HOUSING NOW Gatineau

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Canada Mortgage and Housing Corporation

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2003: new home market booms in the Outaouais area

Last quarter reflects the rest of the year

In the residential construction sector, the results recorded in the fourth quarter reflected the year overall, showing strong growth. In fact, 856 new constructions were enumerated during the last quarter of the year, up by 41 per cent over the same period in 2002.

In the Outaouais area, the new home market posted a very active year, which led to even better annual results than the year before. In all, 2,801 new constructions were added to the existing housing stock, for an increase of 9.7 per cent in relation to 2002. This was the best performance observed in the Gatineau census metropolitan area since 1991.

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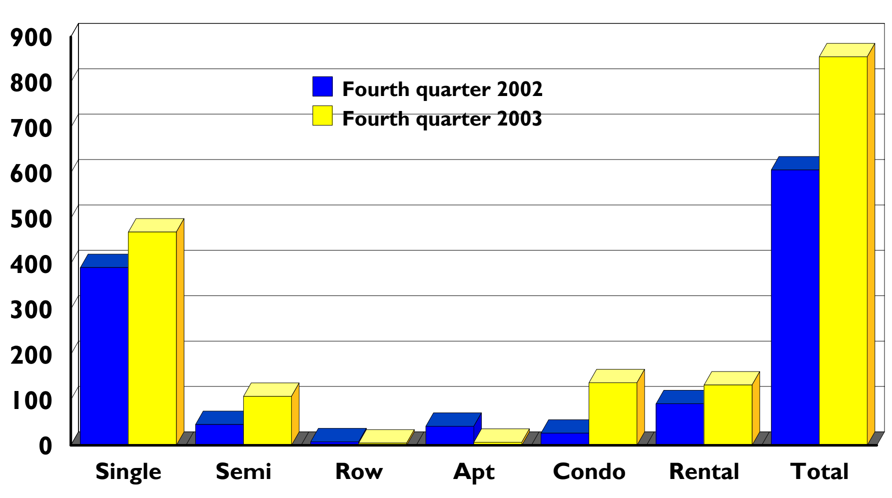
Starts by Housing Type



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Economic conditions still favouring households

Several variables contributed to the residential construction boom in 2003. Employment stabilized at a high level in the area, mortgage rates remained historically low, and the supply of existing homes and rental dwellings did not really grow.

A total of 8,100 new workers arrived on the market, corresponding to a gain of more than 5 per cent in the level of employment. These vigorous conditions on the labour market provided double support to the regional real estate market. In fact, in addition to giving households the means to access homeownership, the intense activity on the job market also attracted newcomers to the area. In 2003, net inter-regional migration in the area consequently attained 1,383 people, representing just as many home seekers.

On the mortgage market, the rising loonie and weak inflation were two factors that forced Canadian monetary authorities to ease conditions somewhat, for the benefit of consumers. Interest rates therefore stayed at very low levels, which stimulated real estate transactions and slightly offset the soaring prices on the housing market.

Rental housing regaining some ground

In 2003, rental housing construction continued to rise slowly. In all, 707 such units were started, representing 25 per cent of all starts and an increase of 20 per cent over 2002.

Single-family home building, for its part, was not outdone. On the contrary, this segment remained the driving force on the new home market. In fact, 1,507 single-detached houses were enumerated (54 per cent of all starts), down slightly by 4.3 per cent from 2002.

Lastly, it should also be noted that the recovery of the condominium segment, which began the year before, truly took hold in 2003, with 209 starts. As for semi-detached and row homes, they were also more present. In these categories, 325 starts were registered, for a gain of 22 per cent over the previous year. This renewed activity in the condominium and semi-detached and row home segments showed that developers were making an effort to offer more affordable homes. In fact, given the increase of 20 per cent in the average price of single-detached homes, some households were very glad to have an alternative.

Gatineau sector increases its market shares

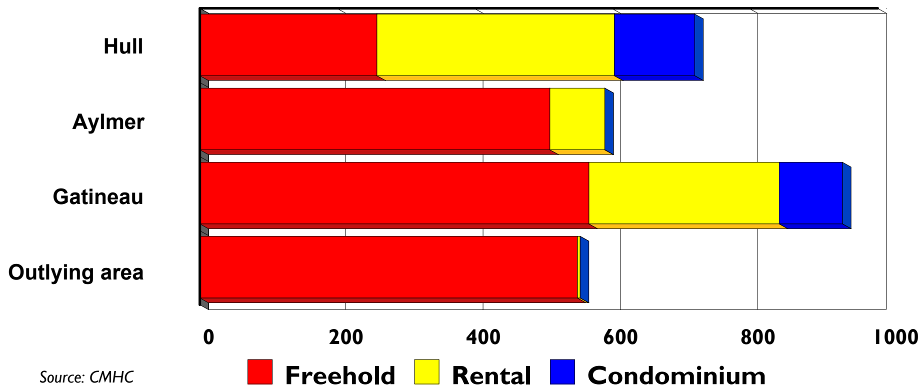
By sector, Gatineau came in first with 34 per cent of all starts. For this sector, this result marked an increase of 14 per cent over 2002. While they remained the driving force on the new home market in this sector, single-detached houses lost some ground to rental housing. The former segment sustained a decrease of 22 per cent, while the latter posted 200 more rental apartments.

The Hull sector came in second with a decline of 12 per cent. Condominiums were the only housing type that registered a gain there (117 starts, compared to 3 in 2002).

In terms of volume, the Aylmer sector may have been third, but it got top honours for growth. With its 590 starts, this sector posted an increase of 47 per cent over 2002. This high level of activity was attributable to three housing types: single-detached homes (82 new starts), semi-detached homes (68) and rental housing (56).

The outlying area remained true to form, with 49 more starts than in 2002 and an increase of 10 per cent. Here, new construction was heavily concentrated in the single-family home segment, which accounted for 82 per cent of all starts. Since land is less expensive in the outlying area, some households choose to move away from the urban centres in order to be able to buy the property of their dreams.

Starts by Sector in 2003



Source: CMHC

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

Activity / Period	Ownership: Freehold**	Ownership: Condominium	Rental	Total
Starts				
Fourth quarter 2003	585	138	133	856
Fourth quarter 2002	488	27	92	607
Year-to-date 2003	1,885	209	707	2,801
Year-to-date 2002	1,929	30	594	2,553
Under construction				
December 2003	538	209	277	1,024
December 2002	929	30	447	1,406
Completions				
Fourth quarter 2003	591	0	240	831
Fourth quarter 2002	559	3	103	665
Year-to-date 2003	2,271	30	876	3,177
Year-to-date 2002	1,624	3	436	2,063
Unoccupied				
December 2003	7	0	0	7
December 2002	132	0	26	158
Absorption				
Fourth quarter 2003	585	0	240	825
Fourth quarter 2002	500	3	77	580
Year-to-date 2003	2,451	30	851	3,332
Year-to-date 2002	1,608	5	390	2,003
Duration of inventory (months)				
December 2003	0.1	NA	0.0	0.1
December 2002	3.2	0.0	4.1	3.3

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							
Fourth quarter 2003	21	0	0	0	117	42	180
Fourth quarter 2002	42	26	4	6	0	77	155
Year-to-date 2003	187	52	3	16	117	346	721
Year-to-date 2002	268	64	11	20	3	457	823
Zone 2: Aylmer							
Fourth quarter 2003	150	60	0	2	0	33	245
Fourth quarter 2002	52	10	4	8	3	5	82
Year-to-date 2003	346	148	6	10	0	80	590
Year-to-date 2002	264	80	18	12	3	24	401
Zone 3: Gatineau							
Fourth quarter 2003	147	12	0	2	21	58	240
Fourth quarter 2002	213	8	0	22	24	10	277
Year-to-date 2003	507	46	0	14	92	277	936
Year-to-date 2002	654	36	0	34	24	76	824
Zone 4: Outlying area							
Fourth quarter 2003	152	36	0	3	0	0	191
Fourth quarter 2002	85	2	0	6	0	0	93
Year-to-date 2003	467	70	0	13	0	4	554
Year-to-date 2002	388	58	0	22	0	37	505
TOTAL - GATINEAU METROPOLITAN AREA							
Fourth quarter 2003	470	108	0	7	138	133	856
Fourth quarter 2002	392	46	8	42	27	92	607
Year-to-date 2003	1,507	316	9	53	209	707	2,801
Year-to-date 2002	1,574	238	29	88	30	594	2,553

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* - Fourth 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	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Zone 1: Hull												
Single	0	0	0	0	0	7	3	22	57	39	60	68
Semi	0	5	2	4	22	0	4	0	2	0	30	9
Zone 2: Aylmer												
Single	0	0	0	4	4	26	9	20	70	23	83	73
Semi	0	0	4	3	2	12	16	3	6	2	28	20
Zone 3: Gatineau												
Single	0	0	0	10	4	61	24	38	86	90	114	199
Semi	0	0	18	3	0	0	0	0	2	0	20	3
Zone 4: Outlying area												
Single	1	0	5	7	8	33	20	13	146	38	180	91
Semi	0	20	16	0	0	0	22	0	4	0	42	20
TOTAL - GATINEAU METROPOLITAN AREA												
Single	1	0	5	21	16	127	56	93	359	190	437	431
Semi	0	25	40	10	24	12	42	3	14	2	120	52

Source: CMHC

** As per former delimitation*

Table 4 **Housing Demand and Supply** **Gatineau Metropolitan Area* - December 2003**					
Type	***Under Construction***	***Unoccupied***	***Short-Term Supply***	***Absorption (Trend**)***	***Supply / Absorption Ratio***
Freehold	538	7	545	204.3	2.7
Condominium	209	0	209	2.5	83.6
Rental	277	0	277	70.9	3.9

Source: CMHC

** As per former delimitation*

*** 12-month average*

Table 5 **Economic Overview** **Gatineau Metropolitan Area***					
	Fourth Quarter		***Trend (Jan.-Dec.)***		***% Change***
	2002	***2003***	***2002***	***2003***	***Trend***
Labour market					
Population 15 years + (000)	212.6	217.9	210.8	215.9	2.4
Labour force (000)	145.2	152.1	146.1	153.2	4.9
Employment level - total (000)	135.9	143.2	136.1	143.4	5.4
Employment level - full-time (000)	114.4	119.3	115.9	119.8	3.3
Unemployment rate	6.4%	5.9%	6.9%	6.4%	n.a.
Mortgage rates (1) (%)					
1-year	5.0	4.7	5.2	4.8	n.a.
5-year	6.8	6.5	7.0	6.4	n.a.
Annual inflation rate (2)	3.4	1.3	2.0	2.5	n.a.
Index of Consumer Confidence (1991=100) (2)	127.9	122.6	131.4	125.1	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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