

H

OUSING NOW

Province of Quebec

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

www.cmhc.ca

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THIRD QUARTER 2002

Housing starts rise considerably

In Quebec, residential construction posted a significant gain in the third quarter of 2002. According to the surveys conducted by Canada Mortgage and Housing Corporation (CMHC) in urban centres with 10,000 or more inhabitants, 10,206 housing starts were enumerated from July to September, for an increase of 70 per cent over the corresponding period in 2001. Since the beginning of the year, total housing starts have now reached 31,315 units, or 58 per cent more than during the same period last year. This performance is all the more significant in that, with still three months to go, the year-to-date results for 2002 already exceed the total achieved for all of 2001, which was 27,682 housing starts.

Strong job creation, extremely low mortgage rates from a historical standpoint, persistently high consumer confidence and the scarcity of rental housing are prompting many households to take the plunge into homeownership. In addition,

the low level of listings on the existing home market has left potential buyers with less choice. They are therefore turning to the new home market.

It should be noted that this increase in housing activity extended to all urban areas across Quebec. The 6,999 starts enumerated in the census metropolitan areas (CMAs), which accounted for 69 per cent of all residential construction in the province, represented an increase of 77 per cent over the third quarter of 2001. Likewise, the 3,201 starts recorded elsewhere in Quebec made for an increase of 58 per cent.

The growth came largely from the Montréal CMA, which, as always, took first place in terms of volume (47 per cent of the quarterly housing starts in the province) and posted an overall increase of 85 per cent over the third quarter of 2001.

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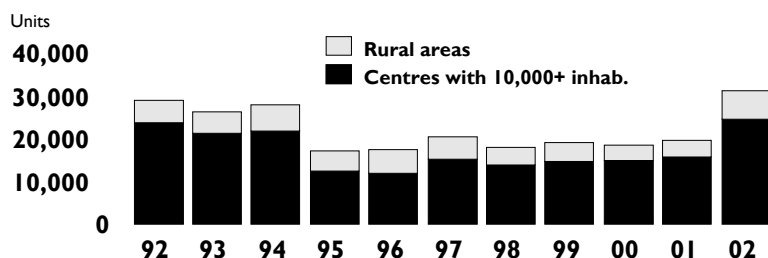
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HOUSING STARTS

Quebec Regions
January to September



Source: CMHC

Raw data



HOME TO CANADIANS

Canada

Housing starts jumped up in the Chicoutimi-Jonquière CMA (167 per cent) and continued to rise significantly in Hull (72 per cent), Sherbrooke (48 per cent), Québec (45 per cent) and Trois-Rivières (31 per cent). While the Trois-Rivières CMA may have come in last this past quarter, for both growth and volume, it shows the highest growth rate since the beginning of the year (83 per cent).

Just like in the CMAs, residential construction was up in all urban centres with 50,000 to 99,999 inhabitants. While the contributions of Drummondville and Saint-Jean-sur-Richelieu (each 22 more housing starts than in the third quarter of 2001) were the largest in terms of volume, the growth rates were greater in Shawinigan (94 per cent) and Saint-Hyacinthe (89 per cent). As for centres with 10,000 to 49,999 inhabitants, 6 municipalities out of 19 sustained decreases in relation to last year, namely, Alma, Cowansville, La Tuque, Magog, Salaberry-de-Valleyfield and Val-d'Or.

The growth extended across all rural areas (urban centres with fewer than 10,000 inhabitants), as the 2,272 housing starts represented an increase of just over 80 per cent compared to the third quarter of last year.

Rental market picks up the pace

In terms of intended markets, an analysis of the results revealed that 78 per cent of all urban starts were intended for

ownership (freehold and condominium). In all, 6,176 such dwellings were started during this past third quarter, for an increase of 67 per cent over the corresponding period in 2001.

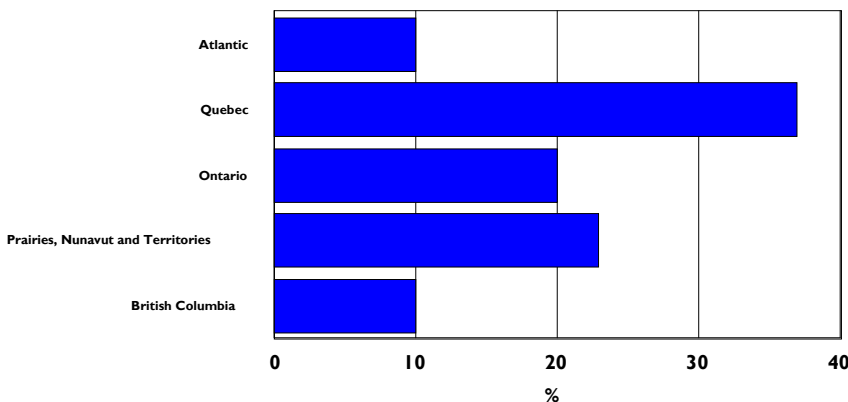
The gain was attributable to the Montréal CMA, as it accounted for almost two thirds of this volume. Over the same period, Montréal posted the best performance among all CMAs, with an increase of 60 per cent. Only the Trois-Rivières CMA registered a decrease (-13 per cent) in this market.

The growth in condominium housing remained limited to two CMAs: Montréal (62 per cent) and Québec (36 per cent), although renewed construction activity in this segment was noted in Sherbrooke and Gatineau, as well.

Across Quebec, rental housing construction posted spectacular growth in the third quarter, as the 1,758 starts of this type represented almost triple the number enumerated during the same quarter last year. The gain was even more significant at the CMA level (where starts more than quadrupled), and all CMAs posted considerable gains in this market segment.

A glance at the graph below shows that, since the beginning of the year, Quebec has garnered 37 per cent of all rental housing units started in Canada. The low rental housing vacancy rate and a steady demand on the retirement home market are major incentives for rental housing construction.

RENTAL HOUSING STARTS January to September 2002



Definitions and Concepts

Intended Markets - There are three: 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 laid 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 that have been started but that are 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 - 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 - new completed units that have remained unoccupied.

Total Medium-Term Supply - total supply of new units including units under construction, units that are completed but not occupied and permits issued but not started.

Absorptions - newly completed units that 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 month minus completed and unoccupied units for the current month.

Duration of Inventory - period necessary for the absorption of unoccupied units, i.e. the ratio between unoccupied units and absorbed units (average for the last twelve months). This figure is expressed in months.

Seasonally Adjusted Annual Rates (SAAR) - raw monthly figures, adjusted to remove normal seasonal variation and multiplied by 12.

Table 1
Summary of Activity by Intended Market
Province of Québec

Activity / Area	Ownership (Freehold* & Condominium)		Rental		Total	
	3rd Qrt 2002	3rd Qrt 2001	3rd Qrt 2002	3rd Qrt 2001	3rd Qrt 2002	3rd Qrt 2001
Housing Starts						
Metropolitan Areas (1)	5,494	3,597	1,505	364	6,999	3,961
Urban Areas (2)	682	550	253	237	935	787
Rural Areas (3)	NA	NA	NA	NA	2,272	1,257
Total Province of Québec	NA	NA	NA	NA	10,206	6,005
Completions						
Metropolitan Areas (1)	7,664	5,695	1,190	1,147	8,854	6,842
Urban Areas (2)	941	687	580	310	1,521	997
Rural Areas (3)	NA	NA	NA	NA	4,146	1,626
Total Province of Québec	NA	NA	NA	NA	14,521	9,465
Under construction (4)						
Metropolitan Areas (1)	8,532	6,008	3,356	1,400	11,888	7,408
Urban Areas (2)	644	447	409	451	1,053	898
Rural Areas (3)	NA	NA	NA	NA	2,484	1,716
Total Province of Québec	NA	NA	NA	NA	15,425	10,022

(*) Refers to Single-Family Houses (Single-Detached and Row Houses) owned under freehold tenure.

(1) Population of 100,000 or more.

(2) Population between 10,000 and 99,999.

(3) Population of 9,999 and less.

(4) At the end of the period.

Table 2
Economic Overview
Province of Québec

	2002		2001		
	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
Gross Domestic Product (%)	5.1	4.4	1.9	0.2	-0.2
Job Creation Total* (000)	-3,584.3	54.0	36.9	14.3	13.1
Employment Rate* (%)	0.0	59.5	58.7	58.2	58.1
Unemployment Rate* (%)	0.0	8.6	9.1	9.1	8.4
Inflation Rate (%)	4.6	3.7	3.1	-2.2	-0.8
Net Migration	0	5,277	6,382	1,147	6,486
Mortgage Rates - Canada					
1-year	5.3	5.5	4.8	4.7	6.0
5-year	6.9	7.4	7.1	6.9	7.5
Resale Market (MLS Sales)					
Total Residential Units	12,816	19,731	22,940	14,422	11,109
Consumer Confidence					
Index* (1991=100)	130.0	136.9	131.2	110.5	112.5

Sources: Statistics Canada, Conference Board of Canada, Canadian Real Estate Association

* Seasonally Adjusted Annual Rates

Table 3
Housing Starts by Metropolitan Area and by Intended Market
Province of Quebec

<i>Area / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominiums</i>		
Chicoutimi				
Third Quarter 2002	99	0	136	235
Third Quarter 2001	72	0	16	88
Year-to-date 2002 (Jan.-Sept.)	228	0	174	402
Year-to-date 2001 (Jan.-Sept.)	215	0	24	239
Gatineau				
Third Quarter 2002	558	3	218	779
Third Quarter 2001	389	0	64	453
Year-to-date 2002 (Jan.-Sept.)	1,441	3	502	1,946
Year-to-date 2001 (Jan.-Sept.)	1,004	0	286	1,290
Montréal				
Third Quarter 2002	2,507	1,372	915	4,794
Third Quarter 2001	1,570	849	175	2,594
Year-to-date 2002 (Jan.-Sept.)	8,896	4,151	2,179	15,226
Year-to-date 2001 (Jan.-Sept.)	6,026	2,639	859	9,524
Québec				
Third Quarter 2002	567	133	139	839
Third Quarter 2001	402	98	77	577
Year-to-date 2002 (Jan.-Sept.)	2,081	318	747	3,146
Year-to-date 2001 (Jan.-Sept.)	1,387	264	287	1,938
Sherbrooke				
Third Quarter 2002	124	47	47	218
Third Quarter 2001	121	0	26	147
Year-to-date 2002 (Jan.-Sept.)	366	47	271	684
Year-to-date 2001 (Jan.-Sept.)	265	7	122	394
Trois-Rivières				
Third Quarter 2002	84	0	50	134
Third Quarter 2001	96	0	6	102
Year-to-date 2002 (Jan.-Sept.)	235	0	212	447
Year-to-date 2001 (Jan.-Sept.)	220	0	24	244
TOTAL METROPOLITAN AREAS				
Third Quarter 2002	3,939	1,555	1,505	6,999
Third Quarter 2001	2,650	947	364	3,961
Year-to-date 2002 (Jan.-Sept.)	13,247	4,519	4,085	21,851
Year-to-date 2001 (Jan.-Sept.)	9,117	2,910	1,602	13,629

Source: CMHC

Table 4
Under Construction and Completions by Metropolitan Area and by Intended Market
Province of Quebec

Area / Period	Under construction *				Completions				
	Ownership		Rental	Total	Ownership		Rental	Total	
	Freehold	Condominiums			Freehold	Condominiums			
Chicoutimi									
Third Quarter 2002	88	0	143	231	124	0	2	126	
Third Quarter 2001	70	0	18	88	100	0	6	106	
Gatineau									
Third Quarter 2002	1,000	3	461	1,464	427	0	83	510	
Third Quarter 2001	618	0	289	907	311	0	30	341	
Montréal									
Third Quarter 2002	3,577	3,130	1,999	8,706	3,803	1,731	616	6,150	
Third Quarter 2001	2,135	2,257	924	5,316	2,755	1,717	743	5,215	
Québec									
Third Quarter 2002	480	109	532	1,121	1,027	259	241	1,527	
Third Quarter 2001	606	223	153	982	541	36	293	870	
Sherbrooke									
Third Quarter 2002	80	47	39	166	196	0	222	418	
Third Quarter 2001	64	0	10	74	129	16	54	199	
Trois-Rivières									
Third Quarter 2002	18	0	182	200	97	0	26	123	
Third Quarter 2001	35	0	6	41	90	0	21	111	
TOTAL METROPOLITAN AREAS									
Third Quarter 2002	5,243	3,289	3,356	11,888	5,674	1,990	1,190	8,854	
Third Quarter 2001	3,528	2,480	1,400	7,408	3,926	1,769	1,147	6,842	

* Note: As at the end of the period shown.

Source: CMHC

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.

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Table 5
Housing Starts for centres of population 50,000 to 99,999 Inhabitants
Province of Quebec

<i>Centre / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominiums</i>		
Drummondville				
Third Quarter 2002	46	0	73	119
Third Quarter 2001	54	0	43	97
Year-to-date 2002 (Jan.-Sept.)	167	3	263	433
Year-to-date 2001 (Jan.-Sept.)	138	0	198	336
Granby				
Third Quarter 2002	103	0	4	107
Third Quarter 2001	56	6	28	90
Year-to-date 2002 (Jan.-Sept.)	261	3	57	321
Year-to-date 2001 (Jan.-Sept.)	167	6	188	361
Saint-Hyacinthe				
Third Quarter 2002	33	0	3	36
Third Quarter 2001	13	0	6	19
Year-to-date 2002 (Jan.-Sept.)	107	0	34	141
Year-to-date 2001 (Jan.-Sept.)	59	15	54	128
Saint-Jean-sur-Richelieu				
Third Quarter 2002	97	0	19	116
Third Quarter 2001	68	10	16	94
Year-to-date 2002 (Jan.-Sept.)	409	4	99	512
Year-to-date 2001 (Jan.-Sept.)	232	10	32	274
Shawinigan				
Third Quarter 2002	31	0	0	31
Third Quarter 2001	16	0	0	16
Year-to-date 2002 (Jan.-Sept.)	71	0	0	71
Year-to-date 2001 (Jan.-Sept.)	53	0	4	57

Source: CMHC

Table 6
Housing Starts for centres of population 10,000 to 49,999 Inhabitants
Province of Quebec

<i>Centre / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominiums</i>		
Alma				
Third Quarter 2002	13	0	13	26
Third Quarter 2001	23	0	4	27
Year-to-date 2002 (Jan.-Sept.)	45	0	16	61
Year-to-date 2001 (Jan.-Sept.)	51	0	4	55
Baie-Comeau				
Third Quarter 2002	2	0	0	2
Third Quarter 2001	0	0	0	0
Year-to-date 2002 (Jan.-Sept.)	4	0	0	4
Year-to-date 2001 (Jan.-Sept.)	3	0	0	3
Cowansville				
Third Quarter 2002	9	0	0	9
Third Quarter 2001	6	0	4	10
Year-to-date 2002 (Jan.-Sept.)	19	0	0	19
Year-to-date 2001 (Jan.-Sept.)	12	0	4	16

Table 6 (cont.)
Housing Starts for centres of population 10,000 to 49,999 Inhabitants
Province of Quebec

<i>Centre / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominiums</i>		
Dolbeau				
Third Quarter 2002	15	0	0	15
Third Quarter 2001	9	0	0	9
Year-to-date 2002 (Jan.-Sept.)	26	0	0	26
Year-to-date 2001 (Jan.-Sept.)	30	0	0	30
Joliette				
Third Quarter 2002	39	0	33	72
Third Quarter 2001	22	0	4	26
Year-to-date 2002 (Jan.-Sept.)	131	5	94	230
Year-to-date 2001 (Jan.-Sept.)	107	4	35	146
Lachute				
Third Quarter 2002	2	0	10	12
Third Quarter 2001	5	0	2	7
Year-to-date 2002 (Jan.-Sept.)	10	0	10	20
Year-to-date 2001 (Jan.-Sept.)	12	0	2	14
La Tuque				
Third Quarter 2002	1	0	0	1
Third Quarter 2001	4	0	0	4
Year-to-date 2002 (Jan.-Sept.)	6	0	0	6
Year-to-date 2001 (Jan.-Sept.)	4	0	0	4
Magog				
Third Quarter 2002	43	8	21	72
Third Quarter 2001	33	26	15	74
Year-to-date 2002 (Jan.-Sept.)	104	8	75	187
Year-to-date 2001 (Jan.-Sept.)	67	26	51	144
Matane				
Third Quarter 2002	3	0	0	3
Third Quarter 2001	3	0	0	3
Year-to-date 2002 (Jan.-Sept.)	9	0	0	9
Year-to-date 2001 (Jan.-Sept.)	13	0	0	13
Rimouski				
Third Quarter 2002	35	0	0	35
Third Quarter 2001	28	0	3	31
Year-to-date 2002 (Jan.-Sept.)	80	0	2	82
Year-to-date 2001 (Jan.-Sept.)	75	0	3	78
Rivière-du-Loup				
Third Quarter 2002	16	0	34	50
Third Quarter 2001	15	0	23	38
Year-to-date 2002 (Jan.-Sept.)	37	0	34	71
Year-to-date 2001 (Jan.-Sept.)	29	0	23	52
Rouyn-Noranda				
Third Quarter 2002	1	0	3	4
Third Quarter 2001	0	0	0	0
Year-to-date 2002 (Jan.-Sept.)	17	0	3	20
Year-to-date 2001 (Jan.-Sept.)	11	0	0	11

Continued on next page

Table 6 (cont.)
Housing Starts for centres of population 10,000 to 49,999 Inhabitants
Province of Quebec

Centre / Period	Ownership		Rental	Total
	Freehold	Condominiums		
Saint-Georges				
Third Quarter 2002	37	0	24	61
Third Quarter 2001	35	0	21	56
Year-to-date 2002 (Jan.-Sept.)	143	0	59	202
Year-to-date 2001 (Jan.-Sept.)	81	0	71	152
Salaberry-de-Valleyfield				
Third Quarter 2002	0	0	0	0
Third Quarter 2001	14	4	0	18
Year-to-date 2002 (Jan.-Sept.)	21	8	1	30
Year-to-date 2001 (Jan.-Sept.)	26	4	0	30
Sept-Îles				
Third Quarter 2002	8	0	0	8
Third Quarter 2001	5	0	0	5
Year-to-date 2002 (Jan.-Sept.)	11	0	0	11
Year-to-date 2001 (Jan.-Sept.)	5	0	0	5
Sorel				
Third Quarter 2002	28	0	0	28
Third Quarter 2001	13	0	0	13
Year-to-date 2002 (Jan.-Sept.)	66	0	0	66
Year-to-date 2001 (Jan.-Sept.)	29	3	2	34
Thetford-Mines				
Third Quarter 2002	17	0	6	23
Third Quarter 2001	9	0	6	15
Year-to-date 2002 (Jan.-Sept.)	21	0	6	27
Year-to-date 2001 (Jan.-Sept.)	15	0	6	21
Val d'Or				
Third Quarter 2002	4	0	0	4
Third Quarter 2001	6	0	0	6
Year-to-date 2002 (Jan.-Sept.)	7	0	0	7
Year-to-date 2001 (Jan.-Sept.)	13	0	0	13
Victoriaville				
Third Quarter 2002	49	0	0	49
Third Quarter 2001	36	0	12	48
Year-to-date 2002 (Jan.-Sept.)	131	0	11	142
Year-to-date 2001 (Jan.-Sept.)	76	0	24	100
Other Urban Centers *				
Third Quarter 2002	41	0	10	51
Third Quarter 2001	28	0	18	46
Year-to-date 2002 (Jan.-Sept.)	99	0	33	132
Year-to-date 2001 (Jan.-Sept.)	72	0	30	102

Source: CMHC

*Amos, Gaspé, Montmagny, Roberval, Sainte-Marie, Saint-Félicien and Hawkesbury (Quebec Part)

*Saint-Félicien is now included in the urban center since 2002. No data are available for 2001.

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