HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Gatineau

Canada Mortgage and Housing Corporation

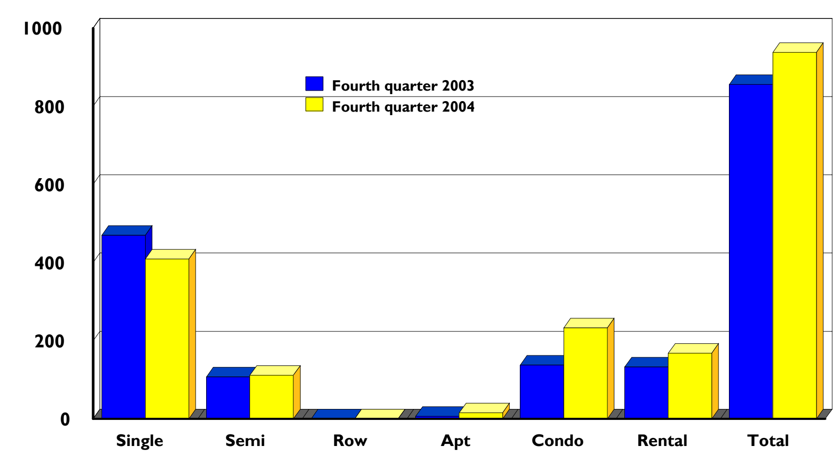
www.cmhc.ca

VOLUME 7, EDITION 4
FOURTH QUARTER 2004

Fifth year of growth for residential construction in the Outaouais

According to Canada Mortgage and Housing Corporation (CMHC), residential construction ended the year on a high note in the Outaouais. In fact, 938 housing starts were enumerated in the Gatineau census metropolitan area (CMA) during the fourth quarter of 2004, for an increase of 10 per cent over the same period in 2003. The results from October to December brought the annual total for the CMA to 3,227 starts, which represent an increase of 15 per cent in relation to 2003. In the Outaouais, residential construction has therefore now posted five straight years of growth, and housing starts exceeded the 3,000-unit mark for the first time since 1991.

In the last quarter, the single-detached home building and multiple housing construction segments took different paths. Just like for the year overall, multiple housing was the driving force behind the growth registered on the new home market. In all, 529 starts were enumerated in this category, compared to 386 during the same period in 2003. This market segment is mainly composed of condominium apartments (44 per cent). Semi-detached houses and rental apartments respectively account for 21 per cent and 32 per cent of the multiple housing category. Single-detached home construction, for its part, sustained a decrease of 13 per



IN THIS ISSUE

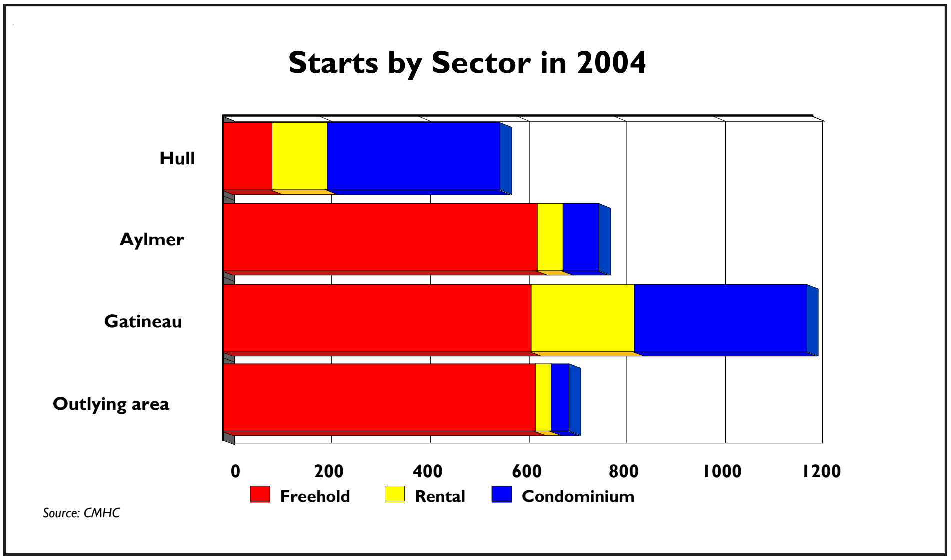
Canada

CMHC SCHL HOME TO CANADIANS

cent, but remained at a high level, with 409 new foundations. This segment had reached a record high of 470 starts in the last quarter of 2003.

In a context where housing demand remains strong, the scarce supply and substantial price increases on the resale market clearly contributed to the vigour on the residential construction market. The appealing of the condominiums was unfailing among young households. Given the price hikes, these households are having more and more difficulty in buying single-detached homes and are logically turning to condominiums. After ten years of torpor, the number of condominium starts almost quadrupled in 2004 to attain a record level of 806 units.

Condominiums therefore represented one quarter of all housing starts in 2004. The irresistible thrust of this housing type even succeeded in offsetting the decline recorded in the rental segment. In fact, 406 new rental apartments were enumerated, or 301 fewer units than in 2003. Homeowner housing construction is tending to stabilize, as such starts posted a gain of 7 per cent, but still account for more than six out of ten new units. This stabilization is even more apparent in the case of single-detached homes, which are the spearhead of the homeowner housing market. Starts of this type seem to have levelled off for the past three years now. In all, 1,561 single-detached houses were started in 2004, for an increase of 4 per cent.



By sector, Gatineau came in first with 37 per cent of total annual starts. Notably, the number of multiple housing starts surpassed the number of new single-detached houses there in 2004. Condominiums were not extraneous to this phenomenon, as they represented 348 of the 651 new multiple housing units on which construction got under way. The Aylmer sector came in second place with nearly one quarter of the housing starts. Aylmer posted good results in all market segments, as both single-detached home building and multiple housing construction registered increases of about 30 per cent. The outlying area gained some more ground, as this sector garnered 22 per cent of the new units. While single-detached houses continued to dominate there, multiple housing showed the strongest growth (+132 per cent, compared to +8 per cent for single-detached homes). The Hull sector brought up the rear, sustaining decreases in its new construction numbers in all market segments.

Resales down in the fourth quarter of 2004

According to Multiple Listing Service® / Service inter-agences® (MLS® / S.I.A.®) data, sales of existing properties were down in the fourth quarter of 2004 in the Gatineau census metropolitan area (CMA). After posting a solid performance one year earlier, transactions fell by 13 per cent to 715 units. The property price increase in recent years was not extraneous to this phenomenon. The average price of properties has now attained $155,043 in the CMA. Since 2000, prices have been rising sharply, and this has resulted in an overall increase of 60 per cent in just four years.

For the year 2004 overall, resale activity was still steady, though, as the CMA registered 3,930 transactions (+2 per cent), a result comparable to the performance recorded in 2003 (-1 per cent).

As for properties with the famous "For Sale" signs, that is, active listings, 1,624 units were enumerated, for an increase of 22 per cent over the level observed in 2003. This rise in listings during the year allowed the seller-to-buyer ratio to edge back up slightly to 5 to 1, but the market still remains very tight.

Across the area overall, the market is clearly favourable to sellers, even overheating in several cases, for all housing types selling for under $150,000. The number of sellers per buyer ranges from 2 to 5, depending on the housing type. However, for properties priced at over $200,000 ($150,000 in the case of condominiums), the market becomes definitely more balanced, with seller-to-buyer ratios varying between 8 and 11 to 1.

Table 1
Summary of Activity by Intended Market
Gatineau Metropolitan Area*

Activity / Period	Ownership		Rental	Total
	*Freehold***	*Condominium*		
Starts				
Fourth quarter 2004	537	233	168	938
Fourth quarter 2003	585	138	133	856
Year-to-date 2003	2,015	806	406	3,227
Year-to-date 2003	1,885	209	707	2,801
Under construction				
December 2004	661	412	127	1,200
December 2003	538	209	277	1,024
Completions				
Fourth quarter 2004	538	137	181	856
Fourth quarter 2003	591	0	240	831
Year-to-date 2003	1,894	653	515	3,062
Year-to-date 2003	2,271	30	876	3,177
Unoccupied				
December 2004	16	116	29	161
December 2003	7	0	0	7
Absorption				
Fourth quarter 2004	537	118	175	830
Fourth quarter 2003	585	0	240	825
Year-to-date 2003	1,885	537	442	2,864
Year-to-date 2003	2,396	30	842	3,268
Duration of inventory (months)				
December 2004	0.1	2.6	0.8	0.7
December 2003	0.0	0.0	0.0	0.0

Source: CMHC

** As per former delimitation*

*** Refers to single-family houses (single-detached, semi-detached and row homes) owned under freehold tenure and owner-occupied duplexes*

Table 2
Housing Starts by Zone and by Intended Market
Gatineau Metropolitan Area*

Zone / Period	*Ownership*					*Rental*	*Total*
	Freehold				*Condo-minium*		
	Single	*Semi*	*Row*	*Apt.***			
Zone 1: Hull							
Fourth quarter 2004	3	2	0	0	88	0	93
Fourth quarter 2003	21	0	0	0	117	42	180
Year-to-date 2003	65	2	34	2	350	111	564
Year-to-date 2003	187	52	3	16	117	346	721
Zone 2: Aylmer							
Fourth quarter 2004	94	66	0	2	18	6	186
Fourth quarter 2003	150	60	0	2	0	33	245
Year-to-date 2003	452	182	3	6	72	51	766
Year-to-date 2003	346	148	6	10	0	80	590
Zone 3: Gatineau							
Fourth quarter 2004	179	42	0	6	91	162	480
Fourth quarter 2003	147	12	0	2	21	58	240
Year-to-date 2003	538	66	5	20	348	212	1,189
Year-to-date 2003	507	46	0	14	92	277	936
Zone 4: Buckingham							
Fourth quarter 2004	1	0	0	0	0	0	1
Fourth quarter 2003	8	0	0	0	0	0	8
Year-to-date 2003	18	18	0	2	0	8	46
Year-to-date 2003	18	6	0	0	0	0	24
Zone 5: Masson-Angers							
Fourth quarter 2004	14	2	0	2	0	0	18
Fourth quarter 2003	22	36	0	0	0	0	58
Year-to-date 2003	36	90	0	2	0	24	152
Year-to-date 2003	36	58	0	0	0	4	98
Zone 6: Outlying area							
Fourth quarter 2004	118	0	0	6	36	0	160
Fourth quarter 2003	122	0	0	3	0	0	125
Year-to-date 2003	452	0	0	22	36	0	510
Year-to-date 2003	413	6	0	13	0	0	432
TOTAL - GATINEAU METROPOLITAN AREA							
Fourth quarter 2004	409	112	0	16	233	168	938
Fourth quarter 2003	470	108	0	7	138	133	856
Year-to-date 2003	1,561	358	42	54	806	406	3,227
Year-to-date 2003	1,507	316	9	53	209	707	2,801

Source: CMHC

** As per former delimitation*

*** Owner-occupied duplexes*

Table 3
Single-Detached and Semi-Detached Houses Absorbed by Price Range and by Zone
Gatineau Metropolitan Area* - Fourth Quarter

Type	Under $90,000		$90,000 to $109,999		$110,000 to $129,999		$130,000 to $149,999		$150,000 or over		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Zone 1: Hull												
Single	0	0	0	0	0	0	0	3	7	57	7	60
Semi	0	0	0	2	0	22	0	4	0	2	0	30
Zone 2: Aylmer												
Single	0	0	0	0	0	4	0	9	128	70	128	83
Semi	0	0	2	4	17	2	0	16	3	6	22	28
Zone 3: Gatineau												
Single	0	0	0	0	0	4	17	24	134	86	151	114
Semi	0	0	17	18	20	0	6	0	0	2	43	20
Zone 4: Buckingham												
Single	0	0	0	0	0	2	2	0	4	1	6	3
Semi	0	0	8	0	8	0	0	0	0	0	16	0
Zone 5: Masson-Angers												
Single	0	0	0	0	0	0	0	1	10	5	10	6
Semi	0	0	6	16	0	0	4	20	0	0	10	36
Zone 4: Outlying area												
Single	1	1	3	5	9	6	10	19	110	140	133	171
Semi	0	0	0	0	0	0	0	2	0	4	0	6
TOTAL - GATINEAU METROPOLITAN AREA												
Single	1	1	3	5	9	16	29	56	393	359	435	437
Semi	0	0	33	40	45	24	10	42	3	14	91	120

Source: CMHC

Table 4
Housing Demand and Supply
Gatineau Metropolitan Area* - December 2004

Type	Under Construction	Unoccupied	Short-Term Supply	Absorption (Trend**)	Supply / Absorption Ratio
Freehold	661	16	677	157.0	4.3
Condominium	412	116	528	45.0	11.8
Rental	127	29	156	37.0	4.2

Source: CMHC

** As per former delimitation*

*** 12-month average*

Table 5
Economic Overview
Gatineau Metropolitan Area*

	Fourth Quarter		Trend (Jan.-dec.)		% Change Trend
	2003	2004	2003	2004	
Labour market					
Population 15 years + (000)	217.9	224.0	215.9	221.8	2.7
Labour force (000)	152.1	158.6	153.2	156.2	1.9
Employment level - total (000)	143.2	148.2	143.4	146.1	1.9
Employment level - full-time (000)	119.3	124.5	119.8	123.1	2.8
Unemployment rate	5.9%	6.6%	6.4%	6.5%	n.a.
Mortgage rates (1) (%)					
1-year	4.7	4.9	4.8	4.6	n.a.
5-year	6.5	6.3	6.4	6.2	n.a.
Annual inflation rate (2)	1.3	2.7	2.5	1.9	n.a.
Index of Consumer Confidence (1991=100) (2)	117.5	116.5	121.5	121.0	n.a.

Sources: Statistics Canada, Conference Board of Canada

** As per former delimitation*

Notes: (1) Canada (2) Province of Quebec

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 Gatineau Metropolitan Area.

Intended Markets - There are three: the Freehold market refers to Single-Family Houses (Detached, Semi-Detached and Row) owned under freehold; the condominium segment comprises houses and apartments held under divided co-ownership; and finally the rental market encompasses apartments dwellings.

Housing Starts - Refer to the beginning of construction work on a building, usually when the concrete has been laid for the whole of the footing around the structure, or equivalent stage where basement will not be a part of the structure.

Under Construction - Refers to units that have started but are not complete. The number of the units under construction at the end of a period may take into account certain adjustment that took place, for various reasons, after the starts have been reported.

Completions - Refer to 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 - Refer to new completed units that have remained unoccupied.

Total Short Term Supply - Refers to the total supply of new units and includes units under construction and units that are completed but not occupied.

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

Absorption - Refers to newly completed units which 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 quarter minus completed and unoccupied units for the current quarter.

Duration of inventory - Refers to the period necessary for the absorption of unoccupied units, i. e. the ratio between unoccupied units and absorbed units (average for the last twelve months).

Gatineau Metropolitan Area Zones

Zones	Municipalities of Sectors	Large zones
1	Hull	Center
2	Aylmer	Center
3	Gatineau	Center
4	Buckingham	Peripheral Area
5	Masson-Angers	Peripheral Area
6	Cantley, Chelsea, La Pêche, Masson-Angers, Pontiac and Val-des-Monts.	Peripheral Area

CMHC Market Analysis Centre Publications

National	Province of Quebec	Metropolitan Areas - Province of Quebec
• Housing Now • Housing Market Outlook • Monthly Housing Statistics • Housing Information Monthly • And many more	• Housing Now • Rental Market Report - Highlights	• Housing Market Outlook (1) • Rental Market Report (1) • Housing Now(1) • Analysis of the Resale Market (2) • Retirement Home Market (1) (1) Available for all metropolitan areas: Saguenay, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières (2) Available for Montréal, Québec and Saguenay

To subscribe, please contact our Customer Service Centre:

For publications produced nationally or in other provinces, call 1-800-668-2642

For publications produced in Quebec, contact the Quebec Market Analysis Centre at 1-866-855-5711

Housing Now **is published four times a year for the Gatineau Metropolitan Area. Annual Subscription to the Gatineau** ***Housing Now*** **is $55,00 plus applicable taxes. For more information, or to subscribe, contact our Customer Service Center at 1-866-855-5711**