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Montréal

Canada Mortgage and Housing Corporation

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RESIDENTIAL CONSTRUCTION CONTINUES TO LOSE GROUND

VOLUME 8, NUMBER 6, JUNE 2005

Activity on the residential construction market in Greater Montréal declined by 18 per cent in June 2005. According to the latest surveys conducted by Canada Mortgage and Housing Corporation (CMHC), 1,983 housing starts were enumerated in the Montréal census metropolitan area (CMA), or 431 fewer units than during the same period last year, for a fourth consecutive monthly decrease.

With 595 starts, the condominium segment sustained the greatest decrease, at 29 per cent in relation to June 2004. This segment has still not posted a single positive month since the beginning of the year. The situation was the same for freehold homes and, in particular, the spearhead of suburban construction, single-detached houses, which registered an eighth straight monthly decline. In all, 766 single-detached homes were started in June, or 23 per cent fewer than during the same period in 2004. It should be noted that no sector in Greater Montréal was spared by this decrease. Rental housing construction, for its part, benefited from the arrival of a 131-unit property intended for seniors on the Island of Montréal. In all, 479 new rental dwellings were enumerated, for an increase of 9 per cent.

The downward starts scenario extended to most of the geographical sectors. In June, the hardest hit was the South Crown (-45 per cent) and, especially, Longueuil (-66 per cent). Not one market segment in this sector of the metropolitan area avoided the downward trend.

The overall North Crown was no exception to the rule, either (-12 per cent), although this sector registered more than double the number of starts recorded by its southern counterpart. In Laval, the decrease was significant at 57 per cent. However, the performances of the North Shore (+12 per cent) and Saint-Jérôme (+68 per cent) sectors should be noted, as they escaped the trend, not on account of the traditional freehold housing market, but rather the condominium segment.

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After an exceptional year in 2004, the first half of 2005 is pointing to a generalized decline in construction. The first six months of the year ended with 11,995 new starts, for a decrease of 20 per cent. Only the Laval (0 per cent) and North Shore (+3 per cent) sectors are not lagging behind, thanks to the good performances registered in the rental housing segment.

As we had anticipated last fall, a downward trend is now well under way, with a decrease in job sites extending to almost all market segments and all sectors. However, this has brought activity on the new home market back to a level similar to the results recorded in 2003, the second best year in the last 16 years on this market. Builders are therefore still very busy in the area.

In all urban centres with 10,000 or more inhabitants across the province, 19,695 starts were enumerated during the first half of the year, for a decrease of 16 per cent. Saguenay (+53 per cent) and Québec (+1 per cent) were the only CMAs to have posted gains. The Trois-Rivières CMA sustained the smallest decrease (-8 per cent), followed by Montréal (-20 per cent) and Sherbrooke (-25 per cent). The Gatineau area brought up the rear with a drop of about 34 per cent in its level of starts. ■

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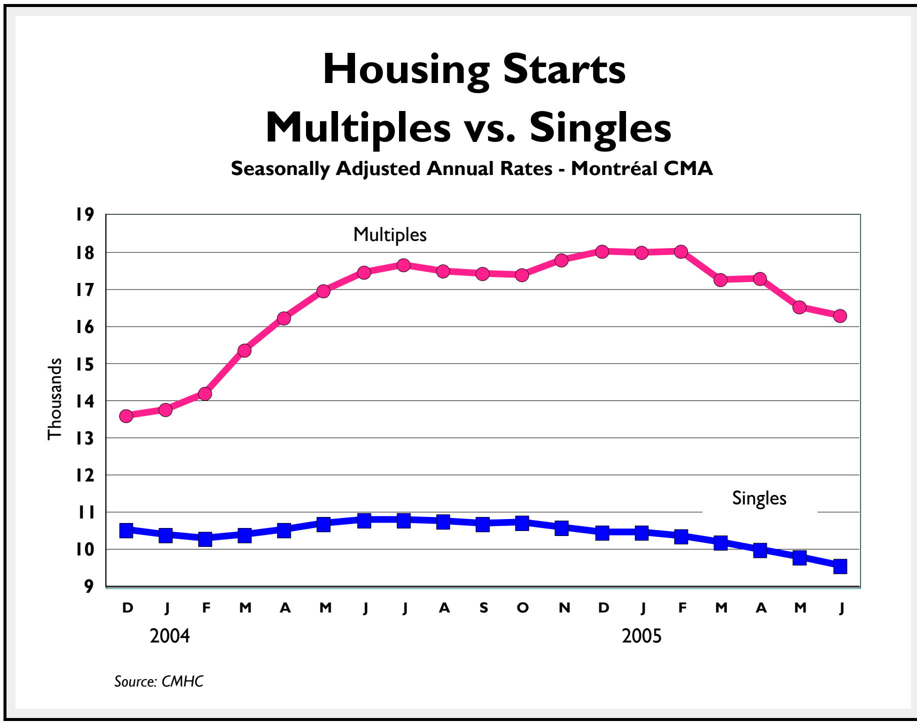

Major Housing Job Sites Started in June

The following are the major multiple housing job sites started in June 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
131	Des Sources	Montréal (DDO)	Retirement Home*
55	Ste-Croix	Saint-Laurent	Retirement Home*
54	Joseph Dantre	Saint-Laurent	Condominiums
41	Sherbrooke	Montréal (Centre)	Condominiums
36	Presqu'ile	Charlemagne	Condominiums
36	Souligny	Montréal (Mercier)	Cooperative
32	Aubru	Montréal (Mercier)	Cooperative
30	Souligny	Montréal (Mercier)	Retirement Home*
30	Notre-Dame	Repentigny	Retirement Home
23	Saint-Laurent	Montréal (Villeray)	Condominiums

** Public Housing Project.*

Table 1
Summary of Activity by Intended Market
Montréal Metropolitan Area

Activity / Period	Freehold (Single-Family)	Condominium	Rental	Total
Housing Starts				
June 2005	909	595	479	1,983
June 2004	1,139	834	441	2,414
Cumulative 2005	5,302	3,479	3,214	11,995
Cumulative 2004	6,694	4,701	3,529	14,924
Under Construction*				
June 2005	4,742	7,560	6,780	19,082
June 2004	5,844	8,542	5,908	20,294
Completions				
June 2005	1,306	850	194	2,350
June 2004	1,403	536	448	2,387
Cumulative 2005	4,922	3,385	2,411	10,718
Cumulative 2004	5,045	1,933	1,752	8,730
Unoccupied*				
June 2005	608	1,698	789	3,095
June 2004	703	764	457	1,924
Absorption				
June 2005	1,338	823	492	2,653
June 2004	1,457	596	543	2,596
Cumulative 2005	5,076	3,403	2,242	10,721
Cumulative 2004	4,949	1,999	1,778	8,726
Duration of Inventory (in months)				
June 2005	0.6	2.4	1.8	1.4
June 2004	0.7	1.7	1.6	1.1

** 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

Zone / Period	Freehold (Single-Family)	Condominium	Rental	Total
Zone 1: West Island				
June 2005	20	4	131	155
June 2004	60	16	0	76
Cumulative 2005	86	90	281	457
Cumulative 2004	220	183	461	864
Zone 2: West-Centre				
June 2005	8	93	103	204
June 2004	7	227	141	375
Cumulative 2005	38	615	825	1,478
Cumulative 2004	54	1,126	789	1,969
Zone 3: East-Center				
June 2005	6	100	156	262
June 2004	1	54	121	176
Cumulative 2005	42	755	569	1,366
Cumulative 2004	19	1,213	1,009	2,241
Zone 4: East-End				
June 2005	17	0	6	23
June 2004	12	12	0	24
Cumulative 2005	86	69	235	390
Cumulative 2004	100	89	259	448
Zone 5: South-Laval				
June 2005	14	37	0	51
June 2004	33	95	0	128
Cumulative 2005	94	336	294	724
Cumulative 2004	243	325	0	568
Zone 6: North-Laval				
June 2005	83	30	0	113
June 2004	139	101	12	252
Cumulative 2005	568	234	246	1,048
Cumulative 2004	820	363	16	1,199
Zone 7: MRC Deux-Montagnes				
June 2005	145	21	15	181
June 2004	132	12	3	147
Cumulative 2005	739	114	166	1,019
Cumulative 2004	770	105	52	927
Zone 8: MRC Ste-Thérèse-de-Blainville				
June 2005	43	15	6	64
June 2004	83	38	47	168
Cumulative 2005	355	190	89	634
Cumulative 2004	498	88	86	672

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				
June 2005	134	59	11	204
June 2004	135	21	8	164
Cumulative 2005	804	221	125	1,150
Cumulative 2004	1,012	143	90	1,245
Zone 10: MRC L'Assomption				
June 2005	71	60	30	161
June 2004	54	12	0	66
Cumulative 2005	516	176	264	956
Cumulative 2004	481	96	212	789
Zone 11: South-Shore Centre				
June 2005	37	58	3	98
June 2004	58	132	100	290
Cumulative 2005	241	304	26	571
Cumulative 2004	367	400	270	1,037
Zone 12: East South-Shore				
June 2005	63	11	0	74
June 2004	52	46	0	98
Cumulative 2005	319	50	21	390
Cumulative 2004	408	158	78	644
Zone 13: South South-Shore				
June 2005	62	6	0	68
June 2004	65	14	9	88
Cumulative 2005	316	54	18	388
Cumulative 2004	297	40	75	412
Zone 14: West South-Shore				
June 2005	87	30	6	123
June 2004	159	24	0	183
Cumulative 2005	416	96	31	543
Cumulative 2004	580	155	33	768
Zone 15: Vaudreuil-Soulanges *				
June 2005	83	35	0	118
June 2004	109	20	0	129
Cumulative 2005	478	98	0	576
Cumulative 2004	573	93	0	666
Zone 16: St-Jérôme				
June 2005	36	36	12	84
June 2004	40	10	0	50
Cumulative 2005	204	77	24	305
Cumulative 2004	252	124	99	475

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	
	June 2005	June 2004	June 2005	June 2004	June 2005	June 2004
Housing Starts						
Island of Montréal (1 to 4)	51	80	197	309	396	262
Laval (zones 5 and 6)	97	172	67	196	0	12
North-Shore (zones 7 to 10 & 16)	429	444	191	93	74	58
South-Shore (zones11 to 14)	249	334	105	216	9	109
Vaudreuil-Soul. *** (zone 15)	83	109	35	20	0	0
Under Construction*						
Island of Montréal	420	542	4,571	5,151	5,051	3,509
Laval	735	935	859	882	546	192
North-Shore	1,912	2,348	1,001	887	929	1,115
South-Shore	1,181	1,486	969	1,451	219	1,024
Vaudreuil-Soulanges ***	494	533	160	171	35	68
Completions						
Island of Montréal	67	72	339	426	85	378
Laval	170	225	153	17	0	4
North-Shore	700	679	201	59	30	33
South-Shore	287	313	137	34	53	27
Vaudreuil-Soulanges ***	82	114	20	0	26	6
Unoccupied*						
Island of Montréal	62	74	912	406	403	197
Laval	71	160	242	121	83	2
Rive- Nord	261	289	255	103	143	6
South-Shore	145	135	231	134	153	252
Vaudreuil-Soulanges ***	69	45	58	0	7	0
Absorption						
Island of Montréal	68	71	353	358	218	423
Laval	161	208	90	60	5	12
North-Shore	720	738	176	101	184	56
South-Shore	296	323	173	74	64	46
Vaudreuil-Soulanges ***	93	117	31	3	21	6
Duration of Inventory*						
Island of Montréal	0.9	0.9	2.5	1.9	2.2	1.2
Laval	0.5	1.1	3.0	2.2	7.0	0.1
North-Shore	0.6	0.7	2.4	1.4	1.3	0.1
South-Shore	0.6	0.5	1.5	1.3	1.4	4.3
Vaudreuil-Soulanges ***	0.8	0.5	3.9	0.0	0.8	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*

Table 4
Housing Supply
Montréal Metropolitan Area

Intended Market	Under Construction	Units Unoccupied	Short-Term Supply	Monthly Absorption
	June 2005			Trend 2005
Freehold	4,742	608	5,350	998
Condominium	7,560	1,698	9,258	720
Rental	6,780	789	7,569	427
	June 2004			Trend 2004
Freehold	5,844	703	6,547	977
Condominium	8,542	764	9,306	443
Rental	5,908	457	6,365	290

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2005						2004					
	June	May	April	March	Feb.	Jan.	June	May	April	March	Feb.	Jan.
Labour Market*												
Job Creation (Loss) - in thousands	-1	-0.1	15	28	16	4	52	56	40	21	14	23
Unemployment Rate (%)	8.3	8.5	8.3	8.5	8.6	8.9	8.1	8.3	8.7	9.0	8.9	8.9
Mortgage Rates (1)												
1-year	4.8	4.8	4.9	5.0	4.8	4.8	4.7	4.5	4.5	4.3	4.3	4.3
5-year	5.7	6.0	6.0	6.2	6.0	6.0	6.7	6.5	6.2	5.7	5.8	6.0
Annual Inflation Rate (%)	2.1	1.7	2.3	2.4	1.8	1.9	2.5	2.3	1.5	0.7	0.7	1.4
New House Price Index (% change)												
House	NA	5.1	5.6	6.6	6.4	6.7	7.4	7.5	7.1	6.1	4.3	5.2
Land	NA	5.2	5.8	6.0	6.0	6.1	5.8	5.8	5.7	6.2	5.9	5.7
Total	NA	5.1	5.7	6.4	6.3	6.6	7.1	7.2	6.9	6.1	4.7	5.3
MLS Sales - Single-Family Houses	1,784	2,330	2,651	2,835	2,302	1,422	1,807	2,195	2,581	3,009	2,357	1,547

* *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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