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Canada Mortgage and Housing Corporation

Fourth quarter marks the end of an exceptional year in the Québec area

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In the Québec census metropolitan area (CMA), housing starts continued to rise in the fourth quarter of 2002. According to the latest survey conducted by Canada Mortgage and Housing Corporation (CMHC), 1,136 dwellings were started between October and December 2002, for a gain of 84 per cent over the same period in 2001. The last quarter will have been much like the year overall, which ended with a total of 4,282 housing starts. This was a jump of 68 per cent over 2001 and the best result since 1994 for the capital area.

During the last quarter of 2002, starts went up for all housing types. In the single-family home segment, 581 starts were registered, for a gain of 39 per cent over the last three months of 2001.

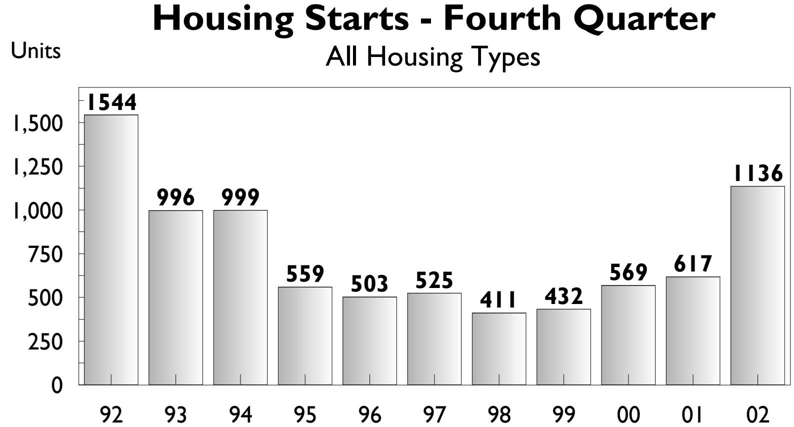
Condominium construction activity was vigorous, with 185 new units, compared to 45 in 2001. Rental housing starts also posted a significant increase: 370 units versus 154 in 2001. One third of these new dwellings came from the expansion of retirement homes, and the rest were traditional rental housing.

The annual results for 2002 also show increases in activity for all housing categories. In the freehold market segment, there were 2,662 new single-family houses and 503 new condominium units, for gains of 47 per cent and 63 per cent, respectively. The low mortgage rates, the vigorous job market conditions and the scarcity of

continued on next page

Housing Starts - Fourth Quarter

All Housing Types



Source: CMHC

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existing properties for sale were the main factors driving this growth. As for rental housing construction, it virtually exploded in 2002, with 1,117 new units, compared 441 in 2001. The current shortage of housing in the area was not extraneous to this renewed activity. In fact, the latest CMHC Rental Market Survey revealed that just 3 units out of 1,000 are available for rent—the lowest proportion observed among all 28 CMAs in Canada.

Elsewhere across the province

The increase in residential construction extended to all urban centres across the province. From January to December 2002, 33,512 housing starts were enumerated in centres with 10,000 or more inhabitants, for a gain of 53 per cent over 2001. For Quebec overall, this was not only the highest level of activity since 1991, but also the strongest growth among all Canadian provinces. Among the CMAs in Quebec, the greatest increase was recorded in the Trois-Rivières area (91 per cent), followed by Chicoutimi-Jonquière (77 per cent), Québec (68 per cent), Montréal (55 per cent), Gatineau (54 per cent) and Sherbrooke (47 %).

Rental Markets in Canada in 2002: tighter conditions in Quebec

Toronto and Vancouver are no longer the tightest rental markets among Canada's census metropolitan areas (CMAs). Instead, Quebec's three largest CMAs are now the ones posting the lowest vacancy rates in the country: Québec (0.3 per cent), Gatineau (0.6 per cent) and Montréal (0.7 per cent). Among the other Canadian CMAs, only Kingston, with 0.9 per cent of its units unoccupied, had a vacancy rate below 1 per cent this past October. This situation results from a major increase in demand attributable to the excellent employment performance and the arrival on the housing market of young people aged from 19 to 24 years, who are more numerous than the group that preceded them. In addition, multiple housing construction is focused mainly on condominiums and retirement homes, while traditional rental housing construction is limited. In the other CMAs across Quebec, the vacancy rates reached 1.8 per cent in Sherbrooke, 3.0 per cent in Trois-Rivières and 4.9 per cent in Chicoutimi-Jonquière.

One striking fact from the last survey was that the vacancy rate rose significantly in Toronto, as it went up from 0.9 per cent in 2001 to 2.5 per cent in 2002. For the first time since the early 1990s, this rate stands above 2 per cent in this area. A considerable decline in the rental housing demand was observed as a result of the strong homeownership trend and the deterioration of the youth employment situation in this part of Ontario. There was also an increase in the supply of non-traditional rental housing, particularly condominiums for rent.

In the majority of the other CMAs across Canada, vacancy rates went up over the last twelve months. These increases, although they were less than one percentage point in most cases, helped many rental markets regain greater flexibility. For Canada overall, the vacancy rate now stands at 1.7 per cent, compared to 1.1 per cent one year earlier. In general, in Quebec, vacancy rates tend to be lower in large urban centres.

In fact, the vacancy rate in Quebec's CMAs (100,000 or more inhabitants) was 0.8 per cent in October 2002, while it was 2.6 per cent in centres with 50,000 to 99,999 inhabitants and 5.5 per cent in centres with 10,000 to 49,999 inhabitants.

Table 1
Summary of Activity by Intended Market
Québec Metropolitan Area

Activity / period	Ownership					Rental	Total
	Freehold *				Condo-minium		
	Detached	Semi	Row	Apart.			
Starts							
Fourth Quarter 2002	504	58	3	16	185	370	1,136
Fourth Quarter 2001	361	35	10	12	45	154	617
Year-to-Date 2002 (Jan.-Dec.)	2,327	172	45	118	503	1,117	4,282
Year-to-Date 2001 (Jan.-Dec.)	1,581	113	45	66	309	441	2,555
Under construction **							
Fourth Quarter 2002	457	52	7	20	274	743	1,553
Fourth Quarter 2001	388	47	15	28	244	285	1,007
Completions							
Fourth Quarter 2002	456	38	13	18	20	159	704
Fourth Quarter 2001	496	28	8	14	24	22	592
Year-to-Date 2002	2,256	163	53	135	482	659	3,748
Year-to-Date 2001	1,527	94	46	54	102	648	2,471
Unoccupied **							
Fourth Quarter 2002	52	10	9	1	12	22	106
Fourth Quarter 2001	76	7	5	2	19	6	115
Absorptions							
Fourth Quarter 2002	440	37	12	21	32	147	689
Fourth Quarter 2001	485	30	16	12	38	41	622
Year-to-Date 2002	2,280	160	49	136	489	600	3,714
Year-to-Date 2001	1,502	108	47	52	157	659	2,525
Duration of inventory (in months)							
2002 Trend	0.3	0.8	2.2	0.1	0.3	0.4	0.3
2001 Trend	0.6	0.8	1.3	0.5	1.5	0.1	0.5

** Refers to single-family houses (detached, semi-detached and row) owned under freehold tenure and duplex 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							
Fourth Quarter 2002	0	0	0	0	49	39	88
Fourth Quarter 2001	0	2	0	0	0	8	10
Year-to-Date 2002	1	0	0	6	49	126	182
Year-to-Date 2001	4	2	0	0	12	22	40
Zone 2: Québec Haute-Ville							
Fourth Quarter 2002	0	0	0	0	0	50	50
Fourth Quarter 2001	0	0	0	0	0	0	0
Year-to-Date 2002	0	0	0	0	10	50	60
Year-to-Date 2001	0	0	0	0	120	5	125
Zone 3: Québec Des Rivières, Ancienne-Lorette							
Fourth Quarter 2002	50	10	0	2	18	84	164
Fourth Quarter 2001	28	8	5	2	12	43	98
Year-to-Date 2002	232	32	11	28	82	140	525
Year-to-Date 2001	130	28	6	20	42	76	302
Zone 4: Ste-Foy, Cap-Rouge, St-Augustin, Sillery							
Fourth Quarter 2002	51	2	0	2	0	66	121
Fourth Quarter 2001	35	3	0	0	27	47	112
Year-to-Date 2002	262	14	12	2	88	407	785
Year-to-Date 2001	179	9	5	0	115	124	432
North Centre (zones 1 to 4)							
Fourth Quarter 2002	101	12	0	4	67	239	423
Fourth Quarter 2001	63	13	5	2	39	98	220
Year-to-Date 2002	495	46	23	36	229	723	1,552
Year-to-Date 2001	313	39	11	20	289	227	899
Zone 5: Val-Bélair, St-Émile, etc.							
Fourth Quarter 2002	92	4	0	8	0	24	128
Fourth Quarter 2001	64	6	0	2	0	0	72
Year-to-Date 2002	456	20	0	24	0	27	527
Year-to-Date 2001	307	16	0	8	0	0	331
Zone 6: Greater Charlesbourg, Stoneham, etc.							
Fourth Quarter 2002	91	6	0	2	8	3	110
Fourth Quarter 2001	47	0	0	0	0	0	47
Year-to-Date 2002	387	28	0	30	16	10	471
Year-to-Date 2001	224	14	0	8	14	18	278

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, Boischâtel, Île d'Orléans, etc.							
Fourth Quarter 2002	94	4	0	0	110	11	219
Fourth Quarter 2001	75	6	0	6	0	9	96
Year-to-Date 2002	389	16	0	10	249	78	742
Year-to-Date 2001	260	12	0	14	0	33	319
North Periphery (zones 5 to 7)							
Fourth Quarter 2002	277	14	0	10	118	38	457
Fourth Quarter 2001	186	12	0	8	0	9	215
Year-to-Date 2002	1,232	64	0	64	265	115	1,740
Year-to-Date 2001	791	42	0	30	14	51	928
North Shore (zones 1 to 7)							
Fourth Quarter 2002	378	26	0	14	185	277	880
Fourth Quarter 2001	249	25	5	10	39	107	435
Year-to-Date 2002	1,727	110	23	100	494	838	3,292
Year-to-Date 2001	1,104	81	11	50	303	278	1,827
Zone 8: St-Jean-Chrysostôme, St-Nicolas, etc.							
Fourth Quarter 2002	77	14	3	2	0	64	160
Fourth Quarter 2001	82	8	5	2	0	43	140
Year-to-Date 2002	398	26	22	14	3	195	658
Year-to-Date 2001	358	24	5	10	0	87	484
Zone 9: Greater Lévis, Pintendre							
Fourth Quarter 2002	49	18	0	0	0	29	96
Fourth Quarter 2001	30	2	0	0	6	4	42
Year-to-Date 2002	202	36	0	4	6	84	332
Year-to-Date 2001	119	8	29	6	6	76	244
South Shore (zones 8 and 9)							
Fourth Quarter 2002	126	32	3	2	0	93	256
Fourth Quarter 2001	112	10	5	2	6	47	182
Year-to-Date 2002	600	62	22	18	9	279	990
Year-to-Date 2001	477	32	34	16	6	163	728
QUÉBEC MÉTROLITAN AREA TOTAL							
Fourth Quarter 2002	504	58	3	16	185	370	1,136
Fourth Quarter 2001	361	35	10	12	45	154	617
Year-to-Date 2002	2,327	172	45	118	503	1,117	4,282
Year-to-Date 2001	1,581	113	45	66	309	441	2,555

Source: CMHC

Table 3 Detached and Semi-Detached Houses Absorbed by price Range - Fourth 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	4	17	20	25	41	89	144	161	231	193
Semi-detached	2	10	30	17	2	3	3	0	0	0
Total	6	27	50	42	43	92	147	161	231	193
Market Share (Detach.)	0.9%	3.5%	4.5%	5.2%	9.3%	18.4%	32.7%	33.2%	52.5%	39.8%

Source: CMHC

Table 4 Housing Supply / Fourth Quarter 2002 Québec Metropolitan Area					
Intended Market	*Under Construction*	*Vacant units*	*Short Term Supply*	*Monthly absorptions**	*Duration of Short Term Supply (months)*
	December 2002			*Trend 2002*	
Freehold	536	72	608	218.8	2.8
Condominium	274	12	286	40.8	7.0
Rental	743	22	765	50.0	15.3
Total	1,553	106	1,659	309.5	5.4
	December 2001			*Trend 2001*	
Freehold	478	90	568	142.4	4.0
Condominium	244	19	263	13.1	20.1
Rental	285	6	291	54.9	5.3
Total	1,007	115	1,122	210.4	5.3

** Average of the absorption of the last 12 months*

Source: CMHC

For more information about this publication,

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Table 5
Economic Overview
Québec Metropolitan Area

	4th quart. 2002	3rd quart. 2002	4th quart. 2001	Trend 2002	Trend 2001	Variation (%) Trend
Labour Market						
Number of jobs (000)	356.9	366.5	345.9	358.6	339.0	5.8
Unemployment Rate (%)	5.4	6.1	6.8	6.3	7.8	n.a.
Mortgage rates (1)						
1 year (%)	5.0	5.3	4.7	5.2	6.1	n.a.
5 years (%)	6.8	6.9	6.9	7.0	7.4	n.a.
Annual inflation rate						
CPI, 1992=100	117.6	117.0	113.7	116.2	113.8	2.0
New homes price index (1992=100)						
Housing Unit	115.0	111.6	106.1	111.0	105.8	5.3
Land	109.4	107.4	106.1	107.6	105.5	2.1
Total	113.1	110.0	105.4	109.6	105.1	4.5
Consumer Confidence						
1991=100 (2)	127.9	129.6	110.5	131.4	114.4	17.0
MLS Sales						
Total Residential	1,526	1,196	1,691	7,202	7,072	1.8
Median Price (Detached Houses)	110,000	109,000	96,000	104,768	92,367	13.4

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

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

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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 Québec Metropolitan Area.

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

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