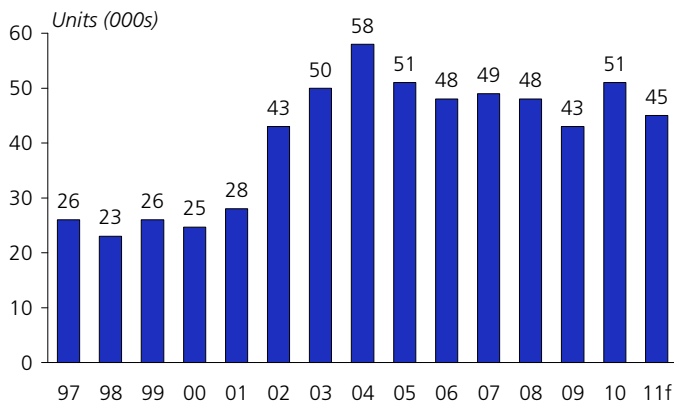




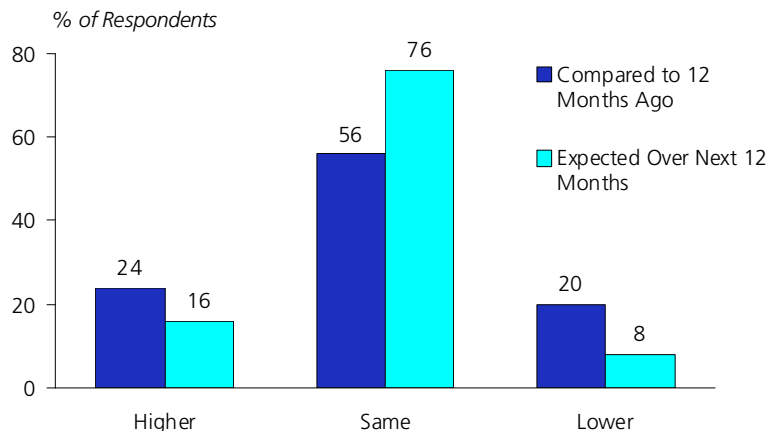
Quebec Home Builders Forecast Stable Housing Starts and Stronger Renovation Activity

Total Housing Starts Quebec



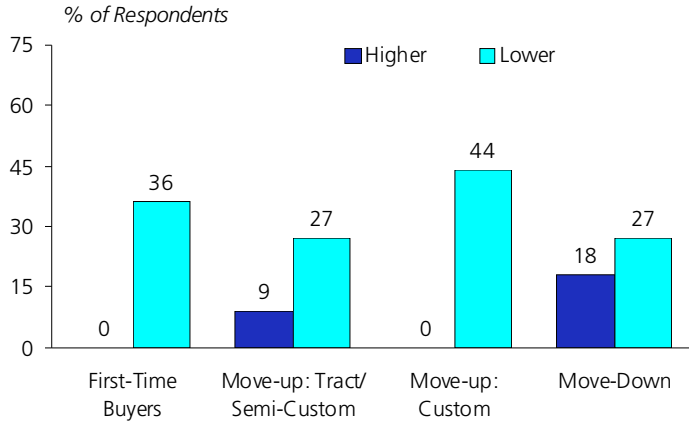
Source: CMHC (historical) and **Pulse Survey** (forecast)

Change in Renovation Activity Quebec

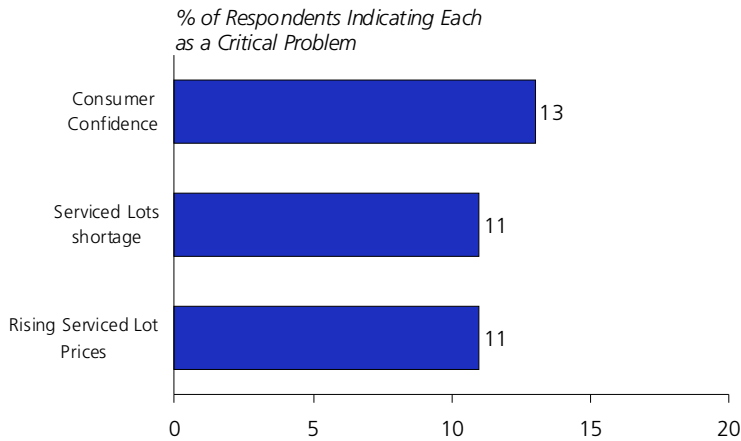


- New home builders in Quebec expect total housing starts to be about 45,000 units in 2011, down from the 51,363 units started in 2010, according to the latest **Pulse Survey** conducted in December 2010 and January 2011 by the Canadian Home Builders' Association (CHBA) and l'Association provinciale des constructeurs d'habitations du Quebec (APCHQ). Despite the moderation last year, starts are expected to remain well above the levels of the latter 1990s/early 2000s.
- Canada-wide, new home builders are expecting about 172,100 starts in 2011, somewhat lower than the 189,930 starts in 2010 and below the levels of the 2002-2008 period.
- On average, Quebec renovators responding to the **Pulse Survey** report stable activity. Almost one quarter of renovators in Quebec report that their renovation activity is higher than 12 months ago, while about one fifth reported lower activity.
- On average, renovators in Quebec expect a modest increase in their renovation activity over the next 12 months.
- The average project reported by renovators in Quebec is about \$25,000 and takes 4 weeks to complete.

Changes in Traffic Compared to Last Year Quebec



Top Problems for New Home Builders Quebec



- New home builders and renovators in Quebec on average report lower full-time employment compared to a year ago and expect some further decline in employment over the next year.
- Quebec new home builders report lower traffic on average at new home sales sites across all markets, especially among the custom segment of the move-up market and the first-time buyers segment.
- Over 1 in 3 new home builders in Quebec report that inventories of started-but-unsold single-detached units are lower this year compared to a year ago while the rest report inventories unchanged.
- New home builders in Quebec are planning some shift from the first-time buyer segment to the move-up and move-down markets over the next year.
- The most often cited critical problems for Quebec new home builders are consumer confidence, shortages and associated rising costs of serviced lots.
- Almost half of new home builders in Quebec expect new single-detached house prices to increase over the next year, while only about 1 in 14 expect prices to decline.

The **Pulse Survey** was conducted by the CHBA and l'Association provinciale des constructeurs d'habitations du Quebec (APCHQ) with assistance from Canada Mortgage and Housing Corporation and Natural Resources Canada. The survey was tabulated and analyzed by Altus Group Economic Consulting. Copies of the detailed results are available from the CHBA (chba@chba.ca) or APCHQ.