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Canada Mortgage and Housing Corporation

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RESIDENTIAL CONSTRUCTION REMAINS VERY VIGOROUS IN MAY

The latest surveys conducted by Canada Mortgage and Housing Corporation (CMHC) revealed continued vigour in the residential construction sector in the Montréal metropolitan area. In fact, during May 2004, there were 3,305 housing starts in Greater Montréal, for an increase of 44 per cent over the same month last year.

The rental housing segment was the driving force behind this growth, with such new starts having reached 1,235 units this past month, which was more than four times the volume recorded in May 2003. Our retirement home and rental market surveys revealed that, in October 2003, the rental market was still contending with a shortage of housing. Prompted by the strong demand on the market, many investors therefore started construction on some housing projects, which is currently causing an upsurge in rental housing starts.

The Island of Montréal is the sector that benefited the most from the increase in rental housing construction this past May. There

were almost seven times more starts of this type, for a total of 952 new dwellings intended for the rental market. The results were quite different for the other housing categories, as decreases were observed for single-family houses (61 starts, down by 46 per cent) and condominiums (247 starts, down by 54 per cent). Overall, residential construction remained very vigorous on the Island of Montréal, which registered 1,260 new units, up by 59 per cent over the same period in 2003.

Like the Island of Montréal, the north crown also posted a gain in residential construction. Starts climbed by 58 per cent this past May, to a level of 1,458 units. In this sector, as well, new dwellings intended for the rental market jumped up by 237 per cent, attaining 265 units. However, the growth was not only attributable to the rental market, it also resulted from an increase in activity for all types of starts. Continuing in their stride, which began in April 2003, condominium starts reached 296 units, up by 71 per cent.

IN THIS ISSUE

Residential Construction Remains Very Vigorous in May	1
Grap 1 : Housing Starts Multiples vs. Singles	2
Significant Jump in Rental Housing Construction	2

Tables

1. Summary of Activity by Intended Market	3
2. Housing Starts by Zone and by Intended Market	4
3. Summary of Activity by Large Zone and by Intended Market	6
4. Housing Supply	7
5. Economic Overview	7

Definitions and Concepts	8
Montréal Metropolitan Area Zones	8



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In the south crown, the level of activity stayed high, as 519 starts were enumerated there, for a gain of 7 per cent. This growth was attributable to the construction of multiple housing projects, which include rental units (+30 per cent) and condominiums (+59 per cent). For single-detached houses, the 284 new dwellings enumerated represent a decrease of 8 per cent in relation to May 2003. The City of Longueuil brought the whole sector along in its wake, with an increase in activity of 29 per cent (162 units). In the meantime, residential construction declined by 1 per cent (357 units) in the other centres on the South Shore.

In the Vaudreuil-Soulanges sector, home building slowed down, as the 68 new foundations made for a decrease of 24 per cent, in comparison with the results recorded last year. Contrary to the other sectors, no rental dwellings were started here in May. As usual, single-detached houses garnered the majority of the starts (60 of the 68 new homes). ■

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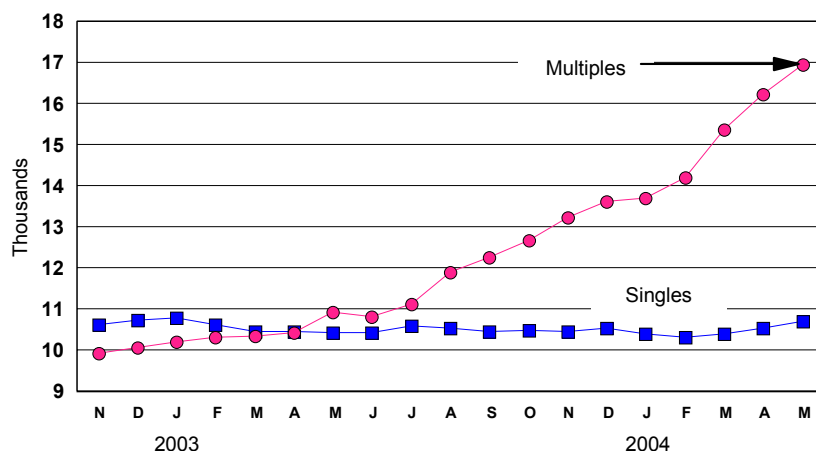
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Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

Significant Jump in Rental Housing Construction

Since the beginning of 2004, there has been renewed interest in the construction of housing for the rental market. In fact, from January to May, foundations were laid for 3,088 rental housing units, nearly two and a half times the volume recorded during the same period last year. The following are the major rental housing job sites started so far in 2004 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</u>	<u>Intended segment</u>
338	Maisonnette	Downtown	Conventional
252	Charlotte	Downtown	Conventional
209	Commerce	Nuns' Island	Retirement home
200	Notre-Dame	Repentigny	Retirement home
200	Côte-Vertu	Saint-Laurent	Retirement home
185	Cavendish	Côte-Saint-Luc	Conventional
150	Gouin	Rivière-des-Prairies	Retirement home
135	Maywood	Pointe-Claire	Social housing
40	Joseph-Janot	Pointe-aux-Trembles	Social housing
35	Elizabeth	Saint-Laurent	Social housing

Table I
Summary of Activity by Intended Market
Montréal Metropolitan Area

Activity / Period	Freehold (Single-Family)	Condominium	Rental	Total
Housing Starts				
May 2004	1,339	697	1,269	3,305
May 2003	1,208	813	269	2,290
Cumulative 2004	5,555	3,867	3,088	12,510
Cumulative 2003	4,995	2,641	1,265	8,901
Under Construction*				
May 2004	6,107	8,307	5,852	20,266
May 2003	5,019	4,858	2,768	12,645
Completions				
May 2004	1,015	114	25	1,154
May 2003	895	568	147	1,610
Cumulative 2004	3,642	1,397	1,304	6,343
Cumulative 2003	3,138	1,687	901	5,726
Unoccupied*				
May 2004	757	824	552	2,133
May 2003	734	655	260	1,649
Absorption				
May 2004	980	199	55	1,234
May 2003	798	472	107	1,377
Cumulative 2004	3,492	1,403	1,235	6,130
Cumulative 2003	2,960	1,550	968	5,478
Duration of Inventory (in months)				
May 2004	0.8	1.8	2.0	1.3
May 2003	0.8	1.7	1.3	1.1

* As at the end of the period shown

Source: CMHC

Interested in uncovering the trends for the various housing market sectors in the Montreal area ? For forecasts and in-depth analyses of the new, resale and rental housing markets, a wealth of information can be found in:

HOUSING MARKET OUTLOOK

- Sales forecasts
- Average prices of new and existing homes
- Vacancy rates
- Housing starts
- Mortgage rates
- Economic factors

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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				
May 2004	42	0	256	298
May 2003	45	4	0	49
Cumulative 2004	160	167	461	788
Cumulative 2003	163	35	17	215
Zone 2: West-Centre				
May 2004	10	89	220	319
May 2003	21	257	0	278
Cumulative 2004	47	899	648	1,594
Cumulative 2003	63	686	3	752
Zone 3: East-Center				
May 2004	1	150	476	627
May 2003	11	280	15	306
Cumulative 2004	18	1,159	888	2,065
Cumulative 2003	48	718	566	1,332
Zone 4: East-End				
May 2004	8	8	0	16
May 2003	35	0	125	160
Cumulative 2004	88	77	259	424
Cumulative 2003	116	40	236	392
Zone 5: South-Laval				
May 2004	46	76	0	122
May 2003	41	36	49	126
Cumulative 2004	210	230	0	440
Cumulative 2003	172	139	52	363
Zone 6: North-Laval				
May 2004	172	84	0	256
May 2003	133	9	8	150
Cumulative 2004	681	262	4	947
Cumulative 2003	539	102	16	657
Zone 7: MRC Deux-Montagnes				
May 2004	201	18	6	225
May 2003	148	40	9	197
Cumulative 2004	638	93	49	780
Cumulative 2003	576	59	153	788
Zone 8: MRC Ste-Thérèse-de-Blainville				
May 2004	97	14	15	126
May 2003	82	0	12	94
Cumulative 2004	415	50	39	504
Cumulative 2003	384	46	42	472

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				
May 2004	210	41	38	289
May 2003	169	75	0	244
Cumulative 2004	877	122	82	1,081
Cumulative 2003	733	151	22	906
Zone 10: MRC L'Assomption				
May 2004	132	39	206	377
May 2003	60	13	0	73
Cumulative 2004	59	84	212	355
Cumulative 2003	299	65	12	376
Zone 11: South-Shore Centre				
May 2004	74	87	0	161
May 2003	82	36	0	118
Cumulative 2004	309	268	170	747
Cumulative 2003	333	308	32	673
Zone 12: East South-Shore				
May 2004	87	27	0	114
May 2003	109	41	4	154
Cumulative 2004	356	112	78	546
Cumulative 2003	330	143	16	489
Zone 13: South South-Shore				
May 2004	40	6	46	92
May 2003	61	0	24	85
Cumulative 2004	232	26	66	324
Cumulative 2003	223	24	45	292
Zone 14: West South-Shore				
May 2004	118	28	6	152
May 2003	101	16	12	129
Cumulative 2004	421	131	33	585
Cumulative 2003	453	43	30	526
Zone 15: Vaudreuil-Soulanges *				
May 2004	62	6	0	68
May 2003	73	6	11	90
Cumulative 2004	464	73	0	537
Cumulative 2003	366	12	23	401
Zone 16: St-Jérôme				
May 2004	39	24	0	63
May 2003	37	0	0	37
Cumulative 2004	212	114	99	425
Cumulative 2003	197	70	0	267

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	
	May 2004	May 2003	May 2004	May 2003	May 2004	May 2003
Housing Starts						
Island of Montréal (1 to 4)	61	112	247	541	952	140
Laval (zones 5 and 6)	218	174	160	45	0	57
North-Shore (zones 7 to 10 & 16)	679	496	136	128	265	21
South-Shore (zones 11 to 14)	319	353	148	93	52	40
Vaudreuil-Soul. *** (zone 15)	62	73	6	6	0	11
Under Construction*						
Island of Montréal	534	597	5,268	2,934	3,625	1,675
Laval	988	884	707	454	180	110
North-Shore	2,583	2,313	900	617	1,043	380
South-Shore	1,464	1,418	1,281	841	930	586
Vaudreuil-Soulanges ***	538	404	151	12	74	17
Completions						
Island of Montréal	68	80	32	319	8	38
Laval	170	104	14	44	10	14
North-Shore	495	406	41	98	0	15
South-Shore	197	205	27	101	7	80
Vaudreuil-Soulanges ***	85	100	0	6	0	0
Unoccupied*						
Island of Montréal	73	88	338	306	242	80
Laval	143	145	164	90	10	2
Rive- Nord	348	315	145	82	29	102
South-Shore	145	132	174	173	271	74
Vaudreuil-Soulanges ***	48	54	3	4	0	2
Absorption						
Island of Montréal	79	69	83	275	30	41
Laval	158	85	31	36	8	12
North-Shore	459	346	48	83	6	15
South-Shore	197	204	36	71	11	37
Vaudreuil-Soulanges ***	87	94	1	7	0	2
Duration of Inventory**						
Island of Montréal	0.9	0.9	1.6	1.5	1.7	1.0
Laval	1.0	1.1	2.8	1.6	0.6	0.2
North-Shore	0.9	0.9	1.9	1.8	0.6	1.5
South-Shore	0.6	0.5	1.6	2.4	4.2	1.8
Vaudreuil-Soulanges ***	0.5	0.6	0.7	0.9	0.0	0.4

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>
Freehold Condominium Rental	May 2004			Trend 2004
	6,107	757	6,864	978
	8,307	824	9,131	449
	5,852	552	6,404	274
Freehold Condominium Rental	May 2003			Trend 2003
	5,019	734	5,753	917
	4,858	655	5,513	389
	2,768	260	3,028	202

Source: CMHC

Table 5 Economic Overview Montréal Metropolitan Area												
	2004					2003	2003					2002
	<i>May</i>	<i>April</i>	<i>March</i>	<i>Feb.</i>	<i>Jan.</i>	<i>Dec.</i>	<i>May</i>	<i>April</i>	<i>March</i>	<i>Feb.</i>	<i>Jan.</i>	<i>Dec.</i>
Labour Market*												
Job Creation (Loss) - in thousands	50	35	18	16,3	30	36	20	37	58	81,3	91	87
Unemployment Rate (%)	8.2	8.6	9.0	8,9	8.9	8.6	10.1	9.7	9.5	8,8	8.5	7.7
Mortgage Rates (1)												
1-year	4.5	4.5	4.3	4,3	4.3	4.8	5.0	5.3	5.3	4,9	4.9	4.9
5-year	6.5	6.2	5.7	5,8	6.0	6.5	6.2	6.7	6.8	6,6	6.5	6.7
Annual Inflation Rate (%)	NA	1.5	0.7	0,7	1.4	1.4	3.0	2.7	4.1	4,0	3.7	3.2
New House Price Index (1992=100)												
House	NA	NA	6.1	4.3	5.2	6.0	6.8	7,25	8.6	10,6	9.4	8.6
Land	NA	NA	6.2	5.9	5.7	6.8	5.8	5,98	7.4	9,3	9.3	8.6
Total	NA	NA	6.1	4.7	5.3	6.3	6.5	6,71	8.2	10,1	9.3	8.3
MLS Sales - Single-Family Houses	2,195	2,581	3,009	2,357	1,547	1,374	2,077	2,238	2,437	2,422	1,761	1,304

* 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	Municipalities, Boroughs or Sectors
1	Baie d'Urfé, Beaconsfield, Dollard-des-Ormeaux, Dorval, Kirkland, Pierrefonds, Pointe-Claire, Roxboro, Senneville, Ste-Anne-de-Bellevue, Ste-Geneviève, 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	Beloeil, McMasterville, St-Amable, St-Basile-le-Grand, St-Bruno-de-Montarville, Ste-Julie, St-Mathieu-de-Beloeil, 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

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