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VERY SMALL STEP FORWARD IN AUGUST FOR RESIDENTIAL CONSTRUCTION

Date Released: September 2006

In the Montréal census metropolitan area (CMA), housing starts posted a small gain (+3 per cent) this past month. We enumerated 1,759 dwellings newly under construction, or 50 more units than during the same period last year.

It was the start-up of a project with 560 rental apartments for seniors in Laval—the largest project of this type ever recorded in Canada—that made for the positive results. Without this project, the performance posted this past month would have provided few reasons to rejoice.

On the Island of Montréal, it was a miserable month for residential construction, with only 188 dwellings started, for a decrease of 78 per cent in relation to August 2005 and the worst result in the last five years.

In the Saint-Jérôme and Vaudreuil-Soulanges sectors, housing starts fell by 36 per cent and 24 per cent, respectively.

The South Shore (excluding Longueuil) also registered a decrease

in activity (-10 per cent) this past month.

As for the good news, there was the performance of the city of Longueuil. In fact, the 200 dwellings started this past month represent a spectacular increase, but it should be noted that only 16 starts had been enumerated in August 2005.

Fortunately, as well, the North Shore presented good results in August, with an increase in activity of 30 per cent, which extended to all market segments.

Finally, in Laval, as mentioned above, the overall figures were boosted by the start of construction on a project with a total of 560 rental apartments, but it was a different story in the other market segments. There were fewer single-family home starts (-17 per cent), and only 10 new condominiums got under way (-81 per cent).

At the level of the metropolitan area, condominium construction continued to plummet. The 321 condo-

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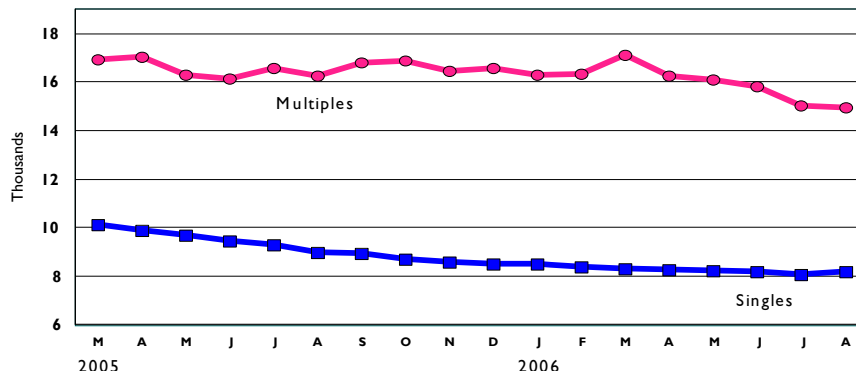
minium units started this past month represent a decrease of 51 per cent in relation to August 2005. Condominium construction was doing well at the beginning of the year despite sharply rising inventories but, for the last five months, builders have been making significant adjustments.

As a result, for the first eight months of the year, condominium starts are down by 22 per cent in relation to last year, for the overall Montréal CMA. The decrease is identical for rental housing construction (-22 per cent). Single-family home building also declined, but this segment is less affected, with a drop of only 7 per cent.

Elsewhere across the province, the CMAs of Trois-Rivières (+219 per cent) and Gatineau (+105 per cent) registered significant increases in their volumes of units under construction. However, the August results revealed slight decreases in activity in the CMAs of Québec (-6 per cent), Saguenay (-8 per cent) and Sherbrooke (-15 per cent). ■

Housing Starts Multiples vs. Singles

Seasonally Adjusted Annual Rates - Montréal CMA



Source: CMHC

Major Housing Job Sites Started in August

The following are the major multiple housing job sites started in August 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>
560	Retirement Home	Laval (Chomedey)
158	Rental	Longueuil
80	Rental	Brossard
20	Condominium	Montréal (Saint-Laurent)

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- 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				
August 2006	548	321	890	1,759
August 2005	440	658	611	1,709
Cumulative 2006	6,186	4,208	3,260	13,654
Cumulative 2005	6,523	5,365	4,183	16,071
Under Construction*				
August 2006	3,222	6,897	5,901	16,020
August 2005	3,475	7,022	5,181	15,678
Completions				
August 2006	834	987	355	2,176
August 2005	695	684	858	2,237
Cumulative 2006	6,540	4,749	3,810	15,099
Cumulative 2005	7,412	6,072	4,716	18,200
Unoccupied*				
August 2006	637	2,242	1,118	3,997
August 2005	492	1,992	1,807	4,291
Absorption				
August 2006	861	752	775	2,388
August 2005	688	845	555	2,088
Cumulative 2006	6,430	4,574	4,071	15,075
Cumulative 2005	7,682	5,796	3,529	17,007
Duration of Inventory (in months)				
August 2006	0.8	3.7	2.3	2.1
August 2005	0.5	2.8	4.2	2.0

* 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				
August 2006	16	10	0	26
August 2005	13	0	31	44
Cumulative 2006	151	131	139	421
Cumulative 2005	123	168	312	603
Zone 2: West-Centre				
August 2006	4	43	16	63
August 2005	13	213	73	299
Cumulative 2006	63	594	99	756
Cumulative 2005	61	879	1 168	2 108
Zone 3: East-Center				
August 2006	3	44	4	51
August 2005	8	202	257	467
Cumulative 2006	63	1 308	456	1 827
Cumulative 2005	60	1 435	826	2 321
Zone 4: East-End				
August 2006	27	21	0	48
August 2005	10	28	8	46
Cumulative 2006	97	80	47	224
Cumulative 2005	102	97	243	442
Zone 5: South-Laval				
August 2006	14	4	566	584
August 2005	5	30	0	35
Cumulative 2006	144	229	1 168	1 541
Cumulative 2005	116	450	298	864
Zone 6: North-Laval				
August 2006	33	6	0	39
August 2005	49	23	0	72
Cumulative 2006	588	138	99	825
Cumulative 2005	707	282	246	1 235
Zone 7: MRC Deux-Montagnes				
August 2006	104	12	0	116
August 2005	55	12	0	67
Cumulative 2006	836	110	36	982
Cumulative 2005	896	157	175	1 228
Zone 8: MRC Ste-Thérèse-de-Blainville				
August 2006	50	21	22	93
August 2005	20	6	0	26
Cumulative 2006	464	249	264	977
Cumulative 2005	421	222	89	732

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				
August 2006	66	6	24	96
August 2005	58	10	30	98
Cumulative 2006	769	190	135	1 094
Cumulative 2005	939	231	155	1 325
Zone 10: MRC L'Assomption				
August 2006	41	22	0	63
August 2005	55	24	12	91
Cumulative 2006	586	205	104	895
Cumulative 2005	652	285	288	1 225
Zone 11: South-Shore Centre				
August 2006	43	76	246	365
August 2005	22	51	142	215
Cumulative 2006	363	566	447	1 376
Cumulative 2005	320	629	168	1 117
Zone 12: East South-Shore				
August 2006	19	0	6	25
August 2005	21	0	0	21
Cumulative 2006	316	30	107	453
Cumulative 2005	385	56	21	462
Zone 13: South South-Shore				
August 2006	13	16	0	29
August 2005	20	14	0	34
Cumulative 2006	307	50	12	369
Cumulative 2005	384	89	18	491
Zone 14: West South-Shore				
August 2006	65	16	0	81
August 2005	40	36	3	79
Cumulative 2006	567	100	91	758
Cumulative 2005	534	148	88	770
Zone 15: Vaudreuil-Soulanges *				
August 2006	33	8	0	41
August 2005	40	6	8	54
Cumulative 2006	631	117	11	759
Cumulative 2005	589	139	8	736
Zone 16: St-Jérôme				
August 2006	17	16	6	39
August 2005	11	3	47	61
Cumulative 2006	241	111	45	397
Cumulative 2005	234	98	80	412

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	
	Aug. 2006	Aug. 2005	Aug. 2006	Aug. 2005	Aug. 2006	Aug. 2005
Housing Starts						
Island of Montréal (1 to 4)	50	44	118	443	20	369
Laval (zones 5 and 6)	47	54	10	53	566	0
North-Shore (zones 7 to 10 & 16)	278	199	77	55	52	89
South-Shore (zones 11 to 14)	140	103	108	101	252	145
Vaudreuil-Soul. *** (zone 15)	33	40	8	6	0	8
Under Construction*						
Island of Montréal	315	322	4,589	4,618	2,791	3,570
Laval	407	558	431	616	1,119	578
North-Shore	1,395	1,404	899	804	673	718
South-Shore	743	837	872	864	1,310	291
Vaudreuil-Soulanges ***	362	354	106	120	8	24
Completions						
Island of Montréal	61	32	354	193	111	689
Laval	113	97	90	100	76	21
North-Shore	410	342	164	255	49	132
South-Shore	180	163	364	132	119	16
Vaudreuil-Soulanges ***	70	61	15	4	0	0
Unoccupied*						
Island of Montréal	100	84	1,185	1,091	453	1,335
Laval	84	41	367	266	362	86
Rive- Nord	226	156	357	281	183	206
South-Shore	83	144	266	287	110	178
Vaudreuil-Soulanges ***	144	67	67	67	10	2
Absorption						
Island of Montréal	49	37	238	337	524	433
Laval	128	103	105	113	53	21
North-Shore	389	325	155	250	89	79
South-Shore	185	166	216	138	109	17
Vaudreuil-Soulanges ***	110	57	38	7	0	5
Duration of Inventory**						
Island of Montréal	1.9	1.6	3.8	3.5	1.6	4.6
Laval	0.8	0.4	5.8	4.2	7.8	1.8
North-Shore	0.6	0.4	3.2	2.5	1.6	1.8
South-Shore	0.4	0.7	2.6	2.8	2.6	4.2
Vaudreuil-Soulanges ***	1.8	0.9	3.6	3.6	3.4	0.7

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	August 2006			Trend 2006
	3,222	637	3,859	806
	6,897	2,242	9,139	609
	5,901	1,118	7,019	494
Freehold Condominium Rental	August 2005			Trend 2005
	3,475	492	3,967	953
	7,022	1,992	9,014	721
	5,181	1,807	6,988	432

Source: CMHC

Table 5
Economic Overview
Montréal Metropolitan Area

	2005						2006					
	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug.</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug.</i>
Labour Market*												
Job Creation (Loss) - in thousands	25	12	-5	-4	15	36	8	11	18	28	35	25
Unemployment Rate (%)	8.6	8.4	8.6	8.4	8.4	8.5	9.7	9.4	8.9	8.3	8.0	8.2
Mortgage Rates (1)												
1-year	5.1	4.9	4.9	4.8	4.9	5.0	6.1	6.3	6.3	6.6	6.6	6.4
5-year	6.3	6.1	6.0	5.7	5.8	5.8	6.5	6.8	6.8	7.0	7.0	6.9
Annual Inflation Rate (%)	2.4	2.3	1.7	2.1	2.2	2.7	1.9	2.5	2.5	1.9	2.0	n.a
New House Price Index (% change)												
House	6.6	5.6	5.1	5.1	5.1	4.4	2.9	3.7	4.2	4.1	4.1	n.a
Land	6.0	5.8	5.2	5.3	5.3	4.9	4.6	5.5	5.4	5.1	5.1	n.a
Total	6.4	5.7	5.1	5.1	5.1	4.5	3.3	4.2	4.6	4.5	4.5	n.a
MLS Sales - Single-Family Houses	2,991	2,786	2,452	1,867	1,402	1,632	3,098	2,630	2,516	1,941	1,392	1,538

* 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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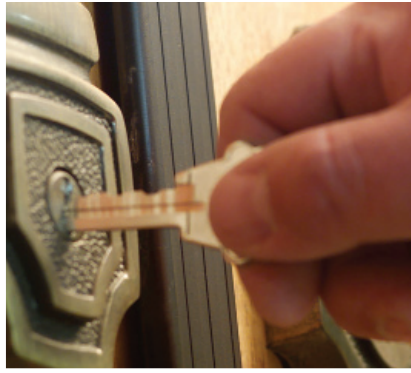
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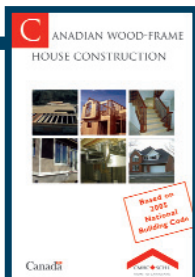
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