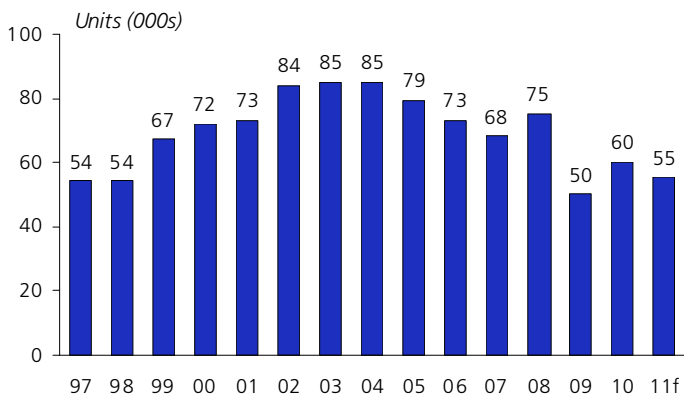


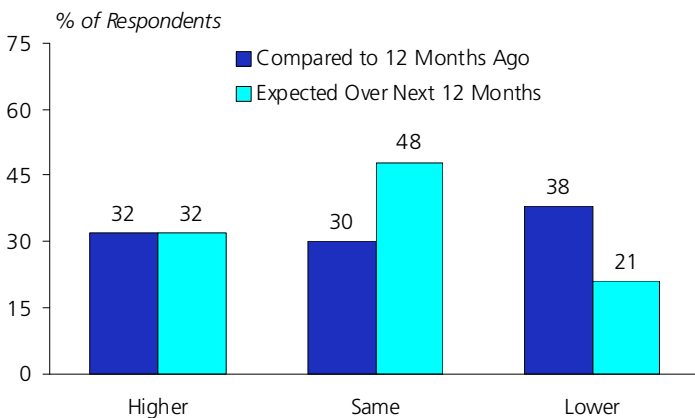
Ontario Home Builders Expect Housing Starts to Moderate and Renovation Activity to Improve

Total Housing Starts Ontario



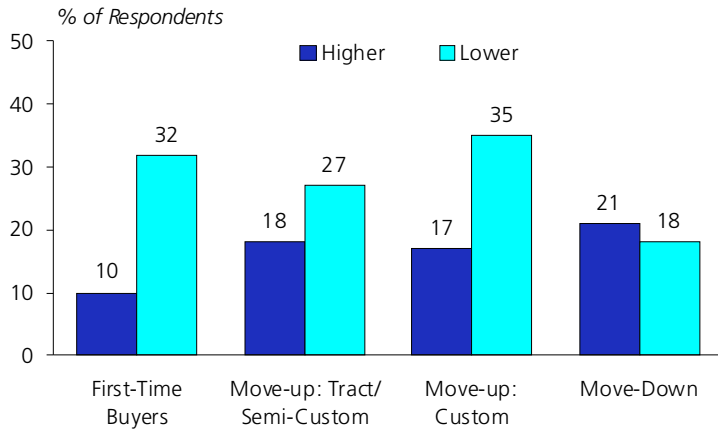
Source: CMHC (historical) and **Pulse Survey** (forecast)

Change in Renovation Activity Ontario

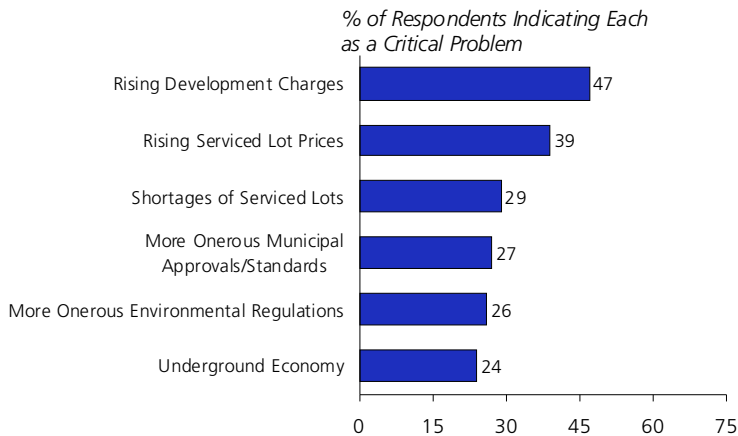


- New home builders in Ontario expect total housing starts to be about 55,000 units in 2011, moderately lower than the 60,433 units started in 2010, according to the latest **Pulse Survey** conducted in December 2010 and January 2011 by the Canadian Home Builders' Association (CHBA).
- Canada-wide, new home builders are expecting about 172,100 starts in 2011, somewhat lower than the 189,930 starts in 2010 and below the levels of the 2002-2008 period.
- On average, Ontario renovators responding to the **Pulse Survey** report slower activity with more renovators in Ontario reporting their renovation activity lower than 12 months ago.
- However, renovators in Ontario expect higher renovation activity over the next 12 months, with about 4 in 5 renovators expecting higher or stable activity while only 1 in 5 expecting lower activity.
- The average project reported by renovators in Ontario is some \$50,000 and takes 7 weeks to complete.

Changes in Traffic Compared to Last Year Ontario



Top Problems for New Home Builders Ontario



- New home builders and renovators in Ontario report that, on average, employment in their companies was somewhat higher than a year ago for both full-time and part-time employment. Overall employment is expected to continue to be stable over the next year.
- Ontario new home builders report lower traffic at new home sales sites among first-time buyers and move-up market segments this year compared to a year ago. Traffic among the move-down buyers is somewhat steady.
- On average, new home builders in Ontario report that inventories of started-but-unsold single-detached units are slightly lower this year compared to a year ago.
- New home builders in Ontario are planning some shift in the upcoming year towards the first-time buyer market and move-down market, away from the tract/ semi-custom segment of the move-up market, especially.
- The most often cited critical problem for new home builders in Ontario is rising development charges, followed by shortages and associated costs of serviced lots, more onerous municipal approvals/standards and environmental regulations and the underground economy.
- More than half of new home builders in Ontario expect new single-detached house prices to increase over the next year, only 7% expect prices to decrease.

The **Pulse Survey** was conducted by the CHBA with assistance from Canada Mortgage and Housing Corporation and Natural Resources Canada. The survey was tabulated and analyzed by Altus Group Economic Consulting. Copies of the detailed results are available from the CHBA (chba@chba.ca).