

City of Mississauga, Planning and Building Department
HOUSING MATTERS

2004

Construction Activity

In December 2003, construction activity in the Toronto Census Metropolitan Area (CMA) which includes Mississauga, surpassed the level of activity in December 2002 by 3.8%. Leading the way was condominium construction which increased by 19.2%.

In Mississauga, new housing starts from January to December 2003 for single-detached units were down 43.4% as compared to the same time last year. Multiple unit starts were up 7.9%. Overall, Mississauga had a 12.6% drop in housing starts when comparing 2003 to 2002.¹

The Ownership Market

According to data from the Canadian Real Estate Association (CREA), resale activity and prices in Mississauga experienced a moderate increase in 2003. The total number of resale home sales increased by 4.9% from 10,779 to 11,312, while the average resale home value increased by 6.0% from \$256,430 to \$271,689 in 2003. Single detached home resale prices increased by 6.4% in 2003 while condominium apartment resale prices rose by 3.4% in the Toronto CMA.

Despite price increases and continued economic concerns, the housing market remained strong in 2003. This strength in the market is largely attributed to continued low interest rates. In December 2003, the 3-year mortgage rate averaged 5.54%. This meant that a \$100,000 mortgage amortized over 25 years resulted in a payment of \$613 per month, which is \$16 per month less than the previous year.²

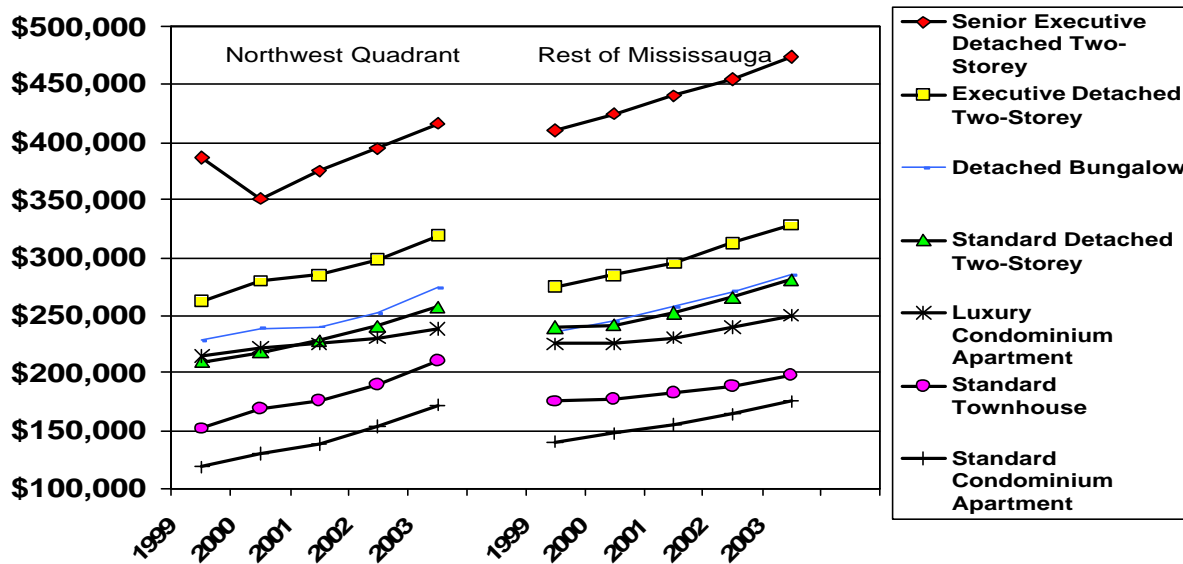
A review of house price increases by type, as reported by Royal LePage, indicates that the most significant percentage increases were for standard condominium apartments and standard condominium townhouses in the Northwest quadrant of the City. These prices increased by 11.7% and 11.1%, respectively while in the remainder of the City, prices for these same units increased by 7.3% and 4.8%, respectively. In the rest of Mississauga, standard condominium apartments experienced the strongest percentage price gain at 7.3%, followed by standard two-storey houses at 5.8% and detached bungalows at 5.7%.³



Existing rental townhouse project geared to higher end renters and those contemplating longer term rental to purchase arrangements

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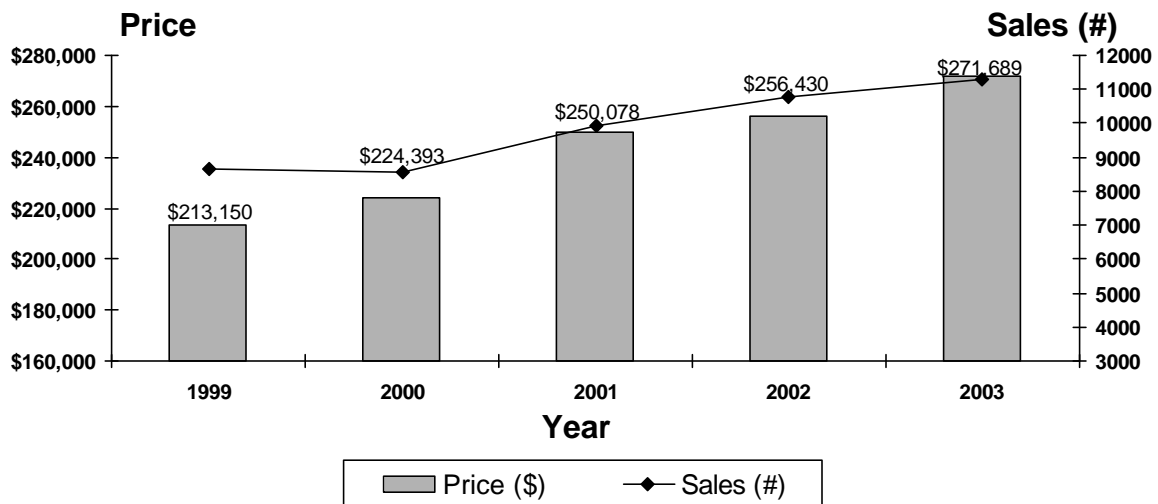
House Prices City of Mississauga, 1999-2003



Source: Royal LePage "Survey of Canadian House Prices"

Notes: The Northwest Quadrant corresponds to the Toronto Real Estate Board (TREB) district W20 which is bounded by Highway 403, the Credit River, Highway 401 and Ninth Line and includes the Lisgar, Meadowvale, Meadowvale Business Park, Streetsville, Churchill Meadows and Central Erin Mills planning districts. Data refers to October to December of each year.

Resale Activity City of Mississauga, 1999-2003



Source: Canadian Real Estate Association (CREA)

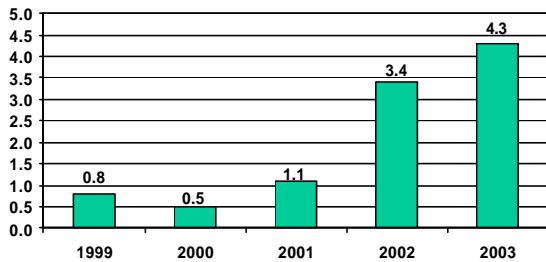
Note: Data refers to year end.

Vacancy Rates
City of Mississauga, 1999-2003

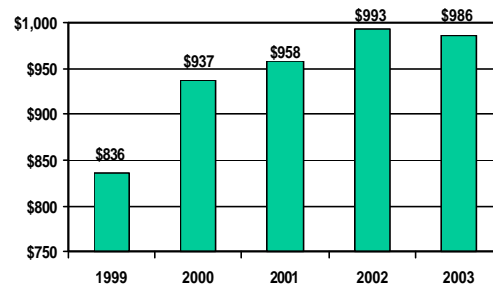
Year	All Units %	Bachelor %	1 Bedroom %	2 Bedroom %	3 Bedroom %
1999	0.8	0.9	0.9	0.7	1.0
2000	0.5	0.4	0.5	0.4	0.7
2001	1.1	0.3	1.2	1.0	1.6
2002	3.4	3.5	3.7	3.3	3.0
2003	4.3*	3.1	4.4	4.4	4.0

*For every 1000 privately initiated apartment units, there were 43 units which remained vacant.

Vacancy Rates (All Units)
City of Mississauga, 1999-2003



Average Rents (All Units)
City of Mississauga, 1999-2003



Average Rents
City of Mississauga, 1999-2003

Unit Type	Year/\$				
	1999	2000	2001	2002	2003
Bachelor	\$695	\$666	\$668	\$690	\$685
1 Bedroom	\$771	\$837	\$868	\$903	\$897
2 Bedroom	\$898	\$994	\$1,004	\$1,045	\$1,037
3 Bedroom	\$1,016	\$1,111	\$1,136	\$1,153	\$1,140
All Units	\$836	\$937	\$958	\$993	\$986

Source: Canada Mortgage and Housing Corporation (CMHC) "Rental Market Report"
Note: Data refers to private apartments in buildings with three or more units and to October of each year.

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The Rental Market⁴

The Canada Mortgage and Housing Corporation (CHMC) reports that vacancy rates for rental units in Mississauga continued to rise in 2003. Vacancy rates rose from 3.4% in 2002 to 4.3% by year-end 2003. A review of vacancy rates by unit type indicates that all types of units experienced significant increases, with the exception of bachelor units which decreased from 3.5% to 3.1%. All other unit types had a vacancy rate of 4.0% or higher in 2003.

Average rental rates in Mississauga decreased by 0.7% to \$986 in 2003. In 2003, average rents for all unit types decreased. However, both two and three bedroom units in Mississauga continue to have an average rental rate exceeding \$1,000.

Increases in the vacancy rate have continued due to a weaker net rental demand and the expansion of the apartment supply with the completion of numerous condominium projects. In 2003, more first-time buyers were able to take possession of their new condominium units which added to the higher rental vacancy rates. Overall, there was a net selling of units by investors as a combination of rising existing vacancies, softer rents and rising condominium prices enticed more investors to sell their units. CMHC predicts that rental conditions will continue to soften and that vacancy rates will push higher as interest rates continue to remain low thus enabling first-time buyers to remain active over the next year. Also, new home completions will continue to accelerate which will also push rental vacancy rates higher.

Rental units in buildings built prior to 1960, saw the highest levels of vacancies as there was a greater availability of higher quality stock charging comparable rental rates.

Of particular note to the rental market in 2003 was the reduction in the immigrant population due to

the SARS epidemic and other geopolitical concerns which resulted in a 20% decline of new immigrants to the Toronto CMA (September 2002—September 2003).

Traditionally, new immigrants occupy rental housing. Also, youth job growth continued to be weak which kept more young adults from leaving home to establish their own residences. But due to low interest rates, home prospects were more achievable for young adults which enabled them to bypass the rental market altogether.

However, housing affordability remains an issue for many who are still unable to find suitable housing as there is an inadequate supply of affordable units. As noted by CMHC, there is a great need and considerable pressure to add to the affordable housing stock across the country. This is reinforced by the fact that a large proportion of low income families continue to have to put more than 30% of their income towards housing costs.

The outlook for 2004 suggests that due to improved rental supply, including a large influx of new condo rental units, vacancy rates will continue to climb. Also contributing to a higher vacancy rate, are interest rates that continue to make homeownership attractive. Immigration flows have bounced back which should boost rental accommodation demand. Also, a pickup in youth job growth should also result in a higher take up rate for rental accommodation.

Endnotes

¹Starts refers to units where construction has advanced to a stage where full (100%) footings are in place. In the case of multiple unit structures, this definition of a start applies to the entire structure. Due to the lag between building permit issuance and start of construction, construction starts data is not comparable to building permit data.

²Canada Mortgage and Housing Corporation (CMHC) "Housing Now—Toronto" December 2003

³Royal LePage "Survey of Canadian House Prices" Fourth Quarter 2003

⁴Canada Mortgage and Housing Corporation (CMHC) "Rental Market Report—Toronto CMA" October 2003