HOUSING NOW Gatineau

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Canada Mortgage and Housing Corporation

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Slowdown on job sites in the second quarter

New home market losing some momentum

During the second quarter of 2004, 672 new dwellings were started, or 208 fewer than in the same period in 2003. Activity therefore declined by 24 per cent on the new home market in the Outaouais.

Despite the quarterly decrease, residential construction remains very strong on a year-to-date basis.

For the first half of the year, the results are similar to last year.

In fact, at the end of June 2003, there were 1,234 new housing units in the Outaouais, compared to a year-to-date total of 1,345 starts in 2004, for an increase of 9 per cent.

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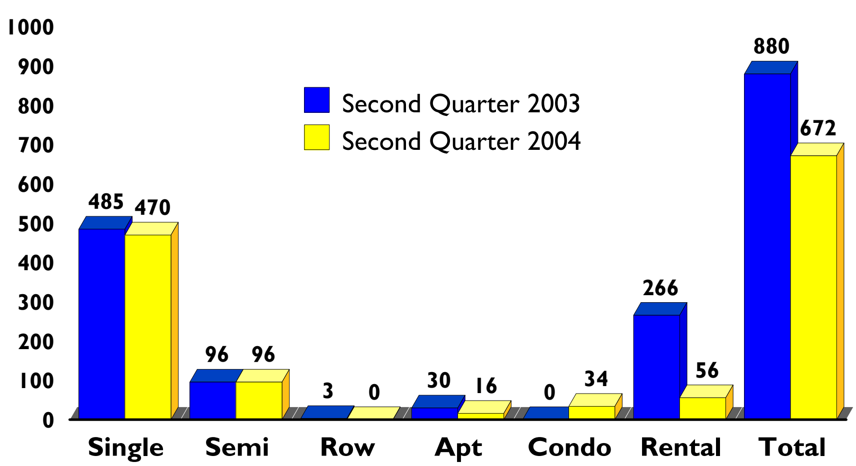
Starts by Housing Type



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Hull and Gatineau sustain slowdowns

It was the Hull sector that was the hardest hit by the decline in construction. In the second quarter of last year, 271 dwellings were started, compared to only 62 during the same period in 2004. In fact, construction got under way on many rental housing projects in this sector in 2003, but such projects have been scarcer in Hull since the beginning of this year. The single-detached home segment, for its part, also posted a performance below the results recorded last year.

The Gatineau sector ranked second in terms of decreases in activity, as the number of starts dropped by 35 per cent there, in relation to the second quarter of 2003. This decline was attributable to multiple housing starts, which fell from 77 units in the second quarter of last year to 6 during this past second quarter. However, single- detached home starts did not do too well, either, as they went down by 17 per cent.

It was different story in Aylmer, even if the increase was not very significant. In all, 164 dwellings were started in this sector, or 15 more than during the same quarter last year. Since the number of new rental dwellings declined there, as elsewhere, single- and semi-detached homes were the housing types that accounted for the positive results. Outside the central sectors, the trend observed since the beginning of the year held up, with an increase in activity on job sites. In fact, in Masson-Angers, 70 dwellings were started, or 48 more than during the same period in 2003. While construction was relatively calm in Buckingham, with 16 starts, the outlying area managed to do quite well. This sector registered a gain of 21 per cent, to 179 starts.

A new alternative: condominiums

Since demand has remained strong on the homeowner housing market, home prices have not stopped climbing for the last four years. It goes without saying that, on the supply side, as well, certain factors stimulated this increase in prices. First, there was the rise in construction costs, caused by the labour shortage among other things. Then, the scarcity of land in the large urban centres also likely led to an increase in costs that directly affected selling prices.

Since 2002, single- and semi-detached home prices have gone up by nearly 30 per cent. Households still wanting to access homeownership have therefore had to make certain choices. Some decided to move to the outlying area, which explains the intense activity observed in this sector since the beginning of the year. For another category of buyers, a new option came about: mid-range condominiums. In fact, when space is not a critical factor, the purchase of a condominium meets the expectations of many buyers. With 34 new constructions of this type in the second quarter, it has to be acknowledged that supply is adjusting better and better to demand.

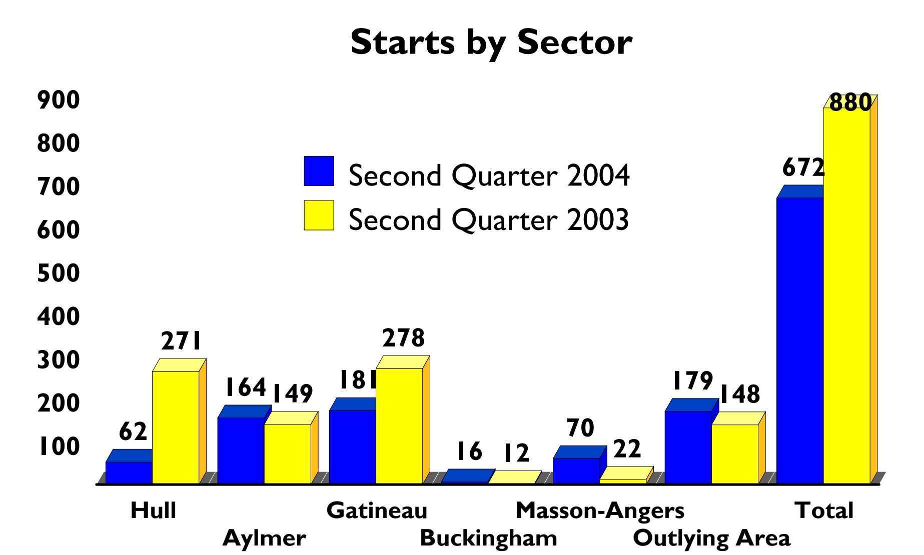

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Table 1
Summary of Activity by Intended Market
Gatineau Metropolitan Area*

Activity / Period	Ownership		Rental	Total
	Freehold**	Condominium		
Starts				
Second quarter 2004	582	34	56	672
Second quarter 2003	614	0	266	880
Year-to-date 2003	909	305	131	1,345
Year-to-date 2003	842	0	392	1,234
Under construction				
June 2004	606	394	145	1,145
June 2003	824	27	583	1,434
Completions				
Second quarter 2004	267	146	77	490
Second quarter 2003	466	3	240	709
Year-to-date 2003	843	170	220	1,233
Year-to-date 2003	949	3	257	1,209
Unoccupied				
June 2004	4	0	0	4
June 2003	12	0	27	39
Absorption				
Second quarter 2004	271	146	84	501
Second quarter 2003	665	3	241	909
Year-to-date 2003	846	170	220	1,236
Year-to-date 2003	1,069	3	256	1,328
Duration of inventory (months)				
June 2004	0.0	0.0	0.0	0.0
June 2003	0.1	0.0	0.8	0.2

Source: CMHC

** As per former delimitation*

*** Refers to single-family houses (single-detached, semi-detached and row homes) owned under freehold tenure and owner-occupied duplexes*

Table 2
Housing Starts by Zone and by Intended Market
Gatineau Metropolitan Area*

Zone / Period	*Ownership*					*Rental*	*Total*
	Freehold				*Condo-minium*		
	Single	*Semi*	*Row*	*Apt.***			
Zone 1: Hull							
Second quarter 2004	37	0	0	0	13	12	62
Second quarter 2003	80	22	0	6	0	163	271
Year-to-date 2003	50	0	34	2	109	53	248
Year-to-date 2003	108	22	0	6	0	178	314
Zone 2: Aylmer							
Second quarter 2004	106	50	0	2	0	6	164
Second quarter 2003	82	36	3	6	0	22	149
Year-to-date 2003	178	82	3	4	32	9	308
Year-to-date 2003	115	60	3	6	0	22	206
Zone 3: Gatineau							
Second quarter 2004	138	6	0	10	21	6	181
Second quarter 2003	167	24	0	10	0	77	278
Year-to-date 2003	272	10	5	10	164	37	498
Year-to-date 2003	262	30	0	10	0	188	490
Zone 4: Buckingham							
Second quarter 2004	4	4	0	0	0	8	16
Second quarter 2003	6	6	0	0	0	0	12
Year-to-date 2003	6	4	0	0	0	8	18
Year-to-date 2003	7	6	0	0	0	0	13
Zone 5: Masson-Angers							
Second quarter 2004	10	36	0	0	0	24	70
Second quarter 2003	12	6	0	0	0	4	22
Year-to-date 2003	11	36	0	0	0	24	71
Year-to-date 2003	13	16	0	0	0	4	33
Zone 6: Outlying area							
Second quarter 2004	175	0	0	4	0	0	179
Second quarter 2003	138	2	0	8	0	0	148
Year-to-date 2003	196	0	0	6	0	0	202
Year-to-date 2003	166	2	0	10	0	0	178
TOTAL - GATINEAU METROPOLITAN AREA							
Second quarter 2004	470	96	0	16	34	56	672
Second quarter 2003	485	96	3	30	0	266	880
Year-to-date 2003	713	132	42	22	305	131	1,345
Year-to-date 2003	671	136	3	32	0	392	1,234

Source: CMHC

** As per former delimitation*

*** Owner-occupied duplexes*

Table 3
Single-Detached and Semi-Detached Houses Absorbed by Price Range and by Zone
Gatineau Metropolitan Area* - Second Quarter

Type	Under $90,000		$90,000 to $109,999		$110,000 to $129,999		$130,000 to $149,999		$150,000 or over		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Zone 1: Hull												
Single	0	0	0	0	0	2	0	7	12	69	12	78
Semi	0	1	0	2	0	15	0	3	0	0	0	21
Zone 2: Aylmer												
Single	0	0	0	2	0	11	0	13	63	58	63	84
Semi	0	2	0	7	2	15	13	0	13	0	28	24
Zone 3: Gatineau												
Single	0	1	0	7	0	43	27	65	80	158	107	274
Semi	0	1	2	4	0	5	0	0	0	0	2	10
Zone 4: Buckingham												
Single	0	0	0	0	0	1	1	0	2	1	3	2
Semi	0	0	0	0	0	0	0	0	0	0	0	0
Zone 5: Masson-Angers												
Single	0	1	0	0	1	1	1	2	6	4	8	8
Semi	0	17	12	4	0	0	8	0	0	0	20	21
Zone 4: Outlying area												
Single	0	1	0	8	0	12	2	12	10	66	12	99
Semi	0	2	0	2	0	0	0	0	0	0	0	4
TOTAL - GATINEAU METROPOLITAN AREA												
Single	0	3	0	17	1	70	31	99	173	356	205	545
Semi	0	23	14	19	2	35	21	3	13	0	50	80

Source: CMHC

Table 4 Housing Demand and Supply Gatineau Metropolitan Area* - June 2004					
Type	***Under Construction***	***Unoccupied***	***Short-Term Supply***	***Absorption (Trend**)***	***Supply / Absorption Ratio***
Freehold	606	4	610	181.0	3.4
Condominium	394	0	394	16.4	24.0
Rental	145	0	145	67.0	2.2

Source: CMHC

** As per former delimitation*

*** 12-month average*

Table 5 Economic Overview Gatineau Metropolitan Area*					
	Second Quarter		***Trend (Jan.-June)***		***% Change***
	2003	***2004***	***2003***	***2004***	***Trend***
Labour market					
Population 15 years + (000)	215.4	221.0	214.6	220.3	2.6
Labour force (000)	155.7	157.6	151.2	153.7	1.6
Employment level - total (000)	146.0	147.2	140.9	143.5	1.8
Employment level - full-time (000)	122.3	123.9	117.7	120.4	2.3
Unemployment rate	6.2%	6.7%	6.8%	6.7%	n.a.
Mortgage rates (1) (%)					
1-year	5.1	4.6	5.1	4.4	n.a.
5-year	6.2	6.5	6.4	6.2	n.a.
Annual inflation rate (2)	2.8	2.1	3.5	1.4	n.a.
Index of Consumer Confidence (1991=100) (2)	120.7	121.1	122.3	123.2	n.a.

Sources: Statistics Canada, Conference Board of Canada

** As per former delimitation*

Notes: (1) Canada (2) Province of Quebec

Definitions and Concepts

NOTE TO READERS: Prior to July 2002, the CMHC Starts and Completions Survey consisted of a monthly enumeration of new housing activity in urban centres with a population of 10,000 persons and over. As of July 2002, the survey will be conducted monthly in urban centres with a population of 50,000 persons and over and quarterly in urban centres with a population of 10,000 to 49,999 persons. Statistical models will be used to estimate provincial and national housing starts in urban centres with a population of 10,000 persons and over, on a monthly basis. The methodology is unchanged for estimating housing starts in rural areas (areas other than urban centres with a population of 10,000 persons and over). In these areas, a sample survey is used on a quarterly basis. As was the case in the past, statistical models continue to be used to estimate national housing starts in all areas on a monthly basis. This quarterly Housing Market publication provides statistical data and analysis of the trends in the Intended Markets for the Gatineau Metropolitan Area.

Intended Markets - There are three: the Freehold market refers to Single-Family Houses (Detached, Semi-Detached and Row) owned under freehold; the condominium segment comprises houses and apartments held under divided co-ownership; and finally the rental market encompasses apartments dwellings.

Housing Starts - Refer to the beginning of construction work on a building, usually when the concrete has been laid for the whole of the footing around the structure, or equivalent stage where basement will not be a part of the structure.

Under Construction - Refers to units that have started but are not complete. The number of the units under construction at the end of a period may take into account certain adjustment that took place, for various reasons, after the starts have been reported.

Completions - Refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Unoccupied Units - Refer to new completed units that have remained unoccupied.

Total Short Term Supply - Refers to the total supply of new units and includes units under construction and units that are completed but not occupied.

Total Medium Term Supply - Refers to the total supply of new units and includes units under construction, units that are completed but not occupied and the permits issued but not started.

Absorption - Refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units presold or pre-leased are not included until the completion stage. The number of absorbed units is the number of completed and unoccupied units from the previous quarter plus completions for the current quarter minus completed and unoccupied units for the current quarter.

Duration of inventory - Refers to the period necessary for the absorption of unoccupied units, i. e. the ratio between unoccupied units and absorbed units (average for the last twelve months).

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Gatineau Metropolitan Area Zones

Zones	Municipalities or Sectors	Large zones
1	Hull	Centre
2	Aylmer	Centre
3	Gatineau	Centre
4	Buckingham, Cantley, Chelsea, La Pêche, Masson-Angers, Pontiac, Val-des-Monts.	Peripheral Area

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