



# HOUSING NOW

Province of Quebec

YOUR LINK TO THE HOUSING MARKET

[www.cmhc.ca](http://www.cmhc.ca)

Canada Mortgage and Housing Corporation

VOLUME 7, EDITION 3  
THIRD QUARTER 2004

## Residential construction growth rate continues to slow down in Quebec

A probable sign that a cyclical peak is approaching is that activity has continued to grow on job sites, but at an increasingly slower pace for the past year. In fact, 15,220 new dwellings were started in the third quarter in Quebec, compared to 13,610 during the same period last year. This increase of 12 per cent, although not negligible, was the smallest of the gains registered over the previous four quarters (19 per cent to 33 per cent).

The results for Quebec are therefore very close to 43,000 starts for the period from January to September 2004, for the highest volume since the late 1980s. This level resulted from conditions that favoured the demand for new housing. In particular, Quebec's healthy job market has attracted and retained a significant number of people on its territory, as net migration has risen steadily since 1997, reaching nearly 30,000

people last year. Just like for residential construction, this was the highest level since 1988.

Immigration is currently the migration component that is having the greatest impact on the housing demand in Quebec. People arriving from other countries usually settle in large urban centres and mainly fuel the demand for rental housing.

### Apartments largely responsible

The picture is not the same on all job sites. In fact, while single-detached home building is vigorous everywhere across Quebec (+18 per cent in the third quarter), apartment construction is showing signs of running out of steam (+4 per cent this past quarter, compared to gains of 16 per cent to 130 per cent over the last 11 quarters). One segment that is largely

*continued on next page*

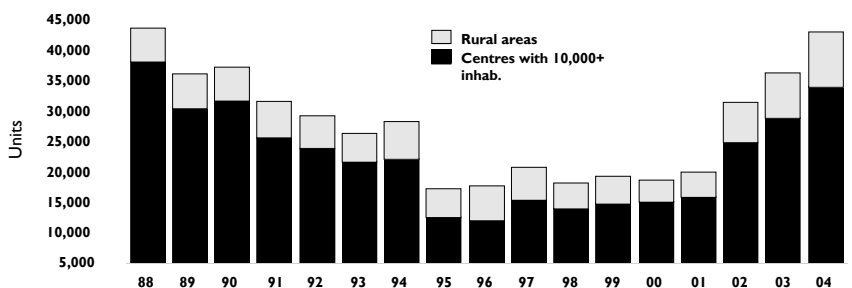
## IN THIS ISSUE

- 1 Residential construction growth rate continues to slow down in Quebec
- 1 Apartments largely responsible
- 2 Home Buyers's Plan in Canada and Quebec in 2002

### STATISTICAL TABLES: Province of Quebec

- 3 Summary of Activity by Area and by Intended Market
- 3 Economic Overview
- 4 Housing Starts by Metropolitan Area and by Intended Market
- 5 Under Construction and Completions by Metropolitan Area and by Intended Market
- 6 Housing Starts by Centre with 50,000 to 99,999 Inhabitants
- 6 Housing Starts by Centre with 10,000 to 49,999 Inhabitants

### HOUSING STARTS Quebec Areas January to September



Source : CMHC

Row Data



HOME TO CANADIANS  
Canada

responsible for this situation is rental housing, which sustained a decrease of 16 per cent, after having posted steady increases in 2002-2003. We will soon know if last year's vigorous activity had an impact on the rental housing vacancy rate since, at the turn of the year, we will be releasing the results of our annual survey, which is currently under way. With migration still strong, the decline in rental housing starts may seem strange.

However, the downturn is being observed mainly outside Montréal, with the retirement home segment hit hard in certain areas. In Montréal, activity in the condominium apartment sector was also down in the third quarter. Given that construction costs rose considerably this year, on account of the increase in the price of several inputs, including steel, certain projects were put on hold.

## Definition 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.

### Home Buyers' Plan in Canada and Quebec in 2002<sup>1</sup>

According to the most recent data available, the federal government's Home Buyers' Plan (HBP) helped more than 123,000 Canadians to realize their homeownership dream in 2002. Under this program, participants withdrew over \$1.3 billion in RRSP funds to purchase homes. Since its inception in 1992, some 1.3 million individuals have participated in the program, channelling \$13.2 billion from their RRSPs to the housing market.

To put this in perspective, the 123,000 participants in the plan represented roughly 30 per cent of the existing home sales for the year. In fact, the ratio of HBP participants to MLS®/S.I.A.® sales ranged from 17 per cent in British Columbia to 58 per cent in Quebec. In this last province, it was the Québec census metropolitan area (CMA) that posted the highest proportion of participants, with 65 per cent. Conversely, in the Trois-Rivières CMA, this proportion stood at 37 per cent, which was still well above the Canadian average.

For Canada overall, the average withdrawal under HBP in 2002 was

\$10,568, which was 6 per cent of the price of a typical dwelling sold through the MLS®/S.I.A.® network. This percentage varied across Canada, between 4.5 per cent in British Columbia and 9 per cent in Quebec. Closer to home, the Trois-Rivières CMA came in first (15 per cent) in Quebec, well ahead of Montréal (8 per cent), which brought up the rear, but still largely exceeded the national average.

Another point that well reflects the diversity of housing markets, preferences of home buyers and financial habits in the provinces is the average withdrawal under HBP. Here again, Quebec came out on top in 2002, with an average withdrawal of \$11,433, while Saskatchewan was in last place, with \$7,309. As for the CMAs in Quebec, Montréal led with an average withdrawal of \$12,073, an amount that also gave this CMA first place in Canada, just ahead of Toronto and Vancouver.

### HBP offers a significant avenue to first-time home buyers

A recent survey shows that HBP was used by 48 per cent of first-time buyers who purchased a home in Canada since 2000<sup>2</sup>. HBP was the primary source of down payment for about 35 per cent of first-time buyers.

Home Buyers' Plan - 2002				
	Number of Participants	Average Withdrawal (\$)	Participants/MLS Sales Ratio (%)	Average Withdrawal/Average Selling Price Ratio (%)
Gatineau	1,770	10,651	39.2	9.4
Montréal	20,900	12,073	44.5	8.4
Québec	5,670	11,133	64.6	10.8
Saguenay	860	9,762	59.9	11.6
Sherbrooke	1,000	10,734	45.9	10.1
Trois-Rivières	560	11,196	36.6	14.9
Québec	38,840	11,433	57.8	8.7
Canada	123,110	10,568	29.4	5.6

Sources: CMHC, CRA and MLS

<sup>1</sup> This article was inspired by the third quarter 2004 issue of CMHC Mortgage Market Trends.

<sup>2</sup> Financial Industry Research Monitor (FIRM) survey, March 2004.

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

Activity / Area	Ownership (Freehold* & Condominium)		Rental		Total	
	3rd Q 2004	3rd Q 2003	3rd Q 2004	3rd Q 2003	3rd Q 2004	3rd Q 2003
<b>Starts</b>						
Metropolitan areas (1)	6,936	6,822	2,159	2,475	9,095	9,297
Urban areas (2)	1,064	894	342	444	1,406	1,338
Rural areas (3)	n.a.	n.a.	n.a.	n.a.	4,719	2,975
<b>Total - Province of Quebec</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>15,220</b>	<b>13,610</b>
<b>Completions</b>						
Metropolitan areas (1)	10,354	8,335	2,403	1,846	12,757	10,181
Urban areas (2)	1,321	1,036	701	549	2,022	1,585
Rural areas (3)	n.a.	n.a.	n.a.	n.a.	4,046	3,409
<b>Total - Province of Quebec</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>18,825</b>	<b>15,175</b>
<b>Under construction**</b>						
Metropolitan areas (1)	13,898	10,807	6,713	4,626	20,611	15,433
Urban areas (2)	1,079	909	605	537	1,684	1,446
Rural areas (3)	n.a.	n.a.	n.a.	n.a.	3,164	2,915
<b>Total - Province of Quebec</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>25,459</b>	<b>19,794</b>

Source: CMHC

\* Refers to single-family houses (single-detached, semi-detached and row homes) owned under freehold tenure and owner-occupied duplexes

\*\* At the end of the period shown

(1) Population of 100,000 or more

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

(3) Population of 9,999 or less

**Table 2**  
**Economic Overview**  
**Province of Quebec**

	2004	2004	2004	2003	2003
	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
<b>Gross domestic product (%)</b>	3.5	3.8	2.5	1.6	1.4
<b>Employment level - total* (000)</b>	3,717.3	3,705.1	3,682.7	3,683.4	3,631.7
<b>Employment rate* (%)</b>	60.4	60.3	60.1	60.3	59.6
<b>Unemployment rate* (%)</b>	8.2	8.2	8.8	9.3	9.6
<b>Inflation rate (%)</b>	n.a.	3.5	3.9	0.7	0.2
<b>Net migration</b>	n.a.	10,237.0	8,503.0	3,417.0	10,213.0
<b>Mortgage rates (%) - Canada</b>					
1-year	4.6	4.6	4.3	4.7	4.6
5-year	6.4	6.5	5.9	6.5	6.3
<b>Resale market (MLS sales)</b>					
<b>Total residential units</b>	14,258	20,442	20,037	15,555	14,391
<b>Index of Consumer Confidence* (1991=100)</b>	121.3	121.1	125.3	117.5	123.7

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>Condominium</i>		
<b>Saguenay</b>				
Third quarter 2004	106	0	21	127
Third quarter 2003	96	0	16	112
Year-to-date 2004 (Jan.-Sept.)	218	7	33	258
Year-to-date 2003 (Jan.-Sept.)	236	0	147	383
<b>Gatineau</b>				
Third quarter 2004	569	268	107	944
Third quarter 2003	458	71	182	711
Year-to-date 2004 (Jan.-Sept.)	1,478	573	238	2,289
Year-to-date 2003 (Jan.-Sept.)	1,300	71	574	1,945
<b>Montréal</b>				
Third quarter 2004	2,688	2,200	1,452	6,340
Third quarter 2003	2,752	2,214	1,515	6,481
Year-to-date 2004 (Jan.-Sept.)	9,382	6,901	4,981	21,264
Year-to-date 2003 (Jan.-Sept.)	8,781	5,525	2,991	17,297
<b>Québec</b>				
Third quarter 2004	657	153	433	1,243
Third quarter 2003	754	253	608	1,615
Year-to-date 2004 (Jan.-Sept.)	2,436	813	1,168	4,417
Year-to-date 2003 (Jan.-Sept.)	2,400	736	1,214	4,350
<b>Sherbrooke</b>				
Third quarter 2004	160	0	73	233
Third quarter 2003	115	4	90	209
Year-to-date 2004 (Jan.-Sept.)	422	68	441	931
Year-to-date 2003 (Jan.-Sept.)	398	24	326	748
<b>Trois-Rivières</b>				
Third quarter 2004	135	0	73	208
Third quarter 2003	105	0	64	169
Year-to-date 2004 (Jan.-Sept.)	370	0	224	594
Year-to-date 2003 (Jan.-Sept.)	323	0	119	442
<b>TOTAL - METROPOLITAN AREAS</b>				
Third quarter 2004	4,315	2,621	2,159	9,095
Third quarter 2003	4,280	2,542	2,475	9,297
Year-to-date 2004 (Jan.-Sept.)	14,306	8,362	7,085	29,753
Year-to-date 2003 (Jan.-Sept.)	13,438	6,356	5,371	25,165

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	Condo-minium			Freehold	Condo-minium			
<b>Saguenay</b>									
Third quarter 2004	68	0	13	81	127	0	23	150	
Third quarter 2003	86	0	83	169	94	0	43	137	
<b>Gatineau</b>									
Third quarter 2004	662	316	138	1,116	513	346	114	973	
Third quarter 2003	547	71	381	999	731	27	379	1,137	
<b>Montréal</b>									
Third quarter 2004	4,630	6,924	5,574	17,128	3,901	3,791	1,816	9,508	
Third quarter 2003	3,930	5,203	3,338	12,471	3,992	1,820	828	6,640	
<b>Québec</b>									
Third quarter 2004	682	471	780	1,933	866	433	233	1,532	
Third quarter 2003	446	411	719	1,576	997	362	356	1,715	
<b>Sherbrooke</b>									
Third quarter 2004	98	4	133	235	194	34	126	354	
Third quarter 2003	79	0	73	152	159	35	150	344	
<b>Trois-Rivières</b>									
Third quarter 2004	37	6	75	118	149	0	91	240	
Third quarter 2003	34	0	32	66	118	0	90	208	
<b>TOTAL - METROPOLITAN AREAS</b>									
Third quarter 2004	6,177	7,721	6,713	20,611	5,750	4,604	2,403	12,757	
Third quarter 2003	5,122	5,685	4,626	15,433	6,091	2,244	1,846	10,181	

\* 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.

**Interested by the Vacancy Rates and Average Rents of the rented apartments,  
following the October 2004 Survey?**

You can find them and more in the:

**RENTAL MARKET REPORTS - HIGHLIGHTS**

which provide a more in-depth and detailed study of the data collected

**(available at the end of december 2004)**

**Table 5**  
**Housing Starts for Centres with 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>Condominium</i>		
<b>Drummondville</b>				
Third quarter 2004	123	0	51	174
Third quarter 2003	87	0	25	112
Year-to-date 2004 (Jan.-Sept.)	310	3	121	434
Year-to-date 2003 (Jan.-Sept.)	265	0	114	379
<b>Granby</b>				
Third quarter 2004	145	0	35	180
Third quarter 2003	111	0	69	180
Year-to-date 2004 (Jan.-Sept.)	350	9	90	449
Year-to-date 2003 (Jan.-Sept.)	253	6	122	381
<b>Saint-jean-sur-Richelieu</b>				
Third quarter 2004	100	30	67	197
Third quarter 2003	164	4	48	216
Year-to-date 2004 (Jan.-Sept.)	449	88	258	795
Year-to-date 2003 (Jan.-Sept.)	485	4	192	681
<b>Shawinigan</b>				
Third quarter 2004	36	0	4	40
Third quarter 2003	17	0	0	17
Year-to-date 2004 (Jan.-Sept.)	80	0	4	84
Year-to-date 2003 (Jan.-Sept.)	66	0	4	70

Source: CMHC

**Table 6**  
**Housing Starts for Centres with 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>Condominium</i>		
<b>Alma</b>				
Third quarter 2004	30	0	16	46
Third quarter 2003	19	0	35	54
Year-to-date 2004 (Jan.-Sept.)	72	0	23	95
Year-to-date 2003 (Jan.-Sept.)	52	0	46	98
<b>Baie-Comeau</b>				
Third quarter 2004	0	0	0	0
Third quarter 2003	0	0	0	0
Year-to-date 2004 (Jan.-Sept.)	0	0	0	0
Year-to-date 2003 (Jan.-Sept.)	0	0	0	0
<b>Cowansville</b>				
Third quarter 2004	9	0	0	9
Third quarter 2003	11	0	0	11
Year-to-date 2004 (Jan.-Sept.)	18	0	20	38
Year-to-date 2003 (Jan.-Sept.)	17	0	4	21
<b>Dolbeau</b>				
Third quarter 2004	12	0	0	12
Third quarter 2003	14	0	0	14
Year-to-date 2004 (Jan.-Sept.)	27	0	0	27
Year-to-date 2003 (Jan.-Sept.)	33	0	0	33

Continued on next page

**Table 6 (cont.)**  
**Housing Starts for Centres with 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>Condominium</i>		
<b>Joliette</b>				
Third quarter 2004	80	0	67	147
Third quarter 2003	24	0	113	137
Year-to-date 2004 (Jan.-Sept.)	180	4	157	341
Year-to-date 2003 (Jan.-Sept.)	117	5	190	312
<b>Lachute</b>				
Third quarter 2004	12	0	0	12
Third quarter 2003	6	0	0	6
Year-to-date 2004 (Jan.-Sept.)	27	0	0	27
Year-to-date 2003 (Jan.-Sept.)	18	0	0	18
<b>La Tuque</b>				
Third quarter 2004	1	0	0	1
Third quarter 2003	6	0	0	6
Year-to-date 2004 (Jan.-Sept.)	5	0	0	5
Year-to-date 2003 (Jan.-Sept.)	9	0	0	9
<b>Magog</b>				
Third quarter 2004	52	0	0	52
Third quarter 2003	46	12	12	70
Year-to-date 2004 (Jan.-Sept.)	131	30	109	270
Year-to-date 2003 (Jan.-Sept.)	108	45	29	182
<b>Matane</b>				
Third quarter 2004	4	0	0	4
Third quarter 2003	8	0	0	8
Year-to-date 2004 (Jan.-Sept.)	11	0	0	11
Year-to-date 2003 (Jan.-Sept.)	14	0	0	14
<b>Rimouski</b>				
Third quarter 2004	45	0	4	49
Third quarter 2003	39	0	0	39
Year-to-date 2004 (Jan.-Sept.)	123	0	34	157
Year-to-date 2003 (Jan.-Sept.)	84	0	16	100
<b>Rivière-du-Loup</b>				
Third quarter 2004	38	24	20	82
Third quarter 2003	45	0	30	75
Year-to-date 2004 (Jan.-Sept.)	87	24	33	144
Year-to-date 2003 (Jan.-Sept.)	77	0	54	131
<b>Rouyn-Noranda</b>				
Third quarter 2004	37	0	0	37
Third quarter 2003	13	0	0	13
Year-to-date 2004 (Jan.-Sept.)	37	0	0	37
Year-to-date 2003 (Jan.-Sept.)	21	0	0	21
<b>Saint-Georges</b>				
Third quarter 2004	40	0	26	66
Third quarter 2003	47	0	50	97
Year-to-date 2004 (Jan.-Sept.)	145	0	57	202
Year-to-date 2003 (Jan.-Sept.)	142	6	93	241

*Continued on next page*

**Table 6 (cont.)**  
**Housing Starts for Centres with 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>Condominium</i>		
<b>Saint-Hyacinthe</b>				
Third quarter 2004	41	0	22	63
Third quarter 2003	26	0	30	56
Year-to-date 2004 (Jan.-Sept.)	121	24	82	227
Year-to-date 2003 (Jan.-Sept.)	74	12	126	212
<b>Salaberry-de-Valleyfield</b>				
Third quarter 2004	3	0	0	3
Third quarter 2003	8	0	0	8
Year-to-date 2004 (Jan.-Sept.)	46	0	31	77
Year-to-date 2003 (Jan.-Sept.)	34	8	0	42
<b>Sept-Îles</b>				
Third quarter 2004	6	0	0	6
Third quarter 2003	0	0	0	0
Year-to-date 2004 (Jan.-Sept.)	23	0	0	23
Year-to-date 2003 (Jan.-Sept.)	3	0	40	43
<b>Sorel</b>				
Third quarter 2004	8	0	0	8
Third quarter 2003	37	0	0	37
Year-to-date 2004 (Jan.-Sept.)	48	24	4	76
Year-to-date 2003 (Jan.-Sept.)	73	0	3	76
<b>Thetford-Mines</b>				
Third quarter 2004	10	0	0	10
Third quarter 2003	10	0	0	10
Year-to-date 2004 (Jan.-Sept.)	22	0	0	22
Year-to-date 2003 (Jan.-Sept.)	12	0	0	12
<b>Val-d'Or</b>				
Third quarter 2004	19	0	0	19
Third quarter 2003	5	0	0	5
Year-to-date 2004 (Jan.-Sept.)	29	0	6	35
Year-to-date 2003 (Jan.-Sept.)	12	0	0	12
<b>Victoriaville</b>				
Third quarter 2004	67	0	19	86
Third quarter 2003	63	8	4	75
Year-to-date 2004 (Jan.-Sept.)	182	0	76	258
Year-to-date 2003 (Jan.-Sept.)	192	8	47	247
<b>Other urban centres*</b>				
Third quarter 2004	92	0	11	103
Third quarter 2003	64	0	28	92
Year-to-date 2004 (Jan.-Sept.)	259	0	19	278
Year-to-date 2003 (Jan.-Sept.)	124	30	28	182

Source: CMHC

\* Amos, Gaspé, Montmagny, Roberval, Sainte-Marie, Saint-Félicien, Saint-Lin (2003) and Hawkesbury (Quebec Part)

**Housing Now is published four times a year for the Province of Quebec. Annual Subscription to the Province of Quebec Housing Now is \$55.00 plus applicable taxes. For more information, or to subscribe, contact our Customer Service Centre at 1-866-855-5711.**

© 2004 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada

Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this

publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.