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RENTAL HOUSING SEGMENT LESSENS THE DECLINE

According to our latest surveys, construction got under way on 2,183 new housing units in October 2005, compared to 2,317 during the same month last year. This decrease in starts (-6 per cent) would no doubt have been more pronounced had it not been for the remarkable performance of the rental market and the equally remarkable performance of the South Crown (particularly Longueuil).

The rental market is the only segment to have posted a gain in starts in October and also the only one where the year-to-date total (from January to October) is up over the same period last year. In fact, rental housing starts in Greater Montréal went up by 142 per cent in relation to the same month last year. Strong increases in both Crowns were responsible for this result. All sectors showed gains in starts, except for Saint-Jérôme and Vaudreuil-Soulanges, where there were no rental housing starts, just like last year at the same time. Surprisingly, the bastion of rental housing that is the Island of Montréal did not show a strong increase in housing starts in this category.

Freehold home construction declined by 22 per cent in relation to October 2004. It is interesting to note that, contrary to the other sectors, the Island registered an increase in single-detached home starts and also posted its best month since the beginning of the year for the number of starts of this type.

Condominium starts, for their part, dropped by 44 per cent in comparison with October 2004. The declines were very pronounced on the Island (-69 per cent), in the South Crown (-57 per cent) and in Vaudreuil-Soulanges (-75 per cent). The North Crown is the only sector to have recorded a gain (+32 per cent) in this segment.

All the major sectors, except for the South Crown, sustained decreases in activity during the past month.

Construction in the South Crown went up by 54 per cent, essentially thanks to a sixfold increase in the number of rental housing starts in Longueuil.

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In the North Crown, on the other hand, starts fell by 5 per cent. The increase of 307 per cent in rental housing starts could not offset the decrease of 30 per cent in freehold home construction, which still represented the majority of units started in this sector.

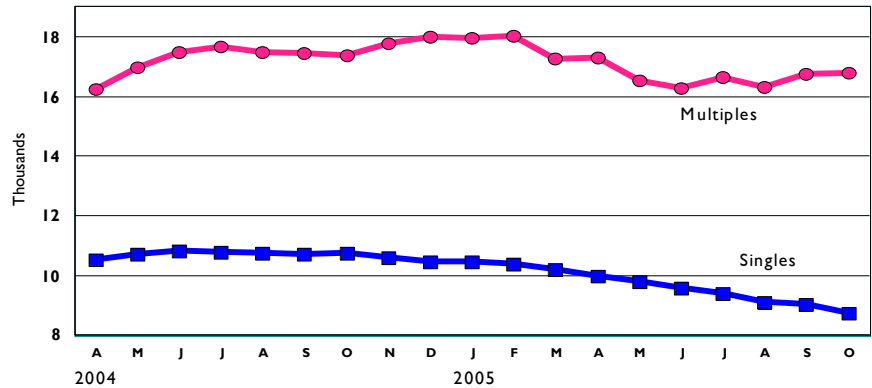
Demand for rental housing is very strong in the North Crown. According to the 2004 CMHC *Rental Market Report*, the apartment vacancy rate for Laval and the North Shore was 0.6 per cent, well below the rate of 1.5 per cent observed in the Montréal census metropolitan area (CMA). It is therefore no surprise that, in this sector, year-to-date starts in 2005 have increased by 77 per cent in relation to the same period last year.

Total starts on the Island fell by 39 per cent from October of last year. The Island is the sector that sustained the most pronounced decline in starts. This performance was essentially due to the decrease of 69 per cent recorded in the condominium segment. Since the beginning of the year, the Island never registered so few condominium starts (147 units) as during the month that just ended.

Year-to-date starts are down by 11 per cent in relation to the same period last year. From January to October 2005, there were 20,881 starts in Greater Montréal, compared to 23,581 during the same period in 2004. These figures are in line with the forecasts established by CMHC one year ago. ■

Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

Major Housing Job Sites Started in October

The following are the major multiple housing job sites started in October 2005 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>Street</u>	<u>Sector segment</u>	<u>Intended</u>
225	Du Tremblay	Longueuil (Longueuil)	Retirement Home
200	Bleury	Montréal (Centre)	Rental
154	Chambly	Longueuil (Longueuil)	Cooperative
48	Angora	Terrebonne	Cooperative
44	Ouellette	Montréal (Lachine)	Cooperative
30	Babin	Repentigny	Retirement Home
26	Anthony	Longueuil (Brossard)	Rental
24	Sainte-Foy	Longueuil (Longueuil)	Social Housing
20	St-Zotique	Montréal (Villeray)	Condominiums

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				
October 2005	950	987	690	2,627
October 2004	971	613	469	2,053
Cumulative 2005	7,473	6,352	4,873	18,698
Cumulative 2004	9,382	6,901	4,981	21,264
Under Construction*				
October 2005	3,469	7,391	5,428	16,288
October 2004	4,630	6,924	5,574	17,128
Completions				
October 2005	955	665	408	2,028
October 2004	863	1,026	502	2,391
Cumulative July	8,367	6,737	5,124	20,228
Cumulative Aug.	8,946	5,724	3,568	18,238
Unoccupied*				
October 2005	518	1,792	1,709	4,019
October 2004	702	1,414	555	2,671
Absorption				
October 2005	929	865	506	2,300
October 2004	764	763	487	2,014
Cumulative May	8,611	6,661	4,035	19,307
Cumulative June	8,851	5,140	3,496	17,487
Duration of Inventory (in months)				
October 2005	0.5	2.5	3.9	1.9
October 2004	0.7	2.6	1.5	1.4

As at the end of the period shown

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 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				
October 2005	16	40	0	56
October 2004	43	42	0	85
Cumulative 2005	139	208	312	659
Cumulative 2004	332	320	497	1,149
Zone 2: West-Centre				
October 2005	13	72	48	133
October 2004	25	106	242	373
Cumulative 2005	74	951	1,216	2,241
Cumulative 2004	116	1,526	1,269	2,911
Zone 3: East-Center				
October 2005	3	390	245	638
October 2004	4	148	64	216
Cumulative 2005	63	1,825	1,071	2,959
Cumulative 2004	51	1,812	1,527	3,390
Zone 4: East-End				
October 2005	29	39	0	68
October 2004	19	4	0	23
Cumulative 2005	131	136	243	510
Cumulative 2004	145	113	259	517
Zone 5: South-Laval				
October 2005	13	18	0	31
October 2004	21	30	0	51
Cumulative 2005	129	468	298	895
Cumulative 2004	295	450	0	745
Zone 6: North-Laval				
October 2005	80	53	0	133
October 2004	136	58	0	194
Cumulative 2005	787	335	246	1,368
Cumulative 2004	1,117	503	24	1,644
Zone 7: MRC Deux-Montagnes				
October 2005	149	37	18	204
October 2004	83	12	26	121
Cumulative 2005	1,045	194	193	1,432
Cumulative 2004	1,054	171	92	1,317
Zone 8: MRC Ste-Thérèse-de-Blainville				
October 2005	67	144	125	336
October 2004	60	25	0	85
Cumulative 2005	488	366	214	1,068
Cumulative 2004	657	178	122	957

Source: CMHC

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				
October 2005	145	69	16	230
October 2004	148	18	6	172
Cumulative 2005	1,084	300	171	1,555
Cumulative 2004	1,368	209	100	1,677
Zone 10: MRC L'Assomption				
October 2005	78	0	6	84
October 2004	67	0	96	163
Cumulative 2005	730	285	294	1,309
Cumulative 2004	670	197	444	1,311
Zone 11: South-Shore Centre				
October 2005	70	66	212	348
October 2004	42	82	7	131
Cumulative 2005	390	695	380	1,465
Cumulative 2004	526	588	289	1,403
Zone 12: East South-Shore				
October 2005	43	12	12	67
October 2004	43	33	9	85
Cumulative 2005	428	68	33	529
Cumulative 2004	590	256	90	936
Zone 13: South South-Shore				
October 2005	47	0	0	47
October 2004	39	12	0	51
Cumulative 2005	431	89	18	538
Cumulative 2004	433	86	81	600
Zone 14: West South-Shore				
October 2005	56	4	0	60
October 2004	73	15	13	101
Cumulative 2005	590	152	88	830
Cumulative 2004	805	206	82	1,093
Zone 15: Vaudreuil-Soulanges *				
October 2005	116	32	8	156
October 2004	126	4	6	136
Cumulative 2005	705	171	16	892
Cumulative 2004	882	116	6	1,004
Zone 16: St-Jérôme				
October 2005	25	11	0	36
October 2004	42	24	0	66
Cumulative 2005	259	109	80	448
Cumulative 2004	341	170	99	610

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	
	Oct. 2005	Oct. 2004	Oct. 2005	Oct. 2004	Oct. 2005	Oct. 2004
Housing Starts						
Island of Montréal (1 to 4)	61	91	541	300	293	306
Laval (zones 5 and 6)	93	157	71	88	0	0
North-Shore (zones 7 to 10 & 16)	464	400	261	79	165	128
South-Shore (zones 11 to 14)	216	197	82	142	224	29
Vaudreuil-Soul. *** (zone 15)	116	126	32	4	8	6
Under Construction*						
Island of Montréal	330	468	4,772	4,067	3,672	3,916
Laval	516	809	646	794	553	216
North-Shore	1,469	1,824	999	873	741	1,081
South-Shore	811	1,049	843	1,036	438	355
Vaudreuil-Soulanges ***	343	480	131	154	24	6
Completions						
Island of Montréal	53	103	422	639	156	314
Laval	135	83	41	88	25	0
North-Shore	398	378	78	102	142	41
South-Shore	242	210	103	192	77	82
Vaudreuil-Soulanges ***	127	89	21	5	8	65
Unoccupied*						
Island of Montréal	88	74	960	875	1,239	302
Laval	58	115	231	191	87	9
Rive- Nord	155	340	268	162	177	19
South-Shore	148	121	271	185	200	225
Vaudreuil-Soulanges ***	69	52	62	1	6	0
Absorption						
Island of Montréal	49	96	553	469	252	211
Laval	118	76	76	33	24	0
North-Shore	399	300	91	87	171	100
South-Shore	238	211	119	170	55	111
Vaudreuil-Soulanges ***	125	81	26	4	4	65
Duration of Inventory**						
Island of Montréal	1.4	1.0	2.7	3.1	5.2	1.6
Laval	0.4	0.9	2.5	3.6	5.2	0.7
North-Shore	0.3	0.9	2.1	2.1	1.6	0.3
South-Shore	0.6	0.5	1.9	1.4	3.3	2.3
Vaudreuil-Soulanges ***	0.8	0.6	3.1	0.1	1.2	0.0

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
	October 2005			Trend 2005
Freehold	3,469	518	3,987	967
Condominium	7,391	1,792	9,183	730
Rental	5,428	1,709	7,137	434
	October 2004			Trend 2004
Freehold	4,630	702	5,332	956
Condominium	6,924	1,414	8,338	551
Rental	5,574	555	6,129	364

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2004						2005					
	May	June	July	Aug.	Sept.	Oct.	May	June	July	Aug.	Sept.	Oct.
Labour Market*												
Job Creation (Loss) - in thousands	56	52	41	31	24	16	0	-1	16	34	28	23
Unemployment Rate (%)	8.3	8.1	8.3	8.6	8.6	8.4	8.5	8.3	8.4	8.5	8.7	8.8
Mortgage Rates (1)												
1-year	4.6	4.7	4.6	4.4	4.8	4.9	4.9	4.8	4.9	5.0	5.0	5.3
5-year	6.5	6.7	6.6	6.3	6.3	6.4	6.0	5.7	5.8	5.8	5.8	6.0
Annual Inflation Rate (%)	2.3	2.5	2.1	2.0	2.4	2.9	1.7	2.1	2.2	2.7	3.4	0.0
New House Price Index (% change)												
House	7.5	7.4	7.4	7.2	7.2	6.9	5.1	5.1	5.1	4.4	4.2	0.0
Land	5.7	5.8	5.8	3.8	3.7	5.3	5.2	5.3	5.3	4.9	5.1	0.0
Total	7.2	7.1	7.1	6.5	6.5	6.5	5.1	5.1	5.1	4.5	4.4	0.0
MLS Sales - Single-Family Houses	2,195	1,807	1,358	1,360	1,566	1,657	2,330	1,784	1,327	1,545	1,644	1,725

* 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-Cadieux, Île-Perrot, Les Cèdres
16	Bellefeuille, Lafontaine, St-Antoine, St-Jérôme