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Canada Mortgage and Housing Corporation

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RESIDENTIAL CONSTRUCTION TAKES A BREAK IN JANUARY

In January, residential construction fell by 12 per cent in the Montréal census metropolitan area (CMA). In all, 1,330 dwellings were started, or 175 fewer units than during the record month of January 2003. These figures were drawn from the latest monthly starts survey conducted by Canada Mortgage and Housing Corporation (CMHC).

The suburbs took the lead to start off the year, particularly the Laval and North Shore sector, which posted both a high volume of construction and solid growth (+27 per cent for 538 starts). This sector continued to be dominated by the single-detached home segment, but owed its overall performance to the gains registered for the other types of housing, whether intended for the freehold market (semi-detached and row homes: +67 per cent) or the condominium market (+50 per cent). Inactive in this sector in January 2003, the rental housing segment was not outdone, as it rebounded with the construction of a 95-unit project in Saint-Jérôme.

The situation was the same on the South Shore, but to a lesser extent.

This sector registered an overall increase in starts of 20 per cent. The rental housing segment (+17 per cent) and the condominium market (+16 per cent) posted good levels of activity, while the number of new semi-detached and row homes increased sevenfold, rising from 6 units in January 2003 to 42 in 2004. Despite a decrease of 9 per cent in single-detached home building, this housing type remains the spearhead of this sector, as it garnered nearly half of all new constructions there.

The Island of Montréal, for its part, sustained a marked slowdown in its level of starts (-40 per cent). The decline was largely due to the number of rental housing constructions (66 units), which came in contrast to the spectacular results recorded the previous year, when there were 646 such starts divided between two retirement homes. The difference in rental housing starts between these two periods brought down the overall results for the Island of Montréal and masked the excellent performance of the condominium segment.

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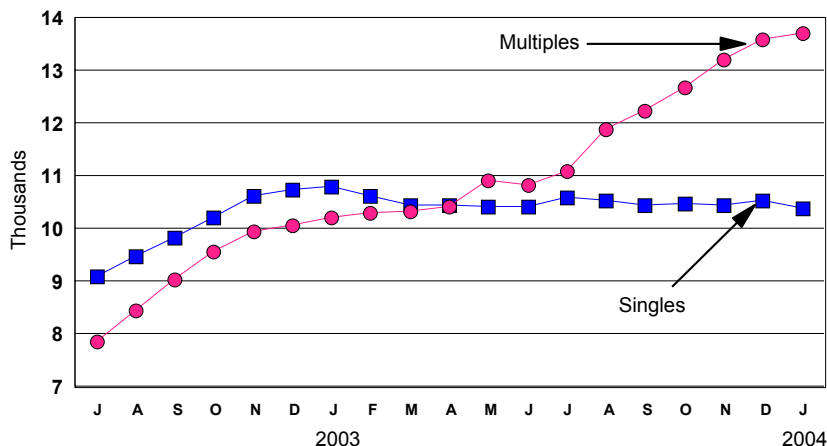
Condominiums accounted for almost half of all housing starts on the Island. This type of construction more than doubled in relation to January 2003 and posted a ninth consecutive monthly gain. It should also be noted that three new buildings comprise more than 50 condominium units.

For the metropolitan area overall, half of the new constructions enumerated in January 2004 are condominiums. With 661 new units, activity in this housing category doubled compared to 2003. As for single-detached homes, they represent over one quarter of the new dwellings, with 365 units, for a decrease of 18 per cent. In the current context of rising prices, condominiums are popular among buyers, and it can be seen that the gap between condominium and single-detached housing starts has significantly narrowed since last summer. In January, condominiums clearly got the better of single-detached homes in Greater Montréal.

Elsewhere across Quebec, residential construction exploded in Trois-Rivières and Sherbrooke, with respective gains of 136 per cent and 126 per cent. Housing starts also did well in the Québec CMA, where they went up by 17 per cent. Only the Saguenay and Gatineau CMAs sustained major decreases of 50 per cent and 85 per cent, respectively, during the first month of the year. ■

Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

Value of building permits explodes in January

The value of residential building permits made an impressive jump (+63 per cent) in January, according to the data revealed by Statistics Canada. Construction intentions, in terms of units this time, reached 2,091 units in the Montréal metropolitan area, compared to 1,377 last year (+51 per cent). This marked a seventh monthly gain in the number of permits and also the best month of January since 1988 in this regard.

Building Permits* (residential) - January 2003 Montréal Area

Value of building permits (\$) ↑ **63%**

Number of permits (units) ↑ **51%**

The variation in the number of permits for a given month is generally a good indicator of the change in starts for the following month. Since the number of permits helps to forecast construction activity, this figure represents a leading indicator to starts activity. ■

* Source: Statistics Canada

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				
January 2004	483	661	186	1,330
January 2003	504	337	664	1,505
Cumulative 2004	483	661	186	1,330
Cumulative 2003	504	337	664	1,505
Under Construction*				
January 2004	3,888	6,239	4,004	14,131
January 2003	3,537	3,792	2,934	10,263
Completions				
January 2004	783	307	201	1,291
January 2003	729	434	145	1,308
Cumulative 2004	783	307	201	1,291
Cumulative 2003	729	434	145	1,308
Unoccupied*				
January 2004	576	767	361	1,704
January 2003	559	513	141	1,213
Absorption				
January 2004	814	370	323	1,507
January 2003	726	439	331	1,496
Cumulative 2004	814	370	323	1,507
Cumulative 2003	726	439	331	1,496
Duration of Inventory (in months)				
January 2004	0.6	1.7	1.4	1.0
January 2003	0.6	1.4	0.8	0.9

* As at the end of the period shown

Source: CMHC

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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				
January 2004	16	58	8	82
January 2003	17	5	0	22
Cumulative 2004	16	58	8	82
Cumulative 2003	17	5	0	22
Zone 2: West-Centre				
January 2004	11	249	39	299
January 2003	5	58	0	63
Cumulative 2004	11	249	39	299
Cumulative 2003	5	58	0	63
Zone 3: East-Center				
January 2004	4	68	16	88
January 2003	9	104	547	660
Cumulative 2004	4	68	16	88
Cumulative 2003	9	104	547	660
Zone 4: East-End				
January 2004	17	30	3	50
January 2003	15	4	99	118
Cumulative 2004	17	30	3	50
Cumulative 2003	15	4	99	118
Zone 5: South-Laval				
January 2004	27	49	0	76
January 2003	23	41	0	64
Cumulative 2004	27	49	0	76
Cumulative 2003	23	41	0	64
Zone 6: North-Laval				
January 2004	70	31	2	103
January 2003	75	36	0	111
Cumulative 2004	70	31	2	103
Cumulative 2003	75	36	0	111
Zone 7: MRC Deux-Montagnes				
January 2004	48	0	6	54
January 2003	64	0	0	64
Cumulative 2004	48	0	6	54
Cumulative 2003	64	0	0	64
Zone 8: MRC Ste-Thérèse-de-Blainville				
January 2004	34	28	0	62
January 2003	36	0	0	36
Cumulative 2004	34	28	0	62
Cumulative 2003	36	0	0	36

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				
January 2004	61	16	0	77
January 2003	85	6	0	91
Cumulative 2004	61	16	0	77
Cumulative 2003	85	6	0	91
Zone 10: MRC L'Assomption				
January 2004	10	6	0	16
January 2003	15	24	0	39
Cumulative 2004	10	6	0	16
Cumulative 2003	15	24	0	39
Zone 11: South-Shore Centre				
January 2004	60	22	0	82
January 2003	38	32	6	76
Cumulative 2004	60	22	0	82
Cumulative 2003	38	32	6	76
Zone 12: East South-Shore				
January 2004	32	6	6	44
January 2003	24	12	0	36
Cumulative 2004	32	6	6	44
Cumulative 2003	24	12	0	36
Zone 13: South South-Shore				
January 2004	27	0	8	35
January 2003	23	6	0	29
Cumulative 2004	27	0	8	35
Cumulative 2003	23	6	0	29
Zone 14: West South-Shore				
January 2004	29	30	3	62
January 2003	31	0	6	37
Cumulative 2004	29	30	3	62
Cumulative 2003	31	0	6	37
Zone 15: Vaudreuil-Soulanges *				
January 2004	26	33	0	59
January 2003	29	6	6	41
Cumulative 2004	26	33	0	59
Cumulative 2003	29	6	6	41
Zone 16: St-Jérôme				
January 2004	11	35	95	141
January 2003	15	3	0	18
Cumulative 2004	11	35	95	141
Cumulative 2003	15	3	0	18

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	
	Jan. 2004	Jan. 2003	Jan. 2004	Jan. 2003	Jan. 2004	Jan. 2003
Housing Starts						
Island of Montréal (1 to 4)	48	46	405	171	66	646
Laval (zones 5 and 6)	97	98	80	77	2	0
North-Shore (zones 7 to 10 & 16)	164	215	85	33	101	0
South-Shore (zones 11 to 14)	148	116	58	50	17	12
Vaudreuil-Soul. *** (zone 15)	26	29	33	6	0	6
Under Construction*						
Island of Montréal	455	503	3,770	2,249	2,149	1,719
Laval	631	590	531	470	228	67
North-Shore	1,342	1,384	790	482	679	466
South-Shore	1,074	743	1,029	567	874	664
Vaudreuil-Soulanges ***	386	317	119	24	74	18
Completions						
Island of Montréal	73	86	83	219	142	79
Laval	96	99	47	55	15	14
North-Shore	318	229	45	42	6	18
South-Shore	236	256	112	118	32	31
Vaudreuil-Soulanges ***	60	59	20	0	6	3
Unoccupied*						
Island of Montréal	84	75	332	275	164	86
Laval	89	97	94	42	8	4
Rive- Nord	220	219	140	61	32	26
South-Shore	142	125	196	133	155	22
Vaudreuil-Soulanges ***	41	43	5	2	2	3
Absorption						
Island of Montréal	82	86	144	222	241	248
Laval	111	91	40	64	31	25
North-Shore	345	235	52	37	5	30
South-Shore	217	259	111	115	40	24
Vaudreuil-Soulanges ***	59	55	23	1	6	4
Duration of Inventory**						
Island of Montréal	1.0	0.7	1.5	1.4	1.5	1.3
Laval	0.7	0.8	1.7	0.8	0.5	0.5
North-Shore	0.6	0.7	2.0	1.7	0.5	0.5
South-Shore	0.6	0.5	1.9	2.0	2.4	0.6
Vaudreuil-Soulanges ***	0.5	0.5	1.1	0.5	0.4	0.9

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
	January 2004			Trend 2004
Freehold	3,888	576	4,464	941
Condominium	6,239	767	7,006	456
Rental	4,004	361	4,365	251
	January 2003			Trend 2003
Freehold	3,537	559	4,096	883
Condominium	3,792	513	4,305	360
Rental	2,934	141	3,075	170

Source: CMHC

Table 5												
Economic Overview												
Montréal Metropolitan Area												
	2004	2003					2003	2002				
	<i>Jan.</i>	<i>Dec.</i>	<i>Nov.</i>	<i>Oct.</i>	<i>Sept.</i>	<i>Aug.</i>	<i>Jan.</i>	<i>Dec.</i>	<i>Nov.</i>	<i>Oct.</i>	<i>Sept.</i>	<i>Aug.</i>
Labour Market*												
Job Creation (Loss) - in thousands	30	36	39	18	11	6	91	87	67	58	55	59
Unemployment Rate (%)	8.9	8.6	8.7	9.6	10.1	10.1	8.5	7.7	7.8	7.9	8.5	8.4
Mortgage Rates (1)												
1-year	4.3	4.8	4.8	4.5	4.5	4.5	4.9	4.9	4.9	5.3	5.3	5.3
5-year	6.0	6.5	6.5	6.4	6.3	6.3	6.5	6.7	6.7	7.0	6.7	6.8
Annual Inflation Rate (%)	1.4	1.4	1.4	1.3	1.6	1.6	3.7	3.2	3.5	3.2	2.3	2.2
New House Price Index (1992=100)												
House	5.2	6.0	5.8	7.7	7.5	7.2	9.4	8.6	8.6	6.1	5.8	5.8
Land	5.7	6.8	6.4	7.5	7.1	7.0	9.3	8.6	8.6	7.5	8.1	7.7
Total	5.3	6.3	6.0	7.7	7.4	7.1	9.3	8.3	8.3	6.3	6.2	6.1
MLS Sales - Single-Family Houses	1,547	1,374	1,772	2,075	1,766	1,267	1,761	1,304	1,782	1,870	1,370	1,189

* 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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