

H

HOUSING NOW

Québec

YOUR LINK TO THE HOUSING MARKET

www.cmhc.ca

Canada Mortgage and Housing Corporation

Best performance for housing starts since 1994

VOLUME 5, NUMBER 1,
FIRST QUARTER 2002

Residential construction posted a strong start this year in the Québec area. The latest results confirm that there were 564 housing starts in the first quarter. This level represents an increase of 36 per cent over the same period last year and the most active quarter since 1994. Single-family home building (+70 per cent) and rental housing construction (+113 per cent) were both responsible for this excellent performance. In the single-family home segment, the favourable mortgage rates, good employment performance and increasingly tight resale market put upward pressure on the construction of

new properties. The situation prevailing on the rental market, with a vacancy rate of 0.6 per cent and an increase in rental rates, stimulated the start-up of new projects.

Condominium construction, for its part, dragged behind at the beginning of this year with 32 new units, compared to 116 in the first quarter of 2001. This lag should be short-lived, however, as several new condominium projects should be getting under way over the next few months.

continued next page

IN THIS ISSUE

Analysis

Best performance for housing starts since 1994 1

Provincial results 2

AFFORDABLE HOUSING QUÉBEC program 2

Tables

1. Summary of Activity by Intended Market 3

2. Housing Starts by Zone and by Intended Market 4

3. Detached and Semi-Detached Houses Absorbed by Price Range 6

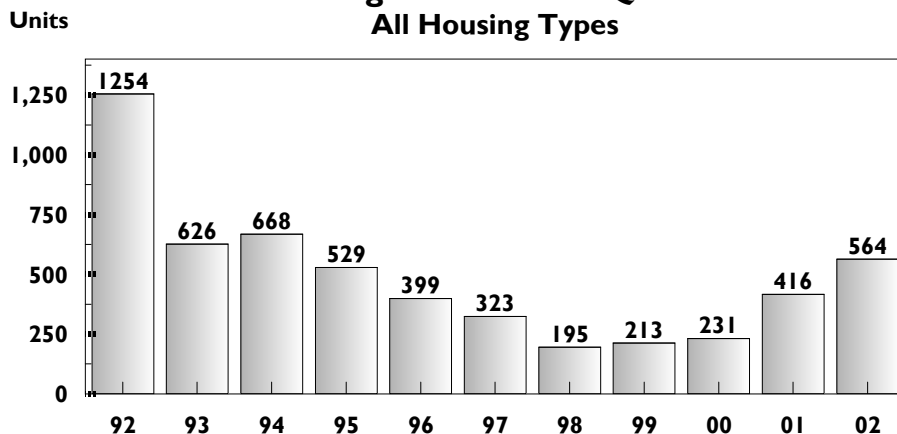
4. Housing Supply 6

5. Economic Overview 7

Definitions and Concepts 8

Québec Metropolitan Area Zones 8

Housing Starts - First Quarter
All Housing Types



Source: CMHC



HOME TO CANADIANS
Canada

Provincial results

In all urban centres across Quebec, 5,580 housing starts were enumerated from January to March 2002. This first quarter result was 57 per cent higher than that recorded during the same period in 2001. This gain was attributable to strong construction volumes in all metropolitan areas across the province.

For more information about this publication, please contact:

Jean-François Dion

Senior Market Analyst

Tel.: (418) 649 8101

jfdion@cmhc.ca

AFFORDABLE HOUSING QUÉBEC program

In view of the current shortage of rental housing in many of Québec's cities, the governments of Canada and Quebec rapidly came to an agreement to implement an affordable housing program. On December 21, 2001, the two governments agreed to invest over \$323.3M in order to increase the supply of affordable housing in Quebec, including \$161.65M on the part of the federal government, through CMHC, \$104M from the government of Quebec, through the Société d'habitation du Québec (SHQ), and \$57M by the municipalities concerned. The program, officially launched on March 5, 2002, will allow for the production of 6,500 affordable rental housing units across Quebec, in 2002 and 2003.

Note: The following text is an excerpt from the leaflet "Action for Housing, Private Component", CMHC and SHQ.

A program with two components

The social and community component targets non-profit community organizations wishing to implement housing projects, and is expected to generate some 5,000 housing units for low to modest income households.

The private component is designed to stimulate the production of housing units with rents affordable to moderate income households. It applies mainly on the territories of municipalities that have low rental vacancy rates and that need a significant number of new housing units to counter the shortage.

This component of the program is intended mainly for private sector promoters and targets the production of rental housing only through new construction or the conversion of buildings not currently used for residential purposes.

Financial assistance for the production of housing units

Financial assistance (private component) takes the form of a variable lump sum of between \$10,600 and \$12,500 for a two-bedroom unit, depending on the location and type of housing units produced (studio, 1, 2 or 3 bedrooms, etc.).

The municipality pays 15 per cent of the total amount granted for each project.

The maximum monthly rent varies according to the type of housing unit and is set by the municipality in accordance with SHQ guidelines. It should start at around \$700 for a heated two-bedroom unit.

The owner undertakes to comply with the maximum rents and subsequent authorized increases for a period of 10 years following completion of the work. During the 10-year period, the owner may not convert the housing units into condominiums.

A leading role for municipalities

The Société d'habitation du Québec (SHQ), as the agency responsible for the entire Affordable Housing Québec program, has drawn up certain basic criteria for the private component of the program. Municipalities must meet these criteria when developing their own affordable housing

programs. The SHQ will contribute financially to the delivery of the municipal program that it has duly approved.

For Québec City

During a tour of Quebec, the government of Quebec and the municipality of Québec met and announced that, with the investments tied to the affordable housing program, around 900 new housing units will be produced on the territory by 2003.

For more information,
please contact the
Société d'habitation du Québec
(SHQ)

In Québec City:
(418) 643-7676

Elsewhere in Quebec:
1 800 463-4315 (toll-free)

www.shq.gouv.qc.ca

Source: Leaflet "Action for Housing, Affordable Housing Québec, Private Component", CMHC and SHQ

Table I
Summary of Activity by Intended Market
Québec Metropolitan Area

Activity / period	Ownership					Rental	Total
	Freehold *				Condo- minium		
	Detached	Semi	Row	Apart.			
Starts							
First Quarter 2002	363	28	4	24	32	113	564
First Quarter 2001	207	12	16	12	116	53	416
Year-to-Date 2002 (Jan.-March)	363	28	4	24	32	113	564
Year-to-Date 2001 (Jan.-March)	207	12	16	12	116	53	416
Under construction **							
First Quarter 2002	460	45	14	30	141	327	1,017
First Quarter 2001	318	30	20	16	146	510	1,040
Completions							
First Quarter 2002	291	26	5	26	135	71	554
First Quarter 2001	224	16	12	6	6	35	299
Year-to-Date 2002	291	26	5	26	135	71	554
Year-to-Date 2001	224	16	12	6	6	35	299
Unoccupied **							
First Quarter 2002	91	15	4	0	21	8	139
First Quarter 2001	92	22	6	0	50	9	179
Absorptions							
First Quarter 2002	276	18	6	28	133	69	530
First Quarter 2001	183	15	12	6	23	43	282
Year-to-Date 2002	276	18	6	28	133	69	530
Year-to-Date 2001	183	15	12	6	23	43	282
Duration of inventory (in months)							
2002 Trend	0.7	1.6	1.2	0.0	1.0	0.1	0.6
2001 Trend	0.9	2.6	1.3	0.0	2.2	0.2	1.0

* Refers to single-family houses (detached, semi-detached and row) owned under freehold tenure and apartments (duplex and houses occupied by the owner(s)).

** As at the end of the period shown.

Source: CMHC

Table 2
Housing Starts by Zone and by intended Market
Québec Metropolitan Area

Zone / period	Ownership					Rental	Total
	Freehold *				Condo- minium		
	Detached	Semi	Row	Apart.			
Zone 1: Québec Basse-Ville, Vanier							
First Quarter 2002	0	0	0	4	0	0	4
First Quarter 2001	0	0	0	0	0	8	8
Year-to-Date 2002	0	0	0	4	0	0	4
Year-to-Date 2001	0	0	0	0	0	8	8
Zone 2: Québec Haute-Ville							
First Quarter 2002	0	0	0	0	10	0	10
First Quarter 2001	0	0	0	0	110	0	110
Year-to-Date 2002	0	0	0	0	10	0	10
Year-to-Date 2001	0	0	0	0	110	0	110
Zone 3: Québec Des Rivières, Ancienne-Lorette							
First Quarter 2002	32	6	4	2	16	0	60
First Quarter 2001	22	6	1	0	0	33	62
Year-to-Date 2002	32	6	4	2	16	0	60
Year-to-Date 2001	22	6	1	0	0	33	62
Zone 4: Ste-Foy, Cap-Rouge, St-Augustin, Sillery							
First Quarter 2002	51	4	0	0	0	6	61
First Quarter 2001	26	0	0	0	0	0	26
Year-to-Date 2002	51	4	0	0	0	6	61
Year-to-Date 2001	26	0	0	0	0	0	26
North Centre (zones 1 to 4)							
First Quarter 2002	83	10	4	6	26	6	135
First Quarter 2001	48	6	1	0	110	41	206
Year-to-Date 2002	83	10	4	6	26	6	135
Year-to-Date 2001	48	6	1	0	110	41	206
Zone 5: Val-Bélair, St-Émile, etc.							
First Quarter 2002	74	4	0	8	0	0	86
First Quarter 2001	43	0	0	0	0	0	43
Year-to-Date 2002	74	4	0	8	0	0	86
Year-to-Date 2001	43	0	0	0	0	0	43
Zone 6: Greater Charlesbourg, Stoneham, etc.							
First Quarter 2002	52	4	0	4	0	0	60
First Quarter 2001	20	2	0	2	6	0	30
Year-to-Date 2002	52	4	0	4	0	0	60
Year-to-Date 2001	20	2	0	2	6	0	30

Table 2 (continued)
Housing Starts by Zone and by intended Market
Québec Metropolitan Area

Zone / period	Ownership					Rental	Total
	Freehold *				Condo-minium		
	Detached	Semi	Row	Apart.			
Zone 7: Greater Beauport, Boischatel, Île d'Orléans, etc.							
First Quarter 2002	41	2	0	0	0	8	51
First Quarter 2001	32	0	0	6	0	0	38
Year-to-Date 2002	41	2	0	0	0	8	51
Year-to-Date 2001	32	0	0	6	0	0	38
North Periphery (zones 5 to 7)							
First Quarter 2002	167	10	0	12	0	8	197
First Quarter 2001	95	2	0	8	6	0	111
Year-to-Date 2002	167	10	0	12	0	8	197
Year-to-Date 2001	95	2	0	8	6	0	111
North Shore (zones 1 to 7)							
First Quarter 2002	250	20	4	18	26	14	332
First Quarter 2001	143	8	1	8	116	41	317
Year-to-Date 2002	250	20	4	18	26	14	332
Year-to-Date 2001	143	8	1	8	116	41	317
Zone 8: St-Jean-Chrysostôme, St-Nicolas, etc.							
First Quarter 2002	89	4	0	6	0	74	173
First Quarter 2001	46	4	0	0	0	12	62
Year-to-Date 2002	89	4	0	6	0	74	173
Year-to-Date 2001	46	4	0	0	0	12	62
Zone 9: Greater Lévis, Pintendre							
First Quarter 2002	24	4	0	0	6	25	59
First Quarter 2001	18	0	15	4	0	0	37
Year-to-Date 2002	24	4	0	0	6	25	59
Year-to-Date 2001	18	0	15	4	0	0	37
South Shore (zones 8 and 9)							
First Quarter 2002	113	8	0	6	6	99	232
First Quarter 2001	64	4	15	4	0	12	99
Year-to-Date 2002	113	8	0	6	6	99	232
Year-to-Date 2001	64	4	15	4	0	12	99
QUÉBEC MÉTROPOLITAN AREA TOTAL							
First Quarter 2002	363	28	4	24	32	113	564
First Quarter 2001	207	12	16	12	116	53	416
Year-to-Date 2002	363	28	4	24	32	113	564
Year-to-Date 2001	207	12	16	12	116	53	416

Source: CMHC

Table 3
Detached and Semi-Detached Houses Absorbed by price Range - First Quarter
Québec Metropolitan Area

Type	Under 80,000 \$		80,000 \$ to 99,999 \$		100,000 \$ to 119,999 \$		120,000 \$ to 149,999 \$		150,000 \$ and over	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Detached	12	16	29	48	36	46	91	32	108	41
Semi-detached	7	7	11	6	0	1	0	1	0	0
Total	19	23	40	54	36	47	91	33	108	41
Market Share	6%	12%	14%	27%	12%	24%	31%	17%	37%	21%

Source: CMHC

Table 4
Housing Supply / First Quarter
Québec Metropolitan Area

Intended Market	Under construction	Vacants Units	Short Term Supply	Short Term Supply*	Duration of Short Term Supply (months)
	First Quarter 2002			Trend 2002	
Freehold	549	110	659	152	4.3
Condominium	141	21	162	22	7.5
Rental	327	8	335	57	5.9
Total	1,017	139	1,156	230	5.0
	First Quarter 2001			Trend 2001	
Freehold	384	120	504	122	4.0
Condominium	146	50	196	22	8.7
Rental	510	9	519	38	13.7
Total	1,040	179	1,219	182	6.7

* 12 months average.

Source : SCHL

**Table 5
Economic Overview
Québec Metropolitan Area**

	1st Qrt 2002	4th Qrt 2001	1st Qrt 2001	Trend (Jan.-March)		Variation (%) Trend
				2002	2001	
Labour Market						
Number of jobs (000)	342.7	345.9	332.5	342.7	332.5	3.1
Unemployment Rate	7.7	6.8	7.7	7.7	7.7	N / A
Mortgage Rates (1)						
1 year (%)	4.8	4.7	7.1	4.8	7.1	N / A
5 years (%)	7.1	6.9	7.6	7.1	7.6	N / A
Annual inflation rate						
1996 Classification	1.5	1.3	2.5	1.5	2.5	N / A
New homes price index (1992 = 100)						
Housing Unit	107.5	106.1	104.7	107.5	104.7	2.7
Land	106.4	106.1	104.9	106.4	104.9	1.4
Total	106.5	105.4	104.1	106.5	104.1	2.3
Consumer Confidence						
1991=100 (2)	131.2	113.9	114.8	131.2	114.8	14.3
MLS Sales						
Total résidentiel	2,609	1,691	2,139	2,609	2,139	22.0
Median Price for a Detached House	95,299	92,367	89,641	95,299	89,641	6.3

Notes : (1) Canada (2) Province of Québec.

Sources : Statistics Canada, Conference Board of Canada, Chambre Immobilière de Québec.

Obtain low cost data on the Québec City market

Each housing market is unique and it is impossible to meet all needs in a single publication. However, we can respond to specific requests to help you better understand your market.

In addition to supplying long term statistical data, we can develop special compilations based on your own criteria.

Contact us!

Tel.: (418) 649-8080

Definitions and Concepts

INTENDED MARKETS - There are three: the home owner market refers to single family dwellings (detached, semi-detached and town houses) held in free tenure; the joint ownership (condominium) includes houses and apartments owned jointly; and the rental market groups apartments.

HOUSING STARTS - This term designates the start of construction work, usually after the placement of concrete footing or a similar stage when the building has no basement.

HOUSING UNITS UNDER CONSTRUCTION - Housing units started, but not finished. The number of housing units under construction at the end of a time period may take into account some adjustments that are made for various reasons after the housing starts have been indicated.

COMPLETIONS - Habitable housing units where the work that had been foreseen is finished and in some cases, can be considered a completed housing unit if there is only ten percent of the work left to be carried out.

VACANT HOUSING UNITS - New completed housing units that remain vacant.

TOTAL SUPPLY - SHORT-TERM - Total reserve of new housing units that include housing units under construction and those that are completed, but vacant.

ABSORPTION - Recently completed housing units that have either been sold or rented. A count of the housing units absorbed is made when the house is completed. Housing units sold or rented in advance are not included before the work is completed. The number of housing units absorbed for the current month corresponds to the number of housing units completed and vacated for the preceding month, plus the completions for the current month, minus the housing units completed and vacant for the current month.

DURATION OF INVENTORY - Necessary period for absorbing vacant housing units, that is, the ratio between vacant and absorbed housing units (average of the last 12 months). This data is expressed in months.

DURATION OF TOTAL SHORT-TERM SUPPLY - Necessary period for absorbing vacant housing units and those under construction, that is, the ratio between vacant housing units and those under construction and absorbed housing units (average of the last 12 months). This data is expressed in months.

Québec Metropolitan Area Zones

Zones	Municipalities and Zones	Large Zones
1	Lower Town Quebec, Vanier	North Centre
2	Upper Town Quebec	North Centre
3	Québec Des Rivières (Neufchâtel, Duberger, Les Saules, Lebourgneuf), Ancienne-Lorette	North Centre
4	Ste-Foy, Sillery, Cap-Rouge, St-Augustin	North Centre
5	Val-Bélair, St-Émile, Loretteville, Lac St-Charles, Lac Delage, Valcartier, Shannon, Lac St-Joseph, Ste-Catherine-de-la-J.-C., Fossambault	Northern Suburbs
6	Greater Charlesbourg, Lac Beauport, Stoneham-Tewkesbury	Northern Suburbs
7	Greater Beauport, Ste-Brigitte-de-Laval, Boischâtel, L'Ange-Gardien, Château-Richer, Île-d'Orléans	Northern Suburbs
8	Charny, St-Romuald, St-Jean-Chrysostôme, St-Nicolas, St-Rédempteur, Breakeyville, St-Lambert, St-Étienne	South Shore
9	Lévis, Pintendre, St-Joseph-de-Lévy, St-Étienne-de-Beaumont	South Shore

Housing Now is published 4 times a year for the Quebec market. The annual subscription for Housing Now in Quebec is \$55.00 plus tax. For more information or to subscribe, please contact Client Services at 1 866 855-5711.

© 2002 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada

Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this

publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.



FORECAST

Québec

Spring - Summer 2002

SUMMARY

Canada Mortgage and Housing Corporation

Real estate market going full tilt

HIGHLIGHTS

- ✓ Thanks to the low mortgage rates and good job market conditions, MLS* sales will set a new record in 2002 with 7,300 units sold. In 2003, a small decrease is anticipated.
- ✓ With the market favourable to sellers, the price of detached houses will rise by around 7 per cent this year and 5 per cent next year.
- ✓ The number of properties for sale will fall again in 2002 and then stabilize next year.
- ✓ Residential construction will post a major gain of 37 per cent in 2002 (3,500 units), followed by a more moderate increase of 3 per cent in 2003 (3,600 units).

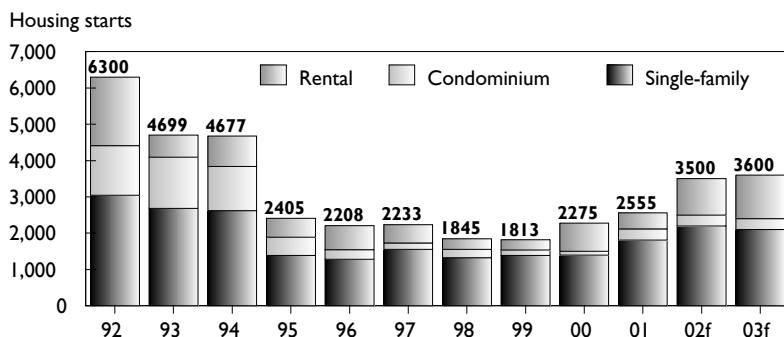
- ✓ With less choice on the resale market, single-family home building will rise in 2002 before falling slightly in 2003.
- ✓ Rental housing construction will be stimulated by the scarcity of units available for rent and the affordable housing program.
- ✓ The rental housing vacancy rate, which decreased for a fourth straight year in 2001, should stabilize this year before going back up next year, with the recovery in construction.
- ✓ The rental increases will be slightly above inflation this year and next year.

(* Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association (CREA).

IN THIS ISSUE

Real estate market going full tilt	1
Resale market breaking all the records	2
Strong recovery for residential construction	2
Rental housing vacancy rate to remain low	3
Mortgage rates to post moderate increases	3
Employment growth to slow down in the Québec metropolitan area	3
Forecast Summary Table	4

Residential Construction Recovers



Source: CMHC
f: CMHC forecast



HOME TO CANADIANS
Canada

RESALE MARKET BREAKING ALL THE RECORDS

Again this year, the resale market will shatter the record set last year. After seeing 2001 reach new heights with over 7,000 MLS sales, 2002 will rewrite the resale history books with 7,300 transactions. This anticipated increase of 3 per cent will once again be attributable to the favourable economic climate and persistently affordable mortgage rates. However, the gain will be smaller than that registered in 2001 since many consumers had then decided to buy earlier than planned in order to take advantage of the historically low mortgage rates. The fact that numerous households moved up their home buying decisions in 2001 and 2002, the increasingly limited choice on the existing home market and the new rise in interest rates will contribute to the downturn in sales in 2003. The decrease will be about 6 per cent, and transactions will reach 6,900 units, representing the third best annual performance on the resale market.

As transactions rise, the number of properties for sale just keeps on falling in the Québec area, and choice is therefore becoming increasingly limited. The number of properties listed for sale will go down by 23 per cent in 2002, thereby reaching a total of 3,500 units. This number should stabilize, though, in 2003.

STRONG RECOVERY FOR RESIDENTIAL CONSTRUCTION

Starting in 1994, residential construction had experienced a period of decline in the Québec metropolitan area. Only since the year 2000 have housing starts been posting steadier growth. During the first half of the 1990s, the volume of construction was higher than the annual level of household formation, thereby reflecting an overbuilding situation. The second half of the decade, however, gave way to underbuilding in relation to the number of new households, which substantially reduced inventories. After reaching a volume of 2,555 dwellings in 2001, construction will rise to 3,500 units this year and then to 3,600 in 2003, for increases of 37 per cent and 3 per cent, respectively.

The anticipated increase will be largely supported by rental apartment construction. In fact, with the shortage prevailing on the rental housing market, several projects will be getting under way this year and next year. The number of units built will more than double this year, reaching 1,000 units and then 1,200 in 2003.

As a result of increasing sales and a decreasing supply, the market has tightened and continues to favour sellers. The number of sellers per buyer, which is considered to reflect a balanced market when it hovers around 10, had reached 7.7 in 2001. For this year and next year, it is expected that there will be about 6 sellers for every buyer, the lowest ratio ever recorded since this data began being compiled in the late 1980s.

Obviously, with a tighter market that favours sellers, prices are bound to increase. After several years of weak growth, it is anticipated that the price of detached houses will rise by 7 per cent in 2002, to an average of \$99,000. The hike will be smaller in 2003, but this average price will surpass the \$100,000 mark and reach \$103,500, for an increase of 5 per cent.

Single-detached housing is still the most popular product, but there has been a significant increase in condominiums and duplexes for sale, two dwelling types that could be a substitute for rental housing. On this last market, the increase in rents and the difficulty in finding units have prompted quite a few renters to turn to homeownership.

In the single-family home segment, the good employment performance, fewer properties for sale on the existing home market and affordable mortgage rates are all factors that will contribute to raising the level of starts in 2002. The increase will be 22 per cent for the year. In 2003, the rise in mortgage rates and the impact of the slower employment growth expected in 2002 will cause the number of new houses to fall by 5 per cent.

The shift toward more expensive price ranges will continue, with properties priced at over \$120,000 accounting for a growing share of all housing starts. Buyers of new homes are generally willing to pay more to get a product that better suits their needs. In addition, these clients are often second-time buyers who have more equity.

As for condominiums, a few projects are expected, and construction in this segment of the new home market should be stable at 300 units for 2002 and 2003. The major decrease in the number of sellers per buyer on the existing home market for this product over the last two years have made developers inclined to start up new projects.

*For more information about this publication,
please contact :*

Jean-François Dion

Senior market Analyst

(418) 649-8101

jfdion@schl.ca

RENTAL HOUSING VACANCY RATE TO REMAIN LOW

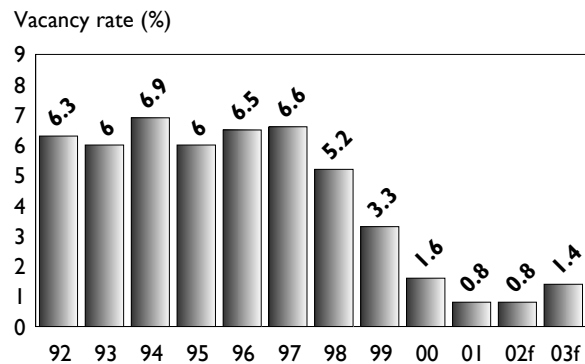
After four years of significant decreases, the vacancy rate on the rental market ended up below the 1-per-cent mark in 2001 for the first time since 1976. The proportion of vacant units now stands at just 0.8 per cent in the Québec area.

The low volume of rental housing construction in recent years, along with the improvement on the job market, especially youth employment, are responsible for the situation now prevailing on this market. The current conditions will be maintained for 2002, and the vacancy rate will remain at 0.8 per cent. However, with the arrival of new units in 2002 and 2003, the proportion of vacant apartments will rise progressively to reach 1.4 per cent next year.

The scarcity on the rental market will lead to rental increases of 3 per cent over the next two years, a pace slightly above the anticipated inflation rate, which should hover around 2 per cent.

In the retirement home segment, the demographic outlook indicates that this market will continue to do well over the next few years.

Vacancy Rate to Remain Low



Source: CMHC (Rental Market Survey)
f: CMHC forecast

MORTGAGE RATES TO POST MODERATE INCREASES

In the fall and during the first weeks of the year, mortgage rates reached their lowest levels in the last 40 years. For example, the official rate for a 5-year term then stood at 6.6 per cent. The economy has since picked up again, such that the period of monetary easing by the Bank of Canada is over. Given that short-term mortgage rates are largely influenced by the bank rate, they can only go up over the next few months. For longer-term loans, it is the bond market that sets the tone for the mortgage rates. As economic activity will regain strength

and investors will gradually return to the stock markets, the bond rates will also rise. For instance, at the time of printing, the 5-year mortgage rate had already gone up to 7.30 per cent. Consumers were therefore right to hurry in order to take advantage of the exceptionally low rates in recent months.

While mortgage rates may be on an upward trend, there is no need to fear an upsurge, as they will remain at historically low levels. With inflation under control, the hikes will be moderate, and the rate trend outlook remains encouraging. The rate for a 5-year term should not exceed 8 per cent in 2002. However, this rate could rise slightly above this mark in 2003.

EMPLOYMENT GROWTH TO SLOW DOWN IN THE QUÉBEC METROPOLITAN AREA

Following a gain of 12,000 jobs in 2001, the Québec area will register a more moderate increase in 2002. Nearly 5,000 jobs will be created in the metropolitan area, for a hike of 1.4 per cent over 2001. In 2003, the rise will be slightly greater with close to 6,000 new jobs, for a gain of 1.7 per cent.

Across North America, there was an economic slowdown after the events of September 11. The Québec area resisted this downturn for a while, but certain sectors will be affected in

2002. Manufacturing geared toward the United States, transport (particularly air transport) and tourism will be the hardest hit sectors in the area.

The public sector, however, is in the process of rehiring, and the Québec area, which is the site of around 40 per cent of the jobs in the provincial public service, may benefit from this renewed activity. These jobs, which will be mainly intended for young workers, will no doubt reduce the exodus of the 25 to 45 years' age group toward Greater Montréal.

As a result, despite more modest employment growth, the labour market will remain dynamic and provide support for the housing market.

FORECAST SUMMARY

Québec Metropolitan Area

Spring - Summer 2002

	2000	2001	2002 ^f	% Chg.	2003 ^f	% Chg.
RESALE MARKET						
Active MLS listings	5,625	4,519	3,500	-23%	3,500	0%
MLS sales						
Total	6,267	7,072	7,300	3%	6,900	-6%
Detached	4,232	4,631	4,750	3%	4,450	-6%
Semi-detached and row	967	1,065	1,075	1%	1,025	-5%
Condominium	855	1,113	1,175	6%	1,125	-4%
Duplex	213	263	300	14%	300	0%
Median MLS price (\$)						
Detached	88,993	92,367	99,000	7%	103,500	5%
Semi-detached and row	73,421	75,392	79,500	6%	82,000	3%
Condominium	72,265	72,972	76,000	4%	78,000	3%
NEW HOME MARKET						
Housing starts						
Total	2,275	2,555	3,500	37%	3,600	3%
Freehold (single-family)	1,391	1,805	2,200	22%	2,100	-5%
Condominium	112	309	300	-3%	300	0%
Rental	772	441	1,000	127%	1,200	20%
Median price (\$)						
Detached	101,700	104,250	108,400	4%	112,200	4%
RENTAL MARKET						
Vacancy rate (%) (Oct.)	1.6%	0.8%	0.8%	--	1.4%	--
Change in rents (%)	1.4%	3.8%	3.0%	--	3.0%	--
ECONOMIC OVERVIEW						
Mortgage rate - 1-year (%)	7.85%	6.14%	5.36%	--	6.52%	--
Mortgage rate - 5-year (%)	8.35%	7.41%	7.62%	--	8.44%	--
Number of jobs	326,650	338,950	343,700	1.4 %	349,500	1.7%
Unemployment rate (%)	8.0%	7.8%	7.7%	--	7.5%	--

f: CMHC forecast

Data sources: CMHC, Statistics Canada, Multiple Listing Service (Chambre immobilière de Québec)

© 2002 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada Mortgage and Housing

Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this publication are based on various sources

believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.