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Montréal

Canada Mortgage and Housing Corporation

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HOUSING STARTS DOWN SIGNIFICANTLY IN MARCH

The residential construction sector in Greater Montréal just sustained, in March, its most significant monthly decrease in over four years. In fact, housing starts registered a considerable drop of 39 per cent. According to our latest survey, foundations were laid for 1,641 new dwellings this past month on the territory of the Montréal census metropolitan area (CMA), or 1,051 fewer units than during the same period one year earlier. Despite the significant decrease observed, March 2005 posted the second highest number of starts enumerated during a month of March, since 1991.

The Island of Montréal is the geographic zone with the highest level of residential intensification. Since the beginning of 2005, around 16 out of 17 new units started have been in rental or condominium apartment buildings. However, during the past month, starts decreased considerably in both the rental (-90 per cent) and condominium (-39 per cent) segments. Rental and condominium housing construction fluctuates more on a monthly basis, as the presence of a single major project can make a very significant difference in the results. Freehold home building, for its part, is more stable and therefore shows smaller fluctuations, such as the increase of 8 per cent observed in March. On the Island of Montréal overall, there were consequently 443 starts, down by 62 per cent compared to last year.

In the other geographic zones within the Montréal CMA, freehold homes account for the vast majority of the new dwellings built. The North Crown came in far ahead in terms of units, with 632 houses started in March. This zone registered a decrease of 19 per cent in freehold home building, a drop of 42 per cent in

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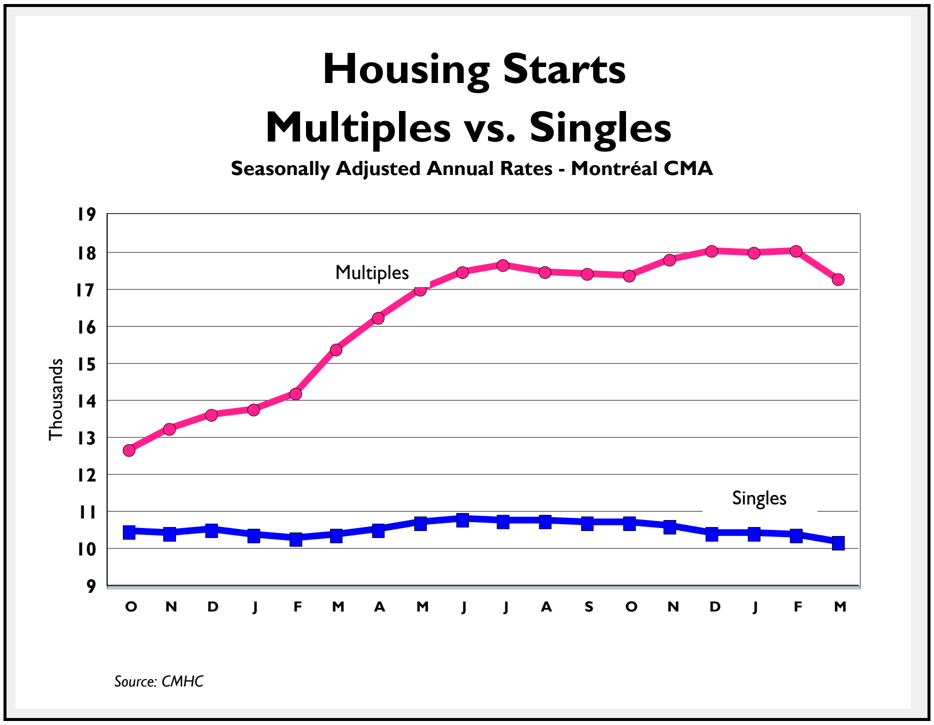
condominium construction and a gain of 157 per cent in rental housing starts. Overall, 781 starts were enumerated in March, for a decrease of 19 per cent.

As for the South Crown, this sector also sustained a decrease (-23 per cent), as 315 new units were enumerated there this past month. Apart from a small gain for condominiums (+2 per cent), the results were below the levels recorded in March 2004 for freehold homes (-18 per cent) and rental units (-71 per cent).

To complete the overview of the CMA, Vaudreuil-Soulanges represents a market that is more focused on houses. In fact, this sector posted a total of 102 starts during the past month (no rental units, 15 condominiums and 87 houses), for a decrease of 27 per cent.

In the Montréal CMA, the first quarter was much like the month of March, as all the large geographic zones sustained slowdowns. The South Crown registered the greatest decrease (-34 per cent), followed by the Island of Montréal (-32 per cent) and Vaudreuil-Soulanges (-23 per cent). Then came the North Crown, where the situation remained very similar to last year (-1 per cent), thanks to the North Shore, which stood out with an increase in activity of 19 per cent. ■



Major Housing Job Sites Started in March

The following are the major multiple housing job sites started in March 2005 in Greater Montréal, along with the intended market segment announced for the projects at the time they got under way:

Number of units	Street	Sector	Intended segment
168	Des Sommets	Île-des-Soeurs	Condominiums
50	Jeanne-Mance	Centre-Ville	Condominiums
36	Chambly	Centre-Ville	Cooperative
22	Verdun	Verdun	Condominiums
21	Fleury	Ahuntsic	Condominiums
20	Carrières	Villeray	Condominiums

Greater Montréal area resale market surfing near the peak

In the Greater Montréal area, the final months of 2004, in comparison with the last months of 2003, ended with a decrease of 7 per cent in the number of properties (7,871) sold through the MLS®/S.I.A.® network. This result followed a decline observed in the third quarter, as well.

After having declined slightly (-3 per cent) in 2003, sales went up by 2 per cent in 2004, for a total of 36,022 transactions. In sum, from a small decrease to a small increase, the market seems to have reached a certain plateau. Steady job creation since the mid-1990s and continued very low mortgage rates are allowing the resale market to surf the wave near the peak.

Since there were slightly fewer transactions recorded in 2004 than in 2002, this result cannot be considered as a record level of activity for the Montréal metropolitan area. The same does not hold true, however, for the entire Greater Montréal Real Estate Board (GMREB) territory, which includes rural sectors where activity has just kept rising. In the last four years, the overall increase in sales reached 22 per cent in Montréal and its suburbs, while the gain attained 81 per cent in the outlying area. It seems that some households are therefore more inclined to move further away, since housing is more affordable in the outlying areas.

The small rise in active listings in 2003 significantly picked up the pace last year and reached 30 per cent. The Island of Montréal, mainly the central sectors (zones 4 and 5), largely contributed to this increase, but the suburbs also came into play during the second half of the year. The rise in the number of condominiums for sale in the North Shore sector was particularly notable.

While the market continues to favour sellers, their negotiating power is slowly waning, as an inevitable result of the decrease in sales and the increase in the number of units for sale. Condominiums are once again the property type that is posting the greatest activity, currently with six sellers per buyer, a trend that could bring back a balanced market for this housing type by the end of 2005.

The spectacular increase in home prices in Greater Montréal continued last year. Despite the fact that sales slowed down and listings rose, the average selling price, for all housing types combined, jumped up by another 13 per cent in 2004. In particular, the average price of an existing home has exceeded the $300,000 mark on the Island of Montréal and will move very close to $200,000 in the suburbs as of this year.

If there is one property type that is enjoying a level of popularity that few had predicted, it is condominium housing. Since the market bottomed out in 1995, its appeal, in terms of sales, has grown twice as fast as that of other housing types. This housing formula is experiencing some jolts, however, with supply increasing at an accelerated pace and sellers gradually losing their edge on the market. This particularly holds true in the suburbs, which are less conducive to this housing type, and which had in fact been harder hit during the difficult period of the early 1990s.

It can also be seen that condominium construction is intensifying in several sectors, notably in the outlying area, such as in the MRC des Moulins (Terrebonne, Mascouche, La Plaine, Lachenaie). More and more, new units are providing competition for existing units. In this context, it will be important to keep a close watch on condominium prices in 2005.

Table 1
Summary of Activity by Intended Market
Montréal Metropolitan Area

Activity / Period	Freehold (Single-Family)	Condominium	Rental	Total
Housing Starts				
March 2005	964	548	129	1,641
March 2004	1,204	827	661	2,692
Cumulative 2005	1,956	1,477	983	4,416
Cumulative 2004	2,343	1,970	1,179	5,492
Under Construction*				
March 2005	4,297	8,035	5,755	18,087
March 2004	4,654	6,900	4,245	15,799
Completions				
March 2005	589	328	372	1,289
March 2004	592	253	618	1,463
Cumulative 2005	2,019	1,003	1,116	4,138
Cumulative 2004	1,878	940	968	3,786
Unoccupied*				
March 2005	515	1,523	968	3,006
March 2004	658	828	540	2,026
Absorption				
March 2005	546	356	182	1,084
March 2004	548	240	481	1,269
Cumulative 2005	2,266	1,196	768	4,230
Cumulative 2004	1,827	942	911	3,680
Duration of Inventory (in months)				
March 2005	0.5	2.4	2.6	1.5
March 2004	0.7	1.8	2.0	1.2

** 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 2005	14	24	10	48
March 2004	15	0	159	174
Cumulative 2005	38	86	140	264
Cumulative 2004	43	100	173	316
Zone 2: West-Centre				
March 2005	7	216	0	223
March 2004	5	403	0	408
Cumulative 2005	11	319	352	682
Cumulative 2004	24	668	243	935
Zone 3: East-Center				
March 2005	3	111	36	150
March 2004	1	153	351	505
Cumulative 2005	12	287	178	477
Cumulative 2004	7	356	386	749
Zone 4: East-End				
March 2005	14	0	8	22
March 2004	14	16	58	88
Cumulative 2005	26	21	8	55
Cumulative 2004	39	60	61	160
Zone 5: South-Laval				
March 2005	11	28	0	39
March 2004	43	30	0	73
Cumulative 2005	25	202	0	227
Cumulative 2004	115	86	0	201
Zone 6: North-Laval				
March 2005	86	14	12	112
March 2004	153	62	0	215
Cumulative 2005	199	59	15	273
Cumulative 2004	292	135	2	429
Zone 7: MRC Deux-Montagnes				
March 2005	139	12	9	160
March 2004	110	18	3	131
Cumulative 2005	309	59	46	414
Cumulative 2004	244	63	9	316
Zone 8: MRC Ste-Thérèse-de-Blainville				
March 2005	66	6	0	72
March 2004	96	8	0	104
Cumulative 2005	150	122	56	328
Cumulative 2004	176	36	12	224

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 2005	177	17	21	215
March 2004	205	31	15	251
Cumulative 2005	310	87	42	439
Cumulative 2004	400	69	21	490
Zone 10: MRC L'Assomption				
March 2005	105	18	4	127
March 2004	132	6	3	141
Cumulative 2005	198	21	93	312
Cumulative 2004	190	24	3	217
Zone 11: South-Shore Centre				
March 2005	39	68	6	113
March 2004	44	24	42	110
Cumulative 2005	76	110	20	206
Cumulative 2004	123	134	74	331
Zone 12: East South-Shore				
March 2005	44	9	3	56
March 2004	84	18	6	108
Cumulative 2005	103	12	3	118
Cumulative 2004	140	55	62	257
Zone 13: South South-Shore				
March 2005	52	6	0	58
March 2004	45	14	6	65
Cumulative 2005	86	36	0	122
Cumulative 2004	92	20	14	126
Zone 14: West South-Shore				
March 2005	72	4	12	88
March 2004	79	29	18	126
Cumulative 2005	128	22	18	168
Cumulative 2004	126	71	24	221
Zone 15: Vaudreuil-Soulanges *				
March 2005	87	15	0	102
March 2004	134	5	0	139
Cumulative 2005	201	18	0	219
Cumulative 2004	238	45	0	283
Zone 16: St-Jérôme				
March 2005	48	0	8	56
March 2004	44	10	0	54
Cumulative 2005	84	16	12	112
Cumulative 2004	94	48	95	237

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 2005	March 2004	March 2005	March 2004	March 2005	March 2004
Housing Starts						
Island of Montréal (1 to 4)	38	35	351	572	54	568
Laval (zones 5 and 6)	97	196	42	92	12	0
North-Shore (zones 7 to 10 & 16)	535	587	53	73	42	21
South-Shore (zones11 to 14)	207	252	87	85	21	72
Vaudreuil-Soul. *** (zone 15)	87	134	15	5	0	0
Under Construction*						
Island of Montréal	413	436	4,949	4,294	4,435	2,327
Laval	688	777	868	539	23	194
North-Shore	1,803	1,928	980	832	896	687
South-Shore	938	1,031	1,002	1,104	398	963
Vaudreuil-Soulanges ***	455	482	236	131	3	74
Completions						
Island of Montréal	56	46	169	116	229	555
Laval	66	72	16	24	0	4
North-Shore	273	279	48	60	127	39
South-Shore	116	134	61	53	16	20
Vaudreuil-Soulanges ***	78	61	34	0	0	0
Unoccupied*						
Island of Montréal	61	91	903	352	489	345
Laval	53	108	162	134	111	14
Rive- Nord	194	278	176	146	207	41
South-Shore	133	133	248	194	160	138
Vaudreuil-Soulanges ***	74	48	34	2	1	2
Absorption						
Island of Montréal	58	41	181	98	90	395
Laval	65	57	18	31	0	7
North-Shore	255	262	64	59	66	43
South-Shore	108	126	71	50	26	36
Vaudreuil-Soulanges ***	60	62	22	2	0	0
Duration of Inventory*						
Island of Montréal	0.8	1.1	2.9	1.6	2.8	2.6
Laval	0.4	0.8	2.3	2.2	9.4	0.9
North-Shore	0.4	0.7	1.9	1.9	2.5	0.8
South-Shore	0.5	0.5	1.8	1.8	1.6	2.0
Vaudreuil-Soulanges ***	0.8	0.5	3.3	0.5	0.2	0.6

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 2005			*Trend 2005*
Freehold	4,297	515	4,812	1,024
Condominium	8,035	1,523	9,558	624
Rental	5,755	968	6,723	377
	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

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2005			2004			2004			2003		
	March	Feb.	Jan.	Dec.	Nov.	Oct.	March	Feb.	Jan.	Dec.	Nov.	Oct.
Labour Market*												
Job Creation (Loss) - in thousands	28	16	4	-7	-2	16	21	14	23	33	43	27
Unemployment Rate (%)	8.5	8.6	8.9	8,8	8.7	8.4	9.0	8.9	8.9	8.7	8.7	9.5
Mortgage Rates (1)												
1-year	5.1	4.8	4.8	4.8	5.0	4.9	4.3	4.3	4.3	4.8	4.8	4.6
5-year	6.3	6.1	6.1	6.1	6.3	6.4	5.7	5.8	6.1	6.5	6.5	6.4
Annual Inflation Rate (%)	2.4	1.8	1.9	2.4	2.6	2.9	0.7	0.7	1.4	1.4	1.4	1.3
New House Price Index (% change)												
House	NA	6.4	6.7	6.6	6.8	6.9	6.1	4.3	5.2	6.0	5.8	7.7
Land	NA	6.0	6.1	6.0	6.4	5.3	6.2	5.9	5.7	6.8	6.4	7.5
Total	NA	6.3	6.5	6.3	6.6	6.5	6.1	4.7	5.3	6.2	6.0	7.7
MLS Sales - Single-Family Houses	2,835	2,302	1,422	1,310	1,887	1,657	3,009	2,357	1,547	1,374	1,772	2,075

* *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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