

H

HOUSING NOW

Québec

YOUR LINK TO THE HOUSING MARKET

www.cmhc.ca

Canada Mortgage and Housing Corporation

Residential construction begins the year in force in the Québec area

During the first quarter, residential construction posted another solid performance in the Québec census metropolitan area (CMA). According to the figures compiled by Canada Mortgage and Housing Corporation (CMHC), there were 1,070 housing starts from January to March 2003, or 90 per cent more than in the same period last year. This was also the most active quarter in the last ten years for the Québec area.

The increase in activity extended to all housing types. In the rental housing segment, 289 starts were enumerated during the first quarter, or more than two and a half times the volume recorded at the same time last year. Retirement apartment construction dominated, as

it accounted for two thirds of the new units. The rental housing shortage, in both traditional projects and retirement homes, has been boosting construction in this market segment.

Single-family home building, for its part, was up for a ninth consecutive quarter. From January to March, 517 new houses were started, for an increase of 23 per cent over the same period in 2002. With very affordable mortgage rates, a dynamic job market and the inventory of homes for sale at its lowest level, the conditions are conducive to home building.

As for condominiums, the year came in like a lion, with 264 new units compared to 32 in 2002. Here again, the last time

continued on next page

VOLUME 6, NUMBER 1,
FIRST QUARTER 2003

IN THIS ISSUE

Analysis

Residential construction begins the year in force in the Québec area	1
Elsewhere across the province	2
<i>A series on RRSP Home Buyers' Plan: Québec</i>	2

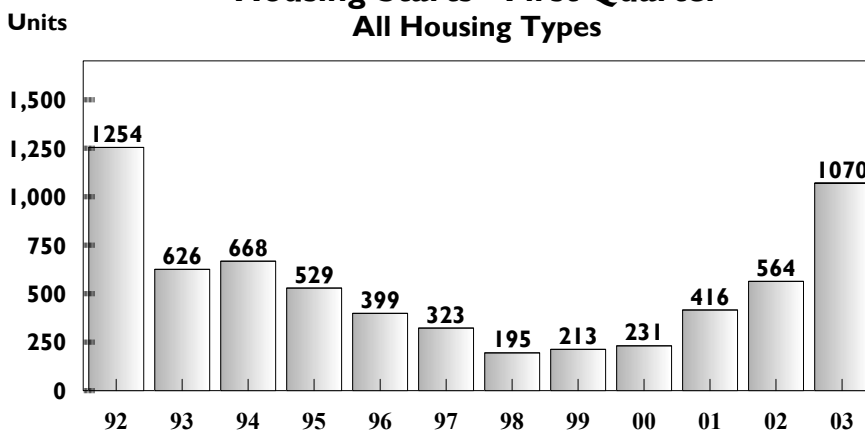
Tables

1. Summary of Activity by Intended Market	3
2. Housing Starts by Zone and by Intended Market	4
3. Detached and Semi-Detached Houses Absorbed by Price Range	6
4. Housing Supply	6
5. Economic Overview	7

Definitions and Concepts

Québec Metropolitan Area Zones	8
--------------------------------	---

Housing Starts - First Quarter
All Housing Types



Source: CMHC



HOME TO CANADIANS
Canada

such a high volume of activity was observed dates back to the early 1990s. This type of property is benefiting from the same favourable context as single-family housing. As well, given the shortage of affordably priced existing properties for sale and dwellings for rent, new condominiums represent an alternative for households with limited budgets. In fact, some new condominium projects are offering units priced at under \$70,000.

Elsewhere across the province

In all urban centres across Quebec, housing starts were also on the rise. During the first three months of 2003, 6,348 housing starts were recorded, or 14 per cent more than in the same months in 2002.

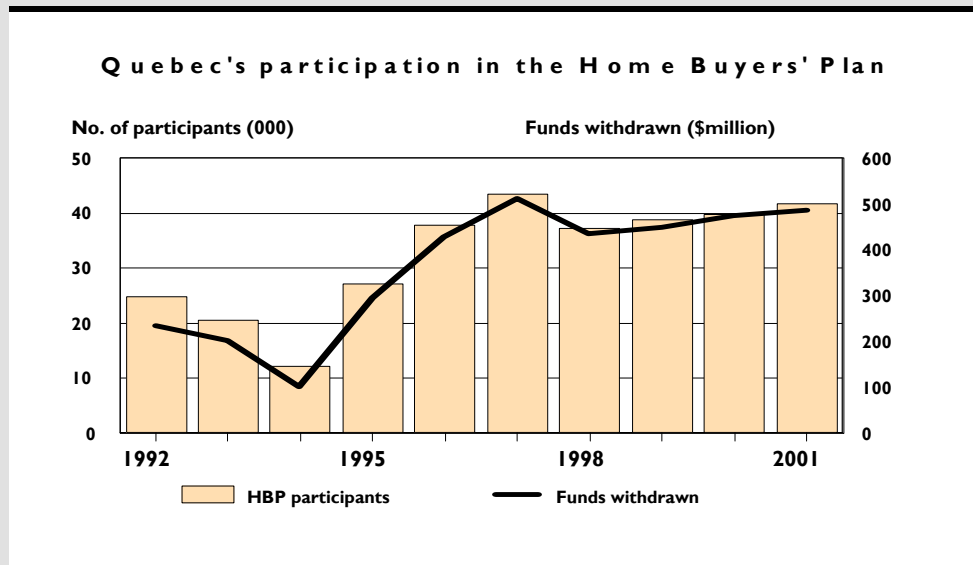
Among the six census metropolitan areas in the province, Québec led with a gain

of 90 per cent in housing starts. It was closely followed by Trois-Rivières, where the increase reached 89 per cent. Elsewhere, activity rose by 47 per cent in Sherbrooke, by 3 per cent in Montréal and by 1 per cent in Gatineau. Only Saguenay showed negative results, as starts were down by 44 per cent in this area.

A Series on RRSP Home Buyers' Plan: Québec

Over 323,000 Québec residents have taken advantage of the Home Buyers' Plan to purchase homes

- The Home Buyers' Plan (HBP) was introduced by the federal government in 1992 to help individuals purchase homes. It allows Canadians, who meet certain eligibility conditions, to withdraw up to \$20,000 tax-free from their Registered Retirement Saving Plans (RRSPs) for this purpose. The amounts withdrawn remain tax-exempt if they are repaid within 15 years.
- Nationally, the second largest number of individuals to ever participate in the Home Buyers' Plan was recorded in 2001. On average, \$12,000 or 7.0 per cent of the Canada MLS average price was withdrawn by home buyers from their RRSPs to acquire a dwelling.
- In Québec, the federal government's Home Buyers' Plan combined with low mortgage rates helped over 41,000 individuals realize their homeowner dreams in 2001 by enabling them to withdraw more than \$487 million in RRSP funds to purchase homes. The average amount withdrawn under the plan was \$11,670.
- Since its inception in 1992, some 323,000 individuals in Québec have participated in the plan channelling \$3.6 billion to the housing market. Nearly 20 per cent of the funds withdrawn have already been repaid.
- Québec has accounted for about 27 per cent of participants and 30 per cent of RRSP funds withdrawn under HBP.



Sources : CMHC, CCRA

Table I
Summary of Activity by Intended Market
Québec Metropolitan Area

Activity / period	Ownership					Rental	Total
	Freehold *				Condo- minium		
	Detached	Semi	Row	Apart.			
Starts							
First Quarter 2003	433	32	14	38	264	289	1,070
First Quarter 2002	363	28	4	24	32	113	564
Year-to-Date 2003 (Jan.-Mar.)	433	32	14	38	264	289	1,070
Year-to-Date 2002 (Jan.-Mar.)	363	28	4	24	32	113	564
Under construction **							
First Quarter 2003	561	48	13	50	539	933	2,144
First Quarter 2002	460	45	14	30	141	327	1,017
Completions							
First Quarter 2003	329	32	4	12	15	91	483
First Quarter 2002	291	26	5	26	135	71	554
Year-to-Date 2003	329	32	4	12	15	91	483
Year-to-Date 2002	291	26	5	26	135	71	554
Unoccupied **							
First Quarter 2003	62	11	2	2	2	3	82
First Quarter 2002	91	15	4	0	21	8	139
Absorptions							
First Quarter 2003	319	31	11	11	25	110	507
First Quarter 2002	276	18	6	28	133	69	530
Year-to-Date 2003	319	31	11	11	25	110	507
Year-to-Date 2002	276	18	6	28	133	69	530
Duration of inventory (in months)							
2003 Trend	0.3	0.8	0.4	0.2	0.1	0.1	0.3
2002 Trend	0.7	1.6	1.2	0.0	1.0	0.1	0.6

* Refers to single-family houses (detached, semi-detached and row) owned under freehold tenure and duplex occupied by the owner(s).

** As at the end of the period shown.

Source: CMHC

Table 2
Housing Starts by Zone and by intended Market
Québec Metropolitan Area

Zone / period	Ownership					Rental	Total
	Freehold *				Condo-minium		
	Detached	Semi	Row	Apart.			
Zone 1: Québec Basse-Ville, Vanier							
First Quarter 2003	0	0	4	0	37	76	117
First Quarter 2002	0	0	0	4	0	0	4
Year-to-Date 2003	0	0	4	0	37	76	117
Year-to-Date 2002	0	0	0	4	0	0	4
Zone 2: Québec Haute-Ville							
First Quarter 2003	0	0	0	0	0	0	0
First Quarter 2002	0	0	0	0	10	0	10
Year-to-Date 2003	0	0	0	0	0	0	0
Year-to-Date 2002	0	0	0	0	10	0	10
Zone 3: Québec Des Rivières, Ancienne-Lorette							
First Quarter 2003	58	6	4	7	80	69	224
First Quarter 2002	32	6	4	2	16	0	60
Year-to-Date 2003	58	6	4	7	80	69	224
Year-to-Date 2002	32	6	4	2	16	0	60
Zone 4: Ste-Foy, Cap-Rouge, St-Augustin, Sillery							
First Quarter 2003	36	4	6	2	80	51	179
First Quarter 2002	51	4	0	0	0	6	61
Year-to-Date 2003	36	4	6	2	80	51	179
Year-to-Date 2002	51	4	0	0	0	6	61
North Centre (zones 1 to 4)							
First Quarter 2003	94	10	14	9	197	196	520
First Quarter 2002	83	10	4	6	26	6	135
Year-to-Date 2003	94	10	14	9	197	196	520
Year-to-Date 2002	83	10	4	6	26	6	135
Zone 5: Val-Bélair, St-Émile, etc.							
First Quarter 2003	70	6	0	4	0	4	84
First Quarter 2002	74	4	0	8	0	0	86
Year-to-Date 2003	70	6	0	4	0	4	84
Year-to-Date 2002	74	4	0	8	0	0	86
Zone 6: Charlesbourg, Stoneham, etc.							
First Quarter 2003	87	2	0	16	55	48	208
First Quarter 2002	52	4	0	4	0	0	60
Year-to-Date 2003	87	2	0	16	55	48	208
Year-to-Date 2002	52	4	0	4	0	0	60

Table 2 (continued)
Housing Starts by Zone and by intended Market
Québec Metropolitan Area

Zone / period	Ownership					Rental	Total
	Freehold *				Condo- minium		
	Detached	Semi	Row	Apart.			
Zone 7: Beauport, Boischâtel, Île d'Orléans, etc.							
First Quarter 2003	75	2	0	7	0	14	98
First Quarter 2002	41	2	0	0	0	8	51
Year-to-Date 2003	75	2	0	7	0	14	98
Year-to-Date 2002	41	2	0	0	0	8	51
North Periphery (zones 5 to 7)							
First Quarter 2003	232	10	0	27	55	66	390
First Quarter 2002	167	10	0	12	0	8	197
Year-to-Date 2003	232	10	0	27	55	66	390
Year-to-Date 2002	167	10	0	12	0	8	197
North Shore (zones 1 to 7)							
First Quarter 2003	326	20	14	36	252	262	910
First Quarter 2002	250	20	4	18	26	14	332
Year-to-Date 2003	326	20	14	36	252	262	910
Year-to-Date 2002	250	20	4	18	26	14	332
Zone 8: St-Jean-Chrysostôme, St-Nicolas, etc.							
First Quarter 2003	73	2	0	2	12	6	95
First Quarter 2002	89	4	0	6	0	74	173
Year-to-Date 2003	73	2	0	2	12	6	95
Year-to-Date 2002	89	4	0	6	0	74	173
Zone 9: Lévis, Pintendre							
First Quarter 2003	34	10	0	0	0	21	65
First Quarter 2002	24	4	0	0	6	25	59
Year-to-Date 2003	34	10	0	0	0	21	65
Year-to-Date 2002	24	4	0	0	6	25	59
South Shore (zones 8 and 9)							
First Quarter 2003	107	12	0	2	12	27	160
First Quarter 2002	113	8	0	6	6	99	232
Year-to-Date 2003	107	12	0	2	12	27	160
Year-to-Date 2002	113	8	0	6	6	99	232
QUÉBEC MÉTROPOLITAN AREA TOTAL							
First Quarter 2003	433	32	14	38	264	289	1,070
First Quarter 2002	363	28	4	24	32	113	564
Year-to-Date 2003	433	32	14	38	264	289	1,070
Year-to-Date 2002	363	28	4	24	32	113	564

Source: CMHC

Table 3
Detached and Semi-Detached Houses Absorbed by price Range - First Quarter
Québec Metropolitan Area

Type	Under \$80,000		\$80,000 to \$99,999		\$100,000 to \$119,999		\$120,000 to \$149,999		\$150,000 and over	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Detached	8	7	8	20	46	48	109	77	148	124
Semi-detached	0	5	10	7	18	6	3	0	0	0
Total	8	12	18	27	64	54	112	77	148	124
Market Share (Detach.)	2.5%	2.5%	2.5%	7.2%	14.4%	17.4%	34.2%	27.9%	46.4%	44.9%

Source: CMHC

Table 4
Housing Supply / First Quarter 2003
Québec Metropolitan Area

Intended Market	Under Construction	Vacant units	Short Term Supply	Monthly absorptions*	Duration of Short Term Supply (months)
	March 2003			Trend 2003	
Freehold	672	77	749	222.4	3.4
Condominium	539	2	541	31.8	17.0
Rental	933	3	936	53.4	17.5
Total	2,144	82	2,226	307.6	7.2
	March 2002			Trend 2002	
Freehold	549	110	659	151.8	4.3
Condominium	141	21	162	21.7	7.5
Rental	327	8	335	57.1	5.9
Total	1,017	139	1,156	230.5	5.0

* Average of the absorption of the last 12 months

Source: CMHC

For more information about this publication,

please contact our:

Customer Service

at

Tel.: 1 866 855-5711

or by Email:

cam_qc@cmhc.ca

**Table 5
Economic Overview
Québec Metropolitan Area**

	1st quart. 2003	4th quart. 2002	1st quart. 2002	Trend		Variation (%) Trend
				2003	2002	
Labour Market						
Number of jobs (000)	346.3	356.9	342.7	346.3	342.7	1.1
Unemployment Rate (%)	8.7	5.4	7.7	8.7	7.7	n.a.
Mortgage rates (1)						
1 year (%)	5.1	5.0	4.8	5.1	4.8	n.a.
5 years (%)	6.6	6.8	7.1	6.6	7.1	n.a.
Annual inflation rate						
CPI, 1992=100	119.3	117.6	114.6	119.3	114.6	4.1
New homes price index (1992=100)						
Housing Unit	118.7	115.3	107.8	118.7	107.8	10.1
Land	110.1	109.4	106.4	110.1	106.4	3.5
Total	116.1	113.3	106.8	116.1	106.8	8.7
Consumer Confidence						
1991=100 (2)	125.8	127.9	131.2	125.8	131.2	-4.1
MLS Sales						
Total Residential	1,906	1,548	2,670	1,906	2,670	-28.6
Median Price (Detached Houses)	109,957	104,721	95,357	109,957	95,357	15.3

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

Sources: Statistics Canada, Conference Board of Canada, Chambre Immobilière de Québec.

THE RETIREMENT HOME MARKET STUDY

The Canada Mortgage and Housing Corporation's Market Analysis Center publishes reports on the Retirement Homes for six Metropolitan Areas in Québec (Saguenay, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières).

These are the most comprehensive tools for developers and investors interested in this promising real estate segment and are based on the latest CMHC's data available in 2002.

Order your copy now by calling our

**Customer Service Department
at 1 866 855-5711**

or by Email: cam_qc@cmhc.ca

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 Québec Metropolitan Area.

INTENDED MARKETS - There are three: the home owner market refers to single family dwellings (detached, semi-detached and town houses) held in free tenure; the joint ownership (condominium) includes houses and apartments owned jointly; and the rental market groups apartments.

HOUSING STARTS - This term designates the start of construction work, usually after the placement of concrete footing or a similar stage when the building has no basement.

HOUSING UNITS UNDER CONSTRUCTION - Housing units started, but not finished. The number of housing units under construction at the end of a time period may take into account some adjustments that are made for various reasons after the housing starts have been indicated.

COMPLETIONS - Habitable housing units where the work that had been foreseen is finished and in some cases, can be considered a completed housing unit if there is only ten percent of the work left to be carried out.

VACANT HOUSING UNITS - New completed housing units that remain vacant.

TOTAL SUPPLY - SHORT-TERM - Total reserve of new housing units that include housing units under construction and those that are completed, but vacant.

ABSORPTION - Recently completed housing units that have either been sold or rented. A count of the housing units absorbed is made when the house is completed. Housing units sold or rented in advance are not included before the work is completed. The number of housing units absorbed for the current month corresponds to the number of housing units completed and vacated for the preceding month, plus the completions for the current month, minus the housing units completed and vacant for the current month.

DURATION OF INVENTORY - Necessary period for absorbing vacant housing units, that is, the ratio between vacant and absorbed housing units (average of the last 12 months). This data is expressed in months.

DURATION OF TOTAL SHORT-TERM SUPPLY - Necessary period for absorbing vacant housing units and those under construction, that is, the ratio between vacant housing units and those under construction and absorbed housing units (average of the last 12 months). This data is expressed in months.

Québec Metropolitan Area Zones

Zones	Municipalities and Zones	Large Zones
1	Lower Town Quebec, Vanier	North Centre
2	Upper Town Quebec	North Centre
3	Québec Des Rivières (Neufchâtel, Duberger, Les Saules, Lebourgneuf), Ancienne-Lorette	North Centre
4	Ste-Foy, Sillery, Cap-Rouge, St-Augustin	North Centre
5	Val-Bélair, St-Émile, Loretteville, Lac St-Charles, Lac Delage, Valcartier, Shannon, Lac St-Joseph, Ste-Catherine-de-la-J.-C., Fossambault	Northern Suburbs
6	Charlesbourg, Lac Beauport, Stoneham-Tewkesbury	Northern Suburbs
7	Beauport, Ste-Brigitte-de-Laval, Boischâtel, L'Ange-Gardien, Château-Richer, Île-d'Orléans	Northern Suburbs
8	Charny, St-Romuald, St-Jean-Chrysostôme, St-Nicolas, St-Rédempteur, Breakeyville, St-Lambert, St-Étienne	South Shore
9	Lévis, Pintendre, St-Joseph-de-Lévy, St-Étienne-de-Beaumont	South Shore

Housing Now is published 4 times a year for the Quebec market. The annual subscription for Housing Now in Quebec is \$55.00 plus tax. For more information or to subscribe, please contact Client Services at 1-866-855-5711.

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada Mortgage and Housing

Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this publication are based on

various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.

F

ORECAST

Québec

Spring - Summer 2003

SUMMARY

Canada Mortgage and Housing Corporation

Residential construction will peak in 2003

Residential construction

✓ Residential construction will reach a peak in 2003. In fact, starts are expected to attain 5,600 units, for an increase of 31 per cent over 2002. Despite a slight decrease, residential construction will remain vigorous in 2004, as 5,000 housing starts are anticipated.

✓ Benefiting from favourable economic conditions (low mortgage rates, a dynamic job market and rising disposable incomes) and the scarcity of available properties on the existing home market, freehold housing starts will keep rising and should attain 3,000 units in 2003, up by 13 per cent over 2002. The increase in interest rates and new home prices, along with more modest employment growth, should curb activity in 2004, however, when 2,800 such starts are expected.

✓ Condominium construction will also jump up in 2003, with 800 new units anticipated, compared to 503 in 2002. This type of property will benefit from the same

favourable conditions as the freehold market. As well, condominiums will be attracting people with more limited budgets, with some projects offering units priced at under \$70,000.

✓ In the rental housing segment, the shortage situation is encouraging developers to start up new projects. In addition, the arrival this year of numerous social housing units will inflate rental housing starts to 1,800 units in 2003. Rental housing construction will then fall to 1,500 new dwellings in 2004, as fewer social housing units will be started.

Resale market

✓ Following a record year in 2002, sales through the Multiple Listing Service (MLS) will sustain a decrease of 17 per cent this year, with 6,000 transactions expected. The more limited choice on the existing home market, the appreciable increase in prices and a less vigorous job market for people aged from 25 to 44 years (the first-time home buyer client group) will be

to blame for the decline. The interest rate hike will further slow down the market in 2004, when 5,800 sales are anticipated.

✓ Since the number of properties for sale will also be falling, the market will continue to favour sellers. This will contribute to maintaining significant price hikes of nearly 10 per cent in 2003. The pressure should ease in 2004, though, with prices expected to rise by 6 per cent.

Rental market

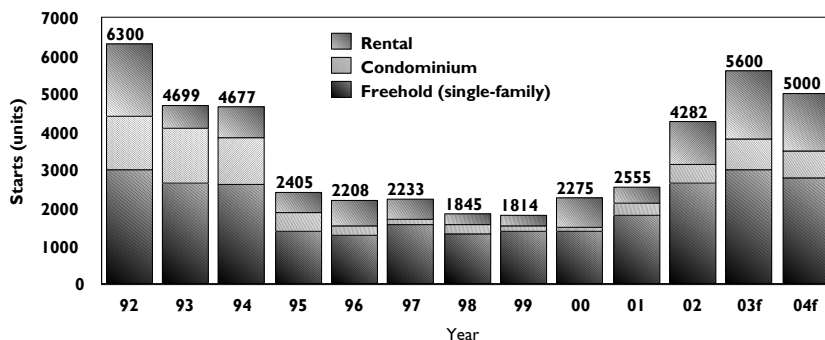
✓ The rental market will remain in a shortage situation in 2003 and 2004, with less than 1 per cent of units available for rent.

✓ The favourable employment situation among both young people and the aging population will generate a greater demand for rental housing.

✓ Despite the increase in rental housing construction, the steady demand for rental dwellings will curb the increase in the vacancy rate, which should rise from 0.3 per cent in 2002 to 0.5 per cent in 2003 and then to 0.8 per cent in 2004.

✓ In this context, rents should go up by 3.5 per cent in 2003 and 2004.

Residential Construction Québec Metropolitan Area



f: CMHC forecast
Source: CMHC



HOME TO CANADIANS
Canada

FORECAST SUMMARY

Québec Metropolitan Area

Spring - Summer 2003

	2001	2002	2003f	% Chg.	2004f	% Chg.
RESALE MARKET						
Active MLS listings	4,569	2,609	2,300	-11.8%	2,100	-8.7%
MLS sales						
Total	7,089	7,241	6,000	-17.1%	5,800	-3.3%
Detached	4,631	4,698	3,900	-17.0%	3,800	-2.6%
Semi-detached and row	1,065	1,088	875	-19.6%	825	-5.7%
Condominium	1,130	1,130	925	-18.1%	875	-5.4%
Duplex	263	325	300	-7.7%	300	0.0%
Median MLS price (\$)						
Detached	92,367	104,721	115,000	9.8%	122,000	6.1%
Semi-detached and row	75,392	83,013	92,000	10.8%	98,500	7.1%
Condominium	73,073	80,244	88,000	9.7%	93,500	6.3%
NEW HOME MARKET						
Housing starts						
Total	2,555	4,282	5,600	30.8%	5,000	-10.7%
Freehold (single-family)	1,805	2,662	3,000	12.7%	2,800	-6.7%
Condominium	309	503	800	59.0%	700	-12.5%
Rental	441	1,117	1,800	61.1%	1,500	-16.7%
New house price index						
1992=100	105.1	109.6	120	9.5%	128	6.7%
RENTAL MARKET						
Vacancy rate (%) (Oct.)	0.8%	0.3%	0.5%	--	0.8%	--
Change in rents (%)	3.8%	2.7%	3.5%	--	3.5%	--
ECONOMIC OVERVIEW						
Mortgage rate - 1-year (%)	6.14%	5.17%	5.45%	--	6.82%	--
Mortgage rate - 5-year (%)	7.40%	7.02%	7.01%	--	8.18%	--
Number of jobs	339.0	358.5	362.0	1.0%	367.0	1.4%
Unemployment rate (%)	7.8%	6.3%	6.7%	--	6.5%	--

f: CMHC forecast

Data sources: CMHC, Statistics Canada, Multiple Listing Service (Chambre immobilière de Québec)

**For more information about this publication,
please contact our:**

Customer Service
at
Tel.: **1 866 855 5711**
or by Email: **cam_qc@cmhc.ca**

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.