



# Corporate Report

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PR.06.HOS  
Housing Matters

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**DATE:** April 26, 2005

**TO:** Chair and Members of Planning and Development Committee  
Meeting Date: May 16, 2005

**FROM:** Edward R. Sajecki  
Commissioner of Planning and Building

**SUBJECT:** **2005 Housing Matters**

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**RECOMMENDATION:** That the report titled "*2005 Housing Matters*" dated April 26, 2005, from the Commissioner of Planning and Building be received for information.

**BACKGROUND:** Attached under separate cover is the *2005 Housing Matters* newsletter from the Planning and Building Department. It reports on housing starts, house prices, resale activity, rental vacancy rates and rents levels in Mississauga from January to December 2004.

This information is presented in newsletter format to facilitate the dissemination of the data. The newsletter is available from the Planning and Building Department and is posted on the City's website.

**COMMENTS:** Some highlights from the *2005 Housing Matters* newsletter are as follows:

- Mississauga had a 25.6% drop in housing starts in 2004 as compared with 2003. This corresponds with the trend in housing starts across the Toronto Census Metropolitan Area (CMA) which declined 7.4% in 2004;

- The average price of a new single detached home in Mississauga increased 23.1% to \$421,731 in 2004 from \$342,533 in 2003;
- The total number of resale homes sold increased 6% from 11,312 to 12,019 and the average price of a resale home increased 9% from \$271,689 to \$295,268;
- Within Mississauga, the most significant percentage price increases were in the northwest quadrant of the City where each of the housing forms increased in value between 10% and 11%. In the remainder of the City, the most significant price increase was for standard condominium apartments, which rose in price by 5.4%, followed by standard townhomes which increased by 4.3%;
- Vacancy rates for private rental apartments in Mississauga increased from 4.3% in 2003, to 5.2% by year-end 2004. Average rents have decreased marginally for the second consecutive year from \$986 in 2003, to \$980 in 2004;
- Increasing vacancy rates are associated with numerous demand and supply factors including low mortgage rates and alternative rental housing in the form of investor held condominium units; and,
- The rental market has been sustained by strong job growth, improved immigration levels and declining housing completion rates.<sup>1</sup> Vacancy rates are expected to continue to rise in 2005. The attempt to minimize vacancies will likely lead to stable rent levels in 2005.

**FINANCIAL IMPACT:** Not applicable.

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<sup>1</sup> Completion rates for singles and semi-detached units occur when 90% of the construction work is complete and the remaining work is largely cosmetic. Row housing and apartment completions occur when 90% or more of the dwellings are completed and ready for occupancy.

**CONCLUSION:**

The decline in Mississauga's new housing market is a reflection of its maturing status. Overall trends in housing starts have been associated with rising house prices, rising resale listings and fewer lots available for development. The resale housing market will be the mainstay for Mississauga in the future.

In 2004, the total number of resale homes and the average price of resale listings set new benchmarks. Overall the resale housing market was sustained by continued low interest rates, strong job growth, consumer confidence and a good supply of resale units providing housing choice.

Within the rental housing market, increasing vacancy rates and marginal increases in rental rates are a reflection of the trend in the rental market throughout the Toronto CMA. In Mississauga the movement to home ownership remained strong.

**ATTACHMENTS:**

Under separate cover – *2005 Housing Matters* newsletter.

*Original Signed By:*

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Edward R. Sajecki  
Commissioner of Planning and Building

## The Ownership Market

### New Home Market

In Mississauga, housing starts slowed in 2004. From January to December 2004 starts for single-detached units were down 17.9%. Multiple unit starts were down 28.3%. Overall, Mississauga had a 25.6% drop in housing starts in 2004 as compared with 2003.<sup>1</sup> This corresponds with the trend in housing starts across the Toronto Census Metropolitan Area (CMA) which declined 7.4% in 2004. Declining starts are associated with rising house prices, rising resale listings and fewer lots available for residential development.<sup>2</sup>

The average price of completed and absorbed new single detached dwellings increased 23.1% in Mississauga to \$421,731 in 2004 from \$342,533 in 2003. This was the greatest increase of all the municipalities in the Toronto CMA. The average price increased 7.9% in the Toronto CMA as a whole.<sup>3</sup>

### Resale Market

The total number of resale homes sold and the average price of resale homes in 2004 set new benchmarks in Mississauga. According to data from the Canadian Real Estate Association, the total number of resale homes increased 6% from 11,312 to 12,019 in 2004. The average resale home value increased 9% from \$271,689 to \$295,268. These are the highest year-over-year increases since 2001. Resale activity in the Toronto Area was up 6.9% and resale prices were up 7.5% from the previous year.

Continued low interest rates, strong job growth, consumer confidence and housing choice sustained the resale market in 2004. Multiple segments of the housing market gained strength. Greater home equity caused by rising prices and a larger buyer base prompted the move-up buyer market. Stable borrowing placed more expensive housing within the reach of both the move-up and first time home buyer.<sup>4</sup>

A review of house prices by type, as reported by Royal LePage, indicates that resale house prices in the northwest\* quadrant of the City have increased between 10% and 11%. These are the most significant price increases in the City. In the remainder of the City, the most significant price increase was for standard condominium

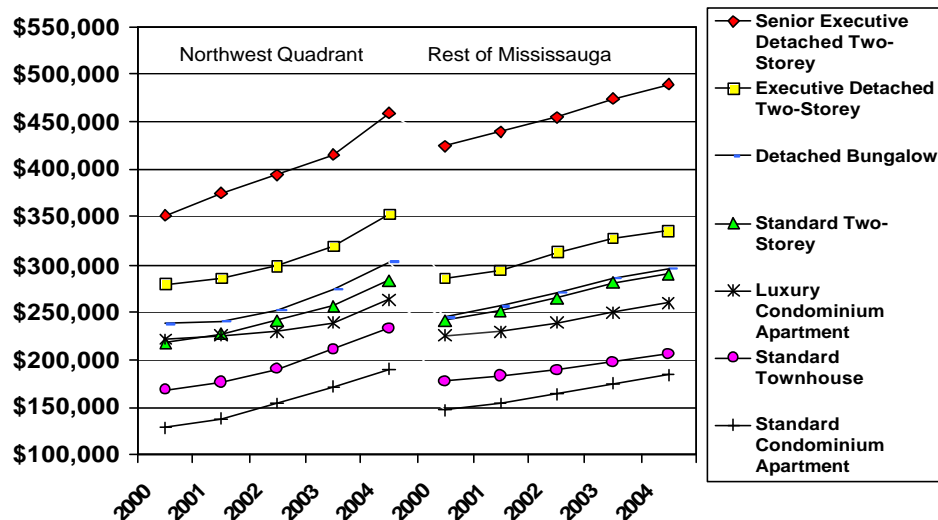
apartments which rose in price by 5.4%. These were followed by prices for standard townhomes which increased 4.3% and luxury condominium townhomes which increased 4.0%.



*These photographs illustrate the range and variety in the housing stock across the City of Mississauga. Single detached homes in Meadowvale Village, semi-detached homes in Cooksville and townhomes in Clarkson-Lorne Park are part of the resale housing stock. An apartment in Malton contributes to the City's rental accommodation.*

\*See page 2 Resale House Prices graph notes for definition.

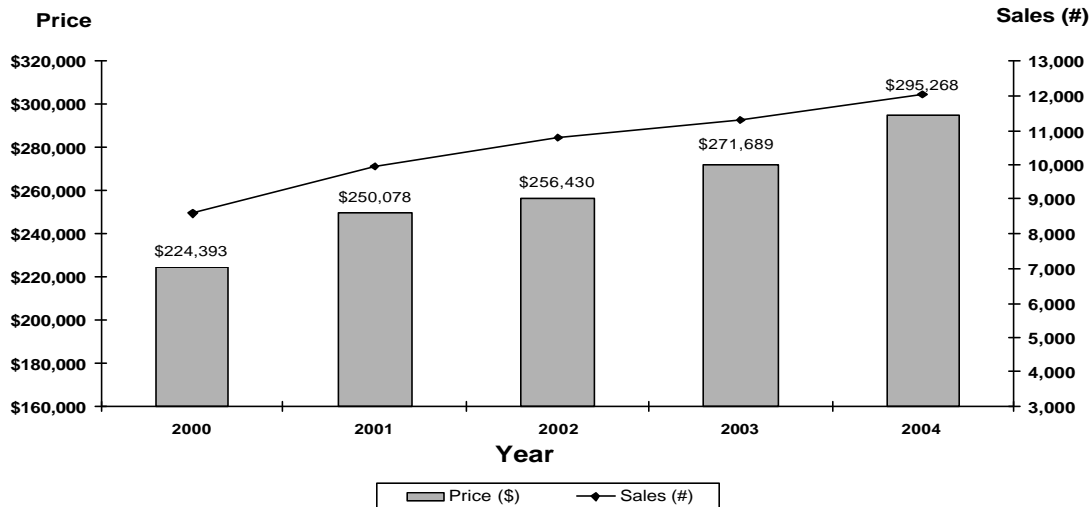
## Resale House Prices City of Mississauga, 2000-2004



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, 2000-2004



Source: Canadian Real Estate Association (CREA).

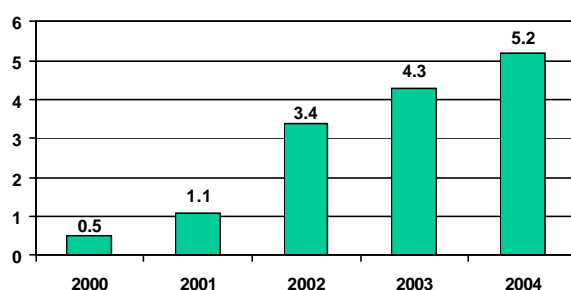
Note: Data refers to year end.

**Rental Vacancy Rates  
City of Mississauga, 2000-2004**

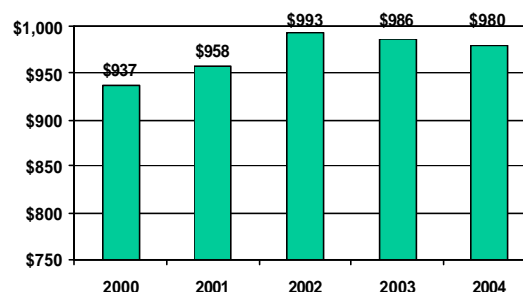
Year	All Units %	Bachelor %	1 Bedroom %	2 Bedroom %	3 Bedroom %
2000	0.5	0.4	0.5	0.4	0.7
2001	1.1	0.3	1.2	1.0	1.6
2002	3.4	3.5	3.7	3.3	3.0
2003	4.3	3.1	4.4	4.4	4.0
2004	5.2*	3.4	5.0	5.6	4.5

\*For every 1000 privately initiated apartment units, there were 52 units which remained vacant.

**Rental Vacancy Rates (All Units)  
City of Mississauga, 2000-2004**



**Average Rents (All Units)  
City of Mississauga, 2000-2004**



**Average Rents  
City of Mississauga, 2000-2004**

Unit Type	Year/\$				
	2000	2001	2002	2003	2004
Bachelor	\$666	\$668	\$690	\$685	\$694
1 Bedroom	\$837	\$868	\$903	\$897	\$890
2 Bedroom	\$994	\$1,004	\$1,045	\$1,037	\$1,027
3 Bedroom	\$1,111	\$1,136	\$1,153	\$1,140	\$1,147
All Units	\$937	\$958	\$993	\$986	\$980

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.

### The Rental Market<sup>6</sup>

The Canada Mortgage and Housing Corporation (CHMC) reports that vacancy rates for rental units in Mississauga, which have been rising since 2000, continued to increase in 2004. Vacancy rates rose from 4.3% in 2003, to 5.2% by year-end 2004.

While vacancy rate increases were evident in every type of rental unit, the most significant increase was for 2-bedroom units.

Average rents have decreased marginally for the second consecutive year from \$986 in 2003, to \$980 in 2004. Looking at rents by unit type, bachelor and 3-bedroom units have increased while 1 and 2-bedroom units have declined.

Numerous demand and supply factors contributed to increasing vacancy rates throughout the Toronto CMA. Low mortgage rates continue to place ownership within the reach of an increasing number of consumers. The shift in tenure from renting caused the vacancy rate to rise.

The rental market has been subject to competition from investor held condominiums. These units compete directly with existing rental accommodation, augment the rental stock, and create a secondary rental market.

Rental market demand has been sustained by stronger job growth, improved immigration levels, and, to a limited extent, declining completion rates.<sup>7</sup>

A strong job market has worked to increase the demand in both the rental and ownership market. It has augmented incomes and allowed many rental households to move into the first time home buyer market. In Mississauga, the movement to home ownership remained strong in 2004.

The strong job market has also fuelled rental demand by providing the employment opportunities and financial remuneration that are the precursors to the establishment of independent households.

A secondary factor impacting rental demand is higher immigration which has increased due to the recovery from SARS and the easing of other geopolitical concerns. Recent immigrants are one of the principal sources of demand for rental accommodation.

Finally, declining housing completion rates have also been a source of demand. The delays in taking occupancy translate into fewer tenants vacating their rental units and, therefore, results in sustaining demand for rental units.

### Rental Market Forecast

Vacancy rates are expected to continue to rise in 2005 due to new home completions. The attempt to minimize vacancies will likely mean landlords will hold the line on rents in 2005.

Affordability for new homes, however, is anticipated to decline throughout 2005. Recently, the traditional young adult market has by-passed rental housing in favour of the home buying market. Demand for rental housing is expected to come from the strong job market and steady improvement in immigration.

#### Endnotes

<sup>1</sup>Starts 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.

<sup>2</sup>Canada Mortgage and Housing Corporation (CMHC). "Housing Now—Toronto" Fourth Quarter 2004.

<sup>3</sup>Ibid.

<sup>4</sup>Ibid.

<sup>5</sup>Royal LePage "Survey of Canadian House Prices" Fourth Quarter 2004.

<sup>6</sup>Canada Mortgage and Housing Corporation (CMHC) "Rental Market Report—Toronto CMA" October 2004.

<sup>7</sup>Completion rates for single and semi-detached units occur when 90% of the construction work is complete and the remaining work is largely cosmetic. Row housing and apartment completions occur when 90% or more of the dwellings are completed and ready for occupancy.