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Canada Mortgage and Housing Corporation

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VOLUME 5, EDITION 2,
SECOND QUARTER 2002

Housing starts: Quebec among the leaders

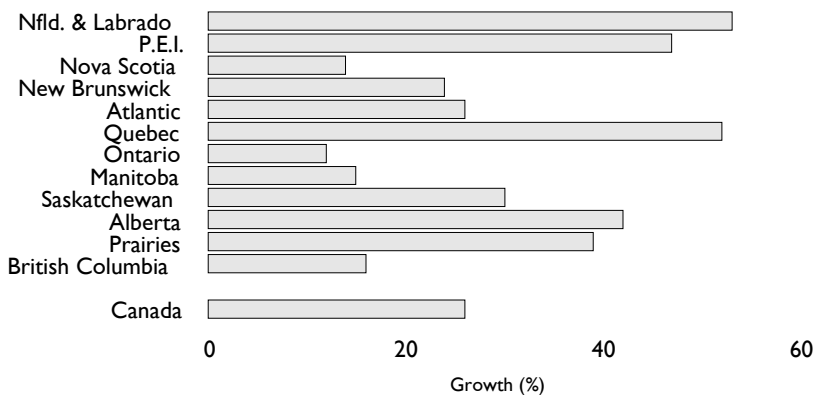
In the second quarter of 2002, residential construction in Quebec posted 19,727 starts across Quebec, for an increase of 46 per cent over the same period last year. The results for this past quarter brought the total for 2002 to 21,109 starts, for a gain of 52 per cent over 2001.

The results for the last quarter have placed Quebec in the lead, along with Newfoundland and Labrador, in terms of housing starts growth to date in 2002, at four times that of Ontario and double the Canadian growth rate for the same period (see graph below).

Residential construction in Quebec clearly benefited from a combination of factors that were particularly favourable to the housing demand. In fact, the low mortgage rates and the recent good performance on the job market certainly supported consumer confidence with regard to major outlays. Also, the low inventories on the resale market and the low vacancy rates on the rental market made the climate more conducive to home buying.

Housing Starts Growth

January to June 2002 vs. 2001



Source: CMHC

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HOME TO CANADIANS
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Despite the recent weakness of several economic indicators in the United States, the increase in housing starts in Quebec is such that 2002 should end with a marked gain in this sector.

In Quebec's metropolitan areas, activity was up by 51 per cent in the second quarter, with significant increases in all areas, except Chicoutimi-Jonquière, which sustained a small decrease. Even though 86 per cent of the gain came from the Montréal and Québec areas, there were also considerable rises in Trois-Rivières (over 100 per cent) and Sherbrooke (97 per cent).

Midway through 2002, the picture is similar, with an overall increase of 54 per cent (see graph below), and regional gains distributed in much the same manner as for the second quarter.

Again in the second quarter, housing starts were also up in the other urban centres across Quebec. For centres with 50,000 to 49,999 inhabitants, major gains in Saint-Jean-sur-Richelieu (over 100 per cent), Saint-Hyacinthe and Drummondville contributed to an increase of more than 35 per cent over the same quarter last year in this category. As

for the smaller centres, gains were noted in the vast majority of these towns.

Strong growth on the rental market in the second quarter

A breakdown of the results for the second quarter of 2002 by market type reveals significant growth in residential construction in the three principal markets: freehold, condominium and rental. Although 81 per cent of housing starts in urban centres across Quebec were in the homeownership market (freehold and condominium), the rental market posted a gain of 77 per cent over the same quarter last year.

This growth was even greater for the metropolitan areas, where the increase exceeded 100 per cent. However, the situation was quite the opposite in urban centres with 10,000 to 99,999 inhabitants, which posted a gain of 53 per cent for homeowner housing (almost exclusively freehold properties), while rental housing starts registered a slight drop (-3 units).

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.

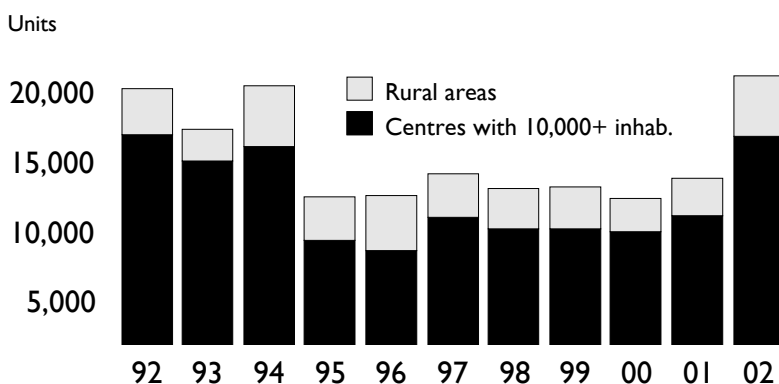
Total Medium-Term Supply - total supply of new units including units under construction, units that are completed but not occupied and permits issued but not started.

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 quarter minus completions 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 Quebec Regions January to June



Source: CMHC

Raw data

Table I
Summary of Activity by Intended Market
Province of Québec

Activity / Area	Ownership (Freehold* & Condominium)		Rental		Total	
	2nd Qrt 2002	2nd Qrt 2001	2nd Qrt 2002	2nd Qrt 2001	2nd Qrt 2002	2nd Qrt 2001
	Housing Starts					
Metropolitan Areas (1)	8,032	5,676	1,695	787	9,727	6,463
Urban Areas (2)	1,056	690	384	387	1,440	1,077
Rural Areas (3)	NA	NA	NA	NA	3,293	2,170
Total Province of Québec	NA	NA	NA	NA	14,460	9,710
Completions						
Metropolitan Areas (1)	4,866	3,939	771	568	5,637	4,507
Urban Areas (2)	633	447	494	227	1,127	674
Rural Areas (3)	NA	NA	NA	NA	998	699
Total Province of Québec	NA	NA	NA	NA	7,762	5,880
Under construction (4)						
Metropolitan Areas (1)	10,703	8,111	3,032	2,180	13,735	10,291
Urban Areas (2)	905	584	729	524	1,634	1,108
Rural Areas (3)	NA	NA	NA	NA	4,358	2,085
Total Province of Québec	NA	NA	NA	NA	19,727	13,484

(*) 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 Québec

	2002		2001		
	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Gross Domestic Product (%)	4.1	1.8	0.5	-0.1	0.5
Job Creation Total* (000)	54.0	36.9	14.3	16.6	13.1
Employment Rate* (%)	59.5	58.7	58.2	58.1	57.9
Unemployment Rate* (%)	8.6	9.1	9.1	8.4	8.8
Inflation Rate (%)	3.7	3.1	-2.2	-0.8	6.1
Net Migration	NA	6,039	87	1,870	6,386
Mortgage Rates - Canada					
1-year	5.5	4.8	4.7	6.0	6.7
5-year	7.4	7.1	6.9	7.5	7.7
Resale Market (MLS Sales)					
Total Residential Units	19,635	22,940	14,422	11,109	19,089
Consumer Confidence Index* (1991=100)	137.0	131.2	110.5	112.5	120.0

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

Area / Period	Ownership		Rental	Total
	Freehold	Condominiums		
Chicoutimi				
Second Quarter 2002	116	0	3	119
Second Quarter 2001	128	0	6	134
Year-to-date 2002 (Jan.-June)	129	0	38	167
Year-to-date 2001 (Jan.-June)	143	0	8	151
Gatineau				
Second Quarter 2002	653	0	165	818
Second Quarter 2001	475	0	198	673
Year-to-date 2002 (Jan.-June)	883	0	284	1,167
Year-to-date 2001 (Jan.-June)	615	0	222	837
Montréal				
Second Quarter 2002	3,968	1,723	720	6,411
Second Quarter 2001	2,983	1,072	360	4,415
Year-to-date 2002 (Jan.-June)	6,389	2,779	1,264	10,432
Year-to-date 2001 (Jan.-June)	4,456	1,790	684	6,930
Québec				
Second Quarter 2002	1,095	153	495	1,743
Second Quarter 2001	738	50	157	945
Year-to-date 2002 (Jan.-June)	1,514	185	608	2,307
Year-to-date 2001 (Jan.-June)	985	166	210	1,361
Sherbrooke				
Second Quarter 2002	202	0	165	367
Second Quarter 2001	116	7	63	186
Year-to-date 2002 (Jan.-June)	242	0	224	466
Year-to-date 2001 (Jan.-June)	144	7	96	247
Trois-Rivières				
Second Quarter 2002	122	0	147	269
Second Quarter 2001	107	0	3	110
Year-to-date 2002 (Jan.-June)	151	0	162	313
Year-to-date 2001 (Jan.-June)	124	0	18	142
TOTAL METROPOLITAN AREAS				
Second Quarter 2002	6,156	1,876	1,695	9,727
Second Quarter 2001	4,547	1,129	787	6,463
Year-to-date 2002 (Jan.-June)	9,308	2,964	2,580	14,852
Year-to-date 2001 (Jan.-June)	6,467	1,963	1,238	9,668

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	Condomi- niums			Freehold	Condomi- niums		
Chicoutimi								
Second Quarter 2002	113	0	9	122	33	0	81	114
Second Quarter 2001	98	0	8	106	60	0	10	70
Gatineau								
Second Quarter 2002	869	0	326	1,195	332	0	75	407
Second Quarter 2001	543	0	255	798	207	0	68	275
Montréal								
Second Quarter 2002	4,874	3,490	1,691	10,055	2,603	919	310	3,832
Second Quarter 2001	3,323	3,128	1,477	7,928	2,289	802	135	3,226
Québec								
Second Quarter 2002	939	235	634	1,808	707	68	188	963
Second Quarter 2001	745	169	369	1,283	376	36	298	710
Sherbrooke								
Second Quarter 2002	152	0	214	366	82	0	100	182
Second Quarter 2001	72	4	50	126	70	3	54	127
Trois-Rivières								
Second Quarter 2002	31	0	158	189	122	0	17	139
Second Quarter 2001	29	0	21	50	96	0	3	99
TOTAL METROPOLITAN AREAS								
Second Quarter 2002	6,978	3,725	3,032	13,735	3,879	987	771	5,637
Second Quarter 2001	4,810	3,301	2,180	10,291	3,098	841	568	4,507

* Note: As at the end of the period shown.

Source: CMHC

For more information about this publication, please contact:

KEVIN HUGHES

Regional Economist
at (514) 283-4488

E-mail: khughes@cmhc.ca

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

Centre / Period	Ownership		Rental	Total
	Freehold	Condominiums		
Drummondville				
Second Quarter 2002	104	3	146	253
Second Quarter 2001	71	0	127	198
Year-to-date 2002 (Jan.-June)	121	3	190	314
Year-to-date 2001 (Jan.-June)	84	0	155	239
Granby				
Second Quarter 2002	147	3	45	195
Second Quarter 2001	85	0	111	196
Year-to-date 2002 (Jan.-June)	158	3	53	214
Year-to-date 2001 (Jan.-June)	111	0	160	271
Saint-Hyacinthe				
Second Quarter 2002	68	0	11	79
Second Quarter 2001	38	3	18	59
Year-to-date 2002 (Jan.-June)	74	0	31	105
Year-to-date 2001 (Jan.-June)	46	15	48	109
Saint-Jean-sur-Richelieu				
Second Quarter 2002	218	0	52	270
Second Quarter 2001	117	0	12	129
Year-to-date 2002 (Jan.-June)	312	4	80	396
Year-to-date 2001 (Jan.-June)	164	0	16	180
Shawinigan				
Second Quarter 2002	38	0	0	38
Second Quarter 2001	32	0	4	36
Year-to-date 2002 (Jan.-June)	40	0	0	40
Year-to-date 2001 (Jan.-June)	37	0	4	41

Source: CMHC

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

Centre / Period	Ownership		Rental	Total
	Freehold	Condominiums		
Alma				
Second Quarter 2002	30	0	3	33
Second Quarter 2001	25	0	0	25
Year-to-date 2002 (Jan.-June)	32	0	3	35
Year-to-date 2001 (Jan.-June)	28	0	0	28
Baie-Comeau				
Second Quarter 2002	2	0	0	2
Second Quarter 2001	2	0	0	2
Year-to-date 2002 (Jan.-June)	2	0	0	2
Year-to-date 2001 (Jan.-June)	3	0	0	3
Cowansville				
Second Quarter 2002	10	0	0	10
Second Quarter 2001	5	0	0	5
Year-to-date 2002 (Jan.-June)	10	0	0	10
Year-to-date 2001 (Jan.-June)	6	0	0	6

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>		
<i>Dolbeau</i>				
Second Quarter 2002	11	0	0	11
Second Quarter 2001	19	0	0	19
Year-to-date 2002 (Jan.-June)	11	0	0	11
Year-to-date 2001 (Jan.-June)	21	0	0	21
<i>Joliette</i>				
Second Quarter 2002	58	5	48	111
Second Quarter 2001	68	4	31	103
Year-to-date 2002 (Jan.-June)	92	5	61	158
Year-to-date 2001 (Jan.-June)	85	4	31	120
<i>Lachute</i>				
Second Quarter 2002	7	0	0	7
Second Quarter 2001	3	0	0	3
Year-to-date 2002 (Jan.-June)	8	0	0	8
Year-to-date 2001 (Jan.-June)	7	0	0	7
<i>La Tuque</i>				
Second Quarter 2002	4	0	0	4
Second Quarter 2001	0	0	0	0
Year-to-date 2002 (Jan.-June)	5	0	0	5
Year-to-date 2001 (Jan.-June)	0	0	0	0
<i>Magog</i>				
Second Quarter 2002	47	0	38	85
Second Quarter 2001	27	0	18	45
Year-to-date 2002 (Jan.-June)	61	0	54	115
Year-to-date 2001 (Jan.-June)	34	0	36	70
<i>Matane</i>				
Second Quarter 2002	5	0	0	5
Second Quarter 2001	10	0	0	10
Year-to-date 2002 (Jan.-June)	6	0	0	6
Year-to-date 2001 (Jan.-June)	10	0	0	10
<i>Rimouski</i>				
Second Quarter 2002	32	0	0	32
Second Quarter 2001	35	0	0	35
Year-to-date 2002 (Jan.-June)	45	0	2	47
Year-to-date 2001 (Jan.-June)	47	0	0	47
<i>Rivière-du-Loup</i>				
Second Quarter 2002	18	0	0	18
Second Quarter 2001	12	0	0	12
Year-to-date 2002 (Jan.-June)	21	0	0	21
Year-to-date 2001 (Jan.-June)	14	0	0	14
<i>Rouyn-Noranda</i>				
Second Quarter 2002	13	0	0	13
Second Quarter 2001	7	0	0	7
Year-to-date 2002 (Jan.-June)	16	0	0	16
Year-to-date 2001 (Jan.-June)	11	0	0	11

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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-Georges				
Second Quarter 2002	88	0	19	107
Second Quarter 2001	40	0	44	84
Year-to-date 2002 (Jan.-June)	106	0	35	141
Year-to-date 2001 (Jan.-June)	46	0	50	96
Salaberry-de-Valleyfield				
Second Quarter 2002	17	0	1	18
Second Quarter 2001	11	0	0	11
Year-to-date 2002 (Jan.-June)	21	8	1	30
Year-to-date 2001 (Jan.-June)	12	0	0	12
Sept-Îles				
Second Quarter 2002	2	0	0	2
Second Quarter 2001	0	0	0	0
Year-to-date 2002 (Jan.-June)	3	0	0	3
Year-to-date 2001 (Jan.-June)	0	0	0	0
Sorel				
Second Quarter 2002	21	0	0	21
Second Quarter 2001	7	0	2	9
Year-to-date 2002 (Jan.-June)	38	0	0	38
Year-to-date 2001 (Jan.-June)	16	3	2	21
Theford-Mines				
Second Quarter 2002	1	0	0	1
Second Quarter 2001	4	0	0	4
Year-to-date 2002 (Jan.-June)	4	0	0	4
Year-to-date 2001 (Jan.-June)	6	0	0	6
Val d'Or				
Second Quarter 2002	3	0	0	3
Second Quarter 2001	4	0	0	4
Year-to-date 2002 (Jan.-June)	3	0	0	3
Year-to-date 2001 (Jan.-June)	7	0	0	7
Victoriaville				
Second Quarter 2002	51	0	4	55
Second Quarter 2001	31	0	8	39
Year-to-date 2002 (Jan.-June)	82	0	11	93
Year-to-date 2001 (Jan.-June)	40	0	12	52
Other Urban Centers *				
Second Quarter 2002	50	0	17	67
Second Quarter 2001	30	0	12	42
Year-to-date 2002 (Jan.-June)	58	0	23	81
Year-to-date 2001 (Jan.-June)	44	0	12	56

Source: CMHC

*Amos, Gaspé, Montmagny, Roberval, Sainte-Marie, Saint-Félicien and Hawkesbury (Quebec Part)

*Saint-Félicien is now included in the urban center since 2002. No data are available for 2001.

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