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HOUSING NOW *Sherbrooke*

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Housing Starts Continue to Rise

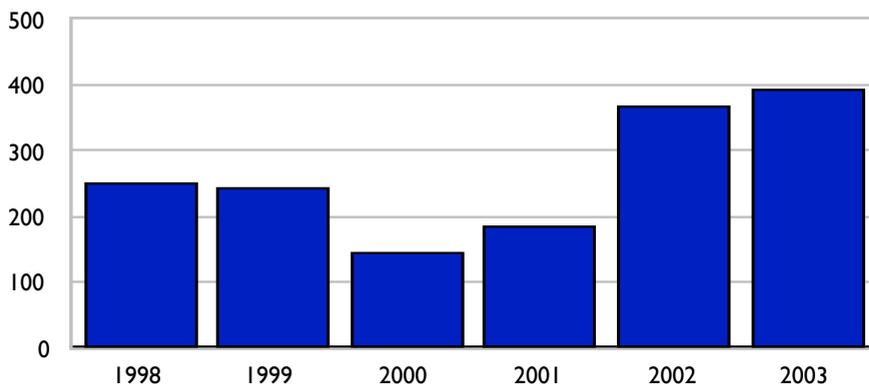
Housing construction was up once again during the second quarter in the Sherbrooke metropolitan area. From April to June 2003, there were 393 housing starts versus 367 during the same period in 2002. This 7% increase is particularly significant because last year's housing starts reached their highest level since 1994.

This excellent performance can be attributed to the construction of both houses and apartments: 214 houses and 179 apartments were started in the second quarter, which represents increases of 6% and 8% respectively.

The scarcity of homes for sale and the small number of available rental units are again stimulating the construction of both houses and apartments. At the beginning of the year, there were fewer than 400 existing homes for sale in the Multiple Listing Service (MLS), while roughly 440 vacant apartments were for rent. Choice is therefore limited and people are turning to the new market to satisfy their housing requirements. It must be kept in mind, however, that low mortgage rates are the key factor that is allowing this move into the new market.

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New Growth in Housing Starts in 2nd Quarter
Sherbrooke CMA, 2nd Quarter



Source : CMHC

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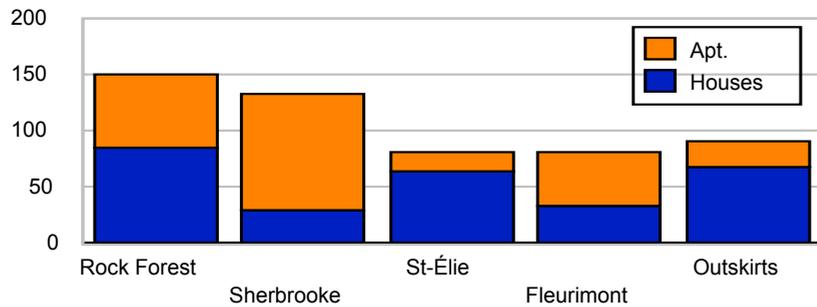
HOME TO CANADIANS
Canada 

Rock Forest Sector in the Lead

Since the beginning of the year, the greatest number of housing starts has been in the territory of the former town of Rock Forest. From January to June, the construction of 86 houses and 65 apartments started in Rock Forest, for a total of 151 units. The former city of Sherbrooke comes in second with 133 units, followed by St-Élie-d'Orford and Fleurimont in a tie with 82 units each.

Rock Forest Remains Very Popular

Housing Starts, Jan. to June 2003



Source : CMHC

Why are condominiums gaining in popularity?

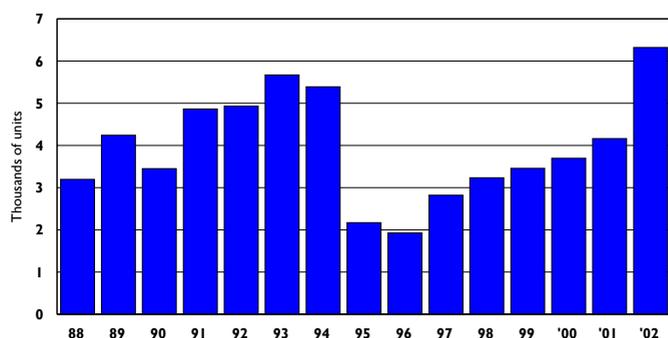
Condominium construction has reached new highs in Quebec. In 2002, there were more than 6,300 condominium housing starts province-wide, a 50% increase over the previous year. To date in 2003, growth is up 30% en route to another record year of activity.

With characteristics well suited to urban living, condominiums are perceived as a phenomenon of large cities, particularly Montreal. This is evidenced by Montreal's 90% share of all new sites. However, CMHC's latest housing start surveys revealed that condominium projects have grown considerably, particularly in the metropolitan Quebec City area (up 63% over last year) and that sites have sprung up in some smaller urban areas such as Saint-Georges and Sainte-Marie de Beauce, for example.

Of course, condominiums are a product of choice in densely populated areas with few new lots available, which means they are expensive. However, the new popularity of condominiums is also attributable to their intrinsically attractive characteristics. First of all, at a time when the population is aging and the size of households is shrinking, condominiums are perfectly suited to small households not wishing to devote much time to maintaining their units. For example, in recent years, condos have attracted a relatively new clientele, that of the boomers whose children have left home. Typically, they are second- or third-time purchasers, which has expanded the market for high-end condos. Although apartments generally come to mind when discussing condominiums, one must bear in mind that increasing numbers of row housing are being offered as condominiums, meaning that they are becoming increasingly better suited to smaller families. Secondly, condominium projects are generally well located near services or downtown areas. Finally, condos being generally more affordable than single-family houses attract a significant share of first-time buyers. Demand is even stronger these days due to the scarcity of available rental housing and historically low mortgage rates.

On the whole, several structural and economic factors have combined such that the construction of units in this segment of the market will produce trends that should be monitored closely in the next few years.

Condominiums Housing Starts Province of Quebec



Source : CMHC

Table I
Summary of Activity by Intended Market
Sherbrooke Metropolitan Area

<i>Activity / Period</i>	<i>Ownership</i>		<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>	<i>Condominium</i>		
<i>Housing Starts</i>				
Second Quarter 2003	214	8	171	393
Second Quarter 2002	202	0	165	367
Year-to-date 2003 (Jan.-June)	283	20	236	539
Year-to-date 2002 (Jan.-June)	242	0	224	466
<i>Under Construction</i>				
June 2003	123	6	158	287
June 2002	152	0	214	366
<i>Completions</i>				
Second Quarter 2003	164	14	95	273
Second Quarter 2002	82	0	100	182
Year-to-date 2003	220	14	123	357
Year-to-date 2002	127	0	135	262
<i>Unoccupied</i>				
June 2003	0	12	0	12
June 2002	6	0	11	17
<i>Absorptions</i>				
Second Quarter 2003	167	17	102	286
Second Quarter 2002	85	0	93	178
Year-to-date 2003	224	17	143	384
Year-to-date 2002	134	0	124	258
<i>Duration of inventory</i>				
June 2003	0.0	8.5	0.0	0.5
June 2002	0.8	NA	1.4	1.1

Source: CMHC

Table 2
Housing Starts by Zone and by Intended Market
Sherbrooke Metropolitan Area

Zone / Period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Detached	Semi-det.	Row	Apart.*			
Zone 1: City of Sherbrooke							
Second Quarter 2003	16	4	0	0	6	57	83
Second Quarter 2002	19	2	0	0	0	74	95
Year-to-date 2003	25	4	0	0	18	86	133
Year-to-date 2002	25	4	0	0	0	103	132
Zone 2: Fleurimont							
Second Quarter 2003	29	0	0	0	0	34	63
Second Quarter 2002	18	0	0	0	0	24	42
Year-to-date 2003	34	0	0	0	0	48	82
Year-to-date 2002	19	0	0	0	0	32	51
Zone 3: Rock Forest							
Second Quarter 2003	39	14	0	0	0	49	102
Second Quarter 2002	51	10	0	0	0	55	116
Year-to-date 2003	66	20	0	0	0	65	151
Year-to-date 2002	59	12	0	0	0	63	134
Zone 4: Saint-Élie-d'Orford							
Second Quarter 2003	51	8	0	0	0	11	70
Second Quarter 2002	34	0	0	0	0	0	34
Year-to-date 2003	55	10	0	0	0	17	82
Year-to-date 2002	41	0	0	0	0	0	41
CENTRE (Zones 1 to 4)							
Second Quarter 2003	135	26	0	0	6	151	318
Second Quarter 2002	122	12	0	0	0	153	287
Year-to-date 2003	180	34	0	0	18	216	448
Year-to-date 2002	144	16	0	0	0	198	358
Zone 5: Outlying Area							
Second Quarter 2003	51	2	0	0	2	20	75
Second Quarter 2002	66	2	0	0	0	12	80
Year-to-date 2003	67	2	0	0	2	20	91
Year-to-date 2002	78	4	0	0	0	26	108
TOTAL - SHERBROOKE METROPOLITAN AREA							
Second Quarter 2003	186	28	0	0	8	171	393
Second Quarter 2002	188	14	0	0	0	165	367
Year-to-date 2003	247	36	0	0	20	236	539
Year-to-date 2002	222	20	0	0	0	224	466

Source: CMHC

** Freehold Duplex

Table 3												
New Detached and Semi-Detached Absorbed by Price Range Sherbrooke Metropolitan Area												
Type	Under \$70,000		\$70,000 - \$89,999		\$90,000 - \$109,999		\$110,000 - \$129,999		\$130,000 or over		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Second Quarter	9	4	22	22	48	24	38	15	50	20	167	85
Year-to-date (Jan.-June)	11	5	32	33	60	34	54	27	67	31	224	130

Source: CMHC

Table 4			
Housing Supply Sherbrooke Metropolitan Area			
Type	Under Construction	Unoccupied Units	Short- Term Supply
	June 2003		
Detached/semi-det. houses	123	0	123
Multiples *	164	12	176
Total	287	12	299
	June 2002		
Detached/semi-det. houses	152	6	158
Multiples *	214	11	225
Total	366	17	383

Source: CMHC

* Row homes and apartments

**Table 5
Economic Overview
Sherbrooke Metropolitan Area**

Period	In thousands			Unemployment Rate (%)	Mortgage Rates Canada (%)	
	Population 15 yrs over	Labor Force	Employment Total		1-Year	5-Year
	Second Quarter 2003	128.1	84.2	78.8	6.4%	5.1
Second Quarter 2002	126.7	83.0	76.7	7.6%	5.5	7.4
Average Jan.-June 2003	127.9	84.0	78.0	7.1%	5.1	6.4
Average Jan.-June 2002	126.5	82.0	75.0	8.5%	5.2	7.2

Sources: Statistique Canada and CMHC

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Sherbrooke Metropolitan Area Zones

Zones	<i>Municipalités / Sectors</i>	<i>Large zone</i>
1	Sherbrooke	Centre
2	Fleurimont	Centre
3	Rock Forest	Centre
4	St-Élie-d'Orford	Centre
5	Ascot, Ascot Corner, Bromptonville, Deauville, Compton, Hatley CT, Lennoxville, North Hathley, St-Denis-de-Brompton, Stoke, Waterville	Peripheral Area

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 Sherbrooke Metropolitan Area.

Intended Markets - There are three: the freehold market refers to Single-Family Houses (Detached, Semi-Detached 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 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 unrented. 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).

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National	Province of Quebec	Metropolitan Areas - Province of Quebec
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