Pulse

The CHBA Poll

Winter 2014

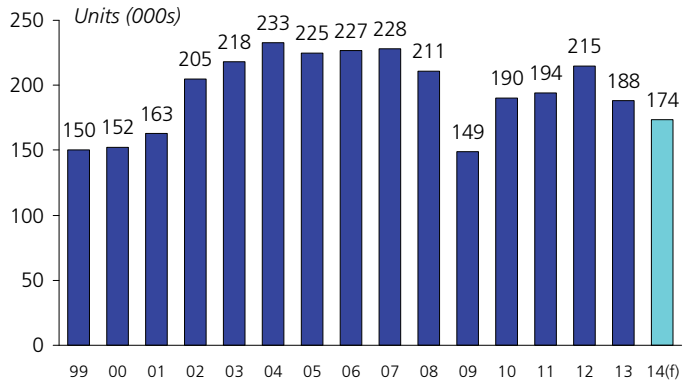
The 47th **Pulse Survey** of new home builders and renovators was conducted by the Canadian Home Builders' Association (CHBA) in February and March 2014 – with the assistance of Canada Mortgage and Housing Corporation, Natural Resources Canada, and the Canadian Gas Association. A total of 192 new home builders and renovators across Canada responded to the survey that was tabulated and analyzed on behalf of the CHBA by Altus Group Economic Consulting.

The main highlights of the survey include:

- **New home builders expect lower housing starts in 2014**. Expectations for 2014 are below estimates of demographic requirements.
- **The majority of renovators expect stable or improving renovation activity in 2014.**
- **Rising development charges are a large and growing concern for new home builders.** Builder profitability is also a growing concern.
- **Rising serviced lot prices remains a critical problem for new home builders**. Especially in Atlantic Canada and Quebec.
- **The underground "cash" economy is a growing problem with renovator members.**
- **New home builders and renovators report modestly higher employment in the industry in the past year.** Further growth in employment is expected in 2014.
- **Buyer traffic among first-time buyers is lower across new home sites.** However, the move-down segment saw increased traffic.
- **Inventories of new single-detached homes have risen.** Ontario is the only province to see a decline in the inventory of new single-detached homes.
- **The custom home market will remain the primary target for new home builders in 2014.**
- **The average new single-detached home is about 2,000 sq. ft.** Modestly larger condominium apartments and townhomes are expected in 2014.
- **More than two out of three new home builders expect new house prices to increase in 2014.**

New Home Builders Expect Lower Housing Starts in 2014

Total Housing Starts, Canada



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

- New home builders expect housing starts to moderate to about 173,800 units[1] in 2014 – down from 2013. New home builders are expecting 2014 to see the lowest number of new homes started since the recession.
- Relative to housing starts activity in 2013, new home builders in all provinces expect unchanged or fewer starts. New home builders in Quebec expect the largest decline in housing starts in 2014.

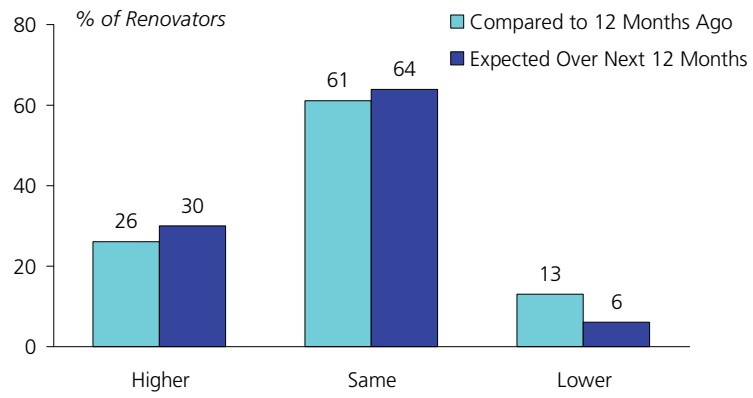
[1] *New home builders were provided with information on estimated starts in their province in 2013 and asked to forecast starts in 2014. The national forecast is the sum of the medians of forecasts for each province.*

Total Housing Starts by Province

	Avg. Ann. 2000-2004	Avg. Ann. 2005-2009	2010	2011	2012	2013	2014f
	Units (000s)						
Newfoundland	2.2	2.7	3.6	3.5	3.9	2.9	2.8
Prince Edward Island	0.8	0.8	0.8	0.9	1.0	0.7	0.7
Nova Scotia	4.7	4.4	4.3	4.6	4.5	3.9	3.9
New Brunswick	3.8	4.0	4.1	3.5	3.3	2.9	2.3
Quebec	40.7	47.7	51.4	48.4	47.4	37.8	32.0
Ontario	79.7	69.2	60.4	67.8	76.8	61.1	57.0
Manitoba	3.6	5.0	5.9	6.1	7.3	7.5	7.1
Saskatchewan	3.0	4.8	5.9	7.0	10.0	8.3	7.0
Alberta	33.3	37.5	27.1	25.7	33.4	36.0	34.0
British Columbia	22.5	32.1	26.5	26.4	27.5	27.1	27.1
Canada	194.3	208.3	189.9	194.0	214.8	187.9	173.8

And the Majority of Renovators Expect Stable Activity in 2014

Change in Renovation Activity



- While the majority of renovators report stable activity, most of the remainder report increases – 26% say their renovation activity is now higher than 12 months ago, compared to only 13% reporting lower activity.
- On balance, renovators expect further increases in renovation activity over the next year, with 30% expecting higher activity versus 6% expecting lower.
- In all regions, renovators expect generally stable or improving activity levels in 2014.

Change in Renovation Activity by Region

	Compared to 12 Months Ago				Expected Over Next 12 Months			
	Higher	Same	Lower	Total	Higher	Same	Lower	Total
	% of Respondents							
Atlantic*	53	35	12	100	41	53	6	100
Quebec	38	46	15	100	38	23	38	100
Ontario	21	61	18	100	25	73	2	100
Man./Sask.*	7	86	7	100	7	93	0	100
Alberta	19	74	7	100	21	72	7	100
B.C.	30	56	14	100	47	49	5	100
Canada	26	61	13	100	30	64	6	100

* Due to relatively small sample sizes, data for the provinces in Atlantic Canada (Newfoundland, P.E.I, Nova Scotia and New Brunswick), as well as for Manitoba and Saskatchewan, are combined in this and subsequent charts

Increasing Development Charges a Growing Concern

Critical Problems for New Home Builders

	Winter 2012	Winter 2013	Winter 2014
	% of Respondents Indicating a Critical Problem		
Shortages of:			
Trades/Labour	4	8	5
Serviced Lots	21	25	25
Building Materials	0	1	1
Financing	3	9	11
Rising Costs Due to:			
Trades/Labour	3	10	6
Serviced Lot Prices	32	35	32
Building Materials	8	8	4
Development Charges	30	31	38
Regulatory Issues:			
More Onerous Building Code Requirements	15	14	18
More Onerous Municipal Approvals/Standards	23	21	22
More Onerous Environmental Regulations	19	16	18
Potential Requirements for Sprinklers	12	11	10
Consumer/Municipal Attitudes Towards Growth	10	11	16
Consumer Confidence	12	12	5
Consumer Expectation Re: Level of Protection	2	2	6
Builder Profitability	8	11	14
Underground Economy	12	11	11
Theft of Materials from Sites	4	3	4
Interest Rates	1	3	3
Mold	0	3	1
Insurance Rates/Premiums	2	3	5
Insurance Coverage	2	5	4
Increasing Builder Liability	11	13	17

- New home builders expect rising costs due to development charges to be the top concern in 2014, with almost 40% identifying it as a critical problem nationally, and as high as 51% in Ontario.
- Few new home builders expect critical problems due to shortages of building materials. However, concerns over shortages of financing have begun to emerge. Shortages of serviced lots remain a critical problem for about 1 in 4 new home builders and a particular problem in Quebec and Ontario.
- Concerns regarding builder profitability have increased,with 14% of respondents identifying it as a critical problem. The issue is less of a concern in BC and Alberta, with 10% and 7%, respectively, citing profitability as a critical problem.
- Regulatory issues are a growing concern to many new home builders. These concerns are particularly apparent in Quebec, as two-fifths of new home builders there expect various standards, requirements, and regulations to be a critical problem in 2014.
- Builder liability is a growing concern (17%), especially in Quebec and Ontario (20% and 23%, respectively).
- Concerns over consumer confidence, which in recent years have been somewhat prominent, have subsided in 2014.

Critical Problems for New Home Builders by Region

	Atlantic	Quebec	Ontario	Man./ Sask.	Alberta	B.C.	Canada
	% of Respondents Indicating a Critical Problem						
Shortages of:							
Trades/Labour	11	20	0	7	10	0	5
Serviced Lots	0	40	46	14	13	24	25
Building Materials	0	20	0	0	0	0	1
Financing	0	20	9	21	10	10	11
Rising Costs Due to:							
Trades/Labour	11	40	3	14	3	0	6
Serviced Lot Prices	44	40	37	36	20	29	32
Building Materials	0	20	3	7	0	5	4
Development Charges	44	20	51	29	30	37	38
Regulatory Issues:							
More Onerous Building Code Requirements	11	40	17	7	13	29	18
More Onerous Municipal Approvals/Standards	22	40	26	8	23	20	22
More Onerous Environ-mental Regulations	11	40	20	7	10	29	18
Potential Requirements for Sprinklers	0	20	11	7	13	5	10
Consumer/Municipal Attitudes Towards Growth	0	8	6	21	13	17	11
Consumer Confidence	22	20	3	0	3	5	5
Consumer Expectation Re: Level of Protection	22	20	6	0	4	5	6
Builder Profitability	11	20	16	29	7	10	14
Underground Economy	22	50	15	7	3	5	11
Theft of Materials from Sites	0	20	3	7	0	10	4
Interest Rates	0	40	0	7	0	0	3
Mold	0	0	3	0	0	0	1
Insurance Rates/Premiums	0	25	6	7	0	5	5
Insurance Coverage	0	25	3	0	3	5	4
Increasing Builder Liability	11	20	23	14	17	10	17

Underground "Cash" Economy an Increasing Concern for Renovators

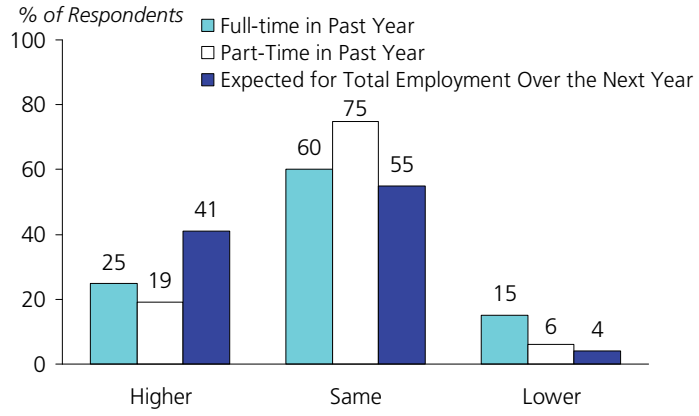
Critical Problems for Renovators

	Winter 2012	Winter 2013	Winter 2014
	% of Respondents Indicating a Critical Problem		
Shortages of:			
Trades/Labour	8	7	0
Building Materials	0	0	2
Rising Costs Due to:			
Trades/Labour	8	13	5
Building Materials	4	8	5
Consumer Confidence	1	1	0
Consumer Expectations Re: Level of Protection	0	2	3
Builder Profitability	4	4	15
Underground Economy	39	28	36
Theft of Materials from Sites	5	3	5
Mold	3	0	5
Insurance Rates/Premiums	8	6	10
Insurance Coverage	4	4	8
Increasing Builder Liability	15	15	12

- The underground "cash" economy is a major concern this year for a large percentage of renovators (36%), an increase from the last year and reversing a downward trend over the past several years.
- Rising costs are less of a concern this year for renovators. Just 5% expect rising costs due to trades/labour and building materials to be a critical problem in 2014.
- Builder profitabality has emerged as a larger concern for renovators (15%)
- Insurance rates/coverage and premiums are growing concerns for renovators.

Employment Either Stable or Up in Past Year for a Majority, with More Growth Expected in 2014

Changes in Employment



- New home builders and renovators report that employment in the home building industry has increased over the past year. Some 25% of all respondents to the **Pulse Survey** report that full-time employment is up compared to a year ago, while only 15% report a decrease in employment. Builders in Atlantic Canada and Ontario report, on average, stable or lower full-time employment.

- Three-quarters of builders report no change in part-time employment, with the balance reporting higher employment. Builders in Quebec report the highest proportion of increased part-time employment (33%).

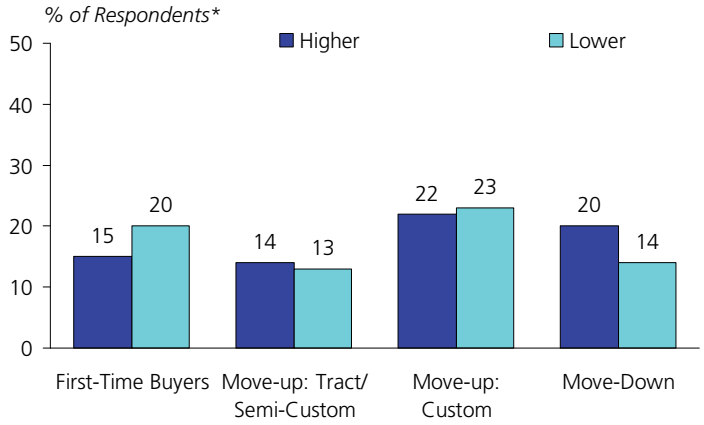
- Builders remain optimistic in terms of labour requirements going forward. 41% expect to take on more workers and only 4% expect to employ fewer people in 2014. The strongest expectations are found in BC and Ontario.

Change in Employment by Region

	Employment Now Compared to a Year Ago								**Over the Next Year, Expect Total Employment to:**			
	Full-Time				**Part-Time**							
	Higher	Same	Lower	Total	Higher	Same	Lower	Total	Increase	Stay the Same	Decrease	Total
	% of Respondents											
Atlantic	18	65	18	100	0	93	7	100	18	76	6	100
Quebec	25	50	25	100	33	67	0	100	23	46	31	100
Ontario	18	62	20	100	21	74	5	100	47	52	2	100
Man./Sask.	36	57	7	100	27	64	9	100	43	50	7	100
Alberta	26	67	7	100	18	76	6	100	40	60	0	100
B.C.	33	53	14	100	18	73	9	100	49	51	0	100
Canada	25	60	15	100	19	75	6	100	41	55	4	100

Traffic at New Home Sites Shifts Modestly but Holds Relatively Steady

Changes in Traffic Compared to Last Year



** The remaining respondents reported that traffic was the same as a year earlier*

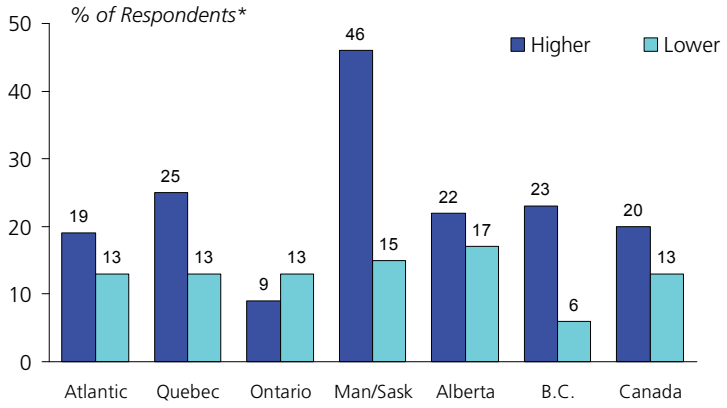
- New home builders report a modest shift in traffic patterns from first-time buyers to move-down buyers, with traffic in the remaining buyer categories holding roughly constant.
- In the first-time buyer segment, about one in five respondents report lower traffic in their market area compared to 15% reporting higher traffic.
- New home builders in Quebec report lower traffic across all buyer segments, likely contributing to a lower starts forecast in that province (see page 2).
- The majority of members report "no change" in traffic in all segments.

Changes in Traffic Compared to Last Year by Region

			Move-Up Buyers		
		First-Time Buyers	**Tract, Semi-Custom Homes**	**Fully Customized Homes**	**Move-Down Buyers**
			% of Respondents		
Atlantic	Higher	6	6	13	31
	Lower	38	6	31	19
Quebec	Higher	11	22	0	0
	Lower	56	44	67	56
Ontario	Higher	11	19	21	28
	Lower	15	9	26	9
Man./Sask.	Higher	36	7	14	7
	Lower	0	7	14	21
Alberta	Higher	19	8	17	8
	Lower	11	11	14	6
B.C.	Higher	13	16	42	29
	Lower	29	19	16	16
Canada	Higher	15	14	22	20
	Lower	20	13	23	14

New Home Inventories Generally Rising

Changes in Inventory of Started But Unsold Single-Detached Homes Compared to Last Year

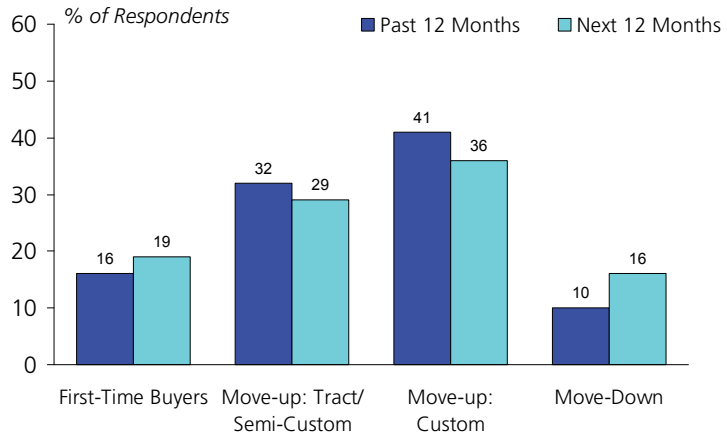


** The remaining respondents reported that inventory was the same as a year earlier*

- While two-thirds of new home builders report unchanged inventories, Canada-wide, a majority of the remainder report rising inventories
- Ontario is the only province where more new home builders report lower inventories than higher inventories, which is consistent with the very high percentage of new home builders in Ontario reporting shortages of lots as a critical problem.
- New home builders in Manitoba/Saskatchewan have the highest proportion reporting higher inventories in 2013

Custom and Semi-Custom Markets To Continue As Primary Target in 2014

Main Target Market



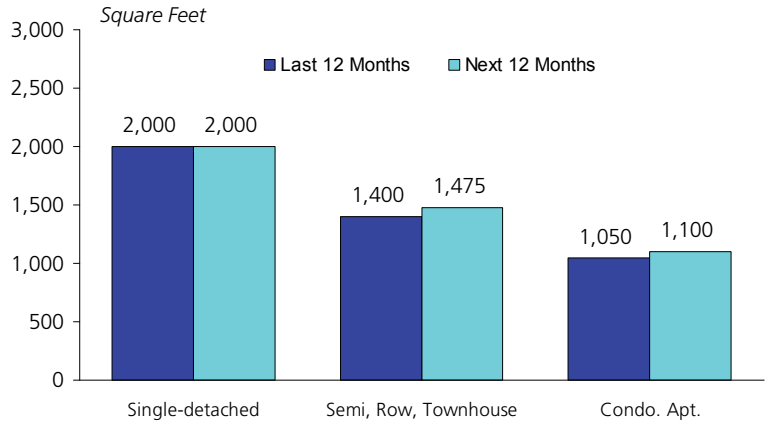
- Canada-wide, the move-up/custom homebuyer was the main target market for new home builders in the past 12 months. It is expected to remain the main target market over the next 12 months.
- New home builders are expecting a modest shift in focus over the next year into the move-down market, with both move-up markets expected to receive less attention.
- First-time buyers are the main target market for the largest proportion of new home builders in Quebec and the smallest proportion in BC. Over the next year, first-time buyers are expected to become a more important market segment in Manitoba and Saskatchewan.

Main Target Market by Region

		Move-Up Buyers			
	First-Time Buyers	Tract, Semi-Custom Homes	Fully Customized Homes	Move-Down Buyers	Total
		% of Respondents			
Last 12 Months					
Atlantic	13	25	44	19	100
Quebec	78	0	11	11	100
Ontario	9	43	38	11	100
Man./Sask.	21	57	21	0	100
Alberta	22	25	47	6	100
B.C.	3	26	55	16	100
Canada	16	32	41	10	100
Next 12 Months					
Atlantic	6	44	25	25	100
Quebec	33	33	0	33	100
Ontario	23	28	32	17	100
Man./Sask.	50	43	7	0	100
Alberta	17	22	53	8	100
B.C.	3	26	52	19	100
Canada	19	29	36	16	100

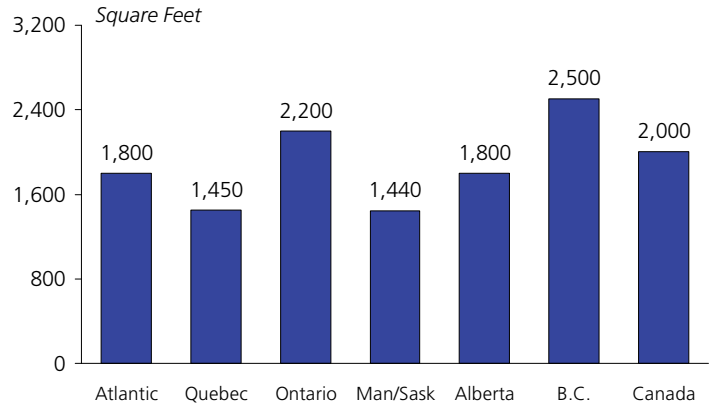
Expectations for Modestly Larger Condominium Apartments and Townhomes in 2014

Average Size of New Houses



- Canada-wide, new home builders responding to the latest **Pulse Survey** report the average size of a new single-detached house built in their market at about 2,000 square feet, and do not expect that to change in 2014.
- New home builders expect the size of semi/row/townhouse units to rise in 2014. Expectations are for a slight increase in the size of condominium apartment units as well.
- By region, average sizes for single-detached homes range from a high of 2,500 square feet in B.C. to a low of 1,450 square feet in the provinces of Quebec and Manitoba and Saskatchewan (combined).

Average Size of New Single-Detached Houses



Very Few New Home Builders Expect New House Prices to Fall in 2014

Expected Changes in New Single-Detached House Prices Over Next Year

	Higher	Same	Lower	Total
		% of Respondents		
Atlantic	38	50	13	100
Quebec	67	22	11	100
Ontario	74	23	2	100
Man./Sask.	43	36	21	100
Alberta	75	22	3	100
B.C.	71	26	3	100
Canada	67	27	6	100

- Canada-wide, more than two-thirds of new home builders expect that new single-detached house prices will increase over the next year, while only 6% expect a decline.
- New home builders in Ontario and Alberta have the strongest expectations for price increases, with around three-quarters expecting a rise.
- No regions report expectations of lower single-detached house prices in 2014.

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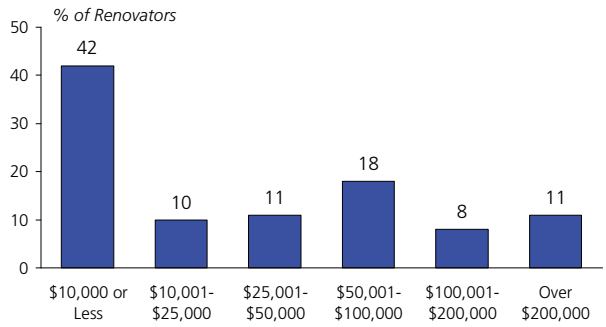
Average Reported Renovation Contract is $25,000 and Takes 5 Weeks to Complete

Average Size of Renovation Projects

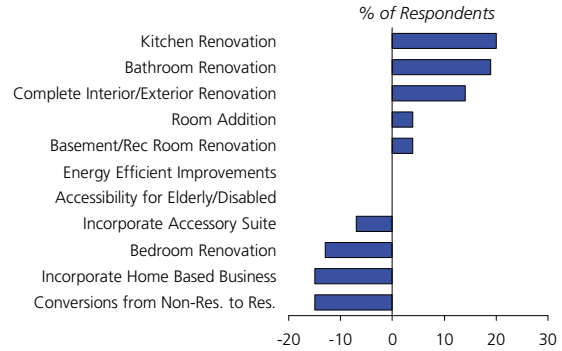


Average Size and Duration of Renovation Projects*

	Average Size *$000s*	Average Duration *Weeks*
Atlantic	30	6
Quebec	28	4
Ontario	16	3
Man./Sask.**	3	2
Alberta	6	4
B.C.	65	12
Canada	25	5

* The median responses are presented here
** Very small sample

Net Change* in Requests for Renovation Projects in Past Year



** % of respondents reporting increased requests minus % of respondents reporting decreased requests*

- The range of renovation projects undertaken by CHBA members is broad. About half of CHBA renovator members indicated that their average project last year was less than $25,000, while one-fifth report that their average project size was over $100,000.
- Overall, the average size of contracts reported by renovators responding to the Winter 2014 **Pulse Survey** is $25,000 and the average duration of renovation projects about 5 weeks.[1]
- Project sizes are typically smaller in the prairie provinces and larger in Eastern Canada.
- Requests for bathroom and kitchen renovations showed the largest increase, while conversions displayed the largest decline.

[1] *Renovators were asked to provide the average size and duration of their renovation projects. The median responses are presented here (the median is the point at which half the responses are above and half are below).*

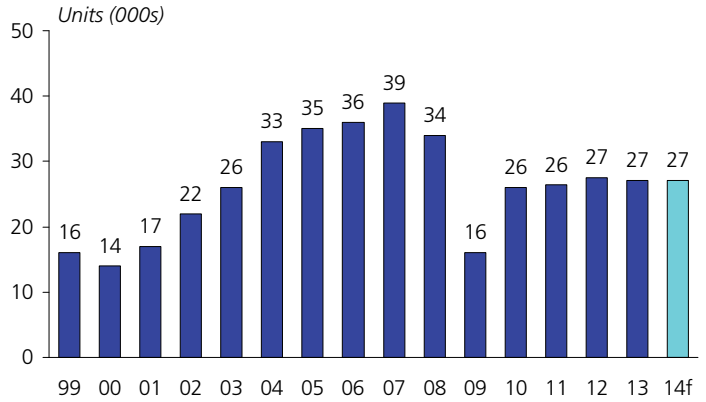
Pulse

The CHBA Poll

Winter 2014

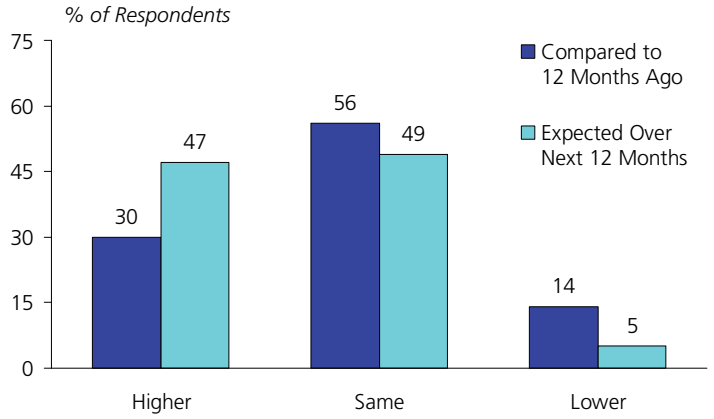
British Columbia Builders Forecast Steady Housing Starts and Increasing New Home Prices in 2014

Total Housing Starts British Columbia



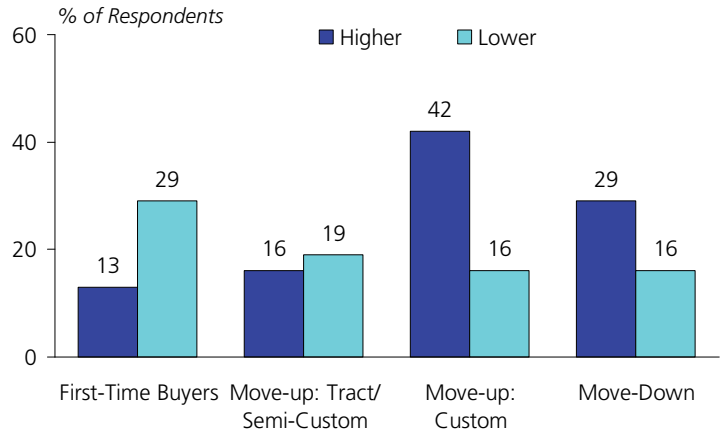
Source: CMHC (historical) and **Pulse Survey** (forecast)

Change in Renovation Activity British Columbia

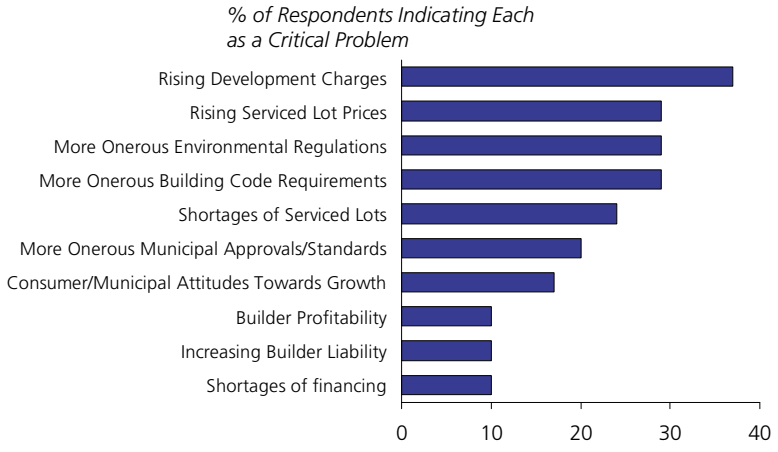


- New home builders in British Columbia expect total housing starts to be 27,000 units in 2014, unchanged from the 27,075 units started in 2013, according to the latest **Pulse Survey** conducted in February and March 2014 by the Canadian Home Builders' Association (CHBA).
- Canada-wide, new home builders are expecting about 173,800 starts in 2014, lower than the 178,923 starts in 2013 and below long-term demographic requirements.
- On average, British Columbia renovators responding to the **Pulse Survey** report increased activity. Only 14% of renovators in British Columbia report that their renovation activity is lower than 12 months ago, while 30% report higher activity.
- Renovators in British Columbia overwhelmingly expect increases in renovation activity over the next 12 months.
- More onerous municipal standards and the underground "cash" economy are the top concerns that renovators are expecting for 2014.

Changes in Traffic Compared to Last Year British Columbia



Top* Problems for New Home Builders British Columbia



*Problems identified as critical by at least 10% of builder members

- New home builders and renovators in British Columbia report that, on average, full-time and part-time employment is slightly higher compared to a year ago. Half of respondents expect higher employment next year with the remaining half expecting no change.
- British Columbia new home builders report lower traffic at new home sales sites among the first-time buyer segment and notably higher traffic among the move-up, fully customized segment.
- The majority of new home builders in British Columbia report that inventories of started-but-unsold single-detached units are unchanged or higher.
- New home builders in British Columbia are not planning shifts in the upcoming year in their target markets. This is not inconsistent with changes in traffic because the move-up, fully customized market segment is already the primary target market.
- The most often cited critical problems for new home builders in British Columbia are rising development charges, followed by rising serviced lot prices, and more onerous environmental regulations and building code requirements.
- Most new home builders in British Columbia are expecting new single-detached house prices either to increase or remain stable over the next year, with only 3% expecting a decline.

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

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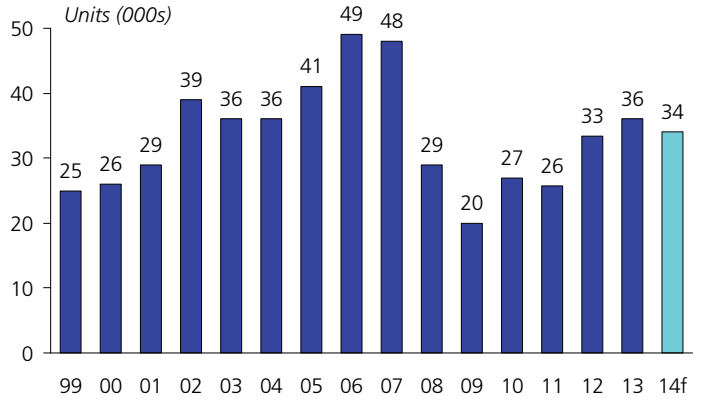
Winter 2014

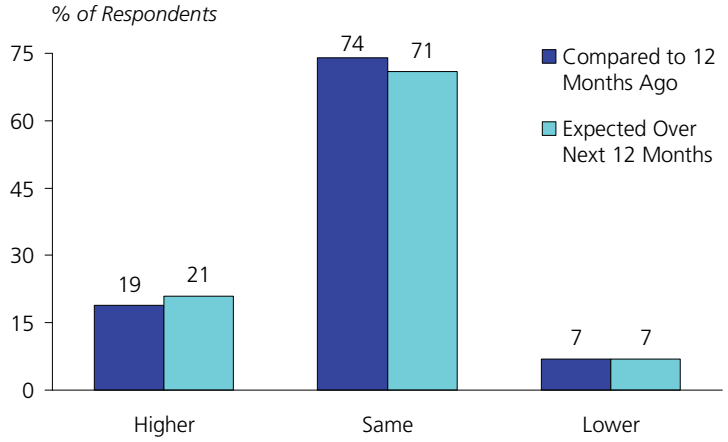
Alberta New Home Builders Expect Lower Housing Starts, Stable Renovation Activity and Rising Single-detached Housing Prices

Total Housing Starts Alberta



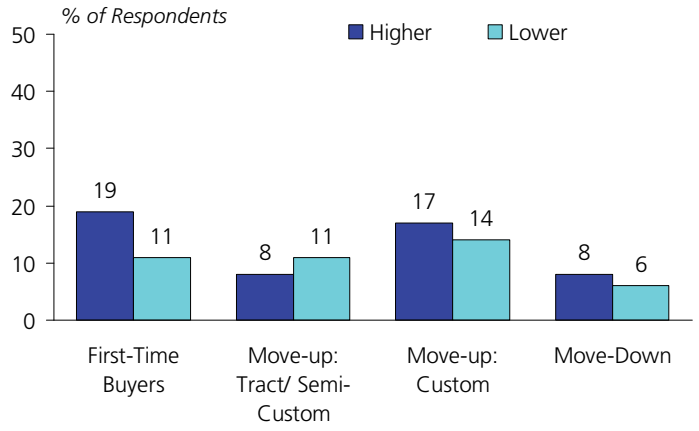
Source: CMHC (historical) and **Pulse Survey** (forecast)

Change in Renovation Activity Alberta

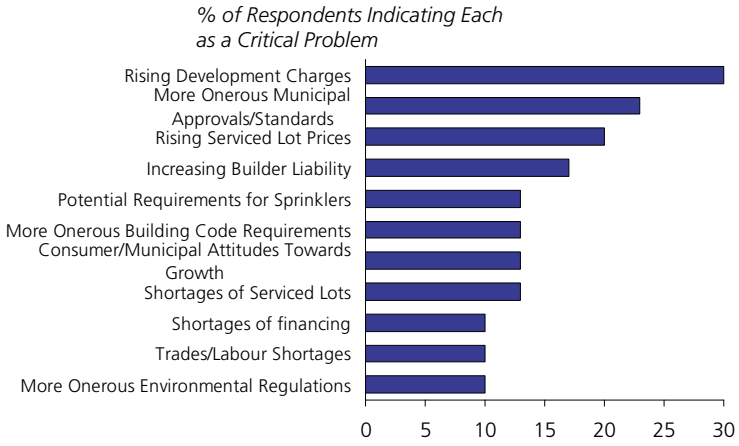


- New home builders in Alberta expect total housing starts to be about 34,000 units in 2014, fewer than the 36,011 units started in 2013, according to the latest **Pulse Survey** conducted in February and March 2014 by the Canadian Home Builders' Association (CHBA).
- Canada-wide, new home builders are expecting about 173,800 starts in 2014, lower than the 187,923 starts in 2013 and below long-term demographic requirements.
- Alberta renovators responding to the **Pulse Survey** report steady activity. Three-quarters of renovators in Alberta report that their renovation activity is unchanged, with the remainder reporting higher activity on net.
- Renovators in Alberta expect some improvement in renovation activity over the next 12 months, with about 92% expecting stable or higher activity.
- Renovators in Alberta report that their top concern for 2014 is the rising costs of trades/labour.

Changes in Traffic Compared to Last Year Alberta



Top* Problems for New Home Builders Alberta



*Problems identified as critical by at least 10% of builder members

- New home builders and renovators in Alberta report that, on average, both full-time and part-time employment in their companies is moderately higher compared to a year ago, with a further increase expected in 2014.
- New home builders in Alberta report that traffic at new home sales sites is up for most buyer segments, with the exception of the semi-custom move-up buyer segment
- On average, new home builders in Alberta report that inventories of started-but-unsold single-detached units are steady compared to a year ago.
- New home builders in Alberta are planning modest shifts in the upcoming year away from targeting the first-time buyer segment and towards the fully customized move-up buyer segment.
- The most often cited critical problems for new home builders in Alberta are rising development charges, more onerous municipal standards, and rising serviced lot prices
- A majority of new home builders in Alberta are expecting new single-detached house prices to increase over the next year; only 3% expecting some declines.

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

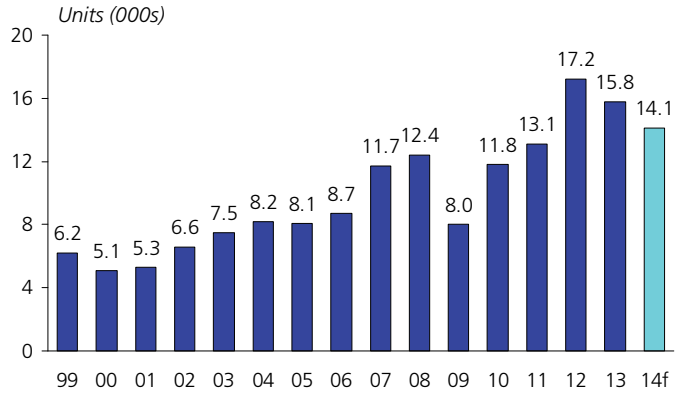
Pulse

The CHBA Poll

Winter 2014

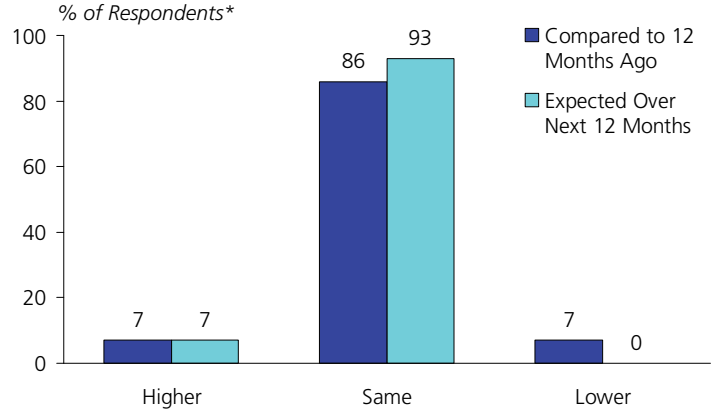
Manitoba/Saskatchewan Builders Expect Fewer Housing Starts and a Shift Towards First-Time Buyers

Total Housing Starts Manitoba/Saskatchewan



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

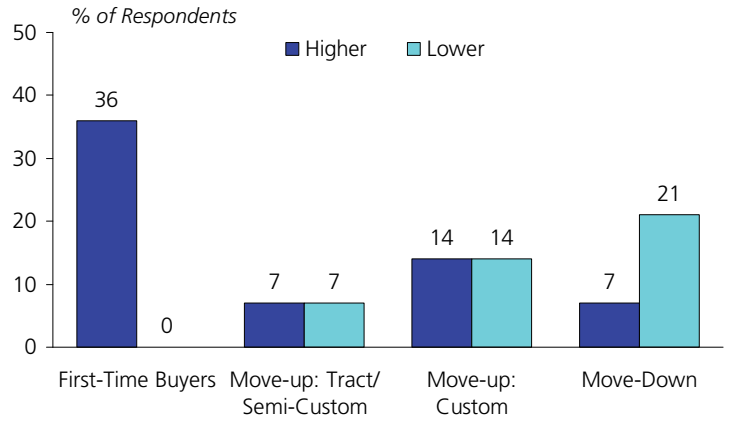
Change in Renovation Activity Manitoba/Saskatchewan



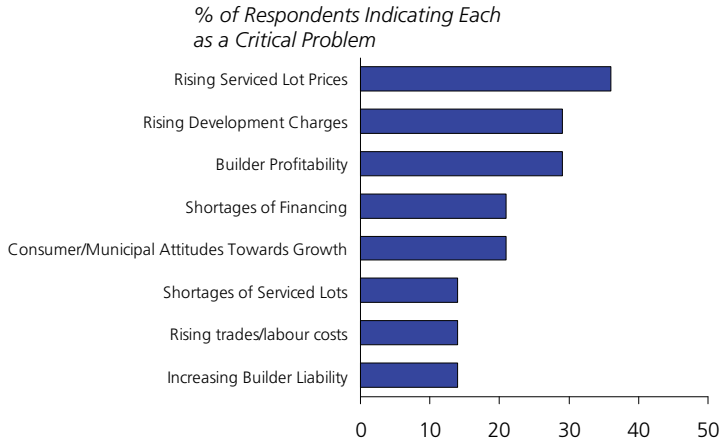
** Very small sample*

- New home builders in Manitoba/Saskatchewan expect combined total housing starts for these two provinces to be 14,100 units in 2014, down from the 15,755 units started 2013, according to the latest **Pulse Survey** conducted in February and March 2014 by the Canadian Home Builders' Association (CHBA). Starts in 2014 are expected to remain above historical norms.
- Canada-wide, new home builders are expecting about 173,800 starts in 2014, lower than the 187,923 starts in 2013 and below long-term demographic requirements.
- Renovators in Manitoba/Saskatchewan responding to the **Pulse Survey** report stable activity. 86% of renovators report that their renovation activity remained the same compared to 12 months ago, while the remainder were split between an increase and a decrease.
- Renovators in Manitoba/Saskatchewan, on average, expect the next twelve months to be much the same.
- New home builders in Manitoba/Saskatchewan expect similar or lower new home sales in their market area in 2014 compared to 2013.

Changes in Traffic Compared to Last Year Manitoba/Saskatchewan



Top* Problems for New Home Builders Manitoba/Saskatchewan



*Problems identified as critical by at least 10% of builder members

- New home builders and renovators in Manitoba/Saskatchewan report that, on average, full-time employment in their companies is up over a year ago with only 7%of respondents reporting a decrease. Similar results are expected for 2014.
- New home builders in Manitoba/Saskatchewan report higher traffic for first-time and semi-custom market segments, while traffic is down for move-down buyers.
- On average, new home builders in Manitoba/Saskatchewan report that inventories of started-but-unsold single-detached units are higher this year compared to a year ago.
- New home builders in Manitoba/Saskatchewan are planning a shift in the upcoming year away from the move-up buyer segments and towards the first-time buyer segment, likely a result of the rising traffic within this segment at new home sites.
- The most often cited critical problems for new home builders in Manitoba/Saskatchewan are rising serviced lot prices, followed by development charges and builder profitability.
- Two-fifths of new home builders in Manitoba/Saskatchewan expect new single-detached house prices to increase over the next year, while one-fifth expects a decline.

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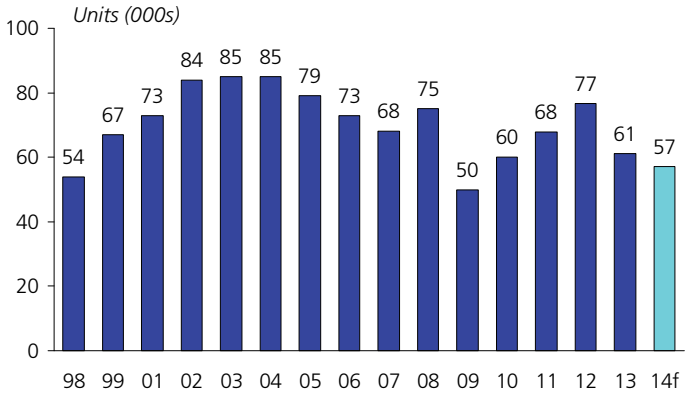
Pulse

The CHBA Poll

Winter 2014

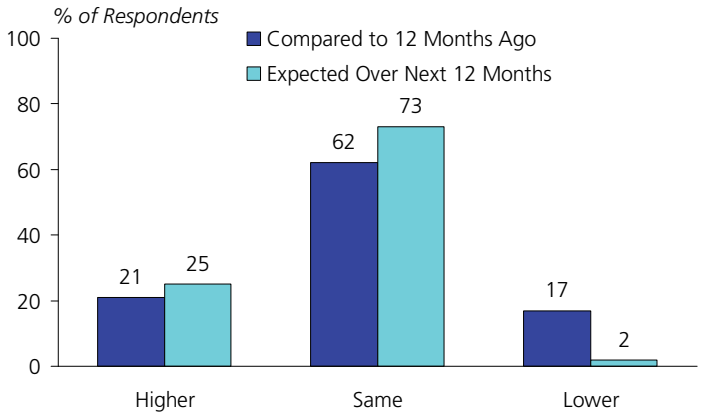
Ontario New Home Builders Are Concerned about Development Charges and Rising Serviced Lot Prices and Expect Higher Prices

Total Housing Starts Ontario



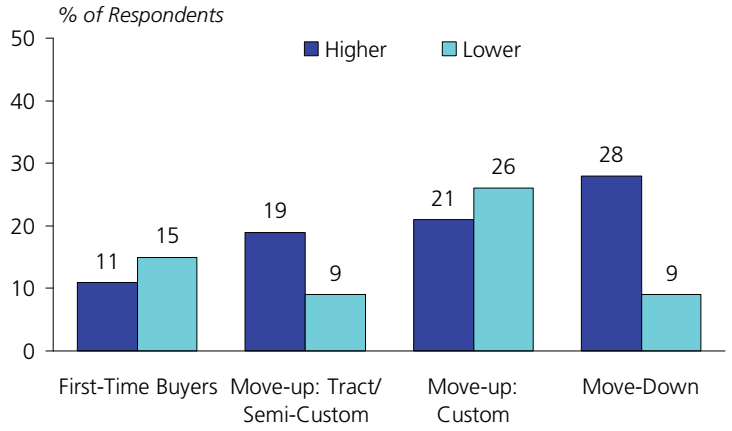
Source: CMHC (historical) and **Pulse Survey** (forecast)

Change in Renovation Activity Ontario

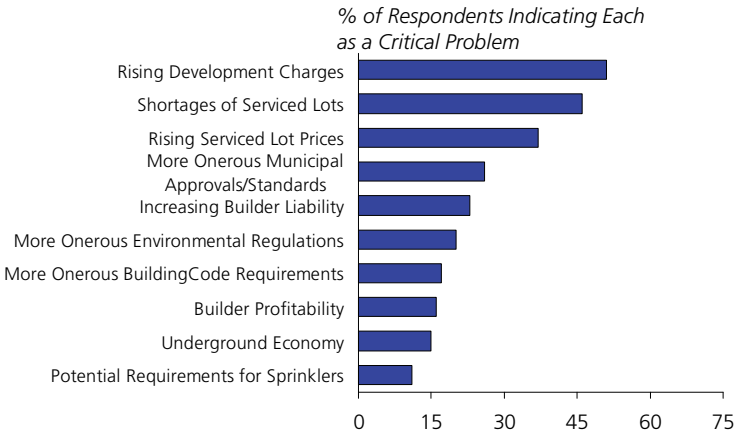


- New home builders in Ontario expect total housing starts to be about 57,000 units in 2014, moderately lower than the 61,085 units started in 2013, according to the latest **Pulse Survey** conducted in February and March 2014 by the Canadian Home Builders' Association (CHBA).
- Canada-wide, new home builders are expecting about 173,800 starts in 2014, lower than the 187,923 starts in 2013 and below long-term demographic requirements.
- On average, Ontario renovators responding to the **Pulse Survey** report steady activity with six out of ten renovators in Ontario reporting their renovation activity the same as 12 months ago.
- Almost three out of every four renovators in Ontario expect 2014 to see a similar level of activity, with most of the remainder expecting more activity.
- The underground "cash" economy and increasing labour costs are top concerns expected for 2014 among Ontario renovators

Changes in Traffic Compared to Last Year Ontario



Top* Problems for New Home Builders Ontario



*Problems identified as critical by at least 10% of builder members

- New home builders and renovators in Ontario report that, on average, employment in their companies was somewhat lower than a year ago for full-time employment, while part-time employment was higher. Overall employment is expected to rise over the next year, according to respondents, with 98% expecting steady or increased employment.
- Ontario new home builders report lower traffic at new home sales sites among first-time and custom move-up market segments this year, compared to a year ago. In contrast, the move-down segment saw a strong increase.
- On average, new home builders in Ontario report that inventories of started-but-unsold single-detached units are steady this year, with four-fifths reporting no change. The remainder lean towards lower inventory levels.
- The most often-cited critical problems for new home builders in Ontario are rising development charges and shortages of serviced lots. Rising prices of serviced lots are also a substantial concern.
- Almost three quarters of new home builders in Ontario expect new single-detached house prices to increase over the next year; only 2% expect prices to decrease.

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

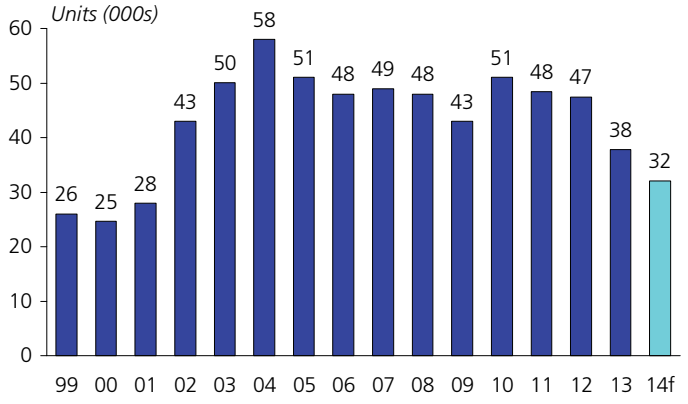
Pulse

The CHBA Poll

Winter 2014

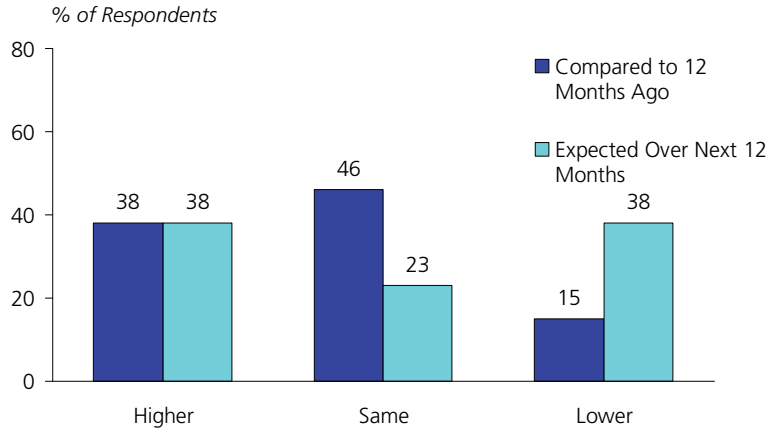
Quebec New Home Builders Report Significantly Lower Buyer Traffic at New Home Sites and Expect Fewer Starts

Total Housing Starts Quebec



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

Change in Renovation Activity Quebec



- New home builders in Quebec expect total housing starts to be about 32,000 units in 2014, down from the 37,800 units started in 2013, according to the latest **Pulse Survey** conducted in February and March 2014 by the Canadian Home Builders' Association (CHBA) and l'Association provinciale des constructeurs d'habitations du Quebec (APCHQ). Builder expectations for housing starts in the province for 2014 are below the 10-year average (49,200 units).

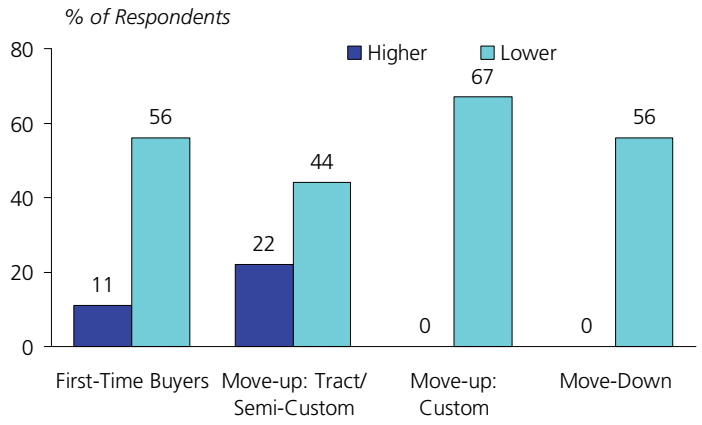
- Canada-wide, new home builders are expecting about 173,800 starts in 2014, lower than the 187,900 starts in 2013 and below long-term demographic requirements.

- On average, Quebec renovators responding to the **Pulse Survey** report rising activity relative to a year ago. Some 38% of renovators in Quebec report that their renovation activity is higher than 12 months ago, compared to 15% reporting lower activity.

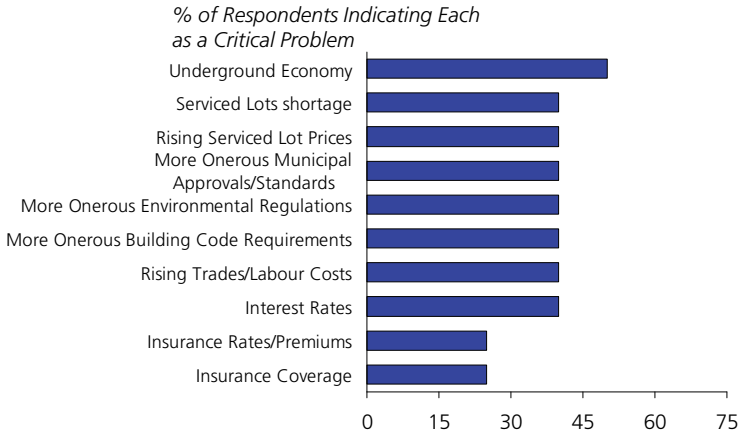
- On average, renovators in Quebec expect stable renovation activity over the next 12 months.

- Renovators in Quebec report that their top concern expected for 2014 is more onerous municipal standards.

Changes in Traffic Compared to Last Year Quebec



Top* Problems for New Home Builders Quebec



*Problems identified as critical by at least 20% of builder members

- New home builders and renovators in Quebec report, on average, stable full-time and higher part-time employment compared to a year ago. They expect modest decreases in total employment over the next year.
- The vast majority of Quebec new home builders report lower traffic, on average, at new home sale sites across all markets, especially among the custom home buyer segment of the move-up market – contributing to an expectation of lower starts.
- One quarter of new home builders in Quebec report that inventories of started-but-unsold single-detached units are higher this year compared to a year ago.
- New home builders in Quebec are planning some shift from the first-time buyer segment to the semi-custom segment of the move-up market over the next year.
- The underground economy is the largest problem expected for 2014 as reported by new home builders in Quebec, with half of all respondents expecting it to be a critical problem.
- Some 67% of new home builders in Quebec expect new single-detached house prices to increase over the next year, while only about 13% expect prices to decline.

The **Pulse Survey** was conducted by the CHBA and l'Association provinciale des constructeurs d'habitations du Quebec (APCHQ) with assistance from Canada Mortgage and Housing Corporation, Natural Resources Canada, and the Canadian Gas Association. The survey was tabulated and analyzed by Altus Group Economic Consulting. Copies of the detailed results are available from the CHBA (chba@chba.ca) or APCHQ.

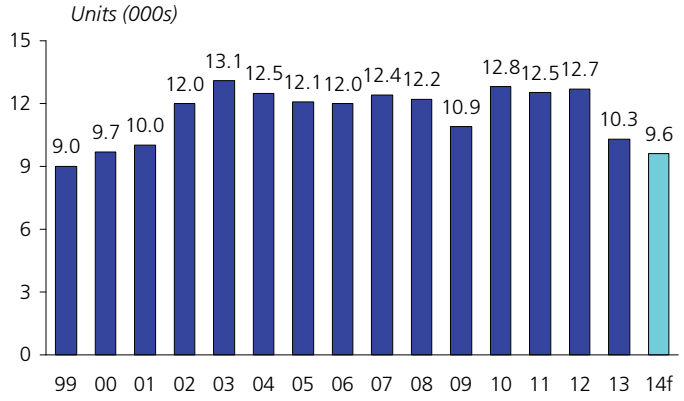
Pulse

The CHBA Poll

Winter 2014

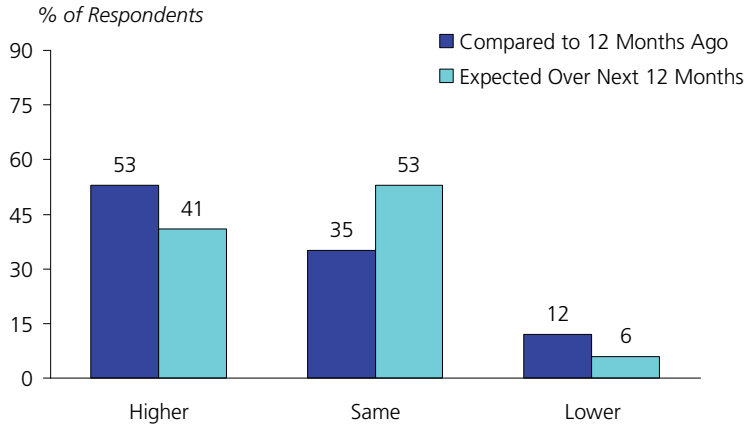
Atlantic Canada New Home Builders Expect Fewer Total Housing Starts in 2014 but Generally Increased Renovation Activity

Total Housing Starts Atlantic Canada



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

Change in Renovation Activity Atlantic Canada



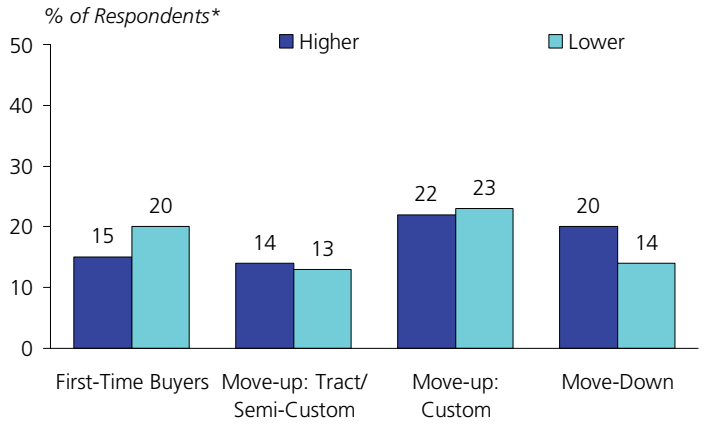
- New home builders in Atlantic Canada expect total housing starts to be about 9,600 units in 2014, down modestly from the 10,260 units started in 2013, according to the latest **Pulse Survey** conducted in February and March 2014 by the Canadian Home Builders' Association (CHBA). New home builders' expectations for 2014 are below average annual starts over the past decade.

- Canada-wide, new home builders are expecting about 173,800 starts in 2014, lower than the 187,923 starts in 2013 and below long-term demographic requirements.

- On average, Atlantic Canada renovators responding to the **Pulse Survey** report increased activity. Some 53% of renovators in Atlantic Canada report that their renovation activity is higher than it was 12 months ago, while 12% report lower activity.

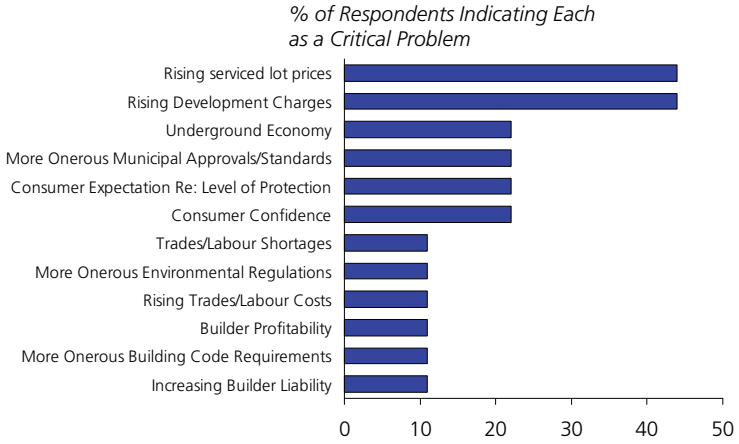
- On average, renovators in Atlantic Canada expect renovation activity to increase further over the next 12 months.

Changes in Traffic Compared to Last Year



** The remaining respondents reported that traffic was the same as a year earlier*

Top* Problems for New Home Builders Atlantic Canada



*Problems identified as critical by at least 10% of builder members

- New home builders and renovators in Atlantic Canada report stable full-time employment in their companies with 65% reporting no change. Part-time employment was largely unchanged as 93% reported similar employment levels. Home builders report employment is expected to be higher over the next year.
- Atlantic Canada new home builders report lower traffic at new home sales sites among the first-time buyer segment
- New home builders in Atlantic Canada report that inventories of started-but-unsold single-detached units are slightly higher than a year ago. Some 19% of respondents report higher inventories compared with 13% reporting lower.
- New home builders in Atlantic Canada are planning modest shifts in the upcoming year away from targeting first-time buyers, in-line with reported changes in traffic in that segment.
- The most often cited critical problems for new home builders in Atlantic Canada are rising serviced lot prices and development charges.
- Half of new home builders in Atlantic Canada expect new single-detached house prices to stay the same over the next year; 38% of the respondents expect an increase.

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