

ACTIVITY IN HOUSING

In the first few months of 1958 both housing starts and mortgage lending activity were at rates higher than ever before. A significant part of this activity was financed with public funds in the form of mortgage loans from the Central Mortgage and Housing Corporation. In April and May, however, private mortgage funds were becoming more readily available.

In the first five months of 1958, housing starts in centres of 5,000 population and over were almost twice as many as in the previous year, 39,900 compared to 21,500. Allowing for seasonal factors, this represents a rate of 126,900 starts per year. For the full year 1957, there were less than 85,000 starts in these urban centres.

The increase in starts has not been limited to the urban centres. Preliminary and incomplete data for the first four months of the year show starts in rural areas 14 per cent higher than in 1957. It is expected that the final data will show a much larger increase.

In total it seems probable that starts were at an annual rate of over 180,000, seasonally adjusted, in the first four months of the year. The previous high was a rate of 149,800 starts achieved in the fourth quarter of 1957.

The increase in housing starts took place both in single-family and multiple-family dwellings but, relatively, was most marked for multiple-family dwellings. For the four-month period to April, apartment dwelling starts totalled 11,054, more than twice as many as the 4,524 starts of the corresponding period of 1957. The increase for single-family dwellings was from 10,123 to 17,291.

Each of the five regions shared in the higher rate of dwelling starts in urban centres. The most marked increase, relative to 1957, was in the Prairie region with a year-to-year increase of 120 per cent for the first five months of the year. Both British Columbia and Ontario had increases of almost 100 per cent. Quebec starts increased by 62 per cent while in the Atlantic region there was a 27 per cent increase.

The upturn in housing starts has been reflected in an increased rate of completions. In the first four months of the year, completions in all areas totalled 35,296 compared to 31,656 in the corresponding period of 1957. Despite this increase in completions there was a decline in the inventory of completed but unoccupied dwellings. At the end of May there were 2,144 new single-family dwellings unoccupied for one month or more in the larger urban centres. A year ago, there were 2,662 dwellings in this category.

MORTGAGE LENDING ACTIVITY

New records were set, in the first quarter of 1958, in the volume of mortgage lending for

new housing. In total, CMHC and institutional lenders approved loans for \$211 million relating to 24,600 dwelling units during the period. In the first quarter of 1957, the corresponding totals were \$81 million for 10,300 dwelling units.

A substantial increase in institutional lending, both under the National Housing Act and on a conventional basis, contributed to the rise in mortgage lending activity. By far the most important increase, however, was that in loans by CMHC. These loans, mainly under the agency arrangement, amounted to \$104 million for 11,000 dwelling units during the period. In the first quarter of 1957, CMHC made loans for \$5 million, relating to 546 dwelling units.

Institutional mortgage loans for new housing amounted to \$46 million under the NHA and \$60 million on a conventional basis. Compared with the first quarter of 1957 these amounts represented increases of 65 per cent and 26 per cent respectively.

In April, CMHC's lending activity under the agency arrangement was suspended. This action was necessitated by the commitment of most of the loanable funds allotted to CMHC. In May, a further \$350 million was made available to CMHC by Parliament. In the interval, however, there was a further expansion in the activity of approved lenders under the NHA. In both April and May, these lenders approved loans under the Act for more than twice as many dwellings as the year before.

At the end of the five month period to May, NHA loans had been approved for a total of 29,888 dwelling units. In the corresponding period of 1957 the total was 11,153 dwelling units.

POPULATION

Net family formation is expected to decline in 1958 from the record level of 106,000 in 1957. Most, if not all, of the decline should be accounted for by a rate of immigration less than half that of 1957. For the year as a whole, therefore, net family formation should be about 85,000.

There was little change, from 1957 to the first quarter of 1958, in the incomes of new homeowners under the National Housing Act. Under the agency arrangement, the average income of borrowers stayed at just over \$5,000, while the total family income of these borrowers was \$5,700. Outside the agency arrangement, the average borrower's income was \$5,962, increasing to \$6,313 when the income of dependents is taken into account.

Reflecting the increases in loan amounts resulting from the December 1957, amendment to the NHA, down-payments declined. Under the agency arrangement, the average down-payment declined from \$2,461 in 1957 to \$2,263

(Over)