

Newly-released indicators of economic activity in Ontario are consistent with a moderate trend in economic growth. Housing sales increased in August for the first time in five months, while auto sales continued to increase in July.

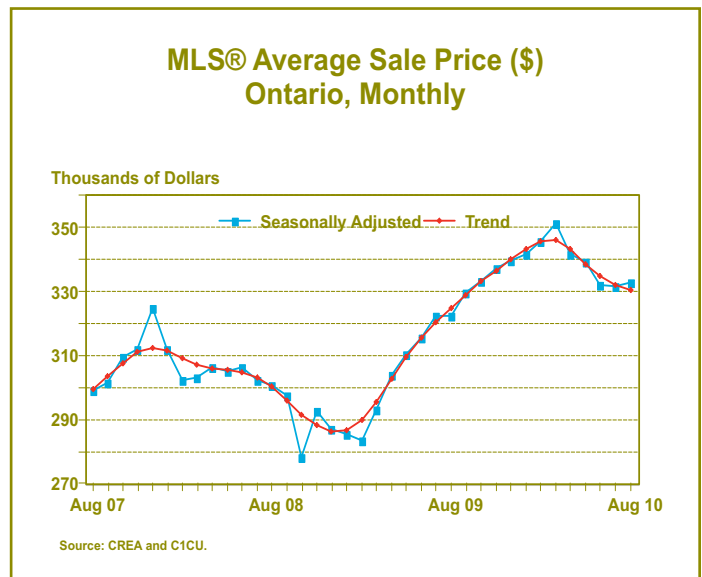
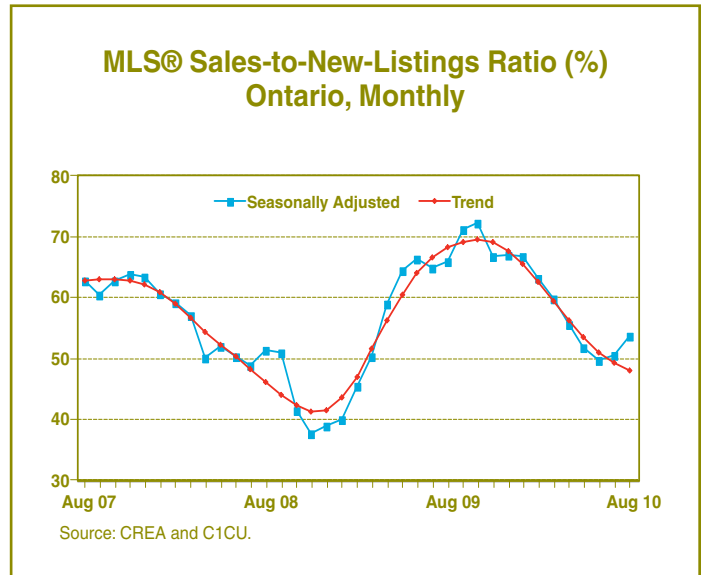
MLS® Sales Increase in August

Ontario's housing market stopped its plunge in August but at a level of activity well below long-term historical trends. The dollar volume of housing sales via the Multiple Listing Service (MLS®) increased 10% to \$4.7 billion seasonally adjusted (SA) following a 46% drop over the previous four months. Volume increased almost entirely on an 11% gain in seasonally adjusted unit sales to 13,996, while the average sale price inched up by 0.5% to \$333,032 seasonally adjusted. The pickup in housing market activity in August reflects recent declines in fixed mortgage rates and housing prices as well as July's larger than normal decline due to the introduction of the HST.

The sales-to-new-listings ratio inched up following eight consecutive monthly declines. This ratio is a leading indicator of near term house price changes and additional increases would signal higher prices.

Sales volumes and sales-to-new listings ratios were more or less normal in fourteen of Ontario's forty-three real estate board areas in August, up from only four in July (see table below). In all but one of the remaining board areas, sales-to-new listings ratios were unusually low or dollar sales volume declined unusually sharply. Only the Orangeville & District board area experienced strong growth in August.

For 2010 overall, Ontario's housing market activity remains at a high level by historical standards. Looking ahead, Central 1 forecasts housing market activity will bottom out within a few months before rising



again. Activity will accelerate in the first half of 2011. Mortgage rates are forecast to remain near record lows for at least several more months and begin to rise by mid-2011. Moderate rates of job, income and population growth continue through at least 2011.

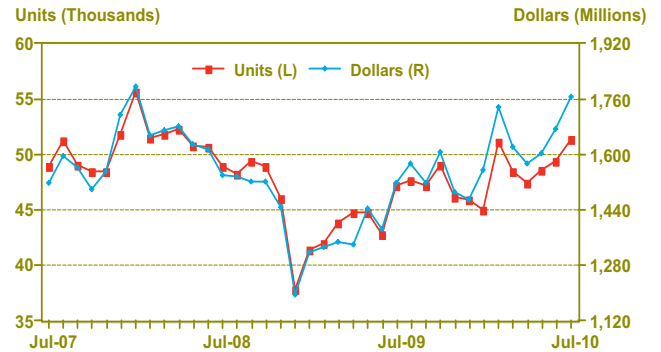


Resale Housing Market Conditions in August 2010

Strong (Under Supplied)	Normal (Balanced)	Weak (Over Supplied)
Orangeville & District	Barrie & District	Bancroft District
	Brantford Region	Cambridge
	Georgian Triangle	Chatham-Kent
	Midland-Penetang	Cobourg-Port Hope
	Oakville-Milton	Cornwall & District
	Ottawa-Carleton	Durham Region
	Parry Sound	Grey Bruce Owen Sound
	Quinte & District	Guelph & District
	Sarnia-Lambton	Hamilton-Burlington
	Sault Ste. Marie	Huron Perth
	Thunder Bay	Kawartha Lakes (Lindsay)
	Tillsonburg District	Kingston & Area
	Timmins	Kitchener-Waterloo
	York Region	London & St. Thomas
		Mississauga
		Muskoka & Haliburton
		Niagara
		North Bay
		Ontario
		Orillia & District
		Peterborough
		Renfrew County
		Simcoe & District
		St. Catherines & District
		Sudbury
		Toronto
		Welland District
		Windsor-Essex
		Woodstock-Ingersoll

Source: CREA/MLS data and C1CU Economics.

New Motor Vehicle Sales Ontario, Monthly, Seasonally Adjusted



now at pre-recession levels. Central 1 forecasts auto sales will soon level off before beginning to inch down through late 2011.

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New Vehicle Sales Rise for the Third Consecutive Month

New motor vehicle sales in Ontario increased for the third straight month in July to their highest level since early 2008. Sales totaled 51,425 units, seasonally adjusted (SA), up 1,962 units (4.0%) from June. Dollar volume totaled \$1.77 billion SA in July, up \$94 million (5.6%).

Auto sales have been trending upward in Ontario since the recession low in December 2008 and are