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Canada Mortgage and Housing Corporation

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RESIDENTIAL CONSTRUCTION REMAINS VERY ACTIVE IN THE QUÉBEC AREA

Residential construction remained very vigorous in the second quarter in the Québec census metropolitan area (CMA). According to the latest surveys conducted by Canada Mortgage and Housing Corporation (CMHC), 2,140 dwellings were started between April and June 2004, for a gain of 28 per cent over the same period in 2003.

Following a temporary dip of 3 per cent in the first quarter, housing starts rebounded as expected in the second quarter. The condominium market, which had been responsible for the decrease in activity at the beginning of the year, was the segment that posted the greatest gain. From April to June 2004, 511 condominium units were started, more than double the 219 units enumerated during the same period last year. The rental housing segment was also very active with 412 new dwellings, up by 30 per cent over the second quarter of 2003. Among these units, more than half were intended for seniors. Single-family home starts, for their part, reached a total of 1,217 units, for an increase of 8 per cent. This rise was especially attributable to the gains recorded in the construction of semi-detached houses (from 92 to 138 units) and row homes (from 5 to 39 units). The significant price hikes in recent years and the lack of affordably priced existing homes for sale have been stimulating the construction of less expensive houses.

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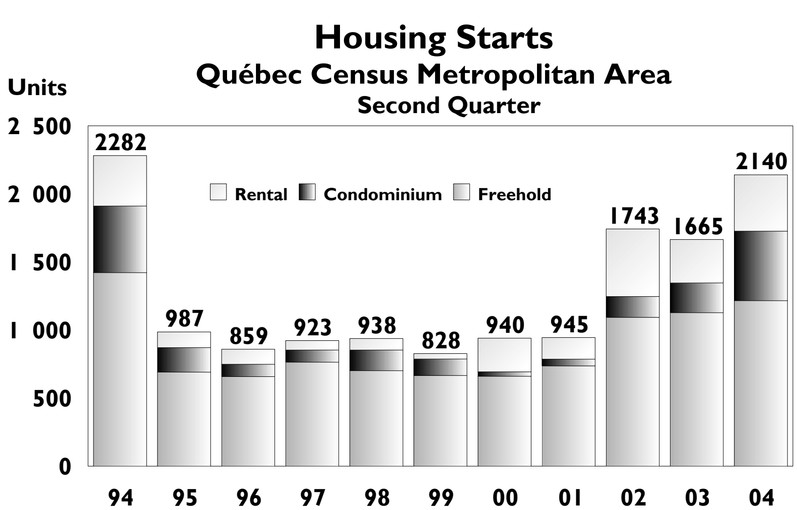

Source: CMHC

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For the first half of the year, the results stand at 3,174 housing starts, up by 16 per cent over the same period in 2003. Condominium construction shows the most significant increase (37 per cent), followed by rental housing starts (21 per cent) and single-family home building (8 per cent). The low mortgage rates, the good performance of the job market in recent years, the rise in household income, and the scarcity of existing properties for sale and dwellings for rent continue to be the main driving forces behind the strong housing activity. Since the beginning of the year, the increase in construction has been more marked on the south shore of Québec than on the north shore. With a total of 764 starts, the south shore registered a hike of 57 per cent, compared to a rise of 7 per cent for the north shore. It should be recalled that, since the residential construction boom began in 2002, the north shore had been posting much greater gains than the south shore. Across the Québec CMA territory, the former municipality of Sainte-Foy has been the most active sector with a total of 599 starts. Activity has been particularly intense in the condominium and rental housing construction segments.

Elsewhere in Quebec

Residential construction remained vigorous across the province. Since the beginning of the year, 23,364 housing starts have been enumerated in urban centres with 10,000 or more inhabitants, for a gain of 29 per cent over the first half of 2003. Among the six CMAs in Quebec, the strongest increase was noted in Trois-Rivières (41 per cent), followed by Montréal (38 per cent), Sherbrooke (29 per cent), Québec (16 per cent) and Gatineau (9 per cent). Saguenay is the only area that is showing a decrease (-52 per cent).

Inter-generational home-sharing and secondary suites: benefits and drawbacks

The addition of secondary suites, a marginal phenomenon until now, is attracting the growing attention of the general public, the residential construction sector and the research community. A secondary suite intended for inter-generational home-sharing is a self-contained dwelling adjacent to, or integrated in, a single-family house. Such suites can help seniors remain independent, feel safe and avoid isolation.

Researchers examined this tenure option in order to identify its benefits and drawbacks. Their research[1] consists of a summary of the literature on this topic and several interviews with municipal stakeholders and inter-generational home-sharing households in Québec City suburbs.

There are many benefits resulting from the addition of a secondary suite. From the standpoint of municipalities, the greatest advantages are the rejuvenation of the population in older suburbs, residential intensification and the preservation of the existing housing stock. The benefits mentioned by the households who were interviewed are even more numerous. There is security, which is divided into two aspects: when one of the two households is absent, the security of the premises is ensured, and, for older people, the closeness of younger people who can come to their assistance is reassuring. The financial benefits that result from cost-sharing are also significant. As well, home-sharing enables grandparents to see their grandchildren more regularly, which considerably fosters sociability. In addition, everyday life is facilitated by the sharing of tasks, such as household chores or services rendered. Better maintenance of the suite and more space are another advantage. Finally, home-sharing reportedly brought about an improvement in the health of certain people thanks to their good living conditions.

As for the drawbacks raised during the interviews, these were less numerous. For municipalities, the disadvantages include a reduced quality of life for neighbourhood citizens, increased demand for services and more automobile traffic in the affected sectors. For the households interviewed, the main drawback is the loss of privacy and mutual interference by home-sharing household members. As well, the sharing of spaces used on a day-to-day basis may generate frictions if these spaces, including the backyard, are not completely separate. Consequently, one of the essential conditions to ensure home-sharing success is to clearly set out the rules in order to maintain the privacy of the households.

Inter-generational home-sharing through the addition of a secondary suite can be a positive experience, but will not solve all the problems of an aging population.

[1] Extract from Inter-Generational Home-Sharing and Secondary Suites in Québec City Suburbs, Research Highlights, CMHC, Socio-Economic Series, Issue 04-028, April 2004

For more information about this report, visit www.cmhc.ca or call 1 800 668-2642

Table 1
Summary of Activity by Intended Market
Québec Metropolitan Area

Activity / Period	*Ownership*					*Rental*	*Total*
	*Freehold**				*Condo-minium*		
	Single	*Semi*	*Row*	*Apt.*			
Starts							
Second Quarter 2004	956	138	39	84	511	412	2,140
Second Quarter 2003	937	92	5	95	219	317	1,665
Year-to-date 2004 (Jan.-June)	1,425	196	52	106	660	735	3,174
Year-to-date 2003 (Jan.-June)	1,370	124	19	133	483	606	2,735
Under construction*							
Second Quarter 2004	692	100	44	58	747	580	2,221
Second Quarter 2003	574	52	9	53	420	479	1,587
Completions							
Second Quarter 2004	718	102	12	62	385	327	1,606
Second Quarter 2003	924	88	9	110	344	744	2,219
Year-to-date 2004	1,186	138	24	76	551	725	2,700
Year-to-date 2003	1,253	120	13	122	359	835	2,702
Unoccupied*							
Second Quarter 2004	98	18	1	2	164	282	565
Second Quarter 2003	98	11	1	4	112	344	570
Absorption							
Second Quarter 2004	723	105	19	60	333	274	1,514
Second Quarter 2003	888	88	10	108	234	395	1,723
Year-to-date 2004	1,156	136	27	75	452	461	2,307
Year-to-date 2003	1,207	119	21	119	259	505	2,230
Duration of inventory (months)							
Trend 2003	0.5	0.9	0.2	0.1	1.9	3.2	1.3
Trend 2002	0.5	0.6	0.2	0.2	2.4	4.5	1.5

** Refers to single-family houses (single-detached, semi-detached and row homes) owned under freehold tenure and owner-occupied duplexes.*

*** At the end of the period shown*

Source: CMHC

Table 2a
Housing Starts by Zone and by Intended Market
Québec Metropolitan Area

Zone / Period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Single	Semi	Row	Apt.			
Zone 1: Québec (Basse-Ville, Vanier)							
Second Quarter 2004	0	0	12	0	42	51	105
Second Quarter 2003	1	0	0	6	103	38	148
Year-to-date 2004	1	0	12	0	60	123	196
Year-to-date 2003	1	0	4	6	140	114	265
Zone 2: Québec (Haute-Ville)							
Second Quarter 2004	0	0	0	0	0	0	0
Second Quarter 2003	0	0	0	0	0	6	6
Year-to-date 2004	0	0	0	2	0	0	2
Year-to-date 2003	0	0	0	0	0	6	6
Zone 3: Québec (Des Rivières, Ancienne-Lorette)							
Second Quarter 2004	70	30	6	18	72	19	215
Second Quarter 2003	94	30	0	18	30	54	226
Year-to-date 2004	114	48	12	20	80	105	379
Year-to-date 2003	152	36	4	25	110	123	450
Zone 4: Sainte-Foy, Cap-Rouge, Saint-Augustin, Sillery							
Second Quarter 2004	84	8	0	0	245	211	548
Second Quarter 2003	71	16	0	4	50	87	228
Year-to-date 2004	124	12	0	0	256	319	711
Year-to-date 2003	107	20	6	6	130	138	407
North centre (zones 1 to 4)							
Second Quarter 2004	154	38	18	18	359	281	868
Second Quarter 2003	166	46	0	28	183	185	608
Year-to-date 2004	239	60	24	22	396	547	1,288
Year-to-date 2003	260	56	14	37	380	381	1,128
Zone 5: Val-Bélair, Saint-Émile, etc.							
Second Quarter 2004	202	6	0	10	24	43	285
Second Quarter 2003	243	8	0	18	0	0	269
Year-to-date 2004	319	6	0	10	24	55	414
Year-to-date 2003	313	14	0	22	0	4	353
Zone 6: Charlesbourg, Stoneham, etc.							
Second Quarter 2004	123	22	0	16	4	2	167
Second Quarter 2003	121	6	1	25	4	33	190
Year-to-date 2004	172	34	4	26	82	5	323
Year-to-date 2003	208	8	1	41	59	81	398

Table 2a (continued)
Housing Starts by Zone and by intended Market
Québec Metropolitan Area

Zone / Period	Ownership: Freehold Single	Semi	Row	Apt.	Condo-minium	Rental	Total
Zone 7: Beauport, Boischâtel, Île-d'Orléans, etc.							
Second Quarter 2004	168	10	0	28	39	51	296
Second Quarter 2003	162	10	0	14	14	70	270
Year-to-date 2004	228	12	0	36	39	70	385
Year-to-date 2003	237	12	0	21	14	84	368
North outlying area (zones 5 to 7)							
Second Quarter 2004	493	38	0	54	67	96	748
Second Quarter 2003	526	24	1	57	18	103	729
Year-to-date 2004	719	52	4	72	145	130	1,122
Year-to-date 2003	758	34	1	84	73	169	1,119
North shore (zones 1 to 7)							
Second Quarter 2004	647	76	18	72	426	377	1,616
Second Quarter 2003	692	70	1	85	201	288	1,337
Year-to-date 2004	958	112	28	94	541	677	2,410
Year-to-date 2003	1,018	90	15	121	453	550	2,247
Zone 8: Saint-Jean-Chrysostôme, Saint-Nicolas, etc.							
Second Quarter 2004	230	30	8	12	20	17	317
Second Quarter 2003	143	8	0	6	18	11	186
Year-to-date 2004	343	32	11	12	36	29	463
Year-to-date 2003	216	10	0	8	30	17	281
Zone 9: Lévis, Pintendre							
Second Quarter 2004	79	32	13	0	65	18	207
Second Quarter 2003	102	14	4	4	0	18	142
Year-to-date 2004	124	52	13	0	83	29	301
Year-to-date 2003	136	24	4	4	0	39	207
South shore (zones 8 and 9)							
Second Quarter 2004	309	62	21	12	85	35	524
Second Quarter 2003	245	22	4	10	18	29	328
Year-to-date 2004	467	84	24	12	119	58	764
Year-to-date 2003	352	34	4	12	30	56	488
TOTAL - QUÉBEC METROPOLITAN AREA							
Second Quarter 2004	956	138	39	84	511	412	2,140
Second Quarter 2003	937	92	5	95	219	317	1,665
Year-to-date 2004	1,425	196	52	106	660	735	3,174
Year-to-date 2003	1,370	124	19	133	483	606	2,735

Source: CMHC

Table 2b
Housing Starts by intended Market for the new cities of Québec and Lévis
Québec Metropolitan Area

City / Period	*Ownership*					*Rental*	*Total*
	Freehold				*Condo-minium*		
	Single	*Semi*	*Row*	*Apt.*			
Québec							
Second Quarter 2004	419	74	18	64	414	377	1,366
Second Quarter 2003	490	68	1	81	201	268	1,109
Year-to-date 2004	631	110	28	86	529	677	2,061
Year-to-date 2003	759	86	15	117	453	530	1,960
Lévis							
Second Quarter 2004	293	58	21	12	85	35	504
Second Quarter 2003	215	18	4	10	18	29	294
Year-to-date 2004	445	80	24	12	119	58	738
Year-to-date 2003	311	28	4	12	30	56	441

Source: CMHC

Table 3
Single-Detached and Semi-Detached Houses Absorbed by Price Range - Second Quarter
Québec Metropolitan Area

Type	*Under $125,000*		*$1250,000 to $149,999*		*$150,000 to $199,999*		*$200,000 to $249,999*		*$250,000 or over*	
	2004	*2003*	*2004*	*2003*	*2004*	*2003*	*2004*	*2003*	*2004*	*2003*
Single	27	72	173	253	359	377	92	119	72	67
Semi	28	85	69	2	7	1	1	0	0	0
Total	55	157	242	255	366	378	93	119	72	67
Market share (single)	3.7%	8.1%	23.9%	28.5%	49.7%	42.5%	12.7%	13.4%	10.0%	7.5%

Source: CMHC

For more information about this publication,

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Table 4
Housing Supply - Second Quarter 2004
Québec Metropolitan Area

Intended Market	Under Construction	Unoccupied	Short-Term Supply	Monthly Absorption*	Duration of Short-Term Supply (months)
	June 2004			Trend 2004	
Freehold	894	119	1,013	258	3.9
Condominium	747	164	911	84	10.8
Rental	580	282	862	89	9.7
Total	2,221	565	2,786	431	6.5
	June 2003			Trend 2003	
Freehold	688	114	802	255	3.1
Condominium	420	112	532	47	11.3
Rental	479	344	823	76	10.8
Total	1,587	570	2,157	377	5.7

Source: CMHC

* 12-month average

Table 5
Economic Overview
Québec Metropolitan Area

	2nd Q 2004	1st Q 2004	2nd Q 2003	Trend 2004	Trend 2003	% Change Trend
Labour market						
Employment level (000)	369.5	341.7	370.4	355.6	358.4	(0.8)
Unemployment rate (%)	5.5	7.4	6.2	6.4	7.4	n / a
Mortgage rates (1)						
1-year (%)	4.6	4.3	5.1	4.4	5.1	n / a
5-year (%)	6.5	5.9	6.2	6.2	6.4	n / a
Annual inflation rate						
CPI, 1996=100	121.4	120.4	118.9	120.9	119.1	1.5
New Housing Price Index (1997=100)*						
House	131.4	130.0	123.6	130.5	122.3	6.8
Land	121.2	118.6	111.9	119.7	111.7	7.2
Total	129.0	127.2	120.7	127.9	119.7	6.9
Index of Consumer Confidence						
1991=100 (2)	121.1	125.3	120.7	123.2	122.3	0.7
MLS sales						
Total residential units	1,686	1,809	1,588	3,495	3,472	0.7
Median price (single-detached house)	122,422	118,996	106,515	122,422	106,515	14.9

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

Notes: (1) Canada (2) Province of Quebec

* The data for the current quarter is the average for the first two months

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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