

H

OUSING NOW

Trois-Rivières

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Canada Mortgage and Housing Corporation

Residential construction posts a solid performance in the third quarter

Following a break in the second quarter, activity on residential job sites posted a solid performance in the third quarter of 2003 in the Trois-Rivières census metropolitan area (CMA). In fact, 169 dwellings were started between July and September 2003, for an increase of 26 per cent in comparison with the same period last year.

The gain over last year was evenly distributed among the different housing types. It was the rental housing construction segment that showed the most significant hike, with an increase of 28 per cent in relation to the third quarter of 2002.

The major decrease in the vacancy rate encouraged developers to start up new projects, and the market of the future—retirement housing—has some fine opportunities for well-informed investors.

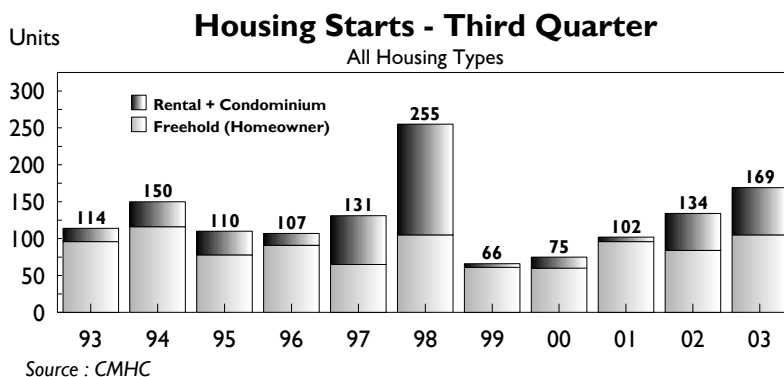
However, the good news came more from the single-family home building side, where activity continued to grow. Such housing starts effectively went up by 25 per cent, as construction got under way on 105 houses during this past quarter. Once again, the good employment performance in recent years, the very affordable mortgage rates and an increasingly tight resale market boosted single-family home construction.

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HOME TO CANADIANS
Canada

In the Trois-Rivières CMA, the results since beginning of the year are comparable to those recorded last year overall. Total housing starts are down by a mere 1 per cent compared to the first nine months of 2002, with 442 new units. Single-family home building has been supporting the housing market in 2003. The favourable economic conditions and a resale market where good deals are scarce have driven up new home starts to 323 units in 2003, for a gain of 37 per cent. Rental housing construction, for its part, is down by 44 per cent from 2002.

Elsewhere in the Mauricie area, the agglomeration of Shawinigan posted stable results this year in the residential

construction sector. In fact, the 70 units started this year represent just 1 unit less than last year. In La Tuque, construction got under way on only 3 houses during the first nine months of this year, compared to 6 last year.

Across the province

The increase in residential construction has extended to all urban centres across the province. Since January, 28,682 starts have been enumerated in centres with 10,000 or more inhabitants, for a hike of 16 per cent over 2002. The greatest gain was registered in the Québec area (38 per cent), followed by Montréal (14 per cent) and Sherbrooke (9 per cent). In Gatineau, construction remained stable, while Saguenay

sustained a small decrease in activity (-5 per cent).

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or by Email:

cam_qc@cmhc.ca

The impact of births on future housing demand

Canada's births pattern largely explains the population's age structure and hence housing demand. Unless high immigration numbers are sustained, the decline in the number of births in the late 1990s implies softer ownership demand two and a half decades from now.

The changing age structure of Canada's population will have a major influence on how many and what types of homes will be in demand in the future. Households usually move into rental in their earlier life-cycle stages and purchase homes after financial assets are built up, and some move back into rental in their retirement years. The average age of a first-time home buyer is the thirties, while second-round home buying usually occurs in a person's early forties.

Canada's birth pattern is very informative since it explains a substantial part of the population's age structure and thus age-related housing demand. (The other major factor is immigration). Chances are that a person born about twenty years ago is moving into a rental today, while someone born in the late 1960s is purchasing a first home. Let's take a look at the implications of Canada's birth pattern for different periods.

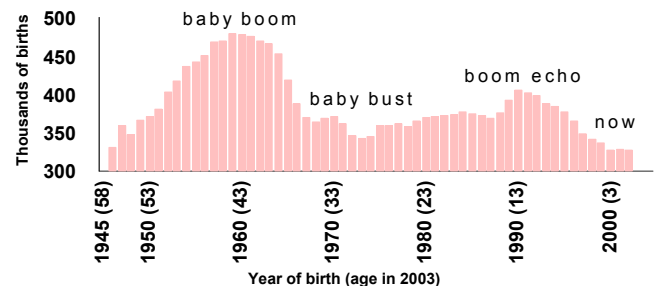
• The baby boom cohort

Post WWII births surged to a peak in 1959, so peak baby boom individuals are now in their early forties and their incomes are already high, but continuing to rise. They are at the age when many people upgrade from their first purchase.

• The baby bust cohort

Canada's annual number of births dropped by 28 per cent between 1959 and 1973. The high rental vacancy rates of the 1990s coincided with the passing of the baby-bust cohort through their renter years. Ten years from now, persons born in the post-war lowest birth year of 1973 will be in their forties. The lower number of people this age may contribute to a reduction in upscale home purchases from the current level.

Births Affect Future Housing Needs



Source: CMHC, adapted from Statistics Canada, CANSIM II

• The baby boom echo cohort

A spike in the number of births, with the peak in 1990, followed the bust. As shown in the chart, the increase in births during the echo was smaller and of shorter duration than in the boom. This cohort will add to demand for rental housing in about five years and will be in full first-time home buyer mode in about ten to fifteen years from now, if present trends continue.

• Post echo births

The number of births in Canada fell steadily through the 1990s, reaching its lowest level in over half a century in 1999. Although there was a small increase in 2001, it is still too early to conclude that the trend has reversed. If not offset by immigration over the next decade, the potential birth trough will reduce rental demand in the 2020s and home buying in the 2030s and 2040s.

Table I
Summary of Activity by intended Market
Trois-Rivières Metropolitan Area

Activity / period	Ownership					Rental	Total
	Freehold *				Condo- minium		
	Detached	Semi	Row	Apart.			
Starts							
Third Quarter 2003	78	20	7	0	0	64	169
Third Quarter 2002	62	22	0	0	0	50	134
Year-to-Date 2003 (Jan.-Sept.)	248	66	7	2	0	119	442
Year-to-Date 2002 (Jan.-Sept.)	187	44	0	4	0	212	447
Under construction **							
Third Quarter 2003	19	8	7	0	0	32	66
Third Quarter 2002	10	8	0	0	0	182	200
Completions							
Third Quarter 2003	86	32	0	0	0	90	208
Third Quarter 2002	69	24	0	4	0	26	123
Year-to-Date 2003	243	72	0	8	6	329	658
Year-to-Date 2002	199	52	3	4	0	43	301
Unoccupied **							
Third Quarter 2003	5	3	0	0	0	32	40
Third Quarter 2002	4	7	0	0	0	6	17
Absorptions							
Third Quarter 2003	89	41	0	0	0	227	357
Third Quarter 2002	77	37	0	4	0	25	143
Year-to-Date 2003	239	76	0	8	3	135	461
Year-to-Date 2002	202	71	1	4	0	59	337
Duration of inventory (in months)							
2003 Trend	0.2	0.3	0.0	0.0	0.0	2.6	0.8
2002 Trend	0.2	1.6	0.0	0.0	NA	1.9	0.6

* Refers to single-family houses (detached, semi-detached and row) owned under freehold tenure.

** As at the end of the period shown.

Source: CMHC

Table 2
Housing Starts by Zone and by intended Market
Trois-Rivières Metropolitan Area

Zone / period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Detached	Semi	Row	Apart.			
Zone 1: City of Trois-Rivières							
Third Quarter 2003	11	0	0	0	0	12	23
Third Quarter 2002	10	2	0	0	0	4	16
Year-to-Date 2003	38	6	0	0	0	36	80
Year-to-Date 2002	28	10	0	0	0	20	58
Zone 2: Trois-Rivières-Ouest							
Third Quarter 2003	18	18	7	0	0	52	95
Third Quarter 2002	19	18	0	0	0	40	77
Year-to-Date 2003	57	58	7	0	0	63	185
Year-to-Date 2002	46	30	0	0	0	40	116
Zone 3: Cap-de-la-Madeleine							
Third Quarter 2003	16	2	0	0	0	0	18
Third Quarter 2002	9	0	0	0	0	0	9
Year-to-Date 2003	46	2	0	0	0	6	54
Year-to-Date 2002	31	0	0	0	0	146	177
Centre (zones 1 to 3)							
Third Quarter 2003	45	20	7	0	0	64	136
Third Quarter 2002	38	20	0	0	0	44	102
Year-to-Date 2003	141	66	7	0	0	105	319
Year-to-Date 2002	105	40	0	0	0	206	351
Zone 4: Outlying Area (Bécancour, Champlain, Pointe-du-Lac, etc.)							
Third Quarter 2003	33	0	0	0	0	0	33
Third Quarter 2002	24	2	0	0	0	6	32
Year-to-Date 2003	107	0	0	2	0	14	123
Year-to-Date 2002	82	4	0	4	0	6	96
TOTAL TROIS-RIVIÈRES MÉTROPOLITAN AREA							
Third Quarter 2003	78	20	7	0	0	64	169
Third Quarter 2002	62	22	0	0	0	50	134
Year-to-Date 2003	248	66	7	2	0	119	442
Year-to-Date 2002	187	44	0	4	0	212	447

Source: CMHC

Table 3
Starts in Outlying Areas / Freehold Market
Trois-Rivières Metropolitan Area

Municipalities	Third Quarter		Year-to-date (Jan.-Sept.)	
	2003	2002	2003	2002
Bécancour	7	11	20	31
Champlain	1	1	3	5
Pointe-du-Lac	13	6	47	20
St-Louis-de-France	2	4	15	15
Ste-Marthe-du-Cap	9	4	21	17
St-Maurice	1	0	3	2

Source: CMHC

Table 4
Summary of Activities by Large Zones and Intended Market
Trois-Rivières Metropolitan Area

Zone	Ownership				Rental	
	Freehold		Condominium		3rd Qrt 2003	3rd Qrt 2002
	3rd Qrt 2003	3rd Qrt 2002	3rd Qrt 2003	3rd Qrt 2002		
Starts						
Center	72	58	0	0	64	44
Suburbs	33	26	0	0	0	6
Under construction *						
Center	27	17	0	0	28	179
Suburbs	7	1	0	0	4	3
Completed						
Center	89	64	0	0	80	23
Suburbs	29	33	0	0	10	3
Unoccupied *						
Center	8	10	0	0	28	3
Suburbs	0	1	0	0	4	3
Absorbed						
Center	101	86	0	0	221	25
Suburbs	29	32	0	0	6	0
Duration of Inventory (months)**						
Center	0.3	0.6	0.0	NA	3.8	1.2
Suburbs	0.0	0.1	NA	NA	0.8	4.5

* As at the end of the period shown.

** Trend

Source: CMHC

**Table 5
Housing Supply
Trois-Rivières Metropolitan Area**

<i>Intended Market</i>	<i>Under Construction</i>	<i>Vacant Units</i>	<i>Short-term Supply</i>	<i>Duration of Supply (months)</i>
	September 2003			Trend 2003
Freehold	34	8	42	0.1
Condominium	0	0	0	0.0
Rental	32	32	64	0.4
	September 2002			Trend 2002
Freehold	18	11	29	0.1
Condominium	0	0	0	NA
Rental	182	6	188	4.9

Source: CMHC

**Tableau 6
Economic Overview
Trois-Rivières Metropolitan Area**

	<i>Third Quarter</i>		<i>Trend Jan.-Sept.</i>		<i>Variation (%)</i>
	<i>2002</i>	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>Trend</i>
Jobs Market					
- Employment Level	66.5	65.4	64.5	66.1	2.4%
- Unemployment Rate (%)	9.9%	11.5%	10.2%	7.9%	n.a.
Mortgage Rate (%) (Canada)					
- 1-year	5.3	4.6	5.2	3.7	n.a.
- 5-year	6.9	6.3	7.1	4.8	n.a.
Annual Inflation Rate (%)	2.3	1.7	1.5	2.2	n.a.
Quebec's Consumer Attitudes: Survey					
- Index of Consumer Attitudes (1991 = 100, SA)	129.6	124.5	132.6	94.4	-28.8%

Sources: Statistics Canada, Conference Board of Canada, CMHC

Definitions and concepts

NOTE TO READERS: Prior to July 2002, the CMHC Starts and Completions Survey consisted of a monthly enumeration of new housing activity in urban centres with a population of 10,000 persons and over. As of July 2002, the survey will be conducted monthly in urban centres with a population of 50,000 persons and over and quarterly in urban centres with a population of 10,000 to 49,999 persons. Statistical models will be used to estimate provincial and national housing starts in urban centres with a population of 10,000 persons and over, on a monthly basis. The methodology is unchanged for estimating housing starts in rural areas (areas other than urban centres with a population of 10,000 persons and over). In these areas, a sample survey is used on a quarterly basis. As was the case in the past, statistical models continue to be used to estimate national housing starts in all areas on a monthly basis. This quarterly Housing Market publication provides statistical data and analysis of the trends in the Intended Markets for the Trois-Rivières Metropolitan Area.

TARGETED MARKETS - There are three targeted markets: the homeowner market refers to single family homes (detached, semi-detached and townhouse) owned in freehold; the condominium market includes houses and apartments held in joint ownership; and the rental market covers all apartment-type dwellings.

HOUSING STARTS - This phrase refers to the beginning of construction work, usually after the pouring of the concrete footing or at an equivalent stage when the building has no basement.

UNITS IN CONSTRUCTION - Housing for which construction work has started but is not completed. The number of housing units in construction at the end of a period can include corrections made, for various reasons, after the housing starts have been reported.

COMPLETIONS - Number of habitable housing units where the planned work has been completed. In some cases, a unit can be regarded as completed if only ten percent of the work remains to be carried out.

VACANT UNITS - Completed new housing units that have remained unoccupied.

SHORT TERM TOTAL SUPPLY - Total inventory of new housing units, including housing under construction and completed, but vacant.

ABSORPTION - Number of recently completed housing units that have been either sold or rented. The units are included in the inventory at the time that they are completed. Housing units that were sold or rented in advance are not included before the work is completed. The number of absorbed units in the current month is equal to the number of completed but vacant units from the previous month, plus the completions of the current month, minus the completed but vacant units of the current month.

DURATION OF INVENTORY - Time required to absorb the vacant units, that is, the ratio of vacant units to absorbed units (average for the 12 preceding months). This data is expressed in months.

DURATION OF TOTAL SHORT TERM SUPPLY - Time required to absorb vacant and in construction units, that is, the ratio of vacant and in construction units to absorbed units (average for the 12 preceding months). This data is expressed in months.

CMHC Housing Centre Publications

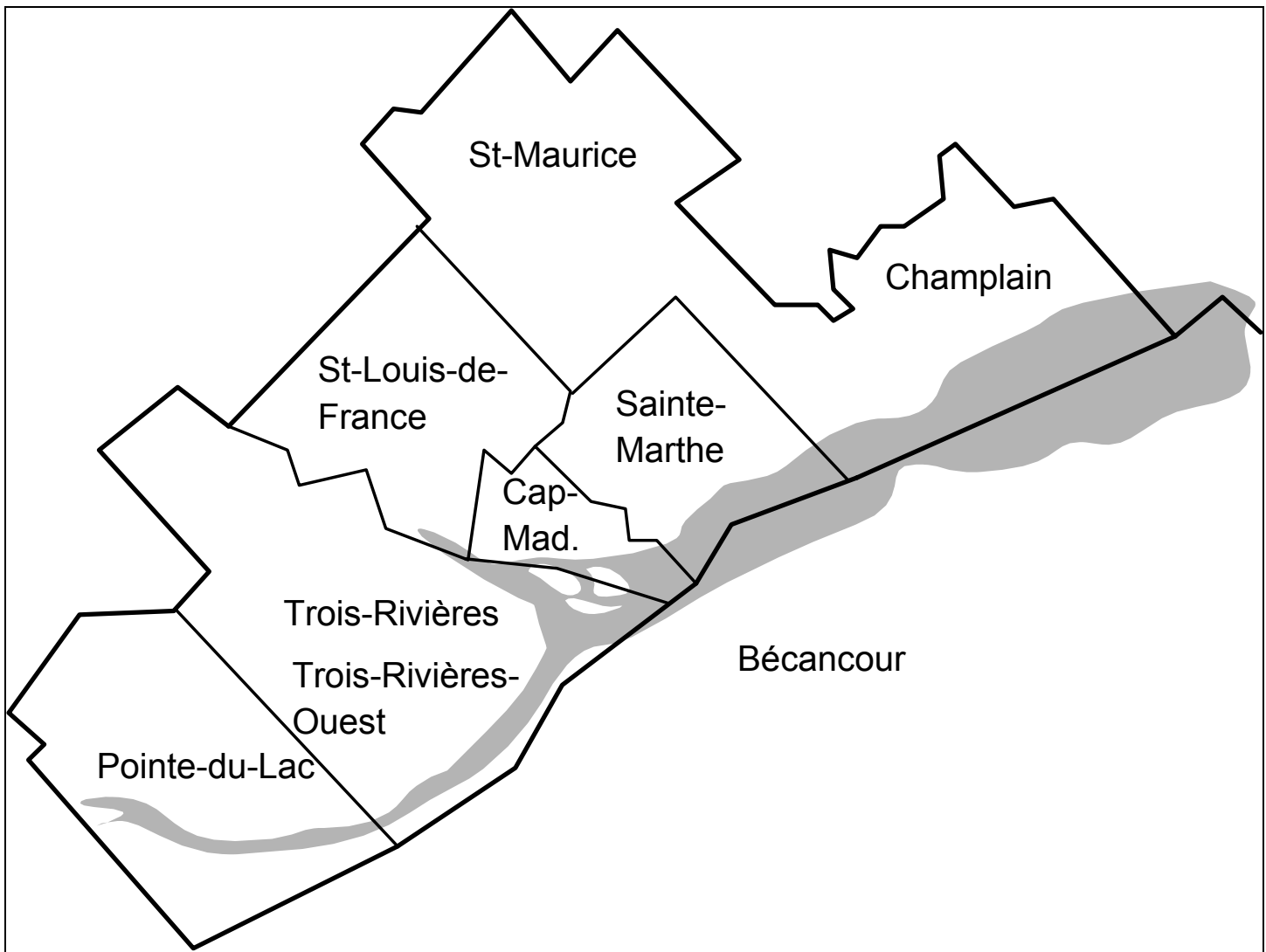
Canada Wide	Québec	Québec Metropolitan Regions
<ul style="list-style-type: none"> • National Housing Outlook • Mortgage Market Trends • Canadian Housing Markets • And several others 	<ul style="list-style-type: none"> • Housing Now • FASTFax • Senior's Homes Market (provincial analysis and by metropolitan region, including a section on Trois-Rivières) 	<ul style="list-style-type: none"> • Housing Market Outlook (Montréal only) • Rental Market Report (1) • FASTFax - Rental Market Report (3) • Resale Market Analysis (2) • Seniors' Homes Market (2) <p>(1) Available for all metropolitan regions: Chicoutimi, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières. (2) Available for Montréal and Québec City only. (3) Available for urban centres of 10,000 people and more</p>

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Trois-Rivières Metropolitan Area Zones

Zones	<i>Municipalities and Sectors</i>	<i>Large Zones</i>
1	Trois-Rivières Sector	Centre
2	Trois-Rivières-Ouest Sector	Centre
3	Cap-de-la-Madeleine Sector	Centre
4	Bécancour, Champlain, Pointe-du-Lac, St-Louis-de-France, St-Maurice, Ste-Marthe-du-Cap-de-la-Madeleine.	Outlying



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ORECAST

Trois-Rivières

Fall - Winter 2003

Canada Mortgage and Housing Corporation

SUMMARY

Real estate market to decline in 2004

Residential construction

✓ In 2002, residential construction posted a solid performance in the Trois-Rivières census metropolitan area (CMA). However, last year's mark will be eclipsed this year, with an expected total of 665 housing starts (+7 per cent) while, in 2004, the pace will be more moderate.

✓ It is interesting to note that the growth in 2003 is being supported in part by homeowner housing construction, as over 365 single-family homes are anticipated. The favourable economic conditions and a resale market where good deals are scarce brought about the new starts.

✓ The situation will be similar next year, encouraged by the still affordable mortgage rates and the lack of properties for sale. It is rather the multiple housing sector that will account for the decline. In the last two years, construction got under way on many retirement housing units, and activity will be calmer in this market segment in 2004. A total of 485 new dwellings will be

built, and most of them will be targeted to homeowners.

✓ A more marginal housing type for the Mauricie area: a complex comprising about 60 condominium units should be started next year.

Resale market

✓ Sales recorded through the Multiple Listing Service (MLS) will sustain a slowdown, as single-family home resales will reach around 770 units this year, compared to 923 in 2002. A similar volume is expected in 2004, with 780 transactions. Demand will remain strong but will come up against a declining number of new listings, which will result in a lower volume of transactions.

✓ In this seller's market, prices will keep rising. The average price of a single-family home will attain \$90,000 (+7 per cent) this year and \$95,000 (+6 per cent) in 2004. Still, the Trois-Rivières CMA will remain the most affordable of the six CMAs in Quebec.

Rental market

✓ While the total population was declining, the number of young people aged from 20 to 24 years rose by 7 per cent between 1996 and 2001. Benefiting from improved job market conditions, they boosted demand for rental housing. This "baby boom echo" phenomenon, combined with the low volume of conventional rental housing starts, account for the significant decrease in the proportion of vacant units.

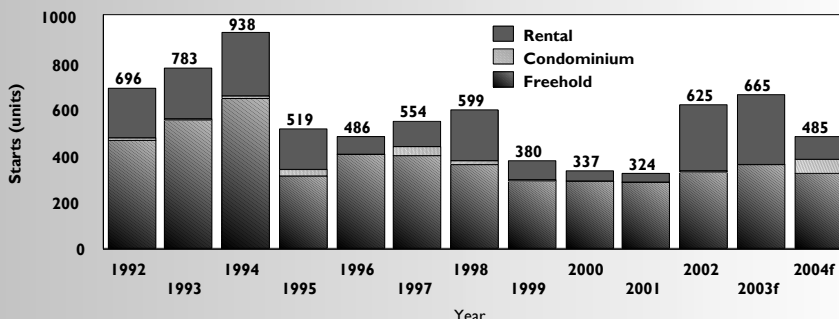
✓ This year, the vacancy rate will therefore fall to 1.8 per cent. In 2004, this effect will be partly offset by the arrival of new retirement housing units and new subsidized dwellings available for rent in 2003. The rate will rise to about 2.5 per cent by October 2004.

Employment and economy

✓ Despite an increase in unemployment for the past few months, the announced arrival in the area of several aircraft manufacturing industries will diversify the employment base and reduce the vulnerability of the Trois-Rivières economy to the performances of the forestry sector.

✓ It is expected that 900 new jobs will be created this year and another 1,400 in 2004.

Residential Construction Trois-Rivières Metropolitan Area



f. CMHC forecast
Source: CMHC



HOME TO CANADIANS
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FORECAST SUMMARY

Trois-Rivières Metropolitan Area

Fall - Winter 2003

	2001	2002	2003p	2004p
NEW HOME MARKET				
Total housing starts	324	619	665	485
Single-family houses	290	324	365	325
Condominiums	0	6	0	60
Apartments	34	289	300	100
Unoccupied units (monthly average)	36	23	35	50
Single-family houses	54	26	20	25
RESALE MARKET				
MLS sales (total) - single-family houses	824	923	770	780
MLS listings - single-family houses	682	446	350	400
Seller-to-buyer ratio (single-family houses)	9.9	5.8	5.5	6.2
Average MLS price (\$) - detached houses	75,900	84,000	90,000	95,000
RENTAL MARKET				
Vacancy rate (%)	4.7	3	1.8	2.5
Average rent for a two-bedroom unit (\$)	419	431	440	450
Change in average rent (%)	1.5	2.8	2.0	2.3
ECONOMIC OVERVIEW				
Mortgage rate - 1-year (%)	6.14	5.17	4.85	4.89
Mortgage rate - 5-year (%)	7.41	7.02	6.42	6.83
Unemployment rate (%)	9.3	9.9	9.5	9.3
Employment growth (number of jobs)	3,300	-900	900	1,400

f: CMHC forecast

Data sources: CMHC, Statistics Canada, Multiple Listing Service (Chambre immobilière de la Mauricie)

(*) Resale market data is now based on MLS sales. Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association (CREA).

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