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Canada Mortgage and Housing Corporation

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Residential construction rises slightly in the second quarter

New home market continues to soar

During the second quarter of 2003, 880 new dwellings were started, or 62 more than in 2002, for an increase of 7.5 per cent on the Outaouais new home market.

These mid-year results are therefore very much like last year's. In fact, at the end of June 2002, the Outaouais market posted 1,167 housing starts. The year-to-date total recorded at the same time in 2003 was 1,234 units, for a gain of 6 per cent. It would consequently appear that residential construction has been on a plateau since 2002 and does not seem ready to come down for the moment.

However, a more detailed analysis of the results for this past quarter show that certain housing types and certain sectors are more in demand than others.

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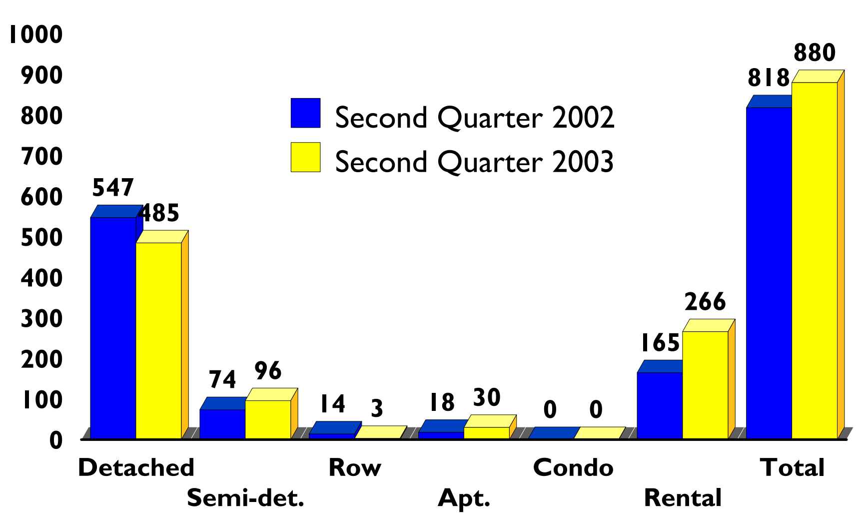
Housing Starts by Dwelling Type



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HOME TO CANADIANS

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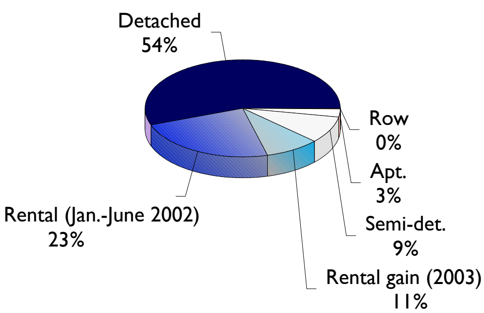
Multiple housing makes headlines

After being used to dominating the new home market, single-detached housing has now been dethroned. For the first six months of the year, multiple housing has effectively taken away its lead in terms of growth.



Source: CMHC

From a market share of 60 per cent for the first half of 2002, detached housing now accounts for only 54 per cent of starts since January. Multiple starts, for their part, are on the rise, with 564 new dwellings since the beginning of the year, for an increase of 22 per cent. The craze for single-detached properties seems to be slightly waning, leaving the headlines to multiple housing.

Several factors could explain this turnaround. First, the low vacancy rates and the start-up of some affordable housing projects certainly contributed to this growth. As well, the aging of the population is bringing about new challenges, a phenomenon that is also stimulating condominium and rental housing construction.

Among the other housing types, only semi-detached homes and plexes stood out. In the first category, the registered gain was 30 per cent for the second quarter. In the case of apartments (plexes), 30 units were recorded during the months of April to June, or almost double the total obtained last year (18 units).

Aylmer and Gatineau managing quite well

This past quarter, Aylmer shared top billing with the Gatineau sector. With 149 new starts in this second quarter (29 more than during the same period in 2002), the Aylmer sector registered a gain of over 24 per cent. In Gatineau, even though the volume of new constructions was very high (278 units), the gain was only 12 per cent. With 182 new housing units, activity remained stable in the outlying districts. The same held true for Hull, which posted 271 starts, or 1 more than in the corresponding period in 2002.

Conditions still favourable

Given the continued low interest rate levels, consumers are still attracted by homeownership. The mortgage rate decreases in June caused an upward movement in the demand for new housing.

And, CMHC's decision to lower its homeowner mortgage loan insurance premiums by 15 per cent will also result in savings for some buyers.

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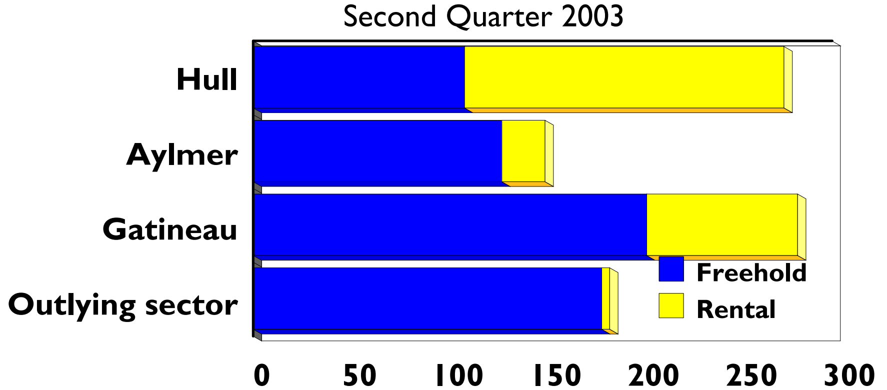
Housing Starts by Sector
Second Quarter 2003



Source: CMHC

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

Activity / Period	Ownership: Freehold**	Ownership: Condominiums	Rental	Total
Housing Starts				
Second Quarter 2003	614	0	266	880
Second Quarter 2002	653	0	165	818
Year-to-Date 2003	842	0	392	1,234
Year-to-Date 2002	883	0	284	1,167
Under Construction				
June 2003	824	27	583	1,434
June 2002	869	0	326	1,195
Completions				
Second Quarter 2003	466	3	240	709
Second Quarter 2002	332	0	75	407
Year-to-Date 2003	949	3	257	1,209
Year-to-Date 2002	638	0	250	888
Unoccupied				
June 2003	12	0	27	39
June 2002	144	0	0	144
Absorptions				
Second Quarter 2003	665	3	241	909
Second Quarter 2002	250	0	139	389
Year-to-Date 2003	1,069	3	256	1,328
Year-to-Date 2002	581	0	254	835
Duration of Inventory (in months)				
June 2003	0.2	0.0	1.3	0.5
June 2002	6.9	ND	0.0	4.4

**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							
Second Quarter 2003	80	22	0	6	0	163	271
Second Quarter 2002	117	2	4	6	0	143	272
Year-to-Date 2003	108	22	0	6	0	178	314
Year-to-Date 2002	159	38	7	6	0	252	462
Zone 2: Aylmer							
Second Quarter 2003	82	36	3	6	0	22	149
Second Quarter 2002	86	20	10	4	0	0	120
Year-to-Date 2003	115	60	3	6	0	22	206
Year-to-Date 2002	121	34	10	4	0	0	169
Zone 3: Gatineau							
Second Quarter 2003	167	24	0	10	0	77	278
Second Quarter 2002	215	14	0	2	0	16	247
Year-to-Date 2003	262	30	0	10	0	188	490
Year-to-Date 2002	268	26	0	2	0	16	312
Zone 4: Periphery							
Second Quarter 2003	156	14	0	8	0	4	182
Second Quarter 2002	129	38	0	6	0	6	179
Year-to-Date 2003	186	24	0	10	0	4	224
Year-to-Date 2002	158	44	0	6	0	16	224
TOTAL GATINEAU METRO							
Second Quarter 2003	485	96	3	30	0	266	880
Second Quarter 2002	547	74	14	18	0	165	818
Year-to-Date 2003	671	136	3	32	0	392	1,234
Year-to-Date 2002	706	142	17	18	0	284	1,167

**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* - Second 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	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Zone 1: Hull												
Single	0	0	0	1	2	13	7	11	69	29	78	54
Semi	1	0	2	23	15	2	3	9	0	2	21	36
Zone 2: Aylmer												
Single	0	0	2	3	11	16	13	14	58	29	84	62
Semi	2	0	7	4	15	6	0	0	0	0	24	10
Zone 3: Gatineau												
Single	1	0	7	3	43	17	65	11	158	11	274	42
Semi	1	2	4	0	5	0	0	0	0	0	10	2
Zone 4: Periphery												
Single	2	1	8	5	14	10	14	1	71	9	109	26
Semi	19	6	6	2	0	0	0	0	0	0	25	8
TOTAL GATINEAU METRO												
Single	3	1	17	12	70	56	99	37	356	78	545	184
Semi	23	8	19	29	35	8	3	9	0	2	80	56

*As per the old delimitations
Source: CMHC

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Each housing market is unique and it is impossible to meet all needs in a single publication. However, we can respond to specific requests to help you better understand your market.

In addition to supplying long term statistical data, we can develop special compilations based on your own criteria.

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Table 4 Housing Demand and Supply Gatineau Metropolitan Area* - June 2003					
Type	*Under construction*	*Unoccupied*	*Short-Term Supply*	*Absorptions (Trend**)*	*Supply / Absorption Ratio*
Freehold	824	12	836	172.3	4.9
Condominiums	27	0	27	0.5	54.0
Rental	583	27	610	34.7	17.6

**As per the old delimitations*

*** 12-Month Average*

Sources: CMHC

Table 5 Economic Overview Gatineau Metropolitan Area					
	Second Quarter		*Trend (Jan.-June.)*		*Variation (%)*
	2002	***2003***	***2002***	***2003***	*Trend*
Labour Market					
Population 15 years and + (000)	210.1	215.4	209.4	214.6	2.5
Labor Force (000)	147.7	155.7	145.1	151.2	4.2
Employment Level - Total (000)	138.6	146.0	135.0	140.9	4.4
Employment Level - Full Time (000)	117.6	122.3	114.5	117.7	2.8
Unemployment Rate	6.2%	6.2%	7.0%	6.8%	n.a.
Mortgage Rates (1) (%)					
1-Year	5.5	5.1	5.2	5.1	n.a.
5-Year	7.4	6.2	7.2	6.4	n.a.
Annual Inflation Rate (2)	0.9	2.8	1.2	3.5	n.a.
Consumer Confidence Index (1991=100) (2) ***(Seasonally Adjusted)***	136.9	127.3	134.1	126.6	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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