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Canada Mortgage and Housing Corporation

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Residential construction in the Saguenay: high level of activity in 2002

Our recent survey results revealed that residential construction went up by 77 per cent in 2002 in the Chicoutimi-Jonquière census metropolitan area (CMA). Housing starts reached 596 units, or 260 more than in 2001. The last time such a high level of activity was observed in the residential construction sector in the Saguenay area dates back to 1994.

Annual results

Apartment production was the main reason behind this renewed activity. Construction workers built no fewer than 322 rental housing units, or three times more than in 2001. Nearly 90 per cent of these dwellings are intended for seniors. The current intense activity in the retirement

home market segment is attributable to several factors. As revealed by the CMHC private retirement home market survey conducted in 2001, this market is very tight, with only 2.5 per cent of its units vacant. As well, given the aging of the population, many investors consider that the Chicoutimi-Jonquière area offers interesting potential to start up new projects.

To complete the annual overview, the results were positive for single-family homes (detached, semi-detached and row). In 2002, 254 single-detached houses were started, for an increase of 11 per cent over the previous year. However, just 20 semi-detached homes were built, for a decrease of 26 per cent.

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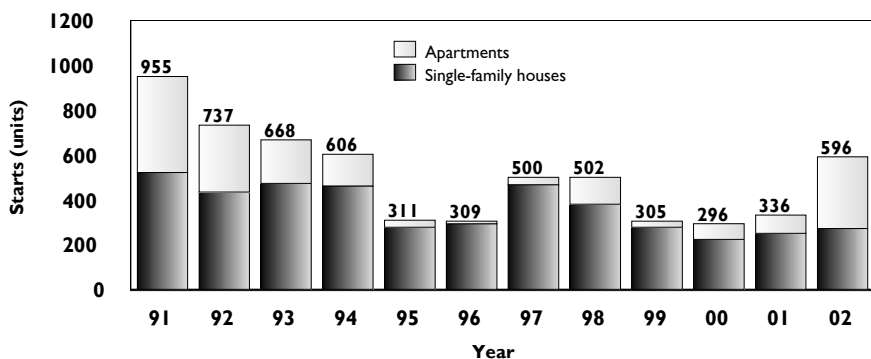
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Total Housing Starts

Annual Results
Chicoutimi-Jonquière Metropolitan Area



Source: CMHC

HOME TO CANADIANS
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Activity in the fourth quarter

The results compiled during the last quarter were in line with the annual levels, with twice as many starts enumerated as in the last three months of 2001. In addition, a new retirement home project led to an increase of 168 per cent in rental housing starts, which attained a level of 134 units. As for single-family homes, the low mortgage rates observed since the beginning of the year greatly stimulated home building activity. As a result, detached housing starts posted a gain of 27 per cent over the corresponding period in 2001, while semi-detached and row homes ended the year with an increase of 33 per cent.

Elsewhere in the Lac-Saint-Jean area

Residential construction seems to have been considerably slowed down by the job losses that resulted from the lumber crisis. Alma was the only municipality that showed positive annual results (27 per cent) on account of the expansion of a retirement home in the fourth quarter. Apart from this major project, residential construction declined, especially in the semi-detached and row home segment (-90 per cent). In Roberval, even though housing starts doubled in the fourth quarter (4 units), the total for the year (14) was below that recorded in 2001. As for Dolbeau-Mistassini, its annual results were negative, with 35 starts (-15 per cent).

Lastly, Saint-Félicien, which was added to the survey universe in 2002, registered 24 housing starts during the fourth quarter, for a total of 45 units (see table).

Provincial overview

Residential construction rose in all urban centres across the province. From January to December 2002, 33,512 starts were enumerated in centres with 10,000 or more inhabitants, for an increase of 53 per cent over 2001. Among the CMAs in Quebec, the greatest gain was observed in the Trois-Rivières area (91 per cent), followed by Chicoutimi-Jonquière (77 per cent), Québec (68 per cent), Montréal (55 per cent), Gatineau (54 per cent) and, finally, Sherbrooke (47 per cent).

Rental Markets in Canada in 2002: tighter conditions in Quebec

Toronto and Vancouver are no longer the tightest rental markets among Canada's census metropolitan areas (CMAs). Instead, Quebec's three largest CMAs are now the ones posting the lowest vacancy rates in the country: Québec (0.3 per cent), Gatineau (0.6 per cent) and Montréal (0.7 per cent). Among the other Canadian CMAs, only Kingston, with 0.9 per cent of its units unoccupied, had a vacancy rate below 1 per cent this past October. This situation results from a major increase in demand attributable to the excellent employment performance and the arrival on the housing market of young people aged from 19 to 24 years, who are more numerous than the group that preceded them. In addition, multiple housing construction is focused mainly on condominiums and retirement homes, while traditional rental housing construction is limited. In the other CMAs across Quebec, the vacancy rates reached 1.8 per cent in Sherbrooke, 3.0 per cent in Trois-Rivières and 4.9 per cent in Chicoutimi-Jonquière.

One striking fact from the last survey was that the vacancy rate rose significantly in Toronto, as it went up from 0.9 per cent in 2001 to 2.5 per cent in 2002. For the first time since the early 1990s, this rate stands above 2 per cent in this area. A considerable decline in the rental housing demand was observed as a result of the strong homeownership trend and the deterioration of the youth employment situation in this part of Ontario. There was also an increase in the supply of non-traditional rental housing, particularly condominiums for rent.

In the majority of the other CMAs across Canada, vacancy rates went up over the last twelve months. These increases, although they were less than one percentage point in most cases, helped many rental markets regain greater flexibility. For Canada overall, the vacancy rate now stands at 1.7 per cent, compared to 1.1 per cent one year earlier. In general, in Quebec, vacancy rates tend to be lower in large urban centres.

In fact, the vacancy rate in Quebec's CMAs (100,000 or more inhabitants) was 0.8 per cent in October 2002, while it was 2.6 per cent in centres with 50,000 to 99,999 inhabitants and 5.5 per cent in centres with 10,000 to 49,999 inhabitants.

Interested by the Vacancy Rates and Average Rents of the rented apartments, following the October 2002 Survey?

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Table I
Summary of Activity by Intended Market
Chicoutimi-Jonquière Metropolitan Area

Activity / period	Ownership					Rental	Total
	Freehold *				Condo-minium		
	Detached	Semi-det.	Row	Apart.			
Starts							
Fourth Quarter 2002	52	8	0	0	0	134	194
Fourth Quarter 2001	41	6	0	0	0	50	97
Year-to-Date 2002	254	20	0	14	0	308	596
Year-to-Date 2001	228	27	0	7	0	74	336
Under construction **							
Fourth Quarter 2002	37	8	0	6	0	265	316
Fourth Quarter 2001	40	5	0	2	0	60	107
Completions							
Fourth Quarter 2002	85	8	0	4	0	16	113
Fourth Quarter 2001	60	6	0	5	0	8	79
Year-to-Date 2002	258	16	0	10	0	107	391
Year-to-Date 2001	218	22	0	9	0	30	279
Unoccupied **							
Fourth Quarter 2002	1	0	0	0	0	4	5
Fourth Quarter 2001	2	0	0	3	0	2	7
Absorptions***							
Fourth Quarter 2002	85	10	0	4	0	18	117
Fourth Quarter 2001	60	6	0	2	0	10	78
Year-to-Date 2002	259	16	0	13	0	105	393
Year-to-Date 2001	220	22	0	6	0	28	276
Short term Supply							
Fourth Quarter 2002	38	8	0	6	0	269	321
Fourth Quarter 2001	42	5	0	5	0	62	114

* Refers to single-family houses (detached, semi-detached and row) owned under freehold tenure and duplex occupied by the owner(s).

** As at the end of the period shown.

Source: CMHC

Table 2
Housing Starts by Zone and by Intended Market
Chicoutimi-Jonquière Metropolitan Area

<i>Zone / period</i>	<i>Ownership</i>					<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>				<i>Condo- minium</i>		
	<i>Detached</i>	<i>Semi-det.</i>	<i>Row</i>	<i>Apart.</i>			
Zone 1: City of Chicoutimi							
Fourth Quarter 2002	19	0	0	0	0	119	138
Fourth Quarter 2001	9	2	0	0	0	50	61
Year-to-Date 2002	73	2	0	6	0	131	212
Year-to-Date 2001	49	9	0	2	0	60	120
Zone 2: Jonquière							
Fourth Quarter 2002	9	6	0	0	0	15	30
Fourth Quarter 2001	4	2	0	0	0	0	6
Year-to-Date 2002	79	14	0	2	0	155	250
Year-to-Date 2001	64	8	0	5	0	14	91
Zone 3: La Baie							
Fourth Quarter 2002	1	0	0	0	0	0	1
Fourth Quarter 2001	2	2	0	0	0	0	4
Year-to-Date 2002	15	0	0	0	0	0	15
Year-to-Date 2001	18	4	0	0	0	0	22
Centre (zones 1 to 3)							
Fourth Quarter 2002	29	6	0	0	0	134	169
Fourth Quarter 2001	15	6	0	0	0	50	71
Year-to-Date 2002	167	16	0	8	0	286	477
Year-to-Date 2001	131	21	0	7	0	74	233
Zone 4: Outlying Area (Lac Kénogami, Larouche, Laterrière, St-Fulgence, etc.)							
Fourth Quarter 2002	23	2	0	0	0	0	25
Fourth Quarter 2001	26	0	0	0	0	0	26
Year-to-Date 2002	87	4	0	6	0	22	119
Year-to-Date 2001	97	6	0	0	0	0	103
TOTAL CHICOUTIMI-JONQUIÈRE MÉTROPOLITAN AREA							
Fourth Quarter 2002	52	8	0	0	0	134	194
Fourth Quarter 2001	41	6	0	0	0	50	97
Year-to-Date 2002	254	20	0	14	0	308	596
Year-to-Date 2001	228	27	0	7	0	74	336

Source: CMHC

Table 3										
Detached and Semi-Detached Houses Absorbed by price Range - Fourth Quarter Chicoutimi-Jonquière 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	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Detached	3	3	4	12	22	19	21	11	35	15
Semi-Det.	2	2	4	4	4	0	0	0	0	0
Total	5	5	8	16	26	19	21	11	35	15
Market Share (Detach.)	3.5%	5.0%	4.7%	20.0%	25.9%	31.7%	24.7%	18.3%	41.2%	25.0%

Source: CMHC

Table 4				
Housing Supply / Fourth Quarter 2002 Chicoutimi-Jonquière Metropolitan Area				
	Intended Market			
	Freehold	Condominium	Rental	Total
Under construction	51	0	265	316
Vacant Inventory	1	0	4	5
Short-Term Supply	52	0	269	321
Short-Term Supply Duration (in months, trend)	2.2	NA	29.6	9.7

Source: CMHC

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

Agglomeration / period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Detached	Semi-det.	Row	Apart.			
Alma							
Fourth Quarter 2002	6	2	0	2	0	41	51
Fourth Quarter 2001	21	6	0	2	0	4	33
Year-to-Date 2002	49	2	0	4	0	57	112
Year-to-Date 2001	51	16	5	8	0	8	88
Dolbeau-Mistassini							
Fourth Quarter 2002	6	0	0	0	0	3	9
Fourth Quarter 2001	7	0	0	0	0	4	11
Year-to-Date 2002	30	2	0	0	0	3	35
Year-to-Date 2001	31	4	0	2	0	4	41
Roberval							
Fourth Quarter 2002	2	2	0	0	0	0	4
Fourth Quarter 2001	2	0	0	0	0	0	2
Year-to-Date 2002	8	2	0	0	0	4	14
Year-to-Date 2001	16	6	0	0	0	0	22
Saint-Félicien							
Fourth Quarter 2002	4	0	0	0	4	16	24
Fourth Quarter 2001	**	**	**	**	**	**	**
Year-to-Date 2002	25	0	0	0	4	16	45
Year-to-Date 2001	**	**	**	**	**	**	**

Source: CMHC

** : Datas for Saint-Félicien are available since 2002 only.

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Table 6
Economic Overview
Chicoutimi-Jonquière Metropolitan Area

	2001		2002			
	4th Quart.	1st Quart.	2nd Quart.	3rd Quart.	4th Quart.	
Mortgage Rate (%) (Canada)						
- 1-year	4.7	4.8	5.5	5.3	5.0	
- 5-year	6.9	7.1	7.4	6.9	6.8	
Inflation (Province of Quebec)						
- Inflation Rate (%)	1.3	1.5	0.9	2.3	3.4	
- Consumers Price Index (1992=100)	113.1	113.9	115.0	116.3	116.9	
Quebec's Consumer Attitudes: Survey						
- Index of Consumer Attitudes (1991 = 100, SA)	110.5	131.2	136.9	129.6	127.9	
Jobs Market						
- Jobs Creation (Loss) compare to the last quarter	- Total	-1,000	-2,000	-1,100	1,800	400
	- Full Time	-3,600	-2,800	-800	4,700	-4,200
- Jobs Creation (Loss) compare to the same quarter last year	- Total	2,600	4,200	-700	-2,300	-900
	- Full Time	3,400	2,400	-4,600	-2,500	-3,100
- Unemployment Rate (%)		11.4	13.6	12.3	9.7	10.1

Sources: Statistics Canada, Conference Board of Canada, CMHC

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 Chicoutimi-Jonquière Metropolitan Area.

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).

Chicoutimi-Jonquière Metropolitan Area Zones

Zones	Municipalities	Large zone
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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