HOUSING MARKET INFORMATION

# HOUSING MARKET OUTLOOK
## Montréal CMA

CANADA MORTGAGE AND HOUSING CORPORATION

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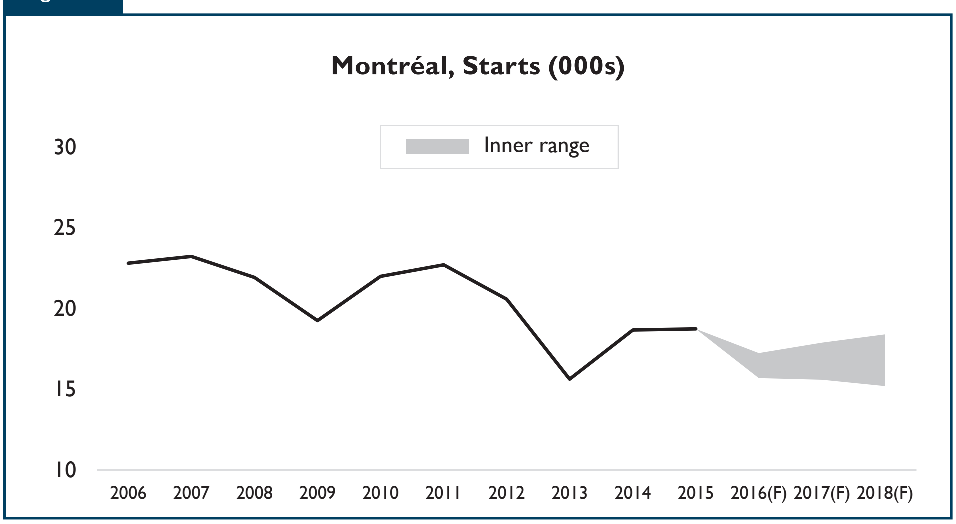
## Highlights[1]

- Following a small decrease in 2016, housing starts in the Montréal census metropolitan area (CMA) will show a slight upward trend in 2017 and should reach between 15,600 and 17,900 units. During this period, condominium construction will regain some strength, while rental apartment production will stabilize.
- Modest employment growth will continue to support a gradual increase in transactions on the resale market. In 2017, between 38,500 and 42,500 transactions are anticipated. The average price will rise moderately next year, reaching between $350,000 and $365,000.
- Despite the significant increase in new rental housing units, the vacancy rate in the Montréal CMA will remain stable, at 4.0 per cent, in 2016. In fact, demand on the rental market will be supported by the strong jump in net migration. In 2017, the vacancy rate will decrease slightly, to 3.8 per cent

Figure 1




Source: CMHC (F): CMHC Forecast



[1] The forecasts and historical data included in this document reflect information available as of September 30, 2016.

## New home market: decrease in 2016, slight upward trend in 2017

After reaching 18,744 units in 2015, housing starts will register a decrease in 2016 and should range between 15,700 and 17,250 units. This drop will be due in part to the decline in condominium starts, as developers will steer demand toward unsold new units before launching new projects. As well, rental apartment construction—although still strong in 2016—will not reach the exceptional level of activity recorded last year[2].

In 2017, foundations will be laid for 15,600 to 17,900 units. This small increase in the forecast range is essentially attributable to the fact that condominium construction will pick up slightly in the Montréal area.

### Multi-unit housing[3] in 2017: slightly more condominium starts but relatively stable number of new rental apartments

In 2017, multi-unit housing starts will range between 13,450 and 15,450 units (versus between 13,500 and 14,850 in 2016). The greater activity expected in the new condominium segment is the main reason for the increase in the forecast range for multi-unit housing starts.

In fact, the supply of new condominiums in the CMA, that is, the inventories of unsold units, remains relatively high but has been decreasing for a few quarters now. This decline was attributable essentially to the drop in starts observed last year (and this year) and also to a small increase in the pace of sales[4]. The decrease in the inventories will likely allow for the start of new condominium projects (or phases) in 2017.

Also, the number of existing condominiums for sale in Greater Montréal will continue to fall[5], which will limit the choice for buyers and ultimately increase the pressure to build more units on the new home market. However, the weak population growth expected in the first-time homebuyer age segment[6], a significant client group on the condominium market, will limit the need for new condominiums.

As a result, after having declined for two straight years, condominium starts in the Montréal CMA will post a small gain next year. Between 6,500 and 7,500 condominiums should therefore get under way in 2017 (versus between 6,300 and 6,900 in 2016), which will still be far below the peak of 12,700 units reached in 2011.

In the rental housing segment, starts will remain relatively stable in 2017 (between 5,000 and 6,000 units). This rather high level of activity will result in part from the relatively low vacancy rate for newly built[7] conventional rental projects (2.4 per cent), reflecting the popularity of modern units.

In addition, older households, many of whom are returning to the rental market as they age, make up the population segment that will post the strongest growth next year —a factor that will also support the rental housing demand. It could also be that these households, having experienced an increase in their wealth following the sale of their property, will want relatively new conventional rental apartments.

### Note to readers

In an effort to align itself with the various needs of those seeking information about the housing market, CMHC's Market Analysis Centre has undertaken a complete review of its products and services. As a part of this review, the CMHC's *Housing Market Outlook* publication will be undergoing a series of modifications. The general objective is to provide a range of possible outcomes that, in a context of economic and financial uncertainty, will better help users in their decision-making process.

As a first step in this ongoing process, the present edition incorporates forecast ranges for housing variables as well as an expanded discussion on the risks to the forecast. A more detailed description of the forecast range methodology is provided at the end of the publication.

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2 There were 7,200 rental apartment starts in 2015, compared to an annual average of 4,100 units for the period from 2001 to 2014.

3 Semi-detached houses, row homes and apartments.

4 Based on data from Altus Group, condominium presales in Greater Montréal have been rising for the past few quarters.

5 See the section on the existing home market for more details on the supply of units for sale.

6 See the section on economic fundamentals and demographic factors for more details on population growth.

7 Rental apartments built since 2005.

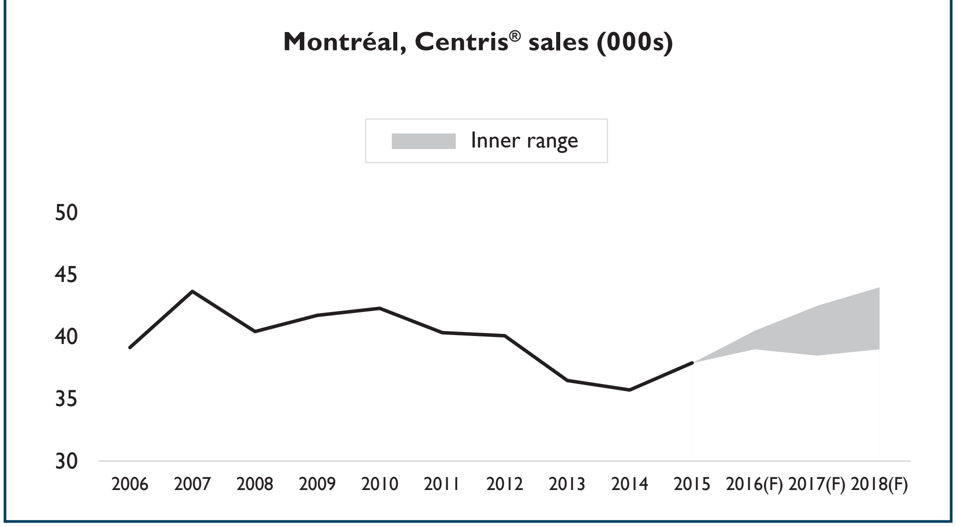
The construction of seniors' housing complexes in the Montréal CMA will also remain significant next year, even though the number of apartments started should stay below the latest peak reached in 2015 (2,610 units)[8]. This decrease will be essentially due to the fact that the major players in this industry will be busy completing and renting out the units of the numerous projects started during this period.

Despite the slight slowdown in seniors' housing activity expected this year, this segment is bound to account for a significant share of rental housing construction over the next few years. In fact, the faster growth of the population aged 75 or older[9] will likely drive up demand for seniors' housing. Various developers, anticipating an increase in demand, will start several more major projects over the coming years.

Lastly, semi-detached and row home construction in Greater Montréal will continue to be weak next year, as such starts should account for only about 10 to 15 per cent of all multi-unit housing starts in 2017 (between 1,500 and 1,900 units).

In the single-detached home segment, starts in the Montréal CMA will stay at a low level next year (between 2,100 and 2,500 units). As noted in previous *Housing Market Outlook* issues, the decline in starts in this segment is due in part to the fact that single-detached houses are generally less affordable than other housing types and also to the increasing scarcity of lots in Greater Montréal. As well, residential development is governed by the Metropolitan Land Use and Development Plan, which aims, among other things, to increase the housing density thresholds in the various municipalities of the metropolitan area. Once again, the majority of new single-detached homes will be started in the municipalities located at the outer edge of the North Shore, that is, in sectors where lots are still available.

Figure 2




Source: QFREB by Centris® system
(F): CMHC Forecast

In 2018, housing starts will range between 15,200 and 18,400 units (versus between 15,600 and 17,900 in 2017). The wider forecast range is mainly representative of the activity that could take place in the seniors' housing segment. Given the aging of the population, as mentioned earlier, several seniors' residences will be built over the coming years. However, with the uncertainty as to the exact moment when the foundations will be laid, starts in 2018 could vary considerably. The forecast range reflects this uncertainty and the possible variations in the level of starts.

## Existing home market: balanced conditions overall and slightly more pressure on prices to be expected in 2017 and 2018

In 2016, transactions on the Montréal CMA resale market will rise for a second straight year, reaching between 39,000 and 40,500 units. The increase in demand will be mainly attributable to the growth in full-time employment among people aged from 25 to 44[10], a group that represents the main pool of homebuyers. The rebound in the Index of Consumer Confidence[11] also reflects an economic environment that has been slightly more conducive to homebuying in recent times.

[8] Peak for the period from 2008 to 2015.

[9] According to CMHC's surveys, people aged 75 or older make up the main client group for seniors' residences.

[10] See the section on economic and demographic fundamentals.

[11] Based on the Conference Board of Canada's Index of Consumer Confidence.

It should also be noted that financing conditions have remained favourable[12] for purchasing a home on the resale market since the beginning of the year.

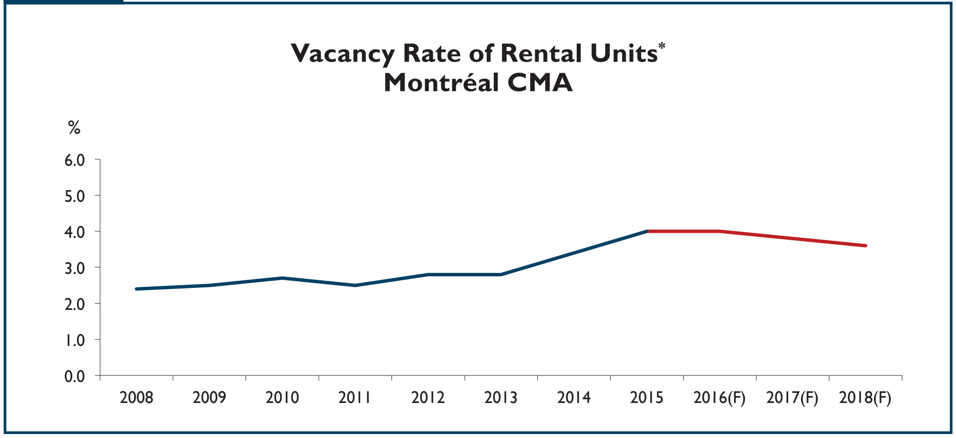
After having favoured sellers for the past three years, market conditions were balanced overall according to the latest data for August. As a result, the growth in the average Centris® price will be slightly greater in 2016 than during the period from 2013 to 2015[13]. The overall average price in the Montréal CMA will be between $342,000 and $352,000.

Over the next two years, modest employment growth will continue to support a gradual increase in transactions on the resale market. That being said, other factors will limit demand. Population growth will be weak (less than 1 per cent per year), particularly among people aged under 35 (first-time homebuyers). In addition, the growth in personal disposable income has been slow for the past few quarters[14]. As a result, between 38,500 and 42,500 transactions are forecast for 2017 and between 39,000 and 44,000, for 2018.

Given the increase in sales and the decrease in new listings, the number of homes for sale on the market will continue to fall in 2017. With market conditions that will be gradually more favourable to sellers, new listings will rise again in 2018, which will limit the decline in the supply of existing homes available on the market.

Market conditions will tighten slightly further but will remain balanced overall for the next two years. The average price will increase moderately, reaching between $350,000 and $365,000 in 2017 and between $359,500 and $378,000 in 2018. However, conditions will vary depending on the market segments. The single-family home and plex segments in the CMA will be on the cusp between balanced and sellers' market conditions in 2017, before giving a slight edge to sellers in 2018.

Figure 3




Source: CMHC (F) : CMHC Forecast
*: Private structures with three or more apartments

Single-family home market conditions are already slightly favouring sellers in the Island of Montréal and South Shore sectors. It can be expected that this will also be the case in the Laval sector in 2017. In the North Shore and Vaudreuil-Soulanges sectors, however, single-family home market conditions will be on the border of balanced and sellers' territory in 2017 and then balanced in 2018. The significant decline in single-detached home starts in recent years will contribute to limiting the growth in the stock of such dwellings and, consequently, the supply on the resale market.

As for condominiums, this segment will still be in a surplus situation in the CMA in 2017, but conditions will continue to tighten gradually. It should be noted that the condominium market has been favourable to buyers since 2012. In 2018, with sales rising and supply falling, this segment will be on the threshold between buyers' and balanced market conditions. Only the Island of Montréal sector[15] is bound to reach balanced market conditions in 2018. In the suburban sectors, supply is decreasing more gradually. As a result, even though conditions are expected to tighten slightly, the market will stay favourable to buyers over the next two years.

## Rental market: vacancy rate to stabilize around 4 per cent in 2016

The vacancy rate for conventional rental housing was 4.0 per cent in 2015 (up from 3.4 per cent in 2014), marking a relatively significant increase for a second straight year. This will not occur again in 2016, as demand will keep up with supply, such that the vacancy rate will remain unchanged at 4.0 per cent.

[12] Negotiated, five-year, fixed mortgage rates are now below 3 per cent in several financial institutions, according to www.ratehub.ca.
[13] During the period from 2013 to 2015, the average price on the Montréal CMA resale market rose by about 1 per cent per year.
[14] Based on data from the Conference Board du Canada.
[15] This sector has shown a marked drop in condominiums for sale in recent months.

On the demand side, net migration in the Montréal CMA should rise considerably in 2016[16], which will significantly boost rental housing demand.

Still, the increase in the demand for conventional rental units will be limited by certain factors. For example, rental condominiums will continue to garner a portion of the clients seeking a conventional rental dwelling. It should be recalled that, in 2015, the supply of rental condominiums had increased significantly but the vacancy rate on this market had remained stable (at 3.0 per cent), reflecting a strong demand. As has been the case for several years, this market segment should in fact continue to provide competition for conventional rental apartments in 2016. In addition, the decline in the segment of the population aged from 15 to 24[17] in the CMA in 2016, combined with a sluggish job market for people in this age group, will also contribute to moderating rental housing demand.

Overall, demand for conventional rental apartments in the CMA will rise in 2016, essentially thanks to improving net migration.

On the supply side, some 2,500 new apartments will be added to the rental housing stock in 2016—a similar number as in 2015. This level, much higher than in the past, will result from the strong increase in conventional rental housing starts recorded in 2015.

Over the next two years, relatively high net migration levels will continue to support demand for rental housing. The rental condominium market will keep providing competition for conventional rental apartments, but to a lesser extent than in 2016. Indeed, with condominium sales increasing on both the existing and new home markets, fewer households and developers will be prompted to rent out their units than in the past. In fact, the lower level of condominium starts will limit the number of units potentially competing with the conventional rental market.

The number of new units that will be added to the rental housing stock in 2017 and 2018 should be about the same as in 2016.

All in all, demand will slightly outpace supply over the forecast horizon. The vacancy rate will reach about 3.8 per cent in 2017 and 3.6 per cent in 2018.

The average monthly rent for two-bedroom apartments should rise to $775 this year and then to $800 by 2018. The addition of new rental units, for which the rents are generally high, and the increase in rents from one year to the next on the rental market will be the main reasons for the hikes.

## Economic trends: stronger economic growth to be expected

Quebec's economic growth has been relatively weak since the beginning of 2016, at about 1.4[18] per cent. However, several factors indicate that the economy will post slightly more sustained growth in 2017 and 2018. In fact, investments in infrastructure, combined with a weakened Canadian dollar and a growing U.S. economy, will encourage Quebec exports. Quebec's economic growth should reach 1.7 per cent in 2017 and 2.0 per cent in 2018.

In the Montréal CMA, Quebec's major economic engine, the economic situation is expected to improve. In fact, many businesses in the area will benefit from the rebound in international trade. As well, several major infrastructure projects—the construction of the new Champlain Bridge, the redesign of the Turcot Interchange and the conversion of the Bonaventure Expressway—are planned in the Montréal area over the next few years, which will also help create jobs in the construction industry. Given its size, the Réseau électrique métropolitain (REM) [metropolitan electric network] of the Caisse de dépôt et placement du Québec (CDPQ) will probably be the project that will generate the most jobs in the Montréal area, especially starting in the spring of 2017 (according to the original schedule).

The number of jobs created will therefore grow at a slightly faster pace over the next two years (+1.0 per cent in 2017 and +1.3 per cent in 2018) than in 2016 (+0.6 per cent). This growth of the job market, though modest, should support housing demand in the Montréal CMA. This demand will in fact be mainly dependent on the full-time employment situation of people aged from 25 to 44, a group that accounts for a very significant proportion of potential buyers on the market. Since the beginning of 2016[19], the number of full-time jobs among people aged from 25 to 44 is in fact up by more than 4 per cent.

[16] See the next section for more details on net migration.

[17] Most people aged from 15 to 24 generally opt for rental accommodation.

[18] Measured by the gross domestic product at basic prices from January to June 2016.

[19] January to August 2016, compared to January to August 2015.

# Demographic factors

## Population

According to the latest demographic estimates[20], the Greater Montréal population will grow by about 1 per cent from now until 2018. However, there will be major disparities among the different age groups. In fact, the population group aged from 15 to 24 should decline over the forecast horizon. This will dampen demand for rental housing, as people in this age group generally opt for rental accommodation.

As for people aged from 25 to 44, a group that, as mentioned earlier, represents a significant share of buyers on the market, their growth will be relatively weak between 2016 and 2018, which will moderate demand on the housing market. The population group that will post the strongest growth will be people aged 50 or older and, more particularly, those aged 75 or older. Since older people often return to the rental market, this could boost demand for rental dwellings, such as newer conventional rental apartments or seniors' housing units.

## Migration

Net migration flows to the Montréal area will improve over the coming years. In fact, after having hit one of its lowest levels of the last 10 years in 2015, net migration in the CMA will increase in 2016 and 2017. Net migration will rise from 20,000 people last year to about 30,000 people per year from 2016 to 2018, which will still remain slightly below the previous peak of 34,000 people (2009 and 2010).

The rise in net migration will result essentially from the increase in the number of immigrants coming to Montréal this year and next. It should be recalled that, last year, immigration in the CMA was low compared to previous years and also compared to the targets set by the Government of Quebec. A rebound was therefore anticipated, and this already seems to be the case according to the provincial immigration data available for 2016.

Overall net migration in the Montréal CMA could also benefit, although to a lesser extent, from improved net interprovincial migration. In fact, the economic situation in Canada's Western provinces—weakened by the decline in oil prices—has made them less attractive than Quebec (and, by the same token, than the Montréal CMA).

Also, the Montréal CMA should continue to keep more of its residents, to the detriment of the other regions of Quebec, as has been the case for four years now. In fact, the interregional deficit is expected to stabilize or keep decreasing slightly from now until 2018[21]. In general, over the forecast horizon, the increase in net migration will support housing demand, particularly on the rental market.

# Mortgage rates are expected to rise modestly over the forecast horizon

Mortgage rates are expected to increase very modestly over the period 2016-2018. This is consistent with the expected pick-up over the horizon for inflation and real GDP growth by several forecasting institutions.

According to our base case scenario, the posted 5-year mortgage rate is expected to be within a 4.5 to 4.9 per cent range in 2016 and within a 4.4 to 5.2 range in 2017. For 2018, the posted 5-year mortgage rate should lie within a 4.5 to 5.7 per cent range.

# The impact of mortgage regulation changes

On October 3, the Government of Canada announced measures designed to support the health and stability of Canadian housing markets and housing finance system. The measures include new eligibility rules for high ratio insured mortgages (where the loan to value ratio is greater than 80%) and new eligibility criteria for low ratio insured loans (loan-to-value less than 80%) that previously only applied to high ratio mortgages. Under the new measures, all high ratio mortgages will now be "stress tested" to ensure borrowers can afford their loan if interest rates rise. Borrowers will now have to meet higher debt servicing limits calculated using the greater of the contract rate and the Bank of Canada's 5 year posted rate. The latter is currently more than 2% higher than typical contract rates. This "stress test" approach has been applied since 2010 to variable rate mortgages and fixed

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[20] Source: Institut de la statistique du Québec.

[21] In other words, even though the migration flows between the Montréal CMA and the other regions of Quebec will result in net losses for the CMA, the extent of this phenomenon will be tending to decrease

rate mortgages of a term of less than 5 years. Applying this stress test to loans with terms of five years and longer extends this test to all high-ratio insured mortgages.

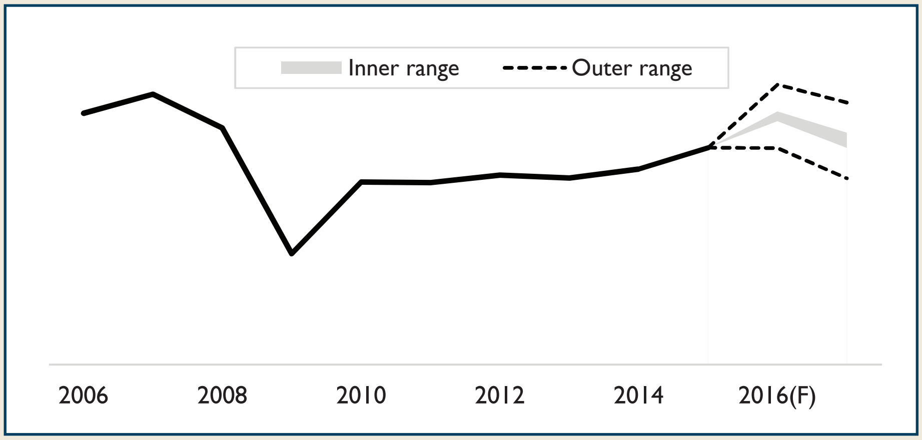
As the policy just took effect, it is difficult to precisely evaluate the impacts on housing markets. In general, an increase in mortgage rates affects house prices, sales, and starts negatively. However, the stress test approach affects the size of the insured mortgage for which the home borrower qualifies and it is not an increase in the mortgage rate itself. As a result, borrowers could adjust their purchase behaviour in several ways. For example, they could purchase homes that are less expensive, add more down payment, delay their purchase in order to save additional funds for down payment, or add a co-signor. According to our analysis, from 5 to 10 per cent of all prospective home buyers could be affected during the first year of implementation, but the precise impact will vary depending on specific homebuyer circumstances and behaviours. Considering regional variations in drivers of housing activities, it is also likely that the impact of the announced changes could be different across the country. Taking into account all possible scenarios, the impacts on house prices, sales, and starts are within the lower band of our outer forecasting range that is designed to capture unexpected economic and financial developments, as well as unforeseen regulatory changes at the local, provincial, and national levels.

## Methodology for forecast ranges

The present edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. Despite this change, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available. Two sets of ranges are presented in the publication:

- An inner range, which provides more precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. This inner range is based on the coefficient of variation* of historical data and on past forecast accuracy. This range provides precision and direction for forecasts of housing variables, given a specific set of assumptions for the market conditions and underlying economic fundamentals.
- An outer range, which reflects potential risks to the forecast due to, for example, the impact of economic shocks. The outer range is based on a broader coefficient of variation of historical data and on past forecast accuracy. This range includes some low-probability events that could have a significant impact on the forecast.

Downward (or upward) adjustments to the ranges may be applied based on local market intelligence if there are more sources of risks (upside or downside) for that specific market.




* The coefficient of variation in this case is the standard deviation divided by the mean of that series. A higher coefficient of variation would produce wider ranges due to the higher volatility of the data, while a lower coefficient of variation would produce tighter ranges.

## Trends at a glance

| Key Factors and their Effects on Housing Starts | |
|---|---|
| Mortgage Rates | Mortgage rates are expected to stay near current levels until the end of 2016, before rising modestly over the forecast horizon. This should contribute to a slight moderation in housing demand by the end of 2018. |
| Employment | The job market will post moderate growth, which will slightly support housing demand overall. |
| Income | Small gains in average weekly earnings are expected, which will dampen demand on the new home market. |
| Population | Population growth will remain weak, moderating demand for new homes in the area. Still, the aging of the population will encourage the construction of rental units. |
| Resale Market | The decrease in the number of existing homes for sale will stimulate the construction of new units in 2017 and 2018. |

## Forecast risks

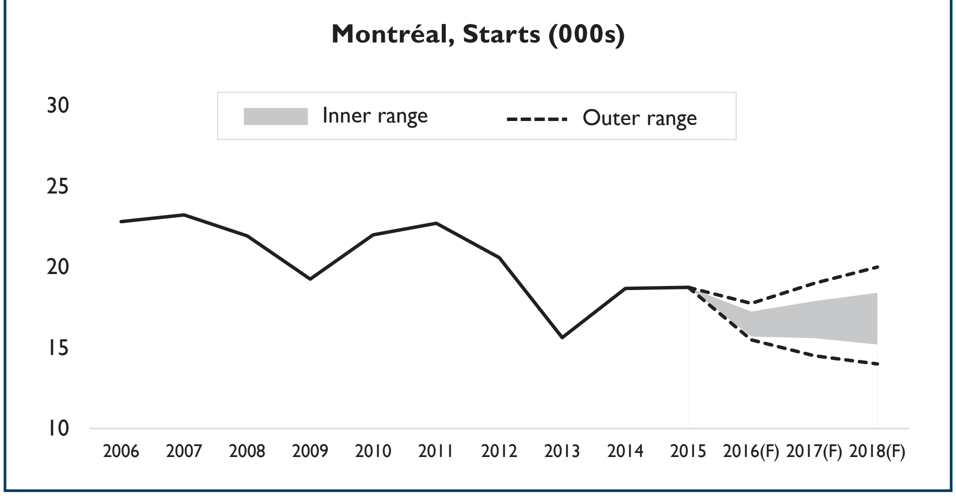
### New home market:

The key risks for the new home market in 2017 and 2018 are associated with rental housing construction.

An increase in the rental housing vacancy rate in 2016 could lead to a slowdown in conventional rental housing construction over the next two years. As well, even though demand from seniors is expected to rise significantly in the coming years (on account of the aging baby boomers), there could be fewer seniors' housing starts than anticipated. In fact, builders could delay the launch of certain projects in order to complete and rent out the units of the many buildings that were recently started. Total starts would then be lower, reaching 14,500 units in 2017 and 14,000 in 2018.

Conversely, higher-than-expected migration would lead to a greater decrease in the vacancy rate and could result in an increase in conventional rental housing starts. Builders of seniors' housing could also pick up the pace of construction of new projects in the short term to meet the growing demand from baby boomers. Total starts could then climb to 19,000 units in 2017 and to 20,000 in 2018.

Figure 4




Source: CMHC
(F): CMHC Forecast

### Existing home market

Activity on the resale market activity depends on continued job market growth. Relatively stronger or weaker employment growth than anticipated in 2016 would cause housing demand to increase or decrease in relation to our base case scenario.

Should economic growth be stronger than expected and the number of jobs increase more significantly, sales could go up to 43,000 units in 2017 and to 45,000 in 2018, market conditions would tighten more quickly and prices would rise further. The average price could reach $374,000 in 2017 and $388,000 in 2018.

On the other hand, if economic growth is weaker and the job market stagnates or declines somewhat, sales could reach 38,000 units in 2017 and in 2018, market conditions would shift back to buyers' territory and the level of prices could dip slightly.

Furthermore, according to CMHC's Housing Market Assessment (HMA) framework, the Montréal housing market showed moderate evidence of overvaluation in the second quarter of 2016. A significant drop in demand could therefore result in a decrease in home prices in Greater Montréal.

**Forecast Summary**
**Montréal CMA**
**Fall 2016**

| | 2013 | 2014 | 2015 | 2016(F) | | 2017(F) | | 2018(F) | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (L) | (H) | (L) | (H) | (L) | (H) |
| **New Home Market** | | | | | | | | | |
| **Starts:** | | | | | | | | | |
| Single-Detached | 3,039 | 2,677 | 2,402 | 2,200 | 2,400 | 2,150 | 2,450 | 2,050 | 2,550 |
| Multiples | 12,593 | 15,995 | 16,342 | 13,500 | 14,850 | 13,450 | 15,450 | 13,150 | 15,850 |
| Starts - Total | 15,632 | 18,672 | 18,744 | 15,700 | 17,250 | 15,600 | 17,900 | 15,200 | 18,400 |
| | | | | | | | | | |
| **Resale Market** | | | | | | | | | |
| Centris® Sales | 36,489 | 35,726 | 37,890 | 39,000 | 40,500 | 38,500 | 42,500 | 39,000 | 44,000 |
| Centris® Average Price($) | 323,940 | 331,000 | 337,263 | 342,000 | 352,000 | 350,000 | 365,000 | 359,000 | 378,000 |
| | | | | | | | | | |
| **Economic Overview** | | | | | | | | | |
| Mortgage Rate(5 year)(%) | 5.24 | 4.88 | 4.67 | 4.50 | 4.90 | 4.40 | 5.20 | 4.50 | 5.70 |

| | 2013 | 2014 | 2015 | 2016(F) | 2017(F) | 2018(F) |
|---|---|---|---|---|---|---|
| **Rental Market** | | | | | | |
| October Vacancy Rate (%) | 2.8 | 3.4 | 4.0 | 4.0 | 3.8 | 3.6 |
| Two-bedroom Average Rent (October)($) | 730 | 739 | 760 | 775 | 790 | 800 |
| | | | | | | |
| **Economic Overview** | | | | | | |
| Population | 3,985,067 | 4,027,999 | 4,060,692 | 4,101,000 | 4,140,500 | 4,180,500 |
| Annual Employment Level | 2,030,300 | 2,019,500 | 2,040,900 | 2,053,000 | 2,073,500 | 2,099,500 |

QFREB by Centris®. The Centris® system contains all the listings of Québec real estate board.
Rental Market: Privately initiated rental apartment structures of three units and over.
The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range. (H)=High end of range.
It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.
Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. Centris®. CMHC Forecast (2016-2018).

# DEFINITIONS AND METHODOLOGY

## New Home Market

Historical home starts numbers are collected through CMHC's monthly **Starts and Completions Survey**. Building permits are used to determine construction sites and visits confirm construction stages. A **start** is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

**Single-Detached Start:**
The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

**Semi-Detached Start:**
The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

**Row (or Townhouse) Start:**
Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

**Apartment and other Starts:**
Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

**Average and Median Single Detached Home Prices:**
Are estimated using CMHC's **Market Absorption Survey**, which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "**absorbed**" means that a housing unit is no longer on the market as it has been sold or rented.

**New Home Price Indexes:**
Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

## Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Federation of Real Estate Boards.

**MLS® (Centris® in the province of Quebec) Sales:**
Refers to the total number of sales made through the Multiple Listings Services in a particular year.

**MLS® (Centris® in the province of Quebec) Average Price:**
Refers to the average annual price of residential transactions through the Multiple Listings Services.

## Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October **Rental Market Survey** (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which. have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

### Vacancy Rate:
The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

### Two Bedroom Rent:
The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

## Economic Overview

**Labour Force** variables include the Annual Employment Level, Employment Growth, Unemployment Rate. Source: Statistics Canada's Labour Force Survey.

### Net Migration:
Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

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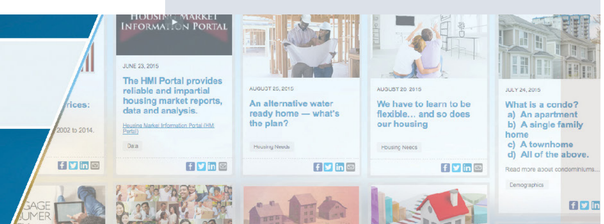

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