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SLOW MONTH OF JUNE FOR RESIDENTIAL CONSTRUCTION

According to our latest starts survey, housing starts fell by 21 per cent in June in the Montréal census metropolitan area (CMA). Builder started construction on a total of 1,568 dwellings, or 415 fewer than during the same period last year.

It was mainly on the Island of Montréal that activity showed signs of weakness, with a drop of 64 per cent. The rental housing segment was the hardest hit, as construction got under way on only 11 new units, compared to 396 in June 2005. There were also fewer condominium starts in this sector, with a decrease of 15 per cent. As well, foundations were laid for 54 freehold homes (versus 51 in 2005), which completes these meagre results for the Island of Montréal.

The picture was brighter in the northern suburbs, where starts registered a small gain (+2 per cent). The Laval sector posted good results in June, with 263 starts, for an increase of 60 per cent. The rental and condominium housing segments were the most active. On the North Shore, however, there were fewer new job sites than a year ago, as total starts decreased from 610 units in June 2005 to 530 units in June of this year. As usual, freehold (single-family)

homes dominated, with this segment garnering two thirds of the activity. Finally, in Saint-Jérôme, the month of June was just like last year's (-2 per cent).

The South Crown, for its part, registered a small decrease in activity (-4 per cent) this past month. In Longueuil, 68 starts were enumerated, half of them (36 units) in the condominium segment. In the rest of the South Shore, the 282 starts made for a slight decline (-5 per cent), even though the condominium segment posted a notable increase (92 versus 55 units).

Lastly, in the Vaudreuil-Soulanges sector, construction went down by 6 per cent, with 111 starts, practically all freehold homes.

The mid-year results (cumulative volume from January to June) show an overall decrease of 13 per cent in residential construction in the Montréal metropolitan area. Freehold home starts are down slightly (-7 per cent), while condominium construction is holding steady. The rental housing segment is therefore bearing the brunt of the decline, with a drop of 35 per cent since the beginning of the year. However, rental

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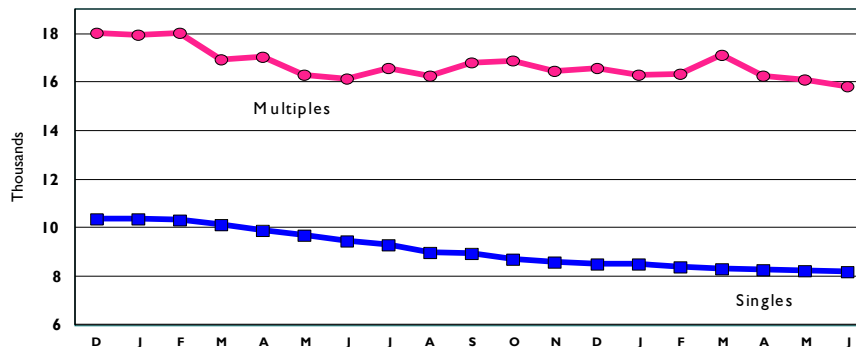
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housing starts are expected to rebound over the coming months. In fact, several major retirement housing projects will be getting under way very shortly.

Elsewhere across Quebec, it was in Sherbrooke that builders were the busiest in June, with 392 housing starts, for an impressive leap of 178 per cent. Otherwise, only the Saguenay CMA had comparable results, with construction getting under way on 78 new dwellings, for an increase of 90 per cent. The areas of Trois-Rivières (-35 per cent), Québec (-28 per cent) and Gatineau (-13 per cent) did not follow suit, in terms of growth.

Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

Major Housing Job Sites Started in June

The following are the major multiple housing job sites started in June 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 (Sector)</u>
89	Rental	Laval (Fabreville)
41	Condominiums	Saint-Léonard
21	Condominiums	Montréal (NDG)

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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				
June 2006	838	551	179	1,568
June 2005	909	595	479	1,983
Cumulative 2006	4,919	3,481	2,087	10,487
Cumulative 2005	5,302	3,479	3,214	11,995
Under Construction*				
June 2006	4,081	8,125	5,725	17,931
June 2005	4,742	7,560	6,780	19,082
Completions				
June 2006	1,236	693	744	2,673
June 2005	1,306	850	194	2,350
Cumulative 2006	4,410	2,937	2,674	10,021
Cumulative 2005	4,922	3,385	2,411	10,718
Unoccupied*				
June 2006	768	2,060	1,504	4,332
June 2005	608	1,698	789	3,095
Absorption				
June 2006	1,233	724	579	2,536
June 2005	1,338	823	492	2,653
Cumulative 2006	4,169	2,944	2,549	9,662
Cumulative 2005	5,076	3,403	2,242	10,721
Duration of Inventory (in months)				
June 2006	0.9	3.1	3.2	2.2
June 2005	0.6	2.4	1.8	1.4

* 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				
June 2006	19	15	8	42
June 2005	20	4	131	155
Cumulative 2006	100	121	139	360
Cumulative 2005	86	90	281	457
Zone 2: West-Centre				
June 2006	18	43	0	61
June 2005	8	93	103	204
Cumulative 2006	47	489	83	619
Cumulative 2005	38	615	825	1,478
Zone 3: East-Center				
June 2006	9	109	3	121
June 2005	6	100	156	262
Cumulative 2006	52	1,111	266	1,429
Cumulative 2005	42	755	569	1,366
Zone 4: East-End				
June 2006	8	0	0	8
June 2005	17	0	6	23
Cumulative 2006	66	23	27	116
Cumulative 2005	86	69	235	390
Zone 5: South-Laval				
June 2006	12	74	3	89
June 2005	14	37	0	51
Cumulative 2006	121	215	602	938
Cumulative 2005	94	336	294	724
Zone 6: North-Laval				
June 2006	71	14	89	174
June 2005	83	30	0	113
Cumulative 2006	501	115	89	705
Cumulative 2005	568	234	246	1,048
Zone 7: MRC Deux-Montagnes				
June 2006	123	30	24	177
June 2005	145	21	15	181
Cumulative 2006	657	92	33	782
Cumulative 2005	739	114	166	1,019
Zone 8: MRC Ste-Thérèse-de-Blainville				
June 2006	57	37	14	108
June 2005	43	15	6	64
Cumulative 2006	381	210	230	821
Cumulative 2005	355	190	89	634

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				
June 2006	83	40	0	123
June 2005	134	59	11	204
Cumulative 2006	623	180	91	894
Cumulative 2005	804	221	125	1,150
Zone 10: MRC L'Assomption				
June 2006	92	21	9	122
June 2005	71	60	30	161
Cumulative 2006	510	177	95	782
Cumulative 2005	516	176	264	956
Zone 11: South-Shore Centre				
June 2006	71	119	6	196
June 2005	37	58	3	98
Cumulative 2006	279	430	195	904
Cumulative 2005	241	304	26	571
Zone 12: East South-Shore				
June 2006	68	9	0	77
June 2005	63	11	0	74
Cumulative 2006	261	30	98	389
Cumulative 2005	319	50	21	390
Zone 13: South South-Shore				
June 2006	38	0	0	38
June 2005	62	6	0	68
Cumulative 2006	235	34	12	281
Cumulative 2005	316	54	18	388
Zone 14: West South-Shore				
June 2006	31	0	8	39
June 2005	87	30	6	123
Cumulative 2006	391	58	91	540
Cumulative 2005	416	96	31	543
Zone 15: Vaudreuil-Soulanges *				
June 2006	103	8	0	111
June 2005	83	35	0	118
Cumulative 2006	517	109	3	629
Cumulative 2005	478	98	0	576
Zone 16: St-Jérôme				
June 2006	35	32	15	82
June 2005	36	36	12	84
Cumulative 2006	178	87	33	298
Cumulative 2005	204	77	24	305

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	
	June 2006	June 2005	June 2006	June 2005	June 2006	June 2005
Housing Starts						
Island of Montréal (1 to 4)	54	51	167	197	11	396
Laval (zones 5 and 6)	83	97	88	67	92	0
North-Shore (zones 7 to 10 & 16)	390	429	160	191	62	74
South-Shore (zones 11 to 14)	208	249	128	105	14	9
Vaudreuil-Soul. *** (zone 15)	103	83	8	35	0	0
Under Construction*						
Island of Montréal	343	420	5,027	4,571	2,842	5,051
Laval	564	735	668	859	839	546
North-Shore	1,776	1,912	1,169	1,001	818	929
South-Shore	962	1,181	1,131	969	1,223	219
Vaudreuil-Soulanges ***	436	494	130	160	3	35
Completions						
Island of Montréal	92	67	380	339	242	85
Laval	156	170	110	153	359	0
North-Shore	614	700	125	201	134	30
South-Shore	272	287	13	137	9	53
Vaudreuil-Soulanges ***	102	82	65	20	0	26
Unoccupied*						
Island of Montréal	94	62	1,088	912	930	403
Laval	105	71	371	242	264	83
Rive- Nord	234	261	345	255	180	143
South-Shore	130	145	144	231	122	153
Vaudreuil-Soulanges ***	205	69	112	58	8	7
Absorption						
Island of Montréal	53	68	345	353	263	218
Laval	140	161	104	90	139	5
North-Shore	626	720	146	176	98	184
South-Shore	318	296	98	173	78	64
Vaudreuil-Soulanges ***	96	93	31	31	1	21
Duration of Inventory**						
Island of Montréal	1.7	1.1	3.2	2.6	3.0	1.3
Laval	1.0	0.7	5.0	3.2	10.4	3.3
North-Shore	0.6	0.7	2.8	2.1	1.8	1.4
South-Shore	0.6	0.7	1.3	2.1	3.5	4.4
Vaudreuil-Soulanges ***	2.6	0.9	6.1	3.2	1.7	1.4

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	June 2006			Trend 2006
	4,081	768	4,849	834
	8,125	2,060	10,185	672
	5,725	1,504	7,229	474
Freehold Condominium Rental	June 2005			Trend 2005
	4,742	608	5,350	998
	7,560	1,698	9,258	720
	6,780	789	7,569	427

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2005						2006					
	<i>Jan.</i>	<i>Feb.</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>Jan.</i>	<i>Feb.</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>
Labour Market*												
Job Creation (Loss) - in thousands	-11	1	13	25	12	-5	22	9	14	8	11	18
Unemployment Rate (%)	8.8	9.0	8.7	8.6	8.4	8.6	9.1	9.7	9.7	9.7	9.4	8.9
Mortgage Rates (1)												
1-year	4.8	4.8	4.8	5.1	4.9	4.9	5.8	5.8	5.9	6.1	6.3	6.3
5-year	6.1	6.1	6.1	6.3	6.1	6.0	6.3	6.3	6.5	6.5	6.8	6.8
Annual Inflation Rate (%)	2.4	1.9	1.8	2.4	2.3	1.7	2.1	2.7	2.4	1.9	2.5	2.5
New House Price Index (% change)												
House	6.6	6.7	6.4	6.6	5.6	5.1	3.6	3.3	3.5	2.9	3.7	n.a
Land	6.0	6.1	6.0	6.0	5.8	5.2	3.5	4.4	4.6	4.6	5.5	n.a
Total	6.4	6.6	6.3	6.4	5.7	5.1	3.7	3.6	3.9	3.3	4.2	n.a
MLS Sales - Single-Family Houses	1,380	1,500	2,436	2,991	2,786	2,452	1,382	1,559	2,442	3,098	2,630	2,516

* 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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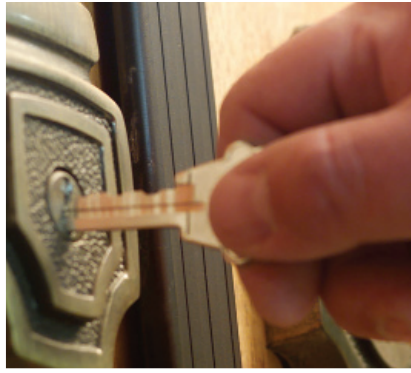
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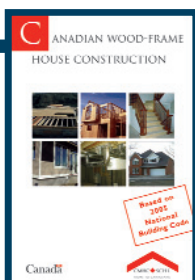
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