

H

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Province of Quebec

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

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2003: growth continues in the first quarter

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Residential construction posted a notable gain across Quebec in the first quarter of 2003. According to the surveys conducted by Canada Mortgage and Housing Corporation (CMHC), 7,580 housing units were started during the first three months of 2003 (+14 per cent), making for the highest level of activity recorded in Quebec since 1990 for this period.

As suggested by these first results of the year, the factors that accounted for the remarkable growth in residential construction in Quebec last year were still at work. In fact, the effects of significant economic growth, positive net migration levels and tight conditions in related markets (resale and rental) continued to stimulate the demand for new homes in Quebec.

The bulk (84 per cent) of this activity naturally came from the urban centres (cities with 10,000 or more inhabitants), where 6,348 dwellings were started, for an increase of 14 per cent over the first quarter of 2002. While this increase may be significant, it resulted from different dynamics in the three principal markets. First, on the rental market, starts went up by 50 per cent over the first quarter of last year (1,488 units). In the case of condominiums, the surveys revealed a gain of 31 per cent, or 1,442 units, most of which were apartments. Finally, on the freehold market, with 3,418 dwellings started in the first quarter, compared to 3,436 in 2002, no major changes were recorded.

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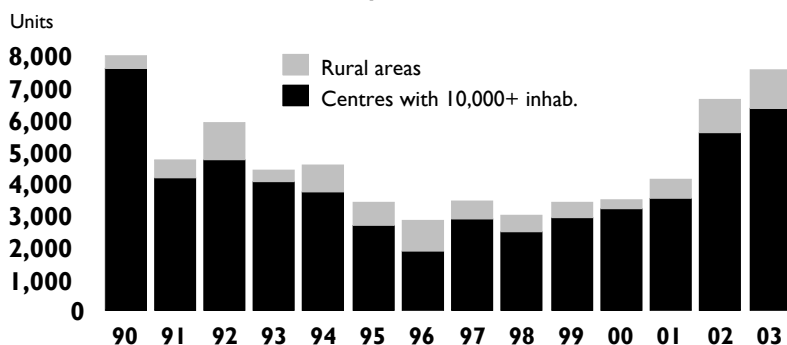
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HOUSING STARTS

Quebec Areas January to March



Source: CMHC

Raw data



HOME TO CANADIANS
Canada

Metropolitan areas: Québec in the limelight

The urban results, in turn, were attributable to the strong demand in Québec's metropolitan areas (cities with 100,000 or more inhabitants), which, except for the Saguenay area, all showed increases in the first quarter.

While the results are worthy of mention for several metropolitan areas, those registered in the Québec area were outstanding, as construction almost doubled there in the first quarter. While significant gains were posted in all market segments, condominium starts recorded a remarkable rise, with 264 new units, compared to 32 in 2002. Still for Québec, there were 289 rental housing starts, in comparison with 113 during the same period last year, and an increase of 23 per cent was noted for the freehold market. This upsurge in construction can be particularly well explained by the factors mentioned earlier, specifically the impacts of job creation and the low inventories in the resale and rental markets.

For the Montréal area, the picture was mixed, as increases in condominium construction (9 per cent) and the rental housing market (44 per cent) occurred alongside a decrease in starts of 10 per cent in the freehold housing category. It

should be noted that, despite this decline, the level of activity in this market segment remained relatively high and unequalled since 1990.

In the other metropolitan areas, Trois-Rivières and Sherbrooke both benefited from considerable gains in starts in the freehold market segment. Gatineau (formerly Hull), for its part, posted only a marginal increase in construction, while the Saguenay area sustained a decrease on account of a decline in its rental market segment in the first quarter of 2003.

As for the urban agglomerations (cities with 10,000 to 99,999 inhabitants), they posted 540 starts from January to March 2003, for an increase of 81 per cent over last year. Notable gains were recorded in the municipalities of Granby (95 per cent), Drummondville (39 per cent), Saint-Hyacinthe (over 100 per cent), Joliette (32 per cent) and Magog (53 per cent). It should be noted, lastly, that construction rose by 15 per cent in the province's rural areas (0 to 9,999 inhabitants), where 1,232 housing starts were registered.

In sum, demand conditions were still favouring residential construction across Québec, as growth continued in most areas during the first quarter of 2003. ❖

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.

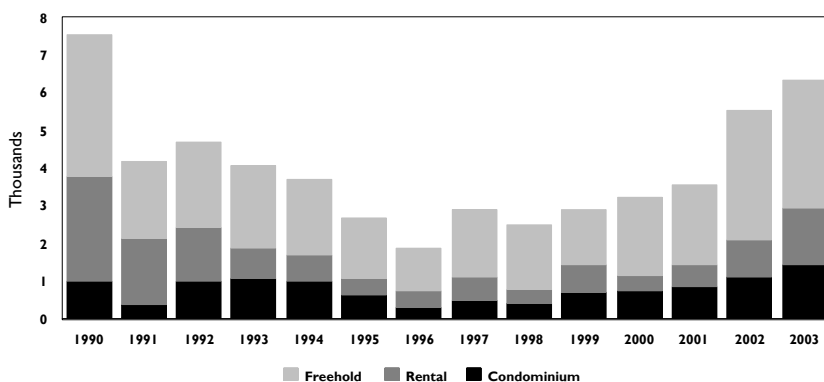
Absorptions - newly completed units that have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units presold or pre-leased are not included until the completion stage. The number of absorbed units is the number of completed and unoccupied 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.

HOUSING STARTS BY INTENDED MARKET

Québec Urban Centres
(First Quarter 1990 - 2003)



Source: CMHC

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

Activity / Area	Ownership (Freehold* & Condominium)		Rental		Total	
	1st Qrt 2003	1st Qrt 2002	1st Qrt 2003	1st Qrt 2002	1st Qrt 2003	1st Qrt 2002
Housing Starts						
Metropolitan Areas (1)	4,516	4,240	1,292	885	5,808	5,125
Urban Areas (2)	344	296	196	160	540	456
Rural Areas (3)	NA	NA	NA	NA	1,232	1,068
Total Province of Québec	NA	NA	NA	NA	7,580	6,649
Completions						
Metropolitan Areas (1)	3,563	2,672	726	596	4,289	3,268
Urban Areas (2)	540	302	185	98	725	400
Rural Areas (3)	NA	NA	NA	NA	NA	674
Total Province of Québec	NA	NA	NA	NA	NA	4,342
Under construction (4)						
Metropolitan Areas (1)	10,540	7,639	4,714	2,091	15,254	9,730
Urban Areas (2)	540	479	767	821	1,307	1,300
Rural Areas (3)	NA	NA	NA	NA	953	2,062
Total Province of Québec	NA	NA	NA	NA	17,514	13,092

Source : CMHC

(*) Refers to Single-Family Houses (Single-Detached and Row Houses) owned under freehold tenure.

(1) Population of 100,000 or more.

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

(3) Population of 9,999 and less.

(4) At the end of the period.

**Table 2
Economic Overview
Province of Quebec**

	2003	2002	2002	2002	2002
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Gross Domestic Product (%)	2.8	4.5	4.5	4.3	2.1
Employment Level Total* (000)	3,645.5	3,633.7	3,600.4	3,600.0	3,536.5
Employment Rate* (%)	60.1	60.0	59.6	59.7	58.8
Unemployment Rate* (%)	8.6	8.4	8.5	8.4	9.0
Inflation Rate (%)	6.3	2.3	4.6	3.7	3.1
Net Migration	NA	111	3,520	5,277	6,382
Mortgage Rates (%) - Canada					
1-year	5.1	5.0	5.3	5.5	4.8
5-year	6.6	6.8	6.9	7.4	7.1
Resale Market (MLS Sales)					
Total Residential Units	20,034	15,413	12,917	19,731	22,940
Consumer Confidence Index* (1991=100)	125.8	127.9	129.6	136.9	131.2

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>Condominiums</i>		
Saguenay				
First Quarter 2003	15	0	12	27
First Quarter 2002	13	0	35	48
Year-to-date 2003 (Jan.-Mar.)	15	0	12	27
Year-to-date 2002 (Jan.-Mar.)	13	0	35	48
Gatineau				
First Quarter 2003	228	0	126	354
First Quarter 2002	230	0	119	349
Year-to-date 2003 (Jan.-Mar.)	228	0	126	354
Year-to-date 2002 (Jan.-Mar.)	230	0	119	349
Montréal				
First Quarter 2003	2,188	1,154	786	4,128
First Quarter 2002	2,421	1,056	544	4,021
Year-to-date 2003 (Jan.-Mar.)	2,188	1,154	786	4,128
Year-to-date 2002 (Jan.-Mar.)	2,421	1,056	544	4,021
Québec				
First Quarter 2003	517	264	289	1,070
First Quarter 2002	419	32	113	564
Year-to-date 2003 (Jan.-Mar.)	517	264	289	1,070
Year-to-date 2002 (Jan.-Mar.)	419	32	113	564
Sherbrooke				
First Quarter 2003	69	12	65	146
First Quarter 2002	40	0	59	99
Year-to-date 2003 (Jan.-Mar.)	69	12	65	146
Year-to-date 2002 (Jan.-Mar.)	40	0	59	99
Trois-Rivières				
First Quarter 2003	69	0	14	83
First Quarter 2002	29	0	15	44
Year-to-date 2003 (Jan.-Mar.)	69	0	14	83
Year-to-date 2002 (Jan.-Mar.)	29	0	15	44
TOTAL METROPOLITAN AREAS				
First Quarter 2003	3,086	1,430	1,292	5,808
First Quarter 2002	3,152	1,088	885	5,125
Year-to-date 2003 (Jan.-Mar.)	3,086	1,430	1,292	5,808
Year-to-date 2002 (Jan.-Mar.)	3,152	1,088	885	5,125

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	Condominiums			Freehold	Condominiums			
Saguenay									
First Quarter 2003	20	0	232	252	46	0	45	91	
First Quarter 2002	30	0	87	117	30	0	8	38	
Gatineau									
First Quarter 2003	674	30	556	1,260	483	0	17	500	
First Quarter 2002	551	0	233	784	306	0	175	481	
Montréal									
First Quarter 2003	4,312	4,159	2,661	11,132	1,639	887	537	3,063	
First Quarter 2002	3,507	2,796	1,273	7,576	1,242	527	307	2,076	
Québec									
First Quarter 2003	672	539	933	2,144	377	15	91	483	
First Quarter 2002	549	141	327	1,017	348	135	71	554	
Sherbrooke									
First Quarter 2003	73	12	82	167	56	0	28	84	
First Quarter 2002	34	0	143	177	45	0	35	80	
Trois-Rivières									
First Quarter 2003	49	0	250	299	54	6	8	68	
First Quarter 2002	31	0	28	59	39	0	0	39	
TOTAL METROPOLITAN AREAS									
First Quarter 2003	5,800	4,740	4,714	15,254	2,655	908	726	4,289	
First Quarter 2002	4,702	2,937	2,091	9,730	2,010	662	596	3,268	

* Note: As 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.

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Table 5
Housing Starts for centres of population 50,000 to 99,999 Inhabitants
Province of Quebec

<i>Centre / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominiums</i>		
Drummondville				
First Quarter 2003	39	0	46	85
First Quarter 2002	17	0	44	61
Year-to-date 2003 (Jan.-Mar.)	39	0	46	85
Year-to-date 2002 (Jan.-Mar.)	17	0	44	61
Granby				
First Quarter 2003	25	0	12	37
First Quarter 2002	11	0	8	19
Year-to-date 2003 (Jan.-Mar.)	25	0	12	37
Year-to-date 2002 (Jan.-Mar.)	11	0	8	19
Saint-Jean-sur-Richelieu				
First Quarter 2003	84	0	43	127
First Quarter 2002	94	4	28	126
Year-to-date 2003 (Jan.-Mar.)	84	0	43	127
Year-to-date 2002 (Jan.-Mar.)	94	4	28	126
Shawinigan				
First Quarter 2003	4	0	0	4
First Quarter 2002	2	0	0	2
Year-to-date 2003 (Jan.-Mar.)	4	0	0	4
Year-to-date 2002 (Jan.-Mar.)	2	0	0	2

Source: CMHC

Table 6
Housing Starts for centres of population 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>Condominiums</i>		
Alma				
First Quarter 2003	4	0	0	4
First Quarter 2002	2	0	0	2
Year-to-date 2003 (Jan.-Mar.)	4	0	0	4
Year-to-date 2002 (Jan.-Mar.)	2	0	0	2
Baie-Comeau				
First Quarter 2003	0	0	0	0
First Quarter 2002	0	0	0	0
Year-to-date 2003 (Jan.-Mar.)	0	0	0	0
Year-to-date 2002 (Jan.-Mar.)	0	0	0	0
Cowansville				
First Quarter 2003	1	0	0	1
First Quarter 2002	0	0	0	0
Year-to-date 2003 (Jan.-Mar.)	1	0	0	1
Year-to-date 2002 (Jan.-Mar.)	0	0	0	0
Dolbeau				
First Quarter 2003	0	0	0	0
First Quarter 2002	0	0	0	0
Year-to-date 2003 (Jan.-Mar.)	0	0	0	0
Year-to-date 2002 (Jan.-Mar.)	0	0	0	0

Table 6 (cont.)
Housing Starts for centres of population 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>Condominiums</i>		
Joliette				
First Quarter 2003	30	0	32	62
First Quarter 2002	34	0	13	47
Year-to-date 2003 (Jan.-Mar.)	30	0	32	62
Year-to-date 2002 (Jan.-Mar.)	34	0	13	47
Lachute				
First Quarter 2003	5	0	0	5
First Quarter 2002	1	0	0	1
Year-to-date 2003 (Jan.-Mar.)	5	0	0	5
Year-to-date 2002 (Jan.-Mar.)	1	0	0	1
La Tuque				
First Quarter 2003	0	0	0	0
First Quarter 2002	1	0	0	1
Year-to-date 2003 (Jan.-Mar.)	0	0	0	0
Year-to-date 2002 (Jan.-Mar.)	1	0	0	1
Magog				
First Quarter 2003	38	0	8	46
First Quarter 2002	14	0	16	30
Year-to-date 2003 (Jan.-Mar.)	38	0	8	46
Year-to-date 2002 (Jan.-Mar.)	14	0	16	30
Matane				
First Quarter 2003	0	0	0	0
First Quarter 2002	1	0	0	1
Year-to-date 2003 (Jan.-Mar.)	0	0	0	0
Year-to-date 2002 (Jan.-Mar.)	1	0	0	1
Rimouski				
First Quarter 2003	12	0	0	12
First Quarter 2002	13	0	2	15
Year-to-date 2003 (Jan.-Mar.)	12	0	0	12
Year-to-date 2002 (Jan.-Mar.)	13	0	2	15
Rivière-du-Loup				
First Quarter 2003	1	0	0	1
First Quarter 2002	3	0	0	3
Year-to-date 2003 (Jan.-Mar.)	1	0	0	1
Year-to-date 2002 (Jan.-Mar.)	3	0	0	3
Rouyn-Noranda				
First Quarter 2003	3	0	0	3
First Quarter 2002	3	0	0	3
Year-to-date 2003 (Jan.-Mar.)	3	0	0	3
Year-to-date 2002 (Jan.-Mar.)	3	0	0	3
Saint-Georges				
First Quarter 2003	17	0	0	17
First Quarter 2002	18	0	16	34
Year-to-date 2003 (Jan.-Mar.)	17	0	0	17
Year-to-date 2002 (Jan.-Mar.)	18	0	16	34

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Table 6 (cont.)
Housing Starts for centres of population 10,000 to 49,999 Inhabitants
Province of Quebec

Centre / Period	Ownership		Rental	Total
	Freehold	Condominiums		
Saint-Hyacinthe				
First Quarter 2003	9	0	52	61
First Quarter 2002	6	0	20	26
Year-to-date 2003 (Jan.-Mar.)	9	0	52	61
Year-to-date 2002 (Jan.-Mar.)	6	0	20	26
Salaberry-de-Valleyfield				
First Quarter 2003	3	0	0	3
First Quarter 2002	4	8	0	12
Year-to-date 2003 (Jan.-Mar.)	3	0	0	3
Year-to-date 2002 (Jan.-Mar.)	4	8	0	12
Sept-Îles				
First Quarter 2003	0	0	0	0
First Quarter 2002	1	0	0	1
Year-to-date 2003 (Jan.-Mar.)	0	0	0	0
Year-to-date 2002 (Jan.-Mar.)	1	0	0	1
Sorel				
First Quarter 2003	8	0	3	11
First Quarter 2002	17	0	0	17
Year-to-date 2003 (Jan.-Mar.)	8	0	3	11
Year-to-date 2002 (Jan.-Mar.)	17	0	0	17
Thetford-Mines				
First Quarter 2003	1	0	0	1
First Quarter 2002	3	0	0	3
Year-to-date 2003 (Jan.-Mar.)	1	0	0	1
Year-to-date 2002 (Jan.-Mar.)	3	0	0	3
Val d'Or				
First Quarter 2003	0	0	0	0
First Quarter 2002	0	0	0	0
Year-to-date 2003 (Jan.-Mar.)	0	0	0	0
Year-to-date 2002 (Jan.-Mar.)	0	0	0	0
Victoriaville				
First Quarter 2003	34	0	0	34
First Quarter 2002	31	0	7	38
Year-to-date 2003 (Jan.-Mar.)	34	0	0	34
Year-to-date 2002 (Jan.-Mar.)	31	0	7	38
Other Urban Centers *				
First Quarter 2003	14	12	0	26
First Quarter 2002	8	0	6	14
Year-to-date 2003 (Jan.-Mar.)	14	12	0	26
Year-to-date 2002 (Jan.-Mar.)	8	0	6	14

Source: CMHC

*Amos, Gaspé, Montmagny, Roberval, Sainte-Marie, Saint-Félicien, Saint-Lin (2003) and Hawkesbury (Quebec Part)
 *Saint-Lin is now included in the urban center since 2003. No data are available for 2002.

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