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Canada Mortgage and Housing Corporation

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FOURTH QUARTER 2002

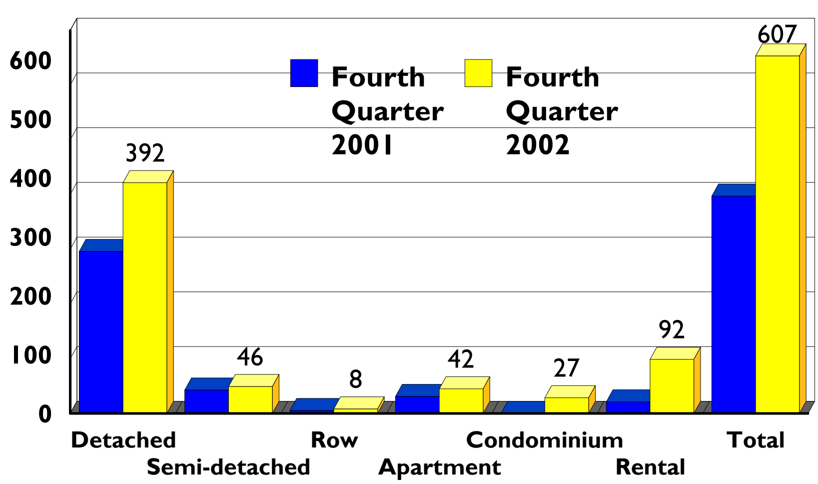
Memorable year for residential construction in the Outaouais

New home market aces its final sprint

In the residential construction sector, the performance registered in the fourth quarter was like all of 2002: memorable. In fact, 607 new dwellings were enumerated during the last quarter of the year, for an increase of 64 per cent over the same period in 2001.

In the Outaouais, residential construction remained dynamic throughout 2002, and this led to exceptional results. In fact, over the whole year, the housing stock grew by 2,553 new housing units, for a gain of 54 per cent over 2001. The Outaouais area had not posted such a high level of activity in a decade.

Starts by Housing Type



Source: CMHC

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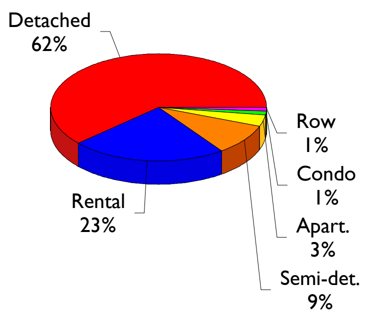
All favourable conditions fall in place

Everything came together to make 2002 an exceptional year on the new home market. Employment stabilized at a high level in the area, mortgage rates remained historically low, and the supply of existing homes and rental dwellings diminished, which led many households to turn to the new home market. In October 2002, the vacancy rate for privately initiated buildings with three or more apartments bottomed out at 0.5 per cent. Regardless of the intended market, the widening of the price gap between both sides of the Ottawa River—favouring the Quebec part—also prompted many Ontario households to cross the bridges.

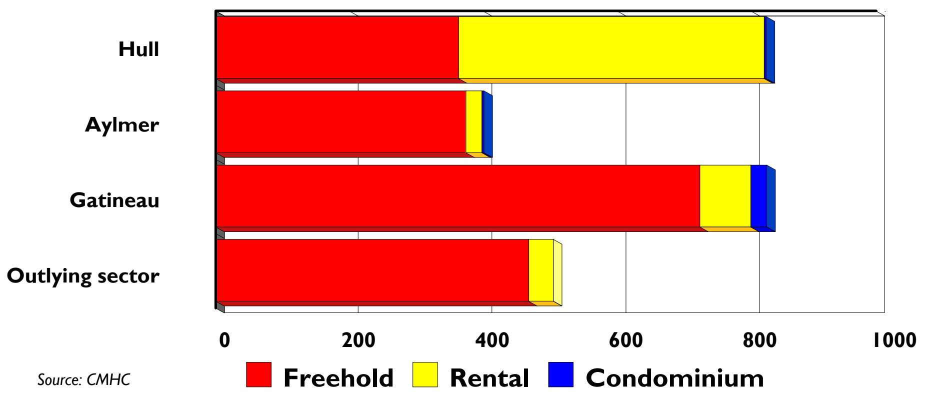
Detached homes receive top honours once again



Source: CMHC

The year 2002 once again confirmed the success of detached housing. In all, 1,574 such homes were started, representing 62 per cent of all starts and an increase of 44 per cent over 2001. Rental housing construction also seems to be coming out of its torpor, as there were effectively 594 new rental apartments (23 per cent of all starts), for a spectacular gain of 94 per cent over 2001. Lastly, the condominium segment posted renewed activity, with 30 starts. This product had been absent from job sites since the year 2000.

Starts by Sector - 2002



Source: CMHC

By sector, Gatineau and Hull both ranked first, each with 32 per cent of all housing starts; however, their identical performance was attributable to different factors. Single-family (freehold) homes are more Gatineau's specialty (38 per cent of such starts and an increase of 62 per cent over 2001 in this sector), while Hull, given its rental tradition, garnered the lion's share in the multiple housing segment (77 per cent of starts of this type, or four times more than in 2001). In terms of total starts, the third place obtained by the outlying sector should also be noted (20 per cent of all new units). This result was essentially due to single-family homes, which accounted for 93 per cent of all constructions in this sector. Finally, with 401 new foundations, the Aylmer sector came in dead last, as it obtained 16 per cent of all starts.

Supply continues to decrease on the resale market

Even with the steady demand, the increasingly limited choice of existing homes (decline of 22 per cent in active listings in 2002) did not make it possible to repeat the sales record registered in 2001 (4,050 transactions). In 2002, 3,823 properties changed hands, for a decrease of 6 per cent from the year before. The sellers' advantage was consolidated, and the seller-to-buyer ratio stabilized at 5 to 1. Prices rose considerably once again. For the market overall, the average price reached $113,000 at the end of the year, up by more than 15 per cent over 2001. The high prices and the limited choice brought many potential buyers to turn to the new home market.

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Table 1
Summary of Activity by Intended Market
Gatineau Metropolitan Area*

Activity / Period	Ownership		Rental	Total
	Freehold**	Condominiums		
Housing Starts				
Fourth Quarter 2002	488	27	92	607
Fourth Quarter 2001	349	0	20	369
Year-to-Date 2002	1,929	30	594	2,553
Year-to-Date 2001	1,353	0	306	1,659
Under Construction				
December 2002	929	30	447	1,406
December 2001	627	0	289	916
Completions				
Fourth Quarter 2002	559	3	103	665
Fourth Quarter 2001	340	0	20	360
Year-to-Date 2002	1,624	3	436	2,063
Year-to-Date 2001	1,039	0	184	1,223
Unoccupied				
December 2002	132	0	26	158
December 2001	87	0	4	91
Absorptions				
Fourth Quarter 2002	500	3	77	580
Fourth Quarter 2001	336	0	17	353
Year-to-Date 2002	1,579	3	414	1,996
Year-to-Date 2001	1,069	25	186	1,280
Duration of Inventory (in months)				
December 2002	1.0	0.0	0.8	0.9
December 2001	1.0	0.0	0.3	0.9

**As per the old delimitations*

*** Freehold Duplex*

Source: CMHC

Table 2
Housing Starts by Zone and Intended Market
Gatineau Metropolitan Area*

Zone / Period	Ownership					Rental	Total
	Freehold**				Condo-miniums		
	Single	Semi	Row	Apart.			
Zone 1: Hull							
Fourth Quarter 2002	42	26	4	6	0	77	155
Fourth Quarter 2001	50	10	5	7	0	14	86
Year-to-Date 2002	268	64	11	20	3	457	823
Year-to-Date 2001	228	42	5	23	0	104	402
Zone 2: Aylmer							
Fourth Quarter 2002	52	10	4	8	3	5	82
Fourth Quarter 2001	60	12	0	6	0	0	78
Year-to-Date 2002	264	80	18	12	3	24	401
Year-to-Date 2001	213	56	8	6	0	2	285
Zone 3: Gatineau							
Fourth Quarter 2002	213	8	0	22	24	10	277
Fourth Quarter 2001	92	12	0	8	0	0	112
Year-to-Date 2002	654	36	0	34	24	76	824
Year-to-Date 2001	380	58	0	8	0	188	634
Zone 4: Periphery							
Fourth Quarter 2002	85	2	0	6	0	0	93
Fourth Quarter 2001	73	6	0	8	0	6	93
Year-to-Date 2002	388	58	0	22	0	37	505
Year-to-Date 2001	272	40	0	14	0	12	338
TOTAL GATINEAU METRO							
Fourth Quarter 2002	392	46	8	42	27	92	607
Fourth Quarter 2001	275	40	5	29	0	20	369
Year-to-Date 2002	1,574	238	29	88	30	594	2,553
Year-to-Date 2001	1,093	196	13	51	0	306	1,659

*As per the old delimitations

** Freehold Duplex

Source: CMHC

Table 3
Single-Detached and Semi-Detached Houses Absorbed by Price Range and by Zone
Gatineau Metropolitan Area* - Fourth Quarter

Type	Less than $90,000		$90,000 to $109,999		$110,000 to $129,999		$130,000 to $149,999		$150,000 and more		Total	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Zone 1: Hull												
Single	0	0	0	2	7	11	22	22	39	19	68	54
Semi	5	0	4	2	0	0	0	0	0	0	9	2
Zone 2: Aylmer												
Single	0	0	4	3	26	6	20	13	23	23	73	45
Semi	0	1	3	4	12	5	3	0	2	0	20	10
Zone 3: Gatineau												
Single	0	0	10	14	61	42	38	24	90	42	199	122
Semi	0	0	3	4	0	2	0	0	0	0	3	6
Zone 4: Periphery												
Single	0	6	7	19	33	14	13	15	38	35	91	89
Semi	20	3	0	0	0	0	0	0	0	0	20	3
TOTAL GATINEAU METRO												
Single	0	6	21	38	127	73	93	74	190	119	431	310
Semi	25	4	10	10	12	7	3	0	2	0	52	21

Source: CMHC

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Table 4 Housing Demand and Supply Gatineau Metropolitan Area* - December 2002					
Type	Under construction	Unoccupied	Short-Term Supply	Absorptions (Trend*)	Supply / Absorption Ratio
Freehold	929	132	1,061	132	8.1
Condominiums	30	0	30	0.25	120.0
Rental	447	26	473	35	13.7

*As per the old delimitations

** 12-Month Average

Source: CMHC

Table 5 Economic Overview Gatineau Metropolitan Area					
	Fourth Quarter		*Trend (Jan.-dec.)*		*Variation (%)*
	2001	*2002*	*2001*	*2002*	*Trend*
Labour Market					
Population 15 years and + (000)	207.8	212.6	206.6	210.8	2.0
Labor Force (000)	144.2	145.2	144.4	146.1	1.1
Employment Level - Total (000)	135.0	135.9	134.2	136.1	1.4
Employment Level - Full Time (000)	114.6	114.4	113.2	115.9	2.4
Unemployment Rate	6.4%	6.4%	7.1%	6.9%	n.a.
Mortgage Rates (1) (%)					
1-Year	4.7	5.0	6.1	5.2	n.a.
5-Year	6.9	6.8	7.4	7.0	n.a.
Annual Inflation Rate (2)	1.3	3.4	2.4	2.0	n.a.
Consumer Confidence Index (1991=100) (2) ***(Seasonally Adjusted)***	110.5	127.9	114.4	131.4	n.a.

Notes: (1) Canada (2) Province of Québec

Sources: Statistics Canada, Conference Board of Canada

Definitions and Concepts

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. This quarterly Housing Market publication provides statistical data and analysis of the trends in the Intended Markets for the Gatineau Metropolitan Area.

Intended Markets - There are three: the Freehold market refers to Single-Family Houses (Detached, Semi-Detached and Row) owned under freehold; the condominium segment comprises houses and apartments held under divided co-ownership; and finally the rental market encompasses apartments dwellings.

Housing Starts - Refer to the beginning of construction work on a building, usually when the concrete has been laid for the whole of the footing around the structure, or equivalent stage where basement will not be a part of the structure.

Under Construction - Refers to units that have started but are not complete. The number of the units under construction at the end of a period may take into account certain adjustment that took place, for various reasons, after the starts have been reported.

Completions - Refer to 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 - Refer to new completed units that have remained unoccupied.

Total Short Term Supply - Refers to the total supply of new units and includes units under construction and units that are completed but not occupied.

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

Absorption - Refers to newly completed units which 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 completed and unoccupied units for the current quarter.

Duration of inventory - Refers to the period necessary for the absorption of unoccupied units, i. e. the ratio between unoccupied units and absorbed units (average for the last twelve months).

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Gatineau Metropolitan Area Zones

Zones	*Municipalities or Sectors*	*Large zones*
1	Hull	Centre
2	Aylmer	Centre
3	Gatineau	Centre
4	Buckingham, Cantley, Chelsea, La Pêche, Masson-Angers, Pontiac, Val-des-Monts.	Peripheral Area

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