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### Montréal

Canada Mortgage and Housing Corporation

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#### **DOWNWARD TREND IN RESIDENTIAL CONSTRUCTION CONTINUES IN APRIL**

According to the latest starts survey conducted by Canada Mortgage and Housing Corporation (CMHC) in the Montréal census metropolitan area (CMA), housing starts fell by 38 per cent in April, in relation to the same period last year. In all, construction got under way on 2,100 dwellings, compared to 3,394 in April 2005. As a result, following an exceptional month of March, residential construction resumed, in April, the downward trend that had been observed in recent months.

Contrary to previous years, there were fewer starts in April than in March. The milder than usual winter and early spring may have allowed builders to move up the start of construction on several major job sites.

The multiple housing segment registered the greatest decrease in activity. In fact, only 321 rental dwellings were started this past month, compared to 1,124 in April 2005. In the condominium segment, there were 509 starts, for a drop of 42 per cent. The high inventories of completed and unoccupied condominiums are without a doubt curbing the enthusiasm of builders in this segment. Freehold home building, for

its part, fell by 8 per cent. With the significant rise in listings recorded in recent quarters, this type of housing is facing increased competition from the resale market.

The Island of Montréal (-47 per cent) and the North Crown (-41 per cent) registered the most significant decreases in activity. These two sectors were affected by the major slowdown in rental and condominium housing construction. In Laval, for instance, rental housing construction (-84 per cent) and condominium starts (-81 per cent) fell considerably. In the South Crown, the decline (-25 per cent) extended to all housing types. Finally, the Vaudreuil-Soulanges sector went against the tide (+17 per cent).

The strong decrease recorded in April brought the year-to-date lag to 11 per cent, which is in line with our forecast for 2006. Even if the Montréal economy is doing rather well, the increase in listings on the resale market and the new rise in mortgage rates will weaken demand for new homes.

For January to April, freehold home construction is down by 9 per cent in relation to last year. To date, rental housing starts show a significant

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decline (-36 per cent) but should pick up again by the end of the year, with the anticipated construction of many retirement housing units. Finally, after posting an exceptional month of March, the condominium segment is now up slightly by 8 per cent.

The decline registered in Montréal had a considerable impact on the results for all centres with 10, 000 or more inhabitants in the province and led to a decrease in activity of 25 per cent. In all, 3, 983 starts were enumerated, compared to 5, 280 in April 2005.

In the other CMAs across the province, Québec (-16 per cent) and Sherbrooke (-14 per cent) also recorded decreases, while Gatineau (+ 68 per cent), Saguenay (+ 46 per cent) and Trois-Rivières (+ 15 per cent) rather posted gains.

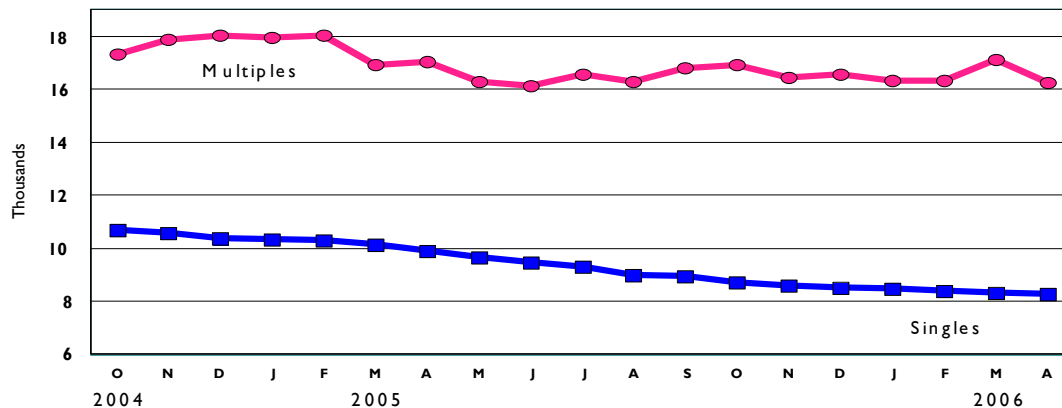
### Major Housing Job Sites Started in March

The following are the major multiple housing job sites started in March 2006 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>
125	Galeries d'Anjou	Anjou	Rental
111	De la Commune	Montréal (Centre)	Condominiums
39	Pauline-Julien	Montréal (Plateau)	Condominiums

## Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

**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>				
April 2006	1,270	509	321	2,100
April 2005	1,386	884	1,124	3,394
Cumulative 2006	3,034	2,540	1,351	6,925
Cumulative 2005	3,342	2,361	2,107	7,810
<b>Under Construction*</b>				
April 2006	4,328	8,402	5,976	18,706
April 2005	4,903	8,025	6,129	19,057
<b>Completions</b>				
April 2006	654	533	770	1,957
April 2005	781	811	833	2,425
Cumulative 2006	2,264	1,810	1,610	5,684
Cumulative 2005	2,800	1,814	1,949	6,563
<b>Unoccupied*</b>				
April 2006	596	2,143	1,465	4,204
April 2005	561	1,681	1,268	3,510
<b>Absorption</b>				
April 2006	628	570	771	1,969
April 2005	735	653	533	1,921
Cumulative 2006	2,195	1,734	1,524	5,453
Cumulative 2005	3,001	1,849	1,301	6,151
<b>Duration of Inventory (in months)</b>				
April 2006	0.7	3.1	3.1	2.1
April 2005	0.5	2.6	3.2	1.7

\* As at the end of the period shown

Source: CMHC

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**Table 2**  
**Housing Starts by Zone and by Intended Market**  
**Montréal Metropolitan Area**

<b>Zone / Period</b>	<b>Freehold (Single-Family)</b>	<b>Condominium</b>	<b>Rental</b>	<b>Total</b>
<b>Zone 1: West Island</b>				
April 2006	5	9	0	14
April 2005	13	0	10	23
Cumulative 2006	45	100	131	276
Cumulative 2005	51	86	150	287
<b>Zone 2: West-Centre</b>				
April 2006	4	20	0	24
April 2005	5	92	95	192
Cumulative 2006	18	384	83	485
Cumulative 2005	16	411	447	874
<b>Zone 3: East-Center</b>				
April 2006	9	261	128	398
April 2005	11	278	197	486
Cumulative 2006	40	983	193	1,216
Cumulative 2005	23	565	375	963
<b>Zone 4: East-End</b>				
April 2006	23	0	18	41
April 2005	35	48	119	202
Cumulative 2006	47	9	24	80
Cumulative 2005	61	69	127	257
<b>Zone 5: South-Laval</b>				
April 2006	32	26	81	139
April 2005	39	94	294	427
Cumulative 2006	79	124	373	576
Cumulative 2005	64	296	294	654
<b>Zone 6: North-Laval</b>				
April 2006	115	7	0	122
April 2005	153	78	228	459
Cumulative 2006	318	90	0	408
Cumulative 2005	352	137	243	732
<b>Zone 7: MRC Deux-Montagnes</b>				
April 2006	194	29	0	223
April 2005	162	12	84	258
Cumulative 2006	391	53	9	453
Cumulative 2005	471	71	130	672
<b>Zone 8: MRC Ste-Thérèse-de-Blainville</b>				
April 2006	108	27	0	135
April 2005	94	18	6	118
Cumulative 2006	253	140	33	426
Cumulative 2005	244	140	62	446

Source: CMHC

**Table 2 (Cont'd)**  
**Housing Starts by Zone and by Intended Market**  
**Montréal Metropolitan Area**

<b>Zone / Period</b>	<b>Freehold (Single-Family)</b>	<b>Condominium</b>	<b>Rental</b>	<b>Total</b>
<b>Zone 9: MRC des Moulins</b>				
April 2006	145	30	12	187
April 2005	192	60	24	276
Cumulative 2006	411	126	58	595
Cumulative 2005	502	147	66	715
<b>Zone 10: MRC L'Assomption</b>				
April 2006	136	24	53	213
April 2005	139	68	24	231
Cumulative 2006	311	117	71	499
Cumulative 2005	337	89	117	543
<b>Zone 11: South-Shore Centre</b>				
April 2006	76	37	20	133
April 2005	69	55	0	124
Cumulative 2006	161	217	174	552
Cumulative 2005	145	165	20	330
<b>Zone 12: East South-Shore</b>				
April 2006	70	6	0	76
April 2005	85	6	18	109
Cumulative 2006	137	9	98	244
Cumulative 2005	188	18	21	227
<b>Zone 13: South South-Shore</b>				
April 2006	60	12	0	72
April 2005	103	12	18	133
Cumulative 2006	125	26	6	157
Cumulative 2005	189	48	18	255
<b>Zone 14: West South-Shore</b>				
April 2006	103	6	3	112
April 2005	133	21	7	161
Cumulative 2006	234	42	77	353
Cumulative 2005	261	43	25	329
<b>Zone 15: Vaudreuil-Soulanges *</b>				
April 2006	131	8	0	139
April 2005	93	26	0	119
Cumulative 2006	348	72	3	423
Cumulative 2005	294	44	0	338
<b>Zone 16: St-Jérôme</b>				
April 2006	59	7	6	72
April 2005	60	16	0	76
Cumulative 2006	116	48	18	182
Cumulative 2005	144	32	12	188

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	
	April 2006	April 2005	April 2006	April 2005	April 2006	April 2005
<b>Housing Starts</b>						
Island of Montréal (1 to 4)	41	64	290	418	146	421
Laval (zones 5 and 6)	147	192	33	172	81	522
North-Shore (zones 7 to 10 & 16)	642	647	117	174	71	138
South-Shore (zones 11 to 14)	309	390	61	94	23	43
Vaudreuil-Soul. *** (zone 15)	131	93	8	26	0	0
<b>Under Construction*</b>						
Island of Montréal	387	437	5,283	4,904	3,123	4,441
Laval	599	751	775	925	874	551
North-Shore	1,898	2,106	1,213	1,026	698	778
South-Shore	911	1,135	913	992	1,262	288
Vaudreuil-Soulanges ***	533	474	218	178	19	71
<b>Completions</b>						
Island of Montréal	37	40	283	463	663	415
Laval	73	129	30	109	0	0
North-Shore	301	345	118	119	38	265
South-Shore	164	193	86	104	69	153
Vaudreuil-Soulanges ***	79	74	16	16	0	0
<b>Unoccupied*</b>						
Island of Montréal	57	65	1,145	974	1,136	570
Laval	69	64	338	209	34	89
Rive- Nord	222	220	359	213	119	363
South-Shore	165	136	253	243	169	245
Vaudreuil-Soulanges ***	83	76	48	42	7	1
<b>Absorption</b>						
Island of Montréal	40	36	303	392	570	334
Laval	60	118	47	62	28	22
North-Shore	270	319	105	82	113	109
South-Shore	175	190	101	109	59	68
Vaudreuil-Soulanges ***	83	72	14	8	1	0
<b>Duration of Inventory**</b>						
Island of Montréal	1.0	1.2	3.2	2.7	3.9	2.0
Laval	0.6	0.6	4.4	2.8	2.4	6.4
North-Shore	0.6	0.6	2.9	1.7	1.0	3.1
South-Shore	0.8	0.7	2.1	2.0	4.3	6.2
Vaudreuil-Soulanges ***	1.0	0.9	2.7	2.3	1.2	0.2

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**

<i>Intended Market</i>	<i>Under Construction</i>	<i>Units Unoccupied</i>	<i>Short-Term Supply</i>	<i>Monthly Absorption</i>
	<b>April 2006</b>			<b>Trend 2006</b>
Freehold	4,328	596	4,924	843
Condominium	8,402	2,143	10,545	701
Rental	5,976	1,465	7,441	467
	<b>April 2005</b>			<b>Trend 2005</b>
Freehold	4,903	561	5,464	1,028
Condominium	8,025	1,681	9,706	657
Rental	6,129	1,268	7,397	399

Source: CMHC

**Table 5**  
**Economic Overview**  
**Montréal Metropolitan Area**

	<b>2005</b>						<b>2006</b>					
	<i>Nov.</i>	<i>Dec.</i>	<i>Jan.</i>	<i>Feb.</i>	<i>March</i>	<i>April</i>	<i>Nov.</i>	<i>Dec.</i>	<i>Jan.</i>	<i>Feb.</i>	<i>March</i>	<i>April</i>
<b>Labour Market*</b>												
Job Creation (Loss) - in thousands	-9	-11	1	13	25	12	20	22	9	14	8	11
Unemployment Rate (%)	8.7	8.8	9.0	8.7	8.6	8.4	8.8	9.1	9.7	9.7	9.7	9.4
<b>Mortgage Rates (1)</b>												
1-year	5.0	4.8	4.8	4.8	5.1	4.9	5.6	5.8	5.8	5.9	6.1	6.3
5-year	6.3	6.1	6.1	6.1	6.3	6.1	6.2	6.3	6.3	6.5	6.5	6.8
<b>Annual Inflation Rate (%)</b>	2.6	2.4	1.9	1.8	2.4	2.3	2.1	2.1	2.7	2.4	1.9	2.5
<b>New House Price Index (% change)</b>												
House	6.8	6.6	6.7	6.4	6.6	5.6	3.6	3.6	3.3	3.5	2.9	n.a
Land	6.4	6.0	6.1	6.0	6.0	5.8	3.4	3.5	4.4	4.6	4.6	n.a
Total	6.6	6.4	6.6	6.3	6.4	5.7	3.7	3.7	3.6	3.9	3.3	n.a
<b>MLS Sales - Single-Family Houses</b>	1,807	1,358	1,360	1,566	1,657	1,887	1,784	1,327	1,545	1,644	1,725	1,708

\* 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

<b>Zones</b>	<b>Municipalities, Boroughs or Sectors</b>
1	Baie d'Urfé, Beaconsfield, Dollard-des-Ormeaux, Dorval, Kirkland, Pierrefonds, Pointe-Claire, Roxboro, Senneville, Ste-Anne-de-Bellevue, Ste-Genève, 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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