

H

HOUSING NOW

Québec

YOUR LINK TO THE HOUSING MARKET

www.cmhc.ca

Canada Mortgage and Housing Corporation

VOLUME 6, NUMBER 4,
FOURTH QUARTER 2003

GAIN OF 10 PER CENT IN THE FOURTH QUARTER COMPLETES A REMARKABLE YEAR

In the Québec census metropolitan area (CMA), residential construction continued to rise in the fourth quarter. From October to December, Canada Mortgage and Housing Corporation (CMHC) enumerated 1,249 new starts, for an increase of 10 per cent over the same period in 2002. This last quarter completed a remarkable year, bringing the annual total to 5,599 housing starts. This volume was 31 per cent greater than in 2002 and marked the best result since 1992 for the capital area.

The fourth quarter was particularly active in the single-family home¹ and condominium construction segments, with increases in starts of about 32 per cent and 81 per cent, respectively. Activity slowed down, however, in the rental housing segment, with a total of 148 new units, for a decrease of 60 per cent from the fourth quarter of 2002.

The overall results for 2003, on the other hand, show gains in starts for all housing

continued on next page

IN THIS ISSUE

Analysis

| | |
|---|---|
| Gain of 10 per cent in the fourth quarter completes a remarkable year | 1 |
| Elsewhere across Quebec | 2 |
| Quebec has one of the lowest mortgage debt levels in Canada | 2 |

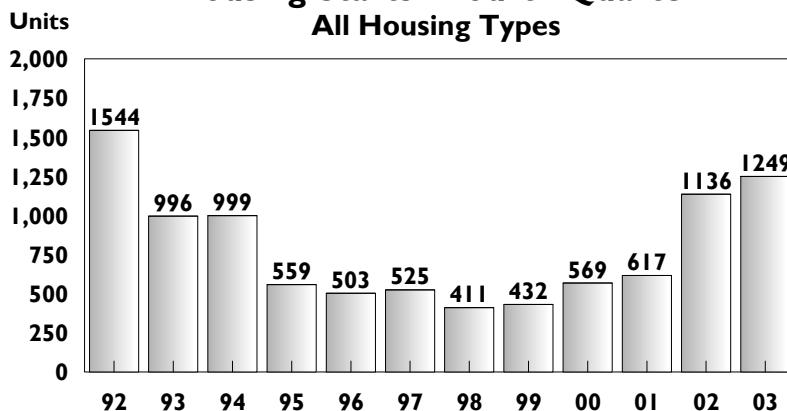
Tables

| | |
|--|---|
| 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 - Fourth Quarter All Housing Types



Source: CMHC



HOME TO CANADIANS
Canada ¹+

¹ Single-family homes include single-detached, semi-detached and row houses, as well as duplexes.

types. The most significant increase was registered in the condominium sector, where construction got under way on 1,070 new units, or double the volume recorded in 2002. Rental housing construction also jumped up in 2003, as a total of 1,362 units were started, for a hike of 22 per cent over the previous year. Lastly, single-family home builders were not idle, as they laid foundations for 3,167 new units, for a gain of 19 per cent. The low interest rates, vigorous job market and higher migration level, as well as the scarcity of properties for sale and dwellings for rent, were the main driving

forces behind the increase in housing starts last year.

For all of 2003, it can be seen that the increase in starts was much stronger on the north shore of Québec (37 per cent) than on the south shore (9 per cent). This difference resulted mainly from the decrease in rental housing construction on the south shore, as just 141 such new units were started there, or half the volume registered in 2002. During that time, rental housing construction went up by 46 per cent on the north shore, reaching 1,221 new units.

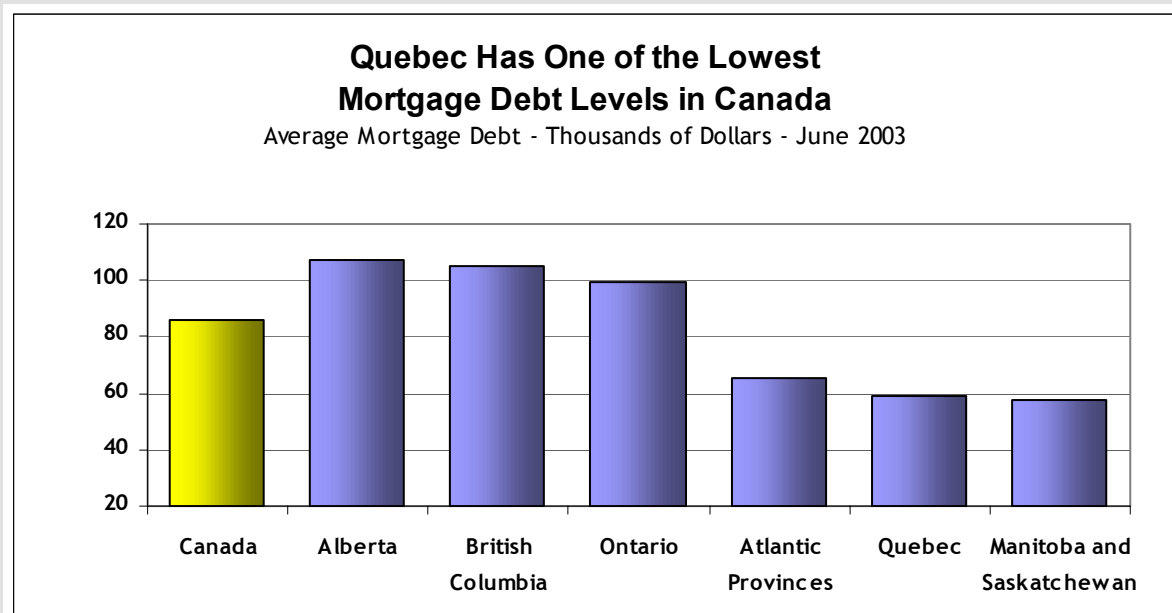
Elsewhere across Quebec

The increase in residential construction extended across the entire province. In 2003, 39,857 housing starts were enumerated in centres with 10,000 or more inhabitants, for a gain of 19 per cent over 2002. The greatest increase was observed in the Québec area (31 per cent), followed by Sherbrooke (25 per cent), Montréal (18 per cent), Gatineau (10 per cent) and Trois-Rivières (3 per cent). Only the Saguenay area registered a decrease in 2003 (-27 per cent).

Quebec Has One of the Lowest Mortgage Debt Levels in Canada¹

According to the June 2003 Financial Industry Research Monitor (FIRM) Survey results, the average mortgage in Canada was \$86,000. For the province of Quebec, this average debt was \$59,000. Only Manitoba and Saskatchewan had lower average mortgage debt levels at that time (around \$57,000). Conversely, the highest level of \$107,000 was noted in Alberta. The younger population² and the recent significant jump in home prices in this province both contributed to this situation.

The increase in homeownership and the resulting gain in popularity of refinance products drove up the mortgage debt level of Canadians. One year earlier, in June 2002, this level was about \$82,000. During this time, however, their residential property values went up more considerably, such that the weight of this debt became lighter. In fact, while this debt represented 44 per cent of the average price of existing homes (\$186,808*) in June 2002, this proportion fell to 41 per cent (\$208,186*) one year later.



¹Sources: CMHC, Clayton Research Associates Limited and Ipsos-Reid Corporation, The FIRM Residential Mortgage Survey, June 2003

²As newcomers on the labour market, young people have had less time to save, so they have less equity to buy a home

* MLS® (Multiple Listing Service), seasonally adjusted rates

Table I
Summary of Activity by Intended Market
Québec Metropolitan Area

| Activity / period | Ownership | | | | | Rental | Total |
|--|------------|------|-----|--------|--------------|--------|-------|
| | Freehold * | | | | Condo-minium | | |
| | Detached | Semi | Row | Apart. | | | |
| Starts | | | | | | | |
| Fourth Quarter 2003 | 662 | 48 | 17 | 40 | 334 | 148 | 1,249 |
| Fourth Quarter 2002 | 504 | 58 | 3 | 16 | 185 | 370 | 1,136 |
| Year-to-Date 2003 (Jan.-Dec.) | 2,674 | 228 | 50 | 215 | 1,070 | 1,362 | 5,599 |
| Year-to-Date 2002 (Jan.-Dec.) | 2,327 | 172 | 45 | 118 | 503 | 1,117 | 4,282 |
| Under construction ** | | | | | | | |
| Fourth Quarter 2003 | 453 | 42 | 12 | 28 | 622 | 592 | 1,749 |
| Fourth Quarter 2002 | 457 | 52 | 7 | 20 | 274 | 743 | 1,553 |
| Completions | | | | | | | |
| Fourth Quarter 2003 | 591 | 40 | 9 | 38 | 147 | 275 | 1,100 |
| Fourth Quarter 2002 | 456 | 38 | 13 | 18 | 20 | 159 | 704 |
| Year-to-Date 2003 | 2,676 | 232 | 41 | 234 | 868 | 1,466 | 5,517 |
| Year-to-Date 2002 | 2,256 | 163 | 53 | 135 | 482 | 659 | 3,748 |
| Unoccupied ** | | | | | | | |
| Fourth Quarter 2003 | 68 | 16 | 4 | 1 | 64 | 267 | 420 |
| Fourth Quarter 2002 | 52 | 10 | 9 | 1 | 12 | 22 | 106 |
| Absorptions | | | | | | | |
| Fourth Quarter 2003 | 605 | 33 | 6 | 41 | 127 | 130 | 942 |
| Fourth Quarter 2002 | 440 | 37 | 12 | 21 | 32 | 147 | 689 |
| Year-to-Date 2003 | 2,630 | 239 | 59 | 228 | 737 | 595 | 4,488 |
| Year-to-Date 2002 | 2,339 | 166 | 55 | 132 | 551 | 644 | 3,887 |
| Duration of inventory (in months) | | | | | | | |
| 2003 Trend | 0.3 | 0.8 | 0.8 | 0.1 | 1.0 | 5.4 | 1.1 |
| 2002 Trend | 0.3 | 0.7 | 2.0 | 0.1 | 0.3 | 0.4 | 0.3 |

* 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 | | | | | | | |
| Fourth Quarter 2003 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| Fourth Quarter 2002 | 0 | 0 | 0 | 0 | 49 | 39 | 88 |
| Year-to-Date 2003 | 2 | 2 | 4 | 10 | 181 | 171 | 370 |
| Year-to-Date 2002 | 1 | 0 | 0 | 6 | 49 | 126 | 182 |
| Zone 2: Québec Haute-Ville | | | | | | | |
| Fourth Quarter 2003 | 0 | 0 | 0 | 0 | 119 | 0 | 119 |
| Fourth Quarter 2002 | 0 | 0 | 0 | 0 | 0 | 50 | 50 |
| Year-to-Date 2003 | 0 | 0 | 0 | 0 | 119 | 63 | 182 |
| Year-to-Date 2002 | 0 | 0 | 0 | 0 | 10 | 50 | 60 |
| Zone 3: Québec Des Rivières, Ancienne-Lorette | | | | | | | |
| Fourth Quarter 2003 | 81 | 2 | 0 | 4 | 63 | 0 | 150 |
| Fourth Quarter 2002 | 50 | 10 | 0 | 2 | 18 | 84 | 164 |
| Year-to-Date 2003 | 298 | 40 | 13 | 45 | 217 | 201 | 814 |
| Year-to-Date 2002 | 232 | 32 | 11 | 28 | 82 | 140 | 525 |
| Zone 4: Ste-Foy, Cap-Rouge, St-Augustin, Sillery | | | | | | | |
| Fourth Quarter 2003 | 88 | 2 | 3 | 0 | 82 | 64 | 239 |
| Fourth Quarter 2002 | 51 | 2 | 0 | 2 | 0 | 66 | 121 |
| Year-to-Date 2003 | 253 | 26 | 9 | 6 | 282 | 364 | 940 |
| Year-to-Date 2002 | 262 | 14 | 12 | 2 | 88 | 407 | 785 |
| North Centre (zones 1 to 4) | | | | | | | |
| Fourth Quarter 2003 | 169 | 4 | 3 | 4 | 264 | 68 | 512 |
| Fourth Quarter 2002 | 101 | 12 | 0 | 4 | 67 | 239 | 423 |
| Year-to-Date 2003 | 553 | 68 | 26 | 61 | 799 | 799 | 2,306 |
| Year-to-Date 2002 | 495 | 46 | 23 | 36 | 229 | 723 | 1,552 |
| Zone 5: Val-Bélair, St-Émile, etc. | | | | | | | |
| Fourth Quarter 2003 | 126 | 6 | 4 | 6 | 0 | 25 | 167 |
| Fourth Quarter 2002 | 92 | 4 | 0 | 8 | 0 | 24 | 128 |
| Year-to-Date 2003 | 565 | 34 | 8 | 32 | 0 | 32 | 671 |
| Year-to-Date 2002 | 456 | 20 | 0 | 24 | 0 | 27 | 527 |
| Zone 6: Charlesbourg, Stoneham, etc. | | | | | | | |
| Fourth Quarter 2003 | 80 | 2 | 5 | 8 | 36 | 7 | 138 |
| Fourth Quarter 2002 | 91 | 6 | 0 | 2 | 8 | 3 | 110 |
| Year-to-Date 2003 | 372 | 16 | 7 | 55 | 141 | 289 | 880 |
| Year-to-Date 2002 | 387 | 28 | 0 | 30 | 16 | 10 | 471 |

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, Boischatel, Île d'Orléans, etc. | | | | | | | |
| Fourth Quarter 2003 | 123 | 0 | 0 | 18 | 9 | 6 | 156 |
| Fourth Quarter 2002 | 94 | 4 | 0 | 0 | 110 | 11 | 219 |
| Year-to-Date 2003 | 470 | 16 | 0 | 49 | 26 | 101 | 662 |
| Year-to-Date 2002 | 389 | 16 | 0 | 10 | 249 | 78 | 742 |
| North Periphery (zones 5 to 7) | | | | | | | |
| Fourth Quarter 2003 | 329 | 8 | 9 | 32 | 45 | 38 | 461 |
| Fourth Quarter 2002 | 277 | 14 | 0 | 10 | 118 | 38 | 457 |
| Year-to-Date 2003 | 1,407 | 66 | 15 | 136 | 167 | 422 | 2,213 |
| Year-to-Date 2002 | 1,232 | 64 | 0 | 64 | 265 | 115 | 1,740 |
| North Shore (zones 1 to 7) | | | | | | | |
| Fourth Quarter 2003 | 498 | 12 | 12 | 36 | 309 | 106 | 973 |
| Fourth Quarter 2002 | 378 | 26 | 0 | 14 | 185 | 277 | 880 |
| Year-to-Date 2003 | 1,960 | 134 | 41 | 197 | 966 | 1,221 | 4,519 |
| Year-to-Date 2002 | 1,727 | 110 | 23 | 100 | 494 | 838 | 3,292 |
| Zone 8: St-Jean-Chrysostôme, St-Nicolas, etc. | | | | | | | |
| Fourth Quarter 2003 | 110 | 2 | 0 | 4 | 4 | 18 | 138 |
| Fourth Quarter 2002 | 77 | 14 | 3 | 2 | 0 | 64 | 160 |
| Year-to-Date 2003 | 467 | 20 | 0 | 14 | 38 | 78 | 617 |
| Year-to-Date 2002 | 398 | 26 | 22 | 14 | 3 | 195 | 658 |
| Zone 9: Lévis, Pintendre | | | | | | | |
| Fourth Quarter 2003 | 54 | 34 | 5 | 0 | 21 | 24 | 138 |
| Fourth Quarter 2002 | 49 | 18 | 0 | 0 | 0 | 29 | 96 |
| Year-to-Date 2003 | 247 | 74 | 9 | 4 | 66 | 63 | 463 |
| Year-to-Date 2002 | 202 | 36 | 0 | 4 | 6 | 84 | 332 |
| South Shore (zones 8 and 9) | | | | | | | |
| Fourth Quarter 2003 | 164 | 36 | 5 | 4 | 25 | 42 | 276 |
| Fourth Quarter 2002 | 126 | 32 | 3 | 2 | 0 | 93 | 256 |
| Year-to-Date 2003 | 714 | 94 | 9 | 18 | 104 | 141 | 1,080 |
| Year-to-Date 2002 | 600 | 62 | 22 | 18 | 9 | 279 | 990 |
| QUÉBEC MÉTROPOLITAN AREA TOTAL | | | | | | | |
| Fourth Quarter 2003 | 662 | 48 | 17 | 40 | 334 | 148 | 1,249 |
| Fourth Quarter 2002 | 504 | 58 | 3 | 16 | 185 | 370 | 1,136 |
| Year-to-Date 2003 | 2,674 | 228 | 50 | 215 | 1,070 | 1,362 | 5,599 |
| Year-to-Date 2002 | 2,327 | 172 | 45 | 118 | 503 | 1,117 | 4,282 |

Source: CMHC

Table 3
Detached and Semi-Detached Houses Absorbed by price Range - Fourth 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 | 6 | 4 | 11 | 20 | 13 | 41 | 117 | 144 | 458 | 231 |
| Semi-detached | 0 | 2 | 0 | 30 | 22 | 2 | 11 | 3 | 0 | 0 |
| Total | 6 | 6 | 11 | 50 | 35 | 43 | 128 | 147 | 458 | 231 |
| Market Share (Detach.) | 1.0% | 0.9% | 1.8% | 4.5% | 2.1% | 9.3% | 19.3% | 32.7% | 75.7% | 52.5% |

Source: CMHC

Table 4
Housing Supply / Fourth Quarter 2003
Québec Metropolitan Area

| Intended Market | Under Construction | Vacant units | Short Term Supply | Monthly absorptions* | Duration of Short Term Supply (months) |
|--------------------|----------------------|--------------|-------------------|----------------------|--|
| | December 2003 | | | Trend 2003 | |
| Freehold | 535 | 89 | 624 | 263.0 | 2.4 |
| Condominium | 622 | 64 | 686 | 61.4 | 11.2 |
| Rental | 592 | 267 | 859 | 49.6 | 17.3 |
| Total | 1,749 | 420 | 2,169 | 374.0 | 5.8 |
| | Décembre 2002 | | | Tendance 2002 | |
| Freehold | 536 | 72 | 608 | 224.3 | 2.7 |
| Condominium | 274 | 12 | 286 | 45.9 | 6.2 |
| Rental | 743 | 22 | 765 | 53.7 | 14.3 |
| Total | 1,553 | 106 | 1,659 | 323.9 | 5.1 |

* 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**

| | 4th quart. 2003 | 3rd quart. 2003 | 4th quart. 2002 | Trend | | Variation (%) |
|--|--------------------|--------------------|--------------------|---------|---------|---------------|
| | | | | 2003 | 2002 | Trend |
| Labour Market | | | | | | |
| Number of jobs (000) | 348.2 | 369.8 | 356.9 | 358.7 | 358.6 | 0.0 |
| Unemployment Rate (%) | 6.8 | 5.8 | 5.4 | 6.9 | 6.3 | n / a |
| Mortgage rates (1) | | | | | | |
| 1 year (%) | 4.7 | 4.6 | 5.0 | 4.8 | 5.2 | n / a |
| 5 years (%) | 6.5 | 6.3 | 6.8 | 6.4 | 7.0 | n / a |
| Annual inflation rate | | | | | | |
| CPI, 1996=100 | 119.3 | 119.0 | 117.6 | 119.1 | 116.2 | 2.5 |
| New homes price index (1997=100)* | | | | | | |
| Housing Unit | 128.3 | 125.6 | 117.2 | 124.6 | 112.9 | 10.4 |
| Land | 116.4 | 113.5 | 110.5 | 113.3 | 108.6 | 4.3 |
| Total | 125.5 | 122.7 | 115.5 | 121.9 | 111.7 | 9.1 |
| Consumer Confidence | | | | | | |
| 1991=100 (2) | 117.5 | 123.7 | 129.4 | 121.5 | 131.7 | -7.8 |
| MLS Sales | | | | | | |
| Total Residential | 1,456 | 1,396 | 1,548 | 6,413 | 7,241 | -11.4 |
| Median Price (Detached Houses) | 120,885 | 117,053 | 104,721 | 120,885 | 104,721 | 15.4 |

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

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

*Data for actual quarter is the average of the first two months.

**Interested by the Vacancy Rates and Average Rents of the rented apartments,
following the October 2003 Survey?**

You can find them and more in the:

FASTFAXES

which provide the summary results of the survey

RENTAL MARKET REPORTS

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

To obtain them, please contact our Customer Service 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 | Greater Charlesbourg, Lac Beauport, Stoneham-Tewkesbury | Northern Suburbs |
| 7 | Greater 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.