



Windsor Housing Market Overview

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Canada 



Report Card

Tailwinds

- Healthy labour market
- Increased migration
- Strong US and Global growth
- Low Canadian dollar

Interesting

- Cooling existing home markets in southern Ontario
- Rising inflation/oil prices

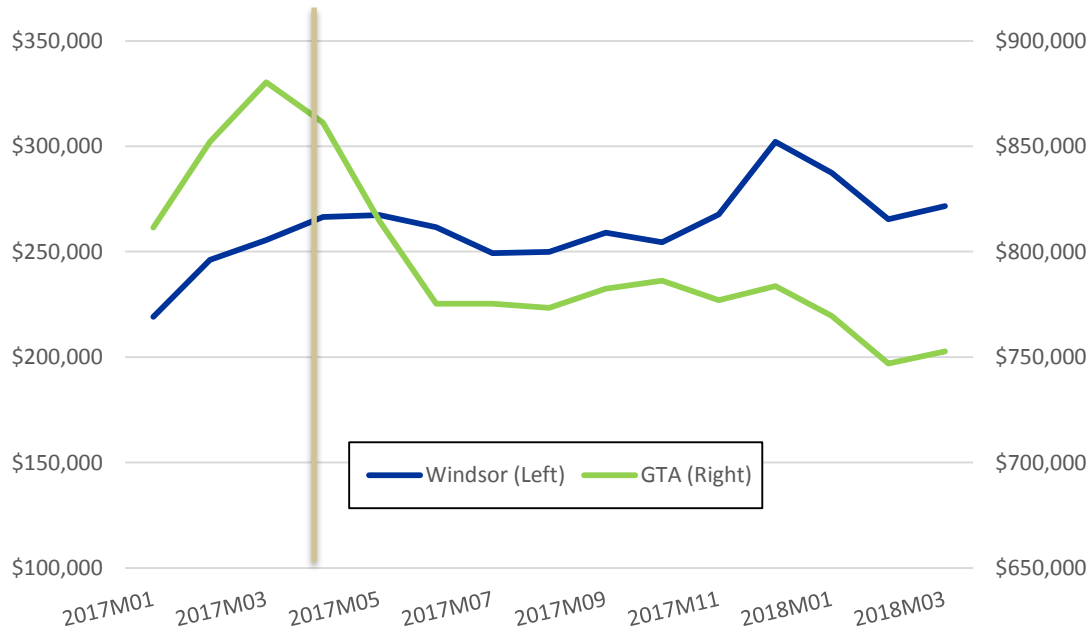
Headwinds

- Higher mortgage rates
- Tightening mortgage rules
- Protectionism/NAFTA renegotiations



The Ontario Fair Housing Plan

MLS® Average Price, Seasonally Adjusted

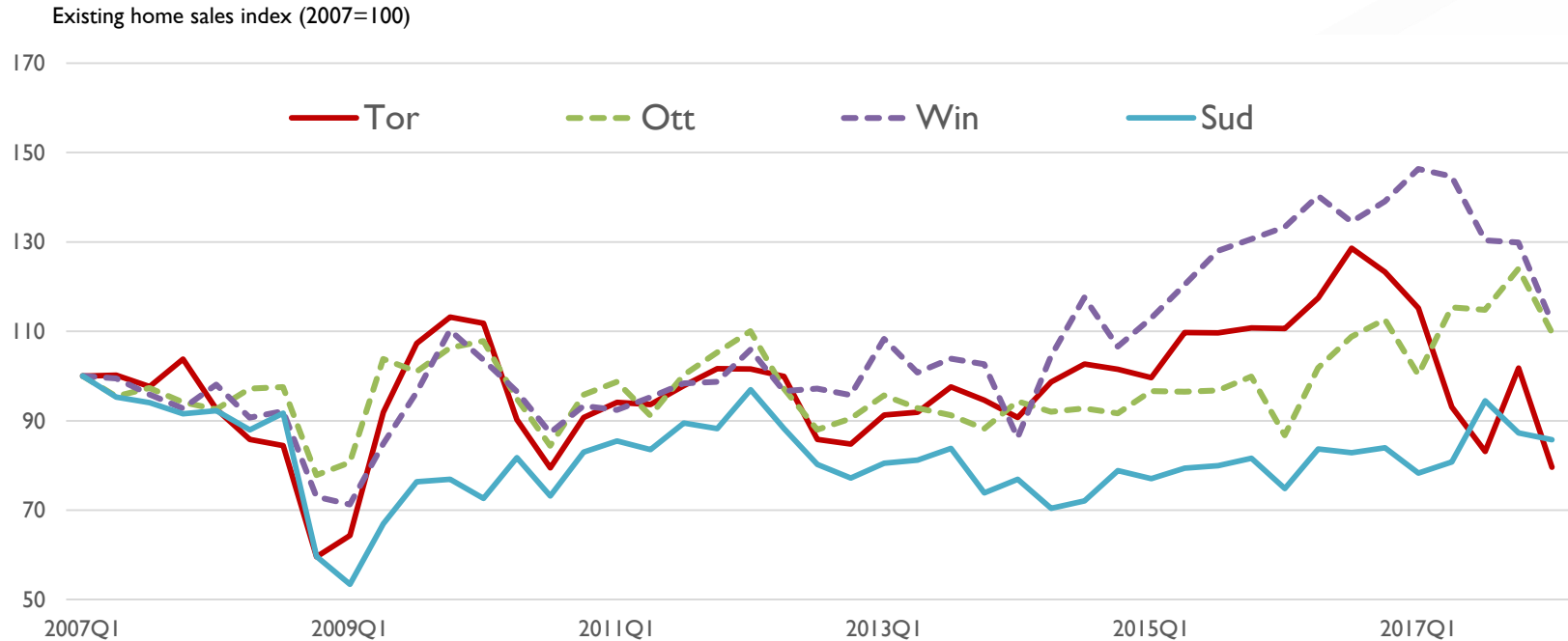


Source: CREA, CMHC
Last data point: March 2018

- Package of measures on housing introduced by Government of Ontario in April 2017
- Key measure is a new 15-per-cent Non-Resident Speculation Tax on the price of homes in the Greater Golden Horseshoe purchased by individuals who are not citizens or permanent residents of Canada or by foreign corporations



GTA Sales Below Pre-Recession Levels – Ottawa & Windsor Above

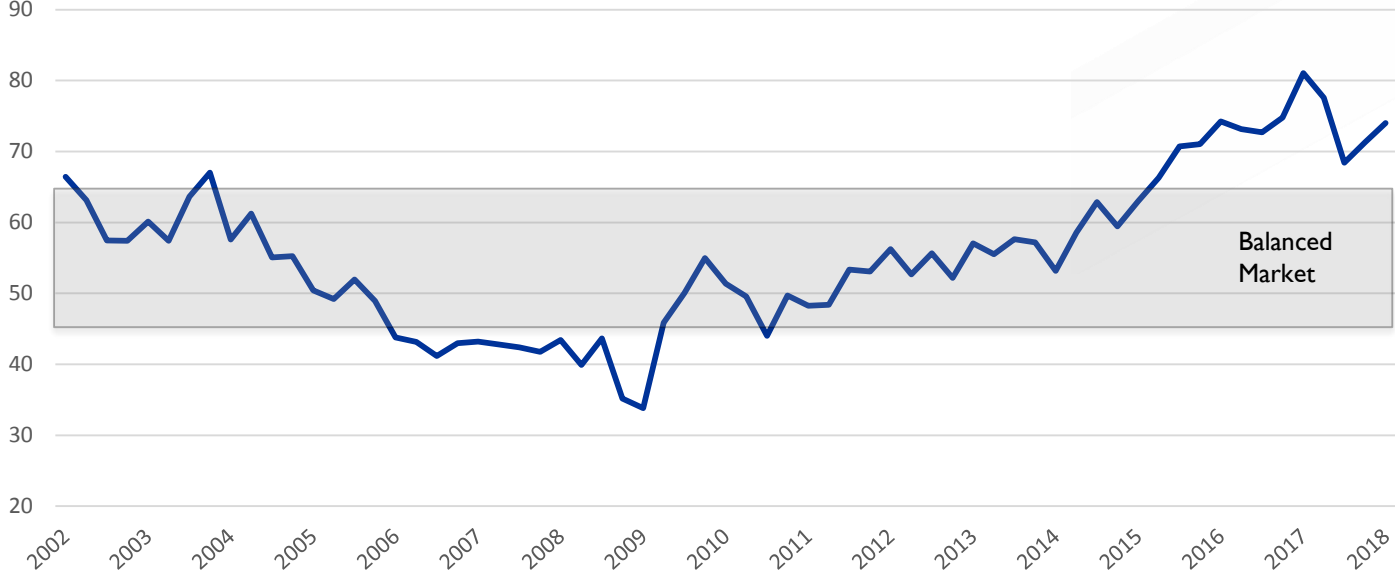


Source: CREA, CMHC calculation



Market balance suggests upward price pressure

MLS® Sales-to-new listings ratio (%) , seasonally adjusted,
Windsor and Essex

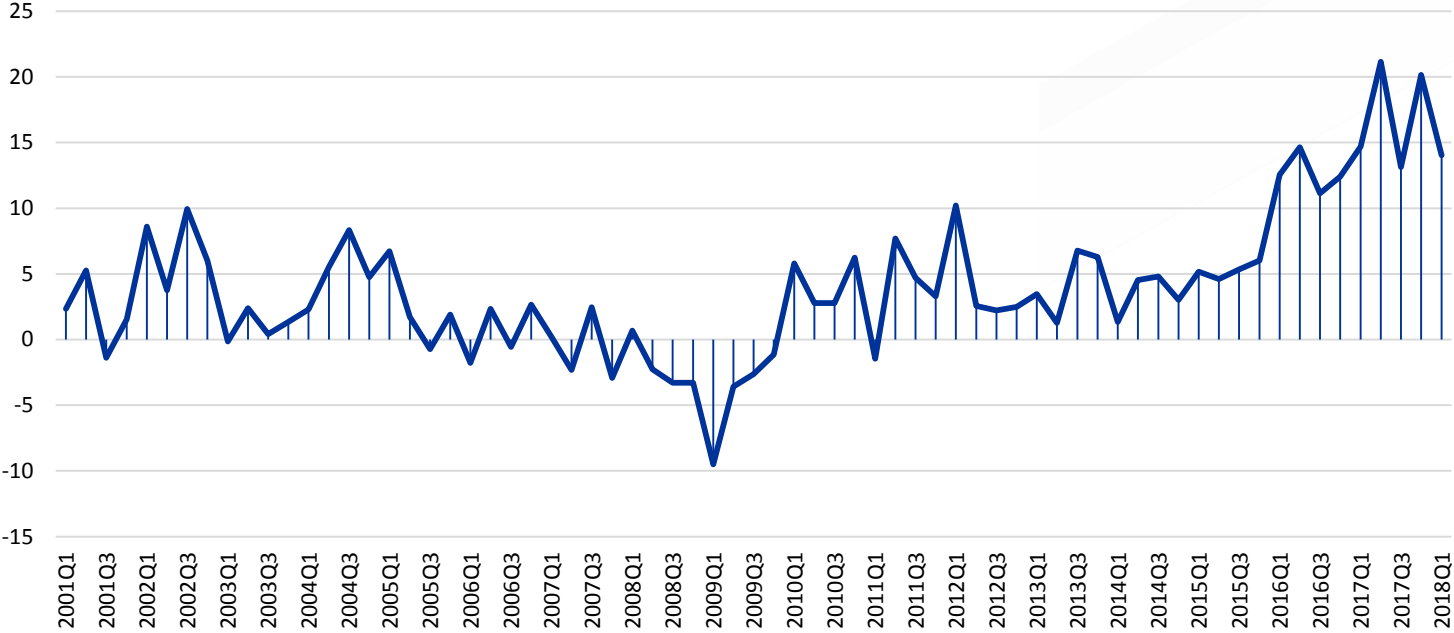


Source: CREA
Last data point: Q12018



Rapid price growth above historical average

Year-over-year change (%) in MLS® Average Price, Windsor and Essex

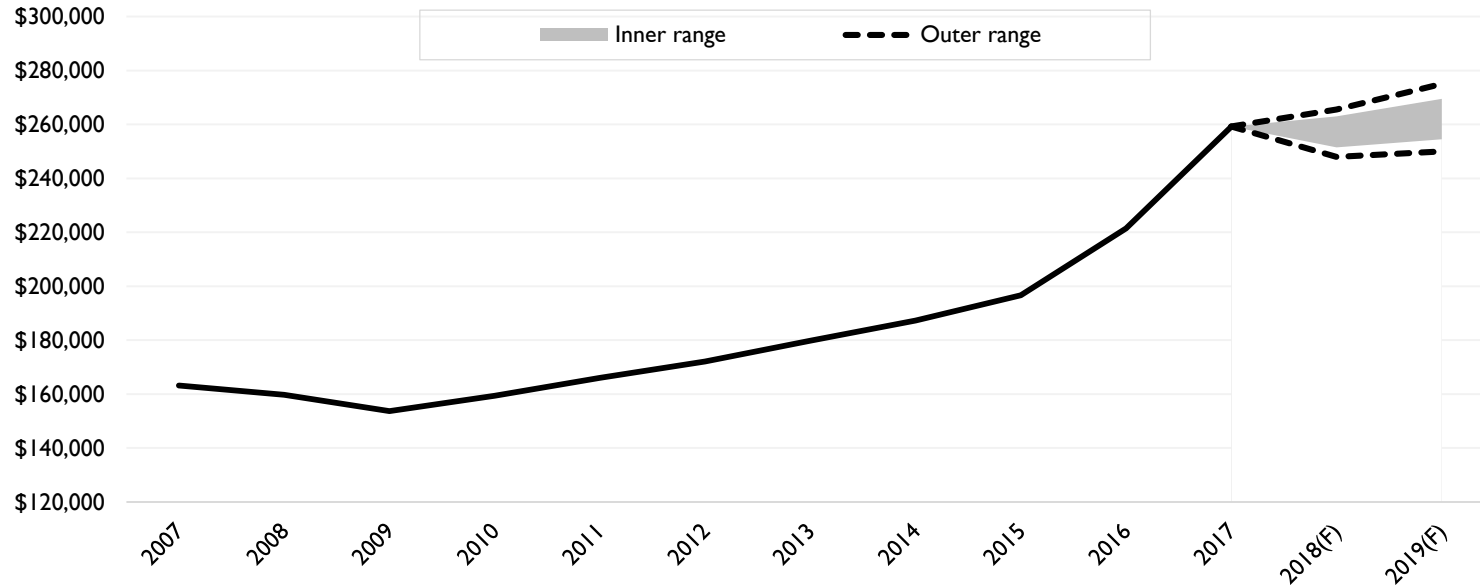


Source: CREA
Last data point: 2018Q1



House price growth to slow

Annual MLS® Average Price, Windsor-Essex County

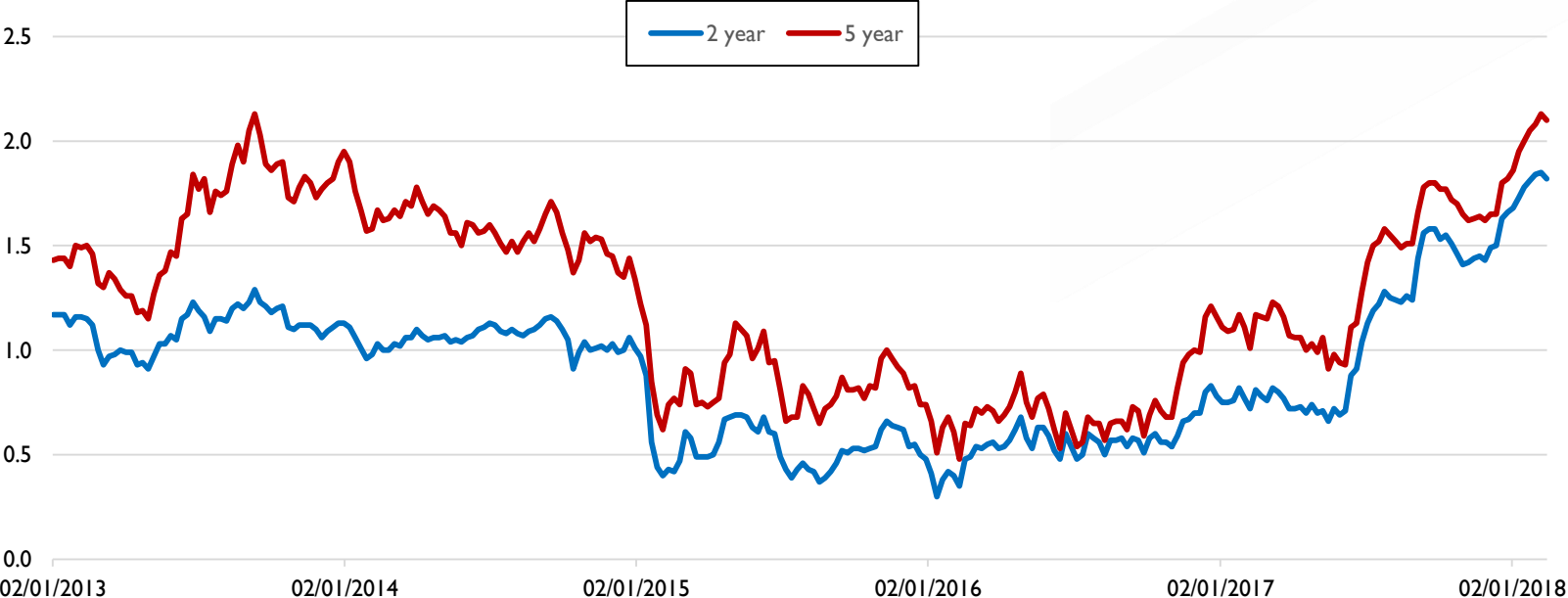


Source: CMHC
(F) = Forecast



Financial conditions not as friendly

Yields on Select Government of Canada Bonds (%)

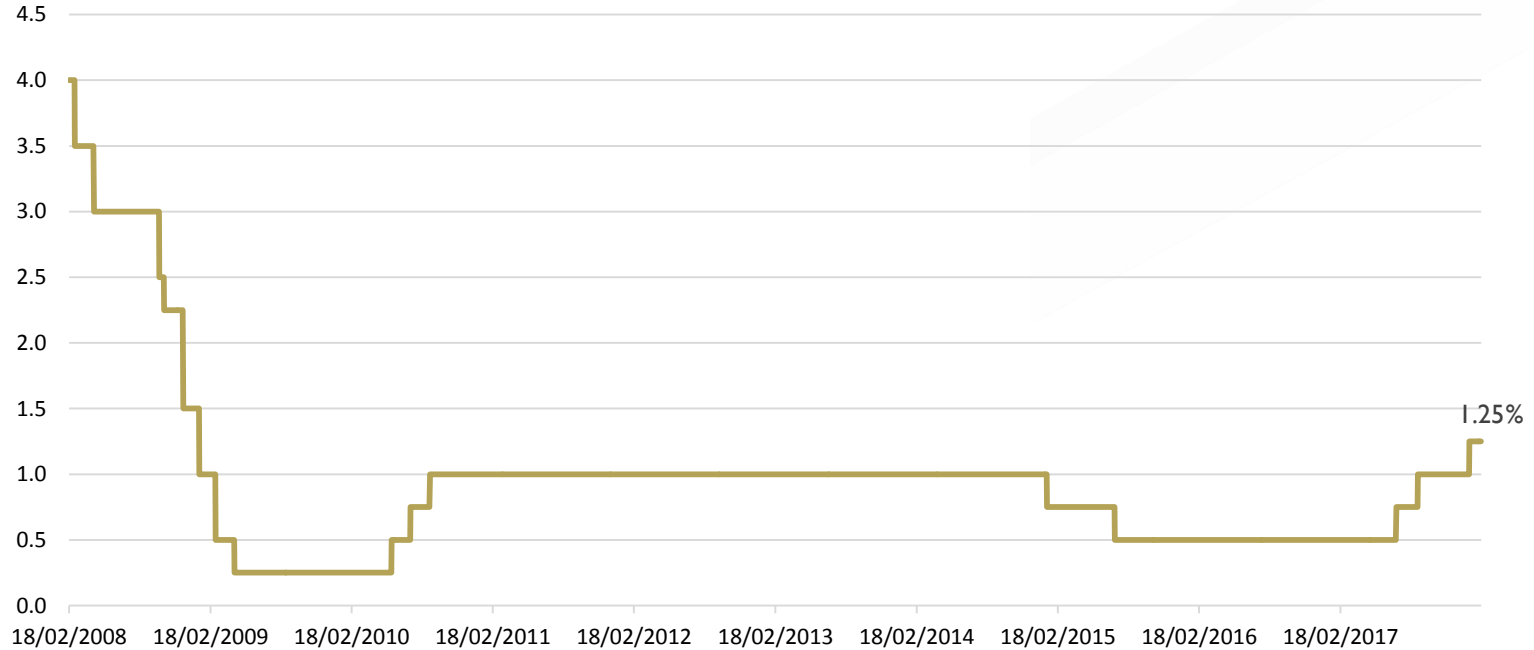


Source: Bank of Canada



Bank of Canada's target rate on the rise

Bank of Canada's Target for Overnight Rate (%)

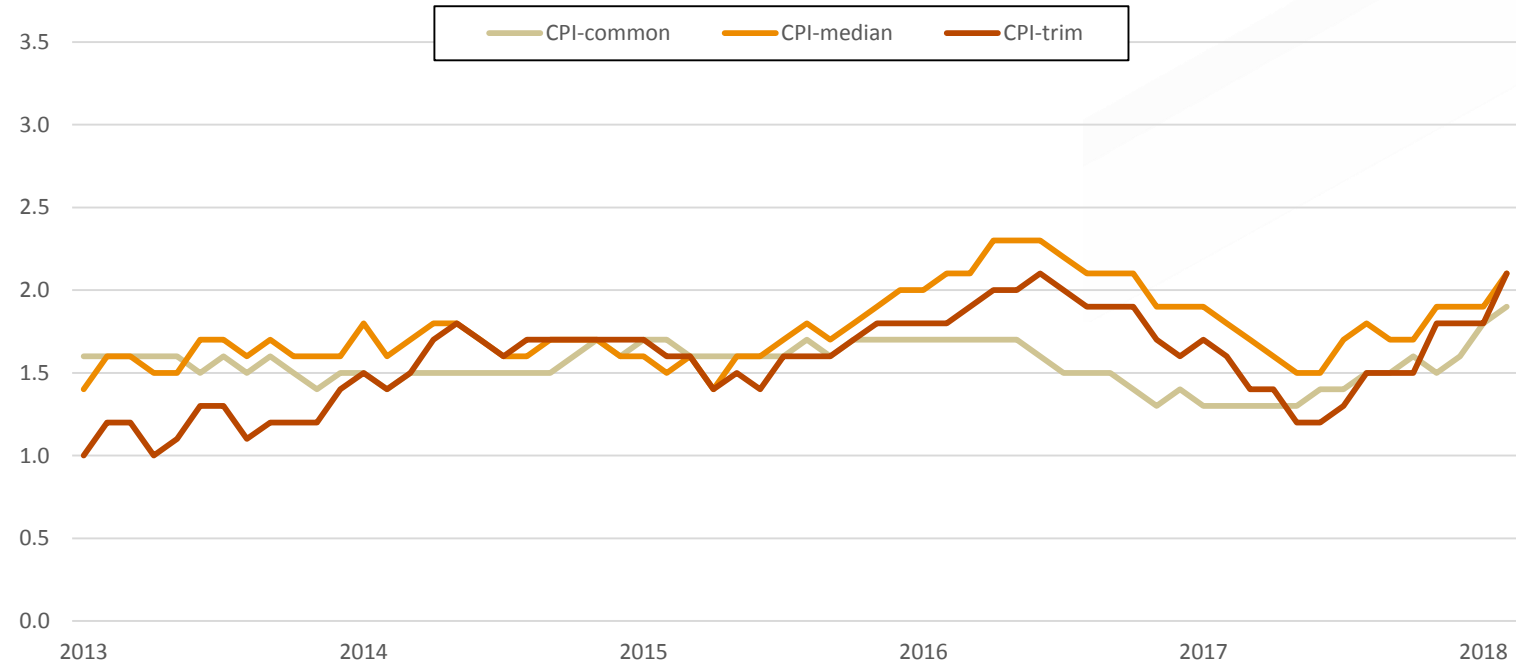


Source: Bank of Canada



Inflation in line with mandate

Year-over-year change (%), Canada

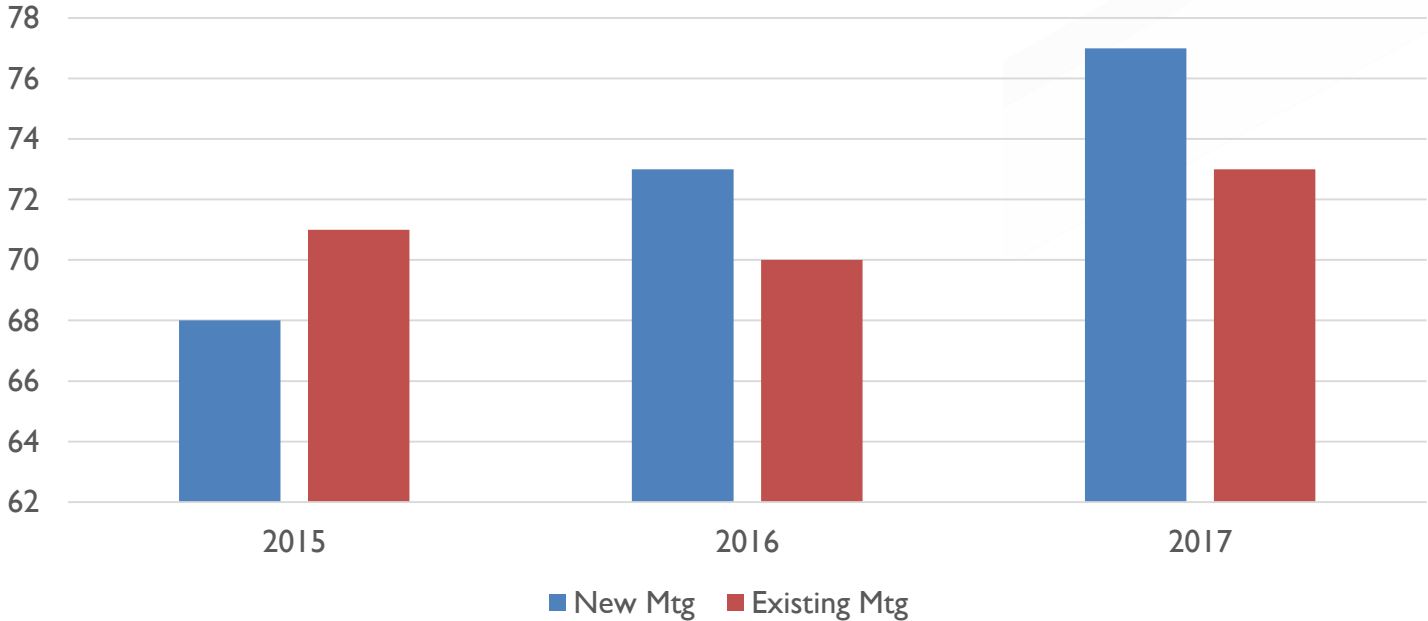


Source: Statistics Canada



Mortgage holders protected by fixed rate mortgages

Share of new (flow) and existing (stock) mortgages holding fixed mortgage rate



Source: FIRM



How Will Housing Affordability Affect Demand?



	Windsor	London	Kitchener	Hamilton- Burlington	GTA
Required* Income (Based on 2017Q4 Average MLS® Prices)	\$60,000	\$70,000	\$100,000	\$125,000	\$150,000
Percentage of Households in that Region with Required Income	54%	46%	36%	25%	19%

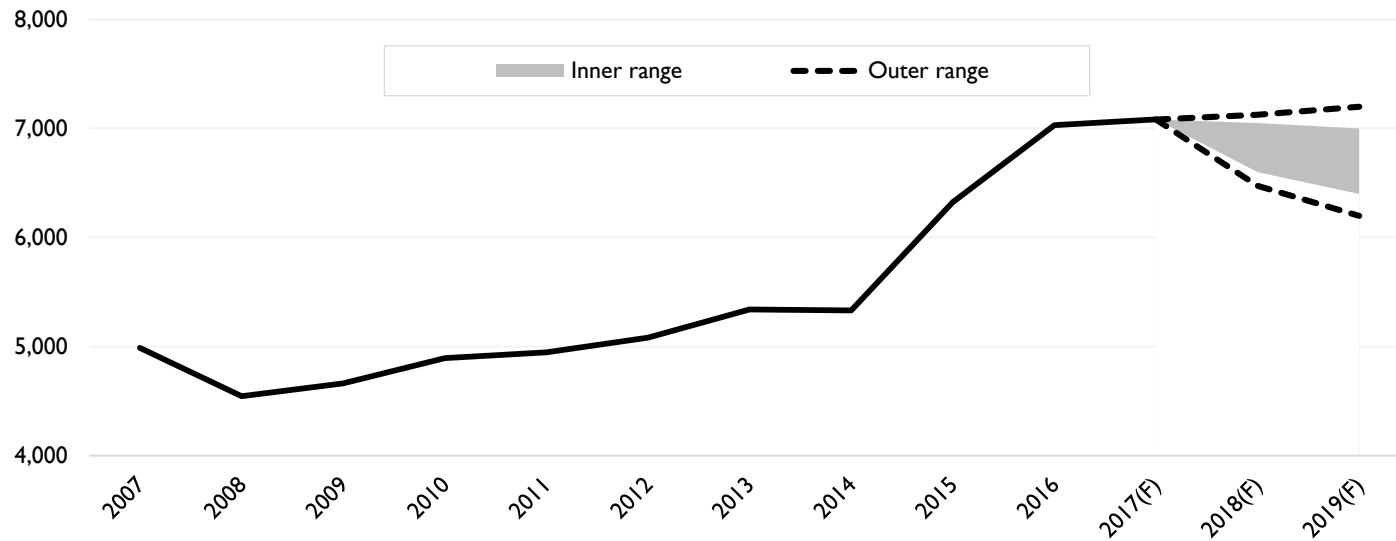
*Based on mortgage qualifying rate 4.84%, 25 year amortization, 5% down payment, 30% of gross income spent on mortgage principal and interest

Source: CREA, Statistics Canada (2016 Census), CMHC Calculations



Sales to be lower this year

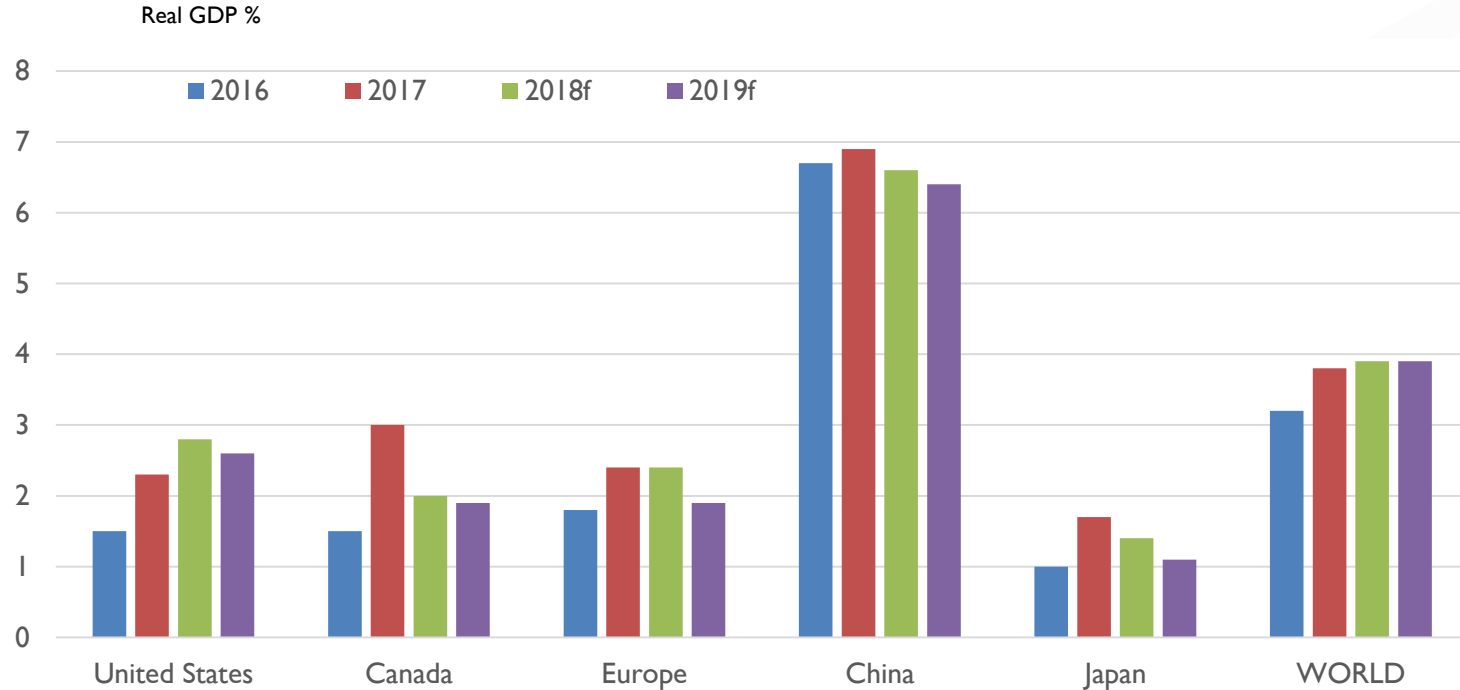
Windsor CMA, MLS® Sales



Source: CMHC
(F) = Forecast



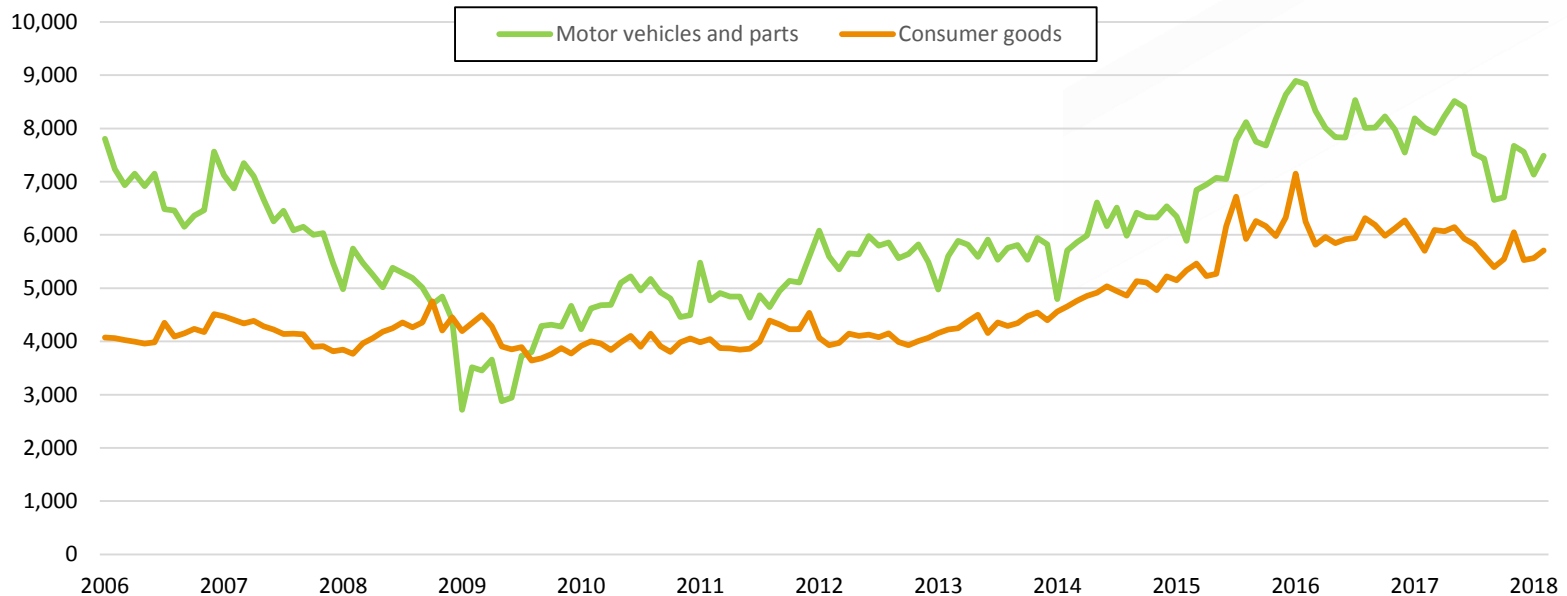
US Economy Gaining, World Maintaining, While Canada Losing Momentum



Source: Consensus Economics, IMF, Bank of Canada, CMHC

Car exports remain near post-recession highs

Merchandise exports (dollars x 1,000,000)

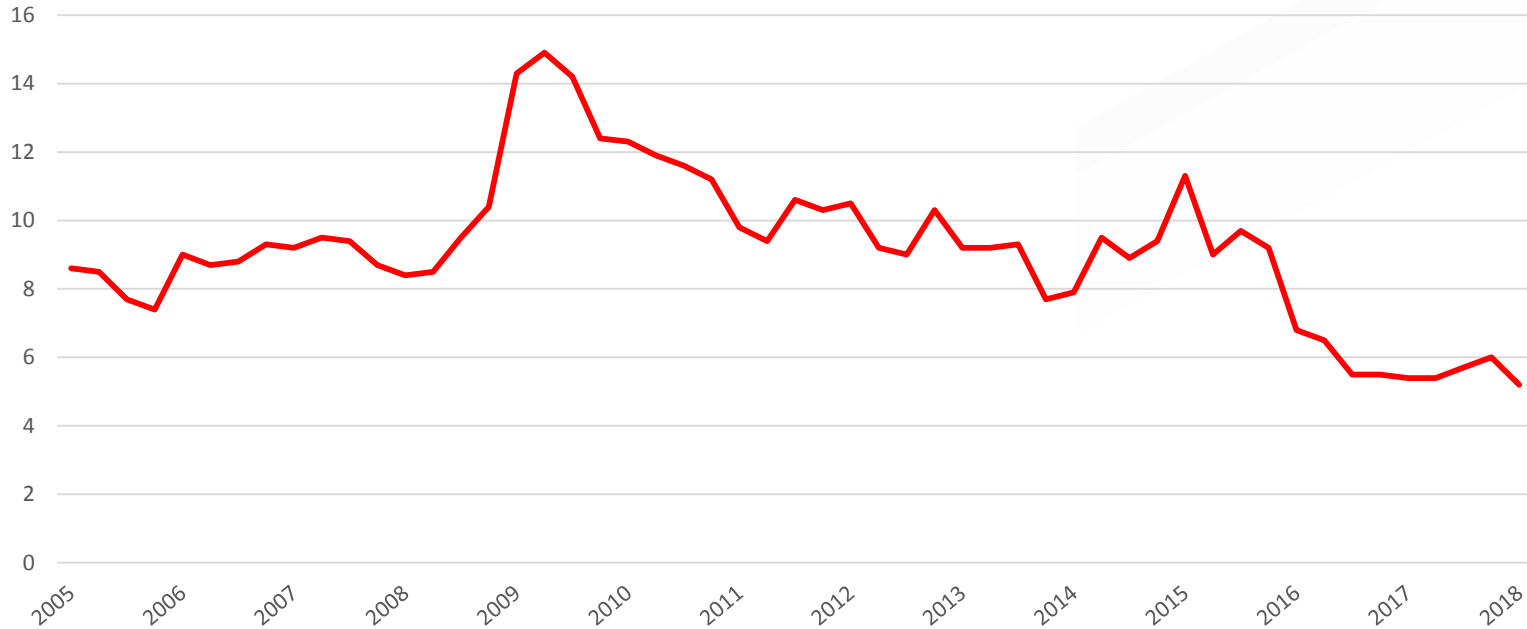


Source: Statistics Canada



Unemployment rate touched new lows

Unemployment rate (%), seasonally adjusted, Windsor CMA

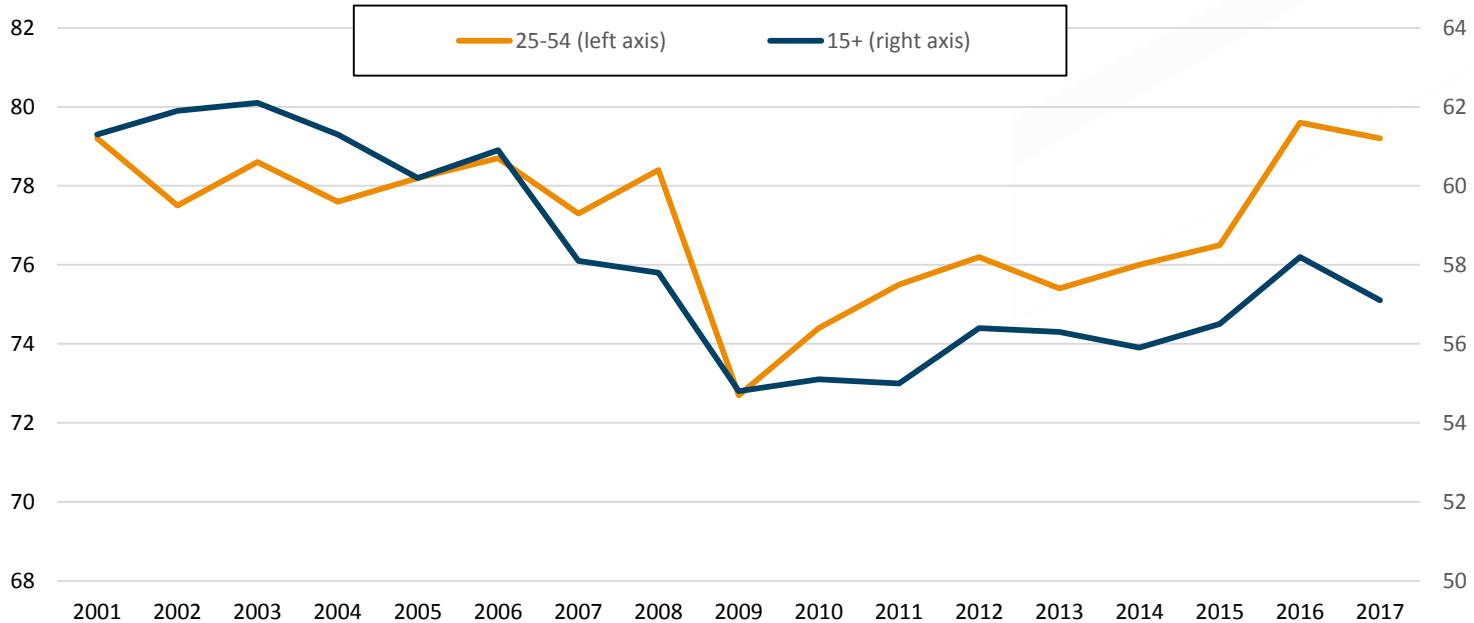


Source: Statistics Canada, Labour Force Survey
Last date point: Q12018



Core working age population employment

Number of Employed as a Share of Population (%) by age group, Windsor CMA

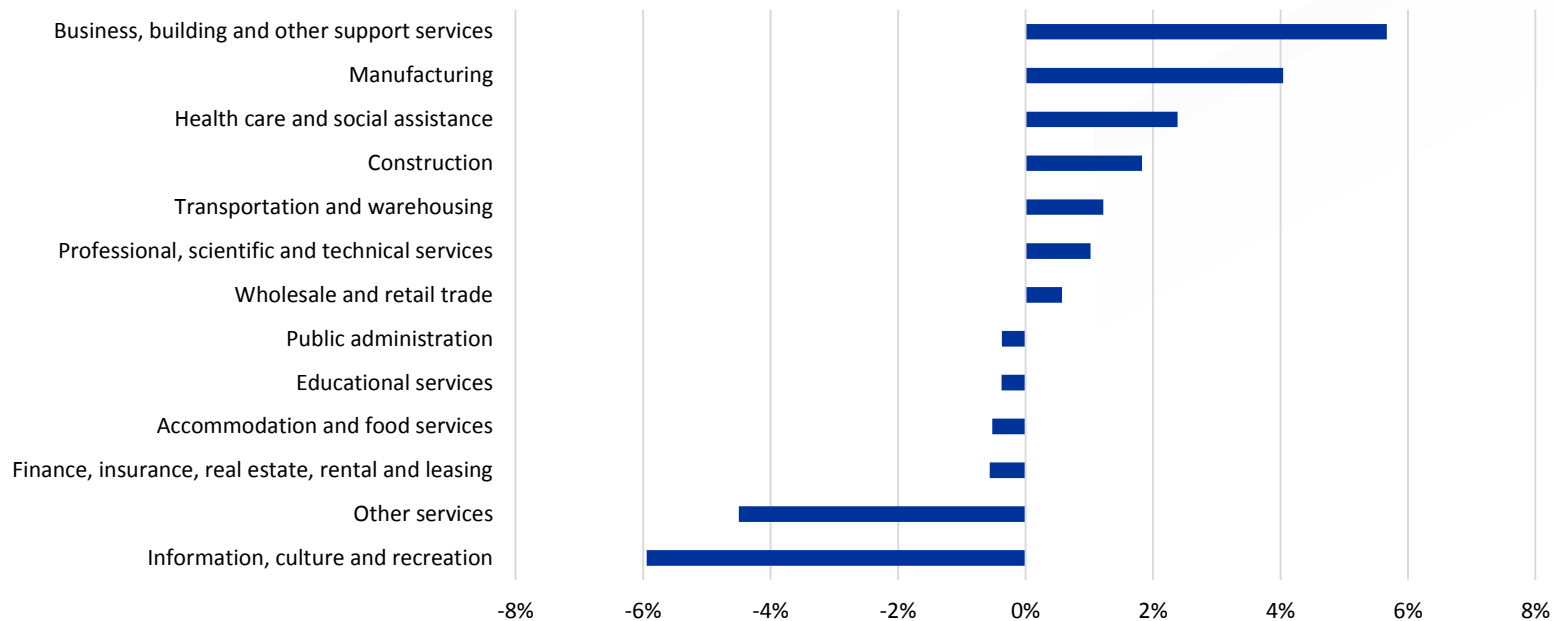


Source: Statistics Canada



Employment growth

CAGR* in the number of employed by industry, 2012-2017, Windsor CMA



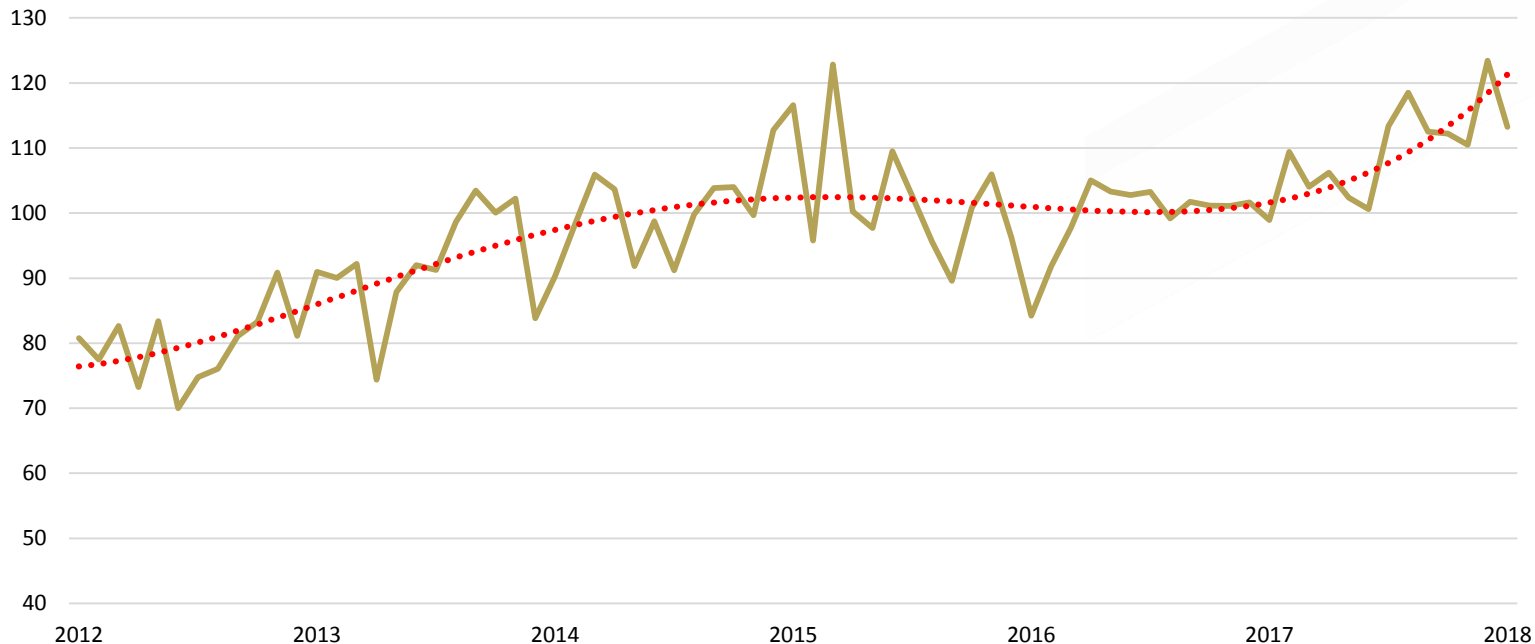
Source: Statistics Canada, CMHC calculations

* Compounded annual growth rate



Ontario's consumer confidence increasing

Consumer Confidence Index (2002=100), Ontario

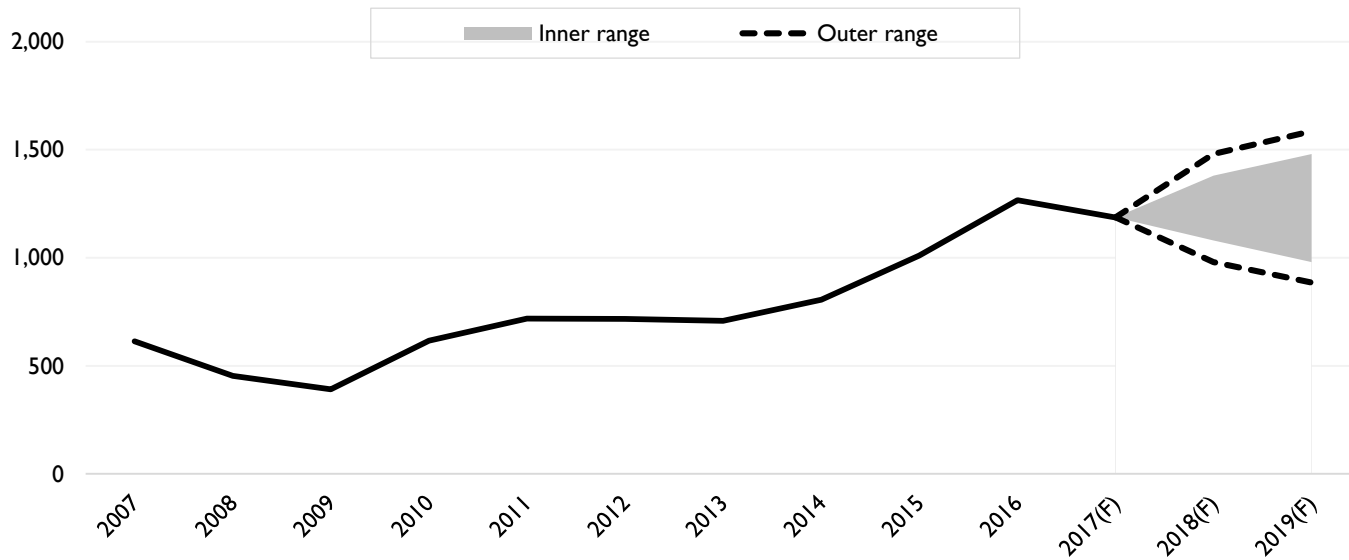


Source: Conference Board of Canada



New home starts expected to remain stable

Windsor CMA, Starts



Source: CMHC
(F) = Forecast



Will Single-Detached Starts Remain High?

Windsor CMA Single-Detached Starts



**Five Year Average
(2012-2016)**

630

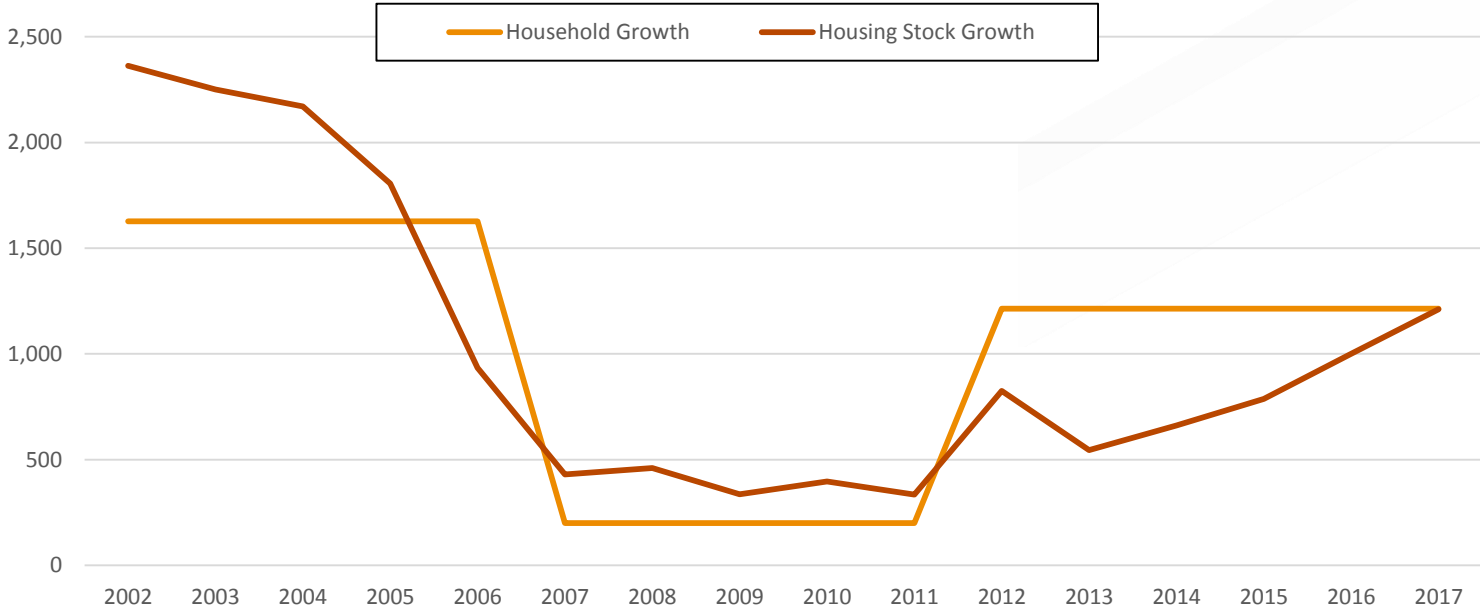
2017

760

2018 Forecast

750 to 900

Growth in housing stock below estimated demand

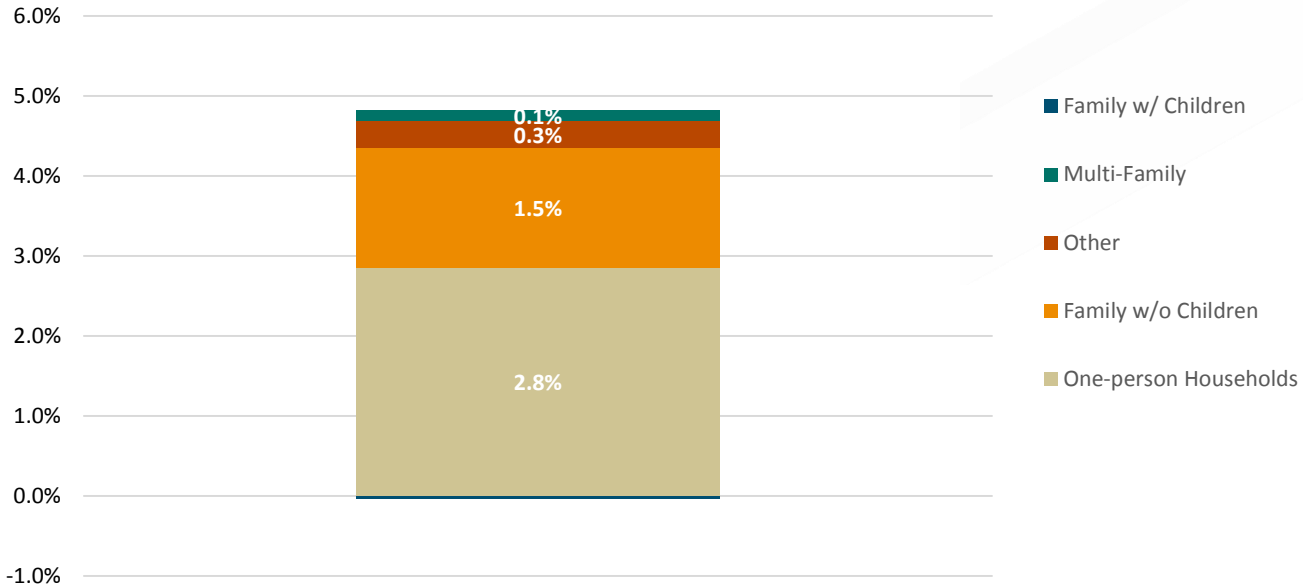


Source: CMHC, Statistics Canada Census 2016
Note: Housing stock is estimated using CMHC completion adjusting for Statistics Canada demotions and conversion permits.



Smaller households driving growth

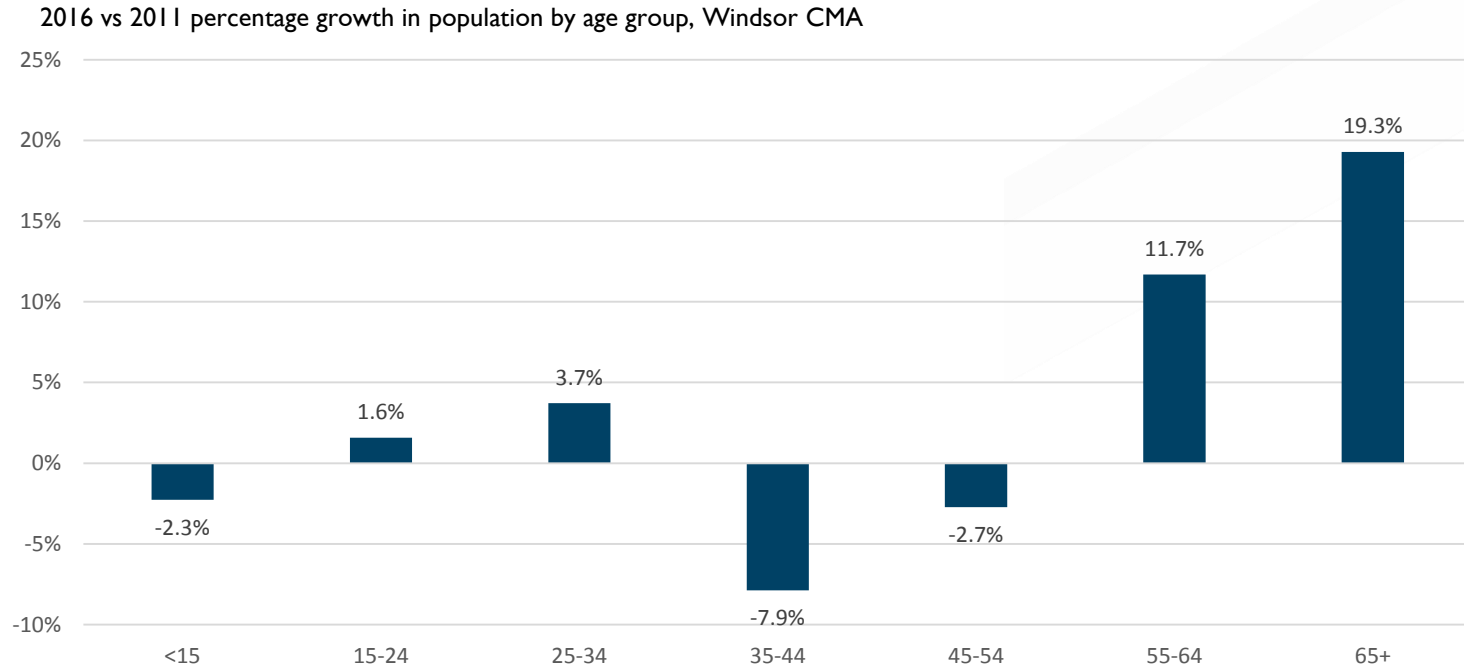
Change in number of household by household type, Windsor CMA, 2016 vs 2011



Source: Statistics Canada, Census 2016



Fastest growing age groups

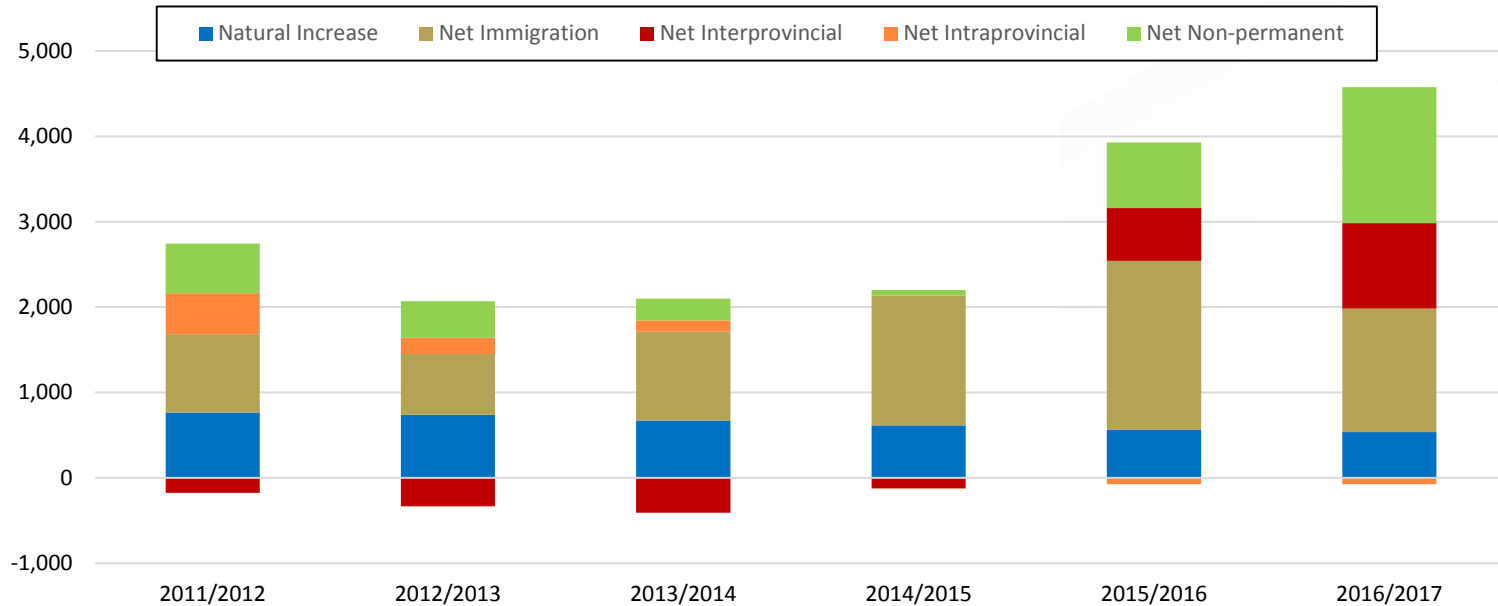


Source: Statistics Canada



Strong migration keeping vacancies low

Contribution to Population Growth, Windsor CMA

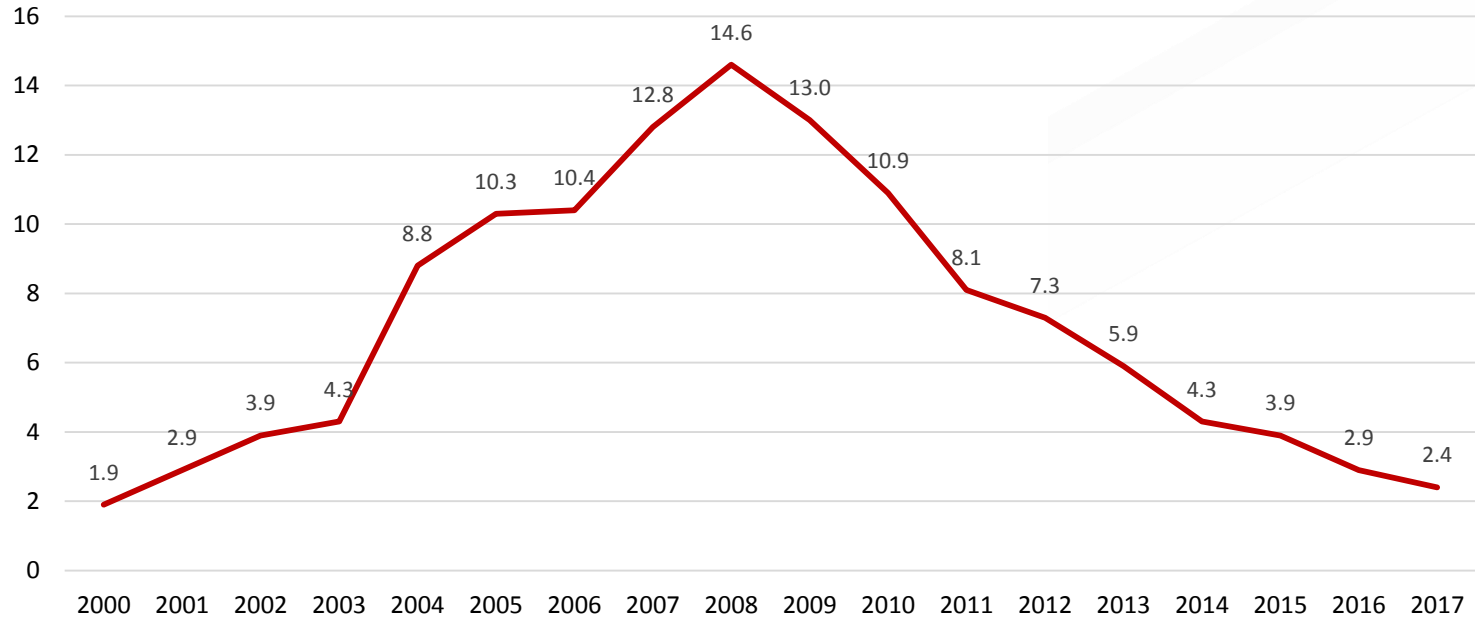


Source: Statistics Canada
Note: 2016/17 are preliminary estimates



Low vacancy rates

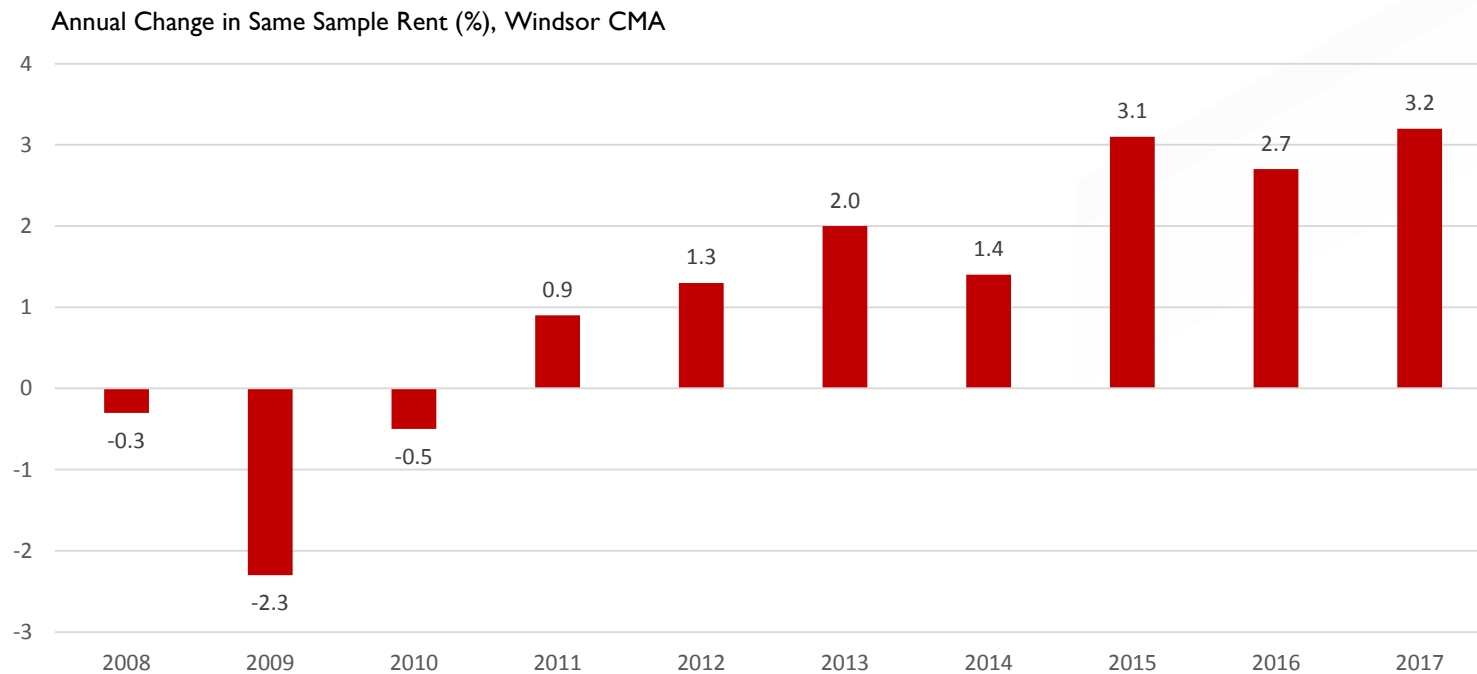
Purpose-built apartment vacancy rate (%), Windsor CMA



Source: CMHC Rental Market Survey



Accelerated rent growth due to lack of supply



*structures common to both periods compared

Source: CMHC Rental Market Survey



Economic & Housing Forecast Risks

Upside Risks

- Tight new supply conditions persist
- Stronger US/Global economy

Downside Risks

- Declining business sentiment (US tax, protectionism, minimum wage)
- More pronounced interest rate impact from BoC, OSFI
- A disorderly unwinding of imbalances in GTA



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