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HOUSING NOW *Montréal*

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Canada Mortgage and Housing Corporation

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HOUSING STARTS JUMP UP BY 24 PER CENT IN GREATER MONTRÉAL

According to the latest monthly starts survey conducted by Canada Mortgage and Housing Corporation (CMHC), housing starts jumped up by 24 per cent in May in the Greater Montréal area. In all, 2,290 dwellings were started, or 440 more than in May 2002, which, it should be recalled, had been a very active month, with a gain of 43 per cent.

As in recent months, multiple housing continued to stand out from the other dwelling types. Rental housing construction more than tripled, with 269 starts compared to 77 last year, and was concentrated on the Island of Montréal. It should be mentioned that, out of these 269 starts, 122 are rental units started under the federal-provincial affordable housing program. Condominium units, for their part, continued to sprout like mushrooms. Such starts went up by 94 per cent in May over last year, making for the most active month in the last 13 years. In all, 813 new condominiums were enumerated, compared to 420 in 2002.

In the homeowner housing segment, activity was not as vigorous as in the multiple housing sector. In relation to 2002, single-detached home starts fell by 11 per cent and semi-detached and row home building declined by 9 per cent. However, we should not lose sight of the fact that this segment accounts for just over half (53 per cent) of all housing starts and that the level of activity remains high.

In general, the context is favourable to residential construction. The persistently low mortgage rates, strong job creation in recent years and continued optimism on the part of households, not to mention the scarce supply of existing homes and rental dwellings on the market, are all factors that are stimulating residential construction. In the case of single-family homes, the dynamics on the resale market are rubbing off on the new home market. Since there are fewer transactions on the resale market, fewer sellers need to rehouse themselves, which is curbing demand for new homes.

Among the different sectors, the gain in housing starts stood out on the Island of Montréal (+83 per cent). The Laval and North-Shore sector, for its part, registered a more moderate increase in activity (+23 per cent) while, on the South-Shore, construction declined by 7 per cent.

At the provincial level, residential construction also posted a good month of May, as housing starts rose by 5 per cent. However, the results were quite mixed across the metropolitan areas. In fact, activity intensified in Gatineau (+10 per cent), Sherbrooke (+35 per cent) and Saguenay (+137 per cent) but slowed down in Québec (-45 per cent) and Trois-Rivières (-62 per cent).

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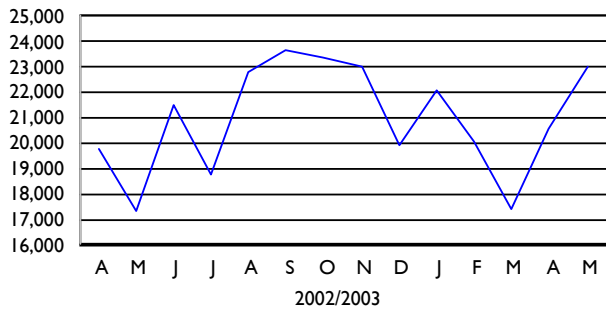


HOME TO CANADIANS
Canada

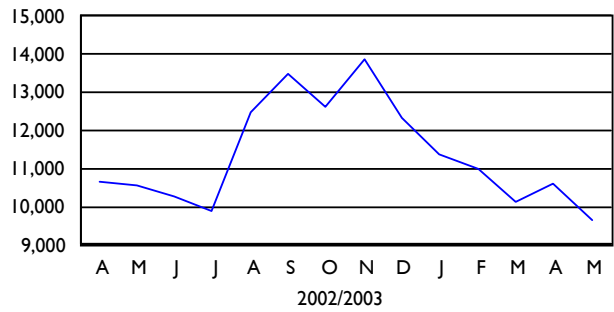
Housing Starts - April 2002 to May 2003

Seasonally Adjusted Data at Annual Rate

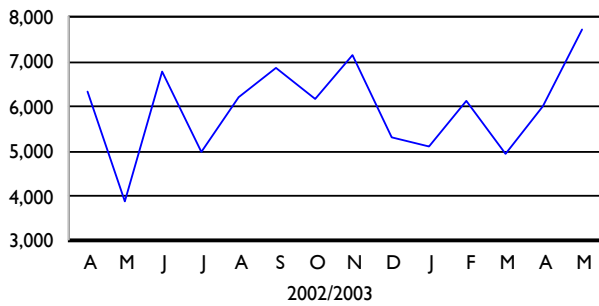
Total Residential



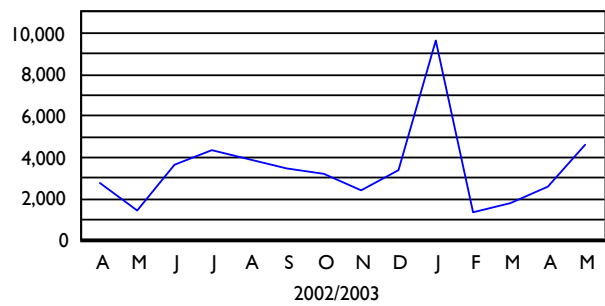
Total Single-Family



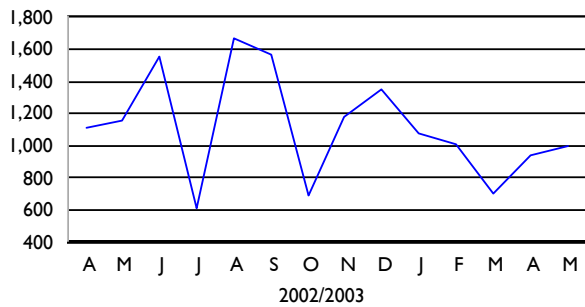
Total Condominium



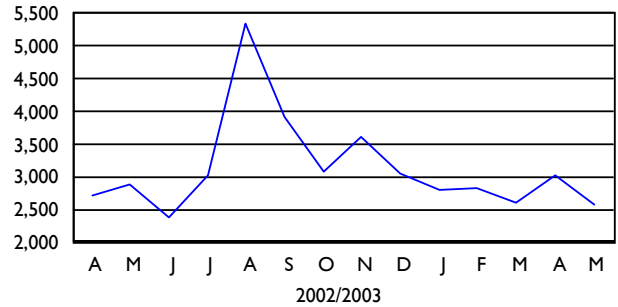
Total Rental



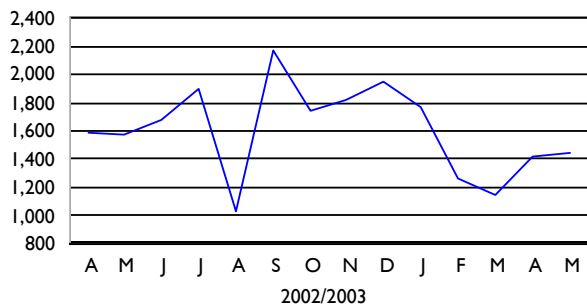
Single-Family - Montreal Island



Single-Family - South-Shore



Single-Family - Laval



Single-Family - North-Shore

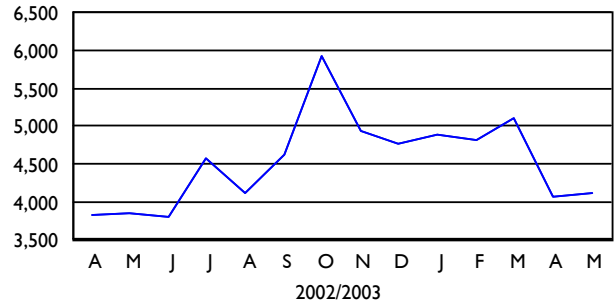


Table I
Summary of Activity by Intended Market
Montréal Metropolitan Area

| Activity / Period | Freehold (Single-Family) | Condominium | Rental | Total |
|--|-------------------------------------|--------------------|---------------|--------------|
| Housing Starts | | | | |
| May 2003 | 1,208 | 813 | 269 | 2,290 |
| May 2002 | 1,353 | 420 | 77 | 1,850 |
| Cumulative 2003 | 4,995 | 2,641 | 1,265 | 8,901 |
| Cumulative 2002 | 5,381 | 2,187 | 842 | 8,410 |
| Under Construction* | | | | |
| May 2003 | 5,616 | 4,858 | 2,768 | 13,242 |
| May 2002 | 5,218 | 3,578 | 1,389 | 10,185 |
| Completions | | | | |
| May 2003 | 895 | 568 | 147 | 1,610 |
| May 2002 | 753 | 155 | 67 | 975 |
| Cumulative 2003 | 3,138 | 1,687 | 901 | 5,726 |
| Cumulative 2002 | 2,491 | 869 | 489 | 3,849 |
| Unoccupied* | | | | |
| May 2003 | 734 | 655 | 260 | 1,649 |
| May 2002 | 918 | 558 | 311 | 1,787 |
| Absorption | | | | |
| May 2003 | 798 | 472 | 107 | 1,377 |
| May 2002 | 729 | 171 | 83 | 983 |
| Cumulative 2003 | 2,960 | 1,550 | 968 | 5,478 |
| Cumulative 2002 | 2,316 | 988 | 503 | 3,807 |
| Duration of Inventory (in months) | | | | |
| May 2003 | 0.8 | 1.7 | 1.3 | 1.1 |
| May 2002 | 1.4 | 1.6 | 2.0 | 1.5 |

* 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

| <i>Zone / Period</i> | <i>Freehold (Single-Family)</i> | <i>Condominium</i> | <i>Rental</i> | <i>Total</i> |
|--|-------------------------------------|--------------------|---------------|--------------|
| Zone 1: West Island | | | | |
| May 2003 | 45 | 4 | 0 | 49 |
| May 2002 | 68 | 0 | 3 | 71 |
| Cumulative 2003 | 163 | 35 | 17 | 215 |
| Cumulative 2002 | 312 | 10 | 234 | 556 |
| Zone 2: West-Centre | | | | |
| May 2003 | 21 | 257 | 0 | 278 |
| May 2002 | 24 | 78 | 0 | 102 |
| Cumulative 2003 | 63 | 686 | 3 | 752 |
| Cumulative 2002 | 63 | 606 | 0 | 669 |
| Zone 3: East-Center | | | | |
| May 2003 | 11 | 280 | 15 | 306 |
| May 2002 | 14 | 210 | 2 | 226 |
| Cumulative 2003 | 48 | 718 | 566 | 1,332 |
| Cumulative 2002 | 77 | 721 | 30 | 828 |
| Zone 4: East-End | | | | |
| May 2003 | 35 | 0 | 125 | 160 |
| May 2002 | 21 | 14 | 0 | 35 |
| Cumulative 2003 | 116 | 40 | 236 | 392 |
| Cumulative 2002 | 112 | 55 | 6 | 173 |
| Zone 5: South-Laval | | | | |
| May 2003 | 41 | 36 | 49 | 126 |
| May 2002 | 61 | 24 | 0 | 85 |
| Cumulative 2003 | 172 | 139 | 52 | 363 |
| Cumulative 2002 | 225 | 135 | 6 | 366 |
| Zone 6: North-Laval | | | | |
| May 2003 | 133 | 9 | 8 | 150 |
| May 2002 | 133 | 8 | 12 | 153 |
| Cumulative 2003 | 539 | 102 | 16 | 657 |
| Cumulative 2002 | 601 | 123 | 18 | 742 |
| Zone 7: MRC Deux-Montagnes | | | | |
| May 2003 | 148 | 40 | 9 | 197 |
| May 2002 | 143 | 6 | 9 | 158 |
| Cumulative 2003 | 576 | 59 | 153 | 788 |
| Cumulative 2002 | 547 | 35 | 38 | 620 |
| Zone 8: MRC Ste-Thérèse-de-Blainville | | | | |
| May 2003 | 82 | 0 | 12 | 94 |
| May 2002 | 104 | 6 | 0 | 110 |
| Cumulative 2003 | 384 | 46 | 42 | 472 |
| Cumulative 2002 | 463 | 55 | 143 | 661 |

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

| <i>Zone / Period</i> | <i>Freehold (Single-Family)</i> | <i>Condominium</i> | <i>Rental</i> | <i>Total</i> |
|---------------------------------------|-------------------------------------|--------------------|---------------|--------------|
| Zone 9: MRC des Moulins | | | | |
| May 2003 | 169 | 75 | 0 | 244 |
| May 2002 | 132 | 0 | 0 | 132 |
| Cumulative 2003 | 733 | 151 | 22 | 906 |
| Cumulative 2002 | 552 | 25 | 0 | 577 |
| Zone 10: MRC L'Assomption | | | | |
| May 2003 | 60 | 13 | 0 | 73 |
| May 2002 | 75 | 6 | 0 | 81 |
| Cumulative 2003 | 299 | 65 | 12 | 376 |
| Cumulative 2002 | 269 | 6 | 27 | 302 |
| Zone 11: South-Shore Centre | | | | |
| May 2003 | 82 | 36 | 0 | 118 |
| May 2002 | 110 | 48 | 32 | 190 |
| Cumulative 2003 | 333 | 308 | 32 | 673 |
| Cumulative 2002 | 346 | 316 | 102 | 764 |
| Zone 12: East South-Shore | | | | |
| May 2003 | 109 | 41 | 4 | 154 |
| May 2002 | 92 | 0 | 6 | 98 |
| Cumulative 2003 | 330 | 143 | 16 | 489 |
| Cumulative 2002 | 390 | 38 | 44 | 472 |
| Zone 13: South South-Shore | | | | |
| May 2003 | 61 | 0 | 24 | 85 |
| May 2002 | 67 | 0 | 0 | 67 |
| Cumulative 2003 | 223 | 24 | 45 | 292 |
| Cumulative 2002 | 205 | 6 | 3 | 214 |
| Zone 14: West South-Shore | | | | |
| May 2003 | 101 | 16 | 12 | 129 |
| May 2002 | 144 | 20 | 6 | 170 |
| Cumulative 2003 | 453 | 43 | 30 | 526 |
| Cumulative 2002 | 527 | 29 | 79 | 635 |
| Zone 15: Vaudreuil-Soulanges * | | | | |
| May 2003 | 73 | 6 | 11 | 90 |
| May 2002 | 141 | 0 | 0 | 141 |
| Cumulative 2003 | 366 | 12 | 23 | 401 |
| Cumulative 2002 | 560 | 12 | 33 | 605 |
| Zone 16: St-Jérôme | | | | |
| May 2003 | 37 | 0 | 0 | 37 |
| May 2002 | 24 | 0 | 7 | 31 |
| Cumulative 2003 | 197 | 70 | 0 | 267 |
| Cumulative 2002 | 132 | 15 | 79 | 226 |

Source: CMHC

* Including 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 | |
|----------------------------------|-----------------------------|----------|-------------|----------|----------|----------|
| | May 2003 | May 2002 | May 2003 | May 2002 | May 2003 | May 2002 |
| Housing Starts | | | | | | |
| Island of Montréal (1 to 4) | 112 | 127 | 541 | 302 | 140 | 5 |
| Laval (zones 5 and 6) | 174 | 194 | 45 | 32 | 57 | 12 |
| North-Shore (zones 7 to 10 & 16) | 496 | 478 | 128 | 18 | 21 | 16 |
| South-Shore (zones 11 to 14) | 353 | 413 | 93 | 68 | 40 | 44 |
| Vaudreuil-Soul. *** (zone 15) | 73 | 141 | 6 | 0 | 11 | 0 |
| Under Construction* | | | | | | |
| Island of Montréal | 597 | 699 | 2,934 | 2,315 | 1,675 | 550 |
| Laval | 884 | 826 | 454 | 463 | 110 | 24 |
| North-Shore | 2,313 | 1,754 | 617 | 212 | 380 | 458 |
| South-Shore | 1,418 | 1,428 | 841 | 576 | 586 | 321 |
| Vaudreuil-Soulanges *** | 404 | 511 | 12 | 12 | 17 | 36 |
| Completions | | | | | | |
| Island of Montréal | 80 | 55 | 319 | 26 | 38 | 8 |
| Laval | 104 | 133 | 44 | 36 | 14 | 3 |
| North-Shore | 406 | 335 | 98 | 57 | 15 | 30 |
| South-Shore | 205 | 151 | 101 | 36 | 80 | 26 |
| Vaudreuil-Soulanges *** | 100 | 79 | 6 | 0 | 0 | 0 |
| Unoccupied* | | | | | | |
| Island of Montréal | 88 | 99 | 306 | 336 | 80 | 254 |
| Laval | 145 | 218 | 90 | 88 | 2 | 0 |
| Rive- Nord | 315 | 370 | 82 | 57 | 102 | 23 |
| South-Shore | 132 | 155 | 173 | 75 | 74 | 34 |
| Vaudreuil-Soulanges *** | 54 | 76 | 4 | 2 | 2 | 0 |
| Absorption | | | | | | |
| Island of Montréal | 69 | 72 | 275 | 91 | 41 | 19 |
| Laval | 85 | 100 | 36 | 10 | 12 | 3 |
| North-Shore | 346 | 320 | 83 | 39 | 15 | 23 |
| South-Shore | 204 | 158 | 71 | 31 | 37 | 38 |
| Vaudreuil-Soulanges *** | 94 | 79 | 7 | 0 | 2 | 0 |
| Duration of Inventory** | | | | | | |
| Island of Montréal | 0.9 | 1.0 | 1.5 | 1.4 | 1.0 | 3.2 |
| Laval | 1.1 | 2.3 | 1.6 | 1.9 | 0.2 | 0.0 |
| North-Shore | 0.9 | 1.6 | 1.8 | 2.2 | 1.5 | 0.6 |
| South-Shore | 0.5 | 0.9 | 2.4 | 1.9 | 1.8 | 1.3 |
| Vaudreuil-Soulanges *** | 0.6 | 1.1 | 0.9 | 1.8 | 0.4 | 0.0 |

Source: CMHC

* As at the end of the period shown

** Trend (in months)

*** Including 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> | <i>Dur. of Supply (in months)</i> |
|------------------------|---------------------------|-------------------------|--------------------------|---------------------------|-----------------------------------|
| | <i>May 2003</i> | | | <i>Trend 2003</i> | |
| Freehold | 5,616 | 734 | 6,350 | 917 | 6.9 |
| Condominium | 4,858 | 655 | 5,513 | 389 | 14.2 |
| Rental | 2,768 | 260 | 3,028 | 202 | 15.0 |
| | <i>May 2002</i> | | | <i>Trend 2002</i> | |
| Freehold | 5,218 | 918 | 6,136 | 668 | 9.2 |
| Condominium | 3,578 | 558 | 4,136 | 356 | 11.6 |
| Rental | 1,389 | 311 | 1,700 | 157 | 10.8 |

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

| | <i>2003</i> | | | | | <i>2002</i> | <i>2002</i> | | | | | <i>2001</i> |
|---|-------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|
| | <i>May</i> | <i>April</i> | <i>March</i> | <i>Feb.</i> | <i>Jan.</i> | <i>Dec.</i> | <i>May</i> | <i>April</i> | <i>March</i> | <i>Fév.</i> | <i>Jan.</i> | <i>Dec.</i> |
| Labour Market* | | | | | | | | | | | | |
| Job Creation (Loss) - in thousands | 20 | 37 | 58 | 81 | 91 | 87 | 46.4 | 49 | 49 | 50 | 47 | 50 |
| Unemployment Rate (%) | 10.1 | 9.7 | 9.5 | 8.8 | 8.5 | 7.7 | 8.7 | 9.1 | 9.2 | 9.2 | 8.9 | 8.4 |
| Mortgage Rates (I) | | | | | | | | | | | | |
| 1-year | 5.0 | 5.3 | 5.3 | 4.9 | 4.9 | 4.9 | 5.5 | 5.4 | 5.3 | 4.5 | 4.5 | 4.6 |
| 5-year | 6.2 | 6.7 | 6.8 | 6.6 | 6.5 | 6.7 | 7.4 | 7.5 | 7.3 | 6.8 | 7.0 | 6.8 |
| Annual Inflation Rate (%) | NA | 2.7 | 4.1 | 4.0 | 3.7 | 3.2 | 0.5 | 1.1 | 1.5 | 1.6 | 1.3 | 1.4 |
| New House Price Index (1992=100) | | | | | | | | | | | | |
| House | NA | 7.25 | 8.6 | 10.5 | 9.4 | 8.5 | 5.44 | 5.3 | 4.2 | 3.8 | 4.2 | 4.6 |
| Land | NA | 5.98 | 7.5 | 9.3 | 9.3 | 8.6 | 6.49 | 6.7 | 5.2 | 3.8 | 4.1 | 3.3 |
| Total | NA | 6.71 | 8.2 | 10.1 | 9.3 | 8.3 | 5.63 | 5.6 | 4.4 | 3.7 | 4.1 | 4.4 |
| MLS Sales - Single-Family Houses | 2,077 | 2,238 | 2,437 | 2,422 | 1,761 | 1,304 | 2,146 | 2,777 | 3,328 | 3,135 | 2,034 | 1,531 |

* Three-month average

Sources: Statistics Canada, Conference Board of Canada, GMREB

Definitions et 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 strats 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 | <i>Municipalities, Boroughs or Sectors</i> |
|-------|--|
| 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, Villieray/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, Pincoirt, 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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