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Montréal

Canada Mortgage and Housing Corporation

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UNEXPECTED RESULT IN SEPTEMBER

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According to our latest surveys, housing starts in Greater Montréal went up by 28 per cent in September 2005 over the same month last year. Construction got under way on 2,627 dwellings, compared to 2,053 during the same month in 2004.

This strong hike—both surprising and unexpected—was mainly due to the excellent results recorded in the rental and condominium housing segments and, from a geographic standpoint, to the remarkable performance posted in the South Crown, especially in Longueuil.

The increase of 28 per cent in housing starts over last year marked the largest monthly gain observed this year in the Montréal area. This performance was unexpected because the decline in starts recorded since the beginning of the year appeared set to continue, as a result of several unfavourable factors, such as the greater number of newly completed but unabsorbed units and the weaker housing demand.

This past September saw the number of condominium starts go up by 61

per cent over September 2004. This increase was attributable to the very strong gains registered on the Island of Montréal and in the North Crown, more particularly in the North Shore sector. It should be noted that the South Crown was the only sector where condominium starts did not rise.

Rental housing starts went up by 47 per cent over September of last year. This major increase was attributable to the marked gain posted in the South Crown and, more specifically, in Longueuil. Gains in rental housing starts were observed in all sectors, except on the Island of Montréal, where a small decrease was noted (-4 per cent).

The freehold housing segment was less active than the other two market segments. Single-detached home starts were down slightly (-4 per cent). It should be noted that detached housing starts fell by half on the Island of Montréal, in relation to the same month last year. Finally, there was an increase of 11 per cent in semi-detached and row home starts, which went up in all sectors, except the North Crown.

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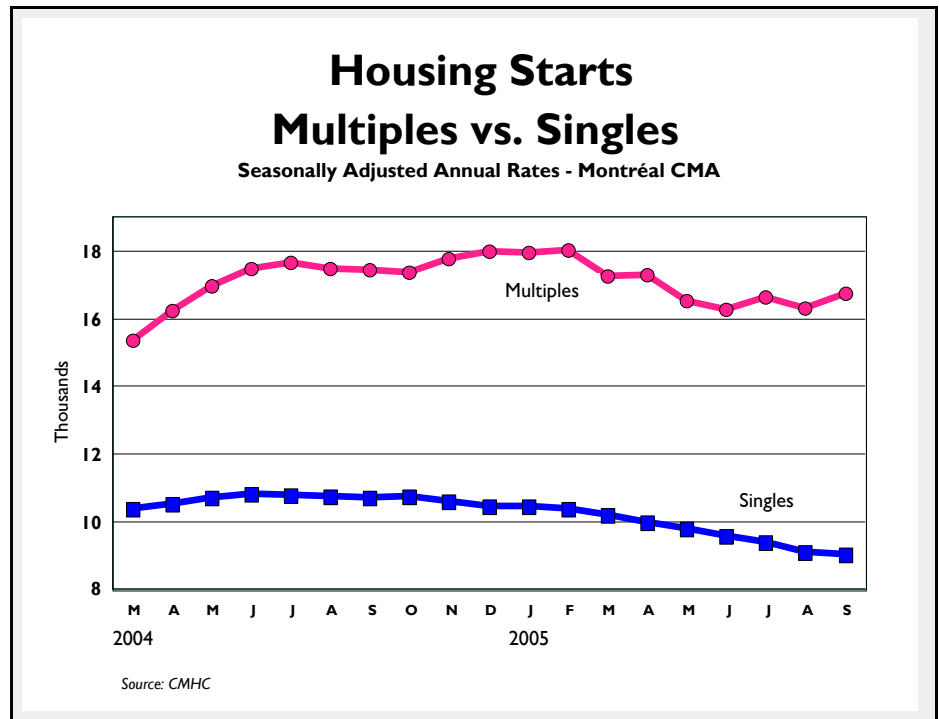
Geographically, all the major sectors posted gains in starts, with the strongest increase (+42 per cent) having been registered in the South Crown, which benefited from a significant hike in Longueuil (+165 per cent).

The Island of Montréal did very well, essentially as a result of the very strong increase (80 per cent) in condominium starts, which accounted for more than 60 per cent of all units started on the Island.

The North Crown, for its part, registered a gain of 24 per cent, despite the poor results recorded in Laval (-33 per cent) and Saint-Jérôme (-45 per cent).

Even with this very good month of September, the figures for the first nine months suggest that the year 2005 will not be as good as 2004. Starts are down by 12 per cent since the beginning of the year, in relation to the same period last year. In fact, the decreases are very pronounced in the South Shore sector (excluding Longueuil) and in Saint-Jérôme.

At the provincial level, housing starts went up in four of the six census metropolitan areas (CMAs). Sherbrooke posted the strongest increase, as starts there rose by 95 per cent over September of last year. Trois-Rivières was second (+73 per cent), followed by Montréal, with a rise of 28 per cent and, lastly, Saguenay, with a small gain of 3 per cent. Québec and Gatineau were the CMAs that sustained decreases in activity in September, as starts fell by 13 per cent in Québec and by 57 per cent in Gatineau. ■



Major Housing Job Sites Started in September

The following are the major multiple housing job sites started in September 2005 in Greater Montréal, along with the intended market segment announced for the projects at the time they got under way:

<u>Number of units</u>	<u>Street</u>	<u>Sector</u>	<u>Intended segment</u>
132	Desjardins	Sainte-Thérèse	Condominiums
128	Prés. Kennedy	Montréal (Centre)	Condominiums
125	Turgeon	Sainte-Thérèse	Retirement Home
124	Gouin	Montréal (Mtl-Nord)	Condominiums
112	Gal. D'Anjou	Montréal (Anjou)	Retirement Home
106	Adoncour	Longueuil (Longueuil)	Retirement Home
106	Curé-Poirier	Longueuil (Longueuil)	Retirement Home
76	Amherst	Montréal (Centre)	Cooperative
35	Senluis	Montréal (LaSalle)	Condominiums
28	Louis-Hébert	Montréal (LaSalle)	Condominiums
24	Galt	Montréal (Ctre-Ouest)	Condominiums

Plateau phase for the resale market

The Greater Montréal resale market had a fine spring. No fewer than 10,909 homes changed hands on the S.I.A.[®]/MLS[®] network from April to June 2005, for an increase of 4 per cent over the same period in 2004. This rise in transactions offset the decrease registered during the winter. Activity on the resale market has therefore neither decreased nor increased, as evidenced by a comparison between the overall results for the first half of 2005 (21,340 sales) and those for the first half of 2004 (21,379 sales).

With the mortgage rates still very low, buyers were still present on the market and, as a result, sales of existing properties stayed at peak levels. It is clear, however, that the market is facing a new deal: after a frantic rise in recent years, the increase in prices is definitely slowing down. While the overall market remains favourable to sellers, conditions are easing as listings are going back up in the different segments. The price hike is now all the weaker as supply on the market, that is, the listings, is considerable.

As in previous quarters, condominiums continued to stand out and once again made the headlines this past quarter. Now very close to a balanced market, condominiums are the first housing type to have sustained a slight decrease in their average price in Greater Montréal since 1997. It cost on average 1 per cent less to buy a condominium in the Montréal area during the second quarter of 2005 than it did one year earlier. This downturn was largely attributable to the Island of Montréal. The new rise in the supply of condominiums was especially felt there, as four of the nine zones on the Island are now balanced markets. The zone that extends from Nuns' Island to Mount Royal and from Outremont to Côte-Saint-Luc, by far the most expensive condominium market in Greater Montréal, is responsible for the downturn in the average price. The price hikes are becoming increasingly limited there.

While temperance may have become the key word for the Montréal resale market, single-family homes managed to do quite well in the second quarter, with an increase in sales of 3 per cent and a rise in prices of 5 per cent. Still, demand continues to be strong for this type of housing, while listings remain limited. In fact, since reaching a low in the third quarter of 2002, listings have almost doubled, but they still remain very far from their historical high. This gradual rise in supply has made single-family homes the tightest segment on the resale market.

In the plex segment, the delayed rise in listings and their continued scarcity are causing plex prices to increase more significantly, compared to the other housing types (+7 per cent from April to June 2005). However, it can be noted that a downward trend in sales (-5 per cent in the second quarter) began at the same time as for single-family homes.

Table I
Summary of Activity by Intended Market
Montréal Metropolitan Area

<i>Activity / Period</i>	<i>Freehold (Single-Family)</i>	<i>Condominium</i>	<i>Rental</i>	<i>Total</i>
Housing Starts				
September 2005	950	987	690	2,627
September 2004	971	613	469	2,053
Cumulative 2005	7,473	6,352	4,873	18,698
Cumulative 2004	9,382	6,901	4,981	21,264
Under Construction*				
September 2005	3,469	7,391	5,428	16,288
September 2004	4,630	6,924	5,574	17,128
Completions				
September 2005	955	665	408	2,028
September 2004	863	1,026	502	2,391
Cumulative 2005	8,367	6,737	5,124	20,228
Cumulative 2004	8,946	5,724	3,568	18,238
Unoccupied*				
September 2005	518	1,792	1,709	4,019
September 2004	702	1,414	555	2,671
Absorption				
September 2005	929	865	506	2,300
September 2004	764	763	487	2,014
Cumulative 2005	8,611	6,661	4,035	19,307
Cumulative 2004	8,851	5,140	3,496	17,487
Duration of Inventory (in months)				
September 2005	0.5	2.5	3.9	1.9
September 2004	0.7	2.6	1.5	1.4

* As at the end of the period shown

Source: CMHC

An event not to be missed:

«New Foundations: Montréal and its Suburbs»
the 2005 CMHC Montréal Housing Outlook Conference.

The biggest annual get-together of housing industry professionals will be held on

Tuesday November 15 at the Palais des Congrès de Montréal, starting at 7:30 a.m.

For more information, contact us at | 866 855-5711.

Register today!

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				
September 2005	16	40	0	56
September 2004	43	42	0	85
Cumulative 2005	139	208	312	659
Cumulative 2004	332	320	497	1,149
Zone 2: West-Centre				
September 2005	13	72	48	133
September 2004	25	106	242	373
Cumulative 2005	74	951	1,216	2,241
Cumulative 2004	116	1,526	1,269	2,911
Zone 3: East-Center				
September 2005	3	390	245	638
September 2004	4	148	64	216
Cumulative 2005	63	1,825	1,071	2,959
Cumulative 2004	51	1,812	1,527	3,390
Zone 4: East-End				
September 2005	29	39	0	68
September 2004	19	4	0	23
Cumulative 2005	131	136	243	510
Cumulative 2004	145	113	259	517
Zone 5: South-Laval				
September 2005	13	18	0	31
September 2004	21	30	0	51
Cumulative 2005	129	468	298	895
Cumulative 2004	295	450	0	745
Zone 6: North-Laval				
September 2005	80	53	0	133
September 2004	136	58	0	194
Cumulative 2005	787	335	246	1,368
Cumulative 2004	1,117	503	24	1,644
Zone 7: MRC Deux-Montagnes				
September 2005	149	37	18	204
September 2004	83	12	26	121
Cumulative 2005	1,045	194	193	1,432
Cumulative 2004	1,054	171	92	1,317
Zone 8: MRC Ste-Thérèse-de-Blainville				
September 2005	67	144	125	336
September 2004	60	25	0	85
Cumulative 2005	488	366	214	1,068
Cumulative 2004	657	178	122	957

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				
September 2005	145	69	16	230
September 2004	148	18	6	172
Cumulative 2005	1,084	300	171	1,555
Cumulative 2004	1,368	209	100	1,677
Zone 10: MRC L'Assomption				
September 2005	78	0	6	84
September 2004	67	0	96	163
Cumulative 2005	730	285	294	1,309
Cumulative 2004	670	197	444	1,311
Zone 11: South-Shore Centre				
September 2005	70	66	212	348
September 2004	42	82	7	131
Cumulative 2005	390	695	380	1,465
Cumulative 2004	526	588	289	1,403
Zone 12: East South-Shore				
September 2005	43	12	12	67
September 2004	43	33	9	85
Cumulative 2005	428	68	33	529
Cumulative 2004	590	256	90	936
Zone 13: South South-Shore				
September 2005	47	0	0	47
September 2004	39	12	0	51
Cumulative 2005	431	89	18	538
Cumulative 2004	433	86	81	600
Zone 14: West South-Shore				
September 2005	56	4	0	60
September 2004	73	15	13	101
Cumulative 2005	590	152	88	830
Cumulative 2004	805	206	82	1,093
Zone 15: Vaudreuil-Soulanges *				
September 2005	116	32	8	156
September 2004	126	4	6	136
Cumulative 2005	705	171	16	892
Cumulative 2004	882	116	6	1,004
Zone 16: St-Jérôme				
September 2005	25	11	0	36
September 2004	42	24	0	66
Cumulative 2005	259	109	80	448
Cumulative 2004	341	170	99	610

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	
	Sept. 2005	Sept. 2004	Sept. 2005	Sept. 2004	Sept. 2005	Sept. 2004
Housing Starts						
Island of Montréal (1 to 4)	61	91	541	300	293	306
Laval (zones 5 and 6)	93	157	71	88	0	0
North-Shore (zones 7 to 10 & 16)	464	400	261	79	165	128
South-Shore (zones 11 to 14)	216	197	82	142	224	29
Vaudreuil-Soul. *** (zone 15)	116	126	32	4	8	6
Under Construction*						
Island of Montréal	330	468	4,772	4,067	3,672	3,916
Laval	516	809	646	794	553	216
North-Shore	1,469	1,824	999	873	741	1,081
South-Shore	811	1,049	843	1,036	438	355
Vaudreuil-Soulanges ***	343	480	131	154	24	6
Completions						
Island of Montréal	53	103	422	639	156	314
Laval	135	83	41	88	25	0
North-Shore	398	378	78	102	142	41
South-Shore	242	210	103	192	77	82
Vaudreuil-Soulanges ***	127	89	21	5	8	65
Unoccupied*						
Island of Montréal	88	74	960	875	1,239	302
Laval	58	115	231	191	87	9
Rive- Nord	155	340	268	162	177	19
South-Shore	148	121	271	185	200	225
Vaudreuil-Soulanges ***	69	52	62	1	6	0
Absorption						
Island of Montréal	49	96	553	469	252	211
Laval	118	76	76	33	24	0
North-Shore	399	300	91	87	171	100
South-Shore	238	211	119	170	55	111
Vaudreuil-Soulanges ***	125	81	26	4	4	65
Duration of Inventory**						
Island of Montréal	1.4	1.0	2.7	3.1	5.2	1.6
Laval	0.4	0.9	2.5	3.6	5.2	0.7
North-Shore	0.3	0.9	2.1	2.1	1.6	0.3
South-Shore	0.6	0.5	1.9	1.4	3.3	2.3
Vaudreuil-Soulanges ***	0.8	0.6	3.1	0.1	1.2	0.0

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
	September 2005			Trend 2005
Freehold	3,469	518	3,987	967
Condominium	7,391	1,792	9,183	730
Rental	5,428	1,709	7,137	434
	September 2004			Trend 2004
Freehold	4,630	702	5,332	956
Condominium	6,924	1,414	8,338	551
Rental	5,574	555	6,129	364

Source: CMHC

Table 5													
Economic Overview													
Montréal Metropolitan Area													
	2005							2004					
	Sept.	August	July	June	May	April	Sept.	August	July	June	May	April	
Labour Market*													
Job Creation (Loss) - in thousands	28	34	16.0	-0.5	-0	15	24	31	41	52	56	40	
Unemployment Rate (%)	8.7	8.5	8.4	8.3	8.5	8.3	8.6	8.6	8.3	8.1	8.3	8.7	
Mortgage Rates (1)													
1-year	5.0	5.0	4.9	4.8	4.8	4.9	4.8	4.4	4.6	4.7	4.5	4.5	
5-year	5.8	5.8	5.8	5.7	6.0	6.0	6.3	6.3	6.5	6.7	6.5	6.2	
Annual Inflation Rate (%)													
	NA	2.7	2.2	2.1	1.7	2.3	2.4	2.0	2.1	2.5	2.3	1.5	
New House Price Index (% change)													
House	NA	4.4	5.1	5.1	5.1	5.6	7.2	7.2	7.4	7.4	7.5	7.1	
Land	NA	4.9	5.3	5.3	5.2	5.8	3.7	3.8	5.8	5.8	5.8	5.7	
Total	NA	4.5	5.1	5.1	5.1	5.7	6.5	6.5	7.1	7.1	7.2	6.9	
MLS Sales - Single-Family Houses													
	1,644	1,545	1,327	1,784	2,330	2,651	1,566	1,360	1,358	1,807	2,195	2,581	

* 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	<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, 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, 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, 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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