes, a stabilizing environment may encourage them to resume those plans, further increasing demand for lower-priced apartments and attached homes in the suburbs.

Existing home sales will rebound, driven by demand for lower-priced apartments and townhomes

After a weak 2023, home sales will begin to increase in early 2024, and into 2025. Like price increases, these sales will be focused first on more affordable units in the suburbs, but increased activity will eventually be reflected in all housing types . Sales will continue to increase into 2026 but will remain well below the highs seen in 2021.

Apartment units will account for an increasing share of resales. Part of this is due to the continued shift in construction activity, with increasing numbers of condominium units being completed each year. More resales will be multi-family units based in the South Fraser region.

Figure 1: Sales in South Fraser to make up an increasingly large portion of the resale market in Metro Vancouver



Note: Inner suburbs consists of Burnaby, Richmond, and New Westminster. Figures are trended.
Sources: CMHC, Greater Vancouver REALTORS®, Fraser Valley Real Estate Board

Metro Vancouver's economy was resilient in 2023, despite contractionary monetary policy. In 2024, it should see marginal growth, before expanding in 2025 and 2026. The unemployment rate in the region rose from recent lows at the end of 2022 but has since moderated to levels seen in 2016. It is expected to stabilize at these higher levels, before coming back down in 2025 and beyond.

Rental demand continues to be high, with more rental supply on the horizon

Rental demand will remain high in 2024, contributing to continued rent growth across all bedroom types. We expect that turnovers will continue to be low, as existing renters have limited alternatives in the rental market.

As mortgage rates decline, some households that transition from renting to homeownership may alleviate some rental demand. However, if immigration to British Columbia (which is absorbed by Vancouver) remains at levels seen in recent quarters, it will continue to put pressure on the rental market, as immigrants are more likely to be renters.

Vacancies will remain low, but the rental universe will see expansion in the next few years. Record levels of purpose-built rental units under construction will drive this growth, as many of these projects are expected to enter the market in the next few years.

The average 2-bedroom rent will continue to rise at similar rates to those seen recently, as new units come to market and turned-over units adjust to market rents.

Changes to international student migration policies will have an impact on renter demand in the region, as international students are most likely to be renters. However, this impact is unlikely to be immediately measurable as these changes won't decrease this student population right away. Further into 2025 and 2026, these policies may weaken rental demand, but it will still be strong.

Risks to the outlook

Potential upside factors boosting construction, sales and prices include:

- higher-than-expected immigration inflows
- earlier- or larger-than-expected rate cuts
- new policies meant to encourage development

Conversely, downside risks to the outlook encompass:

- prolonged periods of elevated interest rates
- implementation of policies targeting reduced population inflows or constraints on the resale market

Forecast Summary — Vancouver CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	3,015	3,392	2,832	2,200	2,600	2,700	3,300	2,500	3,100
Multiples	22,998	22,591	30,412	23,700	29,300	24,400	35,200	22,600	37,900
Starts — Total	26,013	25,983	33,244	25,900	31,900	27,100	38,500	25,100	41,000
Resale Market									
MLS® Sales	62,817	38,852	35,590	30,300	46,200	34,600	47,600	35,500	49,500
MLS® Average Price ($)	1,155,791	1,227,910	1,216,697	1,127,000	1,258,000	1,163,000	1,350,000	1,197,000	1,446,000
Rental Market									
Vacancy Rate (%)	1.2	0.9	0.9	0.8		0.9		1.0	
Average Rent Two Bedrooms ($)	1,824	2,002	2,181	2,380		2,580		2,800	

Note: Inner Suburbs consists of Burnaby, Richmond, and New Westminster; Figures are trended.
The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CMHC, Greater Vancouver CENTRIS®, Fraser Valley Real Estate Board

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EDMONTON

HIGHLIGHTS

- **Strong housing starts:** Total housing starts are forecasted to remain robust, propelled by economic fundamentals and a strong demand for lower-priced multi-unit housing developments.
- **Resale market growth:** Resale market transactions are expected to grow modestly, accompanied by an increase in the average price. Potential homeowners may face challenges due to reduced borrowing capacity and limited inventory of lower-priced units.
- **Edmonton rental market outlook:** The rental market in Edmonton is projected to stay tight, with rental demand surpassing supply, leading to lower vacancy rates and higher average rents throughout most of the forecast period.

Positive economic conditions will bolster housing market

Economic fundamentals are poised to drive construction and resale activity in the housing market throughout the forecast period. The economy of Alberta presents an overall positive outlook, characterized by favourable labour conditions[1], stable energy prices and significant investments in the petrochemicals, oil and gas, and power sectors.

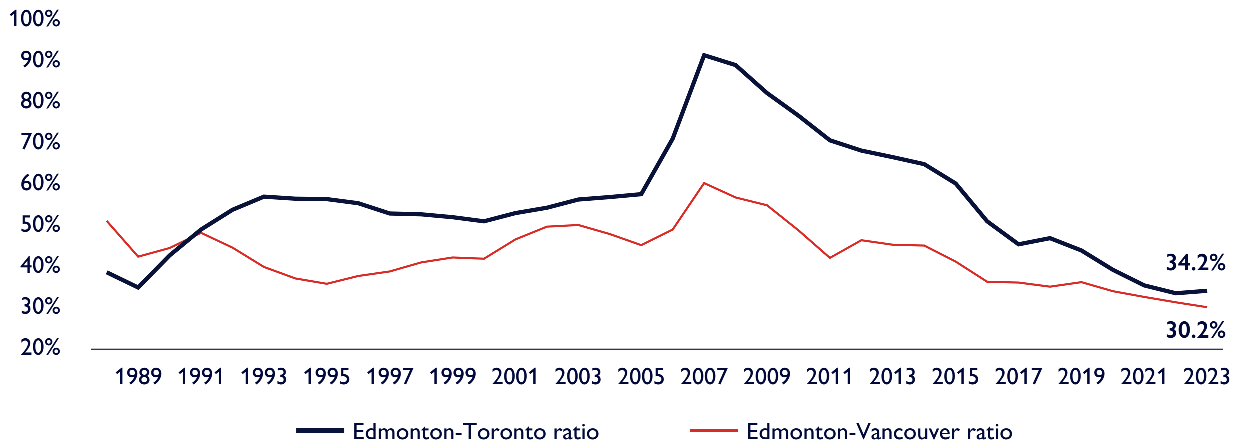
This positive outlook is likely to continue in the short term, supported by employment gains across various sectors, including construction, wholesale and retail trade, and professional and technical services.

Moreover, relative housing affordability and lower living costs in Edmonton are anticipated to continue attracting both international and interprovincial migrants, leading to higher population growth. The housing market is projected to remain active over the forecast horizon, supported by strong demand fundamentals.

The historical trend of average housing prices for Edmonton, Toronto and Vancouver show that the price ratios between Edmonton and these larger centres are at their lowest in decades (Figure 1). With comparable average household incomes, this implies that homeownership remains much more attainable in Edmonton than in the other major markets.

[1] https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002201

Figure 1: Relative housing affordability in Edmonton would continue to attract migrants to the CMA over the forecast horizon — Average MLS® price ratios, Edmonton CMA



Sources: CREA, CMHC calculations

New construction expected to grow, led by multi-unit housing

Housing starts are expected to remain strong in 2024, comparable to what was observed in 2023. We also expect starts to trend upward in 2025 and 2026, driven by sustained demand for new multi-unit housing and expectations of continued growth. Favourable economic conditions, population inflows and reduced housing inventories will encourage developers to start more multi-unit projects.

Single-detached home construction is forecasted to slow further in 2024, following a decline in 2023 due to reduced demand for this dwelling type. Higher interest rates and stricter financing requirements temporarily discouraged some potential buyers of new single-detached homes, leading to builder inventory accumulation. However, demand growth is anticipated as mortgage rates decrease, and this will likely encourage the development of new single-family homes in 2025 and 2026.

Multi-unit developments, on the other hand, are projected to drive a large share of growth in housing starts. More of these dwelling types were started relative to single-family homes in the past year. Developers responded to the demand for lower-priced units, which increased as households reached the limits of their borrowing capacities. This trend is projected to continue in 2025 and 2026.

Driven by low vacancy rates and renewed investor interest, purpose-built rental and condominium apartment construction will continue to trend upward. Industry sources suggest that investor interest has picked up significantly, especially given the tightening rental market with more condominiums been used for longer-term rentals, as well as the recent implementation of city-wide zoning changes.

In addition, government financing and incentive programs started in the past year are expected to bolster housing starts over the forecast horizon.

However, market conditions will be impacted if energy prices differ significantly from forecasts and inflation persists and therefore delays interest rate cuts. On the other hand, stronger population and income growth could strengthen housing demand and drive more activity on the market.

Strong demand, low inventories of existing homes will drive average price growth

Resale transactions are expected to rebound in 2024, experiencing modest growth fueled by strong demand for more affordable units, like row homes and condominiums. However, sales may be tempered by limited supply. As economic fundamentals improve, and more supply becomes available, further expansion of resale transactions is anticipated in 2025 and 2026.

The MLS® average price is also projected to grow moderately over the forecast horizon. Strong demand and low inventories are expected to put upward pressure on prices. Also, we anticipate that, as interest rates decline, the demand for higher-priced housing units will rebound, resulting in average price growth.

Rental market will remain tight as low vacancy rate drives growth in average rent

Persistent strong demand for rental units and insufficient supply are expected to lead to further declines in vacancy rates in 2024 and 2025. This trend should persist as long as Edmonton's population continues to grow. However, if construction activity aimed at meeting rental market demand aligns with expectations, vacancy rates could increase only marginally in 2026.

New apartment condominiums intended for long-term rental are not anticipated to play a significant role in expanding supply in the near term. Also, the recently announced cap on student visas by the federal government isn't anticipated to have a material impact on rental demand in Alberta markets over the forecast horizon.

Similarly, the average rent for a 2-bedroom apartment is forecasted to increase from 2024 to 2026 at a pace exceeding the 10-year average. This growth will be driven by low vacancy rates and the addition of new residential apartments with higher rents to the rental universe.

Forecast Summary — Edmonton CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	5,701	6,173	5,032	4,100	7,000	4,000	7,000	4,000	8,000
Multiples	6,845	8,413	8,152	8,900	10,000	9,000	11,500	9,500	11,500
Starts — Total	12,546	14,586	13,184	13,000	17,000	13,000	18,500	13,500	19,500
Resale Market									
MLS® Sales	29,098	27,773	25,441	25,000	30,000	24,000	31,000	23,000	32,000
MLS® Average Price ($)	389,129	399,750	385,334	380,000	420,000	385,000	440,000	385,000	460,000
Rental Market									
Vacancy Rate (%)	7.3	4.3	2.4	1.9		1.7		2.2	
Average Rent Two Bedrooms ($)	1,270	1,304	1,398	1,481		1,529		1,554	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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CALGARY

HIGHLIGHTS

- **Increase in housing starts:** Growth in total housing starts is expected , driven by robust demand fundamentals such as population growth and household income levels.
- **Continued development of multi-unit homes:** Developers are projected to initiate further construction on multi-unit homes due to low vacancy rates and increasing demand for these types of dwellings.
- **Resale market activity forecast:** The forecast indicates an upward trend in resale market activity with modest price gains, supported by low inventories that are maintaining sellers' market conditions.
- **Tighter rental market conditions:** Further tightening of rental market conditions is expected as lower vacancy rates exert upward pressure on average rent throughout the forecast period.

Housing starts will increase as strong fundamentals drive housing market activity

Positive economic and labour market conditions in Alberta, along with stable oil and gas prices, are expected to continue driving demand for housing of all types and tenures over the forecast period. Demand should persist for relatively affordable unit types, which cater to potential homeowners most impacted by high mortgage rates. The market will remain active, supported by:

- strong population growth, driven by both international and interprovincial migration;
- growth in the population of young adults (18–24) and the core working-age population (25–44); and
- rising employment and growth in local wages and household income levels.

In 2024, housing starts are projected to reach new highs as builders respond to strong demand and limited inventories. In spite of higher costs and stricter financing conditions in 2023, price and rent increases maintained the profitability of projects for developers and a record number of projects were initiated that year. With low inventories, particularly for multi-unit structures and lower-priced homes, builders will likely continue breaking ground on these types of dwellings in the coming years.

Despite a growing stock of unabsorbed single-detached homes caused by lower demand, a marginal increase in starts of this dwelling type is expected in 2024. Total starts should rise over the forecast period, driven by increased multi-unit construction, including semi-detached, row homes and apartments (both purpose-built rentals and condominiums).

Industry sources suggest that the long-term rental supply shortages will continue to encourage developers to construct more purpose-built rentals for years to come. With several building permits issued for residential projects (both commercial and multi-family), construction is expected to increase further once interest rates start to decline.

Federal funding and proposed regulatory changes introduced in the past year are also expected to support housing starts in the census metropolitan area (CMA) further into the forecast period.

However, due to the level of macroeconomic uncertainty, the outlook for Calgary's housing market may change if inflation persists and interest rate cuts therefore happen later than expected. The outlook could also change if oil and gas prices end up being significantly different from estimates. On the other hand, housing demand could be further strengthened by higher population and income growth.

Limited inventory will keep sales growth moderate and cause prices to rise

We expect MLS® sales to rise throughout the forecast period due to strong demand fundamentals. This rise will, however, be moderated by limited inventory of lower-priced dwelling types. The demand for more affordable units such as row homes and condominium units will drive sales in the short term. But affordability concerns stemming from high mortgage rates might delay resale transactions of higher-priced properties.

According to housing industry sources, sales of existing homes will remain strong as more supply is introduced into the market from downsizing or upsizing homeowners, even if mortgage rates remain elevated.

Similarly, the average MLS® price is forecasted to trend upwards until 2026 as low inventories help maintain sellers' market conditions. Although new listings are projected to increase in 2024, the increase will be outpaced by sales, and greater competition among buyers will put upward pressure on prices. Despite the substantial number of ongoing housing developments, we expect that it will take some time for new supply to catch up to demand and moderate price growth.

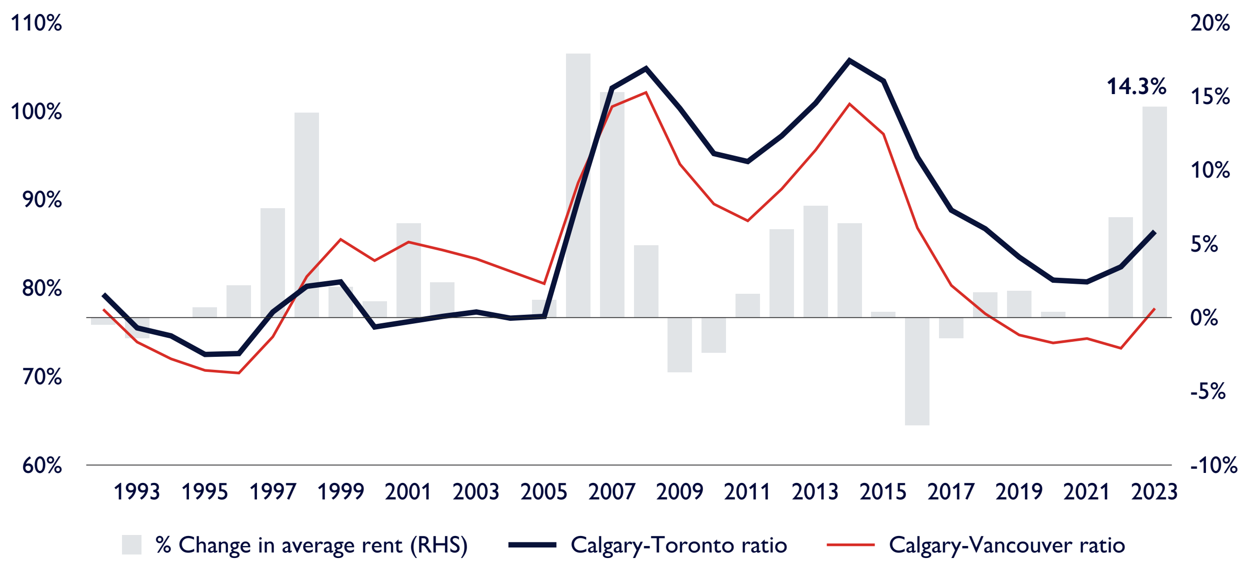
Calgary's rental market will tighten further as units remain in short supply

Despite a growing rental universe, the vacancy rate for purpose-built rental apartments is forecasted to edge lower in 2024 and 2025. Rental units will remain in short supply as demand continues to be driven by population growth combined with less mobility into homeownership. The recently announced cap on student visas by the federal government isn't anticipated to have a significant impact on rental demand in Alberta markets over the forecast horizon.

Purpose-built rental construction activity has been growing in the past few years: more than half of all apartments started in 2023 were targeted at the rental market. We expect this trend to continue over the forecast horizon.

While the potential addition of new rental supply isn't projected to offset demand totally, it may moderate further declines in the vacancy rate by 2026. Industry sources suggest that more builders now have a rental division and they are capitalizing on strong rental demand (row homes and laneway homes). Additionally, they have the ability to develop a wider variety of rental options given zoning changes in recent years.

Figure 1: Average two-bedroom rent in Calgary remains lower relative to other large CMAs despite the significant growth recorded in 2023 — Average two-bedroom rent ratios, Calgary CMA



Source: CMHC

With persistently low vacancy rates, we expect the average rent for 2-bedroom apartment units to increase further this year and until 2026. Average rent surged by 14.3% in 2023, the fastest pace in over a decade, as the vacancy rate declined to 1.4%.

Rents will continue to face upward pressure as rental demand outpaces supply in the short term. Also, new higher-priced rental apartment units added to the rental universe will contribute to higher average rents.

Forecast Summary — Calgary CMA

	2021	2022	2023	2024 (F) (L)	2024 (F) (H)	2025 (F) (L)	2025 (F) (H)	2026 (F) (L)	2026 (F) (H)
New Home Market									
Starts:									
Single-Detached	5,512	5,752	5,875	5,500	7,000	5,500	8,000	6,000	8,500
Multiples	9,505	11,554	13,704	13,000	15,000	13,000	17,000	12,000	18,500
Starts — Total	15,017	17,306	19,579	18,500	22,000	18,500	25,000	18,000	27,000
Resale Market									
MLS® Sales	37,103	38,393	34,549	32,000	39,000	31,000	40,000	29,000	41,000
MLS® Average Price ($)	501,577	531,678	551,420	570,000	620,000	560,000	670,000	550,000	700,000
Rental Market									
Vacancy Rate (%)	5.1	2.7	1.4	1.1		1.0		1.5	
Average Rent Two Bedrooms ($)	1,355	1,466	1,695	1,859		1,922		1,951	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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REGINA

HIGHLIGHTS

- Strong population growth and robust labour market conditions set up Regina for housing growth. We expect sales activity and price growth to pick up over the forecast horizon.
- Relative affordability in Regina is increasing competition for housing, diminishing already tight inventories.
- New housing construction is increasingly dominated by rental construction, and we expect to see a shift toward more multi-unit developments.
- Tight rental market conditions will persist as supply is not likely to keep up with rising demand pressures in the near-term. We expect vacancy rates to decline further and average rent growth to remain high above its historical average.

Strong demographic and labour market conditions set up Regina for stronger price growth through 2026

Following a drop in both sales (-4.7%) and prices (-3.6%) in 2023, we expect a rebound in sales and price growth in Regina over the forecast horizon. Sales activity so far in 2024 exceeds record highs for this time of year. Several factors contribute to the positive outlook for sales activity:

- Rising international migration that is driving strong population growth.
- Combined with a relatively young existing population, the 18-to-24 and 25-to-44 age cohorts are currently the largest net contributors to population growth.
- Rising employment (6,400 jobs created in 2023, a record for Regina).

International migration is a key driver of population growth in Regina, and a large share of immigrants fall into younger age groups. As the younger population grows, we expect more first-time homebuyers to enter the market. Increasing availability of full-time employment opportunities and high job vacancies will also lead to income increases. Together, these factors suggest that demand for housing will rise over the next several years.

While interest rates remain high, we expect sales activity to pick up as home prices are relatively affordable in Regina, especially for existing condominium apartments. Borrowers are less limited by prolonged high interest rates compared to those in less affordable markets, in part due to relatively flat pricing in Regina over the past decade. Relatively affordable pricing on the ownership side will likely contribute to more households being able to move from the rental market into homeownership over the forecast horizon.

High sales activity is expected to further decrease already low inventories of existing homes for sale, increasing competition among potential buyers and putting upward pressure on average home prices. Inventories have been declining at a faster pace in recent months, with the number of active listings well below its long-term average. The share of new housing construction intended for ownership has also declined in recent years, contributing to reduced housing availability. Considering strong demand fundamentals and accelerating rent growth, we expect at least moderate price growth over the forecast horizon.

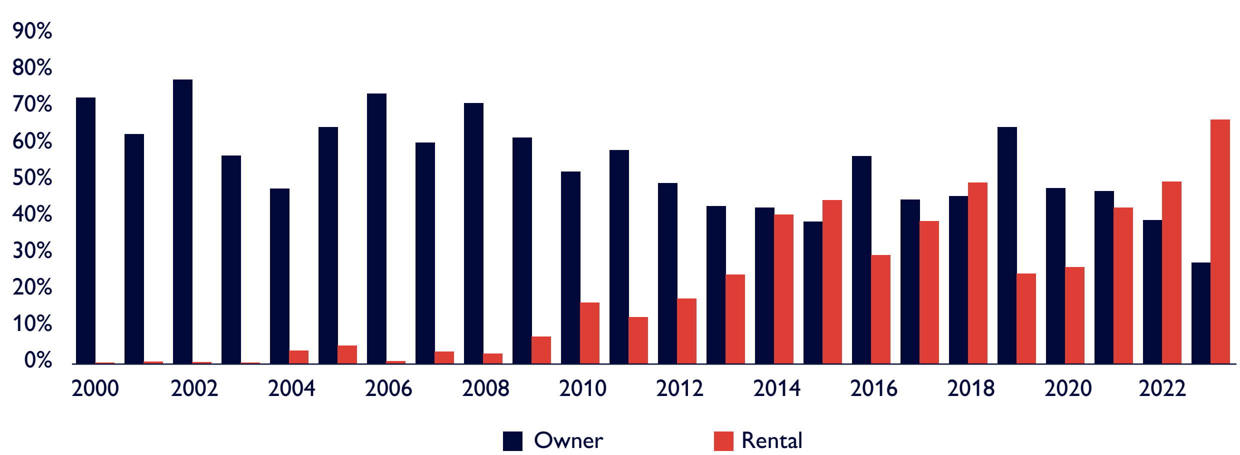
Strong demand fundamentals will support elevated construction, especially of multi-family housing units

Tight market conditions in both the rental and resale side will encourage stronger construction activity over the forecast horizon. Total starts increased in 2023, led by a rise in multi-unit housing starts. The increase in multi-unit developments was partially offset by a decline in single-detached housing starts. Leading into 2026, we expect to see an increase in both single-detached and multi-unit housing starts.

The rental segment is increasingly dominating new housing construction in Regina (figure 1), and we expect the share of multi-unit developments to continue to rise. High construction and operating costs have impacted development in recent years, but higher rents may help maintain the profitability of rental development opportunities. As competition for rental units intensifies, we expect the new units added to the rental stock to be absorbed at a faster pace.

The City of Regina's housing incentive programs have supported the shift toward multi-unit developments. Changes to zoning bylaws to encourage high-density development within the city will likely have a positive impact on supply in the longer term, but significant impacts on housing availability are unlikely to show within the forecast horizon.

Figure 1: New housing construction in Regina is increasingly dominated by rental construction — Share of total housing starts by intended market



Source: CMHC

Tight rental market conditions will persist as vacancy rates edge down further in 2024

We expect vacancy rates to decline further in 2024 as demand pressures rise. High levels of immigration are putting downward pressure on vacancies, as migrants tend to rent first upon moving to the area. Vacancy rates are expected to rebound slightly in 2025 and 2026 as interest rates come down and rental completions pick up, but strong demand will keep vacancy rates relatively low.

The supply side appears to be responding to increasing demand, as the share of construction activity in the rental market segment has increased in recent years. Of all the units under construction, 71.4% were intended for the rental market as of December 2023, well above the historical average of 20.6%. We expect this trend to have a positive impact on the rental supply, but the current pace is likely insufficient to significantly improve rental availability in the near-term.

Rental market affordability will continue to be a concern for Regina for this forecast period. Average rents grew by 8.0% in 2023 as vacancy rates reached their lowest level since 2012. Since vacancy rates are forecast to remain below historical averages, those looking to rent in Regina will likely continue to face higher rents and fewer options.

Forecast Summary — Regina CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	405	321	214	170	390	140	450	110	540
Multiples	578	616	963	870	1,170	690	1,550	560	2,350
Starts — Total	983	937	1177	1,040	1,560	830	2,000	670	2,890
Resale Market									
MLS® Sales	4,523	4,257	4,059	4,000	4,600	3,800	4,600	3,500	4,600
MLS® Average Price ($)	326,785	321,714	310,301	304,600	341,600	299,100	373,400	290,600	404,400
Rental Market									
Vacancy Rate (%)	7.1	3.2	1.4	1.0		1.2		1.4	
Average Rent Two Bedrooms ($)	1,162	1,191	1,301	1,400		1,440		1,490	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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SASKATOON

HIGHLIGHTS

- Saskatoon's affordability relative to other Prairie markets is expected to raise housing demand, driving price growth.
- Low inventories will intensify competition for housing, driving up prices and resulting in modest sales growth in the short term.
- Total starts will grow modestly, primarily driven by multi-unit housing starts throughout our forecast horizon.
- Rental markets are expected to remain tight until 2026 as supply is not anticipated to meet the rising demand.

Strong economic fundamentals will add to housing demand

In 2024, we foresee a robust economic landscape shaped by several key factors. A significant influx of international migration, coupled with substantial population growth, particularly within the 25-to-44 age group, is expected to put upward pressure on the economy. Also, the growth in high-income industries is projected to stimulate employment and average wage increases. Together, these positive economic indicators are anticipated to drive an increase in housing demand.

As prices and demand are expected to continue to climb, concerns over affordability in both the housing and rental markets are becoming more prevalent.

Overall, we predict Saskatoon to have a stable housing market growth, supported by the following:

- Employment growth boosted by increased capital investments in the province.
- A surge in housing demand from younger families looking for their first or step-up home.[1]
- Government policies such as loosening zoning laws and the Housing Accelerator Fund.[2]

Risks of greater price increases could occur with a decrease in interest rates and inflation, which could further stimulate housing demand.

[1] Statistics Canada. Table: 17-10-0057-01 (https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710005701)

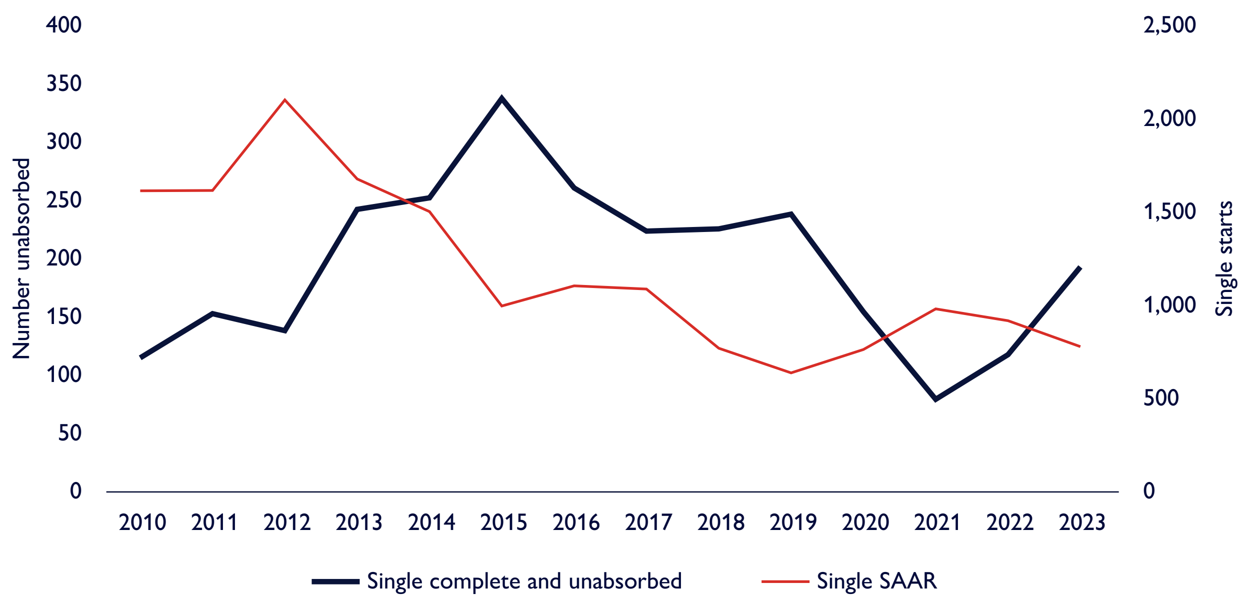
[2] Housing Accelerator Fund Action Plan | Saskatoon.ca (https://www.saskatoon.ca/HAF)

Total starts are expected to have moderate growth, driven largely by growth in multi-unit development

Despite low inventories and high demand pressures, single-detached housing starts are not expected to grow throughout the forecast period. New single-detached housing construction was not absorbed as quickly as developers had anticipated, leading to a modest build-up in inventory. Also, with prices of new construction continuing to rise, families looking to move into new housing projects are seeking more affordable housing options.

Still, multi-unit development in 2024 is expected to see robust growth fuelled mainly by rental apartments and lower-priced multi-unit dwellings. Historical data shows a significant increase in starts for multi-unit development, a trend that will likely persist. However, if market conditions improve, preferences may switch back to single-detached homes, slowing the demand for multi-unit developments.

Figure 1: Single starts are expected to slow in 2024 as inventory numbers rise



Source: CMHC

Low inventories will limit sales growth and push prices up in the short term

Moderate growth in sales is anticipated in 2024, as a result of low inventory in the market. Affordable segments including condominium apartments and ground-oriented multi-unit dwellings will lead sales figures as high interest rates are limiting borrowing capacity in the short term. The demand for these units will be sustained by first-time homebuyers, and families looking to downsize. Additionally, since multi-unit developments are often located in desirable neighbourhoods with nearby amenities, demand for them will continue to rise at a steady pace persisting into 2026.

The MLS® average price is expected to see a modest increase in 2024. The affordable segments will continue to stay tight, driven by strong international migration. This heightened demand will raise prices at lower price points and thus further stimulate sales at higher price points from move-up buyers. Despite these trends, the average home price will remain relatively affordable, especially when measured on a price-to-income basis, compared to other Prairie markets.

The rental market is expected to remain tight — lower vacancy rates continue to drive rent growth

We forecast vacancy rates to drop further in Saskatoon in 2024. Rapid population growth is increasing housing demand and costs, and restricting families' mobility in the rental and ownership market, leading to longer stays in rental units. Like in 2023, while robust growth in multi-unit development is expected within the forecast period, demand is likely to outpace supply, keeping the rental market tight. Given the anticipated demand, vacancy rates are forecast to remain low until 2026. However, should the anticipated strong multi-unit development meet the demand, vacancy rates may increase toward 2026.

As the vacancy rate drops, the average rent for a 2-bedroom apartment is expected to rise. Historically, when vacancy rates dip below 2%, average rent growth tends to accelerate. In 2024, we project rent growth to be in line with the previous year's growth of 9%.

Forecast Summary — Saskatoon CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	774	965	913	650	930	600	995	595	1,100
Multiples	1,135	1,675	1,746	1,500	2,320	1,450	2,405	1,405	2,450
Starts — Total	1,909	2,640	2,659	2,150	3,250	2,050	3,400	2,000	3,550
Resale Market									
MLS® Sales	7,427	6,342	6,285	5,875	7,140	6,000	7,450	6,040	7,760
MLS® Average Price ($)	349,688	354,010	358,872	366,900	386,200	373,600	421,000	381,300	445,000
Rental Market									
Vacancy Rate (%)	4.8	3.4	2	1.7		1.8		2.2	
Average Rent Two Bedrooms ($)	1,183	1,243	1,360	1,453		1,516		1,576	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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WINNIPEG

HIGHLIGHTS

- We expect housing starts to decrease slightly in 2024, as high financing costs continue to weigh on developers in the near-term.
- Anticipated reductions in mortgage rates are likely to motivate potential buyers, leading to modest increases in both sales and prices this year.
- Strong population growth will keep driving demand in the rental market, pushing the apartment vacancy rate down and rents substantially up.

Housing starts to remain challenged by high interest rate environment

Total housing starts are expected to decline modestly in 2024, primarily due to high financing costs reducing the viability of new developments. They will likely see a return to growth in 2025 and 2026 as economic conditions improve and mortgage rates decline.

For single-detached homes, we observed an increase in unsold new home inventories, which could lead to fewer starts in 2024. We expect a bounce back in 2025 and 2026 given ongoing population growth, declining mortgage rates and relative affordability compared to other markets.

While many factors have been encouraging new rental supply, such as demand from high population growth, the recent GST exemption on new purpose-built rental housing and elevated rents, financing costs will still limit growth in this segment. With the last policy rate increase dating back to July 2023, the full effects of the hikes could be seen in 2024. We expect multi-unit housing starts to be slightly down compared to last year, but to rebound in 2025 and 2026 as strong fundamentals remain and financing costs decrease.

Sales and prices to increase modestly in 2024 due to anticipated mortgage rate decreases

We foresee MLS® average sale prices and MLS® sales picking up in 2024, driven by increased demand. The growth in demand will be fuelled by an anticipated interest rate reduction, ongoing population growth, a robust labour market and buyers coming back to the market after delaying purchases in 2022 and 2023. Sales and prices should keep increasing in 2025 and 2026 as mortgage rates decline.

We anticipate resale activity to begin increasing ahead of policy rate decisions, with expectations of interest rate declines. With a tight rental market, we also expect renters to move toward homeownership, a more affordable option in Winnipeg compared to other Canadian cities. Also, Winnipeg's resale market shows signs of fairly strong competition among potential buyers, although not to the extent seen in 2021.

Relatively high mortgage costs and an expected economic slowdown this year will still be headwinds limiting further growth in prices and sales. However, we anticipate Winnipeg's labour market to remain relatively resilient due to its diversified economy, which has made it historically less volatile than other markets.

Along with record population growth in Manitoba in 2023 (+2.9%), the Winnipeg labour market managed to record an unemployment rate decrease. As of February 2024, the CMA presents one of the lowest unemployment rates in Canada (4.1% compared to the Canadian average of 5.8%). Additionally, this rate has decreased by 0.6% over the previous 12 months while the Canadian average has increased by 0.8%.

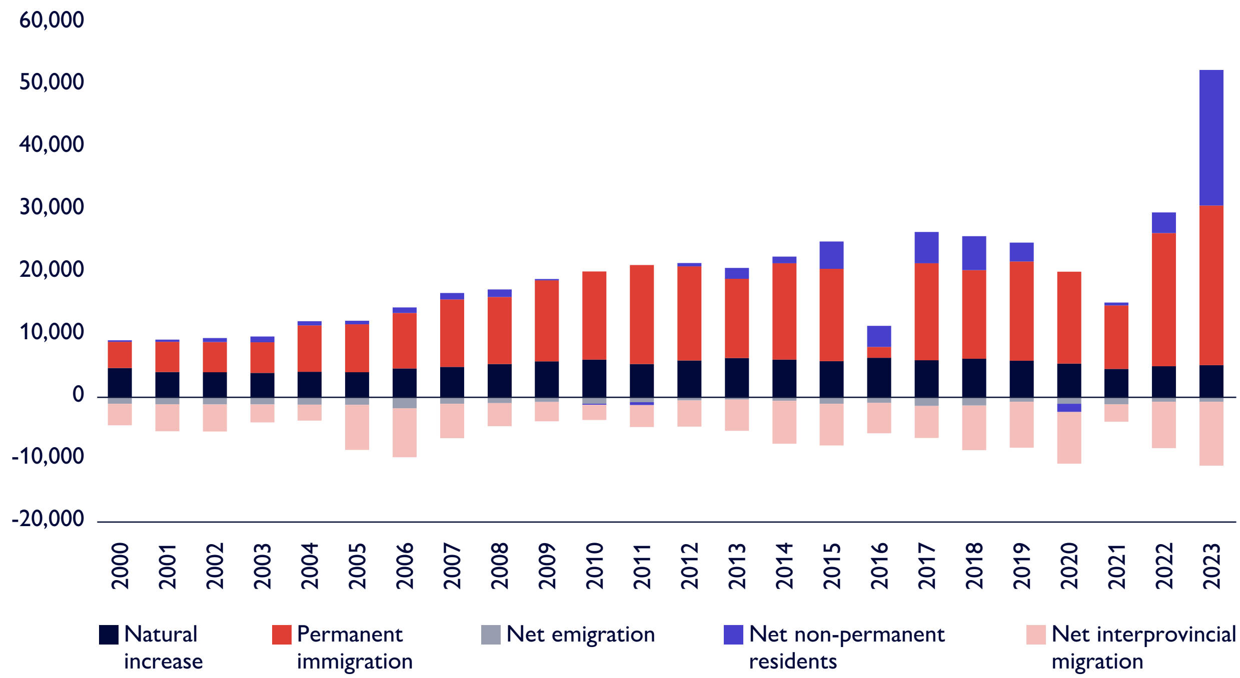
Rental market will remain tight given strong population growth

The purpose-built rental apartment market will continue to be tight in 2024, with a vacancy rate declining to 1.6%. The population of Manitoba and Winnipeg will likely continue to grow rapidly, although at a slower pace than in 2023. International migration will continue to stimulate growth, as permanent and non-permanent immigration more than compensate for net interprovincial outmigration (see figure 1).

Moreover, the cap on student visas and plans to restrict the number of temporary residents announced by the federal government are not anticipated to have a major impact on rental demand in Winnipeg in the near-term. With demand growth outpacing supply, we expect the rental vacancy rate to continue its downward path, to 1.4% in 2025 and 1.3% in 2026.

The Manitoba rent increase guideline, after two years at 0%, is at 3% in 2024, its highest level since 1992. Between higher growth for rent-controlled units and exempted units, as well as new units priced according to tight market conditions, we expect substantial increases in rents in 2024, worsening rental affordability.

Figure 1: Variation in Manitoba's population, fuelled by permanent and non-permanent immigration, offers a boost to the Winnipeg housing market



Note: From July of the previous year to June of the current year. Excludes residual deviation.
Source: Statistics Canada

Amid a heightened degree of uncertainty, our forecasts are subject to different risks

The overall performance of the national macroeconomy may serve to further boost or hinder the housing market in Winnipeg, reflecting both upside and downside risks to our forecasts (see the National report). For Winnipeg specifically, the provincial removal of PST on new purpose-built rental developments presents an upside risk to our forecasts, which is currently not accounted for in our baseline scenario. Additional local risks include potential regulatory adjustments by the City of Winnipeg concerning its Housing Accelerator Fund Agreement, which poses an upside risk to overall housing starts in the 2025–2026 forecast horizon.

Forecast Summary — Winnipeg CMA

	2021	2022	2023	2024 (F) (L)	2024 (F) (H)	2025 (F) (L)	2025 (F) (H)	2026 (F) (L)	2026 (F) (H)
New Home Market									
Starts:									
Single-Detached	2,167	1,927	1,420	1,200	1,500	1,300	1,900	1,300	2,100
Multiples	3,527	3,943	4,034	3,600	4,200	3,700	5,000	3,800	5,500
Starts — Total	5,694	5,870	5,454	4,800	5,700	5,000	6,900	5,100	7,600
Resale Market									
MLS® Sales	16,952	13,594	12,006	12,100	13,200	12,400	14,000	12,900	15,100
MLS® Average Price ($)	349,753	380,700	368,325	365,000	385,000	370,000	415,000	380,000	450,000
Rental Market									
Vacancy Rate (%)	5.0	2.7	1.8	1.6		1.4		1.3	
Average Rent Two Bedrooms ($)	1,317	1,350	1,427	1,510		1,570		1,630	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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TORONTO

HIGHLIGHTS

- **Decline in Housing Starts:** We anticipate a decline in total housing starts for 2024 and 2025, primarily driven by high construction and financing costs impacting new apartment developments (condo and purpose-built rental).
- **Increase in MLS® Price:** In 2024, we project an increase in the average MLS® price due to lower mortgage rates, strong population growth, and expected economic improvements continuing into 2025 and 2026. However, challenges in homeownership affordability are expected to persist.
- **Vacancy Rate Projection:** There is a projected slight increase in the vacancy rate for purpose-built rental apartments during the 2024–2026 period. This rise can be attributed to decreased demand from international students, moderate shifts from renting to homeownership and an increase in supply. The rental market conditions are foreseen to remain tight, leading to upward pressure on rents.

Housing starts will decline through 2025, led by the apartment segment

The outlook for the housing market in the Toronto census metropolitan area suggests a decline in housing starts that will persist through 2025, with a primary impact on the apartment segment, which accounts for most starts in the region.

Anticipated to extend into 2025, this decline is set to predominantly affect the apartment sector, which plays a significant role in new construction activities within the region. Challenges on both the demand and supply sides have led to a pessimistic stance among apartment developers[1]. Factors such as heightened mortgage rates and escalating costs of materials, labor, and financing are expected to result in fewer project initiations during 2024 and 2025. The reduced profitability of condominium and purpose-built rental projects has further dampened the outlook for apartment starts.

The forecast highlights a shift in apartment projects toward suburban municipalities within the CMA, known as "the 905." Developers are capitalizing on lower land costs in these areas to offer more cost-effective housing options, catering to the growing demand for affordable accommodations among prospective buyers and tenants. This regional trend underscores the evolving dynamics of the real estate market, with affordability becoming a key factor influencing development patterns.

[1] https://www.chba.ca/housing-market-index/

The expected slight increase in ground-oriented housing starts

There is an anticipated upturn in the initiation of ground-oriented residences, comprising single-detached, semi-detached and row homes, following a decline in 2023. Projections suggest a modest increase in these housing starts from 2024 to 2026. This growth is supported by a gradual decrease in mortgage rates and a limited supply of existing homes.

Unlike apartment developments, which involve longer planning and construction periods, ground-oriented projects are poised to respond more promptly to reduced mortgage rates.

Among the newly developed ground-oriented dwellings, potential buyers are likely to favor semi-detached and row homes due to their more affordable price points. In contrast, the number of single-detached home starts is expected to remain subdued compared to historical trends, primarily due to affordability challenges that may restrict demand. Municipalities are projected to prioritize denser housing types in alignment with governmental policy objectives.

Resuming growth in the average MLS® price in 2024

Following a decline in 2023, Toronto's average MLS® price is anticipated to rebound in 2024, with continued growth forecasted for 2025 and 2026. This recovery will be supported by decreasing mortgage rates, robust population growth, and an improving economy as we progress into 2025 and 2026. The economic upturn will be further fueled by increased consumer spending, business investments, and ongoing government allocations to local infrastructure projects.

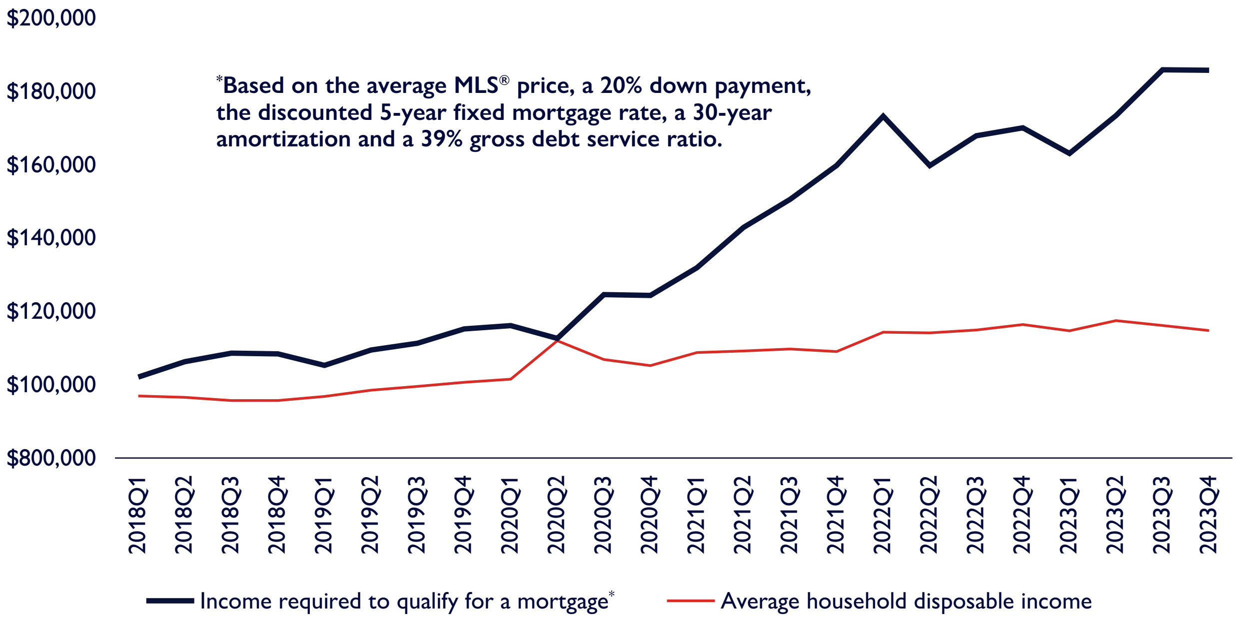
Price changes will vary across market segments. Condominium apartments, prevalent in the City of Toronto and its downtown core, are expected to experience balanced market conditions and subdued price growth. This trend will be the result of increased supply driven by factors such as:

- investors facing challenges with cash-flow-negative rental properties caused by higher mortgage rates since early 2022, leading, in part, to a recent increase in condominium listings; and
- a substantial number of condominium completions.

Conversely, ground-oriented housing types are poised to propel the growth in the average MLS® price. Demand from households seeking more living space, notably millennials with young families, combined with a limited supply of such homes resulting from new construction activities over the years, will maintain tight market conditions within this segment.

Furthermore, MLS® sales, which hit a 23-year low in 2023, are projected to rise from 2024 to 2026. Affordability challenges persist in the region, keeping sales below their recent 10-year average throughout the forecast period. While mortgage rates are expected to decrease gradually, they are likely to remain above levels observed over the last decade, impacting the purchasing power of potential homebuyers.

Figure 1: Qualifying for a mortgage became harder in 2023, and affordability challenges are expected to persist (Toronto CMA)



Sources: CBOC; CREA; Ratehub.ca; Statistics Canada; CMHC calculations

Rental market will remain tight

The rental market in Toronto is expected to remain tight, with the vacancy rate for purpose-built rental apartments projected to slightly increase over the forecast period from 2024 to 2026. Despite this marginal uptick, the vacancy rate will stay low enough to exert strong upward pressure on rents. Factors contributing to this tight market include high immigration-driven population growth and challenges in homeownership affordability, ensuring continued robust demand for rental properties in the city.

The incremental growth in the vacancy rate can be attributed to several factors. Firstly, there may be a slight decrease in demand from international students due to recent policy changes. Regions near post-secondary institutions and with significant student populations, such as Peel, Etobicoke, Downsview, the Annex, and Scarborough, are more likely to feel the impact of this shift.

Secondly, industry sources report that declining mortgage rates will encourage more renters to transition to homeownership. Some of these potential buyers may opt to relocate outside the Toronto CMA in search of more affordable housing options. The region's high cost of living has already led to a notable migration outflow to other parts of Ontario and Canada in recent years.

Lastly, the high number of purpose-built rental and condominium apartments currently under construction, with a considerable percentage of the region's condominiums being rented out (38.4% in 2023), could contribute to a slightly higher vacancy rate. The surge in purpose-built rental apartment starts in 2023, reaching a historical peak since 1990, is anticipated to result in the completion of these units by 2026.

Potential risks to the outlook

Upside risks to the housing forecasts include higher-than-expected population and income growth, as well as recent or potential policy changes that could lead to more housing starts than initially predicted.

Conversely, downside risks involve a substantial increase in listings if heavily indebted households struggle to manage their mortgages upon renewal. Weak economic growth stemming from persistently high interest rates, coupled with households prioritizing debt repayment over consumption, poses another downside risk to the housing market outlook.

Forecast Summary — Toronto CMA

	2021	2022	2023	2024 (F) (L)	2024 (F) (H)	2025 (F) (L)	2025 (F) (H)	2026 (F) (L)	2026 (F) (H)
New Home Market									
Starts:									
Single-Detached	6,920	6,329	4,721	4,600	6,000	4,700	6,700	4,500	7,300
Multiples	34,978	38,780	42,707	27,400	33,000	22,300	28,300	26,500	34,700
Starts — Total	41,898	45,109	47,428	32,000	39,000	27,000	35,000	31,000	42,000
Resale Market									
MLS® Sales	122,125	75,643	66,311	71,700	88,300	72,800	101,200	69,500	109,500
MLS® Average Price ($)	1,095,869	1,190,985	1,127,426	1,135,000	1,205,000	1,154,000	1,306,000	1,160,000	1,400,000
Rental Market									
Vacancy Rate (%)	4.6	1.6	1.4	1.6		1.8		2.0	
Average Rent Two Bedrooms ($)	1,679	1,779	1,961	2,120		2,230		2,340	

Forecast Summary — Oshawa CMA

	2021	2022	2023	2024 (F) (L)	2024 (F) (H)	2025 (F) (L)	2025 (F) (H)	2026 (F) (L)	2026 (F) (H)
New Home Market									
Starts:									
Single-Detached	1,407	927	614	300	400	350	650	320	880
Multiples	2,456	2,848	1,239	700	1,300	1,350	2,050	1,380	2,620
Starts — Total	3,863	3,775	1,853	1,000	1,700	1,700	2,700	1,700	3,500
Resale Market									
MLS® Sales	14,091	9,489	8,101	8,600	11,000	9,000	12,200	8,900	12,700
MLS® Average Price ($)	918,713	1,018,850	929,848	938,000	1,012,000	962,000	1,108,000	968,000	1,192,000
Rental Market									
Vacancy Rate (%)	2.2	2.6	1.5	1.7		2.0		2.1	
Average Rent Two Bedrooms ($)	1,417	1,450	1,613	1,730		1,850		1,940	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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HAMILTON

HIGHLIGHTS

- We expect the average MLS® price to trend higher between 2024 and 2026. Higher prices will be driven by increased home sales as pent-up demand returns following the anticipated reduction in mortgage rates.
- We expect housing starts to decrease from 2023 to 2024 as pre-construction sales are weighed down by relatively high borrowing costs. In 2025 and 2026, we forecast them to trend up as lower borrowing costs impact the market.
- Rental vacancy rates are set to increase modestly over the 3-year forecast period. The increase will be driven by more renters transitioning into homeownership and the expected reduction in the number of student renters. This increase will be kept modest because homeownership affordability will generally still be low, and non-student immigration will remain strong. As overall demand will still be relatively high and vacancies still around recent lows, there will still be strong growth in rents.

Relatively low housing starts in 2024 with anticipated growth in 2025 and 2026

We anticipate 2024 housing starts will be lower than they were in 2023. This will be due to the impact of high borrowing costs. Low pandemic-era interest rates supported strong housing starts activity in recent years, particularly in the condominium apartment segment. Developers could finance activity at relatively low cost, and this spurred construction.

Low mortgage rates also boosted pre-construction sales, providing further encouragement for increased housing starts. The impact of recent higher borrowing costs is now being reflected in the market, with more expensive construction and slower pre-construction sales weighing down starts. Demand for single-detached housing, in particular, was strong when interest rates were low, but has declined as interest rates have risen.

Housing starts are expected to rebound in 2025 and 2026 in response to lower interest rates. The anticipated growth will be largely driven by purpose-built rental units. The rental market remains tight, with vacancy rates near historic lows. This, in combination with relatively low homeownership affordability and strong immigration, will keep demand for rental units high, which will encourage starts.

Growth in the later part of our forecast is also supported by recent initiatives to increase housing supply. The City of Hamilton signed up for the Housing Accelerator Fund. The positive impact of the resulting funding and recent housing policy changes from all levels of government aimed at increasing housing supply will more likely be reflected in starts activity for 2025 and 2026.

House prices will trend higher as sales increase

House sales will be higher than they were in 2023, with the increase supported by the release of pent-up demand from homebuyers responding to lower mortgage rates and population growth due to migration.

Average MLS® prices are expected to reverse their 2023 trend and move higher over the next 3 years. The price increase will be driven by growing demand coming up against limited housing supply. New home listings have been lower than historical averages, and an upward trend in the sales-to-new listings ratio reflects the strong demand relative to the available supply. We anticipate demand will continue to grow over the forecast horizon as lower mortgage rates fuel buyer confidence.

The extent of price growth will be tempered by the fact that, while mortgage rates will decline, affordability will still be low (Figure 1). Low affordability will restrain some housing demand and its pressure on house prices.

The rental market will remain tight, and rent increases will be significant

Rental market vacancies are expected to grow but remain relatively low between 2024 and 2026. The increase will be driven by more renters transitioning into homeownership and the expected reduction in student renters. The increase will be kept modest, however, because homeownership affordability will generally still be low and non-student immigration will remain strong. As overall demand will still be high and vacancies still around recent lows, there will still be strong growth in rents.

Risk to the outlook

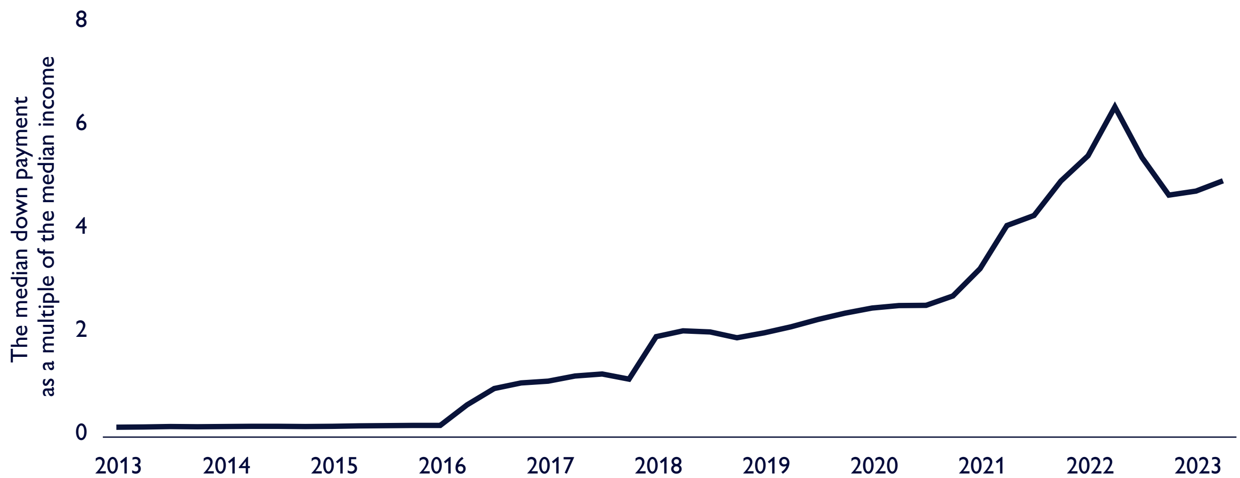
The main upside to our housing forecast is:

- higher-than-anticipated starts due to a quicker impact of recent policy measures.

The main downsides to our housing forecast are:

- interest rates that don't decline as early as expected. The growth in housing demand, sales and prices would be stunted. This would put even more pressure on the rental market, with fewer households able to transition to homeownership. This would mean lower vacancy rates and even higher rent growth than presently anticipated.
- a slower rebound in starts if the impact of lower borrowing costs takes longer than expected to impact construction and housing demand.

Figure 1: Housing affordability will remain low in Hamilton



Sources: CMHC calculations on data from CMHC, Statistics Canada and the Bank of Canada

Forecast Summary — Hamilton CMA

	2021	2022	2023	2024 (F) (L)	2024 (F) (H)	2025 (F) (L)	2025 (F) (H)	2026 (F) (L)	2026 (F) (H)
New Home Market									
Starts:									
Single-Detached	738	821	303	300	400	300	450	300	500
Multiples	3,449	2,709	3,398	2,900	3,400	2,600	3,250	2,900	3,700
Starts — Total	4,187	3,530	3,701	3,200	3,800	2,900	3,700	3,200	4,200
Resale Market									
MLS® Sales	15,934	11,119	9,964	10,500	11,500	11,200	12,800	12,000	14,000
MLS® Average Price ($)	868,134	962,559	872,429	900,000	940,000	920,000	1,000,000	960,000	1,100,000
Rental Market									
Vacancy Rate (%)	2.8	1.9	2.1	2.4		2.8		3.0	
Average Rent Two Bedrooms ($)	1,362	1,468	1,617	1,762		1,815		1,884	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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LONDON

HIGHLIGHTS

- The MLS® average price is anticipated to increase in 2024 due to improved economic conditions and falling interest rates.
- Housing starts are expected to increase across all dwelling types in 2024 from the low level seen in 2023 owing to stronger demand and improving building conditions.
- The purpose-built rental apartment vacancy rate is expected to increase slightly in 2024 with the help of new supply and more renters transitioning into homeownership. That said, the rental market will remain tight.

Housing starts to increase in 2024

Total housing starts in the London census metropolitan area (CMA) are expected to increase in 2024 from the low level seen in 2023. We'll also see further improvement in 2025 and 2026. Factors contributing to this growth include lower interest rates and improving building conditions, such as relatively lower material and financing costs. The increase in housing starts is expected to be broad-based across all dwelling types.

We expect single-detached housing starts to increase in 2024. Last year, high mortgage rates diminished borrowing capacity, reducing demand for homeownership. This led the number of single-detached housing starts to fall to its lowest point since the early 1980s. Despite the increase expected in 2024, affordability challenges in this segment will likely keep starts low from a historical standpoint.

Similarly, multi-unit starts will also increase in 2024, but will most likely remain below their 2022 level. Unfavourable project financing costs and weak economic conditions will likely persist in the first half of 2024, keeping housing starts subdued before they pick up in the second half of the year. With interest rate cuts and improved building conditions, construction activity will pick up due to much-needed supply in the rental market.

Moreover, the City of London has secured funding from the federal Housing Accelerator Fund, committing to 2,000 additional housing units over 3 years. Coupled with other initiatives, like the Building Faster Fund, this will stimulate new construction.

MLS® average price and sales are expected to pick up in 2024

The MLS® average price is expected to edge higher as sales increase in 2024. Factors driving the increase include income growth, declining mortgage rates, and population growth driven by immigration. In early 2024, weak employment and income growth will hinder sales. These conditions, along with a healthy level of inventory, will mitigate price growth. That said, we expect more accelerated price growth in the second half of the year.

As prices stabilize, we expect buyers to enter the market. Demand will increase further in the second half of the year as employment and income growth improve. Mortgage rates are also expected to start falling by this time, encouraging more buyers to flow into the market. This will push up the average price and the number of sales.

Despite the increased sales activity, price growth will not be as pronounced as we've seen in recent years. Some buyers will remain hesitant, as mortgage rates will remain elevated from a historical perspective. The MLS® average price and sales are expected to grow further in 2025 and 2026 as the interest rate steadily trends down.

Vacancy rate to increase slightly but remain low historically

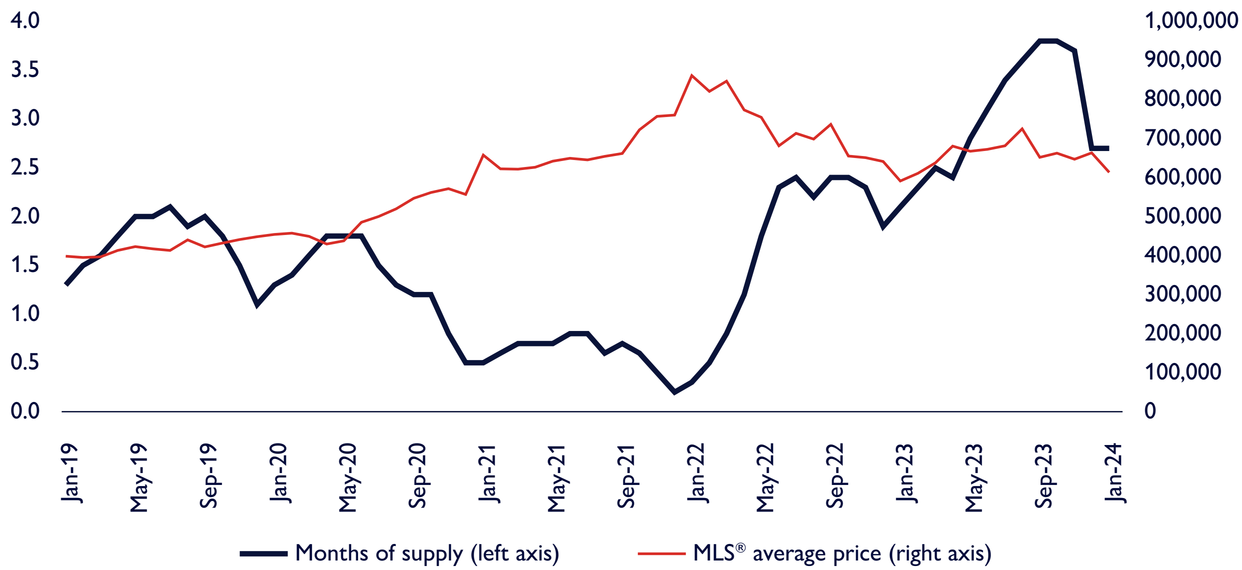
London's purpose-built rental apartment vacancy rate is anticipated to increase over the 2024–2026 period, but market conditions will remain tight overall. Rental apartment and condominium completions will add supply to the rental market. Condominiums are an important source of rental supply. In 2023, 36.9% of all condominium units were used as rentals. Additionally, more first-time homebuyers are expected to move into homeownership as affordability improves compared to the last couple of years. The recently announced cap on study permits may also help reduce demand.

Conversely, high immigration to London and low homeownership affordability will likely support rental demand. Data from Immigration, Refugees, and Citizenship Canada suggests that the total number of permanent resident admissions to the London CMA in 2023 was 29% higher than in 2022. As demand remains high, the average rent for a 2-bedroom unit is expected to increase further in 2024.

Risks to the outlook

Considering current economic uncertainty, we outline 2 alternate scenarios (highlighted in the national section). If economic conditions align more closely with our pessimistic scenario, housing starts, sales and the average price will trend toward the lower end of their forecast ranges. In the case where our high-growth scenario prevails, the forecast variables will be closer to the high end of their ranges.

Figure 1: Price growth is subdued when inventory is above 1.5 months



Note: Data is seasonally adjusted.
Sources: CREA, London and St. Thomas Association of REALTORS®, CMHC Calculations

Forecast Summary — London CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	2,284	1,268	514	750	950	800	1,100	850	1,250
Multiples	3,308	2,093	1,674	1,750	2,250	2,000	2,600	2,050	2,950
Starts — Total	5,592	3,361	2,188	2,500	3,200	2,800	3,700	2,900	4,200
Resale Market									
MLS® Sales	11,651	8,305	7,205	7,800	8,800	8,300	9,500	8,600	10,200
MLS® Average Price ($)	636,334	716,926	643,316	680,000	720,000	695,000	790,000	705,000	840,000
Rental Market									
Vacancy Rate (%)	1.9	1.7	1.7	1.9		2.0		2.2	
Average Rent Two Bedrooms ($)	1,275	1,393	1,479	1,560		1,630		1,710	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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KITCHENER-CAMBRIDGE-WATERLOO

HIGHLIGHTS

- In 2024, housing starts are expected to decline from the high levels reached in the past 3 years, due to high mortgage rates and affordability constraints. These conditions have particularly impacted pre-construction sales, leading to fewer condominium apartment project launches.
- The expected decline in interest rates, coupled with rising income and robust population growth, is poised to bolster home prices in 2024.
- Rental vacancy rates are expected to remain low in 2024, despite additions to new rental supply over recent years, suggesting continued pressure on rental markets, particularly for new renters.

Housing starts fall short of closing the supply gap

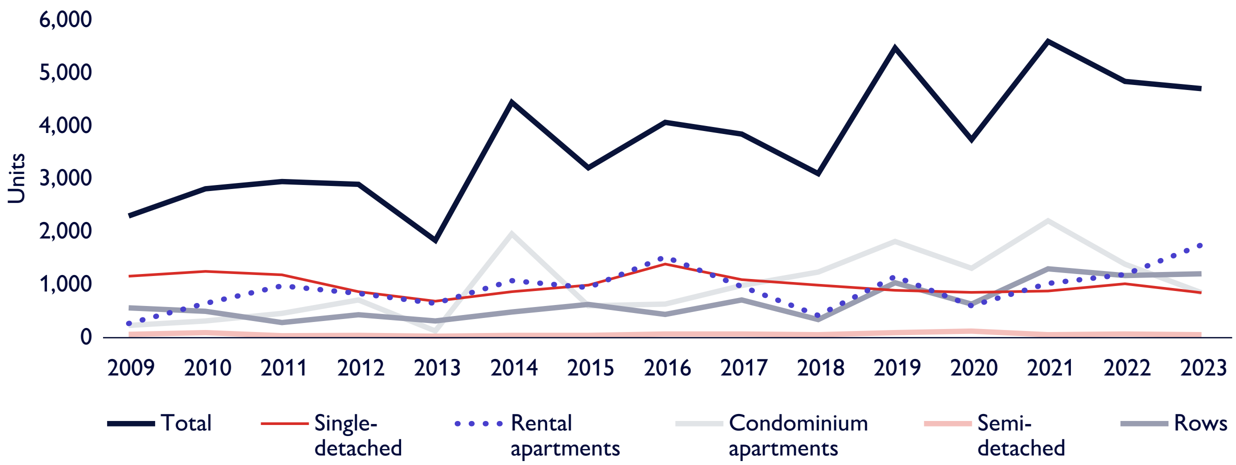
In 2024, our forecast shows total housing starts in the Kitchener-Cambridge-Waterloo census metropolitan area (CMA) falling from the high levels reached in the past 3 years. High mortgage rates and low affordability have impacted pre-construction sales, particularly among investors, resulting in fewer condominium apartment project launches.

In addition, the number of apartments under construction has reached historically high levels. As a result, new starts may slow as developers allocate resources to the completion of existing projects. Additionally, we are coming off a record year for rental apartment starts. While rental apartment starts are expected to stay elevated, a decline is anticipated in the forecast period.

Single-detached starts are expected to trend up over the forecast horizon, while remaining slightly below their 10-year average of 986 units. The softer trend is expected to persist as relative affordability challenges remain and densification in the region continues.

Overall, total starts are forecast to decline this year, before recovering in 2025, in line with expected changes in interest rates and demographic demand for housing. Based on current trends, the housing stock in the CMA might not be keeping pace with population growth, let alone addressing the supply gap that must be closed to restore housing affordability.

Figure 1: Current trends in starts far from restoring affordability



Source: CMHC

Home prices expected to rise later in 2024

We forecast that resale market activity in the CMA will pick up gradually over the course of 2024. This is in part due to prospects of a declining interest rate environment later in the year, as inflationary pressures continue to ease.

Despite challenges, the local economy is expected to outperform Canada's in 2024, showing promise with positive indicators and strategic initiatives driving its upward trajectory. The CMA's economic rise is supported by robust GDP growth, a steady job market, and investment attraction.

Since early 2022, prices and sales have been declining as mortgage carrying costs have become increasingly unaffordable for many potential buyers. In early 2024, we expect weak sales activity and little to no price growth as mortgage rates remain elevated. With fewer buyers qualifying for mortgages on the average home, competition will be confined to select market segments, such as lower-priced condominium apartments. In part, this shift may also be due to the narrowing difference between monthly rent and mortgage payments for roughly equivalent apartment units.

This forecast assumes a gradual decline in interest rates starting in the second half of 2024. This decline, along with rising household income and strong population growth in the CMA, should contribute to higher home prices over the forecast horizon.

Vacancy rates roughly unchanged, despite additions to new rental supply

Rental vacancy rates in the Kitchener-Cambridge-Waterloo CMA are expected to remain low in 2024, despite additions to new rental supply over recent years.

In the near term, the new supply should help offset some of the increased demand from prospective homebuyers delaying purchases due to the impact of past interest rate increases.

Meanwhile, the demand factors that have prevailed over the past few years are expected to remain in place for some time. Canada has set record immigration targets, and a growing share of recent immigrants have chosen to settle in the CMA in recent years. International migration is expected to continue driving population growth, although it is expected to slow from recent highs. International students are also expected to continue contributing to rental demand this year, despite the 2-year cap on new permits introduced in 2024.

Forecasted rent growth for 2-bedroom apartments will persist due to low vacancy rates, leading to strong growth. Strong rent growth is due, in part, to the difference between rents paid by new tenants and those paid by long-term tenants. The reason for this difference is that, once tenants vacate their units, landlords can increase rents to market levels. Overall, this situation indicates continued pressure on rental markets, particularly for new renters.

Risks to the forecast

The main upside risks to our housing forecasts are:

- higher-than-anticipated population and income growth; and
- recent (and potential further) policy changes resulting in higher-than-expected housing starts.

The main downside risks, meanwhile, include:

- a large increase in listings if highly indebted households can't carry their mortgages upon renewal;
- a delay in multi-unit starts, as many projects went ahead in 2023 thanks to financing secured before interest rate increases; and
- weaker economic growth due to high interest rates (should inflation persist) and households substituting debt repayment for consumption.

Forecast Summary — Kitchener-Cambridge-Waterloo

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	885	1,022	850	750	900	750	1,050	650	1,100
Multiples	4,717	3,825	3,862	2,450	3,500	2,850	4,350	3,150	4,900
Starts — Total	5,602	4,847	4,712	3,200	4,400	3,600	5,400	3,800	6,000
Resale Market									
MLS® Sales	7,905	5,958	5,104	5,200	6,200	5,500	6,700	5,700	7,100
MLS® Average Price ($)	774,011	860,101	790,035	830,000	890,000	850,000	950,000	890,000	1,050,000
Rental Market									
Vacancy Rate (%)	2.0	1.2	2.1	2.0		2.2		2.5	
Average Rent Two Bedrooms ($)	1,356	1,469	1,658	1,860		2,080		2,330	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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ST. CATHARINES-NIAGARA

HIGHLIGHTS

- Our forecast indicates a decline in total housing starts for the second consecutive year in 2024, followed by a recovery in 2025. This decrease can be largely attributed to weak pre-construction sales due to high mortgage rates and low affordability of homeownership.
- The expected decline in interest rates, coupled with rising income and robust population growth, is poised to bolster home prices in 2024.
- Rental vacancy rates in the region are expected to remain low in 2024, despite additions to new rental supply over recent years, suggesting continued pressure on rental markets, particularly for new renters.

Housing starts fall short of closing the supply gap

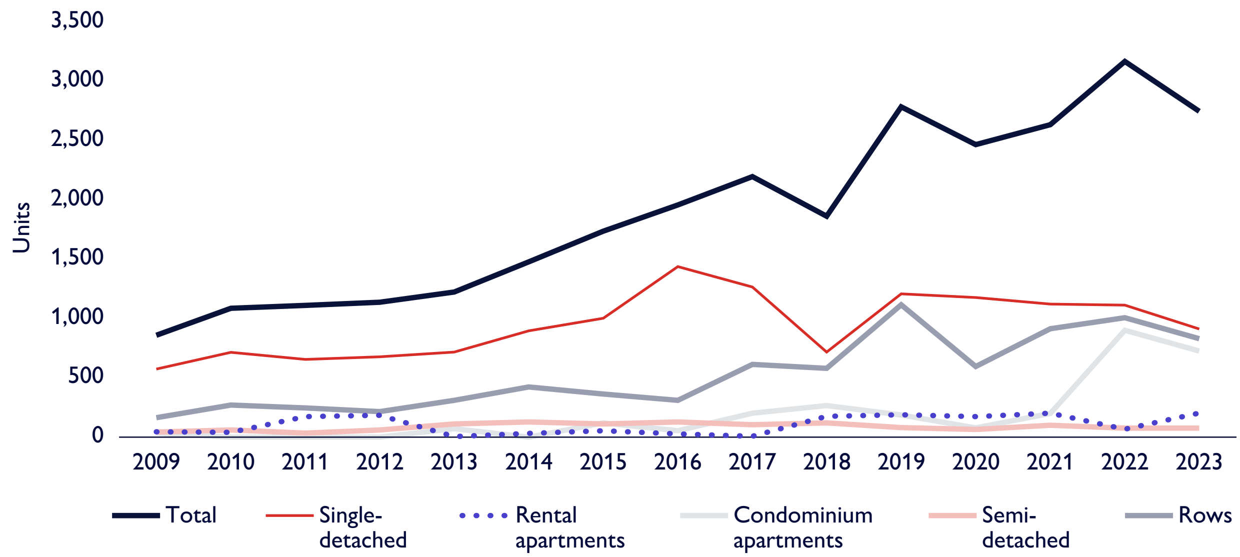
In 2024, our forecast shows total housing starts falling for the second consecutive year before recovering in 2025. High mortgage rates and low affordability of homeownership have weakened pre-construction sales, and these weak sales are expected to result in lower starts.

We expect multi-unit starts to decline somewhat in 2024, as the number of apartments under construction has reached historically high levels. As a result, new starts may slow as developers allocate resources to the completion of existing projects. Furthermore, lower pre-construction sales activity of current condominium projects and few new project launches may result in some of their start dates being delayed to 2025.

Single-detached starts are expected to trend up over the forecast horizon, while remaining slightly below their 10-year average of 1,085 units. The softer trend is expected to persist as affordability challenges in the region continue.

Overall, total starts are forecast to decline this year, and recover partially in 2025 and 2026, in line with expected changes in interest rates and demographic demand for housing. Based on current trends, the housing stock in the region might not be keeping pace with population growth.

Figure 1: Current trends in starts far from restoring affordability



Source: CMHC

Home prices expected to rise later in 2024

We forecast that the resale market in the St. Catharines-Niagara region will pick up gradually over the course of 2024. This is in part due to prospects of a declining interest rate environment later in the year, as inflationary pressures continue to ease.

The region is entering a period of slower growth, as the impacts of an uncertain economic environment spread through the economy, impacting households and businesses. Yet, given the current robust demand for services, the region's dependence on tourism is expected to shield the local economy from a recession this year.

Since early 2022, prices and sales have been declining as mortgage carrying costs have become increasingly unaffordable for many potential buyers. In early 2024, we expect weak sales activity and little to no price growth as mortgage rates remain elevated. With fewer buyers qualifying for mortgages on the average home, competition will be confined to select market segments, such as lower-priced starter homes.

This forecast assumes a gradual decline in interest rates starting in the second half of 2024. This, along with rising household income and strong population growth in the region, should contribute to higher home prices over the forecast horizon.

Steady vacancy rates amid strong demand and modest supply growth

Due to a combination of strong demand and modest growth in supply, rental vacancy rates in the St. Catharines-Niagara region are expected to remain low, at 2.9% in 2024.

In the near term, the new supply should help offset some of the increased demand from prospective homebuyers delaying purchases due to the impact of past interest rate increases.

Meanwhile, the demand factors that have prevailed over the past few years are expected to remain in place for some time. International migration will continue to drive population growth over the near term, although it is expected to slow from recent highs. International students are also expected to continue contributing to rental demand this year, despite the 2-year cap on new permits introduced in 2024.

Rent growth for 2-bedroom rental apartments is forecast to continue in 2024. However, this growth is expected to moderate slightly this year, partly reflecting prospects of lower interest rates later in the year.

Strong rent growth is due, in part, to the difference between rents paid by new tenants and those paid by long-term tenants. The reason for this difference is that, once tenants vacate their units, landlords can increase rents to market levels. Overall, this situation indicates continued pressure on rental markets, particularly for new renters.

Risks to the forecast

The main upside risks to our housing forecasts are:

- higher-than-anticipated population and income growth; and
- recent (and potential further) policy changes resulting in higher-than-expected housing starts.

The main downside risks, meanwhile, include:

- a large increase in listings if highly indebted households can't carry their mortgages upon renewal;
- a delay in multi-unit starts, as many projects went ahead in 2023 thanks to financing secured before interest rate increases; and
- weaker economic growth due to high interest rates (should inflation persist) and households substituting debt repayment for consumption.

Forecast Summary — St. Catharines-Niagara CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,123	1,114	912	850	1,100	850	1,200	750	1,300
Multiples	1,512	2,054	1,835	1,350	1,600	1,550	1,800	1,750	1,900
Starts — Total	2,635	3,168	2,747	2,200	2,700	2,400	3,000	2,500	3,200
Resale Market									
MLS® Sales	9,241	5,928	5,491	6,000	6,900	6,700	8,100	6,400	8,300
MLS® Average Price ($)	694,735	768,862	684,515	690,000	750,000	750,000	860,000	740,000	920,000
Rental Market									
Vacancy Rate (%)	1.9	2.8	2.9	2.9		3.1		3.4	
Average Rent Two Bedrooms ($)	1,191	1,258	1,389	1,520		1,660		1,810	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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WINDSOR

HIGHLIGHTS

- Housing starts are projected to rebound in 2024, as developers respond to increased demand for new homes. Apartment starts are expected to maintain pace, supported by declining financing costs and strong rental demand.
- The average MLS® price and home sales are projected to rise in 2024, driven by declining mortgage rates, which will attract more buyers to enter the market.
- We predict a slight rise in vacancy rates because of the increased completion of rental units, which will help meet the growing demand for rentals.

Housing starts projected to rebound in 2024 as developers respond to an increase in housing demand

Single-detached home construction is projected to recover in 2024 after hitting historically low levels in 2023. We anticipate strong demand for new homes in the region given the following:

- Stabilizing interest rates, which have boosted buyer confidence.
- Strong population growth driven by numerous large-scale capital projects attracting people to the area, including the NextStar Energy electric vehicle battery plant set to open in 2024.
- A lack of supply on the resale market, as limited options will drive more buyers toward new builds.

We expect developers to respond to these strong demand conditions by accelerating the pace of home construction, particularly in the later part of the year when interest rates begin to gradually decline.

The pace of multi-unit construction activity is expected to remain steady throughout the projected period, continuing a trend toward increased levels of apartment starts in recent years. We anticipate that the higher level of apartment starts will be maintained due to:

- cost reductions, as inflation eases and financing rates decline over the forecast horizon;
- the implementation of new policies and programs favouring rental development; and
- upward pressure on rents, as rental demand is expected to remain strong in the region.

Shortages of skilled labour, such as tradespeople, is likely to limit the pace at which housing development can expand in the coming years. Numerous current and forthcoming capital projects in the region are likely to compete for these skilled professionals.

Increased resale activity and house price growth expected as buyers respond to stabilizing mortgage rates

In early 2024, mortgage rates began to stabilize, with expectations for a gradual decline in the second half of the year. This anticipated decrease is likely to attract more buyers to the market and put upward pressure on home prices.

Despite the rapid increase in house prices witnessed in Windsor throughout the pandemic, prices remain low relative to larger markets in Southern Ontario. As house prices in Southern Ontario begin to rise, we anticipate an influx in households from regions with more expensive housing markets, further putting upward pressure on house prices.

Over 2025 and 2026, we anticipate price growth to continue, but at a slower pace than the rapid increases observed during the pandemic.

In 2024, we project a rise in the number of MLS® sales, marking a reversal from two consecutive years of declines. With mortgage rates expected to decrease, we anticipate a surge in buyer activity. As market activity picks up, potential sellers are likely to respond, contributing to an increase in available listings as prices stabilize and then trend upward.

Rental vacancy rate will increase modestly as rental completions increase

In 2024, we anticipate a tight rental market, similar to the past two years when vacancy rates were at historically low levels. We project a modest increase in the vacancy rate for 2024, driven by:

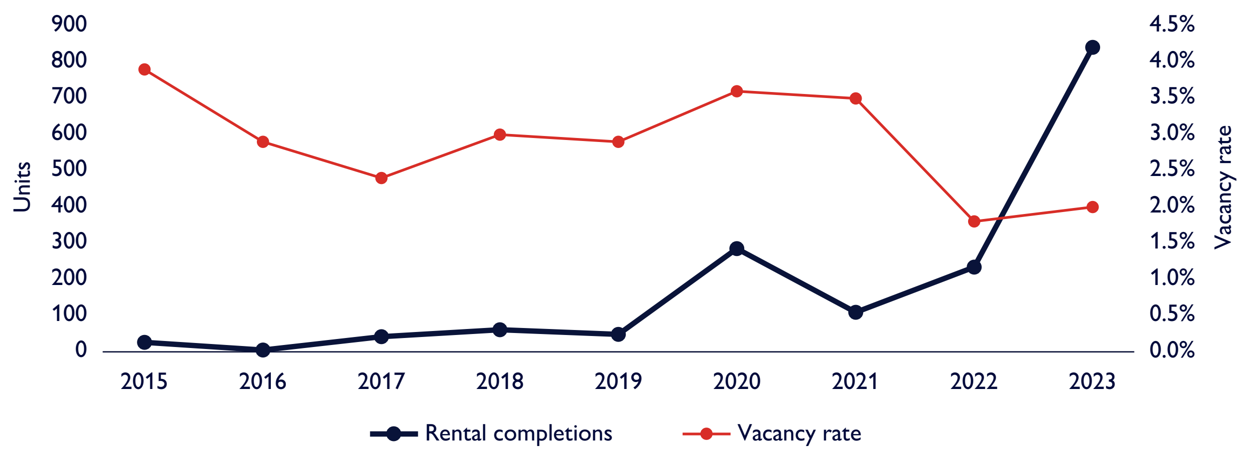
- increased rental completions in 2023 and 2024; and
- declining international student numbers compared to 2023.

Considering these factors that may lead to a higher vacancy rate, we expect this increase to be somewhat balanced out by:

- substantial population growth in the region; and
- ongoing unaffordability, which prevents some renters from buying a home.

The average 2-bedroom rent in the Windsor CMA is expected to continue to rise at a rate comparable to the last few years. A tight rental market and an increase in new rental units, which command higher prices, are expected to drive rents higher in 2024 and beyond.

Figure 1: Vacancy rates forecasted to rise from their record lows as rental completions trend upward — Rental completions and vacancy rates (Windsor CMA)



Source: CMHC

Risks to the forecast

The main upside risks to our housing forecast include the following:

- Higher levels of population and income growth than anticipated.
- Potential policy changes leading to higher-than-expected housing starts.

The main downside risks include the following:

- Prolonged inflation, which could keep interest rates higher for longer.
- Slower-than-expected growth in the skilled labour required for the construction of new housing.

Forecast Summary — Windsor CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	745	780	302	400	550	450	650	500	750
Multiples	1,015	1,010	906	850	1,050	750	1,100	700	1,150
Starts — Total	1,760	1,790	1,208	1,250	1,600	1,200	1,750	1,200	1,900
Resale Market									
MLS® Sales	8,254	6,236	5,253	5,600	6,500	5,800	7,000	6,000	7,500
MLS® Average Price ($)	537,265	602,634	545,905	565,000	625,000	590,000	690,000	615,000	750,000
Rental Market									
Vacancy Rate (%)	3.5	1.8	2.0	2.3		2.6		3.0	
Average Rent Two Bedrooms ($)	1,154	1,174	1,253	1,310		1,370		1,435	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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OTTAWA

HIGHLIGHTS

- **Increase in housing starts:** Anticipating an increase in housing starts for 2024, particularly driven by high levels of multi-unit housing starts. Factors such as declining financing costs, easing inflation and policies aimed at reducing development costs will bolster future construction activity.
- **Modest house price growth:** House prices are projected to increase modestly in 2024, supported by a gradual decrease in mortgage rates that will incentivize more buyers to participate in the market.
- **Vacancy rate and rental market:** A marginal increase in the vacancy rate is forecasted, attributed to high levels of rental construction offsetting growth in the renter population. Average rents are expected to rise due to sustained high rental demand.

Steady growth driven by thriving tech sector and a growing population

Ottawa is expected to experience steady growth, driven by its thriving technology sector and increased population from both domestic and international migration. Major capital projects undertaken over the next few years will further drive economic development. This growth will lead to higher housing demand, potentially making affordability issues in the region worse.

Housing starts will increase in 2024, led by high levels of multi-unit construction

Multi-unit development is expected to increase moderately in 2024 and remain strong over the forecast horizon as:

- financing costs begin to ease in 2024 and gradually decline in 2025 and 2026
- a strong rental market drives rent increases which will positively impact rental development and attract investors to condominium development
- new policies and programs encouraging the development of multi-unit and rental structures help ease the costs of development

In 2024, we anticipate increased townhome construction due to rising demand for affordable housing. This continues a trend from 2023 when condominium developers shifted focus to townhomes for their cost-effectiveness and faster build times. This trend is likely to continue in 2024 as developers try to meet the demand for more affordable housing options.

We expect a rebound in single-detached starts in 2024, driven by declining mortgage rates that will attract more buyers to the market. Developers are ready to respond to this increased demand by resuming stalled projects and starting new ones.

We anticipate a gradual decrease in financing rates throughout 2024, 2025 and 2026. Lower rates will support high levels of construction activity over the 2025 and 2026 period. We allow for downside risk in our starts forecast range for 2025 and 2026, in case economic conditions don't improve and interest rates remain high. In this scenario, affordability is likely to decrease.

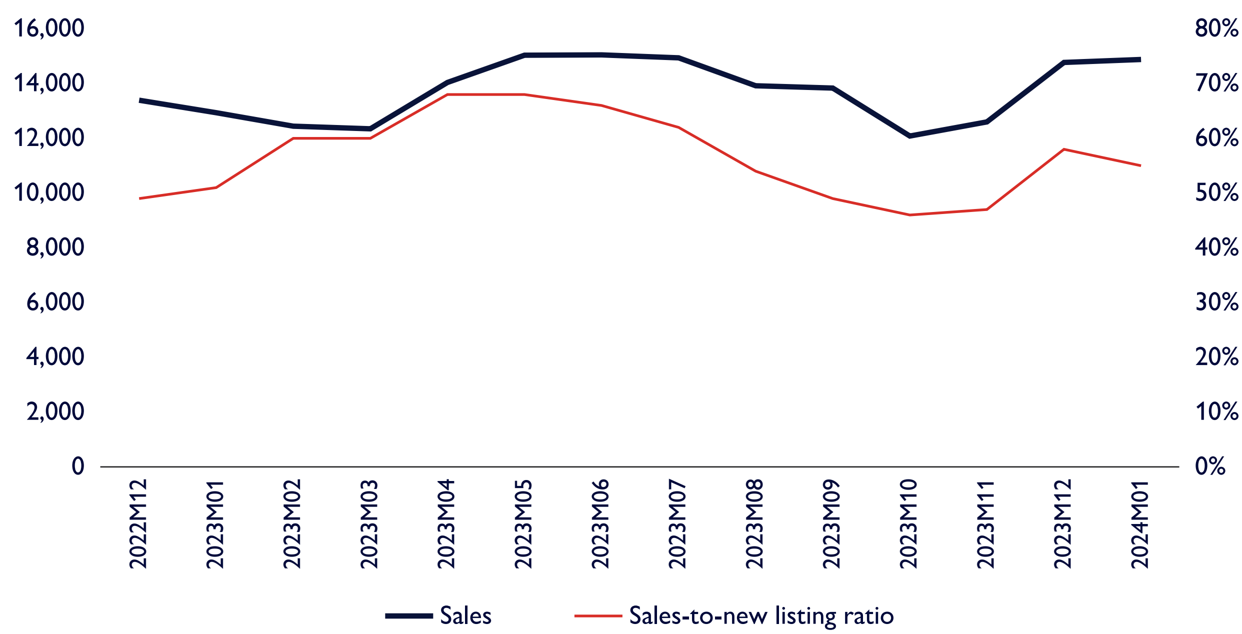
Prices will increase moderately in 2024, with lower borrowing costs increasing demand

We expect a moderate increase in house prices in 2024, driven by expected declines in mortgage rates that will boost housing demand. The upward pressure on prices is expected to be limited, as new listings are anticipated to climb when market activity increases.

House prices are expected to increase in 2025 and 2026 due to continued declines in borrowing costs and ongoing population growth, resulting in higher demand for housing.

Seasonally adjusted annual sales have increased into the start of 2024, indicating that buyers are becoming more comfortable with the higher interest rate environment. We expect this trend to continue and lead to a moderate increase in sales in 2024. This will continue into 2025 and 2026 as interest rates continue to decline.

Figure 1: Home sales increase moving into 2024 as market remains balanced — Residential home sales (seasonally adjusted annual rates) and sales-to-new listing ratio



Source: CREA

Tight rental market should keep vacancy rates low while driving rents higher

Vacancy rates will remain low in 2024 due to a tight rental market. We expect marginal increases in the vacancy rate over the forecast horizon as rental construction is expected to keep pace with growing demand. Factors contributing to rental housing demand in the region include:

- international migration, which will remain high
- interprovincial migration, as Ottawa has attracted roughly 3,000 residents per year, on average, from elsewhere in Ontario over the past decade
- fewer people moving from Ottawa to Gatineau than the number observed during the pandemic
- unaffordability, as many renters are unable to afford the transition to homeownership

Average rents are expected to climb in 2024 as low vacancy rates lead to increased competition for available units and newly completed rental units are added to the rental supply at higher price points. Additionally, the continuation of low vacancy rates will further contribute to the upward pressure on rents in 2025 and 2026.

Forecast Summary — Ottawa CMA

	2021	2022	2023	2024 (F) (L)	2024 (F) (H)	2025 (F) (L)	2025 (F) (H)	2026 (F) (L)	2026 (F) (H)
New Home Market									
Starts:									
Single-Detached	3,658	2,784	1,535	1,600	2,100	1,700	2,300	1,750	2,500
Multiples	7,517	8,695	7,710	7,700	8,900	7,100	8,500	7,250	8,800
Starts — Total	11,175	11,479	9,245	9,300	11,000	8,800	10,800	9,000	11,300
Resale Market									
MLS® Sales	20,625	15,314	13,670	14,300	16,400	15,500	18,500	16,200	19,700
MLS® Average Price ($)	646,139	691,736	654,795	665,000	695,000	675,000	745,000	685,000	775,000
Rental Market									
Vacancy Rate (%)	3.4	2.1	2.1	2.3		2.5		2.7	
Average Rent Two Bedrooms ($)	1,550	1,625	1,698	1,780		1,860		1,935	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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GATINEAU

HIGHLIGHTS

- In 2024, housing starts will increase slightly. This increase in residential construction will be concentrated in the rental segment, as demand for houses and condominiums is low.
- Sustained by a resilient job market, sales will climb in 2024. Prices will continue to rise due to low inventories of existing and new homes combined with lower mortgage rates that will continue to decrease throughout 2024.
- Rental housing supply will increase at the same pace as demand in 2024. As a result, the vacancy rate will remain low and rent growth will accelerate in 2024. Affordability will continue to be an issue for lower-income households.

Housing demand will remain strong in 2024

Over the last 2 years, net migration has reached historically high levels in Québec and will remain high over the coming years. Migration will come mainly from non-permanent residents (international students, temporary workers, and asylum seekers).

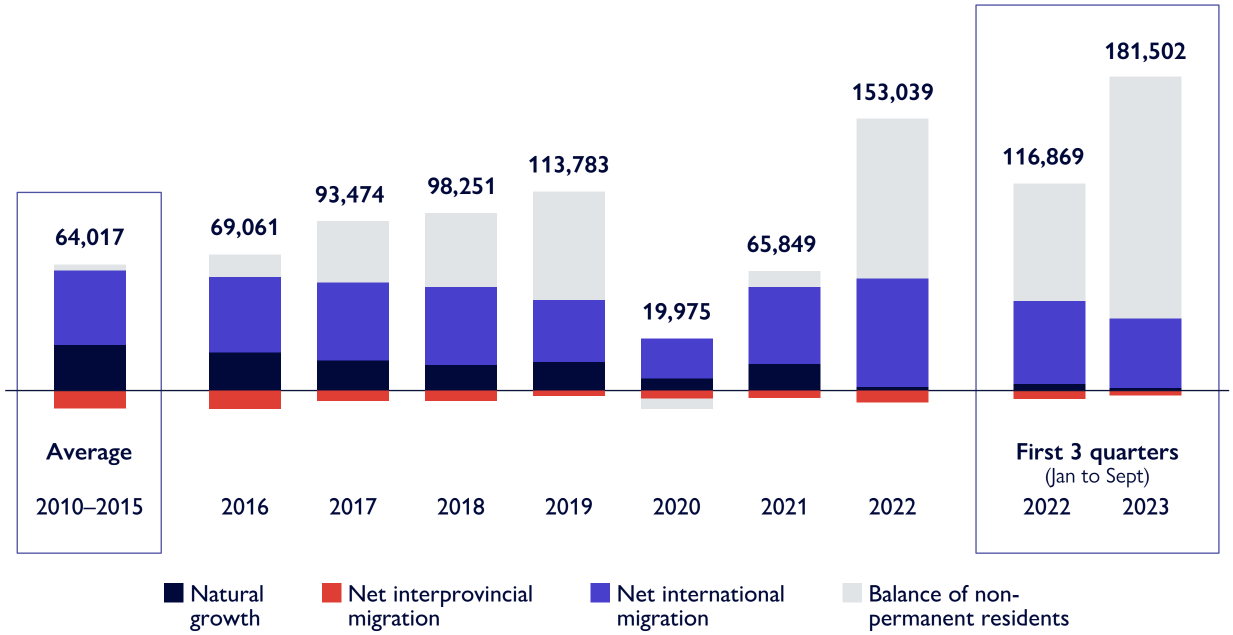
Although the majority of non-permanent residents will settle in the Montréal and Québec census metropolitan areas (CMAs), some of them will settle in the Gatineau CMA. Those who do will contribute to demand for mainly rental housing in the area.

The area's population is aging. Some seniors may sell their property and enter the rental market, which would create additional demand for rental housing in the coming years.

The Gatineau labour market remained very dynamic in 2023. Employment is at an all-time high, and the unemployment rate remains historically low. In addition, mortgage rates are likely to continue declining throughout all of 2024. These factors will make households more inclined to buy a home.

As a result, demand on the area's rental and resale markets will remain strong over the next few years.

Figure 1: International migration and non-permanent residents support population growth in Québec — Estimates of population growth components, province of Québec



Sources: Statistics Canada, CMHC (calculations)

Housing starts will increase in 2024

Housing starts reached record levels from 2019 to 2022. Despite a significant decrease in 2023, the level of residential construction in the area remained historically high.

In 2024, there will be a slight increase in housing starts. The rental segment will continue to drive residential construction in the area. Several construction projects for large buildings could become a reality in 2024. The low vacancy rate in the area will continue to justify the level of construction in this segment.

The supply of new condominiums for sale will remain limited. Still, housing starts in this segment will remain virtually non-existent in 2024, as in previous years, since demand for this housing type will remain low.

The supply of new houses (single-detached, semi-detached and row homes) will decline in 2024. This is due to a number of factors, including higher prices for these housing types and the desire for densification in the area.

In 2025 and 2026, the level of housing starts will remain historically high. Residential construction will be stimulated by:

- the decrease of mortgage rates over the course of 2024, which will make a significant number of new rental construction projects profitable; and
- various policies that will encourage the creation of new rental units.

Ontario has stopped charging provincial tax on rental housing construction. The same move has not been made in Québec, however. We will have to wait and see if this will have an impact on the Gatineau market in the coming years.

Prices and sales will increase in 2024

After reaching record levels from 2019 to 2021, sales have declined in recent years. Sales decreased from 6,000 in 2021 to 4,000 in 2023. This downward trend will reverse in 2024. Lower mortgage rates, which will continue to decrease in 2024, and a dynamic job market will support sales.

In 2025 and 2026, sales growth will be stable in the CMA as mortgage rates decrease and the economy gets stronger.

After a dip in 2023, the average price will increase slightly in 2024. A combination of factors will continue to support price growth in the area, including:

- persistent demand from first-time homebuyers and move-up buyers;
- limited inventory on the resale market; and
- the low supply of new homes.

In 2025 and 2026, prices will continue to rise slightly as mortgage rates decrease.

Low vacancy rate and rising rents in 2024

Rental housing supply will continue to grow in 2024. However, since demand will grow at the same pace, the vacancy rate in the area will remain low in 2024.

Demand will be supported by:

- continued high net migration; and
- the creation of young households, which tend to remain renters longer, given the difficulty in transitioning to homeownership.

A number of large buildings should be started in 2024. The units they contain will add to supply in the following years. As a result, in 2025 and 2026, the supply of rental housing will continue to increase. However, strong demand, driven by economic and demographic factors, will keep the vacancy rate low.

The average rent will continue to increase steadily. This increase will be fuelled by the low vacancy rate and the thousands of new units that will be added to the rental market (new units tend to have higher rents).

Affordability will therefore continue to be an issue on the area's rental market.

Forecast Summary — Gatineau CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	727	612	323	200	400	200	500	100	500
Multiples	2,332	3,379	2,425	2,300	2,900	2,270	2,970	2,330	3,140
Starts — Total	3,059	3,991	2,748	2,500	3,300	2,470	3,470	2,430	3,640
Resale Market									
Centris® Sales	6,016	4,771	4,045	3,800	4,400	3,400	5,000	2,900	5,700
Centris® Average Price ($)	402,966	460,404	449,951	449,000	481,400	437,300	505,100	426,600	530,800
Rental Market									
Vacancy Rate (%)	1.0	0.8	1.0	1.0		0.9		0.9	
Average Rent Two Bedrooms ($)	1,034	1,270	1,250	1,370		1,500		1,640	

QPAREB by Centris®. The Centris® system contains all the listings of the Québec Professional Association of Real Estate Brokers.
The forecasts included in this document are based on information available as of March 21, 2024.
Sources : CMHC, QPAREB by Centris®

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MONTRÉAL

HIGHLIGHTS

- **Stimulated residential investment:** Anticipated gradual decrease in interest rates is expected to stimulate residential investment, resulting in a slight upturn in housing starts. However, the increase in supply is projected to fall short of meeting growing demand.
- **Moderate recovery in property prices:** A moderate recovery in property price growth is forecasted for 2024, supported by renewed activity in the resale market.
- **Rental market pressure:** Population growth driven by high migration and persistent obstacles in transitioning to homeownership will maintain pressure on the rental market. Anticipate a decrease in the vacancy rate and further rental price hikes in 2024.

Gradual decline in interest rates will revive the housing market, but affordability will remain an important issue

Inflation and rising interest rates impacted the residential market in the Montréal census metropolitan area during 2022 and 2023. This led to:

- a decline in housing starts
- weakened borrowing capacity among households
- decrease in property sales

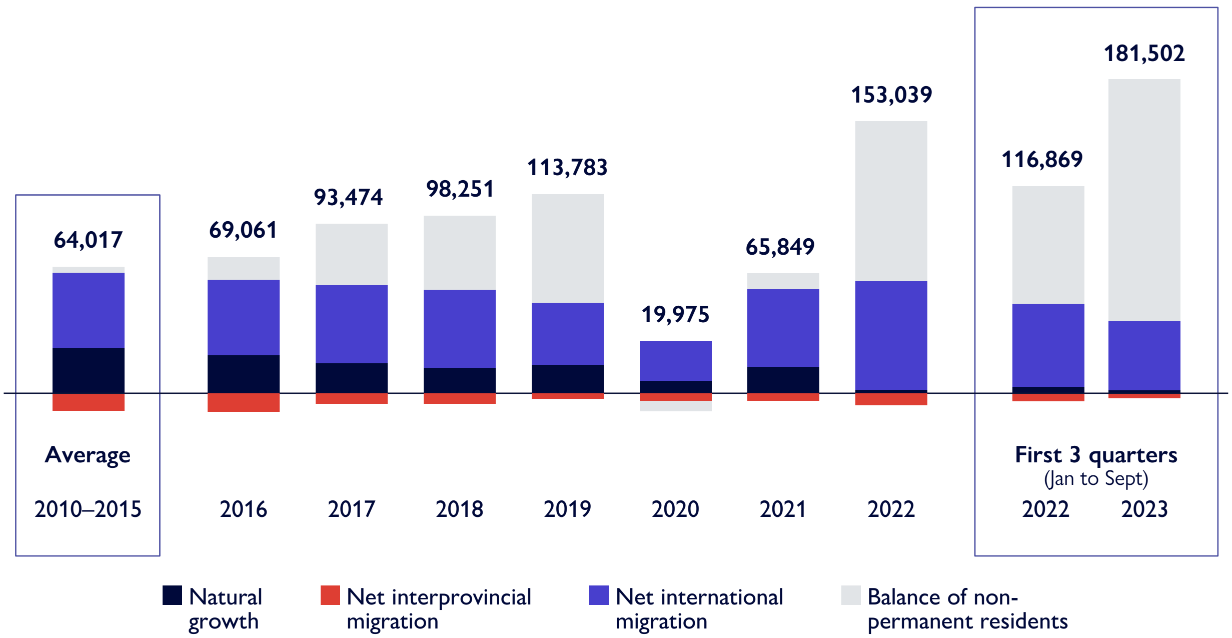
Meanwhile, rental demand surged, surpassing growth in supply, resulting in record-high rent increases.

We believe the worst of that storm is probably over. In the coming year, we expect a gradual decrease in interest rates and a more modest increase in construction costs. This should encourage renewed residential investment in the area.

These conditions will be more favourable to the creation of new housing. Housing starts will be fairly stable this year and are expected to rebound slightly in 2025 and 2026. However, this won't be enough to meet demand, as housing needs are continuing to grow and prices remain high.

Montréal will continue to be major destination for immigrants and non-permanent residents in Québec, as their numbers continue to grow at record rates (Figure 1). This demographic trend will continue to be a key source of growth in housing demand for the area, especially in the rental market.

Figure 1: International migration and non-permanent residents support population growth in Québec — Estimates of population growth components, province of Québec



Sources: Statistics Canada, CMHC (calculations)

The outflow of Montréal residents to other Québec regions has decreased since the end of the pandemic. Overall, population growth will continue to support housing demand in the Montréal CMA.

The slight drop in mortgage rates will encourage a resurgence in resale market transactions starting this year. The average price should increase gradually, which will continue to limit movement to homeownership.

Similarly, the rental market will remain under pressure, with supply still insufficient to meet demand. Upward pressure on rents will continue, increasing housing affordability challenges.

Housing starts should stabilize in 2024, before starting to rise slowly

In 2023, housing starts in the Montréal area dropped to their lowest level since 2001.[1]

More favourable conditions are now on the horizon, with a gradual decrease in the policy interest rate expected over the coming quarters. In 2024, housing starts should remain stable compared to 2023, putting an end to the drop seen over the past 2 years.

But this upturn will be moderate and gradual. In addition, there's a lag between when new real estate projects are planned and when construction starts. A more substantial upturn in residential construction may not be seen until 2025.

[1] https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/housing-market/housing-supply-report

Rental housing starts will continue to drive residential construction. The vacancy rate for purpose-built rental housing is low, despite significant needs, and the demand is expected to continue increasing. Developers are actively seeking business opportunities, especially in specific suburban areas where lower land costs facilitate the development of new real estate projects. The more financing conditions improve over the short and medium terms, the more the pace of rental construction will pick up again.

The upturn in condominium starts will be slower. Rising prices and financing costs have weakened demand from both owner-occupiers and investors. Unit pre-sales have slowed sharply. There are few building projects in the planning phase. Condominium starts will decline again this year.

Starts of single-detached, semi-detached and row houses should remain relatively stable in 2024. Even if demand picks up, available land for low-density building projects remains scarce and expensive, keeping prices high and restricting the pool of potential buyers.

Renewed resale market activity will support moderate price growth

Resale market transactions should pick up this year. The pace of property sales in Greater Montréal began to recover at the start of the year, with the first signs of fixed mortgage rates easing off.

Sales growth will remain limited by the slight increase in regional unemployment over the past few months and by persistently high prices. In Montréal, the correction that followed the real estate frenzy during the pandemic was relatively limited. After a significant increase of more than 50% from 2019 to 2022, the average Centris price fell by 2% in 2023. Many households still find it challenging to qualify for home purchases.

The limited supply in the market continues to favor sellers, and prices are expected to moderately increase again this year. Consequently, the gradual decrease in mortgage rates will only slightly improve property affordability for potential buyers.

Rental market will remain under pressure

Due to the decrease in apartment construction observed from 2022 to 2023, there will be fewer new units completed this year. It's anticipated that less than 13,000 purpose-built rental units will be added to the rental market in 2024, compared to nearly 16,500 added in 2023 (from July of the previous year to June of the current year). Demand for rental housing will continue to rise as the population grows and challenges to homeownership persist.

The rental vacancy rate is expected to decrease again in Greater Montréal. From 1.5% in October 2023, it will fall to close to 1% by October 2024.

These market conditions would encourage another sharp rent increase in 2024. In addition, last year's steep rise in operating expenses (maintenance costs, municipal taxes, etc.) will once again drive rents up.

Rental market affordability will remain a major challenge in Montréal in the coming years as the scarcity of available units persists, especially in the lower rent ranges.

Forecast Summary — Montreal CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	2,899	1,833	1,021	990	1,290	880	1,520	760	1,760
Multiples	29,444	22,316	14,214	11,610	17,510	13,720	19,980	14,340	25,240
Starts — Total	32,343	24,149	15,235	12,600	18,800	14,600	21,500	15,100	27,000
Resale Market									
Centris® Sales	54,123	42,228	36,184	36,900	42,200	37,100	46,700	39,200	50,700
Centris® Average Price ($)	559,030	611,947	600,501	606,200	637,900	613,200	668,300	620,000	699,900
Rental Market									
Vacancy Rate (%)	3.0	2.0	1.5	1.1		1.0		0.9	
Average Rent Two Bedrooms ($)	932	1,022	1,096	1,190		1,290		1,390	

QPAREB by Centris®. The Centris® system contains all the listings of the Québec Professional Association of Real Estate Brokers.
The forecasts included in this document are based on information available as of March 21, 2024.
Sources : CMHC, QPAREB by Centris®

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QUÉBEC

HIGHLIGHTS

- Housing starts will continue to decrease in 2024. Although rental construction will decline, it will still account for the bulk of housing starts.
- Supported by a dynamic job market, sales will climb in 2024. Prices will continue to rise due to low inventories on both the resale and new home markets. The increase will also be driven by lower mortgage rates expected in 2024.
- Demand growth will continue to outpace supply growth in the area. This imbalance will have an impact on the vacancy rate, which will continue to decline. Rent growth will accelerate in 2024.

Robust migration and employment will support housing demand in the area

In 2023, net migration to the province of Québec reached an all-time high. Driven by the arrival of non-permanent residents (international students, temporary workers, and asylum seekers), this high level is set to continue over the next few years.

A significant proportion of these non-permanent residents will settle in the Québec census metropolitan area (CMA). This will contribute to demand for mainly rental housing.

The area's population is aging considerably. Some seniors may sell their property and enter the rental market. This will create additional demand for rental housing in the coming years.

The employment situation in the Québec area remains one of the strongest in Canada. In 2023, employment exceeded the peak reached in 2019, and the unemployment rate remained historically low. The average weekly income in the area grew at the same pace as inflation.

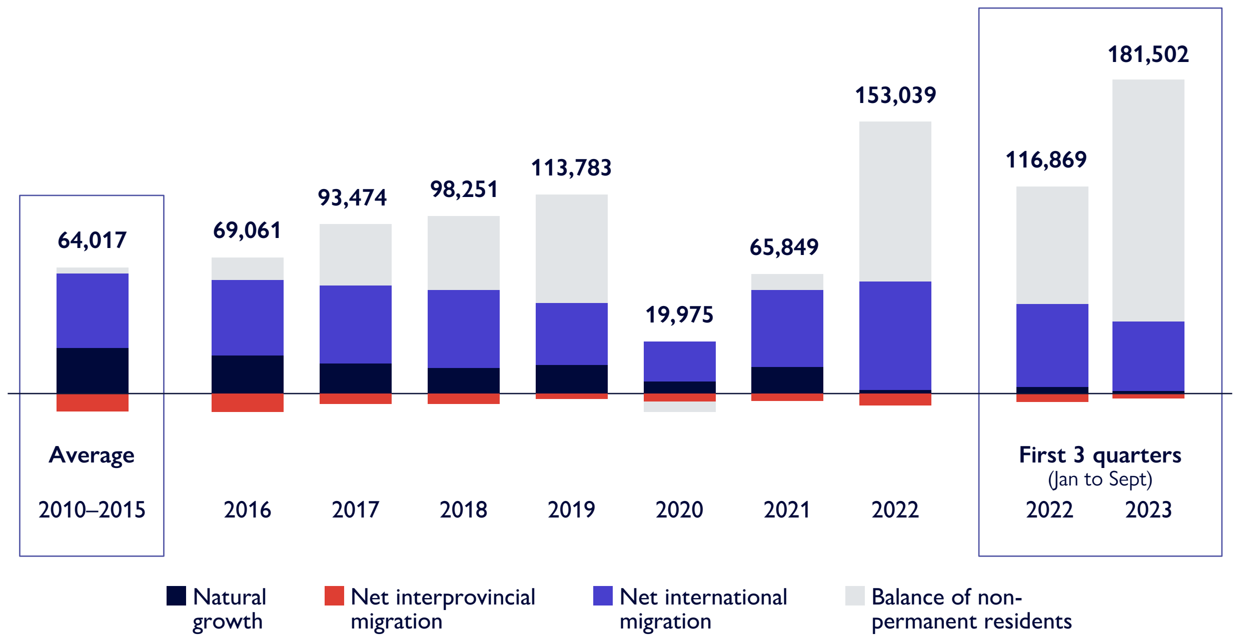
In addition, mortgage rates are likely to continue declining throughout 2024.

The strength of employment and declining mortgage rates will boost demand for residential property.

Weaker-than-expected economic growth in 2024 shouldn't greatly diminish the pool of buyers.

All of these economic and financial factors should persist in 2025 and 2026. As a result, demand on the area's rental and resale markets will increase over the next 3 years.

Figure 1: International migration and non-permanent residents support population growth in Québec — Estimates of population growth components, province of Québec



Sources: Statistics Canada, CMHC (calculations)

Housing starts will decrease again in 2024

After peaking in 2021, the number of housing starts declined considerably in 2023. In 2024, starts in the Québec CMA will decline further and approach their pre-2019 level.

While apartment starts will also decline in 2024, rental housing will remain the segment that drives construction in the area. The low vacancy rate, even in the area's higher rent ranges, continues to justify the level of construction in this segment.

The supply of new condominiums for sale will remain limited. Housing starts will consist mainly of the units contained in a few buildings that will be constructed in the central sectors in 2024. Demand for condominiums remains low.

For new houses (single-detached, semi-detached and row homes), starts will decline in 2024 because of:

- currently high financing costs for households wishing to purchase a new house; and
- the desire for densification in the area, which will lead to a decline in starts of these housing types.

A slight upturn is expected in 2025 and 2026. Construction will be driven by:

- a lower policy interest rate starting in the second half of 2024, which will make:
  - the construction of houses more attractive; and
  - the completion of a number of new rental projects more profitable; and
- various policies that will encourage the creation of new rental units.

Sales and prices will increase in 2024

After peaking in 2020 and 2021, sales declined from over 10,000 in 2021 to around 8,000 in 2023. However, they remained at historically high levels.

In 2024, the Québec CMA will see renewed sales growth. This growth will be driven by strong employment, move-up homebuyers and the prospect of lower mortgage rates throughout 2024.

The average price will continue to rise in 2024. Demand will continue to hold steady, and the supply of units for sale will remain limited. These 2 factors will maintain upward pressure on prices.

In 2025 and 2026, prices will keep rising. The increase will be driven by:

- persistent demand from different types of buyers;
- a lower policy interest rate in the second half of 2024; and
- low inventory.

However, price growth will be lower than it was from 2020 to 2023, when average growth was close to 8%.

Lower vacancy rate and rising rents in 2024

At the time of our last Rental Market Survey (conducted for the 2024 Rental Market Report), more than 6,000 new apartments — a record number — had been added to the rental stock. However, data from recent months shows that this growth in supply will slow considerably in 2024.

The vacancy rate will continue to decrease in 2024, as rental demand will remain strong because of:

- net migration, which will remain high in the CMA;
- the difficulty in transitioning to homeownership, causing younger households to remain renters for longer; and
- the aging of the population.

In 2025 and 2026, we can expect the rental market to tighten further. The upturn in rental housing starts won't be enough to meet demand, which will be sustained by high net migration and demographic changes. As a result, the vacancy rate will continue to decline in the area.

The average rent will continue to increase steadily in the coming years. The low vacancy rate will continue to push rents up, especially for turnover units. The new units that will be added to the housing stock will have the same effect, since new units are generally more expensive.

Forecast Summary — Québec CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,123	912	542	360	570	370	590	390	610
Multiples	8,266	7,378	4,467	3,560	5,300	3,830	5,560	4,100	5,830
Starts — Total	9,389	8,290	5,009	3,920	5,870	4,200	6,150	4,490	6,440
Resale Market									
Centris® Sales	10,311	8,935	8,307	8,200	9,100	7,600	9,900	7,000	10,600
Centris® Average Price ($)	327,052	354,919	367,786	366,500	384,500	384,900	413,500	404,600	444,800
Rental Market									
Vacancy Rate (%)	2.5%	1.5%	0.9%	0.7%		0.6%		0.4%	
Average Rent Two Bedrooms ($)	945	976	1,040	1,100		1,140		1,200	

QPAREB by Centris®. The Centris® system contains all the listings of the Québec Professional Association of Real Estate Brokers.
The forecasts included in this document are based on information available as of March 21, 2024.
Sources : CMHC, QPAREB by Centris®

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HALIFAX

HIGHLIGHTS

- We expect home prices, sales and starts to increase over the 2024–2026 forecast period, supported by population growth and the likely easing of interest rates.
- Total housing starts are forecast to increase, mainly due to growth in multi-unit rental construction.
- A record number of rental units under construction should help ease rental market pressure once completed, but rents will rise further.

Total housing starts forecast to increase

Total housing starts are forecast to increase over the 2024–2026 period. This is mainly due to a rise in multi-unit rental construction in response to high demand. Rental apartment construction is hitting record highs month over month and this momentum is expected to continue.

We're mindful that a record number of apartment buildings went ahead in 2023 because of financing secured prior to interest rate increases. However, record population growth and record low vacancy rates have caused unprecedented demand for new rental housing in Halifax. Based on this, we expect similar or higher multi-unit starts numbers in 2024.

Construction activity is forecast to tick up even more in 2025–2026 once interest rates begin to decrease later this year. While our outlook for multi-unit housing starts remains positive, it's important to consider the challenges posed by the ongoing construction boom. Trade labour shortages and potential increases in construction costs are two factors to consider. This could cause some developers to rethink large ambitious projects they've been waiting to break ground on.

Building costs for single-detached units climbed by over 10% in Halifax in 2023. This was the fastest growth among major cities in Canada. Building costs and higher land costs have translated into record-high new home prices, and high interest rates have reduced buyers' borrowing ability considerably. Demand for new single-family homes and starts of single-detached homes have been negatively impacted by this borrowing constraint as well as these record high new home prices.

A gradual increase in single-detached starts is forecast from 2025 to 2026, mainly because of the expected easing of interest rates and the potential for household incomes to continue rising. Nova Scotia's employee compensation for all industries was up 8% in 2023, second only to Prince Edward Island. One negative consideration is that the available inventory of newly completed and unsold single-family homes has been trending up recently. So we'll have to monitor this situation carefully.

Low inventory and relative affordability will support home sales and prices

High interest rates hampered Halifax housing market demand in 2023, even with a population surge and housing shortage. The inventory of homes for sale or active listings is still low, but has been increasing since September 2023, with weakened demand translating into fewer sales. More affordable homes, however, are still selling quickly. Home prices have stabilized since they peaked in 2022 and are expected to remain slightly above 2023 levels over our 2024–2026 forecast period.

Despite lower demand, many sellers have waited for full asking price when selling their homes. Interestingly, the Halifax market is still affordable to out-of-province buyers who have easily paid full or above asking prices since the pandemic. A consideration for downside risk to our price forecast would be a sizable decline in interprovincial migration from the unprecedented growth seen since 2020.

Sales are expected to rebound in 2024 in line with lower interest rates, with further growth in 2025 and 2026, as a result of improving economic conditions. There are two factors that should support our expectation for sales growth:

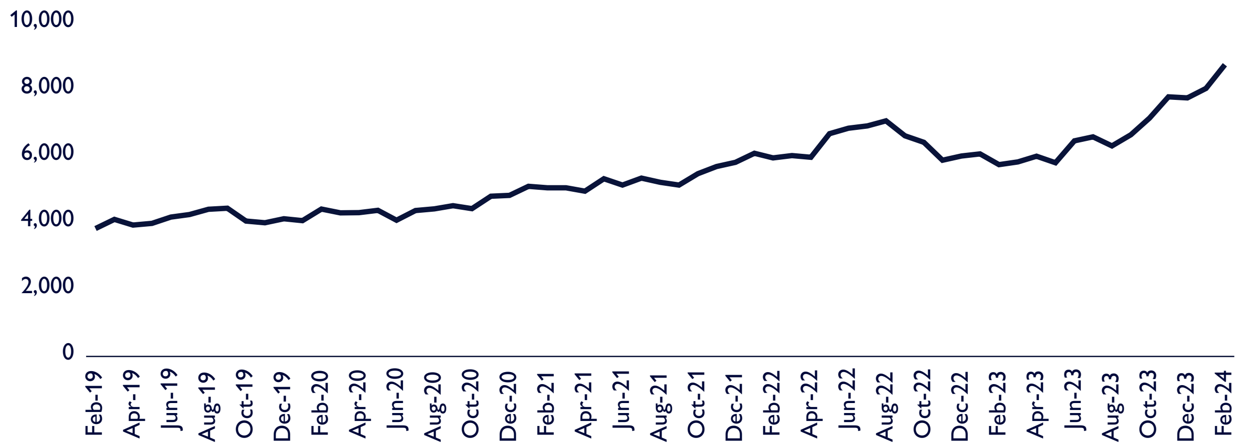
- Halifax's population is growing at an unprecedented pace, largely fuelled by young adults who are typically first-time homebuyers.
- Expected lower interest rates and more stable home prices should be an incentive for buyers who have been waiting on the sidelines to purchase.

However, there could be downward pressure on sales if prices increase more than we have forecast because of any pent-up demand. This scenario should also be kept in mind.

Vacancy rate will remain low

We expect Halifax's vacancy rate to remain low from 2024 to 2026 even with increases in the rental apartment universe. A growing population and low affordability of homeownership will support rental demand, but new supply should provide some relief. As of February 2024, there was a record 8,765 rental units under construction (figure 1). We anticipate most of these units to be completed over the next 2 to 3 years. Thus, the rental universe will expand throughout the 2024–2026 forecast horizon, but not enough to offset demand.

Figure 1: Current under construction inventory of rental units at record high, Halifax CMA



Source: CMHC

Overall, rental market conditions will remain tight. The Nova Scotia rent cap increase has gone from 2% to 5% for 2024 and supports our rent forecast increases. Operating costs for property managers will continue to increase, which, combined with tight rental market conditions, will maintain strong upward pressure on rents. The average rent for a 2-bedroom unit will increase further in 2024 and throughout the forecast horizon, thus worsening rental affordability.

The main risk to our Halifax rental market forecast for 2025–2026 would be higher-than-expected operating and construction cost increases. This could result in fewer new rental units being built and higher rents.

Forecast Summary — Halifax CMA

				2024 (F)		2025 (F)		2026 (F)	
	2021	2022	2023	(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,071	989	619	550	750	550	850	550	950
Multiples	3,011	2,799	4,186	4,300	6,200	4,650	6,550	4,850	6,850
Starts — Total	4,082	3,788	4,805	4,850	6,950	5,200	7,400	5,400	7,800
Resale Market									
MLS® Sales	7,697	5,704	4,931	4,600	6,400	5,100	7,400	5,400	8,100
MLS® Average Price ($)	466,575	541,790	555,110	554,000	606,000	568,000	632,000	577,000	653,000
Rental Market									
Vacancy Rate (%)	1.0	1.0	1.0	1.1		1.2		1.5	
Average Rent Two Bedrooms ($)	1,335	1,445	1,628	1,775		1,875		1,975	

The forecasts included in this document are based on information available as of March 21, 2024.
Sources: CREA, CMHC

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Appendix

Forecast ranges methodology

This HMO incorporates forecast ranges for housing variables. These ranges provide 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. All analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available.

The forecast ranges for the Canada report uniquely correspond to the baseline, pessimistic and high-growth scenarios developed at the national level.

Rental forecasts methodology

Quantitative rental forecasts were reintroduced in this HMO to better understand the evolution of affordability across Canada's housing spectrum. We present point forecasts of average two-bedroom rents ($) and global vacancy rates (%) for privately initiated rental apartment structures with at least 3 rental units, and which have been on the market for at least 3 months.

Definitions

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 of 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.

Resale market

Historical resale market data in the summary tables of the Housing Market Outlook reports refers to residential transactions through the Multiple Listing Service (MLS®) as reported by the Canadian Real Estate Association (CREA). In Québec, this data is obtained from the Centris® listing system via the Québec Professional Association of Real Estate Brokers (QPAREB). "MLS® sales" ("Centris® sales," in the province of Québec) refers to the total number of sales made through the Multiple Listing Service (or Centris® listing system) in a particular year. "MLS® average price" ("Centris® average price," in the province of Québec) refers to the average annual price of residential transactions through the Multiple Listing Service (or Centris® listing system).

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Alternative text and data for figures

Victoria

Figure 1: Rental completions will continue to trend higher in 2024, contributing to a stable outlook for the vacancy rate — Purpose-built rental apartments, under construction and completions

Year	Rental under construction	Rental completions
2010	2,007	202
2011	2,531	246
2012	2,800	310
2013	4,713	241
2014	4,287	492
2015	6,010	601
2016	13,100	564
2017	16,662	925
2018	26,916	1,189
2019	30,228	1,659
2020	29,894	1,950
2021	31,117	2,023
2022	41,391	1,018
2023	52,314	2,243

Source: CMHC

Vancouver

Figure 1: Sales in South Fraser to make up an increasingly large portion of the resale market in Metro Vancouver

Year	City of Vancouver share of sales	Inner Suburbs share of sales	South Fraser multi-family share of sales	South Fraser multi-family share of completions
2000	24%	19%	8%	10%
2001	24%	20%	9%	9%
2002	25%	21%	9%	8%
2003	27%	20%	10%	9%
2004	27%	21%	11%	9%
2005	25%	22%	11%	11%
2006	24%	22%	13%	11%
2007	25%	23%	13%	12%
2008	24%	22%	14%	14%
2009	25%	23%	12%	16%
2010	25%	24%	12%	18%
2011	24%	22%	12%	21%
2012	23%	20%	13%	22%
2013	24%	22%	13%	23%
2014	24%	21%	13%	22%
2015	22%	22%	13%	21%
2016	20%	21%	18%	19%
2017	20%	21%	20%	19%
2018	21%	20%	21%	19%
2019	21%	20%	21%	19%
2020	19%	19%	20%	19%
2021	20%	22%	21%	20%
2022	22%	22%	20%	22%
2023	21%	22%	21%	23%

Note: Inner Suburbs consists of Burnaby, Richmond, and New Westminster. Figures are trended.
Sources: CMHC, Greater Vancouver REALTORS®, Fraser Valley Real Estate Board

Calgary

Figure 1: Average two-bedroom rent in Calgary remains lower relative to other large CMAs despite the significant growth recorded in 2023 — Average two-bedroom rent ratios, Calgary CMA

Year	Calgary-Toronto ratio	Calgary-Vancouver ratio	% Change in average rent
1992	79.3%	77.6%	-0.5%
1993	75.5%	73.9%	-1.4%
1994	74.6%	72.0%	0.0%
1995	72.5%	70.7%	0.7%
1996	72.6%	70.4%	2.2%
1997	77.3%	74.5%	7.4%
1998	80.2%	81.3%	13.9%
1999	80.7%	85.5%	2.1%
2000	75.6%	83.1%	1.1%
2001	76.2%	85.2%	6.4%
2002	76.8%	84.3%	2.4%
2003	77.3%	83.3%	0.0%
2004	76.6%	81.9%	0.0%
2005	76.8%	80.5%	1.2%
2006	90.0%	91.9%	17.9%
2007	102.6%	100.5%	15.3%
2008	104.8%	102.1%	4.9%
2009	100.3%	94.0%	-3.7%
2010	95.2%	89.5%	-2.4%
2011	94.3%	87.6%	1.6%
2012	97.2%	91.2%	6.0%
2013	100.9%	95.6%	7.6%
2014	105.7%	100.8%	6.4%
2015	103.4%	97.4%	0.4%
2016	94.8%	86.8%	-7.3%
2017	88.8%	80.3%	-1.4%
2018	86.7%	77.1%	1.7%
2019	83.5%	74.7%	1.8%
2020	80.9%	73.8%	0.4%
2021	80.7%	74.3%	0.0%
2022	82.4%	73.2%	6.8%
2023	86.4%	77.7%	14.3%

Source: CMHC

Edmonton

Figure 1: Relative housing affordability in Edmonton would continue to attract migrants to the CMA over the forecast horizon — Average MLS® price ratios, Edmonton CMA

Year	Edmonton-Toronto ratio	Edmonton-Vancouver ratio
1988	38.7%	51.2%
1989	35.0%	42.5%
1990	42.8%	44.6%
1991	49.1%	48.3%
1992	53.9%	44.7%
1993	57.1%	40.0%
1994	56.6%	37.2%
1995	56.5%	35.9%
1996	55.5%	37.8%
1997	53.0%	38.9%
1998	52.8%	41.1%
1999	52.1%	42.3%
2000	51.1%	42.0%
2001	53.1%	46.7%
2002	54.4%	49.8%
2003	56.4%	50.2%
2004	57.0%	48.0%
2005	57.7%	45.3%
2006	71.2%	49.1%
2007	91.5%	60.4%
2008	89.1%	56.9%
2009	82.3%	55.0%
2010	76.8%	48.9%
2011	70.8%	42.2%
2012	68.3%	46.5%
2013	66.7%	45.4%
2014	65.0%	45.2%
2015	60.3%	41.3%
2016	51.1%	36.4%
2017	45.5%	36.2%
2018	47.0%	35.2%
2019	44.0%	36.3%
2020	39.3%	34.1%
2021	35.5%	32.7%
2022	33.6%	31.4%
2023	34.2%	30.2%

Sources: CREA, CMHC calculations

Regina

Figure 1: New housing construction in Regina is increasingly dominated by rental construction — Share of total housing starts by intended market

Year	Owner	Rental
2000	72.8%	0.3%
2001	62.8%	0.6%
2002	77.7%	0.5%
2003	57.0%	0.4%
2004	47.9%	3.6%
2005	64.8%	5.0%
2006	73.9%	0.8%
2007	60.6%	3.4%
2008	71.3%	2.8%
2009	61.9%	7.5%
2010	52.6%	16.8%
2011	58.6%	12.9%
2012	49.5%	17.8%
2013	43.2%	24.5%
2014	42.8%	40.9%
2015	38.9%	44.8%
2016	56.8%	29.8%
2017	44.9%	39.1%
2018	45.8%	49.6%
2019	64.8%	24.8%
2020	48.0%	26.5%
2021	47.2%	42.8%
2022	39.3%	49.8%
2023	27.7%	66.9%

Source: CMHC

Saskatoon

Figure 1: Single starts are expected to slow in 2024 as inventory numbers rise

Year	Single complete and unabsorbed	Single seasonally adjusted annual rates
2010	115	1,616
2011	153	1,617
2012	138	2,103
2013	243	1,679
2014	253	1,503
2015	338	997
2016	261	1,106
2017	224	1,089
2018	226	771
2019	239	639
2020	155	765
2021	80	981
2022	118	918
2023	193	779

Source: CMHC

Winnipeg

Figure 1: Variation in Manitoba's population, fuelled by permanent and non-permanent immigration, offers a boost to the Winnipeg housing market

Year	Natural increase	Permanent immigration	Net emigration	Net non-permanent residents	Net interprovincial migration
2000	4,691	4,207	-1,020	236	-3,456
2001	4,067	4,837	-1,123	347	-4,323
2002	4,024	4,825	-1,132	655	-4,344
2003	3,911	4,902	-1,160	940	-2,875
2004	4,090	7,418	-1,194	697	-2,565
2005	4,025	7,687	-1,203	558	-7,227
2006	4,636	8,881	-1,737	897	-7,881
2007	4,881	10,794	-1,043	1,059	-5,500
2008	5,337	10,739	-937	1,201	-3,703
2009	5,761	12,974	-741	210	-3,111
2010	6,051	14,122	-1,039	-190	-2,412
2011	5,348	15,841	-780	-478	-3,517
2012	5,888	15,101	-495	533	-4,212
2013	6,292	12,698	-379	1,764	-5,006
2014	6,035	15,462	-586	1,043	-6,851
2015	5,792	14,803	-1,052	4,378	-6,678
2016	6,322	1,745	-896	3,380	-4,881
2017	5,936	15,558	-1,394	5,002	-5,124
2018	6,195	14,172	-1,337	5,455	-7,148
2019	5,867	15,911	-728	3,031	-7,351
2020	5,394	14,736	-1,042	-1,310	-8,297
2021	4,532	10,179	-1,124	479	-2,804
2022	4,984	21,343	-704	3,313	-7,451
2023	5,152	25,591	-718	21,714	-10,246

Note: From July of the previous year to June of the current year. Excludes residual deviation.
Source: Statistics Canada

Toronto

Figure 1: Qualifying for a mortgage became harder in 2023, and affordability challenges are expected to persist (Toronto CMA)

Quarter	Income required to qualify for a mortgage*	Average household disposable income
2018 Q1	$102,052	$96,899
2018 Q2	$106,247	$96,529
2018 Q3	$108,565	$95,659
2018 Q4	$108,371	$95,665
2019 Q1	$105,238	$96,775
2019 Q2	$109,427	$98,475
2019 Q3	$111,275	$99,515
2019 Q4	$115,172	$100,629
2020 Q1	$116,071	$101,476
2020 Q2	$112,585	$111,948
2020 Q3	$124,517	$106,832
2020 Q4	$124,294	$105,175
2021 Q1	$131,846	$108,735
2021 Q2	$142,824	$109,162
2021 Q3	$150,467	$109,698
2021 Q4	$159,702	$109,003
2022 Q1	$173,123	$114,274
2022 Q2	$159,659	$114,093
2022 Q3	$167,795	$114,868
2022 Q4	$169,957	$116,360
2023 Q1	$162,970	$114,656
2023 Q2	$173,291	$117,428
2023 Q3	$185,763	$116,102
2023 Q4	$185,643	$114,720

*Based on the average MLS® price, a 20% down payment, the discounted 5-year fixed mortgage rate, a 30-year amortization and a 39% gross debt service ratio.

Sources: CBOC; CREA; Ratehub.ca; Statistics Canada; CMHC calculations

Hamilton

Figure 1: Affordability: Down payment required to qualify for a mortgage on the median home, as a multiple of the region's median income

Year	Indicator value
2013	0.19
	0.20
	0.20
	0.20
2014	0.21
	0.21
	0.21
	0.21
2015	0.21
	0.22
	0.22
	0.23
2016	0.23
	0.62
	0.94
	1.05
2017	1.08
	1.18
	1.22
	1.13
2018	1.95
	2.06
	2.04
	1.93
2019	2.02
	2.14
	2.28
	2.40
2020	2.50
	2.55
	2.55
	2.74
2021	3.26
	4.10
	4.30
	4.96
2022	5.45
	6.40
	5.42
	4.69
2023	4.77
	4.97

Sources: CMHC calculations on data from CMHC, Statistics Canada and the Bank of Canada

London

Figure 1: Price growth is subdued when inventory is above 1.5 months

Date	Months of supply	MLS® average price
Jan-19	1.3	398,178
Feb-19	1.5	395,240
Mar-19	1.6	396,903
Apr-19	1.8	413,334
May-19	2.0	423,289
Jun-19	2.0	417,519
Jul-19	2.1	413,616
Aug-19	1.9	440,738
Sep-19	2.0	422,354
Oct-19	1.8	432,101
Nov-19	1.5	441,305
Dec-19	1.1	448,559
Jan-20	1.3	454,012
Feb-20	1.4	457,541
Mar-20	1.6	449,750
Apr-20	1.8	429,632
May-20	1.8	438,014
Jun-20	1.8	485,482
Jul-20	1.5	500,341
Aug-20	1.3	520,309
Sep-20	1.2	546,829
Oct-20	1.2	561,375
Nov-20	0.8	571,185
Dec-20	0.5	557,185
Jan-21	0.5	658,083
Feb-21	0.6	622,628
Mar-21	0.7	621,619
Apr-21	0.7	626,187
May-21	0.7	642,526
Jun-21	0.8	649,099
Jul-21	0.8	645,278
Aug-21	0.6	654,320
Sep-21	0.7	661,482
Oct-21	0.6	722,396
Nov-21	0.4	756,720
Dec-21	0.2	760,072
Jan-22	0.3	861,517
Feb-22	0.5	821,043
Mar-22	0.8	847,515
Apr-22	1.2	773,165
May-22	1.8	754,383
Jun-22	2.3	681,762
Jul-22	2.4	713,541
Aug-22	2.2	699,109
Sep-22	2.4	736,278
Oct-22	2.4	654,966
Nov-22	2.3	651,049
Dec-22	1.9	641,093
Jan-23	2.1	591,120
Feb-23	2.3	610,685
Mar-23	2.5	638,018
Apr-23	2.4	680,578
May-23	2.8	667,708
Jun-23	3.1	672,173
Jul-23	3.4	681,389
Aug-23	3.6	725,088
Sep-23	3.8	651,768
Oct-23	3.8	662,752
Nov-23	3.7	646,974
Dec-23	2.7	663,576
Jan-24	2.7	613,281

Note: Data is seasonally adjusted.

Sources: CREA, London and St. Thomas Association of REALTORS®, CMHC Calculations

Kitchener-Cambridge-Waterloo

Figure 1: Current trends in starts far from restoring affordability

Year	Total	Single-detached	Rental apartments	Condominium apartments	Semi-detached	Rows
2009	2,298	1,161	268	230	62	565
2010	2,815	1,255	648	318	94	498
2011	2,954	1,186	983	461	38	286
2012	2,900	871	836	716	42	431
2013	1,840	690	648	127	28	315
2014	4,450	869	1,079	1,960	40	484
2015	3,212	995	945	600	40	627
2016	4,074	1,392	1,524	633	66	442
2017	3,850	1,095	970	986	70	715
2018	3,103	996	423	1,241	56	341
2019	5,477	898	1,154	1,822	98	1,042
2020	3,749	859	603	1,315	124	635
2021	5,602	885	1,027	2,210	58	1,302
2022	4,847	1,022	1,198	1,387	66	1,174
2023	4,712	850	1,754	847	54	1,207

Source: CMHC

St. Catharines-Niagara

Figure 1: Current trends in starts far from restoring affordability

Year	Total	Single-detached	Rental apartments	Condominium apartments	Semi-detached	Rows
2009	859	574	44	35	42	164
2010	1,086	714	41	-	60	271
2011	1,110	655	174	-	34	247
2012	1,137	678	184	-	60	215
2013	1,223	717	5	72	111	310
2014	1,479	896	31	-	128	424
2015	1,737	1,002	53	121	112	364
2016	1,957	1,438	27	53	128	311
2017	2,196	1,266	7	203	104	614
2018	1,863	717	175	267	120	581
2019	2,785	1,208	189	186	81	1,116
2020	2,466	1,177	174	78	64	595
2021	2,635	1,123	201	199	100	914
2022	3,168	1,114	68	901	77	1,008
2023	2,747	912	203	727	76	829

Source: CMHC

Windsor

Figure 1: Vacancy rates forecasted to rise from their record lows as rental completions trend upward — Rental completions and vacancy rates (Windsor CMA)

Year	Rental completions	Vacancy rate
2015	26	3.9%
2016	5	2.9%
2017	42	2.4%
2018	61	3.0%
2019	48	2.9%
2020	285	3.6%
2021	109	3.5%
2022	234	1.8%
2023	841	2.0%

Source: CMHC

Ottawa

Figure 1: Home sales increase moving into 2024 as market remains balanced — Residential home sales (seasonally adjusted annual rates) and sales-to-new listing ratio, Ottawa CMA

Month	Sales	Sales-to-new listings ratio
2022 M12	13,392	49%
2023 M01	12,936	51%
2023 M02	12,444	60%
2023 M03	12,348	60%
2023 M04	14,040	68%
2023 M05	15,036	68%
2023 M06	15,048	66%
2023 M07	14,940	62%
2023 M08	13,920	54%
2023 M09	13,836	49%
2023 M10	12,084	46%
2023 M11	12,600	47%
2023 M12	14,772	58%
2024 M01	14,880	55%

Source: CREA

Gatineau

Figure 1: International migration and non-permanent residents support population growth in Québec — Estimates of population growth components, province of Québec

Year	Natural growth	Net interprovincial migration	Net international migration	Net number of non-permanent residents
Average 2010–2015	26,951	-10,185	43,800	3,452
2016	22,527	-10,592	44,286	12,840
2017	17,796	-6,000	45,746	35,932
2018	15,051	-6,100	45,727	43,573
2019	16,731	-3,062	36,483	63,631
2020	7,180	-4,603	23,443	-6,045
2021	15,568	-4,423	45,438	9,266
2022	2,300	-6,817	63,540	94,016
2022 (Jan. to Sept.)	3,800	(4,826)	48,946	68,949
2023 (Jan. to Sept.)	1,700	(2,871)	40,642	142,031

Source: Statistics Canada; CMHC calculations

Montréal

Figure 1: International migration and non-permanent residents support population growth in Québec — Estimates of population growth components, province of Québec

Year	Natural growth	Net interprovincial migration	Net international migration	Net number of non-permanent residents
Average 2010–2015	26,951	-10,185	43,800	3,452
2016	22,527	-10,592	44,286	12,840
2017	17,796	-6,000	45,746	35,932
2018	15,051	-6,100	45,727	43,573
2019	16,731	-3,062	36,483	63,631
2020	7,180	-4,603	23,443	-6,045
2021	15,568	-4,423	45,438	9,266
2022	2,300	-6,817	63,540	94,016
2022 (Jan. to Sept.)	3,800	(4,826)	48,946	68,949
2023 (Jan. to Sept.)	1,700	(2,871)	40,642	142,031

Source: Statistics Canada; CMHC calculations

Québec

Figure 1: International migration and non-permanent residents support population growth in Québec — Estimates of population growth components, province of Québec

Year	Natural growth	Net interprovincial migration	Net international migration	Net number of non-permanent residents
Average 2010–2015	26,951	-10,185	43,800	3,452
2016	22,527	-10,592	44,286	12,840
2017	17,796	-6,000	45,746	35,932
2018	15,051	-6,100	45,727	43,573
2019	16,731	-3,062	36,483	63,631
2020	7,180	-4,603	23,443	-6,045
2021	15,568	-4,423	45,438	9,266
2022	2,300	-6,817	63,540	94,016
2022 (Jan. to Sept.)	3,800	(4,826)	48,946	68,949
2023 (Jan. to Sept.)	1,700	(2,871)	40,642	142,031

Source: Statistics Canada; CMHC calculations

Halifax

Figure 1: Current under construction inventory of rental units at record high, Halifax CMA

Month	All
Feb-19	3,844
Mar-19	4,120
Apr-19	3,946
May-19	4,001
Jun-19	4,186
Jul-19	4,267
Aug-19	4,424
Sep-19	4,455
Oct-19	4,066
Nov-19	4,015
Dec-19	4,136
Jan-20	4,083
Feb-20	4,427
Mar-20	4,317
Apr-20	4,320
May-20	4,394
Jun-20	4,091
Jul-20	4,382
Aug-20	4,435
Sep-20	4,533
Oct-20	4,442
Nov-20	4,815
Dec-20	4,843
Jan-21	5,115
Feb-21	5,068
Mar-21	5,069
Apr-21	4,965
May-21	5,338
Jun-21	5,151
Jul-21	5,356
Aug-21	5,235
Sep-21	5,153
Oct-21	5,490
Nov-21	5,709
Dec-21	5,832
Jan-22	6,106
Feb-22	5,965
Mar-22	6,034
Apr-22	5,987
May-22	6,691
Jun-22	6,857
Jul-22	6,928
Aug-22	7,077
Sep-22	6,633
Oct-22	6,433
Nov-22	5,897
Dec-22	6,026
Jan-23	6,086
Feb-23	5,762
Mar-23	5,843
Apr-23	6,019
May-23	5,823
Jun-23	6,477
Jul-23	6,601
Aug-23	6,325
Sep-23	6,662
Oct-23	7,165
Nov-23	7,803
Dec-23	7,769
Jan-24	8,053
Feb-24	8,765

Source: CMHC

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