

EM9530: The Toronto Star, June 23, 1995, page B3

Low consumer confidence brings housing starts down

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Low consumer confidence is the main reason for a fall in housing starts this year to their lowest levels since the early 1960s, according to a survey of home builders and renovators across Canada.

The Canadian Home Builders Association said the consumer confidence issue was cited by more than 50 per cent of the 409 builders who responded, compared with less than 30

per cent in previous polls.

"The results of this survey confirm that recent modest decreases in interest rates have not mitigated consumers' concerns over the state of the economy," Bruce Clemmenssen, president of the association, said in a statement

As a result, builders are predicting that housing starts will plunge 21 per cent this year to 122,400 dwellings from 154,057 in 1994. In January, Canada Mortgage and Housing Corp. estimated starts at 141,000 for 1995, but slashed its forecast to 128,500 last

month.

The renovation sector is the industry's one bright spot. Almost 45 per cent of renovators expect the level of their activity to be higher in the next 12 months than in the past year, the association said.

The survey also found that builders plan to continue erecting smaller houses next year to attract cost-conscious buyers. Builders also plan to include more energy efficient features in new homes next year.

- ① What can be inferred from the article EM9530 reprinted above about the Question in the Formulation stage of the FDEAC cycle?
- ② Identify the matter(s) mentioned in the article EM9530 that are components of an adequate Plan for this investigation; identify the paragraph(s) of the article from which you take the information.
- ③ Identify matter(s) *not* explicitly mentioned in the article EM9530 that are components of an adequate Plan for such an investigation.
 - What *limitations* on the Answer to the Question in the Conclusion stage of the FDEAC cycle arise from these omissions from the Plan? Explain briefly for each missing component.
 - Two possible reasons for the apparent omission of vital components from the Plan are that the investigators left them out or they were included by the investigators but not reported in the article. Which of these is the more serious shortcoming statistically? Explain briefly.