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# HOUSING NOW

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### Sherbrooke

Canada Mortgage and Housing Corporation

[www.cmhc.ca](http://www.cmhc.ca)

#### First housing starts gain this year in Sherbrooke

It will have taken until the third quarter of the year to observe a gain in housing starts in the Sherbrooke census metropolitan area (CMA). From July to September 2004, Canada Mortgage and Housing Corporation (CMHC) enumerated 233 new dwellings under construction, compared to 258 during the same period this year. This increase of 11 per cent followed decreases in activity of 36 per cent in the first quarter and 20 per cent in the second quarter.

Just like in the previous quarters, single-family home production remained vigorous and on the rise over

the year before. In fact, during the third quarter, construction got under way on 177 houses, or 21 more than last year. The economic and financial conditions remain favourable to home buying, but the slow rise in housing starts since the beginning of the year indicates that a peak is approaching. The scarcity of unoccupied rental dwellings (228 units in October 2004) is also contributing to maintaining a favourable climate for purchasing a property. This result is amplified by the fact that around one third of the vacant units command high rents, which come close to an average mortgage payment.

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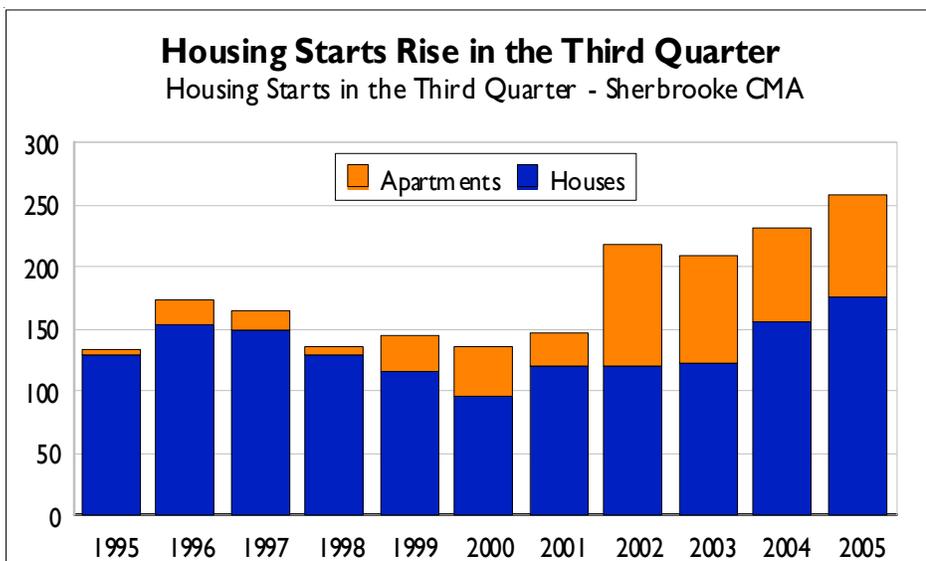
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#### IN THIS ISSUE

- 1 First housing starts gain this year in Sherbrooke
- 2 Limited decrease in activity since the beginning of the year in Sherbrooke
- 2 Existing home sales remain at a high level

#### STATISTICAL TABLES: Sherbrooke CMA

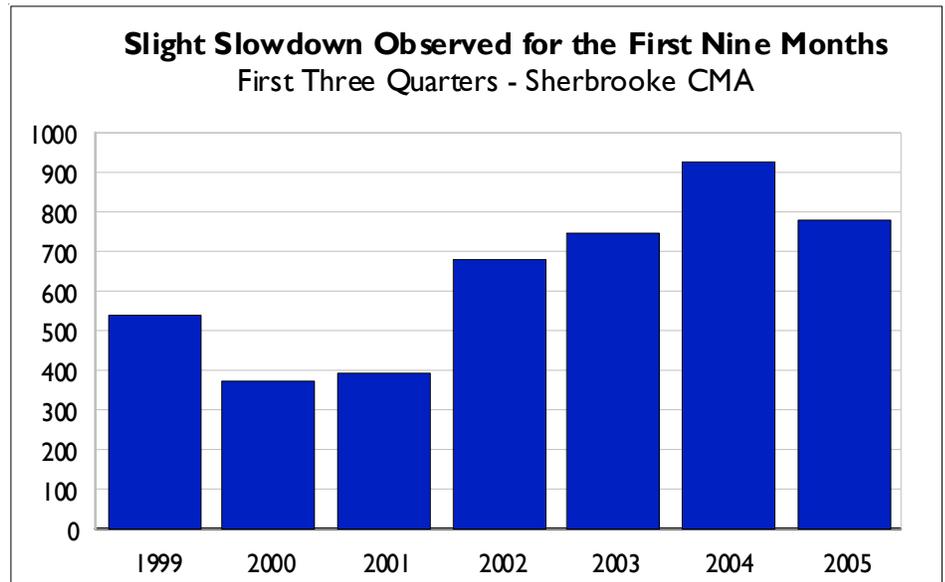
- 3 Summary of Activity by Intended Market
- 4 Housing Starts by Zone and by Intended Market
- 5 Single-Detached and semi-Detached Houses Absorbed by Price Range
- 5 Housing Supply
- 6 Economic Overview
- 7 Definitions and Concepts
- 8 Sherbrooke Metropolitan Area



In the apartment segment, there were 4 more starts than last year between July and September, for a total of 81 units. Even though this past quarter showed a good result, the general trend remained the same, with a marked slowdown in apartment construction. The accumulation of unoccupied apartments in structures built since the year 2000 is forcing the market to slow down the rate of production.

**Limited decrease in activity since the beginning of the year in Sherbrooke**

On a year-to-date basis, starts in the Sherbrooke CMA reached 780 units this year, compared to 931 from January to September 2004. This decrease was entirely attributable to



the reduction in the production of apartments in Sherbrooke. Housing activity was also down in two other CMAs in the province, namely, Montréal (-12 per cent) and Gatineau

(-37 per cent). In the Québec CMA, starts remained stable for the first nine months of the years, while they rose in Saguenay (+19 per cent) and Trois-Rivières (+3 per cent).

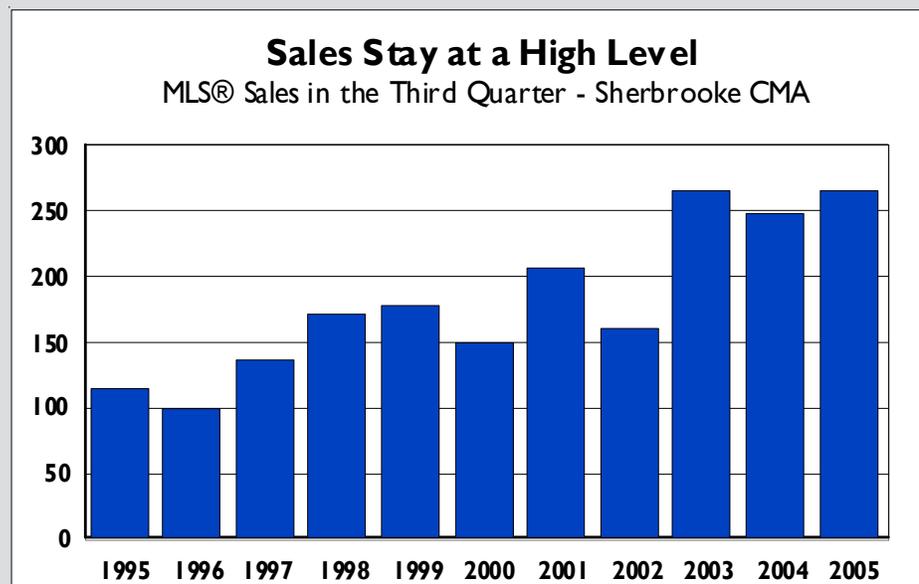
**Existing home sales remain at a high level**

The resale market is also benefiting from the fundamental factors that underlie the decision to buy a home and that currently remain favourable. In the third quarter, 265 properties changed owners, compared to 248 last year. The rise in the number of homes for sale, by increasing the

choice, is allowing more households to meet their housing needs through the purchase of an existing home. At the beginning of July this year, there were 470 properties for sale, or 60 more than at the same time last year. The impact of the slowdown in job creation on sales is not yet

being felt, since employment has a delayed effect on housing.

The increase in the average price on the resale market reached 6 per cent in the third quarter, compared to 14 per cent in the first quarter and 17 per cent in the second. This slower progression in prices came about as the market remained very tight, with a ratio of 5 sellers per buyer. The slow rise in mortgage rates, along with growing credit flexibility, the appearance of new financial products, and gifts from parents to children and inheritances, have so far allowed for a more gradual adjustment to the strong increase in the price of existing homes. The recent behaviour of prices, should it continue, would indicate that the budget latitude of households is nearing its limit.



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

<b>Activity / Period</b>	<b>Ownership</b>		<b>Rental</b>	<b>Total</b>
	<b>Freehold*</b>	<b>Condominium</b>		
<b>Starts</b>				
Third quarter 2005	190	31	37	258
Third quarter 2004	160	0	73	233
Year-to-date 2005 (Jan.-Sept.)	512	60	208	780
Year-to-date 2004 (Jan.-Sept.)	422	68	441	931
<b>Under construction</b>				
September 2005	134	42	62	238
September 2004	98	4	133	235
<b>Completions</b>				
Third quarter 2005	271	71	200	542
Third quarter 2004	194	34	126	354
Year-to-date 2005	473	81	326	880
Year-to-date 2004	429	70	443	942
<b>Unoccupied</b>				
September 2005	2	24	65	91
September 2004	3	10	0	13
<b>Absorption</b>				
Third quarter 2005	269	50	145	464
Third quarter 2004	192	35	122	349
Year-to-date 2005	472	61	300	833
Year-to-date 2004	425	70	405	900
<b>Duration of inventory</b>				
September 2005	0.0	3.8	1.9	1.0
September 2004	0.1	1.5	0.0	0.1

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

Source: CMHC

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

Zone / Period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Single	Semi	Row	Apt.			
<b>Zone 1: Sherbrooke</b>							
Third quarter 2005	25	2	0	2	28	20	77
Third quarter 2004	13	2	0	0	0	10	25
Year-to-date 2005	54	10	0	2	54	123	243
Year-to-date 2004	34	2	0	0	66	228	330
<b>Zone 2: Fleurimont</b>							
Third quarter 2005	14	2	0	8	0	9	33
Third quarter 2004	18	0	0	2	0	5	25
Year-to-date 2005	47	2	0	8	0	19	76
Year-to-date 2004	60	8	0	4	0	33	105
<b>Zone 3: Rock Forest</b>							
Third quarter 2005	33	8	0	4	0	8	53
Third quarter 2004	43	4	0	0	0	46	93
Year-to-date 2005	114	16	0	12	0	36	178
Year-to-date 2004	97	10	0	4	2	140	253
<b>Zone 4: Saint-Élie-d'Orford</b>							
Third quarter 2005	30	2	4	2	3	0	41
Third quarter 2004	30	2	0	0	0	0	32
Year-to-date 2005	83	12	16	4	6	0	121
Year-to-date 2004	69	4	0	0	0	10	83
<b>CENTRE (Zones 1 to 4)</b>							
Third quarter 2005	102	14	4	16	31	37	204
Third quarter 2004	104	8	0	2	0	61	175
Year-to-date 2005	298	40	16	26	60	178	618
Year-to-date 2004	260	24	0	8	68	411	771
<b>Zone 5: Outlying area</b>							
Third quarter 2005	52	2	0	0	0	0	54
Third quarter 2004	44	0	0	2	0	12	58
Year-to-date 2005	130	2	0	0	0	30	162
Year-to-date 2004	122	2	0	6	0	30	160
<b>TOTAL - SHERBROOKE METROPOLITAN AREA</b>							
Third quarter 2005	154	16	4	16	31	37	258
Third quarter 2004	148	8	0	4	0	73	233
Year-to-date 2005	428	42	16	26	60	208	780
Year-to-date 2004	382	26	0	14	68	441	931

Source: CMHC

**Table 3**  
**Single-Detached and Semi-Detached Houses Absorbed by Price Range**  
**Sherbrooke Metropolitan Area**

Type	Under \$110,000		\$110,000 to \$139,999		\$140,000 to \$169,999		\$170,000 to \$199,999		\$200,000 or over		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Third Quarter	35	43	51	47	65	45	31	15	61	31	243	181
Year-do-date (Jan.-Sept.)	67	118	93	108	112	94	60	28	108	59	440	407

Source: CMHC

**Table 4**  
**Housing Supply**  
**Sherbrooke Metropolitan Area**

Type	Under Construction	Unoccupied	Short-Term Supply
	September 2005		
<b>Single/semi</b>	124	2	126
<b>Multiple*</b>	114	89	203
<b>Total</b>	238	91	329
	September 2004		
<b>Single/semi</b>	96	3	99
<b>Multiple*</b>	139	10	149
<b>Total</b>	235	13	248

Source: CMHC

\* Row Houses and Apartments

**Table 5**  
**Economic Overview**  
**Sherbrooke Metropolitan Area**

Period	(thousands)			Unemployment Rate (%)	Mortgage Rates Canada (%)	
	Population 15 years +	Labour Force	Employment Total		1-Year	5-Year
	Third quarter 2005	134.7	88.1	82.0	6.8%	5.0
Third quarter 2004	132.6	90.7	84.7	6.7%	4.6	6.4
Average Jan.-Sept. 2005	134.4	88.4	81.9	7.4%	4.9	5.9
Average Jan.-Sept. 2004	131.9	87.8	81.8	6.9%	4.5	6.2

Source: Statistics Canada

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## 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, 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).

### CMHC Market Analysis Centre Publications

National	Province of Quebec	Metropolitan Areas - Province of Quebec
<ul style="list-style-type: none"> <li>• Housing Now</li> <li>• Housing Market Outlook</li> <li>• Monthly Housing Statistics</li> <li>• Housing Information Monthly</li> <li>• And many more</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Now</li> <li>• Rental Market Report - Highlights</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Market Outlook (1)</li> <li>• Rental Market Report (1)</li> <li>• Housing Now(1)</li> <li>• Analysis of the Resale Market (2)</li> <li>• Retirement Home Market (1)</li> </ul> <p>(1) Available for all metropolitan areas: Saguenay, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières            (2) Available for Montréal, Québec, Saguenay and Gatineau.</p>

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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

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