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# HOUSING NOW *Saguenay*

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Canada Mortgage and Housing Corporation

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### Housing activity declines this spring

Residential job sites in the Saguenay census metropolitan area (CMA) sustained a decrease in activity this past spring. This conclusion was drawn from the 108 housing starts enumerated by Canada Mortgage and Housing Corporation (CMHC) in the second quarter of 2004, which represented a drop of 56 per cent from the 244 new units that were started during the same period last year.

All housing types faced this phenomenon of market contraction, which began in the third quarter of 2003. Rental apartment construction experienced its most difficult moments since reaching its peak in 2002 (322 new constructions for the year) with only 14 new dwellings started during the months of April, May and June. This performance was disappointing but not unexpected considering the current context. In fact, the hike in the vacancy rate for privately

initiated dwellings to 5.2 per cent last October well illustrates the surplus of housing units for rent on the Saguenay market. In addition, the high levels of apartment construction observed in the past two years were largely attributable to the retirement home segment, which, thanks to a rising supply, no longer shows a shortage.

For single-family home building, the number of new foundations laid during the past quarter was down by 22 per cent from last year. Detached houses garnered the vast majority of the new units in this category, with 88 starts, for a decrease of 22 per cent. Semi-detached and row homes accounted for the rest, with 6 such homes built this spring, compared to 8 during the same period last year. The attractive financing

*Continued on next page*

### IN THIS ISSUE

#### Analysis

Housing activity declines this spring	1
Elsewhere in the Lac-Saint-Jean area	2
In the other urban centres across the province	2
Inter-generational home-sharing and secondary suites: benefits and drawbacks	2

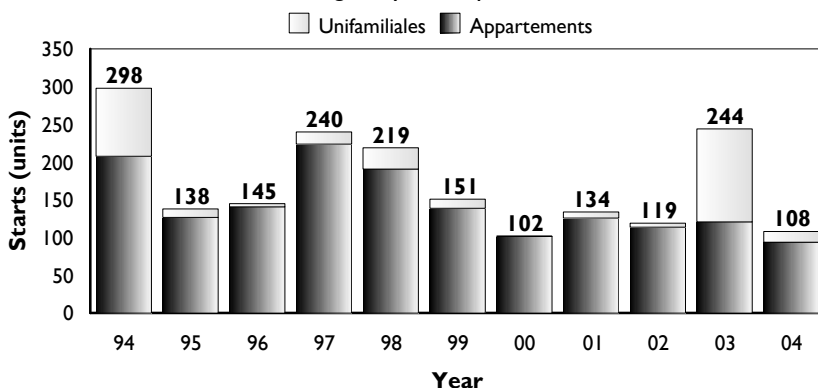
#### Tables

1. Summary of Activity by Intended Market	3
2. Housing Starts by Zone and by Intended Market	4
3. Detached and Semi-Detached Houses Absorbed by Price Range	5
4. Housing Supply	5
5. Housing Starts by Agglomeration and by Intended Market - Lac-Saint-Jean	6
6. Economic Overview	7

#### Definitions and Concepts

Saguenay Census Metropolitan Area Zones	8
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**Total Housing Starts**  
Second Quarter  
Saguenay Metropolitan Area



Source: CMHC



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conditions, resulting from the historically low mortgage rates, have not stimulated new construction in 2004. The declining job market at the end of 2002 and in the first half of 2003 and the announced shutdowns in La Baie and Jonquière seem to have slowed down the market by offsetting the impact of the mortgage rates.

The mid-year figures reflect the quarterly results, as volumes are down for almost all types of construction. The only gain observed is in the semi-detached and row home category, where the 12 new starts recorded this year exceed the 10 units built during the first half of 2003. In the single-detached home segment, 98 units were started in the first six months of the year, for a decrease of 22 per cent in

relation to last year. Lastly, construction got under way on 21 apartments, many fewer than last year (135 units in 2003).

### **Elsewhere in the Lac-Saint-Jean area**

In the Lac-Saint-Jean area, the municipality of Saint-Félicien stood out with an increase of 43 per cent in housing starts, for a total of 10 detached houses in the first half of this year. Alma posted a smaller gain of about 11 per cent. Single-family home starts rose by 24 per cent (42 units), while the number of apartments went from 10 in 2003 to 7 in the first six months of 2004. In Roberval, the level of activity is down by 13 per cent. We have enumerated 7 single-family homes there in 2004. In Dolbeau-Mistassini, the decrease is more marked

(-17 per cent), as 15 single-family houses were started in the first half of the year, compared to 18 last year.

### **In the other urban centres across the province**

For the province overall, residential construction continued to rise. Since the beginning of the year, 23,364 starts have been enumerated in urban centres with 10,000 or more inhabitants, for a gain of 29 per cent over the first half of 2003. Among the six CMAs in Quebec, the strongest increase was noted in Trois-Rivières (41 per cent), followed by Montréal (38 per cent), Sherbrooke (29 per cent), Québec (16 per cent) and Gatineau (9 per cent). Saguenay is the only area that is showing a decrease (-52 per cent).

## **Inter-generational home-sharing and secondary suites: benefits and drawbacks**

The addition of secondary suites, a marginal phenomenon until now, is attracting the growing attention of the general public, the residential construction sector and the research community. A secondary suite intended for inter-generational home-sharing is a self-contained dwelling adjacent to, or integrated in, a single-family house. Such suites can help seniors remain independent, feel safe and avoid isolation.

Researchers examined this tenure option in order to identify its benefits and drawbacks. Their research<sup>1</sup> consists of a summary of the literature on this topic and several interviews with municipal stakeholders and inter-generational home-sharing households in Québec City suburbs.

There are many benefits resulting from the addition of a secondary suite. From the standpoint of municipalities, the greatest advantages are the rejuvenation of the population in older suburbs, residential intensification and the preservation of the existing housing stock. The benefits mentioned by the households who were interviewed are even more numerous. There is security, which is divided into two aspects: when one of the two households is absent, the security of the premises is ensured, and, for older people, the closeness of younger people who can come to their assistance is reassuring. The financial benefits that result from cost-sharing are also significant. As well, home-sharing enables grandparents to see their grandchildren more regularly, which considerably fosters sociability. In addition, everyday life is facilitated by the sharing of tasks, such as household chores or services rendered. Better maintenance of the suite and more space are another advantage. Finally, home-sharing reportedly brought about an improvement in the health of certain people thanks to their good living conditions.

As for the drawbacks raised during the interviews, these were less numerous. For municipalities, the disadvantages include a reduced quality of life for neighbourhood citizens, increased demand for services and more automobile traffic in the affected sectors. For the households interviewed, the main drawback is the loss of privacy and mutual interference by home-sharing household members. As well, the sharing of spaces used on a day-to-day basis may generate frictions if these spaces, including the backyard, are not completely separate. Consequently, one of the essential conditions to ensure home-sharing success is to clearly set out the rules in order to maintain the privacy of the households.

Inter-generational home-sharing through the addition of a secondary suite can be a positive experience, but will not solve all the problems of an aging population.

<sup>1</sup>Extract from *Inter-Generational Home-Sharing and Secondary Suites in Québec City Suburbs*, Research Highlights, CMHC, Socio-Economic Series, Issue 04-028, April 2004

For more information about this report, visit [www.cmhc.ca](http://www.cmhc.ca) or call 1 800 668-2642

**Table I**  
**Summary of Activity by Intended Market**  
**Saguenay Metropolitan Area**

Activity / Period	Ownership					Rental	Total
	Freehold*				Condo-minium		
	Single	Semi	Row	Apt.			
<b>Starts</b>							
Second quarter 2004	88	6	0	2	0	12	108
Second quarter 2003	113	8	0	4	0	119	244
Year-to-date 2004 (Jan.-June)	98	12	0	2	7	12	131
Year-to-date 2003 (Jan.-June)	126	10	0	4	0	131	271
<b>Under construction**</b>							
Second quarter 2004	80	6	0	2	0	15	103
Second quarter 2003	74	8	0	2	0	110	194
<b>Completions</b>							
Second quarter 2004	40	6	0	0	0	4	50
Second quarter 2003	55	2	0	4	0	241	302
Year-to-date 2004	56	6	0	4	0	4	70
Year-to-date 2003	89	10	0	8	0	286	393
<b>Unoccupied**</b>							
Second quarter 2004	2	0	0	0	0	8	10
Second quarter 2003	1	0	0	0	0	86	87
<b>Absorption</b>							
Second quarter 2004	41	6	0	0	0	37	84
Second quarter 2003	55	2	0	5	0	164	226
Year-to-date 2004	58	7	0	4	0	71	140
Year-to-date 2003	89	10	0	9	0	203	311
<b>Duration of inventory (months)</b>							
Trend 2004	82.0	6.0	0.0	2.0	0.0	23.0	113.0
Trend 2003	75.0	8.0	0.0	2.0	0.0	196.0	281.0

\* Refers to single-family houses (single-detached, semi-detached and row homes) owned under freehold tenure and owner-occupied duplexes

\*\* At the end of the period shown

Source: CMHC

**Table 2**  
**Housing Starts by Zone and by Intended Market**  
**Saguenay Metropolitan Area**

Zone / Period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Single	Semi	Row	Apt.			
<b>Zone 1: Chicoutimi</b>							
Second quarter 2004	29	0	0	2	0	12	43
Second quarter 2003	32	0	0	0	0	30	62
Year-to-date 2004	31	6	0	2	0	12	51
Year-to-date 2003	35	2	0	0	0	34	71
<b>Zone 2: Jonquière</b>							
Second quarter 2004	25	0	0	0	0	0	25
Second quarter 2003	36	0	0	2	0	89	127
Year-to-date 2004	29	0	0	0	0	0	29
Year-to-date 2003	38	0	0	2	0	97	137
<b>Zone 3: La Baie</b>							
Second quarter 2004	12	0	0	0	0	0	12
Second quarter 2003	10	6	0	2	0	0	18
Year-to-date 2004	12	0	0	0	7	0	19
Year-to-date 2003	10	6	0	2	0	0	18
<b>Centre (zones 1 to 3)</b>							
Second quarter 2004	66	0	0	2	0	12	80
Second quarter 2003	78	6	0	4	0	119	207
Year-to-date 2004	72	6	0	2	7	12	99
Year-to-date 2003	83	8	0	4	0	131	226
<b>Zone 4: Outlying area (Lac Kénogami, Larouche, Laterrière, Saint-Fulgence, etc.)</b>							
Second quarter 2004	22	6	0	0	0	0	28
Second quarter 2003	35	2	0	0	0	0	37
Year-to-date 2004	26	6	0	0	0	0	32
Year-to-date 2003	43	2	0	0	0	0	45
<b>TOTAL - SAGUENAY METROPOLITAN AREA</b>							
Second quarter 2004	88	6	0	2	0	12	108
Second quarter 2003	113	8	0	4	0	119	244
Year-to-date 2004	98	12	0	2	7	12	131
Year-to-date 2003	126	10	0	4	0	131	271

Source: CMHC

**Table 3**  
**Single-Detached and Semi-Detached Houses Absorbed by Price Range - Second quarter**  
**Saguenay Metropolitan Area**

Type	Under \$70,000		\$70,000 to \$89,999		\$90,000 to \$109,999		\$110,000 to \$129,999		\$130,000 or over	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
<b>Single</b>	0	1	4	3	11	10	9	9	17	32
<b>Semi</b>	0	0	0	0	4	0	2	0	0	2
<b>Total</b>	0	1	4	3	15	10	11	9	17	34
<b>Market share (single)</b>	0.0%	1.8%	9.8%	5.5%	26.8%	18.2%	22.0%	16.4%	41.5%	58.2%

Source: CMHC

**Table 4**  
**Housing Supply - Second quarter 2004**  
**Saguenay Metropolitan Area**

	<i>Intended Market</i>			
	<i>Freehold</i>	<i>Condominium</i>	<i>Rental</i>	<i>Total</i>
<b>Under construction</b>	88	0	15	103
<b>Unoccupied</b>	2	0	8	10
<b>Short-term supply</b>	90	0	23	113
<b>Duration of short-term supply (months, trend)</b>	4.5	0.0	1.3	3.0

Source: CMHC

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**Table 5**  
**Housing Starts by Agglomeration and by Intended Market**  
**Lac-Saint-Jean**

Agglomeration / Period	Ownership				Condo-minium	Rental	Total
	Freehold						
	Single	Semi	Row	Apt.			
<b>Alma</b>							
Second quarter 2004	27	6	4	0	0	7	44
Second quarter 2003	25	2	0	2	0	11	40
Year-to-date 2004	32	6	4	0	0	7	49
Year-to-date 2003	29	2	0	2	0	11	44
<b>Dolbeau-Mistassini</b>							
Second quarter 2004	9	0	3	0	0	0	12
Second quarter 2003	14	2	3	0	0	0	19
Year-to-date 2004	12	0	3	0	0	0	15
Year-to-date 2003	14	2	3	0	0	0	19
<b>Roberval</b>							
Second quarter 2004	5	2	0	0	0	0	7
Second quarter 2003	3	4	0	0	0	0	7
Year-to-date 2004	5	2	0	0	0	0	7
Year-to-date 2003	4	4	0	0	0	0	8
<b>Saint-Félicien</b>							
Second quarter 2004	9	0	0	0	0	0	9
Second quarter 2003	5	0	0	0	0	0	5
Year-to-date 2004	10	0	0	0	0	0	10
Year-to-date 2003	7	0	0	0	0	0	7

Source: CMHC

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**Table 6**  
**Economic Overview**  
**Saguenay Metropolitan Area**

	2003			2004		
	2nd Q	3rd Q	4th Q	1st Q	2nd Q	
<b>Mortgage rates (%) (Canada)</b>						
- 1-year	5.1	4.6	4.7	4.3	4.6	
- 5-year	6.2	6.3	6.5	5.9	6.5	
<b>Inflation (Province of Quebec)</b>						
- Inflation rate (%)	2.8	1.7	1.3	0.8	2.1	
- Consumer Price Index (1992=100)	118.2	118.3	118.5	119.6	120.7	
<b>Quebec consumer attitudes survey</b>						
- Index of Consumer Attitudes (1991 = 100) (seasonally adjusted)	120.7	123.7	117.5	125.3	121.1	
<b>Labour market</b>						
- Job creation (loss) compared to the last quarter	- total 4,000	2,000 4,100	4,100 3,900	(3,600) (5,400)	1,200 (600)	3,600 5,200
- Job creation (loss) compared to the same quarter last year	- total 1,900	1,300 1,100	3,600 1,100	(400) (100)	3,700 1,900	5,300 3,100
- Unemployment rate (%)	11.9	9.6	9.6	11.5	13.6	10.9

Sources: Statistics Canada, Conference Board of Canada

## *THE RETIREMENT HOME MARKET STUDY*

CMHC's Quebec Market Analysis Center publishes annual surveys of all private retirement homes in the province's six census metropolitan areas:

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## Definitions and Concepts

**Intended Markets** - There are three: the freehold market refers to Single-Family Houses (Detached, SemiDetached and Row) owned under freehold; the condominium segment comprises houses and apartments held under divided co-ownership; and finally the rental market encompasses apartments dwellings.

**Housing Starts** - Refer to the beginning of construction work on a building, usually when the concrete has been laid for the whole of the footing around the structure, or equivalent stage where a basement will not be a part of the structure.

**Under Construction** - Refers to units that have started but are not complete. The number of the units under construction at the end of a period may take into account certain adjustment that took place, for various reasons, after the starts have been reported.

**Completions** - Refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

**Unoccupied Units** - Refer to new completed units that have remained unoccupied.

**Total Short Term Supply** - Refers to the total supply of new units and includes units under construction and units that are completed but not occupied.

**Total Medium Term Supply** - Refers to the total supply of new units and includes units under construction, units that are completed but not occupied and the permits issued but not started.

**Absorption** - Refers to newly completed units which have been 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 quarter plus completions for the current quarter minus completed and unoccupied units for the current quarter.

**Duration of inventory** - Refers to the period necessary for the absorption of unoccupied units, i. e. the ratio between unoccupied units and absorbed units (average for the last twelve months).

## Saguenay Metropolitan Area Zones

<b>Zones</b>	<b>Municipalities</b>	<b>Large zone</b>
1	Chicoutimi	Centre
2	Jonquière	Centre
3	La Baie	Centre
4	Lac Kénogami, Larouche, Laterrière, St-Fulgence, St-Honoré, Shipshaw, Canton Tremblay.	Peripheral Area

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