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Canada Mortgage and Housing Corporation

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RESIDENTIAL CONSTRUCTION RECOVERS IN FEBRUARY

After having taken a break in January, housing starts resumed their upward course in February in the Greater Montréal area. According to Canada Mortgage and Housing Corporation (CMHC), foundations were laid for 1,470 dwellings this past month, or 20 per cent more than in February 2003. This was the seventh monthly gain in the last eight months.

Buoyed by the recent decreases in interest rates, the lack of available rental housing and the scarcity of listings on the resale market, residential construction promises to be very active over the coming months, just like in February.

This past month, the suburbs managed to post the best results. In particular, the south crown registered an increase of 35 per cent in its level of starts. The rental and condominium housing segments stood out in this sector. Rental

housing starts rose from 9 units last year to 85 this year. Condominium starts, for their part, more than doubled, as they went from 60 to 137 units. On the other hand, single-detached housing activity slowed down considerably (-50 per cent), as construction got under way on only 71 such dwellings. Usually the stronghold of single-detached home building, the south crown therefore saw multiple housing starts get the better of this type of construction.

In the north crown, construction went up by 24 per cent in February. Affordable dwellings were prominent there. In fact, semi-detached and row home starts rose by 150 per cent to 70 units. Condominium starts went up by 80 per cent to 131 units. Still, single-detached houses largely dominated in this sector, as 397 such new dwellings were enumerated, or 12 per cent more than last year.

IN THIS ISSUE

Residential Construction Recovers in February	1
Graph 1 : Housing Starts Multiples vs. Singles	2
Most active municipalities in 2003	2

Tables

1. Summary of Activity by Intended Market	3
2. Housing Starts by Zone and by Intended Market	4
3. Summary of Activity by Large Zone and by Intended Market	6
4. Housing Supply	7
5. Economic Overview	7

Definitions and Concepts	8
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Montréal Metropolitan Area Zones	8
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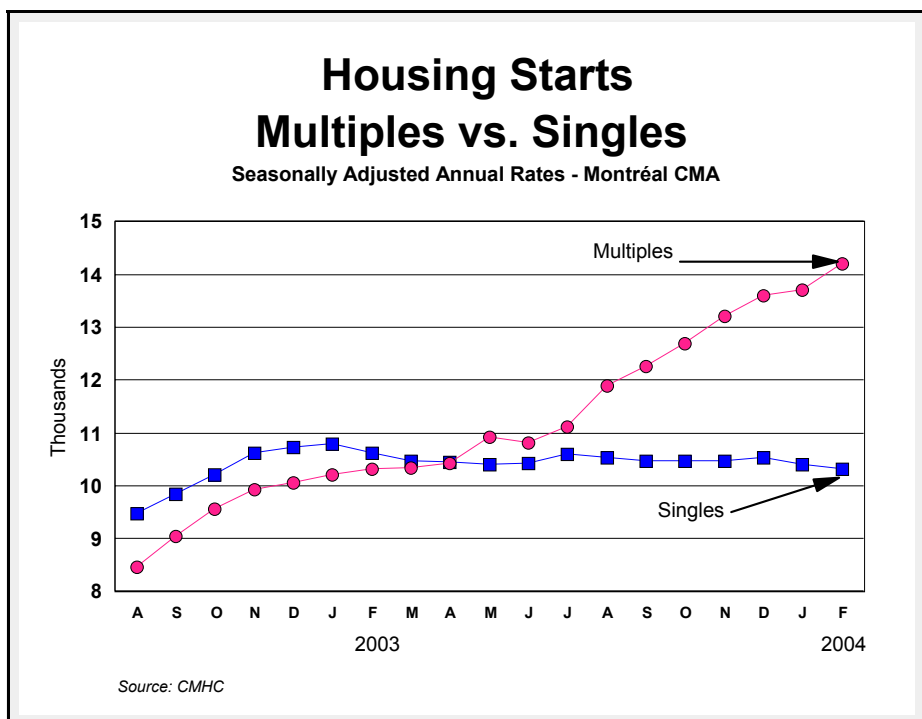


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Lastly, in Montréal, residential construction also gained some ground, but at a more modest pace (+11 per cent). Rental housing starts made a significant jump, as they went up from 21 to 229 units, thanks, once again, to the construction of retirement homes. A major 200-apartment project just got under way in the borough of Saint-Laurent. Apart from this increase in the rental housing segment, starts declined on the Island of Montréal. The condominium segment put an end to a series of nine consecutive monthly gains, as it sustained a downturn of 41 per cent. Despite this decrease, 207 condominiums will still soon be added to the Montréal housing stock, compared to just 25 single-detached houses.

The housing starts figures for the first two months of the year show a small hike of 2 per cent over last year. This is very promising, since, it should be recalled, 2003 posted the best results in 14 years for residential construction in Greater Montréal.

Elsewhere across Quebec, only the Gatineau and Trois-Rivières metropolitan areas followed Montréal's tracks on the road to growth. In fact, these two areas rather took the lead. Starts literally exploded in Gatineau in February, rising from 34 to 434 units. In Trois-Rivières, the growth was also remarkable, with a gain of 95 per cent. Conversely, Saguenay (-13 per cent), Québec (-14 per cent) and Sherbrooke (-27 per cent) all lost some ground this past month. ■



Most active municipalities in 2003

It should be recalled that 2003 was the best year for residential construction in the last 14 years in Greater Montréal. In fact, with an impressive total of 24,321 starts last year, we have to go back to 1988, when 29,164 dwellings had been built, to find a higher level of activity. Single-family homes continued to be the top housing type, accounting for 48 per cent of all new job sites, compared to 32 per cent for condominiums and 19 per cent for rental housing. Of course, the suburbs are the preferred grounds for these single-family homes. In this regard, the most active municipalities/districts in 2003 are listed below.

Single-Family Home Starts in 2003 Most Active Municipalities/Districts

1.	Blainville	665
2.	Mirabel	567
3.	Terrebonne	463
4.	Lachenaie	429
5.	Sainte-Dorothée (Laval)	390
6.	Saint-Lazare	379
7.	Vaudreuil-Dorion	349
8.	La Plaine	346
9.	Mascouche	305
10.	Saint-Basile-le-Grand	274

Table I
Summary of Activity by Intended Market
Montréal Metropolitan Area

Activity / Period	Freehold (Single-Family)	Condominium	Rental	Total
Housing Starts				
February 2004	656	482	332	1,470
February 2003	671	482	75	1,228
Cumulative 2004	1,139	1,143	518	2,800
Cumulative 2003	1,175	819	739	2,733
Under Construction*				
February 2004	4,041	6,341	4,187	14,569
February 2003	3,293	4,045	2,886	10,224
Completions				
February 2004	503	380	149	1,032
February 2003	424	226	126	776
Cumulative 2004	1,286	687	350	2,323
Cumulative 2003	1,153	660	271	2,084
Unoccupied*				
February 2004	614	815	403	1,832
February 2003	567	497	98	1,162
Absorption				
February 2004	465	332	107	904
February 2003	416	242	169	827
Cumulative 2004	1,279	702	430	2,411
Cumulative 2003	1,142	681	500	2,323
Duration of Inventory (in months)				
February 2004	0.6	1.8	1.6	1.1
February 2003	0.6	1.3	0.5	0.8

* As at the end of the period shown

Source: CMHC

Interested in uncovering the trends for the various housing market sectors in the Montreal area? For forecasts and in-depth analyses of the new, resale and rental housing markets, a wealth of information can be found in:

HOUSING MARKET OUTLOOK

- Sales forecasts
- Average prices of new and existing homes
- Vacancy rates
- Housing starts
- Mortgage rates
- Economic factors

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

<i>Zone / Period</i>	<i>Freehold (Single-Family)</i>	<i>Condominium</i>	<i>Rental</i>	<i>Total</i>
Zone 1: West Island				
February 2004	12	42	6	60
February 2003	10	15	14	39
Cumulative 2004	28	100	14	142
Cumulative 2003	27	20	14	61
Zone 2: West-Centre				
February 2004	8	16	204	228
February 2003	17	203	3	223
Cumulative 2004	19	265	243	527
Cumulative 2003	22	261	3	286
Zone 3: East-Center				
February 2004	2	135	19	156
February 2003	12	128	4	144
Cumulative 2004	6	203	35	244
Cumulative 2003	21	232	551	804
Zone 4: East-End				
February 2004	8	14	0	22
February 2003	12	3	0	15
Cumulative 2004	25	44	3	72
Cumulative 2003	27	7	99	133
Zone 5: South-Laval				
February 2004	45	7	0	52
February 2003	23	0	0	23
Cumulative 2004	72	56	0	128
Cumulative 2003	46	41	0	87
Zone 6: North-Laval				
February 2004	69	42	0	111
February 2003	67	27	8	102
Cumulative 2004	139	73	2	214
Cumulative 2003	142	63	8	213
Zone 7: MRC Deux-Montagnes				
February 2004	86	45	0	131
February 2003	75	4	3	82
Cumulative 2004	134	45	6	185
Cumulative 2003	139	4	3	146
Zone 8: MRC Ste-Thérèse-de-Blainville				
February 2004	46	0	12	58
February 2003	41	8	0	49
Cumulative 2004	80	28	12	120
Cumulative 2003	77	8	0	85

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

<i>Zone / Period</i>	<i>Freehold (Single-Family)</i>	<i>Condominium</i>	<i>Rental</i>	<i>Total</i>
Zone 9: MRC des Moulins				
February 2004	134	22	6	162
February 2003	109	34	16	159
Cumulative 2004	195	38	6	239
Cumulative 2003	194	40	16	250
Zone 10: MRC L'Assomption				
February 2004	3	0	0	3
February 2003	42	0	12	54
Cumulative 2004	13	6	0	19
Cumulative 2003	57	24	12	93
Zone 11: South-Shore Centre				
February 2004	19	88	32	139
February 2003	39	47	0	86
Cumulative 2004	79	110	32	221
Cumulative 2003	77	79	6	162
Zone 12: East South-Shore				
February 2004	24	31	50	105
February 2003	41	6	0	47
Cumulative 2004	56	37	56	149
Cumulative 2003	65	18	0	83
Zone 13: South South-Shore				
February 2004	65	18	0	83
February 2003	19	0	6	25
Cumulative 2004	92	18	8	118
Cumulative 2003	42	6	6	54
Zone 14: West South-Shore				
February 2004	18	12	3	33
February 2003	56	7	3	66
Cumulative 2004	47	42	6	95
Cumulative 2003	87	7	9	103
Zone 15: Vaudreuil-Soulanges *				
February 2004	78	7	0	85
February 2003	81	0	6	87
Cumulative 2004	104	40	0	144
Cumulative 2003	110	6	12	128
Zone 16: St-Jérôme				
February 2004	39	3	0	42
February 2003	27	0	0	27
Cumulative 2004	50	38	95	183
Cumulative 2003	42	3	0	45

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	
	Feb. 2004	Feb. 2003	Feb. 2004	Feb. 2003	Feb. 2004	Feb. 2003
Housing Starts						
Island of Montréal (1 to 4)	30	51	207	349	229	21
Laval (zones 5 and 6)	114	90	49	27	0	8
North-Shore (zones 7 to 10 & 16)	308	294	70	46	18	31
South-Shore (zones 11 to 14)	126	155	149	60	85	9
Vaudreuil-Soul. *** (zone 15)	78	81	7	0	0	6
Under Construction*						
Island of Montréal	447	492	3,838	2,432	2,314	1,740
Laval	653	631	471	489	198	72
North-Shore	1,457	1,498	791	495	650	405
South-Shore	1,075	806	1,115	605	951	657
Vaudreuil-Soulanges ***	409	358	126	24	74	12
Completions						
Island of Montréal	38	62	139	166	64	0
Laval	92	50	109	8	30	3
North-Shore	193	180	69	30	47	95
South-Shore	125	92	63	22	8	16
Vaudreuil-Soulanges ***	55	40	0	0	0	12
Unoccupied*						
Island of Montréal	86	80	334	276	185	42
Laval	93	103	141	35	17	3
Rive- Nord	233	224	139	52	45	28
South-Shore	153	119	197	132	154	20
Vaudreuil-Soulanges ***	49	41	4	2	2	5
Absorption						
Island of Montréal	36	57	137	165	43	44
Laval	88	44	62	15	21	4
North-Shore	180	175	70	39	34	93
South-Shore	114	98	62	23	9	18
Vaudreuil-Soulanges ***	47	42	1	0	0	10
Duration of Inventory**						
Island of Montréal	1.0	0.8	1.5	1.3	1.7	0.6
Laval	0.7	0.8	2.3	0.6	1.1	0.3
North-Shore	0.6	0.7	1.9	1.3	0.8	0.4
South-Shore	0.6	0.5	1.9	2.0	2.4	0.6
Vaudreuil-Soulanges ***	0.6	0.5	0.9	0.5	0.5	1.2

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

<i>Intended Market</i>	<i>Under Construction</i>	<i>Units Unoccupied</i>	<i>Short-Term Supply</i>	<i>Monthly Absorption</i>
	February 2004			Trend 2004
Freehold	4,041	614	4,655	945
Condominium	6,341	815	7,156	463
Rental	4,187	403	4,590	246
	February 2003			Trend 2003
Freehold	3,293	567	3,860	892
Condominium	4,045	497	4,542	370
Rental	2,886	98	2,984	181

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2004			2003			2003			2002		
	Feb.	Jan.	Dec.	Nov.	Oct.	Sept.	Feb.	Jan.	Dec.	Nov.	Oct.	Sept.
Labour Market*												
Job Creation (Loss) - in thousands	16.3	30	36	39	18	11	81.3	91	87	67	58	55
Unemployment Rate (%)	8.9	8.9	8.6	8.7	9.6	10.1	8.8	8.5	7.7	7.8	7.9	8.5
Mortgage Rates (1)												
1-year	4.3	4.3	4.8	4.8	4.5	4.5	4.9	4.9	4.9	4.9	5.3	5.3
5-year	5.8	6.0	6.5	6.5	6.4	6.3	6.6	6.5	6.7	6.7	7.0	6.7
Annual Inflation Rate (%)	0.7	1.4	1.4	1.4	1.3	1.6	4.0	3.7	3.2	3.5	3.2	2.3
New House Price Index (1992=100)												
House	NA	5.2	6.0	5.8	7.7	7.5	10.6	9.4	8.6	8.6	6.1	5.8
Land	NA	5.7	6.8	6.4	7.5	7.1	9.3	9.3	8.6	8.6	7.5	8.1
Total	NA	5.3	6.3	6.0	7.7	7.4	10.1	9.3	8.3	8.3	6.3	6.2
MLS Sales - Single-Family Houses	2,357	1,547	1,374	1,772	2,075	1,766	2,422	1,761	1,304	1,782	1,870	1,370

* 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	<i>Municipalities, Boroughs or Sectors</i>
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, LeMoynes, 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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