

## Ontario

### Overview

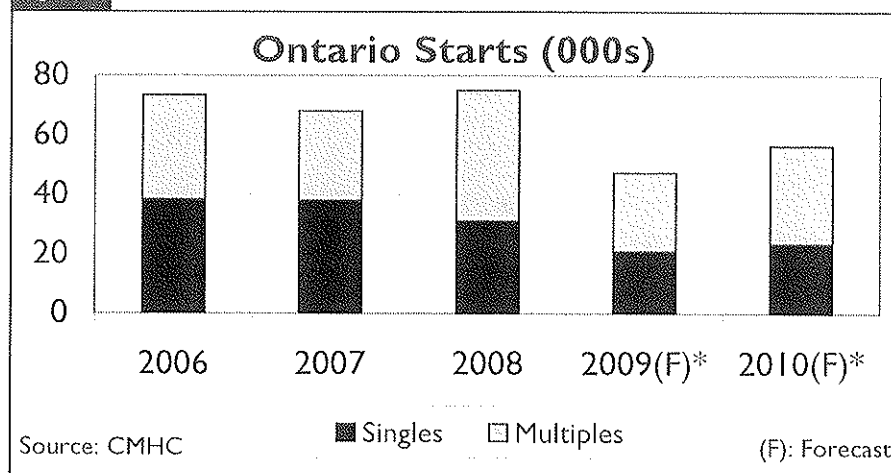
Ontario's economy will gradually recover later this year and will grow by 2.2 per cent in 2010. Key to a sustainable Ontario economic recovery is improving US business and consumer spending and a pickup in provincial exports which comprise a sizable share (55%) of Ontario's GDP. Meanwhile, U.S. consumer rebate programs for housing and motor vehicles will help stabilize output in key Ontario forest product and auto sectors. While employment will moderate in 2009, recent business outlook surveys indicate that employers expect a pickup in demand for their products. Overall, a gradual recovery in Ontario labour markets can be expected as companies look to replenish inventories through 2010. Stronger labour markets in 2010 will lend some support to Ontario economic growth.

Despite a slow start to 2009, Ontario new home construction will strengthen to reach 47,400 units in 2009 and 56,500 units in 2010. A gradually improving provincial economy, improved financial market conditions and declining new home inventories will support housing activity next year. However, less pent-up demand and cautious consumer spending resulting from modest employment and personal income gains are factors that will temper the Ontario housing market. Starts will move closer to overall levels of demographic demand by 2011.

### In Detail

**Single Detached Starts:** Single starts have begun to recover and will continue to trend higher until the mid point of 2010. Single starts will be

Figure 5



\*The point estimate for provincial total housing starts is 47,400 for 2009 and 56,500 for 2010. Economic uncertainty is reflected by the current range of forecasts which varies from 46,250-48,700 units for 2009 and 45,400-65,500 for 2010.

20,900 this year and 23,600 units next year, thanks to improving economic conditions and declining inventories. As home prices and mortgage carrying costs rise, demand for more expensive housing will moderate in the second half of 2010.

**Multiple Starts:** Multi-family home construction will grow to reach 26,500 units this year and 32,900 units for 2010. Construction will be boosted by semi-detached and townhome starts, which represent a more affordable option, particularly when home prices are rising. A backlog of apartment unit sales that have yet to commence construction, combined with low rental apartment vacancy rates, will also support the construction of multi-family units.

**Resales:** Ontario existing home sales have staged a strong come back since the early part of the 2009. Sales this year will reach 183,900 units and will be on par with activity in 2008. The strong pace seen in recent quarters reflects, in part, improved affordability conditions. Also, home purchases that were delayed during the onset of the global downturn last fall are

now going forward. The level of sales will not likely be sustained and will move better in line with economic fundamentals. Home sales will stabilize and will reach 175,250 units in 2010.

**Prices:** After experiencing buyers market conditions in early 2009, Ontario resale markets have tightened and balanced market conditions will be restored. As a result, Ontario existing home MLS® prices will grow to \$314,550 this year and to \$326,800 next year.