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Montréal

Canada Mortgage and Housing Corporation

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## GLOOMY MONTH OF MAY FOR RESIDENTIAL CONSTRUCTION

VOLUME 8, NUMBER 5, MAY 2005

Much like the weather, activity on residential job sites in Greater Montréal was rather dreary in May. In fact, housing starts fell by 33 per cent this past month in the Montréal census metropolitan area (CMA). This result was drawn from latest surveys conducted by Canada Mortgage and Housing Corporation (CMHC), according to which construction got under way on a total of 2,002 dwellings this past month, or 1,103 fewer units than during the same period in 2004. The decline extended to all geographical sectors and all market segments.

For a third straight month, the Island of Montréal sustained a major decrease in the number of new residential job sites. With 666 housing starts, the drop was about 47 per cent in relation to May 2004. The rental housing segment was the hardest hit, as foundations were laid for 415 new units, compared to 952 last year (-56 per cent). Condominium

construction also slowed down in this sector, with just 201 starts (-19 per cent). With this latest result, total housing starts are now down by 37 per cent since the beginning of the year.

The greyness in May did not spare the suburbs either. In the North Crown, the decrease in activity reached 29 per cent. As the undisputed kingdom of single-family homes, the northern suburbs were unable to maintain the pace from May 2004 in this segment, as they registered a drop of 32 per cent. The rental and condominium niches did not manage to do any better, with respective decreases of 21 per cent and 40 per cent. This poor performance recorded by the North Crown offset practically all the gains posted so far in 2005, such that the volume of starts from January to May now stands at the same level (+1 per cent) as last year.

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In the South Crown, activity also fell, this time by 25 per cent and, here again, all market segments were affected. While single-family (freehold) and condominium construction got by with slowdowns of 19 per cent and 16 per cent, respectively, the rental housing segment saw only 3 new units get under way (compared to 52 in May 2004). For the first five months of the year, total starts now show a decline of 30 per cent in the South Crown.

As announced, residential construction is beginning to slow down. However, the decrease observed so far has been greater than anticipated (-20 per cent). The volume of new constructions is adjusting to a certain softening of the demand that has been observed in sales offices since last summer, even though mortgage rates have not really started rising again.

Elsewhere across the province, construction followed the same trend in four of the other five CMAs, with decreases of 24 per cent in Québec, 40 per cent in Gatineau, 57 per cent in Sherbrooke and 17 per cent in Trois-Rivières. Only Saguenay stood apart, as this area posted an enviable gain of 115 per cent in its level of housing starts. ■

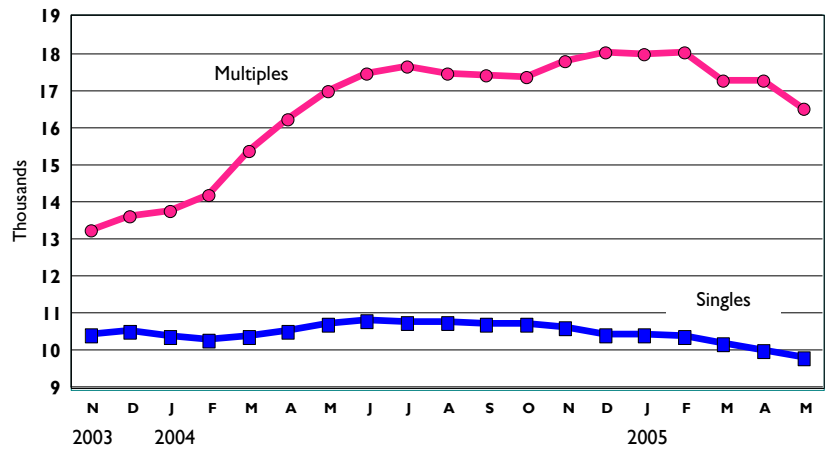
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## Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

### Major Housing Job Sites Started in May

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

<u>Number of units</u>	<u>Street</u>	<u>Sector</u>	<u>Intended segment</u>
231	Saint-Louis	Montréal (Saint-Laurent)	Retirement Home
86	De Montigny	Montréal (Pointe-aux-Trembles)	Retirement Home
81	Lacombe	Repentigny	Retirement Home
77	Jules Poitras	Montréal (Saint-Laurent)	Condominiums
24	Église	Montréal (Centre-Ouest)	Rental (Public)
21	St-Christophe	Montréal (Centre)	Condominiums
20	Bord de l'eau	Laval (Sainte-Dorothée)	Condominiums

**Table I**  
**Summary of Activity by Intended Market**  
**Montréal Metropolitan Area**

<i>Activity / Period</i>	<i>Freehold (Single-Family)</i>	<i>Condominium</i>	<i>Rental</i>	<i>Total</i>
<b>Housing Starts</b>				
May 2005	1,051	523	628	2,202
May 2004	1,339	697	1,269	3,305
Cumulative 2005	4,393	2,884	2,735	10,012
Cumulative 2004	5,555	3,867	3,088	12,510
<b>Under Construction*</b>				
May 2005	5,138	7,821	6,489	19,448
May 2004	6,107	8,307	5,852	20,266
<b>Completions</b>				
May 2005	816	721	268	1,805
May 2004	1,015	114	25	1,154
Cumulative 2005	3,616	2,535	2,217	8,368
Cumulative 2004	3,642	1,397	1,304	6,343
<b>Unoccupied*</b>				
May 2005	640	1,671	1,087	3,398
May 2004	757	824	552	2,133
<b>Absorption</b>				
May 2005	737	731	449	1,917
May 2004	980	199	55	1,234
Cumulative 2005	3,738	2,580	1,750	8,068
Cumulative 2004	3,492	1,403	1,235	6,130
<b>Duration of Inventory (in months)</b>				
May 2005	0.6	2.4	2.5	1.6
May 2004	0.8	1.8	2.0	1.3

\* As at the end of the period shown

Source: CMHC

New this year:

The CMHC publication **Housing Market Outlook** is now available for each of the 6 census metropolitan areas of Québec. (Montréal, Québec, Gatineau, Sherbrooke, Trois-Rivières and Saguenay).

This report will give you a complete overview of CMHC forecasts, with particular emphasis on the economy, mortgage rates, sales forecasts, housing starts, average prices of new and existing homes, as well as vacancy rates and average rents.

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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>
<b>Zone 1: West Island</b>				
May 2005	15	0	0	15
May 2004	42	0	256	298
Cumulative 2005	66	86	150	302
Cumulative 2004	160	167	461	788
<b>Zone 2: West-Centre</b>				
May 2005	14	111	275	400
May 2004	10	89	220	319
Cumulative 2005	30	522	722	1,274
Cumulative 2004	47	899	648	1,594
<b>Zone 3: East-Center</b>				
May 2005	13	90	38	141
May 2004	1	150	476	627
Cumulative 2005	36	655	413	1,104
Cumulative 2004	18	1,159	888	2,065
<b>Zone 4: East-End</b>				
May 2005	8	0	102	110
May 2004	8	8	0	16
Cumulative 2005	69	69	229	367
Cumulative 2004	88	77	259	424
<b>Zone 5: South-Laval</b>				
May 2005	16	3	0	19
May 2004	46	76	0	122
Cumulative 2005	80	299	294	673
Cumulative 2004	210	230	0	440
<b>Zone 6: North-Laval</b>				
May 2005	133	67	3	203
May 2004	172	84	0	256
Cumulative 2005	485	204	246	935
Cumulative 2004	681	262	4	947
<b>Zone 7: MRC Deux-Montagnes</b>				
May 2005	123	22	21	166
May 2004	201	18	6	225
Cumulative 2005	594	93	151	838
Cumulative 2004	638	93	49	780
<b>Zone 8: MRC Ste-Thérèse-de-Blainville</b>				
May 2005	68	35	21	124
May 2004	97	14	15	126
Cumulative 2005	312	175	83	570
Cumulative 2004	415	50	39	504

**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>
<b>Zone 9: MRC des Moulins</b>				
May 2005	168	15	48	231
May 2004	210	41	38	289
Cumulative 2005	670	162	114	946
Cumulative 2004	877	122	82	1,081
<b>Zone 10: MRC L'Assomption</b>				
May 2005	108	27	117	252
May 2004	132	39	206	377
Cumulative 2005	445	116	234	795
Cumulative 2004	427	84	212	723
<b>Zone 11: South-Shore Centre</b>				
May 2005	59	81	3	143
May 2004	74	87	0	161
Cumulative 2005	204	246	23	473
Cumulative 2004	309	268	170	747
<b>Zone 12: East South-Shore</b>				
May 2005	68	21	0	89
May 2004	87	27	0	114
Cumulative 2005	256	39	21	316
Cumulative 2004	356	112	78	546
<b>Zone 13: South South-Shore</b>				
May 2005	65	0	0	65
May 2004	40	6	46	92
Cumulative 2005	254	48	18	320
Cumulative 2004	232	26	66	324
<b>Zone 14: West South-Shore</b>				
May 2005	68	23	0	91
May 2004	118	28	6	152
Cumulative 2005	329	66	25	420
Cumulative 2004	421	131	33	585
<b>Zone 15: Vaudreuil-Soulanges *</b>				
May 2005	101	19	0	120
May 2004	62	6	0	68
Cumulative 2005	395	63	0	458
Cumulative 2004	464	73	0	537
<b>Zone 16: St-Jérôme</b>				
May 2005	24	9	0	33
May 2004	39	24	0	63
Cumulative 2005	168	41	12	221
Cumulative 2004	212	114	99	425

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	
	May 2005	May 2004	May 2005	May 2004	May 2005	May 2004
<b>Housing Starts</b>						
Island of Montréal (1 to 4)	50	61	201	247	415	952
Laval (zones 5 and 6)	149	218	70	160	3	0
North-Shore (zones 7 to 10 & 16)	491	679	108	136	207	265
South-Shore (zones 11 to 14)	260	319	125	148	3	52
Vaudreuil-Soul. *** (zone 15)	101	62	19	6	0	0
<b>Under Construction*</b>						
Island of Montréal	436	534	4,713	5,268	4,740	3,625
Laval	807	988	945	707	546	180
North-Shore	2,183	2,583	1,017	900	879	1,043
South-Shore	1,219	1,464	1,001	1,281	263	930
Vaudreuil-Soulanges ***	493	538	145	151	61	74
<b>Completions</b>						
Island of Montréal	51	68	392	32	116	8
Laval	93	170	50	14	8	10
North-Shore	414	495	117	41	106	0
South-Shore	176	197	110	27	28	7
Vaudreuil-Soulanges ***	82	85	52	0	10	0
<b>Unoccupied*</b>						
Island of Montréal	63	73	926	338	536	242
Laval	62	143	179	164	88	10
Rive- Nord	281	348	230	145	297	29
South-Shore	154	145	267	174	164	271
Vaudreuil-Soulanges ***	80	48	69	3	2	0
<b>Absorption</b>						
Island of Montréal	53	79	440	83	150	30
Laval	95	158	80	31	9	8
North-Shore	353	459	100	48	172	6
South-Shore	158	197	86	36	109	11
Vaudreuil-Soulanges ***	78	87	25	1	9	0
<b>Duration of Inventory**</b>						
Island of Montréal	0.9	0.9	2.5	1.6	2.7	1.7
Laval	0.4	1.0	2.3	2.8	7.0	0.6
North-Shore	0.6	0.9	2.3	1.9	2.9	0.6
South-Shore	0.6	0.6	1.8	1.6	1.5	4.2
Vaudreuil-Soulanges ***	0.9	0.5	5.5	0.7	0.3	0.0

Source: CMHC

\* As at the end of the period shown

\*\* Trend (in months)

\*\*\* Including only municipalities in the delimitations of Montreal metropolitan area

<b>Table 4</b>				
<b>Housing Supply</b>				
<b>Montréal Metropolitan Area</b>				
<i>Intended Market</i>	<i>Under Construction</i>	<i>Units Unoccupied</i>	<i>Short-Term Supply</i>	<i>Monthly Absorption</i>
	<b>May 2005</b>			<b>Trend 2005</b>
Freehold	5,138	640	5,778	1,007
Condominium	7,821	1,671	9,492	701
Rental	6,489	1,087	7,576	432
	<b>May 2004</b>			<b>Trend 2004</b>
Freehold	6,107	757	6,864	978
Condominium	8,307	824	9,131	449
Rental	5,852	552	6,404	274

Source: CMHC

<b>Table 5</b>													
<b>Economic Overview</b>													
<b>Montréal Metropolitan Area</b>													
	<b>2005</b>						<b>2004</b>	<b>2004</b>					<b>2003</b>
	<i>May</i>	<i>April</i>	<i>March</i>	<i>Feb.</i>	<i>Jan.</i>	<i>Dec.</i>	<i>May</i>	<i>April</i>	<i>March</i>	<i>Feb.</i>	<i>Jan.</i>	<i>Dec.</i>	
<b>Labour Market*</b>													
Job Creation (Loss) - in thousands	-0.1	15	28	16	4	-7	56	40	21	14	23	33	
Unemployment Rate (%)	8.5	8.3	8.5	8.6	8.9	8.8	8.3	8.7	9.0	8.9	8.9	8.7	
<b>Mortgage Rates (I)</b>													
1-year	4.8	4.9	5.1	4.8	4.8	4.8	4.5	4.5	4.3	4.3	4.3	4.8	
5-year	6.0	6.0	6.3	6.1	6.1	6.1	6.5	6.2	5.7	5.8	6.1	6.5	
<b>Annual Inflation Rate (%)</b>	NA	2.3	2.4	1.8	1.9	2.4	2.3	1.5	0.7	0.7	1.4	1.4	
<b>New House Price Index (% change)</b>													
House	NA	5.6	6.6	6.4	6.7	6.6	7.5	7.1	6.1	4.3	5.2	6.0	
Land	NA	5.8	6.0	6.0	6.1	6.0	5.8	5.7	6.2	5.9	5.7	6.8	
Total	NA	5.7	6.4	6.3	6.5	6.3	7.2	6.9	6.1	4.7	5.3	6.2	
<b>MLS Sales - Single-Family Houses</b>	2,330	2,651	2,835	2,302	1,422	1,310	2,195	2,581	3,009	2,357	1,547	1,374	

\* Three-month average

Sources: Statistics Canada, Conference Board of Canada, GMREB

## Definitions and Concepts

<b>Intended Markets</b>	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.
<b>Housing Starts</b>	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.
<b>Under Construction</b>	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.
<b>Completions</b>	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.
<b>Unoccupied</b>	Refer to new completed units that have remained unoccupied.
<b>Absorptions</b>	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.
<b>Duration of Inventory</b>	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.
<b>Short-Term Supply</b>	Refer to the total supply of new units and includes units under construction and units that are completed but not occupied.
<b>Duration of Supply</b>	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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