HOUSING NOW Montréal

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

www.cmhc.ca

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SPRING HAS DEFINITELY ARRIVED ON AREA JOB SITES

Spring fever has already hit residential job sites in Greater Montréal. In fact, housing starts almost doubled (+93 per cent) in March compared to the same month last year in the Montréal metropolitan area. Canada Mortgage and Housing Corporation (CMHC) enumerated no fewer than 2,692 new dwellings under construction during this past month, for the best monthly result[1] since February 1989.

The spectacular increase registered in March in the residential construction sector was due to an explosion in starts (+673 per cent) on the territory of the City of Montréal. While, in March of last year, the Island of Montréal had posted 152 new starts, during the same month this year, construction got under way on 1,175 dwellings, or nearly eight times the volume recorded one year ago. Of course, it was multiple housing construction that set the tone. The number of rental dwellings built went from only 3 last year to 568 this year. Among these, a 338-unit rental housing project just got started in the borough of Ville-Marie. Condominium construction also posted a good performance. Montréal will soon have 572 additional condominium units, representing 477 more starts than last year. Nuns' Island and Downtown were the most active districts in this segment.

For about 12 months now, multiple housing construction has been much more vigorous than single-family home building. The first category has been constantly gaining ground, while the second is holding steady. The scarcity of rental dwellings and the growing popularity of condominiums account for this increase in the case of multiple housing.

[1] At seasonally adjusted rates, that is, rates corrected to take into account seasonal factors.

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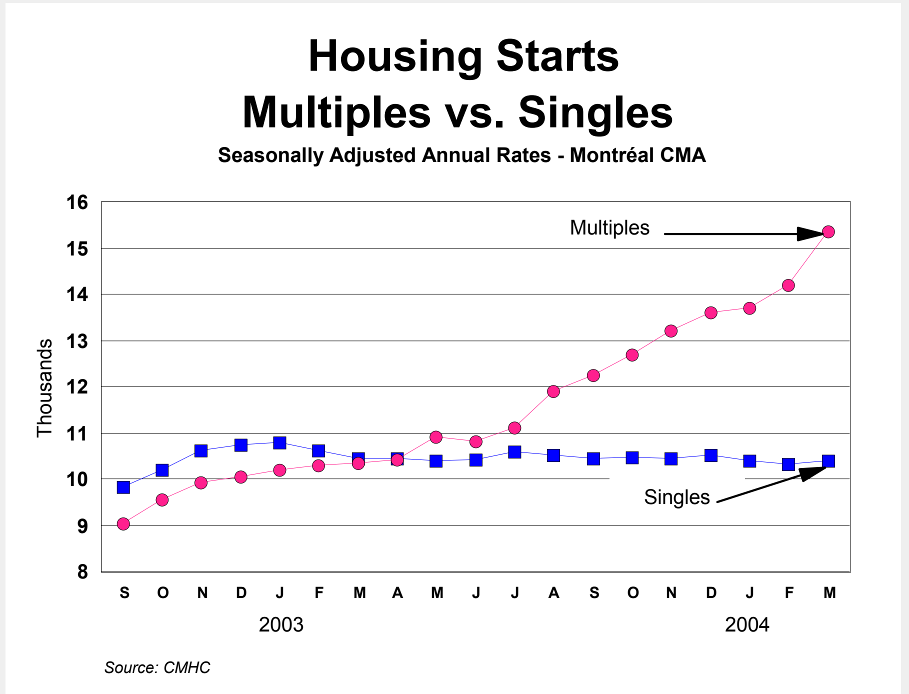
In the north crown, where 969 new foundations were laid this past month, the growth was around 15 per cent. It was Laval that posted the best performance, with a gain of 57 per cent.

In the southern suburbs, activity on residential job sites went up, as well, by 24 per cent this time. In all, 409 new dwellings were built there, and the increase extended to all housing market segments.

The impressive gain in March brought total starts since the beginning of 2004 to 5,492 units, or 33 per cent more than during the same period last year. In terms of growth, condominium activity ranked first, with an increase of 69 per cent. Rental housing construction also rose significantly, showing an overall hike of 51 per cent. Single-family (freehold) home building brought up the rear, as it posted a more modest gain of 7 per cent. The performance of the condominium segment at the beginning of this year has been so exceptional that almost as many condominiums (1,970 units) as single-family homes (2,004 units) have been built.

In the other census metropolitan areas (CMAs) across the province, Sherbrooke (+120 per cent) and Gatineau (+12 per cent) posted gains this past month, but the same cannot be said about the other CMAs, namely, Québec (-4 per cent), Saguenay (-10 per cent) and Trois-Rivières (-25 per cent), which all sustained decreases. ■



The Housing Construction Industry : Challenge and Opportunities for the 21st Century

Over the next century, new trends will emerge, obliging the Canadian construction industry to adapt. The findings of a research report[1], published by CMHC, identify the challenges and opportunities that these trends present for the housing construction industry.

Areas discussed relate to:

Demographic Factors: An aging population with an increasing propensity to remain as homeowners, younger generations facing less job security and looking for flexibility and diversity in housing, tenure and financing options, and an increasing trend to multi-generational households and related housing needs will present the industry with challenges to respond with diversity, flexibility and affordability in design, construction, renovation, financing and tenure options.

Trade and Labour Mobility: Labour shortages could impair the ability of firms to respond to demand and affect the cost of housing. The industry faces the challenge of attracting more young people into the profession as the existing baby-boom workforce ages. With labour shortages becoming more acute, increasing standardization and supporting trade mobility among provinces becomes important. There is also the challenge of mobility of skilled workers across the U.S./Canada border.

Mortgage Financing: Home financing arrangements are becoming more varied, flexible and innovative. Lenders are introducing products that respond to a variety of needs and are mutually beneficial to lender and client.

(1) Extract from The Housing Construction Industry: Challenges and Opportunities for the 21st Century, Research Highlights, CMHC, Socio-economic Series, Issue 03-004, June 2003.

Table 1
Summary of Activity by Intended Market
Montréal Metropolitan Area

Activity / Period	*Freehold (Single-Family)*	*Condominium*	*Rental*	*Total*
Housing Starts				
March 2004	1,204	827	661	2,692
March 2003	1,013	335	47	1,395
Cumulative 2004	2,343	1,970	1,179	5,492
Cumulative 2003	2,188	1,154	786	4,128
Under Construction*				
March 2004	4,654	6,900	4,245	15,799
March 2003	3,809	4,159	2,661	10,629
Completions				
March 2004	592	253	618	1,463
March 2003	486	227	266	979
Cumulative 2004	1,878	940	968	3,786
Cumulative 2003	1,639	887	537	3,063
Unoccupied*				
March 2004	658	828	540	2,026
March 2003	601	561	181	1,343
Absorption				
March 2004	548	240	481	1,269
March 2003	452	163	183	798
Cumulative 2004	1,827	942	911	3,680
Cumulative 2003	1,594	844	683	3,121
Duration of Inventory (in months)				
March 2004	0.7	1.8	2.0	1.2
March 2003	0.7	1.5	0.9	0.9

** As at the end of the period shown*

Source: CMHC

Table 2
Housing Starts by Zone and by Intended Market
Montréal Metropolitan Area

Zone / Period	*Freehold (Single-Family)*	*Condominium*	*Rental*	*Total*
Zone 1: West Island				
March 2004	15	0	159	174
March 2003	29	5	3	37
Cumulative 2004	43	100	173	316
Cumulative 2003	56	25	17	98
Zone 2: West-Centre				
March 2004	5	403	0	408
March 2003	7	26	0	33
Cumulative 2004	24	668	243	935
Cumulative 2003	29	287	3	319
Zone 3: East-Center				
March 2004	1	153	351	505
March 2003	8	53	0	61
Cumulative 2004	7	356	386	749
Cumulative 2003	29	285	551	865
Zone 4: East-End				
March 2004	14	16	58	88
March 2003	10	11	0	21
Cumulative 2004	39	60	61	160
Cumulative 2003	37	18	99	154
Zone 5: South-Laval				
March 2004	43	30	0	73
March 2003	37	26	0	63
Cumulative 2004	115	86	0	201
Cumulative 2003	83	67	0	150
Zone 6: North-Laval				
March 2004	153	62	0	215
March 2003	103	17	0	120
Cumulative 2004	292	135	2	429
Cumulative 2003	245	80	8	333
Zone 7: MRC Deux-Montagnes				
March 2004	110	18	3	131
March 2003	140	6	0	146
Cumulative 2004	244	63	9	316
Cumulative 2003	279	10	3	292
Zone 8: MRC Ste-Thérèse-de-Blainville				
March 2004	96	8	0	104
March 2003	105	14	24	143
Cumulative 2004	176	36	12	224
Cumulative 2003	182	22	24	228

Table 2 (Cont'd)
Housing Starts by Zone and by Intended Market
Montréal Metropolitan Area

Zone / Period	Freehold (Single-Family)	Condominium	Rental	Total
Zone 9: MRC des Moulins				
March 2004	205	31	15	251
March 2003	159	6	6	171
Cumulative 2004	400	69	21	490
Cumulative 2003	353	46	22	421
Zone 10: MRC L'Assomption				
March 2004	132	6	3	141
March 2003	94	10	0	104
Cumulative 2004	59	12	3	74
Cumulative 2003	151	34	12	197
Zone 11: South-Shore Centre				
March 2004	44	24	42	110
March 2003	52	37	8	97
Cumulative 2004	123	134	74	331
Cumulative 2003	129	116	14	259
Zone 12: East South-Shore				
March 2004	84	18	6	108
March 2003	57	52	6	115
Cumulative 2004	140	55	62	257
Cumulative 2003	122	70	6	198
Zone 13: South South-Shore				
March 2004	45	14	6	65
March 2003	39	18	0	57
Cumulative 2004	223	32	14	269
Cumulative 2003	81	24	6	111
Zone 14: West South-Shore				
March 2004	79	29	18	126
March 2003	60	0	0	60
Cumulative 2004	126	71	24	221
Cumulative 2003	147	7	9	163
Zone 15: Vaudreuil-Soulanges *				
March 2004	134	5	0	139
March 2003	70	0	0	70
Cumulative 2004	238	45	0	283
Cumulative 2003	180	6	12	198
Zone 16: St-Jérôme				
March 2004	44	10	0	54
March 2003	43	54	0	97
Cumulative 2004	94	48	95	237
Cumulative 2003	85	57	0	142

Source: CMHC

** Including only municipalities in the delimitations of Montreal metropolitan area.*

Table 3
Summary of Activity by Large Zone and by Intended Market
Montréal Metropolitan Area

Activity / Zone	Freehold (Single-Family)		Condominium		Rental	
	March 2004	March 2003	March 2004	March 2003	March 2004	March 2003
Housing Starts						
Island of Montréal (1 to 4)	35	54	572	95	568	3
Laval (zones 5 and 6)	196	140	92	43	0	0
North-Shore (zones 7 to 10 & 16)	587	541	73	90	21	30
South-Shore (zones11 to 14)	252	208	85	107	72	14
Vaudreuil-Soul. *** (zone 15)	134	70	5	0	0	0
Under Construction*						
Island of Montréal	436	503	4,294	2,482	2,327	1,607
Laval	777	695	539	453	194	72
North-Shore	1,800	1,828	798	525	666	315
South-Shore	1,159	902	1,138	681	984	661
Vaudreuil-Soulanges ***	482	384	131	18	74	6
Completions						
Island of Montréal	46	43	116	45	555	136
Laval	72	76	24	79	4	0
North-Shore	245	211	32	60	39	120
South-Shore	168	112	81	37	20	4
Vaudreuil-Soulanges ***	61	44	0	6	0	6
Unoccupied*						
Island of Montréal	91	76	352	273	345	67
Laval	108	107	134	73	14	0
Rive- Nord	248	239	130	76	41	90
South-Shore	163	132	210	137	138	19
Vaudreuil-Soulanges ***	48	47	2	2	2	5
Absorption						
Island of Montréal	41	47	98	48	395	111
Laval	57	72	31	41	7	3
North-Shore	230	196	41	36	43	58
South-Shore	158	99	68	32	36	5
Vaudreuil-Soulanges ***	62	38	2	6	0	6
Duration of Inventory**						
Island of Montréal	1.1	0.7	1.6	1.3	2.6	0.9
Laval	0.8	0.8	2.2	1.3	0.9	0.0
North-Shore	0.6	0.7	1.7	2.0	0.8	1.4
South-Shore	0.6	0.5	1.9	2.0	2.0	0.5
Vaudreuil-Soulanges ***	0.5	0.5	0.5	0.5	0.6	1.1

Source: CMHC

** As at the end of the period shown*

*** Trend (in months)*

**** Including only municipalities in the delimitations of Montreal metropolitan area*

Table 4
Housing Supply
Montréal Metropolitan Area

Intended Market	*Under Construction*	*Units Unoccupied*	*Short-Term Supply*	*Monthly Absorption*
	March 2004			***Trend 2004***
Freehold	4,654	658	5,312	953
Condominium	6,900	828	7,728	469
Rental	4,245	540	4,785	271
	March 2003			***Trend 2003***
Freehold	3,809	601	4,410	904
Condominium	4,159	561	4,720	371
Rental	2,661	181	2,842	193

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2004			***2003***			***2003***			***2002***		
	March	***Feb.***	***Jan.***	***Dec.***	***Nov.***	***Oct.***	***March***	***Feb.***	***Jan.***	***Dec.***	***Nov.***	***Oct.***
Labour Market*												
Job Creation (Loss) - in thousands	18	16.3	30	36	39	18	58	81.3	91	87	67	58
Unemployment Rate (%)	9.0	8.9	8.9	8.6	8.7	9.6	9.5	8.8	8.5	7.7	7.8	7.9
Mortgage Rates (1)												
1-year	4.3	4.3	4.3	4.8	4.8	4.5	5.3	4.9	4.9	4.9	4.9	5.3
5-year	5.7	5.8	6.0	6.5	6.5	6.4	6.8	6.6	6.5	6.7	6.7	7.0
Annual Inflation Rate (%)	0.7	0.7	1.4	1.4	1.4	1.3	4.1	4.0	3.7	3.2	3.5	3.2
New House Price Index (1992=100)												
House	6.1	4.3	5.2	6.0	5.8	7.7	8.6	10.6	9.4	8.6	8.6	6.1
Land	6.2	5.9	5.7	6.8	6.4	7.5	7.4	9.3	9.3	8.6	8.6	7.5
Total	6.1	4.7	5.3	6.3	6.0	7.7	8.2	10.1	9.3	8.3	8.3	6.3
MLS Sales - Single-Family Houses	3,009	2,357	1,547	1,374	1,772	2,075	2,437	2,422	1,761	1,304	1,782	1,870

* *Three-month average*

Sources: Statistics Canada, Conference Board of Canada, GMREB

Definitions and Concepts

Intended Markets	The freehold market refers to single-family houses (detached, semi-detached and row) owned under freehold tenure; the condominium segment comprises houses and apartments held under divided co-ownership; and finally, the rental market encompasses apartment dwellings.
Housing Starts	Refer to the beginning of construction work on a building, usually when the concrete has been poured for the entire footing around the structure, or at an equivalent stage where a basement will not be a part of the structure.
Under Construction	Units started but not completed. The number of units under construction at the end of a period may take into account certain adjustments that took place, for various reasons, after the starts were reported.
Completions	Refer to units where all the proposed construction work has been performed or, in some cases, where ninety percent of all the construction work has been completed and the structure is fit for occupancy.
Unoccupied	Refer to new completed units that have remained unoccupied.
Absorptions	Newly completed units 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 month plus the completions for the current month minus the completed and unoccupied units for the current month.
Duration of Inventory	Refer to the period necessary for the absorption of the unoccupied units, that is, the ratio between unoccupied units and absorbed units (average for the last 12 months). This figure is expressed in month.
Short-Term Supply	Refer to the total supply of new units and includes units under construction and units that are completed but not occupied.
Duration of Supply	This is the period required to absorb the units under construction and unoccupied, that is, the ratio between the total supply and the absorbed units (average for the last 12 months). This figure is expressed in months.

Montréal Metropolitan Area Zones

Zones	*Municipalities, Boroughs or Sectors*
1	Baie d'Urfé, Beaconsfield, Dollard-des-Ormeaux, Dorval, Kirkland, Pierrefonds, Pointe-Claire, Roxboro, Senneville, Ste-Anne-de-Bellevue, Ste-Geneviève, St-Raphaël-de-l'Île-Bizard
2	Centre-Ouest (Mtl), Côte-des-Neiges, Côte St-Luc, Hampstead, Lachine, LaSalle, Montréal-Ouest, Mont-Royal, Notre-Dame-de-Grâce, Outremont, St-Laurent, Saraguay/Cartierville, Sud-Ouest (Mtl), Verdun/Île-des-Soeurs, Ville St-Pierre, Westmount
3	Ahuntsic, Anjou, Centre (Mtl), Mercier/Hochelaga-Maisonneuve, Montréal-Nord, Petite-Patrie/Rosemont, Plateau Mont-Royal, St-Léonard, Villeray/St-Michel
4	Bout-de-l'Île (Mtl), Montréal-Est
5	Chomedey, Duvernay, Laval-des-Rapides, Pont-Viau, St-Vincent-de-Paul
6	Auteuil, Fabreville, Laval-Ouest, Laval-sur-le-Lac, Ste-Dorothée, St-François, Ste-Rose, Vimont
7	Deux-Montagnes, Mirabel, Oka, Pointe-Calumet, St-Eustache, St-Joseph-du-Lac, Ste-Marthe-sur-le-Lac, St-Placide, Gore, St-Colomban
8	Blainville, Boisbriand, Bois-des-Filion, Lorraine, Rosemère, Ste-Anne-des-Plaines, Ste-Thérèse
9	Lachenaie, La Plaine, Mascouche, Terrebonne
10	Charlemagne, L'Assomption, Lavaltrie, Le Gardeur, Repentigny, St-Antoine-Lavaltrie, St-Gérard-Majella, St-Sulpice
11	Boucherville, Brossard, Greenfield Park, LeMoyne, Longueuil, St-Hubert, St-Lambert
12	Beloeil, McMasterville, St-Amable, St-Basile-le-Grand, St-Bruno-de-Montarville, Ste-Julie, St-Mathieu-de-Beloeil, Varennes
13	Carignan, Chambly, Mont-St-Hilaire, Notre-Dame-de-Bon-Secours, Otterburn Park, Richelieu, St-Mathias
14	Beauharnois, Candiac, Châteauguay, Delson, La Prairie, Léry, Maple Grove, Melocheville, Mercier, Ste-Catherine-d'Alexandrie, St-Constant, St-Isidore, St-Mathieu, St-Philippe
15	Notre-Dame-de-L'Île-Perrot, Pincourt, Pointe-des-Cascades, Vaudreuil-sur-le-Lac, St-Lazare, Terrasse-Vaudreuil, Vaudreuil-Dorion, Hudson, Île-Cadieux, Île-Perrot, Les Cèdres
16	Bellefeuille, Lafontaine, St-Antoine, St-Jérôme

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