



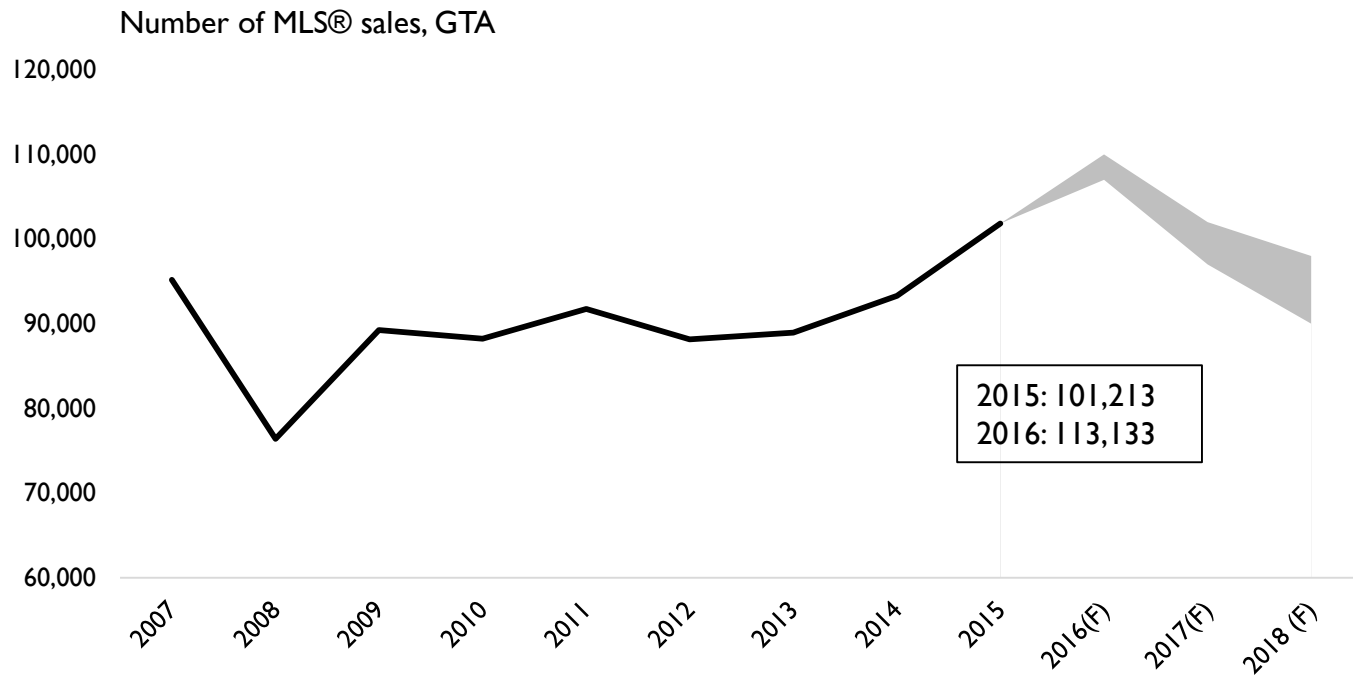
GTA Housing Outlook

January 10th, 2017

Andrew Scott
Senior Market Analyst
alscott@cmhc.ca



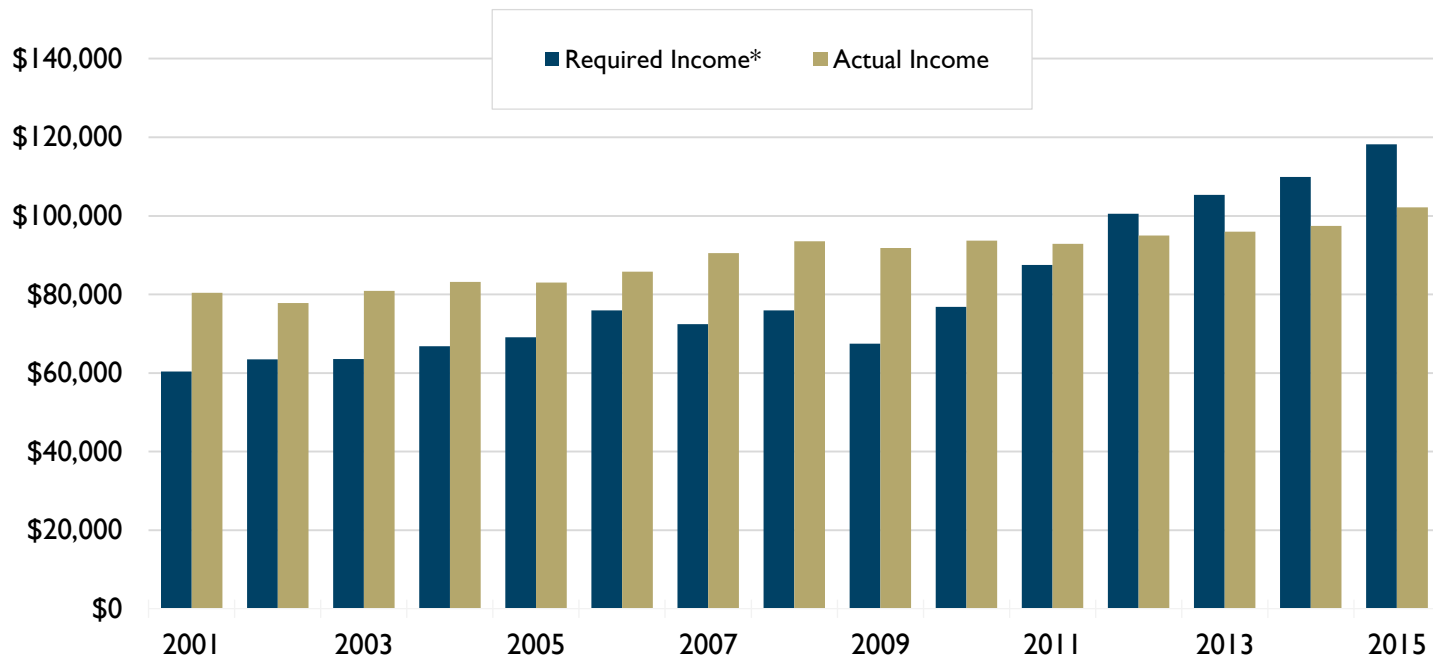
Another Record Year for 2016



Source: CREA, CMHC forecast

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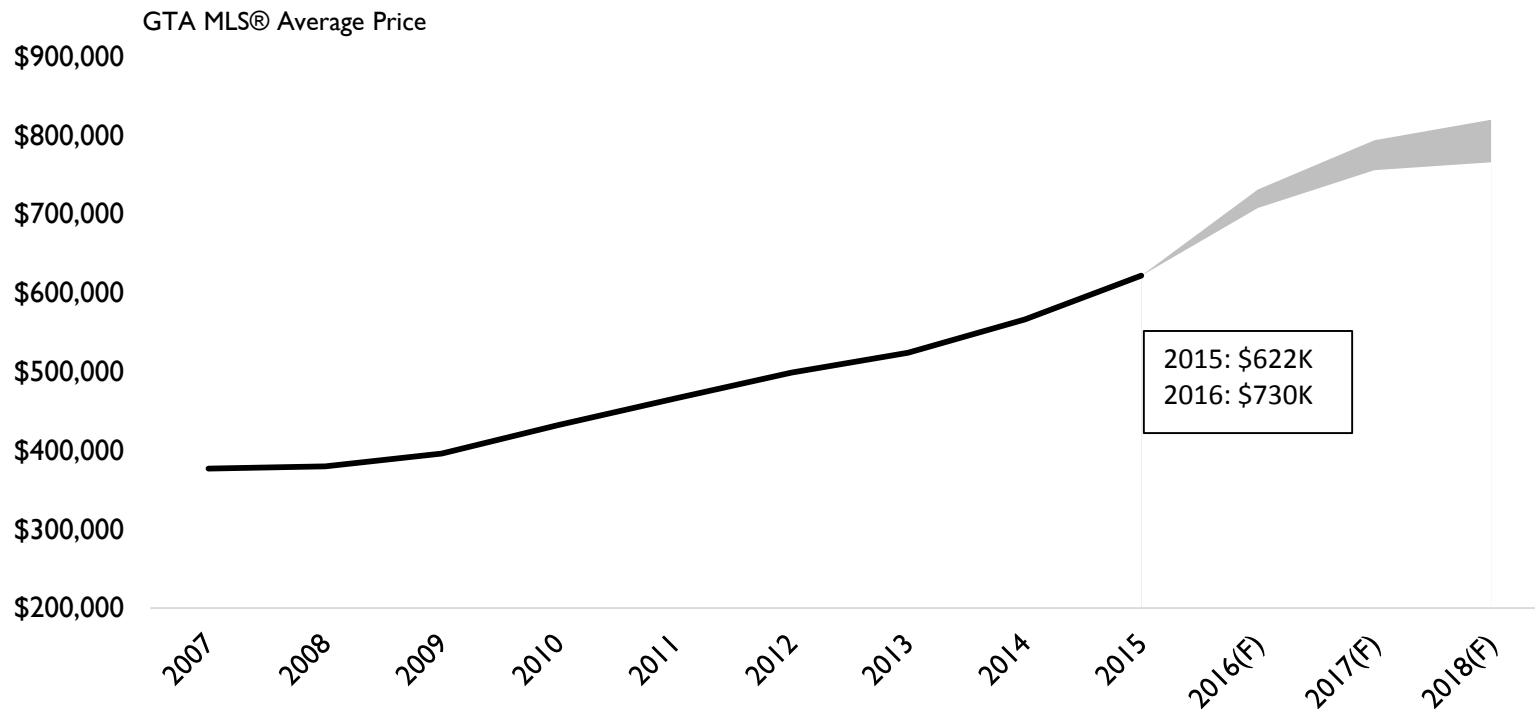
Declining Affordability Will Curtail Sales



* Required income is mortgage carrying costs divided by 0.32 to reflect the usual 32 per cent gross debt service ratio. Mortgage carrying costs are calculated based on a 10 per cent down payment, the posted fixed five-year mortgage rate and the longest available amortization for a mortgage.

Source: CMHC, Statistics Canada, CREA

Price Growth to Slow in 2017 and 2018

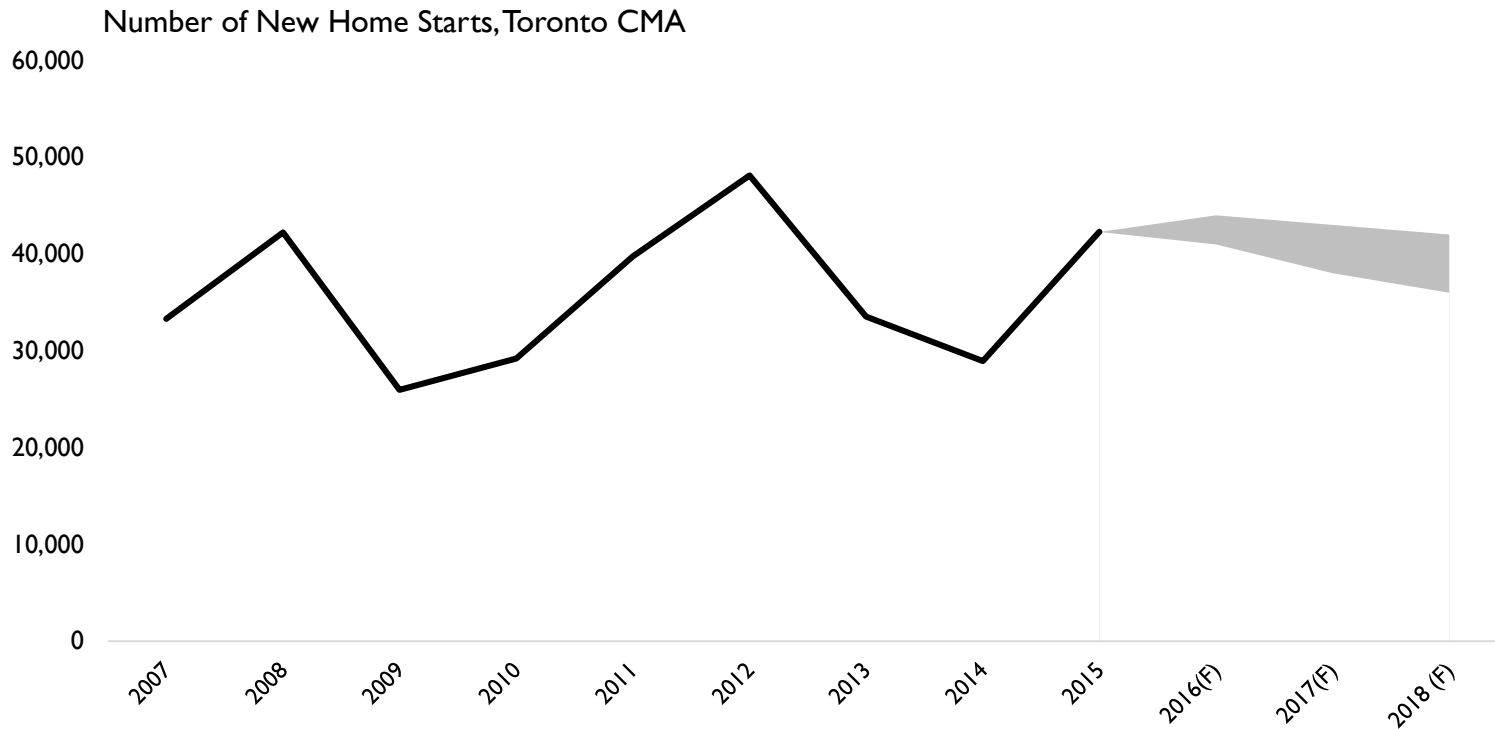


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Source: CREA, CMHC forecast

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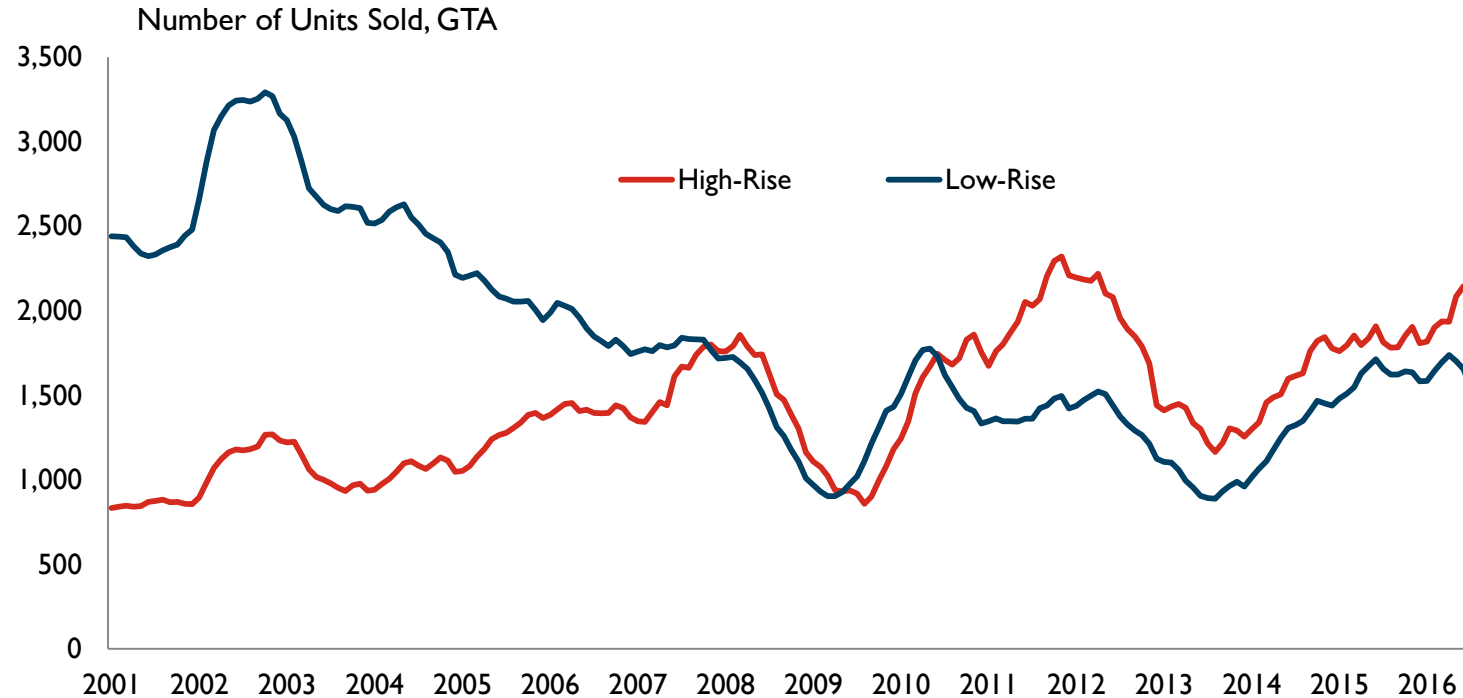
GTA New Home Starts



Source: CMHC, F=CMHC Forecast

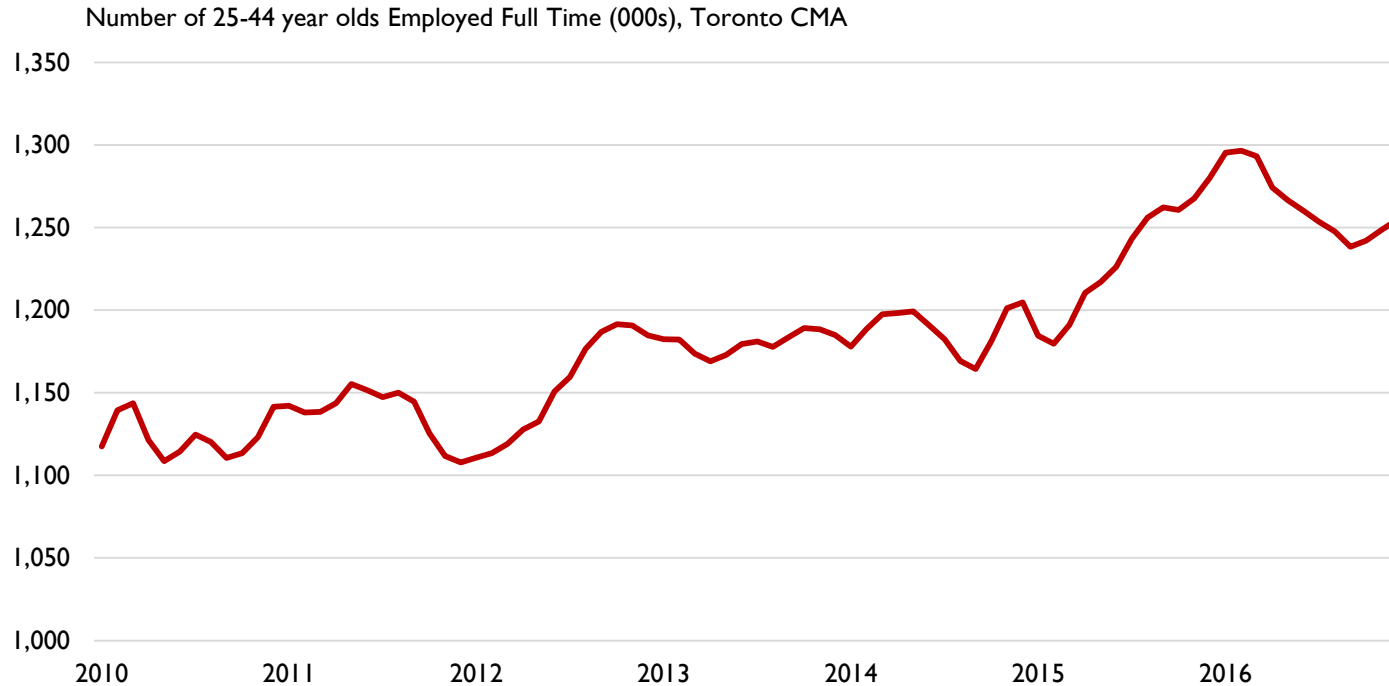
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New Home Sales Signal Robust Construction



Source: Realnet, 12 month moving average

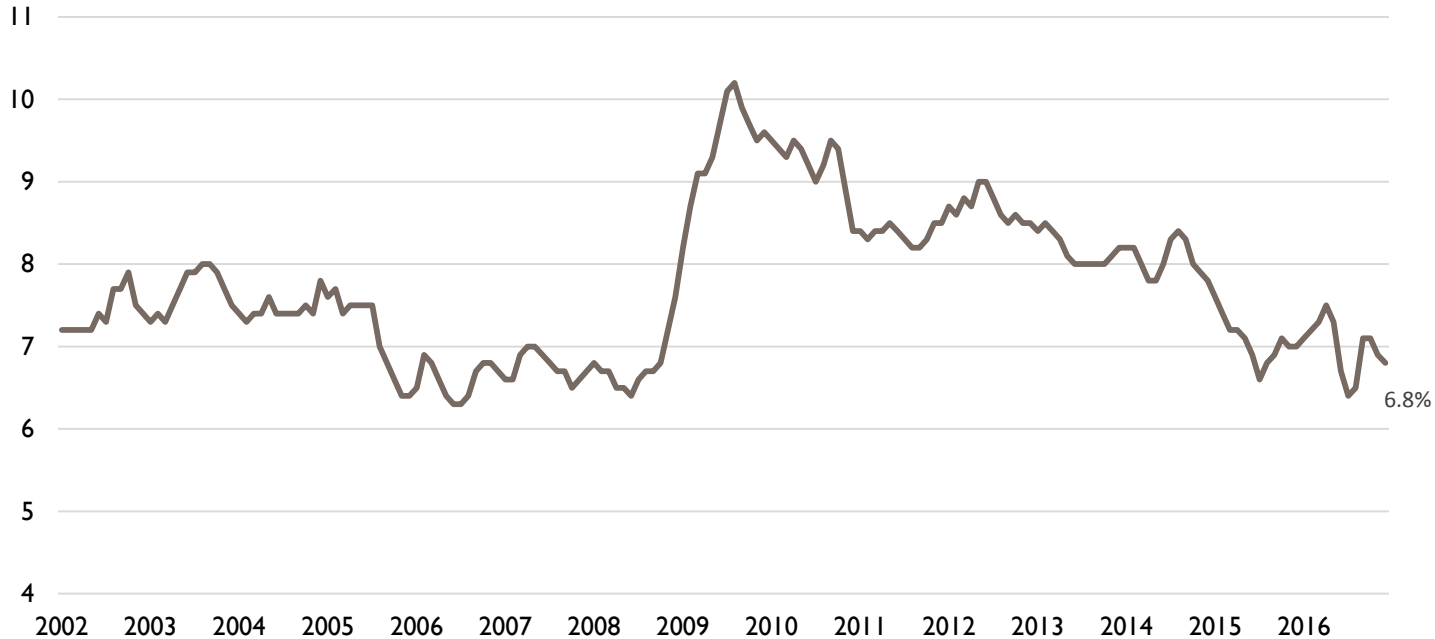
Growth in FTB Full-Time Employment



Source: Statistics Canada, Labour Force Survey

Unemployment Trending Lower

Unemployment rate (%), seasonally adjusted, Toronto CMA

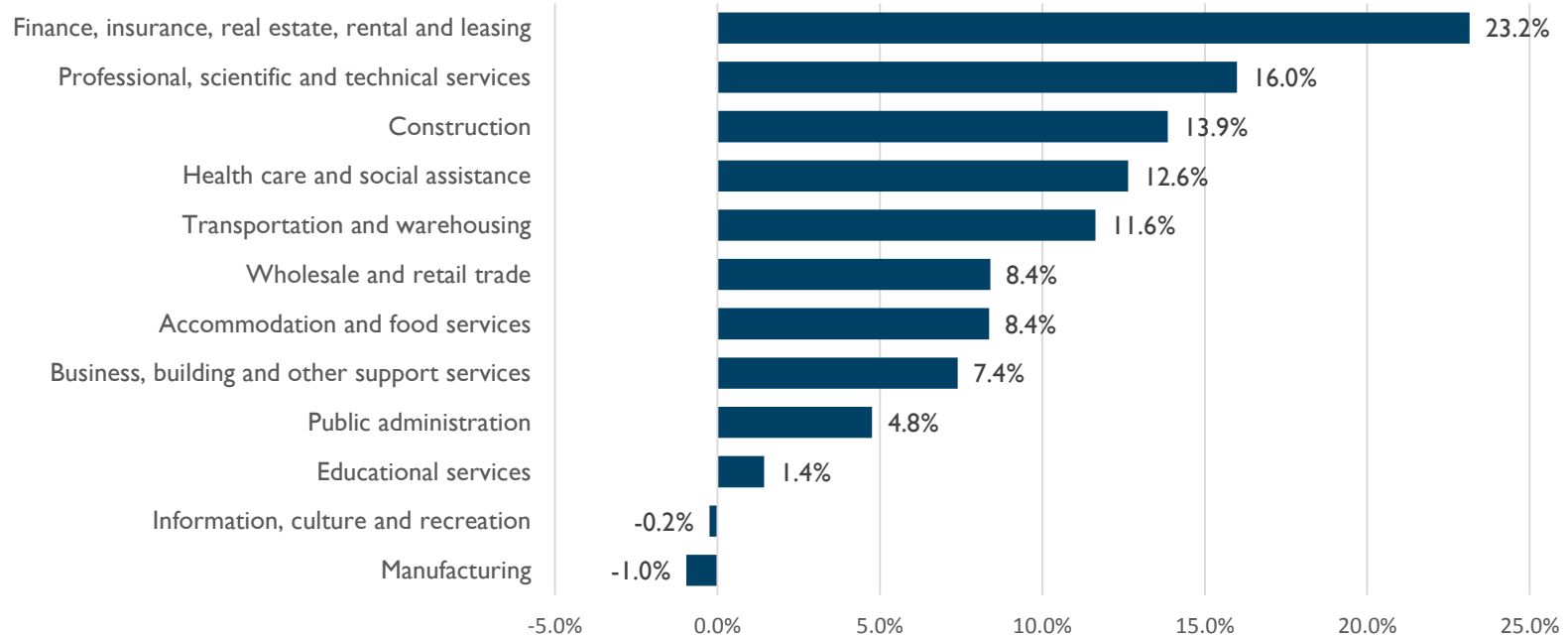


Source: Statistics Canada, Labour Force Survey

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Employment on FIRE*

Percentage change in number of employed by industry, Toronto CMA

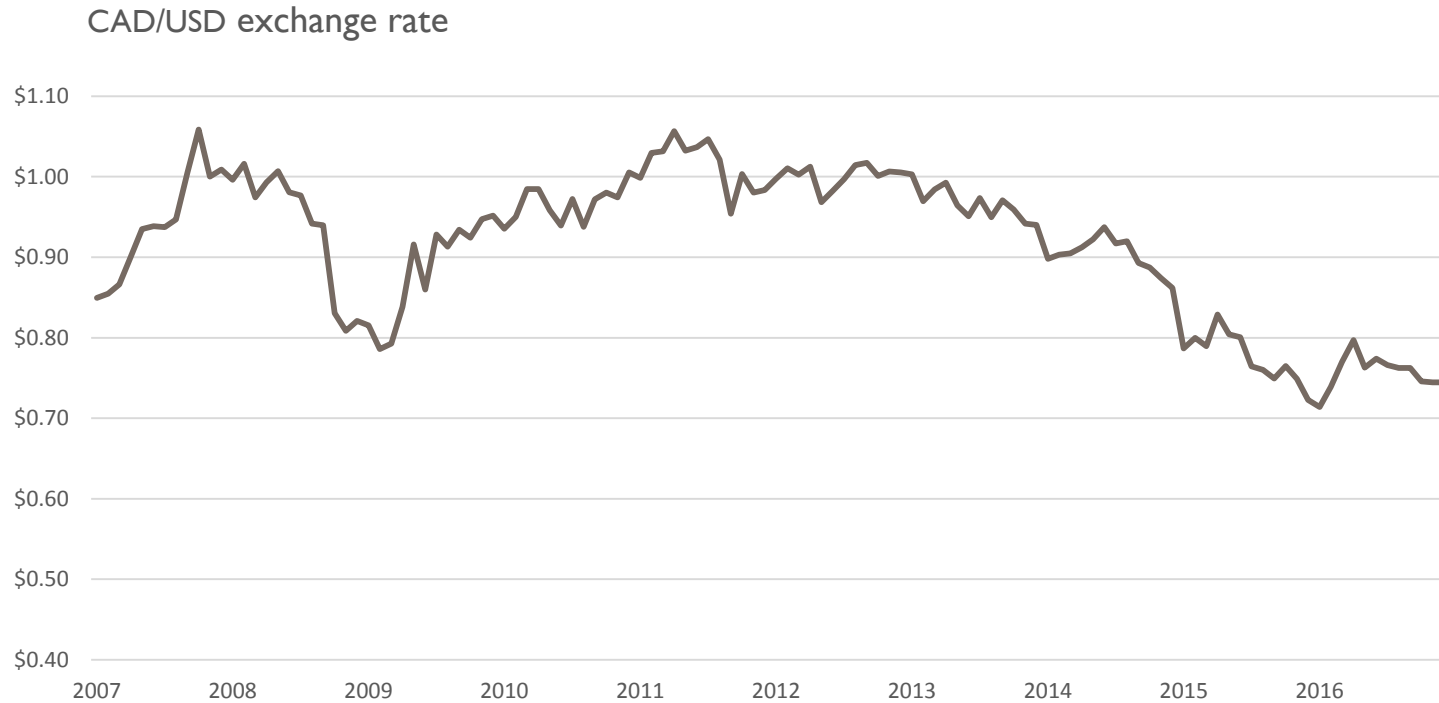


Source: Statistics Canada, CMHC
calculations, 2016 vs 2011

* Finance, Insurance, Real Estate

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Weakening Canadian Dollar

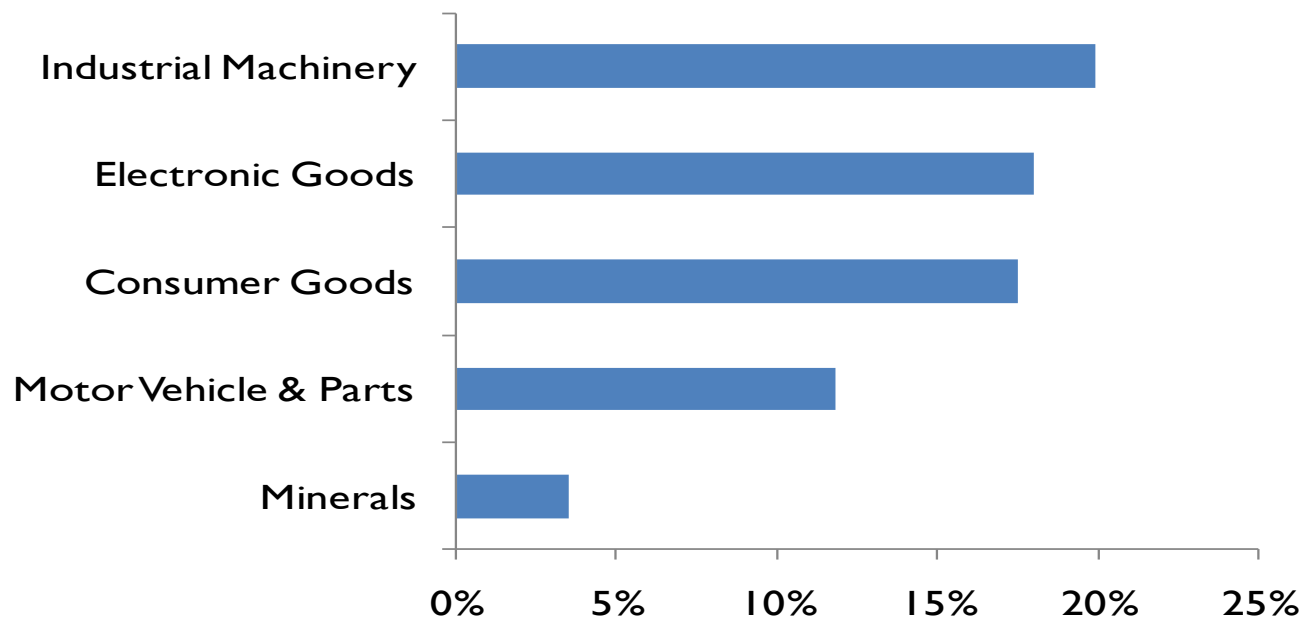


Source: Bank of Canada

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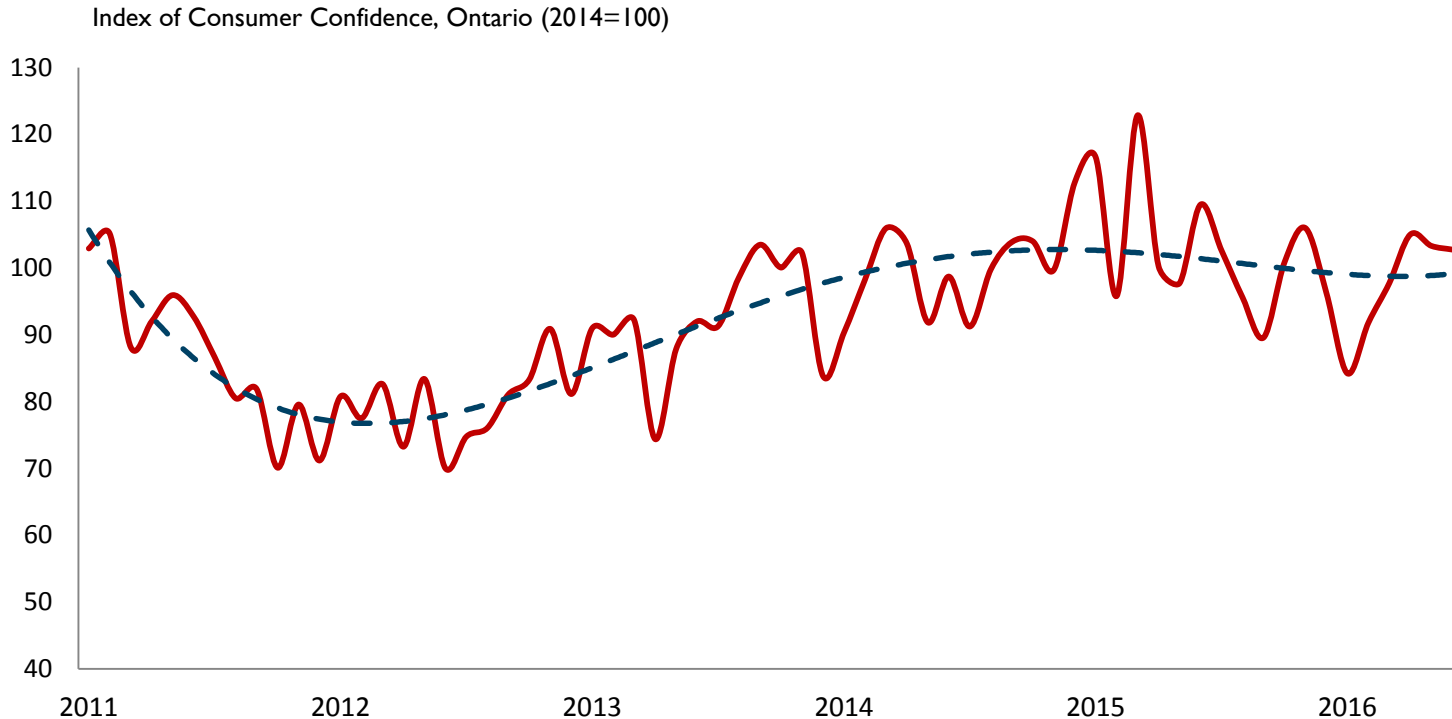
Ontario Non-Commodity Exports Growing Faster

Ontario August YTD Exports % Chg (2015 vs 2014)



Source: Statistics Canada Merchandise Trade

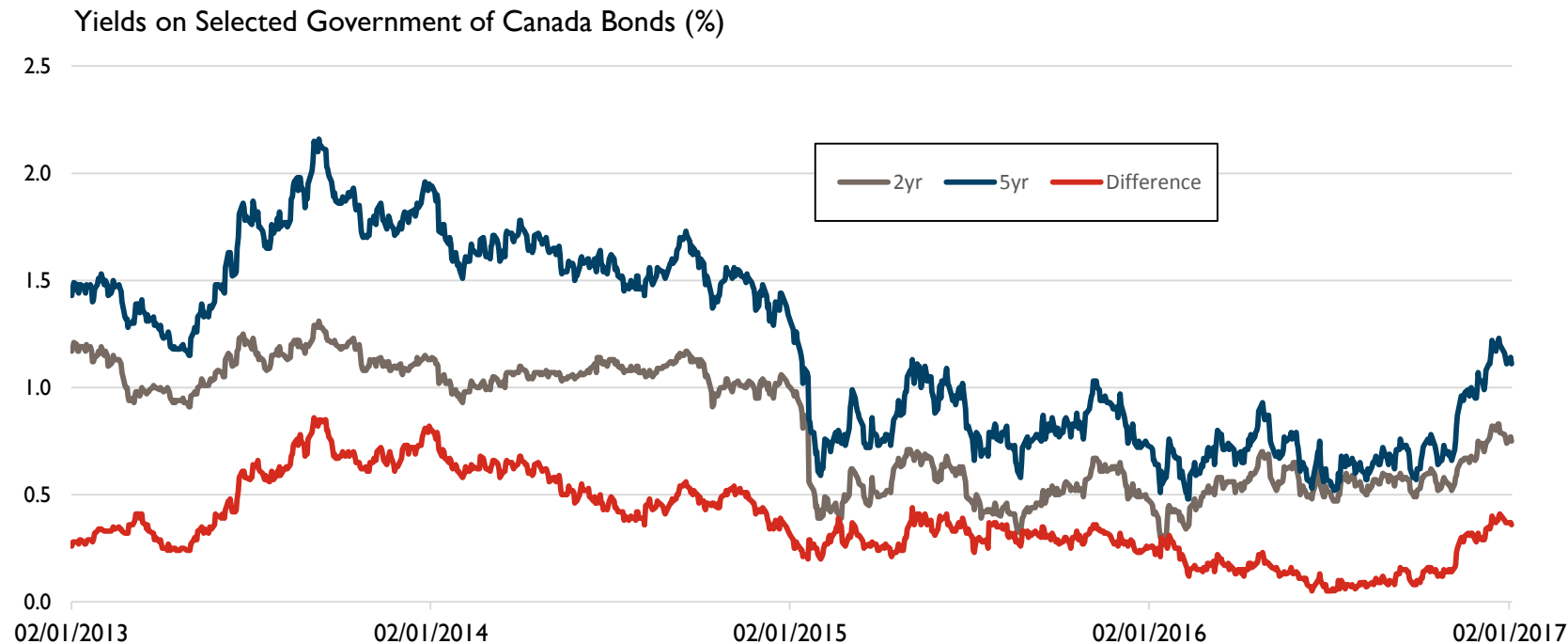
Ontario's Consumer Confidence Levels Off



Source: Conference Board of Canada

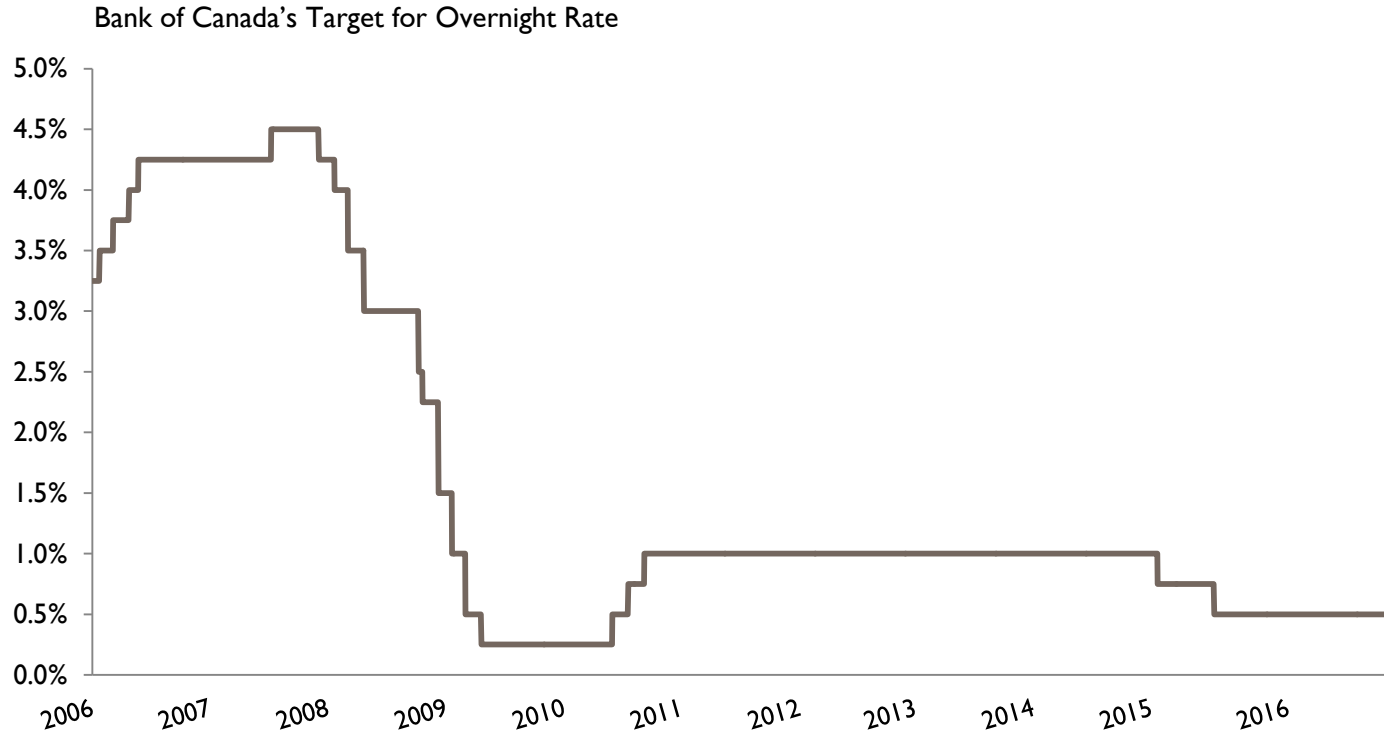
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Inflation Expectations Moving Higher



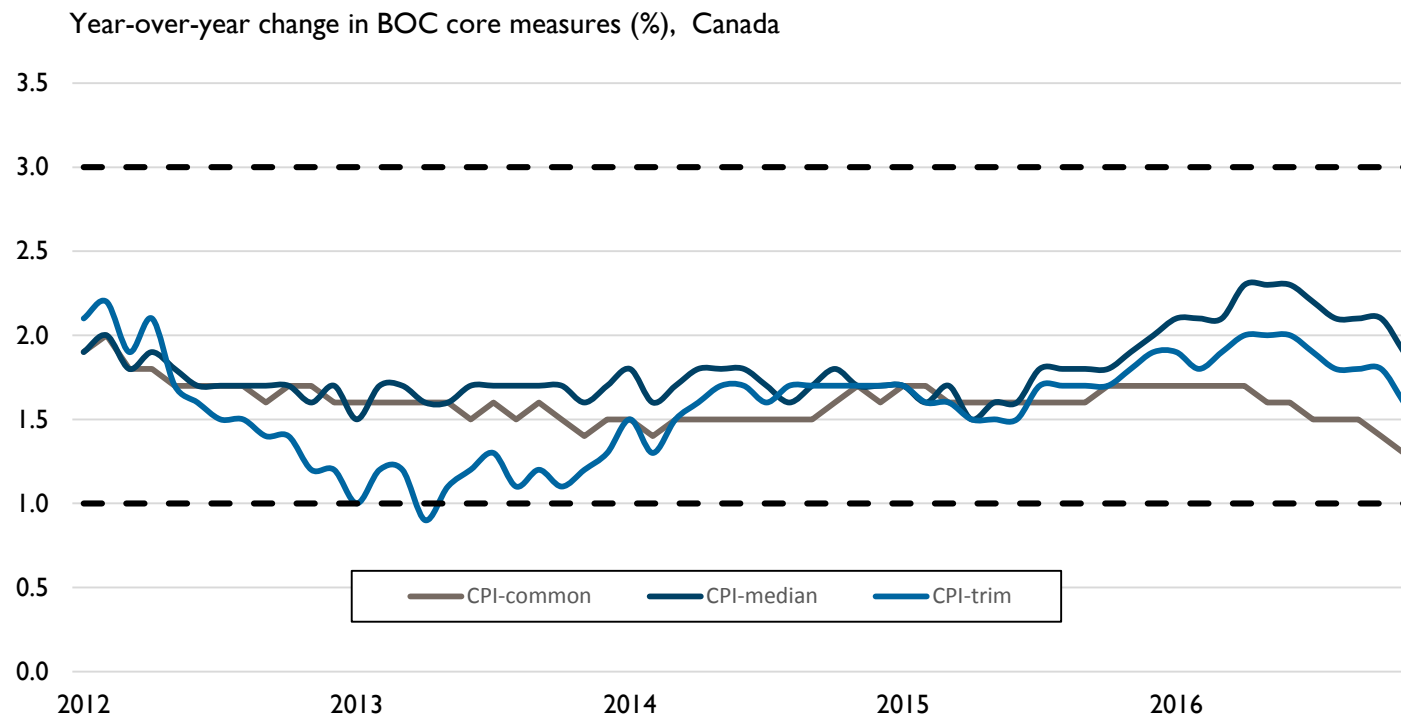
Source: Bank of Canada

Bank of Canada's Target Rate



Source: Bank of Canada

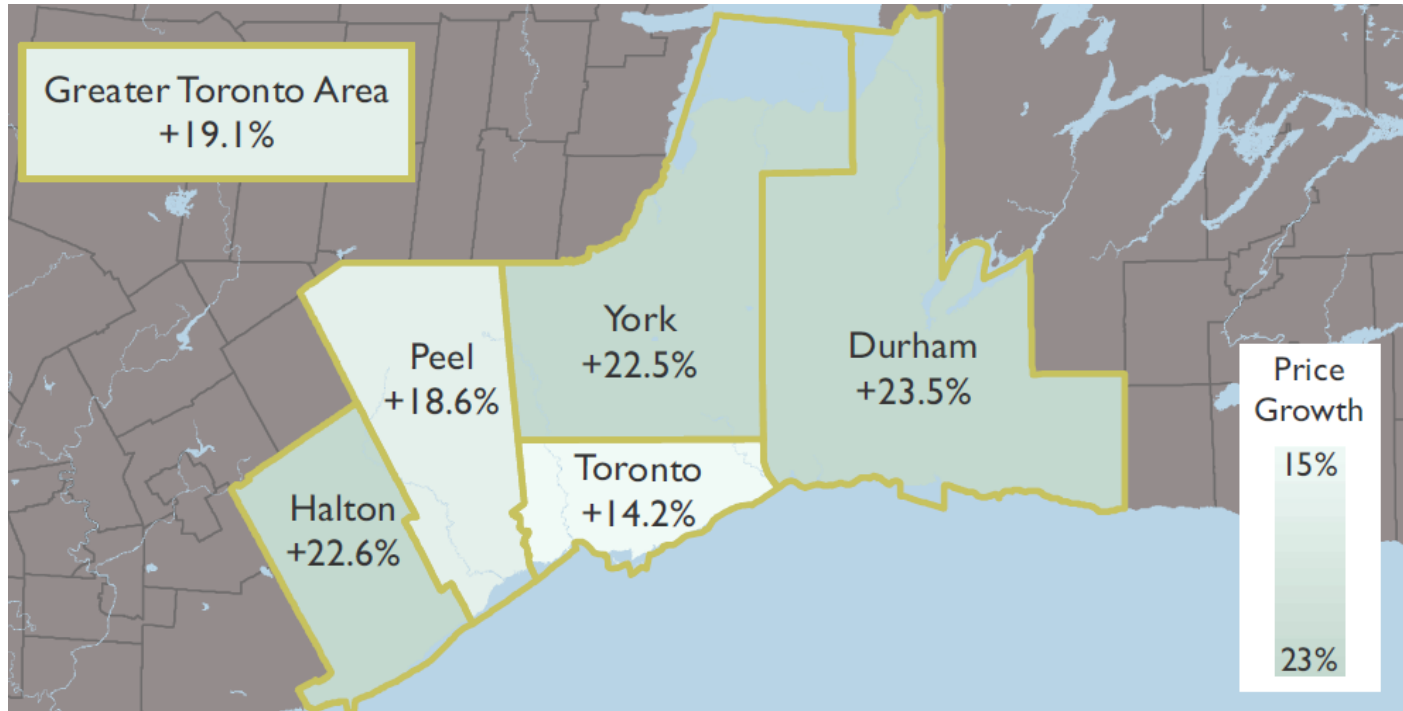
BOC Operational Guide



Source: Statistics Canada

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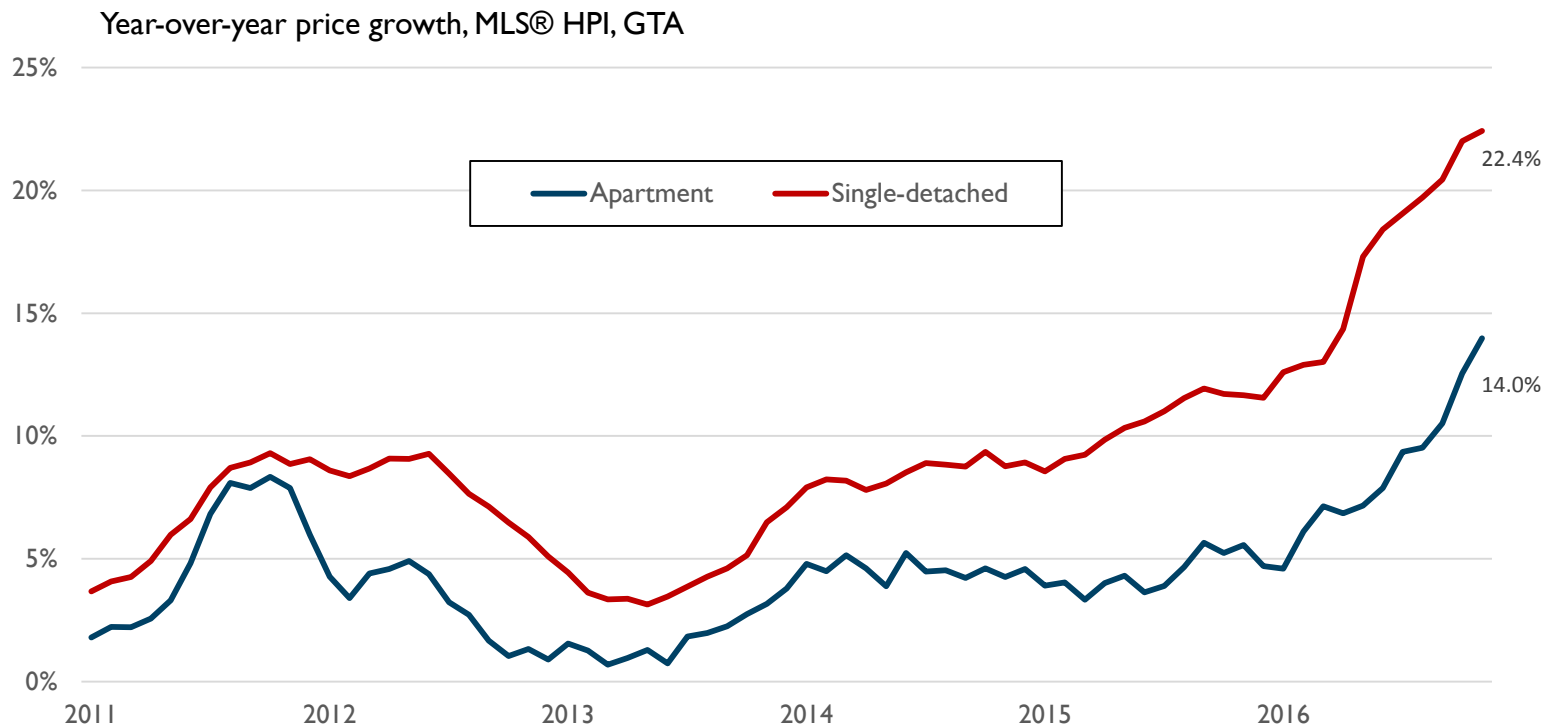
Suburban Prices Outpacing Others



Source: TREB annualized six-month moving average
Last data point: November 2016

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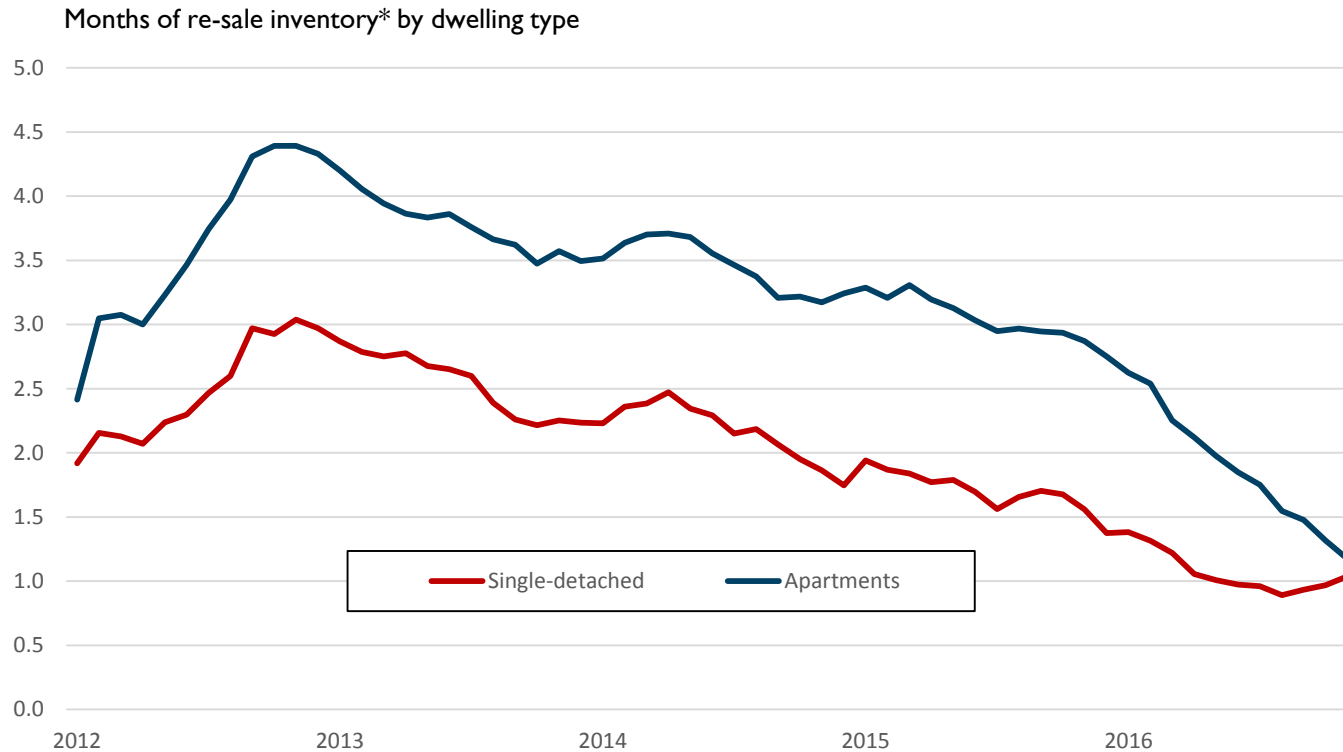
Apartment Price Growth Catching Up to Singles



Source: CREA

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Apartment Re-Sale Inventory Dropping



Source: TREB

*Number of active listings divided by sales.

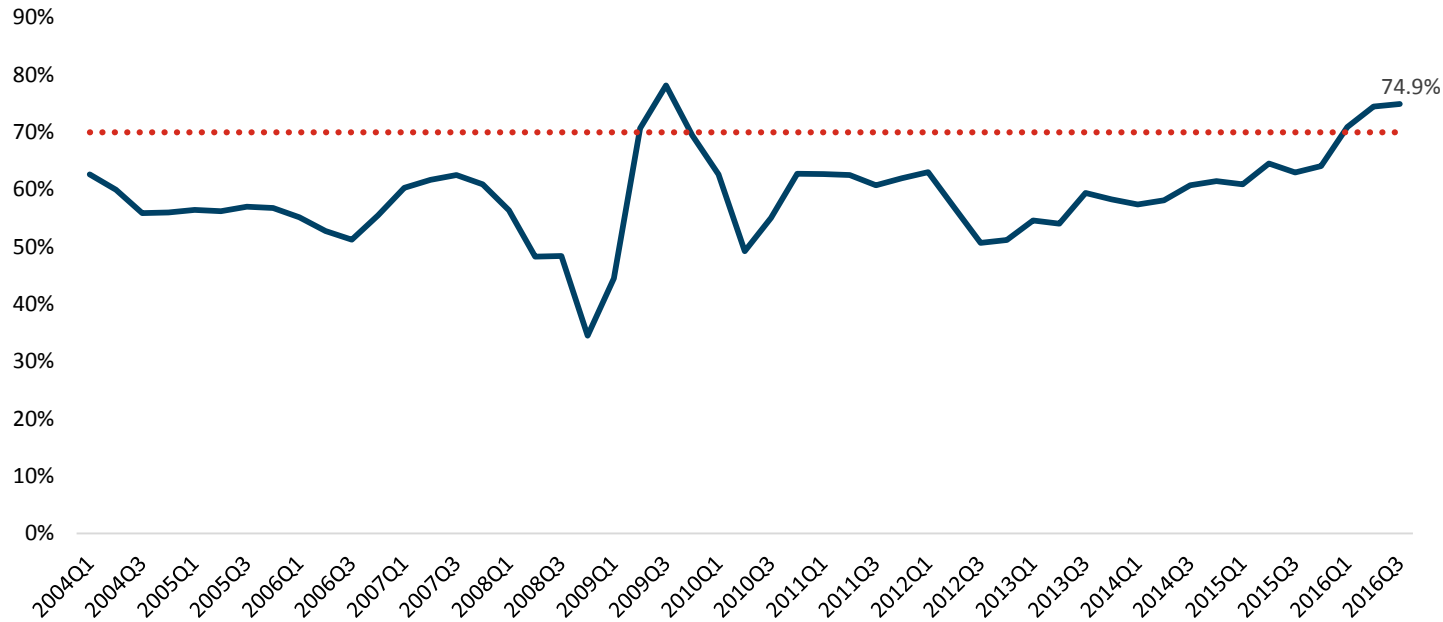
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CMHC detects strong evidence problematic conditions in Toronto

	Overheating		Price Acceleration		Overvaluation		Overbuilding		Overall Assessment	
	July 2016	Oct. 2016	July 2016	Oct. 2016	July 2016	Oct. 2016	July 2016	Oct. 2016	July 2016	Oct. 2016
Canada										
Victoria										
Vancouver										
Edmonton										
Calgary										
Saskatoon										
Regina										
Winnipeg										
Hamilton										
Toronto										
Ottawa										
Montréal										
Québec										
Moncton										
Halifax										
St. John's										

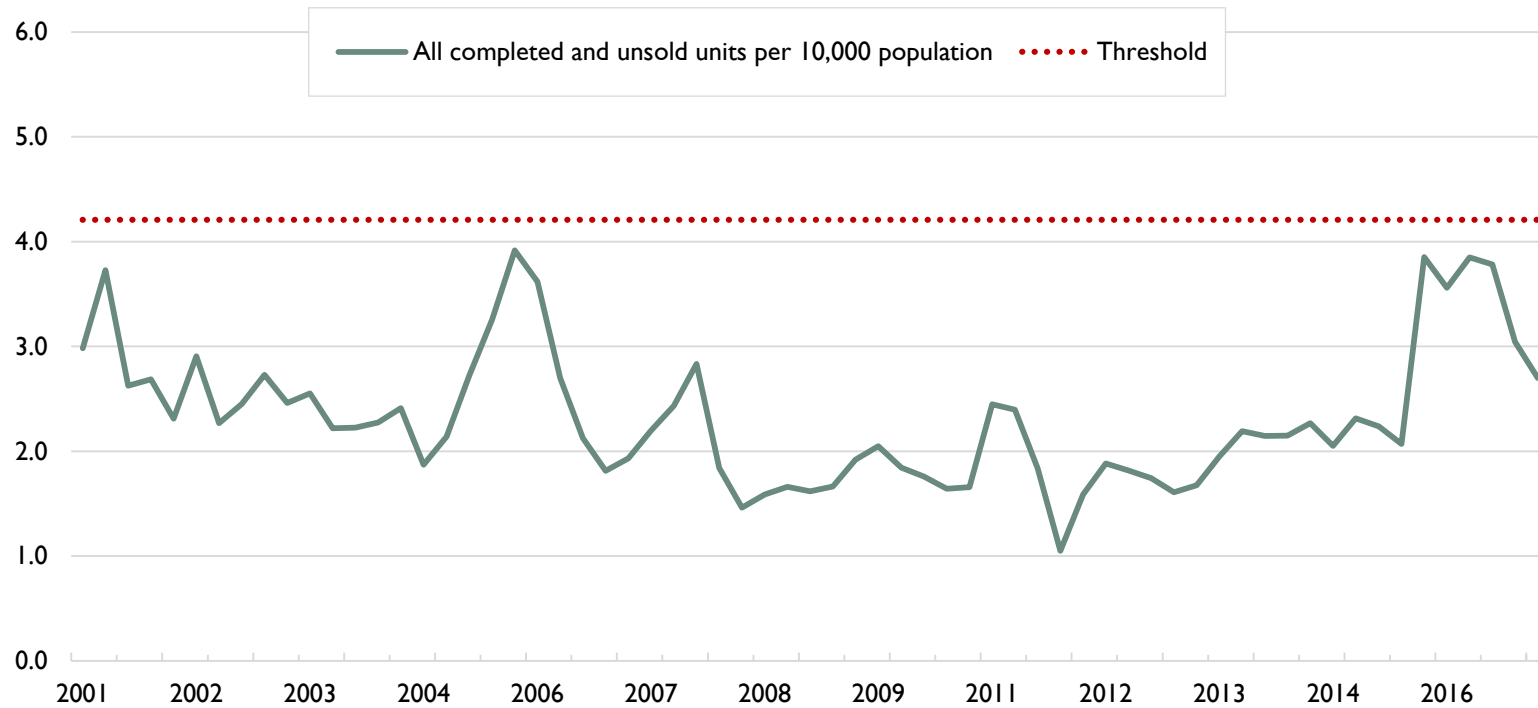
Evidence of overheating

Sales-to-new listings ratio, seasonally adjusted



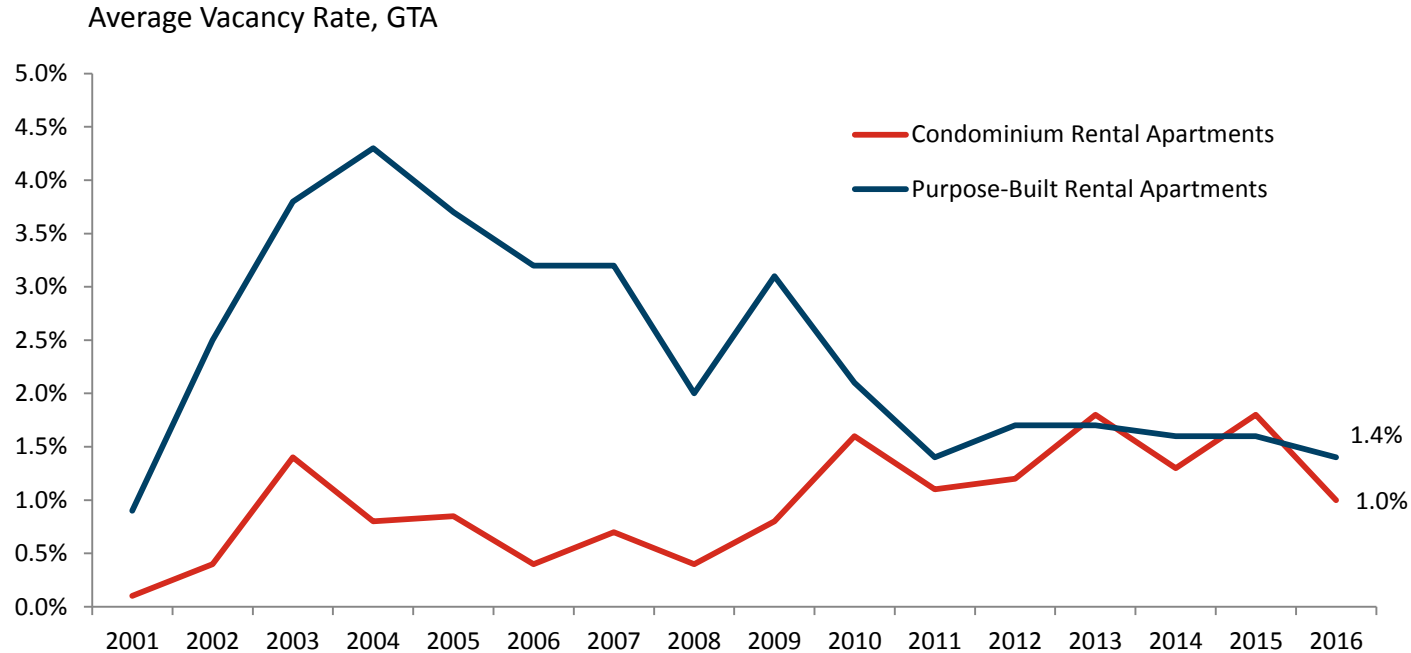
Source: CREA

Weak evidence of overbuilding



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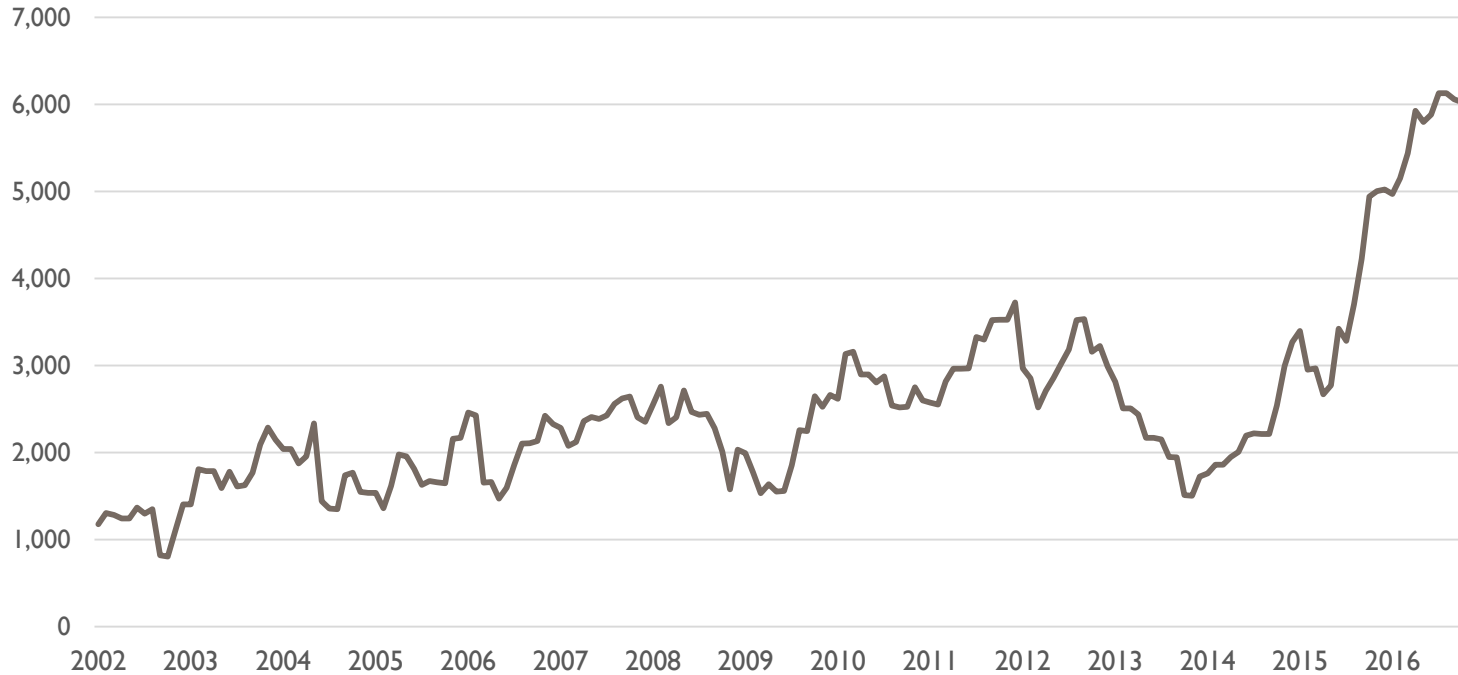
GTA Rental Vacancy Rates Fell in 2016



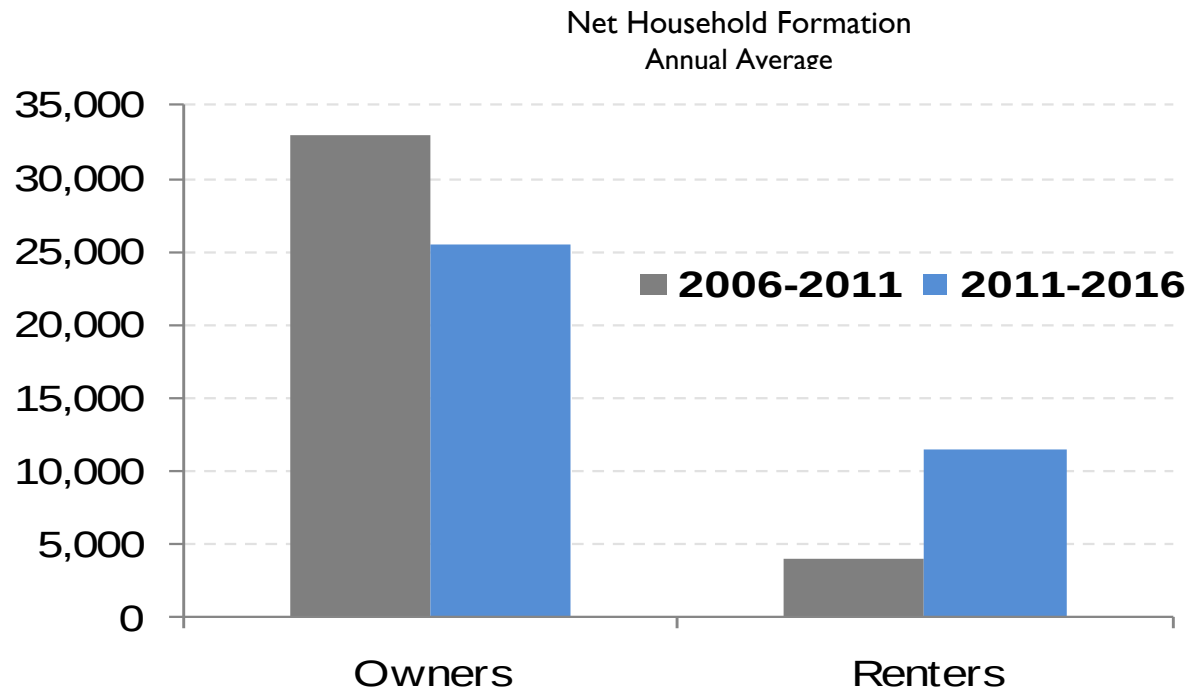
Source: CMHC Rental Market Survey, Condo Vacancy Survey

Rental Condos Face Competition

Number of Purpose-built Rental Units Under Construction, Toronto CMA

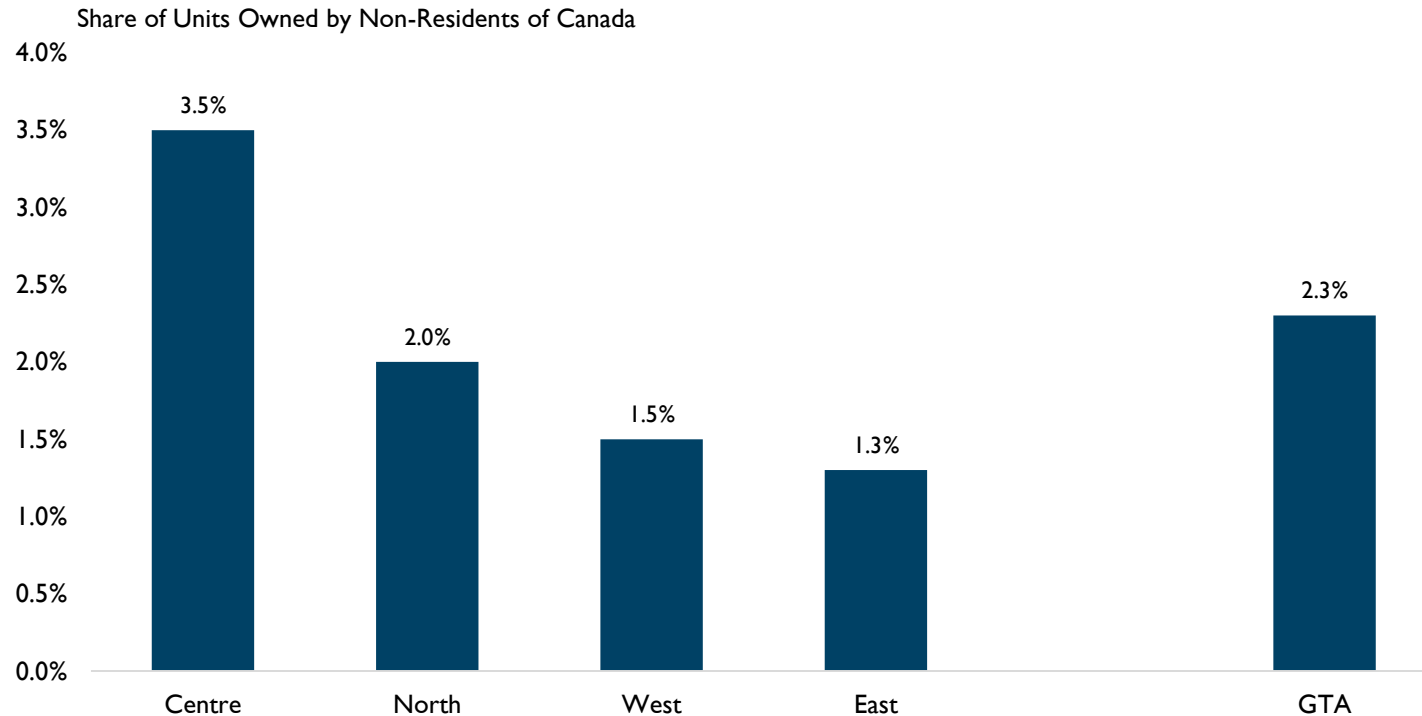


Strong Renter Household Formation

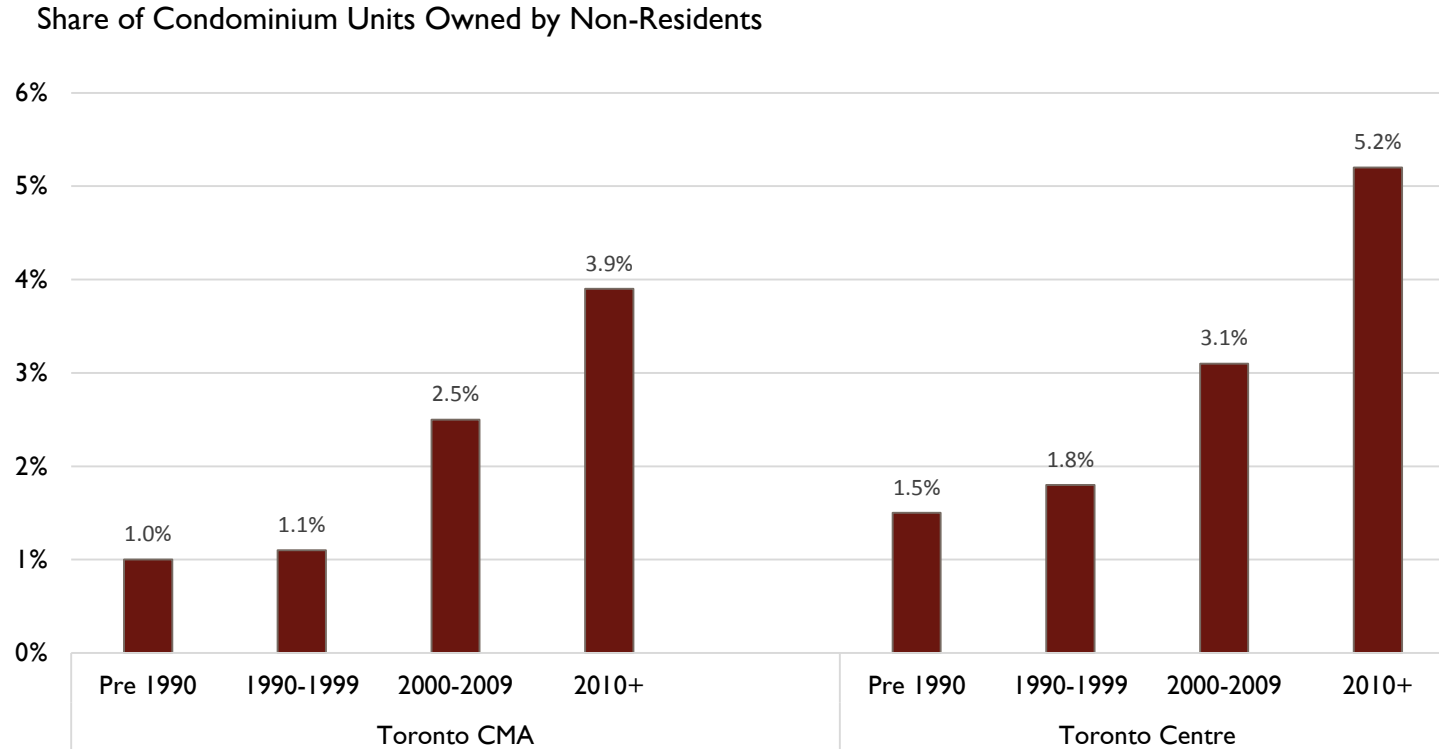


Source: Statistics Canada, Ontario Ministry of Finance, CMHC
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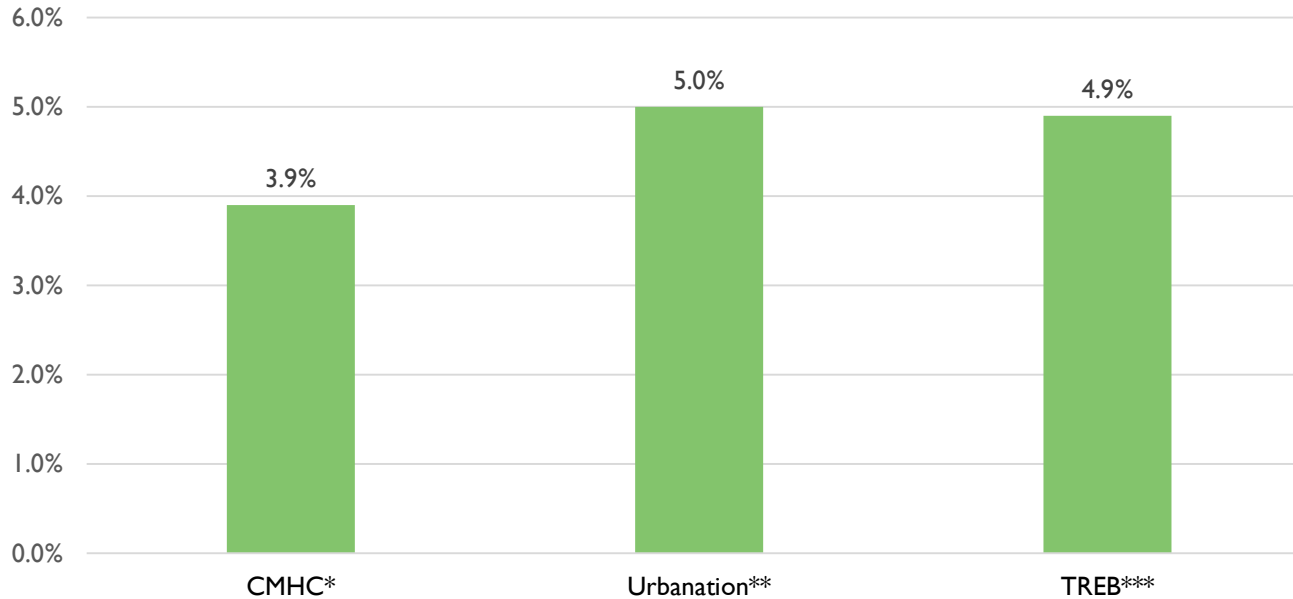
Foreign Ownership of Condominium Apartments Remains Low



Higher Concentration of Non-Resident Owners in Newer Buildings



Other Foreign Buyer Data....



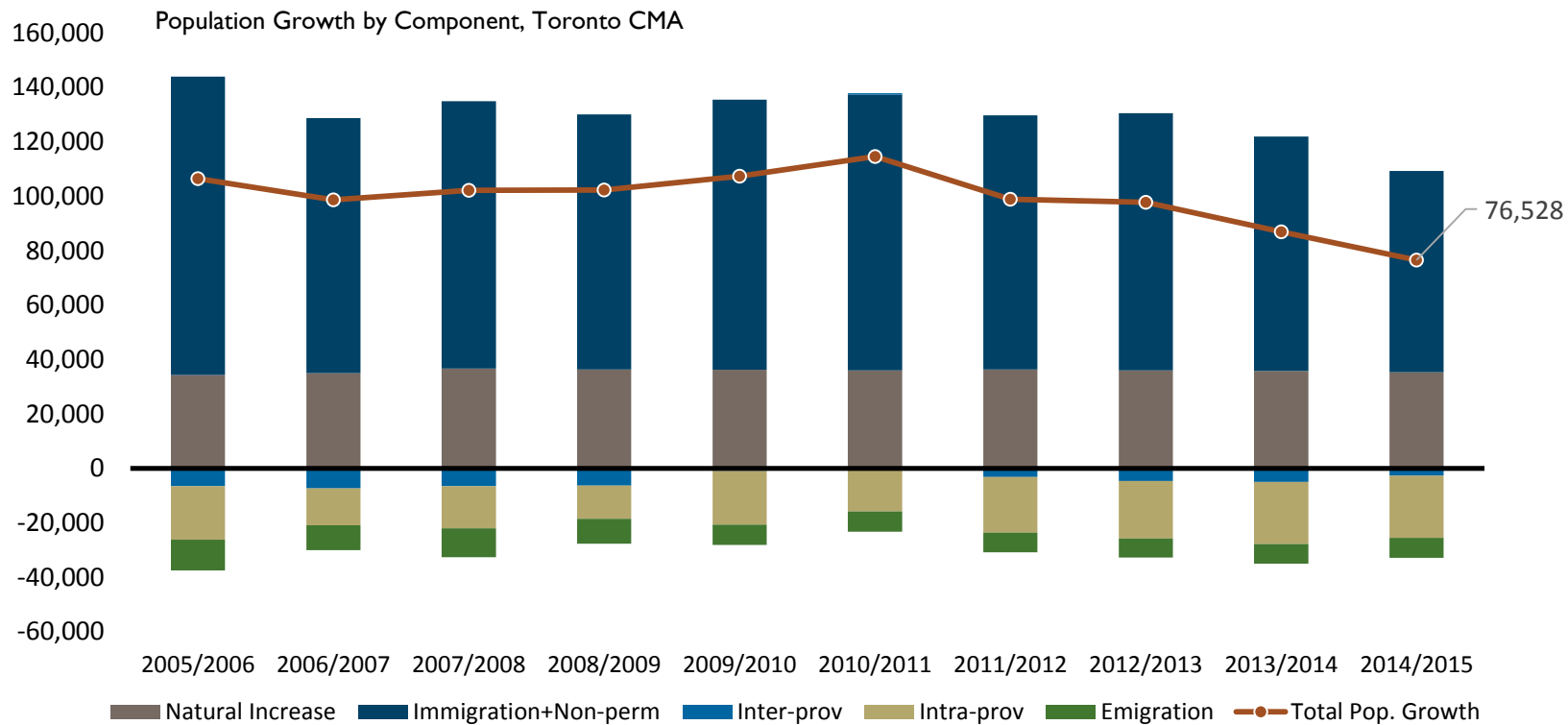
* Stock of condominium apartment built after 2010 owned by non-residents.

** 2016 Q3 survey of active condominium developments.

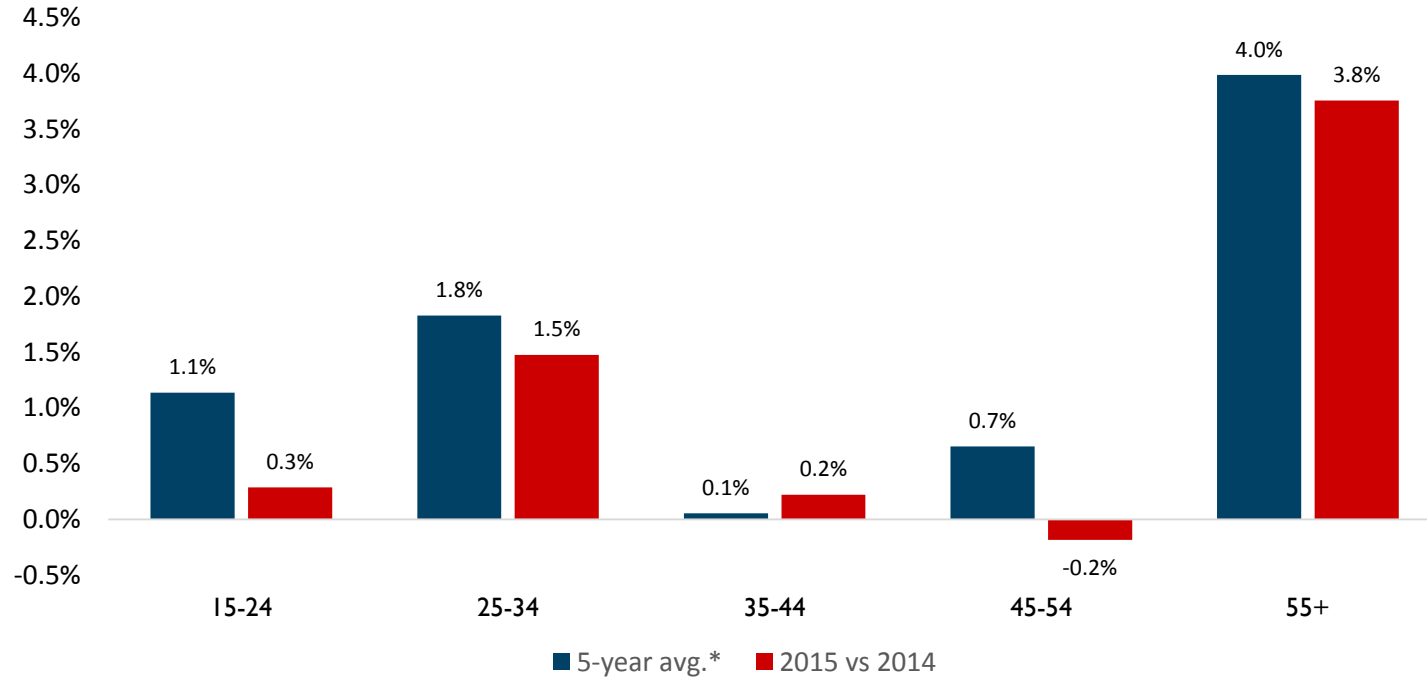
*** Survey of TREB members between October 6 and October 21, 2016.

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Population Growth



Population Growth by Age Group



Source: Statistics Canada

*Compound annual growth rate

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Risk to the Outlook



DOWNSIDE RISKS

- Record-high house prices and debt levels relative to income leave households vulnerable

UPSIDE RISKS

- US economic growth accelerates above forecast
- Sluggish global growth keeps interest rates low for longer



Thank You

Questions?





Andrew Scott

Senior Market Analyst

alscott@cmhc.ca