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Canada Mortgage and Housing Corporation

www.cmhc.ca

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RESIDENTIAL CONSTRUCTION REMAINS JUST AS STEADY IN JUNE

The residential construction market remained just as solid in the Montréal metropolitan area. In June, housing starts effectively rose by 26 per cent over last year. This result was drawn from the latest starts survey conducted by Canada Mortgage and Housing Corporation (CMHC) and marked a twelfth consecutive monthly gain.

While the increase in home construction in June extended to all residential products, it was once again multiple housing starts that registered the greatest hikes.

In the rental housing segment, starts doubled (+109 per cent) in relation to last year. In fact, 441 housing units will soon be added to the metropolitan area housing stock, including 262 on the Island of Montréal, 109 in the south crown and 70 in the north crown. In the case of Montréal and the South Shore, the vast majority of the newly available units are intended for seniors. With the first half of the year now over, it can be seen that rental housing was the segment that posted the greatest increase, with a gain of 140 per cent to date.

Far from becoming less intense, activity in the condominium segment climbed by 25 per cent this past month. While the Island of Montréal sustained a decrease in such starts (-7 per cent), the suburbs, for their part, stood out. This was especially the case on the South Shore, where the 216 new condominiums that were started represent an increase of 125 per cent. As for the north crown, the more modest gain of 19 per cent was mainly attributable to the Laval sector, which has seen a veritable market emerge for condominiums in the last few years.

Lastly, the single-family (freehold) housing segment also managed to do well. In particular, the performance of single-detached homes was notable, as this housing type garnered 41 per cent of all starts and posted an increase of about 10 per cent. Not surprisingly, activity in this category was almost exclusively concentrated on the two shores. Specifically, the Laval and North Shore sector picked up 528 of the 993 new houses that were started this past month. The southern suburbs, used to giving precedence to their northern rivals, saw 314 new

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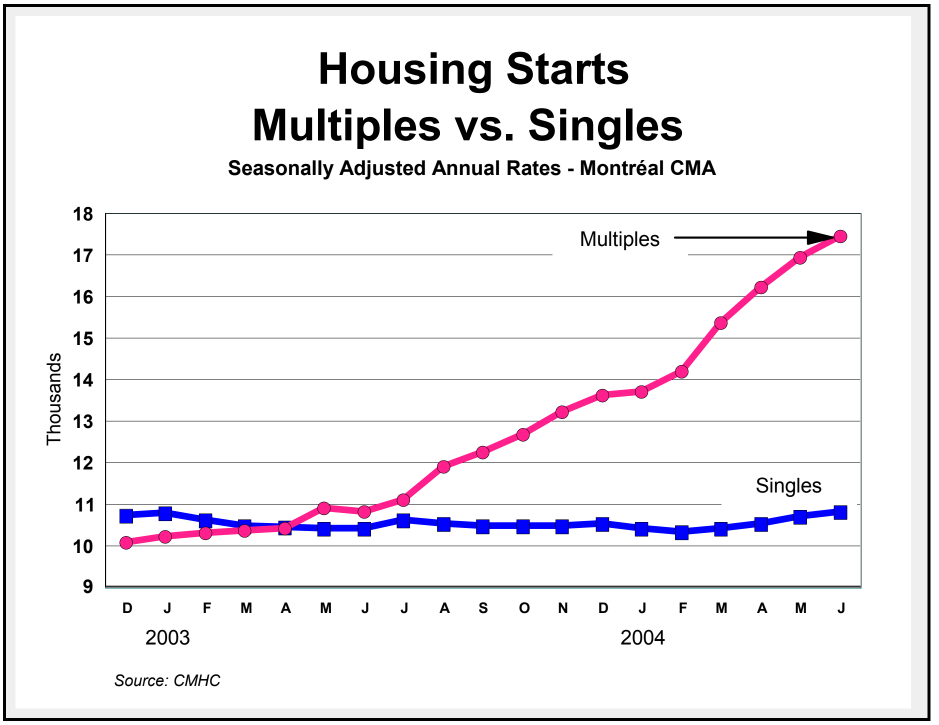
foundations laid on their territory. And, they still registered a greater gain than the north crown (24 per cent, compared to 10 per cent).

The results for June concluded a sizzling first half this year for residential construction in Greater Montréal. After six months, the volume of activity is up by 38 per cent over 2003. Reality has now exceeded even the most optimistic forecast scenarios. Following twelve months of uninterrupted growth, though, a slightly less frantic pace is expected for the second half of the year. The rise in interest rates, along with the high prices, will start to curb the enthusiasm of home buyers, especially first-time buyers. ■



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
Montréal Metropolitan Area

Activity / Period	Freehold (Single-Family)	Condominium	Rental	Total
Housing Starts				
June 2004	1,139	834	441	2,414
June 2003	1,034	670	211	1,915
Cumulative 2004	6,694	4,701	3,529	14,924
Cumulative 2003	6,029	3,311	1,476	10,816
Under Construction*				
June 2004	5,844	8,542	5,908	20,294
June 2003	4,607	4,819	2,639	12,065
Completions				
June 2004	1,403	536	448	2,387
June 2003	1,466	694	348	2,508
Cumulative 2004	5,045	1,933	1,752	8,730
Cumulative 2003	4,604	2,381	1,249	8,234
Unoccupied*				
June 2004	703	764	457	1,924
June 2003	738	677	248	1,663
Absorption				
June 2004	1,457	596	543	2,596
June 2003	1,462	672	360	2,494
Cumulative 2004	4,949	1,999	1,778	8,726
Cumulative 2003	4,422	2,222	1,328	7,972
Duration of Inventory (in months)				
June 2004	0.7	1.7	1.6	1.1
June 2003	0.8	1.7	1.1	1.1

** As at the end of the period shown*

Source: CMHC

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

Zone / Period	Freehold (Single-Family)	Condominium	Rental	Total
Zone 1: West Island				
June 2004	60	16	0	76
June 2003	62	114	0	176
Cumulative 2004	220	183	461	864
Cumulative 2003	225	149	17	391
Zone 2: West-Centre				
June 2004	7	227	141	375
June 2003	12	117	0	129
Cumulative 2004	54	1,126	789	1,969
Cumulative 2003	75	803	3	881
Zone 3: East-Center				
June 2004	1	54	121	176
June 2003	11	64	13	88
Cumulative 2004	19	1,213	1,009	2,241
Cumulative 2003	59	782	579	1,420
Zone 4: East-End				
June 2004	12	12	0	24
June 2003	16	36	24	76
Cumulative 2004	100	89	259	448
Cumulative 2003	132	76	260	468
Zone 5: South-Laval				
June 2004	33	95	0	128
June 2003	24	144	12	180
Cumulative 2004	243	325	0	568
Cumulative 2003	196	283	64	543
Zone 6: North-Laval				
June 2004	139	101	12	252
June 2003	120	18	30	168
Cumulative 2004	820	363	16	1,199
Cumulative 2003	659	120	46	825
Zone 7: MRC Deux-Montagnes				
June 2004	132	12	3	147
June 2003	113	21	0	134
Cumulative 2004	770	105	52	927
Cumulative 2003	689	80	153	922
Zone 8: MRC Ste-Thérèse-de-Blainville				
June 2004	83	38	47	168
June 2003	86	18	0	104
Cumulative 2004	498	88	86	672
Cumulative 2003	470	64	42	576

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

Zone / Period	Freehold (Single-Family)	Condominium	Rental	Total
Zone 9: MRC des Moulins				
June 2004	135	21	8	164
June 2003	112	0	0	112
Cumulative 2004	1,012	143	90	1,245
Cumulative 2003	845	151	22	1,018
Zone 10: MRC L'Assomption				
June 2004	54	12	0	66
June 2003	38	18	0	56
Cumulative 2004	47	96	212	355
Cumulative 2003	337	83	12	432
Zone 11: South-Shore Centre				
June 2004	58	132	100	290
June 2003	104	48	95	247
Cumulative 2004	367	400	270	1,037
Cumulative 2003	437	356	127	920
Zone 12: East South-Shore				
June 2004	52	46	0	98
June 2003	62	42	13	117
Cumulative 2004	408	158	78	644
Cumulative 2003	392	185	29	606
Zone 13: South South-Shore				
June 2004	65	14	9	88
June 2003	49	6	0	55
Cumulative 2004	297	40	75	412
Cumulative 2003	272	30	45	347
Zone 14: West South-Shore				
June 2004	159	24	0	183
June 2003	85	0	3	88
Cumulative 2004	580	155	33	768
Cumulative 2003	538	43	33	614
Zone 15: Vaudreuil-Soulanges *				
June 2004	109	20	0	129
June 2003	117	0	17	134
Cumulative 2004	573	93	0	666
Cumulative 2003	483	12	40	535
Zone 16: St-Jérôme				
June 2004	40	10	0	50
June 2003	23	24	4	51
Cumulative 2004	252	124	99	475
Cumulative 2003	220	94	4	318

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	
	June 2004	June 2003	June 2004	June 2003	June 2004	June 2003
Housing Starts						
Island of Montréal (1 to 4)	80	101	309	331	262	37
Laval (zones 5 and 6)	172	144	196	162	12	42
North-Shore (zones 7 to 10 & 16)	444	372	93	81	58	4
South-Shore (zones11 to 14)	334	300	216	96	109	111
Vaudreuil-Soul. *** (zone 15)	109	117	20	0	0	17
Under Construction*						
Island of Montréal	542	576	5,151	2,928	3,509	1,630
Laval	935	794	882	508	192	122
North-Shore	2,348	2,008	887	590	1,115	301
South-Shore	1,486	1,405	1,451	781	1,024	552
Vaudreuil-Soulanges ***	533	400	171	12	68	34
Completions						
Island of Montréal	72	120	426	334	378	87
Laval	225	234	17	108	4	30
North-Shore	679	678	59	108	33	74
South-Shore	313	313	34	144	27	157
Vaudreuil-Soulanges ***	114	121	0	0	6	0
Unoccupied*						
Island of Montréal	74	98	406	323	197	21
Laval	160	157	121	85	2	7
Rive- Nord	289	306	103	86	6	103
South-Shore	135	138	134	182	252	116
Vaudreuil-Soulanges ***	45	39	0	1	0	1
Absorption						
Island of Montréal	71	110	358	317	423	146
Laval	208	222	60	113	12	25
North-Shore	738	687	101	104	56	73
South-Shore	323	307	74	135	46	115
Vaudreuil-Soulanges ***	117	136	3	3	6	1
Duration of Inventory**						
Island of Montréal	0.9	1.1	1.9	1.5	1.2	0.3
Laval	1.1	1.2	2.2	1.5	0.1	0.6
North-Shore	0.7	0.9	1.4	1.8	0.1	1.4
South-Shore	0.5	0.5	1.3	2.3	4.3	2.4
Vaudreuil-Soulanges ***	0.5	0.4	0.0	0.2	0.0	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

Intended Market	Under Construction	Units Unoccupied	Short-Term Supply	Monthly Absorption
	June 2004			*Trend 2004*
Freehold	5,844	703	6,547	977
Condominium	8,542	764	9,306	443
Rental	5,908	457	6,365	290
	June 2003			*Trend 2003*
Freehold	4,607	738	5,345	908
Condominium	4,819	677	5,496	399
Rental	2,639	248	2,887	219

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2004						2003					
	June	May	April	March	Feb.	Jan.	June	May	April	March	Feb.	Jan.
Labour Market*												
Job Creation (Loss) - in thousands	56	50	35	18	16,3	30	10	20	37	58	81,3	91
Unemployment Rate (%)	7.9	8.2	8.6	9.0	8,9	8.9	9.9	10.1	9.7	9.5	8,8	8.5
Mortgage Rates (1)												
1-year	4.7	4.5	4.5	4.3	4,3	4.3	4.8	5.0	5.3	5.3	4,9	4.9
5-year	6.7	6.5	6.2	5.7	5,8	6.0	5.8	6.2	6.7	6.8	6,6	6.5
Annual Inflation Rate (%)	2.5	2.3	1.5	0.7	0,7	1.4	2.3	3.0	2.7	4.1	4,0	3.7
New House Price Index (1992=100) (%)												
House	NA	7.5	7.1	6.1	4.3	5.2	7.0	6.8	7,25	8.6	10,6	9.4
Land	NA	5.8	5.7	6.2	5.9	5.7	5.7	5.8	5,98	7.4	9,3	9.3
Total	NA	7.2	6.9	6.1	4.7	5.3	6.6	6.5	6,71	8.2	10,1	9.3
MLS Sales - Single-Family Houses	1,807	2,195	2,581	3,009	2,357	1,547	1,637	2,077	2,238	2,437	2,422	1,761

* *Three-month average*

Sources: Statistics Canada, Conference Board of Canada, GMREB

Definitions and 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 starts 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	*Municipalities, Boroughs or Sectors*
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, 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, LeMoyne, 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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