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Province of Quebec

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Canada Mortgage and Housing Corporation

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## Residential construction in Quebec: pace still strong in the fourth quarter

Following gains of 3 per cent in the second quarter and 33 per cent in the third, residential construction went up by 27 per cent in the last quarter of 2003, compared to the same period the year before. In fact, after a year of exceptional growth in 2002, the residential construction sector continued to post vigorous activity, which led to 50,289 housing starts in 2003, for an increase of 18 per cent over the preceding year. This vigour shows the continued impact of the good conditions that prevailed in previous years (favourable economic context, rising migration levels, low supply on the rental, resale and new home markets, changes in tenure choices).

### Regional overview

While urban starts rose by 19 per cent in 2003 (39,857 units), construction in rural

areas posted a gain of nearly 17 per cent, with 10,432 starts in 2003, the highest level since 1976. For the past few years, rural areas have accounted for about 20 per cent of the residential construction in Quebec.

During the last three months of the year, around 65 per cent of Quebec's urban areas registered increases in starts compared to the fourth quarter of 2002. The census metropolitan areas posted a gain of 27 per cent, while construction was up by 21 per cent in the other urban agglomerations (with 10,000 to 99,999 inhabitants). The rural areas, for their part, continued to show vigorous activity, with 2,971 housing starts during the fourth quarter (+29 per cent).

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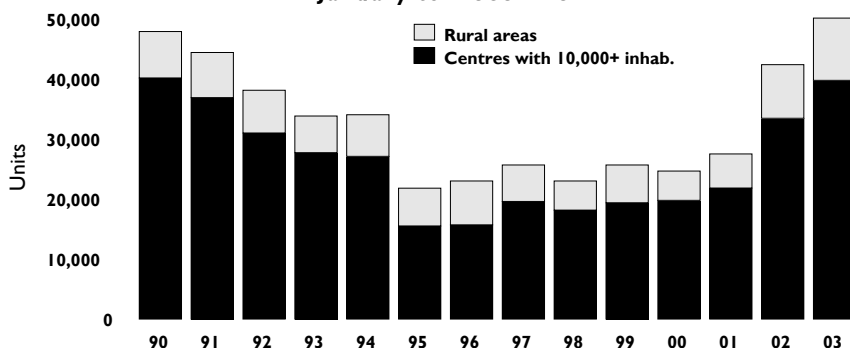
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### HOUSING STARTS

#### Quebec Areas

January to December



Source: CMHC

Raw data



HOME TO CANADIANS  
Canada

## 2003 highlights

In addition to the strong performance at the regional level, an analysis of the figures by market segment and type also revealed noteworthy results. Regaining speed during the second half of the year, the single-detached home segment attained 27,225 starts, compared to 25,257 in 2002, for an increase of 8 per cent. But the greatest highlight of 2003 was observed in the multiple housing segment (semi-detached, row or apartment constructions), where the province registered 23,064 starts, in comparison with 17,195 the year before.

This increase was largely attributable to condominium construction, which continued to grow significantly in the urban centres (+49 per cent), particularly in Montréal,

but also in the Québec area, where condominium starts more than doubled in relation to 2002, and the Gatineau area, which posted its best annual results since 1990, with 209 starts in 2003, compared to 30 the year before. The other major component of the multiple housing segment, namely, rental dwellings, registered a remarkable increase of 28 per cent during 2003. It should be noted, however, that retirement homes accounted for a considerable share of these starts.

Much like the results for single-detached home building, freehold housing starts in urban areas posted a gain of about 6 per cent over 2002. In this regard, the increases recorded in the Québec, Trois-Rivières, Drummondville, Saint-Jean-d'Iberville and Rivière-du-Loup areas were notable.

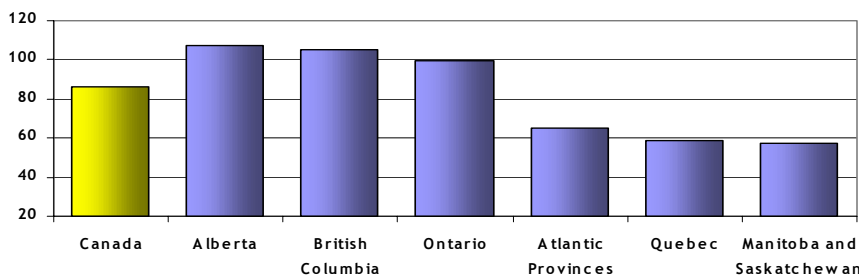
### Quebec Has One of the Lowest Mortgage Debt Levels in Canada<sup>1</sup>

According to the June 2003 Financial Industry Research Monitor (FIRM) Survey results, the average mortgage in Canada was \$86,000. For the province of Quebec, this average debt was \$59,000. Only Manitoba and Saskatchewan had lower average mortgage debt levels at that time (around \$57,000). Conversely, the highest level of \$107,000 was noted in Alberta. The younger population<sup>2</sup> and the recent significant jump in home prices in this province both contributed to this situation.

The increase in homeownership and the resulting gain in popularity of refinance products drove up the mortgage debt level of Canadians. One year earlier, in June 2002, this level was about \$82,000. During this time, however, their residential property values went up more considerably, such that the weight of this debt became lighter. In fact, while this debt represented 44 per cent of the average price of existing homes (\$186,808\*) in June 2002, this proportion fell to 41 per cent (\$208,186\*) one year later.

### Quebec Has One of the Lowest Mortgage Debt Levels in Canada

Average Mortgage Debt - Thousands of Dollars - June 2003



<sup>1</sup>Sources: CMHC, Clayton Research Associates Limited and Ipsos-Reid Corporation, The FIRM Residential Mortgage Survey, June 2003

<sup>2</sup>As newcomers on the labour market, young people have had less time to save, so they have less equity to buy a home

\* MLS® (Multiple Listing Service), seasonally adjusted rates

## Definitions and Concepts

**Intended Markets** - There are three: 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 laid 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 that have been started but that are 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** - units where all proposed construction work has been performed or, in some cases, where ninety percent of all construction work is completed and the structure is fit for occupancy.

**Unoccupied Units** - new completed units that have remained unoccupied.

**Total Medium-Term Supply** - total supply of new units including units under construction, units that are completed but not occupied and permits issued but not started.

**Absorptions** - newly completed units that have been 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 quarter plus completions for the current month minus completed and unoccupied units for the current month.

**Duration of Inventory** - period necessary for the absorption of unoccupied units, i.e. the ratio between unoccupied units and absorbed units (average for the last twelve months). This figure is expressed in months.

**Seasonally Adjusted Annual Rates (SAAR)** - raw monthly figures, adjusted to remove normal seasonal variation and multiplied by 12.

**Table 1**  
**Summary of Activity by Area and by Intended Market**  
**Province of Quebec**

Activity / Area	Ownership (Freehold* & Condominium)		Rental		Total	
	4th Q 2003	4th Q 2002	4th Q 2003	4th Q 2002	4th Q 2003	4th Q 2002
<b>Starts</b>						
Metropolitan areas (1)	7,458	5,782	2,238	1,828	9,696	7,610
Urban areas (2)	880	640	599	580	1,479	1,220
Rural areas (3)	n.a	n.a	n.a	n.a	2,971	2,307
<b>Total - Province of Quebec</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>14,146</b>	<b>11,137</b>
<b>Completions</b>						
Metropolitan areas (1)	6,039	4,744	1,824	1,086	7,863	5,830
Urban areas (2)	869	571	291	231	1,160	802
Rural areas (3)	n.a	n.a	n.a	n.a	2,673	3,051
<b>Total - Province of Quebec</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>11,696</b>	<b>9,683</b>
<b>Under construction**</b>						
Metropolitan areas (1)	12,237	9,652	5,054	4,079	17,291	13,731
Urban areas (2)	917	713	838	759	1,755	1,472
Rural areas (3)	n.a	n.a	n.a	n.a	3,019	1,737
<b>Total - Province of Quebec</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>n.a</b>	<b>22,065</b>	<b>16,940</b>

Source: CMHC

\* 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

(1) Population of 100,000 or more

(2) Population between 10,000 and 99,999

(3) Population of 9,999 or less

**Table 2**  
**Economic Overview**  
**Province of Quebec**

	2003	2002	2002	2002	2002
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter
<b>Gross domestic product (%)</b>	0.5	0.7	1.8	3.1	4.8
<b>Employment level - total* (000)</b>	3,681.3	3,628.2	3,644.0	3,645.5	3,633.7
<b>Employment rate* (%)</b>	60.3	59.6	60.0	60.1	60.0
<b>Unemployment rate* (%)</b>	9.3	9.6	9.1	8.6	8.4
<b>Inflation rate (%)</b>	0.7	0.2	-1.7	6.3	2.3
<b>Net migration</b>	n.a.	9,618	8,759	7,579	1,129
<b>Mortgage rates (%) - Canada</b>					
1-year	4.7	4.6	5.1	5.1	5.0
5-year	6.5	6.3	6.2	6.6	6.8
<b>Resale market (MLS sales)</b>					
<b>Total residential units</b>	n.a.	15,445	19,734	20,034	15,413
<b>Index of Consumer Confidence* (1991=100)</b>	122.6	124.5	127.3	125.8	127.9

Sources: Statistics Canada, Conference Board of Canada, Canadian Real Estate Association

\* Seasonally adjusted annual rates

**Table 3**  
**Housing Starts by Metropolitan Area and by Intended Market**  
**Province of Quebec**

<i>Area / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominium</i>		
<b>Saguenay</b>				
Fourth quarter 2003	38	0	14	52
Fourth quarter 2002	60	0	134	194
Year-to-date 2003 (Jan.-Dec.)	274	0	161	435
Year-to-date 2002 (Jan.-Dec.)	288	0	308	596
<b>Gatineau</b>				
Fourth quarter 2003	585	138	133	856
Fourth quarter 2002	488	27	92	607
Year-to-date 2003 (Jan.-Dec.)	1,885	209	707	2,801
Year-to-date 2002 (Jan.-Dec.)	1,929	30	594	2,553
<b>Montréal</b>				
Fourth quarter 2003	2,921	2,368	1,735	7,024
Fourth quarter 2002	2,704	1,536	1,088	5,328
Year-to-date 2003 (Jan.-Dec.)	11,702	7,893	4,726	24,321
Year-to-date 2002 (Jan.-Dec.)	11,600	5,687	3,267	20,554
<b>Québec</b>				
Fourth quarter 2003	767	334	148	1,249
Fourth quarter 2002	581	185	370	1,136
Year-to-date 2003 (Jan.-Dec.)	3,167	1,070	1,362	5,599
Year-to-date 2002 (Jan.-Dec.)	2,662	503	1,117	4,282
<b>Sherbrooke</b>				
Fourth quarter 2003	165	10	147	322
Fourth quarter 2002	106	0	67	173
Year-to-date 2003 (Jan.-Dec.)	563	34	473	1,070
Year-to-date 2002 (Jan.-Dec.)	472	47	338	857
<b>Trois-Rivières</b>				
Fourth quarter 2003	126	6	61	193
Fourth quarter 2002	89	6	77	172
Year-to-date 2003 (Jan.-Dec.)	449	6	180	635
Year-to-date 2002 (Jan.-Dec.)	324	6	289	619
<b>TOTAL - METROPOLITAN AREAS</b>				
Fourth quarter 2003	4,602	2,856	2,238	9,696
Fourth quarter 2002	4,028	1,754	1,828	7,610
Year-to-date 2003 (Jan.-Dec.)	18,040	9,212	7,609	34,861
Year-to-date 2002 (Jan.-Dec.)	17,275	6,273	5,913	29,461

Source: CMHC

**Table 4**  
**Under Construction and Completions by Metropolitan Area and by Intended Market**  
**Province of Quebec**

Area / Period	Under Construction*				Completions				
	Ownership		Rental	Total	Ownership		Rental	Total	
	Freehold	Condo-minium			Freehold	Condo-minium			
<b>Saguenay</b>									
Fourth quarter 2003	42	0	0	42	82	0	97	179	
Fourth quarter 2002	51	0	265	316	97	0	16	113	
<b>Gatineau</b>									
Fourth quarter 2003	538	209	277	1,024	591	0	240	831	
Fourth quarter 2002	929	30	447	1,406	559	3	103	665	
<b>Montréal</b>									
Fourth quarter 2003	4,188	5,924	3,980	14,092	2,657	1,646	1,103	5,406	
Fourth quarter 2002	3,762	3,969	2,335	10,066	2,521	774	732	4,027	
<b>Québec</b>									
Fourth quarter 2003	535	622	592	1,749	678	147	275	1,100	
Fourth quarter 2002	536	274	743	1,553	525	20	159	704	
<b>Sherbrooke</b>									
Fourth quarter 2003	99	8	139	246	141	4	81	226	
Fourth quarter 2002	61	0	45	106	125	47	61	233	
<b>Trois-Rivières</b>									
Fourth quarter 2003	66	6	66	138	93	0	28	121	
Fourth quarter 2002	34	6	244	284	73	0	15	88	
<b>TOTAL - METROPOLITAN AREAS</b>									
Fourth quarter 2003	5,468	6,769	5,054	17,291	4,242	1,797	1,824	7,863	
Fourth quarter 2002	5,373	4,279	4,079	13,731	3,900	844	1,086	5,830	

\* At the end of the period shown

Source: CMHC

**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.

*For more information about this publication,  
please contact our:*

**Customer Service**  
at  
Tel.: 1-866-855-5711  
E-mail: [cam\\_qc@cmhc.ca](mailto:cam_qc@cmhc.ca)

**Table 5**  
**Housing Starts for Centres with 50,000 to 99,999 Inhabitants**  
**Province of Quebec**

Centre / Period	Ownership		Rental	Total
	Freehold	Condominium		
<b>Drummondville</b>				
Fourth quarter 2003	126	10	54	190
Fourth quarter 2002	80	0	145	225
Year-to-date 2003 (Jan.-Dec.)	391	10	168	569
Year-to-date 2002 (Jan.-Dec.)	247	3	408	658
<b>Granby</b>				
Fourth quarter 2003	91	10	83	184
Fourth quarter 2002	77	6	69	152
Year-to-date 2003 (Jan.-Dec.)	344	16	205	565
Year-to-date 2002 (Jan.-Dec.)	338	9	126	473
<b>Saint-Jean-sur-Richelieu</b>				
Fourth quarter 2003	143	19	19	181
Fourth quarter 2002	76	4	52	132
Year-to-date 2003 (Jan.-Dec.)	628	23	211	862
Year-to-date 2002 (Jan.-Dec.)	485	8	151	644
<b>Shawinigan</b>				
Fourth quarter 2003	21	0	7	28
Fourth quarter 2002	26	0	4	30
Year-to-date 2003 (Jan.-Dec.)	87	0	11	98
Year-to-date 2002 (Jan.-Dec.)	97	0	4	101

Source: CMHC

**Table 6**  
**Housing Starts for Centres with 10,000 to 49,999 Inhabitants**  
**Province of Quebec**

Centre / Period	Ownership		Rental	Total
	Freehold	Condominium		
<b>Alma</b>				
Fourth quarter 2003	14	0	55	69
Fourth quarter 2002	10	0	41	51
Year-to-date 2003 (Jan.-Dec.)	66	0	101	167
Year-to-date 2002 (Jan.-Dec.)	55	0	57	112
<b>Baie-Comeau</b>				
Fourth quarter 2003	3	0	0	3
Fourth quarter 2002	0	0	0	0
Year-to-date 2003 (Jan.-Dec.)	3	0	0	3
Year-to-date 2002 (Jan.-Dec.)	4	0	0	4
<b>Cowansville</b>				
Fourth quarter 2003	5	0	34	39
Fourth quarter 2002	5	0	36	41
Year-to-date 2003 (Jan.-Dec.)	22	0	38	60
Year-to-date 2002 (Jan.-Dec.)	24	0	36	60
<b>Dolbeau</b>				
Fourth quarter 2003	19	0	0	19
Fourth quarter 2002	6	0	3	9
Year-to-date 2003 (Jan.-Dec.)	52	0	0	52
Year-to-date 2002 (Jan.-Dec.)	32	0	3	35

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**Table 6 (cont.)**  
**Housing Starts for Centres with 10,000 to 49,999 Inhabitants**  
**Province of Quebec**

Centre / Period	Ownership		Rental	Total
	Freehold	Condominium		
<b>Joliette</b>				
Fourth quarter 2003	29	8	52	89
Fourth quarter 2002	38	0	33	71
Year-to-date 2003 (Jan.-Dec.)	146	13	242	401
Year-to-date 2002 (Jan.-Dec.)	169	5	127	301
<b>Lachute</b>				
Fourth quarter 2003	7	0	0	7
Fourth quarter 2002	8	0	0	8
Year-to-date 2003 (Jan.-Dec.)	25	0	0	25
Year-to-date 2002 (Jan.-Dec.)	18	0	10	28
<b>La Tuque</b>				
Fourth quarter 2003	2	0	0	2
Fourth quarter 2002	2	0	0	2
Year-to-date 2003 (Jan.-Dec.)	11	0	0	11
Year-to-date 2002 (Jan.-Dec.)	8	0	0	8
<b>Magog</b>				
Fourth quarter 2003	36	4	4	44
Fourth quarter 2002	26	0	22	48
Year-to-date 2003 (Jan.-Dec.)	144	49	33	226
Year-to-date 2002 (Jan.-Dec.)	130	8	97	235
<b>Matane</b>				
Fourth quarter 2003	7	0	0	7
Fourth quarter 2002	3	0	0	3
Year-to-date 2003 (Jan.-Dec.)	21	0	0	21
Year-to-date 2002 (Jan.-Dec.)	12	0	0	12
<b>Rimouski</b>				
Fourth quarter 2003	42	0	8	50
Fourth quarter 2002	35	0	0	35
Year-to-date 2003 (Jan.-Dec.)	126	0	24	150
Year-to-date 2002 (Jan.-Dec.)	115	0	2	117
<b>Rivière-du-Loup</b>				
Fourth quarter 2003	21	0	73	94
Fourth quarter 2002	23	0	10	33
Year-to-date 2003 (Jan.-Dec.)	98	0	127	225
Year-to-date 2002 (Jan.-Dec.)	60	0	44	104
<b>Rouyn-Noranda</b>				
Fourth quarter 2003	5	0	0	5
Fourth quarter 2002	5	0	0	5
Year-to-date 2003 (Jan.-Dec.)	26	0	0	26
Year-to-date 2002 (Jan.-Dec.)	22	0	3	25
<b>Saint-Georges</b>				
Fourth quarter 2003	43	0	67	110
Fourth quarter 2002	36	0	0	36
Year-to-date 2003 (Jan.-Dec.)	185	6	160	351
Year-to-date 2002 (Jan.-Dec.)	179	0	59	238

Continued on next page

**Table 6 (cont.)**  
**Housing Starts for Centres with 10,000 to 49,999 Inhabitants**  
**Province of Quebec**

<i>Centre / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominium</i>		
<b>Saint-Hyacinthe</b>				
Fourth quarter 2003	25	0	25	50
Fourth quarter 2002	22	4	22	48
Year-to-date 2003 (Jan.-Dec.)	99	12	151	262
Year-to-date 2002 (Jan.-Dec.)	129	4	56	189
<b>Salaberry-de-Valleyfield</b>				
Fourth quarter 2003	19	0	0	19
Fourth quarter 2002	33	0	6	39
Year-to-date 2003 (Jan.-Dec.)	53	8	0	61
Year-to-date 2002 (Jan.-Dec.)	54	8	7	69
<b>Sept-Îles</b>				
Fourth quarter 2003	2	0	0	2
Fourth quarter 2002	3	0	0	3
Year-to-date 2003 (Jan.-Dec.)	5	0	40	45
Year-to-date 2002 (Jan.-Dec.)	14	0	0	14
<b>Sorel</b>				
Fourth quarter 2003	20	0	20	40
Fourth quarter 2002	11	0	0	11
Year-to-date 2003 (Jan.-Dec.)	93	0	23	116
Year-to-date 2002 (Jan.-Dec.)	77	0	0	77
<b>Theftord-Mines</b>				
Fourth quarter 2003	7	0	0	7
Fourth quarter 2002	5	0	6	11
Year-to-date 2003 (Jan.-Dec.)	19	0	0	19
Year-to-date 2002 (Jan.-Dec.)	26	0	12	38
<b>Val-d'Or</b>				
Fourth quarter 2003	4	0	0	4
Fourth quarter 2002	8	0	0	8
Year-to-date 2003 (Jan.-Dec.)	16	0	0	16
Year-to-date 2002 (Jan.-Dec.)	15	0	0	15
<b>Victoriaville</b>				
Fourth quarter 2003	64	0	39	103
Fourth quarter 2002	47	0	111	158
Year-to-date 2003 (Jan.-Dec.)	256	8	86	350
Year-to-date 2002 (Jan.-Dec.)	178	0	122	300
<b>Other urban centres*</b>				
Fourth quarter 2003	74	0	59	133
Fourth quarter 2002	37	4	20	61
Year-to-date 2003 (Jan.-Dec.)	198	30	87	315
Year-to-date 2002 (Jan.-Dec.)	137	4	53	194

Source: CMHC

\* Amos, Gaspé, Montmagny, Roberval, Sainte-Marie, Saint-Félicien, Saint-Lin (2003) and Hawkesbury (Quebec Part)  
 \* Saint-Lin has been included in the other urban centres since 2003. No data is available for 2002.

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