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FEW MAJOR JOB SITE IN JULY

According to our latest starts survey, housing starts fell by 41 per cent in July. In all, 1,408 new units were enumerated, compared to 2,367 in July 2005.

The decline affected all market segments and extended across the entire Montréal census metropolitan area (CMA). The significance of the drop resulted, in particular, from a slowdown in condominium construction. In fact, starts of this type fell by 67 per cent. The construction of rental housing (-21 per cent) and freehold (single-detached, semi-detached and row) homes (-8 per cent) registered less pronounced decreases. Few large job sites got under way in July, as evidenced by the results.

It was once again the Island of Montréal (-44 per cent) that suffered the most from the slowdown resulting from the major decrease in condominium construction (-59 per cent). Rental housing activity also declined, but less significantly. Freehold housing starts, for their part, posted a small gain.

After having been relatively spared from the slowdown since the begin-

ning of the year, the North Crown and South Crown followed the other sectors in July, with decreases of 37 per cent and 43 per cent, respectively. First, in the northern suburbs, the Laval and North Shore sectors both registered considerable drops, especially on account of the significant decline in condominium construction. Only the Saint-Jérôme sector bucked the trend, with 60 starts, compared to 46 in July 2005.

As for the South Crown, it was also a major decline in condominium construction that accounted for the considerable decrease in activity. Only 86 condominiums were started, compared to 317 in July 2005. The Longueuil sector was the hardest hit and showed very little activity, while the rest of the South Shore registered a small decrease.

Lastly, like for the other sectors, the overall decrease in activity in Vaudreuil-Soulanges (-16 per cent) was essentially attributable to the slowdown in condominium construction.

Date Released: August 2006

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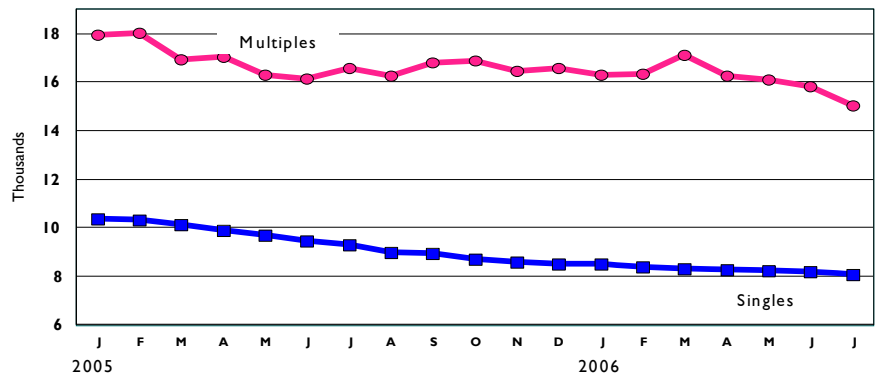
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The July results accentuated the decline observed since the beginning of the year, and activity is now behind by 17 per cent. Just like for the month that just ended, the condominium and rental housing segments are down more significantly than the freehold home market. Given the still high number of condominiums under construction and a certain slowdown in the demand for new units, due in part to greater competition from the resale market, builders are demonstrating more caution. However, there should be some renewed activity in the rental housing segment over the coming months, with construction getting under way on several major retirement home projects.

Elsewhere across the province in July, the decline in multiple housing starts led to decreases in activity in Gatineau (-21 per cent) and Trois-Rivières (-32 per cent). Conversely, the CMAs of Québec (+5 per cent), Sherbrooke (+13 per cent) and Saguenay (+82 per cent) registered increases in residential construction.

Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

Major Housing Job Sites Started in July

The following are the major multiple housing job sites started in July 2006 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>Intended segment</u>	<u>City or Sector</u>
180	Retirement Home	Anjou
52	Condominiums	Saint-Laurent
31	Condominiums	Saint-Léonard

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In the meantime, here is a preview of the topics that will be addressed:

- The provincial outlook: economic and demographic conditions, household debt
- Montréal area: time for a new health check
- Which market niches seem the best positioned and which appear to be the most vulnerable?
- Renovation, a prosperous market
- All the forecasts for 2007

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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				
July 2006	719	406	283	1,408
July 2005	781	1,228	358	2,367
Cumulative 2006	5,638	3,887	2,370	11,895
Cumulative 2005	6,083	4,707	3,572	14,362
Under Construction*				
July 2006	3,512	7,605	5,320	16,437
July 2005	3,729	6,954	5,522	16,205
Completions				
July 2006	1,296	825	781	2,902
July 2005	1,795	2,003	1,447	5,245
Cumulative 2006	5,706	3,762	3,455	12,923
Cumulative 2005	6,717	5,388	3,858	15,963
Unoccupied*				
July 2006	664	2,007	1,538	4,209
July 2005	485	2,153	1,504	4,142
Absorption				
July 2006	1,400	878	747	3,025
July 2005	1,918	1,548	732	4,198
Cumulative 2006	5,569	3,822	3,296	12,687
Cumulative 2005	6,994	4,951	2,974	14,919
Duration of Inventory (in months)				
July 2006	0.8	3.3	3.2	2.2
July 2005	0.5	3.0	3.7	2.0

* 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

Zone / Period	Freehold (Single-Family)	Condominium	Rental	Total
Zone 1: West Island				
July 2006	35	0	0	35
July 2005	24	78	0	102
Cumulative 2006	135	121	139	395
Cumulative 2005	110	168	281	559
Zone 2: West-Centre				
July 2006	12	62	0	74
July 2005	10	51	270	331
Cumulative 2006	59	551	83	693
Cumulative 2005	48	666	1,095	1,809
Zone 3: East-Center				
July 2006	8	153	186	347
July 2005	10	478	0	488
Cumulative 2006	60	1,264	452	1,776
Cumulative 2005	52	1,233	569	1,854
Zone 4: East-End				
July 2006	4	36	20	60
July 2005	6	0	0	6
Cumulative 2006	70	59	47	176
Cumulative 2005	92	69	235	396
Zone 5: South-Laval				
July 2006	9	10	0	19
July 2005	17	84	4	105
Cumulative 2006	130	225	602	957
Cumulative 2005	111	420	298	829
Zone 6: North-Laval				
July 2006	54	17	10	81
July 2005	90	25	0	115
Cumulative 2006	555	132	99	786
Cumulative 2005	658	259	246	1,163
Zone 7: MRC Deux-Montagnes				
July 2006	75	6	3	84
July 2005	102	31	9	142
Cumulative 2006	732	98	36	866
Cumulative 2005	841	145	175	1,161
Zone 8: MRC Ste-Thérèse-de-Blainville				
July 2006	33	18	12	63
July 2005	46	26	0	72
Cumulative 2006	414	228	242	884
Cumulative 2005	401	216	89	706

Source: CMHC

Table 2 (Cont'd)
Housing Starts by Zone and by Intended Market
Montréal Metropolitan Area

Zone / Period	Freehold (Single-Family)	Condominium	Rental	Total
Zone 9: MRC des Moulins				
July 2006	80	4	20	104
July 2005	77	0	0	77
Cumulative 2006	703	184	111	998
Cumulative 2005	881	221	125	1,227
Zone 10: MRC L'Assomption				
July 2006	35	6	9	50
July 2005	81	85	12	178
Cumulative 2006	545	183	104	832
Cumulative 2005	597	261	276	1,134
Zone 11: South-Shore Centre				
July 2006	41	60	6	107
July 2005	57	274	0	331
Cumulative 2006	320	490	201	1,011
Cumulative 2005	298	578	26	902
Zone 12: East South-Shore				
July 2006	36	0	3	39
July 2005	45	6	0	51
Cumulative 2006	297	30	101	428
Cumulative 2005	364	56	21	441
Zone 13: South South-Shore				
July 2006	59	0	0	59
July 2005	48	21	0	69
Cumulative 2006	294	34	12	340
Cumulative 2005	364	75	18	457
Zone 14: West South-Shore				
July 2006	111	26	0	137
July 2005	78	16	54	148
Cumulative 2006	502	84	91	677
Cumulative 2005	494	112	85	691
Zone 15: Vaudreuil-Soulanges *				
July 2006	81	0	8	89
July 2005	71	35	0	106
Cumulative 2006	598	109	11	718
Cumulative 2005	549	133	0	682
Zone 16: St-Jérôme				
July 2006	46	8	6	60
July 2005	19	18	9	46
Cumulative 2006	224	95	39	358
Cumulative 2005	223	95	33	351

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	
	July 2006	July 2005	July 2006	July 2005	July 2006	July 2005
Housing Starts						
Island of Montréal (1 to 4)	59	50	251	607	206	270
Laval (zones 5 and 6)	63	107	27	109	10	4
North-Shore (zones 7 to 10 & 16)	269	325	42	160	50	30
South-Shore (zones 11 to 14)	247	228	86	317	9	54
Vaudreuil-Soul. *** (zone 15)	81	71	0	35	8	0
Under Construction*						
Island of Montréal	326	310	4,825	4,368	2,882	3,890
Laval	473	601	557	663	583	599
North-Shore	1,527	1,546	986	910	670	855
South-Shore	787	897	1,124	895	1,177	162
Vaudreuil-Soulanges ***	399	375	113	118	8	16
Completions						
Island of Montréal	76	161	453	1,049	166	1,192
Laval	162	241	88	241	308	15
North-Shore	518	691	174	245	249	110
South-Shore	422	512	93	391	55	111
Vaudreuil-Soulanges ***	118	190	17	77	3	19
Unoccupied*						
Island of Montréal	88	89	1,069	1,235	866	1,079
Laval	99	47	382	279	339	86
Rive- Nord	205	139	348	276	223	153
South-Shore	88	147	118	293	100	179
Vaudreuil-Soulanges ***	184	63	90	70	10	7
Absorption						
Island of Montréal	82	134	472	726	230	516
Laval	168	265	77	204	233	12
North-Shore	547	813	171	224	206	100
South-Shore	464	510	119	329	77	85
Vaudreuil-Soulanges ***	139	196	39	65	1	19
Duration of Inventory**						
Island of Montréal	1.7	1.7	3.3	3.8	3.1	3.8
Laval	1.0	0.5	6.0	4.4	7.7	2.0
North-Shore	0.6	0.4	2.9	2.3	2.0	1.4
South-Shore	0.4	0.7	1.3	3.1	2.9	5.2
Vaudreuil-Soulanges ***	2.5	0.8	5.6	4.3	3.0	2.1

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

<i>Intended Market</i>	<i>Under Construction</i>	<i>Units Unoccupied</i>	<i>Short-Term Supply</i>	<i>Monthly Absorption</i>
	July 2006			Trend 2006
Freehold	3,512	664	4,176	791
Condominium	7,605	2,007	9,612	616
Rental	5,320	1,538	6,858	475
	July 2005			Trend 2005
Freehold	3,729	485	4,214	991
Condominium	6,954	2,153	9,107	727
Rental	5,522	1,504	7,026	405

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2005						2006					
	<i>Feb.</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Feb.</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>
Labour Market*												
Job Creation (Loss) - in thousands	13	25	12	-5	-4	15	14	8	11	18	28	35
Unemployment Rate (%)	8.7	8.6	8.4	8.6	8.4	8.4	9.7	9.7	9.4	8.9	8.3	8.0
Mortgage Rates (1)												
1-year	4.8	5.1	4.9	4.9	4.8	4.9	5.9	6.1	6.3	6.3	6.6	6.6
5-year	6.1	6.3	6.1	6.0	5.7	5.8	6.5	6.5	6.8	6.8	7.0	7.0
Annual Inflation Rate (%)	1.8	2.4	2.3	1.7	2.1	2.2	2.4	1.9	2.5	2.5	1.9	2.0
New House Price Index (% change)												
House	6.4	6.6	5.6	5.1	5.1	5.1	3.5	2.9	3.7	4.2	4.1	n.a
Land	6.0	6.0	5.8	5.2	5.3	5.3	4.6	4.6	5.5	5.4	5.1	n.a
Total	6.3	6.4	5.7	5.1	5.1	5.1	3.9	3.3	4.2	4.6	4.5	n.a
MLS Sales - Single-Family Houses	2,436	2,991	2,786	2,452	1,867	1,402	2,442	3,098	2,630	2,516	1,941	1,392

* 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-Genève, 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	Beloil, McMasterville, St-Amable, St-Basile-le-Grand, St-Bruno-de-Montarville, Ste-Julie, St-Mathieu-de-Beloil, 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-Cadieus, Île-Perrot, Les Cèdres
16	Bellefeuille, Lafontaine, St-Antoine, St-Jérôme

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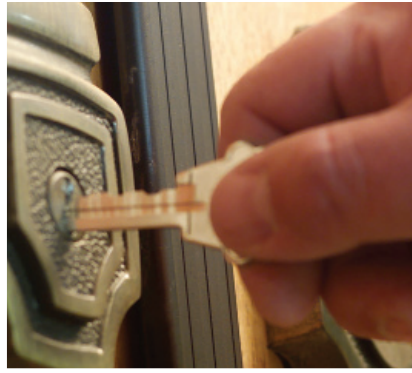
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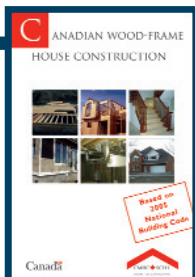
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