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Montréal

Canada Mortgage and Housing Corporation

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2004: RECORD YEAR FOR CONDOMINIUM CONSTRUCTION

According to the results of our starts survey conducted in December, 2004 ended nicely for residential construction in Greater Montréal. The 2,037 housing units started during the past month (a level comparable to that recorded in December 2003) gave 2004 the best annual performance in 16 years for residential construction. However, 2004 will be best remembered as a record year for condominium construction, with over 10,000 units built.

Overall, the year that just ended posted a grand total of 28,673 housing starts, for an increase of 18 per cent in relation to 2003. But, what's remarkable is that, this past year, almost as many condominiums (10,053 units) as single-detached houses (10,576 units) were built in Greater Montréal. The market share gains made by the condominium segment over the years (its share has now reached 35 per cent) are the inescapable reflection of the social and demographic changes affecting the Montréal area population.

Thanks to a final thrust of 872 starts in December, the Island of Montréal posted the strongest growth rate (+47 per cent) among all the geographical sectors in 2004. With new foundations representing 10,812 new units, the Island of Montréal came very close to nosing out the North Crown (10,878 units) at the finish line, while this last sector has been getting the best results for 17 years now. Not surprisingly, it was precisely in the condominium segment (5,381 units), which accounted for half of all the starts in this sector, that the renewed activity observed on the Island of Montréal housing market was the most apparent. Rental housing construction was also vigorous there (+94 per cent for 4,562 units). These new additions to the rental housing stock continued to change its profile, as a very large proportion of these new units are intended for seniors. Lastly, as an immediate consequence of the scarcity and price of lots, single-family (freehold) homes represented only 8 per cent (869 units) of the dwellings built on the Island during the past year.

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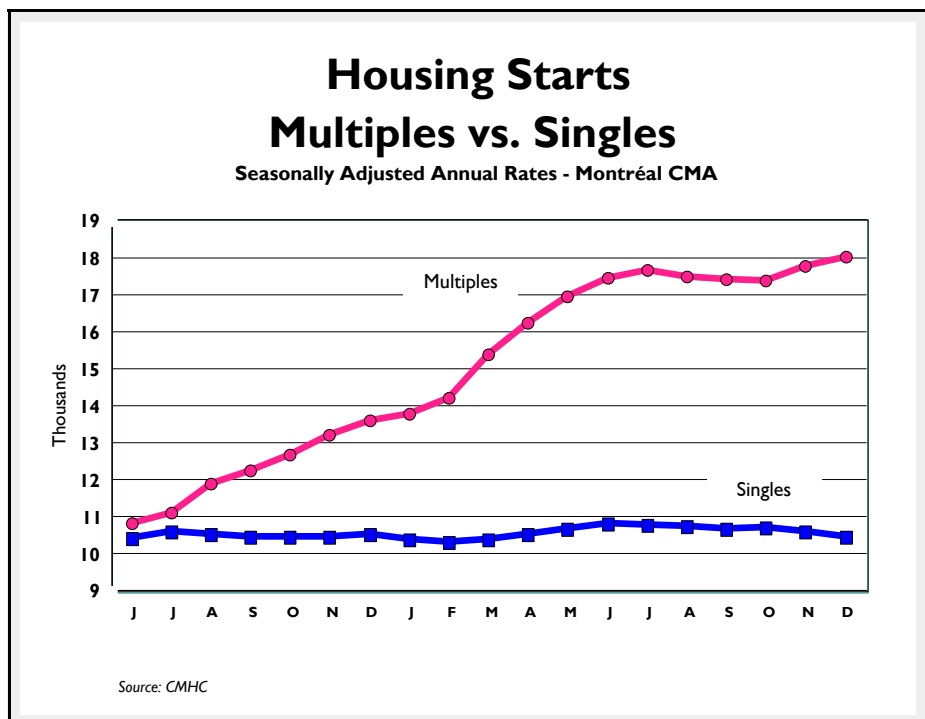
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The results are quite different in the North Crown, which remains the undisputed stronghold of single-family (freehold) homes. In fact, 7,122 such new houses were enumerated during the past year in Laval and on the North Shore, or 65 per cent of all the dwellings built in this sector. However, condominiums gained some ground there, as well (24 per cent in 2004 vs. 8 per cent in 1999). Far from being marginal, condominium construction in the North Crown represented 2,610 new units in 2004, nearly half of which are on the territory of the city of Laval. The rental housing segment brought up the rear in the northern suburbs, with 1,146 starts (-2 per cent), even though this sector has the lowest vacancy rate in the metropolitan area (0.6 per cent according to our October 2004 survey results). In all, the North Crown ended the year with 10,878 starts, for an increase of 13 per cent over 2003.

Lastly, the 2004 results were not as glowing in the southern suburbs. This sector was the only geographical zone that sustained a decrease in activity in 2004. In fact, much like the December results (-32 per cent) in this sector, there were also fewer housing starts during the past year (5,551 units) than in 2003 (5,971 units), for a decline of 7 per cent. The small increase registered in the condominium segment (+4 per cent) was not sufficient to offset the decrease of 5 per cent in single-detached home building. And, the territory of the new city of Longueuil was primarily responsible for the poor performance of the South Crown, as starts fell by 15 per cent there. The results remained relatively stable in the rest of the South Shore, where activity declined by only 2 per cent. ■



Major Housing Job Sites Started in December

The following are the major multiple housing job sites started in December 2004 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>
95	St-Luc	Côte St-Luc	Retirement Home
90	Saint-Ambroise	Centre-Ouest	Condominiums
65	Lapinière	Brossard	Rental
65	de Bullion	Montréal (Centre)	Coop
59	Galland	Dorval	Condominiums
53	Boul Hymus	Pointe-Claire	Condominiums
59	Christ.-Colomb	Ahuntsic	Condominiums
42	Rhéaume	Verdun	Condominiums
32	Gouin	Pierrefonds	Condominiums
32	Gouin	Pierrefonds	Condominiums

Change of Direction in the Third Quarter for Greater Montréal Area Resale Market

The Greater Montréal area resale market posted a change of direction in the third quarter of 2004. Transactions recorded by S.I.A.[®]/MLS[®] network agents sustained a decrease of 5 per cent, reaching 6,772 units. As for prices, the situation was more like a lull in activity, as they registered their smallest gains in the last ten quarters, ranging from 9 per cent to 14 per cent, depending on the housing type. However, the increase in active listings (+34 per cent) picked up the pace, which raised the listings-to-sales ratios in several zones.

The decline in sales has extended to all residential property types, starting with single-family homes and plexes comprising two to five units, which both recorded decreases of 7 per cent. For condominiums, the drop was less than 1 per cent, as 1,493 units changed hands during the third quarter of 2004. Given the rise in mortgage rates that began in recent months and the phenomenal increase in prices that has been prevailing for the last few years, demand has been slowing down somewhat.

The major upsurge in prices also brought about a steady rise in listings. Condominiums were unquestionably the housing type that was the most affected by the increase in active mandates. Following a gain of 29 per cent in the second quarter of 2003, listings climbed by 61 per cent in the third quarter of 2004. In fact, there were 3,760 condominiums for sale at the end of September, or 1,429 more mandates than at the same time last year. For the other housing types, listings rose at a slower pace than for condominiums. In the case of single-family homes, the increase reached 27 per cent while, for plexes, active mandates went up by 28 per cent.

The solid rise in listings that keeps on picking up the pace, combined with a decrease in sales during the third quarter of 2004, had an impact on the listings-to-sales ratio. In fact, for single-family homes, more than 50 per cent of the sectors saw their listings-to-sales ratios go up in the third quarter, but the relation between supply and demand still remains at 4 to 1 over the entire territory. Given that a market is considered to be balanced when the listings-to-sales ratio varies between 8 and 10 to 1, it can be seen that the single-family home segment remains clearly favourable to sellers. In the condominium and plex segments, the ratio of listings to sales went up by 1 point, reaching 5 to 1.

The rise in the listings-to-sales ratios, in turn, had an impact on the increase in prices, which was the smallest in the last ten quarters. Plexes registered the most significant price hike (14 per cent) among the three housing types, followed by single-family homes, with an increase that attained 13 per cent in Greater Montréal and brought the average price to \$219,801. Lastly, in the condominium segment, the rise in prices reached 9 per cent for all sectors. In the case of condominiums, the South Shore sector posted a gain of 13 per cent while, conversely, Vaudreuil-Soulanges, which had a low volume of activity (only 24 sales), saw the average price of condominiums fall by 13 per cent.

Interested in uncovering the trends for the various housing market sectors in the Montreal area? For forecasts and in-depth analyses of the new, resale and rental housing markets, a wealth of information can be found in:

HOUSING MARKET OUTLOOK

- Sales forecasts
- Average prices of new and existing homes
- Vacancy rates
- Housing starts
- Mortgage rates
- Economic factors

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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				
December 2004	744	874	419	2,037
December 2003	905	753	388	2,046
Cumulative 2004	12,177	10,053	6,443	28,673
Cumulative 2003	11,702	7,893	4,726	24,321
Under Construction*				
December 2004	4,373	7,603	5,876	17,852
December 2003	4,188	5,924	3,980	14,092
Completions				
December 2004	965	988	475	2,428
December 2003	762	363	229	1,354
Cumulative 2004	11,998	8,120	4,802	24,920
Cumulative 2003	11,253	5,847	3,180	20,280
Unoccupied*				
December 2004	762	1,716	620	3,098
December 2003	607	830	483	1,920
Absorption				
December 2004	983	933	479	2,395
December 2003	780	315	143	1,238
Cumulative 2004	11,843	7,234	4,665	23,742
Cumulative 2003	11,202	5,535	3,024	19,761
Duration of Inventory (in months)				
December 2004	0.8	2.8	1.6	1.6
December 2003	0.7	1.8	1.9	1.2

* As at the end of the period shown

Source: CMHC

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

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RENTAL MARKET REPORTS

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

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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				
December 2004	11	201	28	240
December 2003	26	26	49	101
Cumulative 2004	403	640	601	1,644
Cumulative 2003	475	398	155	1,028
Zone 2: West-Centre				
December 2004	19	170	98	287
December 2003	14	178	3	195
Cumulative 2004	174	2,159	1,565	3,898
Cumulative 2003	175	1,493	489	2,157
Zone 3: East-Center				
December 2004	3	140	130	273
December 2003	17	197	131	345
Cumulative 2004	87	2,445	1,856	4,388
Cumulative 2003	146	1,971	1,134	3,251
Zone 4: East-End				
December 2004	19	0	53	72
December 2003	7	6	0	13
Cumulative 2004	205	137	540	882
Cumulative 2003	192	154	572	918
Zone 5: South-Laval				
December 2004	25	36	0	61
December 2003	29	15	0	44
Cumulative 2004	391	634	0	1,025
Cumulative 2003	416	476	244	1,136
Zone 6: North-Laval				
December 2004	118	26	0	144
December 2003	80	37	8	125
Cumulative 2004	1,436	580	24	2,040
Cumulative 2003	1,207	322	87	1,616
Zone 7: MRC Deux-Montagnes				
December 2004	80	24	9	113
December 2003	89	0	12	101
Cumulative 2004	1,405	293	139	1,837
Cumulative 2003	1,358	243	195	1,796
Zone 8: MRC Ste-Thérèse-de-Blainville				
December 2004	52	32	0	84
December 2003	53	21	15	89
Cumulative 2004	887	313	125	1,325
Cumulative 2003	875	189	197	1,261

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				
December 2004	64	15	15	94
December 2003	124	45	0	169
Cumulative 2004	1,707	299	173	2,179
Cumulative 2003	1,543	458	54	2,055
Zone 10: MRC L'Assomption				
December 2004	59	9	0	68
December 2003	41	4	18	63
Cumulative 2004	840	280	577	1,697
Cumulative 2003	613	170	42	825
Zone 11: South-Shore Centre				
December 2004	55	52	68	175
December 2003	88	98	4	190
Cumulative 2004	680	883	435	1,998
Cumulative 2003	805	1,019	580	2,404
Zone 12: East South-Shore				
December 2004	53	67	0	120
December 2003	84	79	9	172
Cumulative 2004	726	409	98	1,233
Cumulative 2003	776	426	162	1,364
Zone 13: South South-Shore				
December 2004	65	12	0	77
December 2003	61	0	0	61
Cumulative 2004	621	154	81	856
Cumulative 2003	569	74	60	703
Zone 14: West South-Shore				
December 2004	64	4	15	83
December 2003	90	21	133	244
Cumulative 2004	1,028	327	118	1,473
Cumulative 2003	1,037	185	278	1,500
Zone 15: Vaudreuil-Soulanges *				
December 2004	40	86	0	126
December 2003	83	22	6	111
Cumulative 2004	1,137	289	6	1,432
Cumulative 2003	1,116	118	123	1,357
Zone 16: St-Jérôme				
December 2004	17	0	3	20
December 2003	19	4	0	23
Cumulative 2004	450	211	105	766
Cumulative 2003	399	197	354	950

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	
	Dec. 2004	Dec. 2003	Dec. 2004	Dec. 2003	Dec. 2004	Dec. 2003
Housing Starts						
Island of Montréal (1 to 4)	52	64	511	407	309	183
Laval (zones 5 and 6)	143	109	62	52	0	8
North-Shore (zones 7 to 10 & 16)	272	326	80	74	27	45
South-Shore (zones 11 to 14)	237	323	135	198	83	146
Vaudreuil-Soul. *** (zone 15)	40	83	86	22	0	6
Under Construction*						
Island of Montréal	465	480	4,665	3,456	4,274	2,217
Laval	758	630	723	508	16	231
North-Shore	1,692	1,645	903	803	1,162	605
South-Shore	980	1,013	1,028	1,051	421	847
Vaudreuil-Soulanges ***	478	420	284	106	3	80
Completions						
Island of Montréal	82	62	442	181	284	116
Laval	137	128	99	25	0	0
North-Shore	460	243	171	51	88	12
South-Shore	241	219	257	100	103	95
Vaudreuil-Soulanges ***	45	110	19	6	0	6
Unoccupied*						
Island of Montréal	74	93	967	393	263	263
Laval	147	104	241	87	153	24
Rive- Nord	347	247	226	147	25	31
South-Shore	141	123	270	195	177	163
Vaudreuil-Soulanges ***	53	40	12	8	2	2
Absorption						
Island of Montréal	87	58	430	165	244	11
Laval	139	118	112	18	13	2
North-Shore	469	258	133	32	85	10
South-Shore	244	232	239	97	137	114
Vaudreuil-Soulanges ***	44	114	19	3	0	6
Duration of Inventory**						
Island of Montréal	1.0	1.1	3.2	1.7	1.3	2.4
Laval	1.1	0.8	3.6	1.5	12.2	1.7
North-Shore	0.8	0.7	2.6	2.1	0.4	0.5
South-Shore	0.5	0.5	2.0	1.9	1.7	2.5
Vaudreuil-Soulanges ***	0.6	0.5	1.3	2.9	0.3	0.5

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
	December 2004			Trend 2004
Freehold	4,373	762	5,135	987
Condominium	7,603	1,716	9,319	603
Rental	5,876	620	6,496	389
	December 2003			Trend 2003
Freehold	4,188	607	4,795	934
Condominium	5,924	830	6,754	461
Rental	3,980	483	4,463	252

Source: CMHC

Table 5													
Economic Overview													
Montréal Metropolitan Area													
	2004						2003						
	Dec.	Nov.	Oct.	Sept.	August	July	Dec.	Nov.	Oct.	Sept.	August	July	
Labour Market*													
Job Creation (Loss) - in thousands	-12	-2	27	41	46	48	36	39	18	11	6	9	
Unemployment Rate (%)	8.8	8.7	8.5	8.5	8.4	8.1	8.6	8.7	9.6	10.1	10.1	9.9	
Mortgage Rates (I)													
1-year	4.8	5.0	4.9	4.8	4.4	4.6	4.8	4.8	4.5	4.5	4.5	4.6	
5-year	6.0	6.3	6.4	6.3	6.3	6.6	6.5	6.5	6.4	6.3	6.3	6.2	
Annual Inflation Rate (%)	NA	2.6	2.9	2.4	2.0	2.1	1.4	1.4	1.3	1.6	1.6	1.6	
New House Price Index (% change)													
House	NA	6.8	6.9	7.2	7.2	7.4	6.0	5.8	7.7	7.5	7.2	7.0	
Land	NA	6.4	5.3	3.7	3.8	5.8	6.8	6.4	7.5	7.1	7.0	5.7	
Total	NA	6.6	6.5	6.5	6.5	7.1	6.3	6.0	7.7	7.4	7.1	6.6	
MLS Sales - Single-Family Houses	1,310	1,887	1,657	1,566	1,360	1,358	1,374	1,772	2,075	1,766	1,267	1,561	

* 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, LeMoine, 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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