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Canada Mortgage and Housing Corporation

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## IN THIS ISSUE

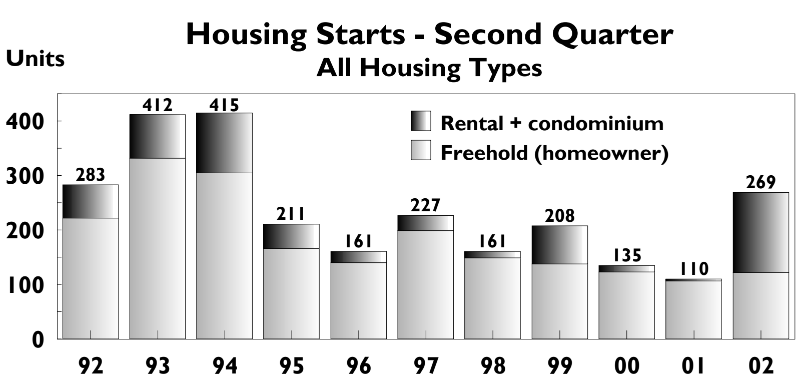


# Retirement housing starts driving construction

Construction posted strong growth in the second quarter of 2002 in the Trois-Rivières metropolitan area. In the period from April to June, 269 starts were enumerated, in comparison with 110 during the same period in 2001, for an increase of 144 per cent.

The performance in the second quarter was largely attributable to the rental housing construction segment, which posted impressive results for this period. In fact, 147 such new housing units were started in Trois-Rivières, compared to just 3 during the corresponding period in 2001. The start-up of a new 135-unit retirement home in the Cap-de-la-Madeleine sector was responsible for this major increase in rental housing starts.

As for single-family home building, while the increase was less spectacular, it still confirmed an encouraging trend for the Trois-Rivières area. For a second straight quarter, single-family home construction posted a gain with 102 new units, or 17 per cent more than in the second quarter of 2001.




Source: CMHC

These results were attributable to the affordable mortgage rates and the good performance of the job market recorded in 2001 in Trois-Rivières, as well as to the low inventories of new unoccupied homes. The semi-detached and row housing segment, for its part, posted stable results, with 20 starts during the second quarter.

After two quarters of growth, the mid-year results are more than double the volume of activity observed during the period from January to June 2001 (313 starts, compared to 142).

Elsewhere in the Mauricie area, the agglomeration of Shawinigan posted a relatively stable volume of activity, with 40 starts in the first half of 2002, compared to 41 during the corresponding period in 2001. In La Tuque, there have been five new constructions since the beginning of the year, as opposed to none in the same period in 2001.

The growth in residential construction extends across the province. Since the beginning of the year, 16,747 starts have been enumerated in urban centres with 10,000 or more inhabitants, up by 51 per cent over the first half of 2001. The greatest gain was recorded in the Trois-Rivières area (120 per cent), followed by Sherbrooke (89 per cent), Québec (70 per cent), Montréal (51 per cent), Gatineau (39 per cent) and Chicoutimi-Jonquière (11 per cent).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## SPOTLIGHT ON HOUSING INVENTORIES

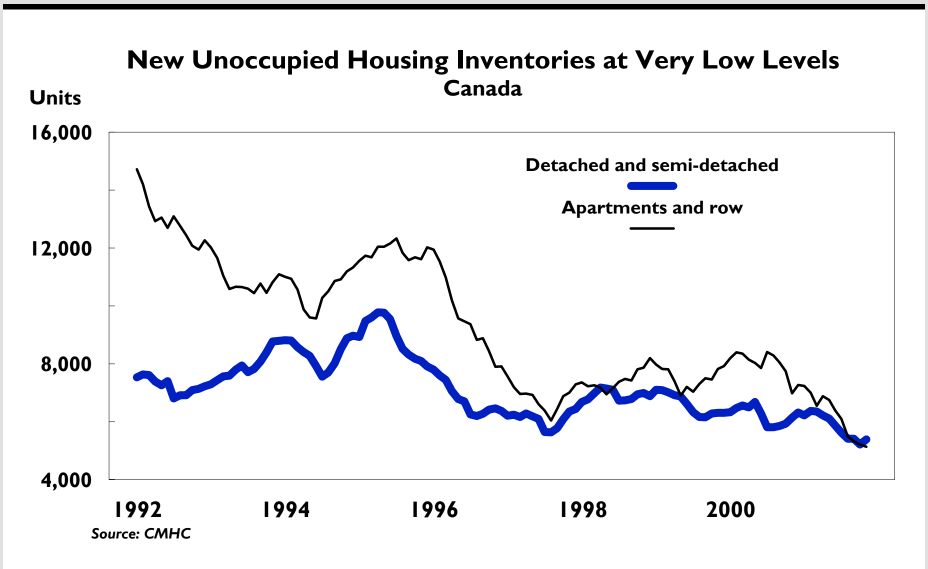
### Newly completed and unoccupied housing inventory levels partly account for the renewed activity in the residential construction sector

Inventories of all types of newly completed and unoccupied housing are now at their lowest levels ever recorded by CMHC. This means that, to meet current demand, it has become necessary to build more housing rather than continue to draw on existing inventories.

In recent years, some builders and real estate developers experienced difficulties in selling off their inventories of properties. Today, even with the strong housing demand, they have remained cautious in the face of the risks associated with maintaining large inventories of properties.

This situation is very similar to that prevailing on the rental market. This last segment is in fact very tight, as the national average vacancy rate for a dwelling with three or more bedrooms is around 1 per cent. In all metropolitan areas across Quebec, rental housing units are scarce. The results of the 2001 rental market survey revealed that vacancy rates went down in all census metropolitan areas throughout Quebec. On the rental markets in Montréal (0.6 per cent), Hull (0.6 per cent) and Québec (0.8 per cent), these rates are now below the 1-per-cent mark. In Sherbrooke, the rate fell from 4.7 per cent to 2.3 per cent in October 2001. However, the markets in Trois-Rivières (4.7 per cent) and Chicoutimi-Jonquière (4.4 per cent) are not as tight. This means that new housing will have to be built to meet part of the demand, as there are not enough unoccupied rental units.

Consequently, given that demand remains robust, residential construction should progress well over the next few years, considering that both new housing inventories and the rental housing vacancy rate are at very low levels. The vigorous construction activity observed during the first half of this year in all metropolitan areas effectively confirms this trend.



## Table 1
### Summary of Activity by intended Market
### Trois-Rivières Metropolitan Area

| Activity / period | Ownership | | | | | Rental | Total |
|---|---|---|---|---|---|---|---|
| | Freehold * | | | | Condo-minium | | |
| | Detached | Semi | Row | Apart. | | | |
| ***Starts*** | | | | | | | |
| Second Quarter 2002 | 102 | 16 | 0 | 4 | 0 | 147 | 269 |
| Second Quarter 2001 | 87 | 20 | 0 | 0 | 0 | 3 | 110 |
| Year-to-Date 2002 (Jan.-June) | 125 | 22 | 0 | 4 | 0 | 162 | 313 |
| Year-to-Date 2001 (Jan.-June) | 100 | 24 | 0 | 0 | 0 | 18 | 142 |
| ***Under construction ***** | | | | | | | |
| Second Quarter 2002 | 17 | 10 | 0 | 4 | 0 | 158 | 189 |
| Second Quarter 2001 | 18 | 8 | 0 | 3 | 0 | 21 | 50 |
| ***Completions*** | | | | | | | |
| Second Quarter 2002 | 106 | 16 | 0 | 0 | 0 | 17 | 139 |
| Second Quarter 2001 | 76 | 20 | 0 | 0 | 0 | 3 | 99 |
| Year-to-Date 2002 | 130 | 28 | 3 | 0 | 0 | 17 | 178 |
| Year-to-Date 2001 | 96 | 34 | 0 | 0 | 5 | 21 | 156 |
| ***Unoccupied ***** | | | | | | | |
| Second Quarter 2002 | 12 | 20 | 0 | 0 | 0 | 5 | 37 |
| Second Quarter 2002 | 13 | 30 | 0 | 0 | 0 | 15 | 58 |
| ***Absorptions*** | | | | | | | |
| Second Quarter 2002 | 106 | 16 | 3 | 0 | 0 | 16 | 141 |
| Second Quarter 2001 | 79 | 22 | 0 | 0 | 0 | 18 | 119 |
| Year-to-Date 2002 | 129 | 25 | 3 | 0 | 0 | 16 | 173 |
| Year-to-Date 2001 | 102 | 28 | 0 | 0 | 17 | 21 | 168 |
| ***Duration of inventory (in months)*** | | | | | | | |
| 2002 Trend | 0.6 | 3.8 | 0.0 | 0.0 | NA | 0.6 | 1.0 |
| 2001 Trend | 0.7 | 5.5 | NA | NA | 0.0 | 4.9 | 2.0 |

** Refers to single-family houses (detached, semi-detached and row) owned under freehold tenure.*

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

*Source: CMHC*

## Table 2

### Housing Starts by Zone and by intended Market
### Trois-Rivières Metropolitan Area

| Zone / period | Ownership | | | | | Rental | Total |
|---|---|---|---|---|---|---|---|
| | Freehold | | | | Condo-minium | | |
| | Detached | Semi | Row | Apart. | | | |
| ***Zone 1: Trois-Rivières Zone*** | | | | | | | |
| Second Quarter 2002 | 14 | 6 | 0 | 0 | 0 | 12 | 32 |
| Second Quarter 2001 | 2 | 8 | 0 | 0 | 0 | 0 | 10 |
| Year-to-Date 2002 | 18 | 8 | 0 | 0 | 0 | 16 | 42 |
| Year-to-Date 2001 | 4 | 8 | 0 | 0 | 0 | 0 | 12 |
| ***Zone 2: Trois-Rivières-Ouest*** | | | | | | | |
| Second Quarter 2002 | 20 | 8 | 0 | 0 | 0 | 0 | 28 |
| Second Quarter 2001 | 27 | 8 | 0 | 0 | 0 | 3 | 38 |
| Year-to-Date 2002 | 27 | 12 | 0 | 0 | 0 | 0 | 39 |
| Year-to-Date 2001 | 31 | 12 | 0 | 0 | 0 | 6 | 49 |
| ***Zone 3: Cap-de-la-Madeleine*** | | | | | | | |
| Second Quarter 2002 | 17 | 0 | 0 | 0 | 0 | 135 | 152 |
| Second Quarter 2001 | 14 | 2 | 0 | 0 | 0 | 0 | 16 |
| Year-to-Date 2002 | 22 | 0 | 0 | 0 | 0 | 146 | 168 |
| Year-to-Date 2001 | 18 | 2 | 0 | 0 | 0 | 12 | 32 |
| ***Centre (zones 1 to 3)*** | | | | | | | |
| Second Quarter 2002 | 51 | 14 | 0 | 0 | 0 | 147 | 212 |
| Second Quarter 2001 | 43 | 18 | 0 | 0 | 0 | 3 | 64 |
| Year-to-Date 2002 | 67 | 20 | 0 | 0 | 0 | 162 | 249 |
| Year-to-Date 2001 | 53 | 22 | 0 | 0 | 0 | 18 | 93 |
| ***Zone 4: Outlying Area (Bécancour, Champlain, Pointe-du-Lac, etc.)*** | | | | | | | |
| Second Quarter 2002 | 51 | 2 | 0 | 4 | 0 | 0 | 57 |
| Second Quarter 2001 | 44 | 2 | 0 | 0 | 0 | 0 | 46 |
| Year-to-Date 2002 | 58 | 2 | 0 | 4 | 0 | 0 | 64 |
| Year-to-Date 2001 | 47 | 2 | 0 | 0 | 0 | 0 | 49 |
| ***TOTAL TROIS-RIVIÈRES MÉTROPOLITAN AREA*** | | | | | | | |
| Second Quarter 2002 | 102 | 16 | 0 | 4 | 0 | 147 | 269 |
| Second Quarter 2001 | 87 | 20 | 0 | 0 | 0 | 3 | 110 |
| Year-to-Date 2002 | 125 | 22 | 0 | 4 | 0 | 162 | 313 |
| Year-to-Date 2001 | 100 | 24 | 0 | 0 | 0 | 18 | 142 |

*Source: CMHC*

## Table 3
### Starts in Outlying Areas / Freehold Market
### Trois-Rivières Metropolitan Area

| Municipalities and Zones | Second Quarter 2002 | Second Quarter 2001 | Year-to-date (January-June) 2002 | Year-to-date (January-June) 2001 |
|---|---|---|---|---|
| Bécancour | 19 | 10 | 20 | 10 |
| Champlain | 2 | 2 | 4 | 2 |
| Pointe-du-Lac | 11 | 10 | 14 | 13 |
| St-Louis-de-France | 10 | 9 | 11 | 9 |
| Ste-Marthe-du-Cap | 13 | 12 | 13 | 12 |
| St-Maurice | 2 | 3 | 2 | 3 |

*Source: CMHC*

## Table 4
### Summary of Activities by Large Zones and Intended Market
### Trois-Rivières Metropolitan Area

| Zone | Ownership | | | | Rental | |
|---|---|---|---|---|---|---|
| | Freehold | | Condominium | | | |
| | 2nd Q. 2002 | 2nd Q. 2001 | 2nd Q. 2002 | 2nd Q. 2001 | 2nd Q. 2002 | 2nd Q. 2001 |
| ***Starts*** | | | | | | |
| Center | 65 | 61 | 0 | 0 | 147 | 3 |
| Suburbs | 57 | 46 | 0 | 0 | 0 | 0 |
| ***Under construction **** | | | | | | |
| Center | 23 | 26 | 0 | 0 | 158 | 16 |
| Suburbs | 8 | 3 | 0 | 0 | 0 | 5 |
| ***Completed*** | | | | | | |
| Center | 72 | 52 | 0 | 0 | 14 | 3 |
| Suburbs | 50 | 44 | 0 | 0 | 3 | 0 |
| ***Unoccupied **** | | | | | | |
| Center | 32 | 40 | 0 | 0 | 5 | 15 |
| Suburbs | 0 | 3 | 0 | 0 | 0 | 0 |
| ***Absorbed*** | | | | | | |
| Center | 74 | 55 | 0 | 0 | 8 | 18 |
| Suburbs | 51 | 46 | 0 | 0 | 8 | 0 |
| ***Duration of Inventory (months)***** | | | | | | |
| Center | 1.7 | 2.5 | NA | 0.0 | 0.7 | 4.9 |
| Suburbs | 0.0 | 0.4 | NA | 0.0 | 0.0 | NA |

** As at the end of the period shown.*
*** Trend*
*Source: CMHC*

| **Table 5**<br>**Housing Supply**<br>**Trois-Rivières Metropolitan Area** | | | | |
|---|---|---|---|---|
| ***Intended Market*** | ***Under Construction*** | ***Vacant Units*** | ***Short-term Supply*** | ***Duration of Supply (months)*** |
| | ***June 2002*** | | | ***Trend 2002*** |
| Freehold | 31 | 32 | 63 | 2.3 |
| Condominium | 0 | 0 | 0 | NA |
| Rental | 158 | 5 | 163 | 20.2 |
| | ***June 2001*** | | | ***Trend 2001*** |
| Freehold | 29 | 43 | 72 | 2.9 |
| Condominium | 0 | 0 | 0 | 0.0 |
| Rental | 21 | 15 | 36 | 11.7 |

*Source: CMHC*

| **Tableau 6**<br>**Economic Overview**<br>**Trois-Rivières Metropolitan Area** | | | | | |
|---|---|---|---|---|---|
| | ***Second Quarter*** | | ***Trend Jan.-June*** | | ***Variation (%)*** |
| | ***2001*** | ***2002*** | ***2001*** | ***2002*** | ***Trend*** |
| ***Jobs Market*** | | | | | |
| - Employment Level (in Thousand) | 68.6 | 66.0 | 65.3 | 63.5 | -2.8% |
| - Unemployement Rate (%) | 7.9 | 8.6 | 9.0 | 10.4 | NA |
| ***Mortgage Rate Canada (%)*** | | | | | |
| - 1-year | 6.7 | 5.5 | 6.9 | 5.2 | NA |
| - 5-year | 7.7 | 7.4 | 7.6 | 7.2 | NA |
| ***Annual Inflation Rate (%)*** | 3.3 | 0.9 | 3.0 | 1.2 | NA |
| ***Quebec's Consumer Attitudes: Survey*** | | | | | |
| - Index of Consumer Attitudes (1991 = 100, SA) | 120.0 | 136.9 | 117.4 | 134.1 | 14.2% |

*Sources: Statistics Canada, Conference Board of Canada, CMHC*

*Note: Parenthesis indicates negatives values.*

# Definitions and concepts

**TARGETED MARKETS** - There are three targeted markets: the homeowner market refers to single family homes (detached, semi-detached and townhouse) owned in freehold; the condominium market includes houses and apartments held in joint ownership; and the rental market covers all apartment-type dwellings.

**HOUSING STARTS** - This phrase refers to the beginning of construction work, usually after the pouring of the concrete footing or at an equivalent stage when the building has no basement.

**UNITS IN CONSTRUCTION** - Housing for which construction work has started but is not completed. The number of housing units in construction at the end of a period can include corrections made, for various reasons, after the housing starts have been reported.

**COMPLETIONS** - Number of habitable housing units where the planned work has been completed. In some cases, a unit can be regarded as completed if only ten percent of the work remains to be carried out.

**VACANT UNITS** - Completed new housing units that have remained unoccupied.

**SHORT TERM TOTAL SUPPLY** - Total inventory of new housing units, including housing under construction and completed, but vacant.

**ABSORPTION** - Number of recently completed housing units that have been either sold or rented. The units are included in the inventory at the time that they are completed. Housing units that were sold or rented in advance are not included before the work is completed. The number of absorbed units in the current month is equal to the number of completed but vacant units from the previous month, plus the completions of the current month, minus the completed but vacant units of the current month.

**DURATION OF INVENTORY** - Time required to absorb the vacant units, that is, the ratio of vacant units to absorbed units (average for the 12 preceding months). This data is expressed in months.

**DURATION OF TOTAL SHORT TERM SUPPLY** - Time required to absorb vacant and in construction units, that is, the ratio of vacant and in construction units to absorbed units (average for the 12 preceeding months). This data is expressed in months.

# CMHC Housing Centre Publications

| Canada Wide | Québec | Québec Metropolitan Regions |
|---|---|---|
| • National Housing Outlook<br>• Mortage Market Trends<br>• Canadian Housing Markets<br>• And several others | • Housing Now<br>• FASTFax - Rental Market Report | • Housing Market Outlook (Montréal only)<br>• Rental Market Report (1)<br>• FASTFax - Rental Market Report (2)<br>• Resale Market Analysis (Montreal and Quebec)<br>• Seniors' Homes Market (1)<br><br>(1) Available for all metropolitan regions: Chicoutimi, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières.<br>(2) Availble for the six Metropolitan Area, plus a Provincial report with municipalities of 10,000 inhabitants and plus. |

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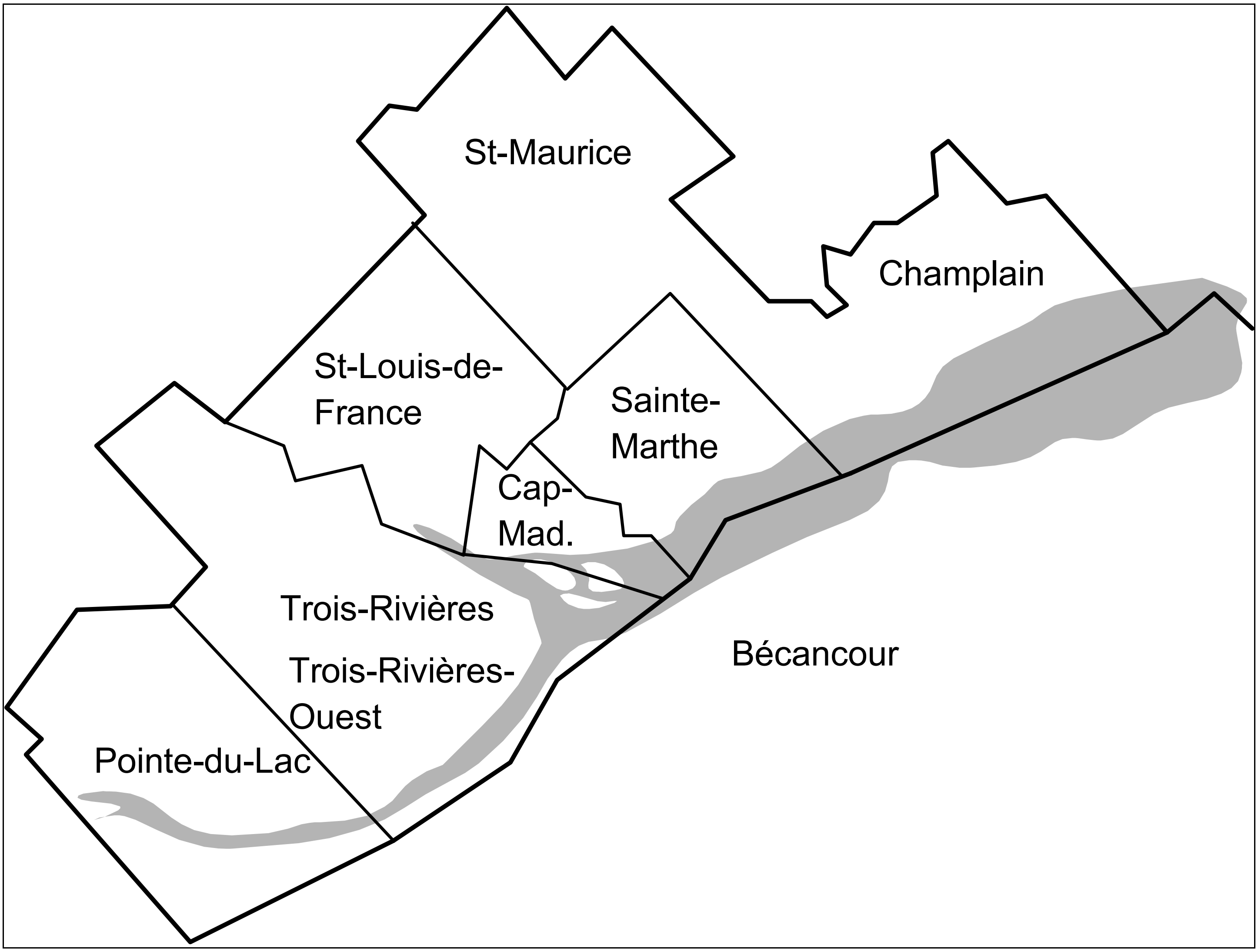
| Zones of the Trois-Rivières Metropolitan Area | | |
|---|---|---|
| ***Zones*** | ***Municipalities*** | ***Major Zones*** |
| 1 | City of Trois-Rivières | Center |
| 2 | City of Trois-Rivières-Ouest | Center |
| 3 | City of Cap-de-la-Madeleine | Center |
| 4 | Bécancour, Champlain, Pointe-du-Lac, St-Louis-de-France, St-Maurice, Ste-Marthe-du-Cap-de-la-Madeleine. | Suburb |

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