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House prices will remain stable through 2011, then rise in 2012: CMHC

Written by [Editorial Team](#)

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The Canada Mortgage and Housing Corporation yesterday said that there will not be a correction in price this year, and that prices will continue to rise.

CMHC said the average MLS price will plateau through 2011 to an average of \$367,500, and then rise 1.3% to reach \$372,400 in 2012.

“Despite recent financial uncertainty, factors such as employment,

immigration and mortgage rates remain supportive of the Canadian housing sector,” said Mathieu Laberge, deputy chief economist for CMHC.

The CMHC report is the latest to predict moderate gains in the market through 2012, but other analysts such as Capital Economics have said Canada’s housing prices will collapse by as much as 25% over the next three years.

CMHC’s outlook assumes that mortgage rates will remain relatively flat through 2011 and will start moderately increasing in 2012.

Sales of existing homes peaked in the first quarter of 2011 and moderated in the second quarter, said CMHC, remaining close to where they were a year earlier.

CMHC revised its national outlook for 2011 housing starts up from 179,500 units to 183,200 in its second quarter report.

It forecasts the number will climb in 2012 to 183,900 units. In 2010, there were 189,930 starts.

Overall housing starts will be down by the end of this year, according to the report, but the exceptions will be Ontario and Saskatchewan, which will both experience moderate growth. In 2012, Alberta, British Columbia and Manitoba are slated for the most growth in housing starts.

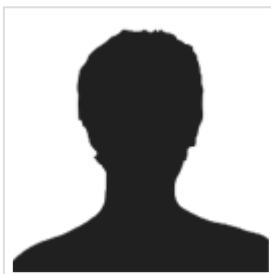
Aside from mortgage rates, migration will also be a major factor in the housing market, said the report. Due to an improving economy and better employment opportunities, net migration is forecast to increase to 245,900 in 2011 from 244,644 in 2010, then increase again to 263,350 in 2012.

Employment will improve 1.7% nationally in 2011 and 2012, said the CMHC citing Statistics Canada figures. The greatest gains will be in Newfoundland, up 4% in 2011 and 1.5% in 2012, and in Alberta, up 2.8% in 2011 and 2.4% in 2012. The only province to see a decrease in employment in 2011 is New Brunswick, down 1.6% after also decreasing 0.9% in 2010.

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