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ORECAST

Trois-Rivières

Spring - Summer 2004

Canada Mortgage and Housing Corporation

SUMMARY

Real estate market to slow down in 2004-2005

Residential construction

✓ After going full tilt in 2003, residential construction will slow down in the Trois-Rivières census metropolitan area (CMA). In 2004, 550 units will be started, for a decrease of 13 per cent from the peak recorded in 2003. The decline will be more pronounced in 2005, as the level of starts will move closer to potential household formation (currently exceeded). CMHC forecasts 490 new units in 2005.

✓ Homeowner housing will continue to garner most of the new starts. In 2004, given the lack of choice on the resale market, many households will turn to the new home market, which will help maintain high levels of construction. Mid-to-upper range, customized homes intended for the move-up buyer market will keep builders busy. With the increase in construction costs, more affordable, semi-detached homes will also do well. In all, 370 homeowner houses will be started this year. This type of construction will continue to decline in 2005, reaching a level of 320 starts. By then, the housing

market will have largely absorbed the employment gains of the last two years, and the resale market will also be less tight.

✓ As in previous years, rental housing construction will be concentrated mainly on retirement homes. This segment will sustain a slowdown following the significant activity recorded on the market in the last two years. It should be noted, however, that the scarcity of conventional rental housing will bring about renewed interest in smaller buildings on the part of developers/builders in 2004. Rental housing construction is expected to reach 160 units in 2004 and 140 in 2005.

✓ Condominium construction will take off to a certain extent over the next few years. This type of housing is being watched closely by developers. If the units currently under construction or now available on the resale market are quickly absorbed, new players will venture into this market niche. This product is primarily intended for empty-nester baby boomers who want less space and maintenance.

Resale market

✓ Over the next two years, the resale market will again be favourable to sellers. Even though demand will remain strong, supply will limit MLS®/S.I.A.® (Multiple Listing Service) sales. Such transactions will fall to 750 units this year, from 799 in 2003. Listings will bottom out in 2004. Demand will be less vigorous in 2005, as mortgage rates will go back up. A total of 730 homes will change hands in 2005.

✓ The average price of a single-detached home will attain \$98,000 (+6 per cent) this year and \$102,000 (+4 per cent) in 2005.

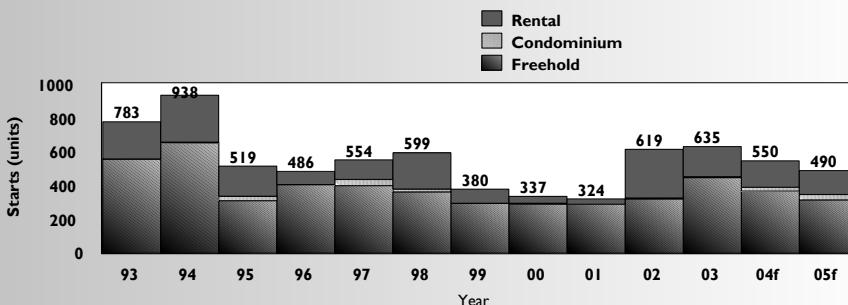
Rental market

✓ The end of the employment surge among the 25-44 years' age group, the arrival of new rental dwellings and the strong homeownership trend observed in recent years will contribute to raising the vacancy rate in the CMA to around 2 per cent in 2004 and 3 per cent in 2005.

Employment and economy

✓ After two years of strong growth, the labour market seems stable in the Mauricie area. With no major projects announced lately, some concerns are emerging further to the hike in the Canadian dollar and international competition in the manufacturing sector.

Residential Construction
Trois-Rivières CMA



f: CMHC forecast
Source: CMHC



HOME TO CANADIANS
Canada

FORECAST SUMMARY

Trois-Rivières CMA

Spring - Summer 2004

	2002	2003	2004f	2005f
NEW HOME MARKET				
Total housing starts	619	635	550	490
Freehold	324	449	370	320
Condominium	6	6	20	30
Rental	289	180	160	140
Unoccupied units (monthly average)				
Freehold	23	16	20	40
Rental	3	29	30	40
RESALE MARKET				
MLS sales (total) - freehold	923	799	750	730
MLS listings - freehold	446	301	250	360
Sellers per buyer (freehold)	5.8	4.5	4	5.9
Average MLS price (\$) - detached houses	84,000	92,400	98,000	102,000
RENTAL MARKET				
Vacancy rate (%)	3.0	1.5	2.0	3.0
Average rent for a two-bedroom unit (\$)	431	436	455	465
Change in average rent (%)	2.9	1.2	4.4	2.2
ECONOMIC OVERVIEW				
Mortgage rate - 1-year (%)	5.17	4.84	4.18	4.59
Mortgage rate - 5-year (%)	7.02	6.39	6.13	6.73
Unemployment rate (%)	9.9	10.7	9.9	9.9
Employment growth (number of jobs)	-900	1,300	500	400

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).

**For more information about this publication,
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