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Province of Quebec

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Canada Mortgage and Housing Corporation

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### Residential construction in Quebec: still on the rise but at a slower pace in the second quarter

VOLUME 7, NUMBER 2,  
SECOND QUARTER 2004

Following a gain of 29 per cent in the first quarter of 2004, residential construction went up by 19 per cent in Quebec, in relation to the second quarter of last year. In fact, after a year of vigorous growth at the beginning of 2004, the residential construction sector slowed down somewhat in the last few months, but still posted a total of 27,566 housing starts during the first half of 2004, for an increase of 22 per cent over the same period in 2003. This increase was again attributable to the concurrence of several factors stimulating construction: favourable economic context, rising migration levels, relatively low availability of dwellings on the resale and rental markets, and changes in tenure choices by certain segments of the population.

#### Mixed results at the regional level

In Quebec's urban areas, starts rose by 28 per cent during the second quarter of 2004 (14,952 units). During this period, around 57 per cent of these centres (21 out of 37) registered increases in starts compared to the second quarter of 2003. The census metropolitan areas posted a gain of 30 per cent, while construction was up by 14 per cent in the other urban agglomerations (with 10,000 to 99,999 inhabitants).

At the same time, construction in rural areas declined by 13 per cent, with 2,840 starts during this period in 2004. In the past quarter, rural areas accounted for 16 per cent of the residential construction in Quebec.

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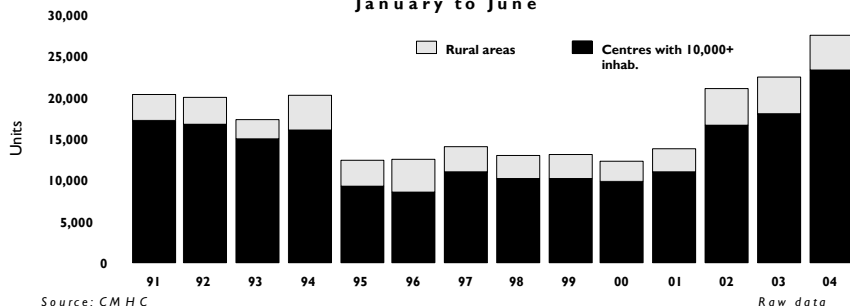
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### HOUSING STARTS

Quebec Areas  
January to June



HOME TO CANADIANS  
Canada

## Market segments: condominiums and rental housing continue to support the growth

While the results for the urban centres show an increase in starts in the two major market segments, they also reveal very different growth rates depending on the market segments. Whereas construction intended for the ownership (freehold and condominium) market posted a gain of 18 per cent in relation to the second quarter of 2003 (mainly thanks to the rate of growth of condominium starts), rental housing starts rose by 73 per cent in the urban centres, on account of gains in the large agglomerations, where construction almost doubled over the second quarter of 2003. So far in 2004, homeowner housing construction is up by 22 per cent, while rental housing starts are 61 per cent ahead, in comparison with the first half of last year.

Freehold housing starts in the urban areas registered a gain of about 11 per cent over the second quarter of 2003. A large part of this gain was attributable to the rise observed in the census metropolitan areas of Montréal (13 per cent) and Québec (8 per cent). In fact, during the second quarter of 2004, 7,940 dwellings of this type were started, compared to 7,155 from April to June 2003. The construction of single-detached houses, which accounts for most of this segment, was up by 10 per cent, for its part, in the second quarter. In this regard, there was a major increase in the Montréal area, where 3,788 such starts were recorded, compared to 3,355 in the second quarter of last year. The slowdown in this market segment was due to several factors, including less significant employment growth in 2003, a

greater availability of homes on the resale market and prices that are still on the rise.

Even though condominium starts in the urban areas went up considerably (39 per cent over the second quarter of 2003), the increase was clearly less significant than in the first quarter (71 per cent). Still, 3,433 condominiums were started in the second quarter, or 961 more units than during the same period last year. This rise was attributable to the gains registered in the Montréal area (27 per cent) and the Québec area, where condominium construction more than doubled over the second quarter of 2003. It should further be noted that condominiums were also built outside the major centres, as evidenced by the results recorded in these areas: Saint-Jean-Iberville (54 starts), Magog (24 starts), Saint-Hyacinthe (12 starts) and Sorel-Tracy (12 starts) (see Table 6). Given their price and lifestyle features, condominiums continue to be in great demand, by a variety of households.

Finally, rental housing construction in the urban centres went up remarkably once again, this time, by 75 per cent over the second quarter of 2003. Several of the census metropolitan areas contributed to this increase, particularly Montréal, where rental housing starts more than tripled, and Québec, which posted a gain of 30 per cent over the same period in 2003. As in the previous quarter, the results included a considerable proportion of retirement housing units, but a good share of conventional rental dwellings, as well. Whether from households seeking more affordable dwellings, people in need of retirement housing or newly arrived households in Quebec, demand for rental housing remains significant.

## 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.

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

Activity / Area	Ownership (Freehold* & Condominium)		Rental		Total	
	2nd Q 2004	2nd Q 2003	2nd Q 2004	2nd Q 2003	2nd Q 2004	2nd Q 2003
<b>Starts</b>						
Metropolitan areas (1)	9,915	8,456	3,161	1,604	13,076	10,060
Urban areas (2)	1,458	1,171	418	468	1,876	1,639
Rural areas (3)	n.a.	n.a.	n.a.	n.a.	2,840	3,254
<b>Total - Province of Quebec</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>17,792</b>	<b>14,953</b>
<b>Completions</b>						
Metropolitan areas (1)	6,254	6,793	1,505	2,263	7,759	9,056
Urban areas (2)	777	656	386	599	1,163	1,255
Rural areas (3)	n.a.	n.a.	n.a.	n.a.	2,060	858
<b>Total - Province of Quebec</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>10,982</b>	<b>11,169</b>
<b>Under construction**</b>						
Metropolitan areas (1)	17,338	12,221	6,931	4,027	24,269	16,248
Urban areas (2)	1,338	1,052	960	639	2,298	1,691
Rural areas (3)	n.a.	n.a.	n.a.	n.a.	2,505	3,350
<b>Total - Province of Quebec</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>29,072</b>	<b>21,289</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**

	2004	2004	2003	2003	2003
	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
<b>Gross domestic product (%)</b>	3.8	2.5	1.6	1.4	1.3
<b>Employment level - total* (000)</b>	3,705.1	3,682.7	3,683.4	3,631.7	3,640.6
<b>Employment rate* (%)</b>	60.3	60.1	60.3	59.6	59.9
<b>Unemployment rate* (%)</b>	8.2	8.8	9.3	9.6	9.1
<b>Inflation rate (%)</b>	3.5	3.9	0.7	0.2	(1.7)
<b>Net migration</b>	n.a.	9,317.0	2,787.0	9,618.0	8,759.0
<b>Mortgage rates (%) - Canada</b>					
1-year	4.6	4.3	4.7	4.6	5.1
5-year	6.5	5.9	6.5	6.3	6.2
<b>Resale market (MLS sales)</b>					
<b>Total residential units</b>	n.a.	20,037	15,555	14,391	18,587
<b>Index of Consumer Confidence* (1991=100)</b>	121.1	125.3	117.5	123.7	120.7

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>				
Second quarter 2004	96	0	12	108
Second quarter 2003	125	0	119	244
Year-to-date 2004 (Jan.-June)	112	7	12	131
Year-to-date 2003 (Jan.-June)	140	0	131	271
<b>Gatineau</b>				
Second quarter 2004	582	34	56	672
Second quarter 2003	614	0	266	880
Year-to-date 2004 (Jan.-June)	909	305	131	1,345
Year-to-date 2003 (Jan.-June)	842	0	392	1,234
<b>Montréal</b>				
Second quarter 2004	4,351	2,731	2,350	9,432
Second quarter 2003	3,841	2,157	690	6,688
Year-to-date 2004 (Jan.-June)	6,694	4,701	3,529	14,924
Year-to-date 2003 (Jan.-June)	6,029	3,311	1,476	10,816
<b>Québec</b>				
Second quarter 2004	1,217	511	412	2,140
Second quarter 2003	1,129	219	317	1,665
Year-to-date 2004 (Jan.-June)	1,779	660	735	3,174
Year-to-date 2003 (Jan.-June)	1,646	483	606	2,735
<b>Sherbrooke</b>				
Second quarter 2004	203	42	216	461
Second quarter 2003	214	8	171	393
Year-to-date 2004 (Jan.-June)	262	68	368	698
Year-to-date 2003 (Jan.-June)	283	20	236	539
<b>Trois-Rivières</b>				
Second quarter 2004	148	0	115	263
Second quarter 2003	149	0	41	190
Year-to-date 2004 (Jan.-June)	235	0	151	386
Year-to-date 2003 (Jan.-June)	218	0	55	273
<b>TOTAL - METROPOLITAN AREAS</b>				
Second quarter 2004	6,597	3,318	3,161	13,076
Second quarter 2003	6,072	2,384	1,604	10,060
Year-to-date 2004 (Jan.-June)	9,991	5,741	4,926	20,658
Year-to-date 2003 (Jan.-June)	9,158	3,814	2,896	15,868

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>									
Second quarter 2004	88	0	15	103	46	0	4	50	
Second quarter 2003	84	0	110	194	61	0	241	302	
<b>Gatineau</b>									
Second quarter 2004	606	394	145	1,145	267	146	77	490	
Second quarter 2003	824	27	583	1,434	466	3	240	709	
<b>Montréal</b>									
Second quarter 2004	5,844	8,542	5,908	20,294	3,167	993	784	4,944	
Second quarter 2003	5,183	4,819	2,639	12,641	2,965	1,494	712	5,171	
<b>Québec</b>									
Second quarter 2004	894	747	580	2,221	894	385	327	1,606	
Second quarter 2003	688	420	479	1,587	1,131	344	744	2,219	
<b>Sherbrooke</b>									
Second quarter 2004	126	40	190	356	160	28	228	416	
Second quarter 2003	123	6	158	287	164	14	95	273	
<b>Trois-Rivières</b>									
Second quarter 2004	51	6	93	150	168	0	85	253	
Second quarter 2003	47	0	58	105	151	0	231	382	
<b>TOTAL - METROPOLITAN AREAS</b>									
Second quarter 2004	7,609	9,729	6,931	24,269	4,702	1,552	1,505	7,759	
Second quarter 2003	6,949	5,272	4,027	16,248	4,938	1,855	2,263	9,056	

\* 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.

**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>				
Second quarter 2004	136	3	39	178
Second quarter 2003	139	0	43	182
Year-to-date 2004 (Jan.-June)	187	3	70	260
Year-to-date 2003 (Jan.-June)	178	0	89	267
<b>Granby</b>				
Second quarter 2004	118	6	8	132
Second quarter 2003	117	6	41	164
Year-to-date 2004 (Jan.-June)	205	9	55	269
Year-to-date 2003 (Jan.-June)	142	6	53	201
<b>Saint-Jean-Ilberville</b>				
Second quarter 2004	260	54	105	419
Second quarter 2003	237	0	101	338
Year-to-date 2004 (Jan.-June)	349	58	191	598
Year-to-date 2003 (Jan.-June)	321	0	144	465
<b>Shawinigan</b>				
Second quarter 2004	35	0	0	35
Second quarter 2003	45	0	4	49
Year-to-date 2004 (Jan.-June)	44	0	0	44
Year-to-date 2003 (Jan.-June)	49	0	4	53

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>				
Second quarter 2004	37	0	7	44
Second quarter 2003	29	0	11	40
Year-to-date 2004 (Jan.-June)	42	0	7	49
Year-to-date 2003 (Jan.-June)	33	0	11	44
<b>Baie-Comeau</b>				
Second quarter 2004	0	0	0	0
Second quarter 2003	0	0	0	0
Year-to-date 2004 (Jan.-June)	0	0	0	0
Year-to-date 2003 (Jan.-June)	0	0	0	0
<b>Cowansville</b>				
Second quarter 2004	6	0	20	26
Second quarter 2003	5	0	4	9
Year-to-date 2004 (Jan.-June)	9	0	20	29
Year-to-date 2003 (Jan.-June)	6	0	4	10
<b>Dolbeau</b>				
Second quarter 2004	12	0	0	12
Second quarter 2003	19	0	0	19
Year-to-date 2004 (Jan.-June)	15	0	0	15
Year-to-date 2003 (Jan.-June)	19	0	0	19

Continued on next page

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

<b>Centre / Period</b>	<b>Ownership</b>		<b>Rental</b>	<b>Total</b>
	<b>Freehold</b>	<b>Condominium</b>		
<b>Joliette</b>				
Second quarter 2004	76	4	9	89
Second quarter 2003	63	5	45	113
Year-to-date 2004 (Jan.-June)	100	4	90	194
Year-to-date 2003 (Jan.-June)	93	5	77	175
<b>Lachute</b>				
Second quarter 2004	9	0	0	9
Second quarter 2003	7	0	0	7
Year-to-date 2004 (Jan.-June)	15	0	0	15
Year-to-date 2003 (Jan.-June)	12	0	0	12
<b>La Tuque</b>				
Second quarter 2004	2	0	0	2
Second quarter 2003	3	0	0	3
Year-to-date 2004 (Jan.-June)	4	0	0	4
Year-to-date 2003 (Jan.-June)	3	0	0	3
<b>Magog</b>				
Second quarter 2004	58	24	56	138
Second quarter 2003	24	33	9	66
Year-to-date 2004 (Jan.-June)	79	30	109	218
Year-to-date 2003 (Jan.-June)	62	33	17	112
<b>Matane</b>				
Second quarter 2004	6	0	0	6
Second quarter 2003	6	0	0	6
Year-to-date 2004 (Jan.-June)	7	0	0	7
Year-to-date 2003 (Jan.-June)	6	0	0	6
<b>Rimouski</b>				
Second quarter 2004	68	0	20	88
Second quarter 2003	33	0	16	49
Year-to-date 2004 (Jan.-June)	78	0	30	108
Year-to-date 2003 (Jan.-June)	45	0	16	61
<b>Rivière-du-Loup</b>				
Second quarter 2004	46	0	13	59
Second quarter 2003	31	0	24	55
Year-to-date 2004 (Jan.-June)	49	0	13	62
Year-to-date 2003 (Jan.-June)	32	0	24	56
<b>Rouyn-Noranda</b>				
Second quarter 2004	0	0	0	0
Second quarter 2003	5	0	0	5
Year-to-date 2004 (Jan.-June)	0	0	0	0
Year-to-date 2003 (Jan.-June)	8	0	0	8
<b>Saint-Georges</b>				
Second quarter 2004	95	0	31	126
Second quarter 2003	78	6	43	127
Year-to-date 2004 (Jan.-June)	105	0	31	136
Year-to-date 2003 (Jan.-June)	95	6	43	144

**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>Saint-Hyacinthe</b>				
Second quarter 2004	67	12	26	105
Second quarter 2003	39	12	44	95
Year-to-date 2004 (Jan.-June)	80	24	60	164
Year-to-date 2003 (Jan.-June)	48	12	96	156
<b>Salaberry-de-Valleyfield</b>				
Second quarter 2004	29	0	31	60
Second quarter 2003	23	8	0	31
Year-to-date 2004 (Jan.-June)	43	0	31	74
Year-to-date 2003 (Jan.-June)	26	8	0	34
<b>Sept-Îles</b>				
Second quarter 2004	13	0	0	13
Second quarter 2003	3	0	40	43
Year-to-date 2004 (Jan.-June)	17	0	0	17
Year-to-date 2003 (Jan.-June)	3	0	40	43
<b>Sorel</b>				
Second quarter 2004	31	12	0	43
Second quarter 2003	28	0	0	28
Year-to-date 2004 (Jan.-June)	40	24	4	68
Year-to-date 2003 (Jan.-June)	36	0	3	39
<b>Thetford-Mines</b>				
Second quarter 2004	9	0	0	9
Second quarter 2003	1	0	0	1
Year-to-date 2004 (Jan.-June)	12	0	0	12
Year-to-date 2003 (Jan.-June)	2	0	0	2
<b>Val-d'Or</b>				
Second quarter 2004	10	0	6	16
Second quarter 2003	7	0	0	7
Year-to-date 2004 (Jan.-June)	10	0	6	16
Year-to-date 2003 (Jan.-June)	7	0	0	7
<b>Victoriaville</b>				
Second quarter 2004	88	0	43	131
Second quarter 2003	95	0	43	138
Year-to-date 2004 (Jan.-June)	115	0	57	172
Year-to-date 2003 (Jan.-June)	129	0	43	172
<b>Other urban centres*</b>				
Second quarter 2004	132	0	4	136
Second quarter 2003	46	18	0	64
Year-to-date 2004 (Jan.-June)	167	0	8	175
Year-to-date 2003 (Jan.-June)	60	30	0	90

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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