

H

HOUSING NOW *Saguenay*

YOUR LINK TO THE HOUSING MARKET

www.cmhc.ca

Canada Mortgage and Housing Corporation

VOLUME 6, NUMBER 1,
FIRST QUARTER 2003

Residential construction begins the year modestly in the Saguenay area

In the first quarter of 2003, we enumerated 27 housing starts in the Saguenay census metropolitan area (CMA), or 21 fewer than during the corresponding period in 2002.

Rental housing construction down in the first quarter

Rental housing construction sustained a significant drop of 65 per cent to start off 2003. While 35 apartment starts had been recorded in the first quarter of 2002, only 12 such units got under way in the past three months. This decrease in activity on the rental market is expected to last throughout 2003. The reason for this is simple: 2002 was an exceptional year for

retirement homes, on account of the shortage of dwellings in this market segment. The year 2003 will likely be calmer, in order to give the market some time to absorb the new units.

Single-family home building begins the year on the rise

For detached houses, the situation was identical to last year, with 13 starts. In the semi-detached and row home segment, there were two starts in 2003, compared to none during the first three months of 2002. As a result, the number of single-family (detached, semi-detached and row) homes started in 2003 is 15 per cent greater than the level recorded last year.

IN THIS ISSUE

Analysis

Residential construction begins the year modestly in the Saguenay area	1
Rental housing construction down in the first quarter	1
Single-family home building begins the year on the rise	1
Elsewhere in the Lac-Saint-Jean area	2
Provincial overview	2
<i>A series on RRSP Home Buyers' Plan: Québec</i>	2

Tables

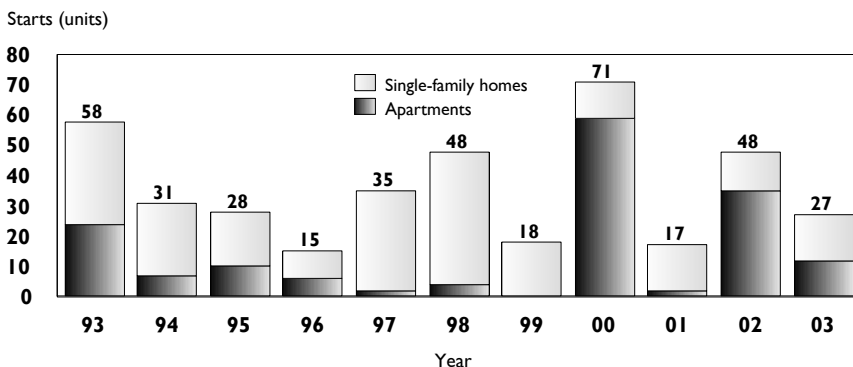
1. Summary of Activity by Intended Market	3
2. Housing Starts by Zone and by Intended Market	4
3. Detached and Semi-Detached Houses Absorbed by Price Range	5
4. Housing Supply	5
5. Housing Starts by Agglomeration and by Intended Market - Lac-Saint-Jean	6
6. Economic Overview	7

Definitions and Concepts

Saguenay Census Metropolitan Area Zones	8
---	---

Total Housing Starts

First Quarter
Saguenay Metropolitan Area



Source: CMHC



HOME TO CANADIANS
Canada

Elsewhere in the Lac-Saint-Jean area

According to our first quarterly surveys, the level of activity was modest but higher than that recorded during the same period in 2002. In Saint-Félicien, twice as many starts were registered (two detached houses). As for Alma, starts in this municipality went from two to four single-detached homes. In Roberval, contrary to a first quarter with no activity in 2002, construction got under way on one detached home during the past three

months. And, in Dolbeau-Mistassini, just like last year, no starts have been recorded so far in 2003.

Provincial overview

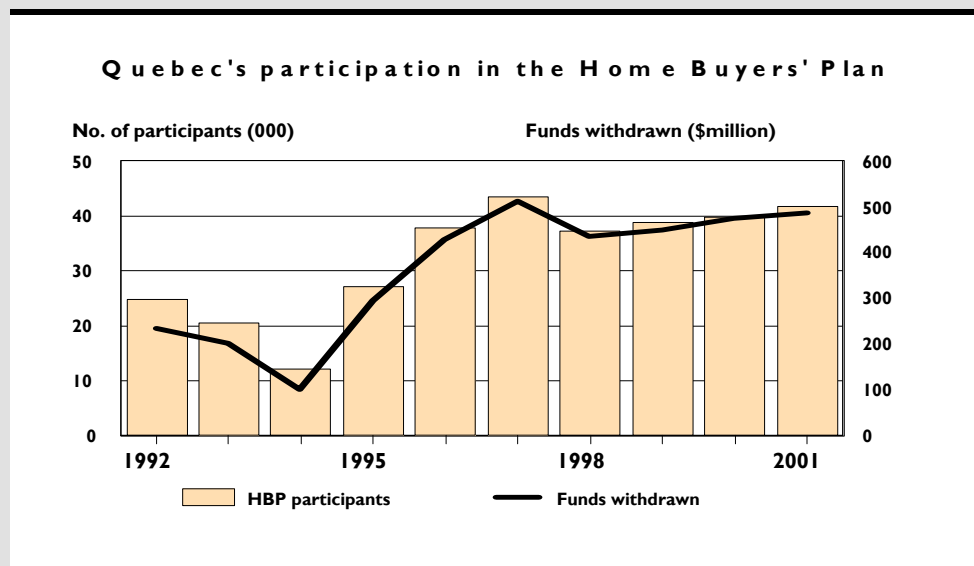
In all urban centres across Quebec, housing starts were on the rise. During the first three months of 2003, 6,348 housing starts were recorded, or 14 per cent more than in the same months in 2002. Among the six census metropolitan areas in the province, Québec led with a gain of 90 per

cent in housing starts. It was closely followed by Trois-Rivières, where the increase reached 89 per cent. Elsewhere, activity rose by 47 per cent in Sherbrooke, by 3 per cent in Montréal and by 1 per cent in Gatineau. Only Saguenay showed negative results, as starts were down by 44 per cent in this area.

A Series on RRSP Home Buyers' Plan: Québec

Over 323,000 Québec residents have taken advantage of the Home Buyers' Plan to purchase homes

- The Home Buyers' Plan (HBP) was introduced by the federal government in 1992 to help individuals purchase homes. It allows Canadians, who meet certain eligibility conditions, to withdraw up to \$20,000 tax-free from their Registered Retirement Saving Plans (RRSPs) for this purpose. The amounts withdrawn remain tax-exempt if they are repaid within 15 years.
- Nationally, the second largest number of individuals to ever participate in the Home Buyers' Plan was recorded in 2001. On average, \$12,000 or 7.0 per cent of the Canada MLS average price was withdrawn by home buyers from their RRSPs to acquire a dwelling.
- In Québec, the federal government's Home Buyers' Plan combined with low mortgage rates helped over 41,000 individuals realize their homeowner dreams in 2001 by enabling them to withdraw more than \$487 million in RRSP funds to purchase homes. The average amount withdrawn under the plan was \$11,670.
- Since its inception in 1992, some 323,000 individuals in Québec have participated in the plan channelling \$3.6 billion to the housing market. Nearly 20 per cent of the funds withdrawn have already been repaid.
- Québec has accounted for about 27 per cent of participants and 30 per cent of RRSP funds withdrawn under HBP.



Sources : CMHC, CCRA

Table I
Summary of Activity by Intended Market
Saguenay Metropolitan Area

Activity / period	Ownership					Rental	Total
	Freehold *				Condo-minium		
	Detached	Semi-det.	Row	Apart.			
Starts							
First Quarter 2003	13	2	0	0	0	12	27
First Quarter 2002	13	0	0	0	0	35	48
Year-to-Date 2003	13	2	0	0	0	12	27
Year-to-Date 2002	13	0	0	0	0	35	48
Under construction **							
First Quarter 2003	16	2	0	2	0	232	252
First Quarter 2002	27	1	0	2	0	87	117
Completions							
First Quarter 2003	34	8	0	4	0	45	91
First Quarter 2002	26	4	0	0	0	8	38
Year-to-Date 2003	34	8	0	4	0	45	91
Year-to-Date 2002	26	4	0	0	0	8	38
Unoccupied **							
First Quarter 2003	1	0	0	0	0	10	11
First Quarter 2002	3	2	0	1	0	5	11
Absorptions							
First Quarter 2003	34	8	0	4	0	39	85
First Quarter 2002	25	2	0	2	0	5	34
Year-to-Date 2003	34	8	0	4	0	39	85
Year-to-Date 2002	25	2	0	2	0	5	34
Short term Supply							
First Quarter 2003	17	2	0	2	0	242	263
First Quarter 2002	30	3	0	3	0	92	128

* 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
Saguenay Metropolitan Area

Zone / period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Detached	Semi-det.	Row	Apart.			
Zone 1: City of Chicoutimi							
First Quarter 2003	3	2	0	0	0	4	9
First Quarter 2002	4	0	0	0	0	4	8
Year-to-Date 2003	3	2	0	0	0	4	9
Year-to-Date 2002	4	0	0	0	0	4	8
Zone 2: Jonquière							
First Quarter 2003	2	0	0	0	0	8	10
First Quarter 2002	4	0	0	0	0	31	35
Year-to-Date 2003	2	0	0	0	0	8	10
Year-to-Date 2002	4	0	0	0	0	31	35
Zone 3: La Baie							
First Quarter 2003	0	0	0	0	0	0	0
First Quarter 2002	1	0	0	0	0	0	1
Year-to-Date 2003	0	0	0	0	0	0	0
Year-to-Date 2002	1	0	0	0	0	0	1
Centre (zones 1 to 3)							
First Quarter 2003	5	2	0	0	0	12	19
First Quarter 2002	9	0	0	0	0	35	44
Year-to-Date 2003	5	2	0	0	0	12	19
Year-to-Date 2002	9	0	0	0	0	35	44
Zone 4: Outlying Area (Lac Kénogami, Larouche, Laterrière, St-Fulgence, etc.)							
First Quarter 2003	8	0	0	0	0	0	8
First Quarter 2002	4	0	0	0	0	0	4
Year-to-Date 2003	8	0	0	0	0	0	8
Year-to-Date 2002	4	0	0	0	0	0	4
TOTAL SAGUENAY METROPOLITAN AREA							
First Quarter 2003	13	2	0	0	0	12	27
First Quarter 2002	13	0	0	0	0	35	48
Year-to-Date 2003	13	2	0	0	0	12	27
Year-to-Date 2002	13	0	0	0	0	35	48

Source: CMHC

Table 3										
Detached and Semi-Detached Houses Absorbed by price Range - First Quarter Saguenay 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	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Detached	2	2	2	7	8	8	8	3	14	5
Semi-Det.	4	0	4	2	0	0	0	0	0	0
Total	6	2	6	9	8	8	8	3	14	5
Market Share (Detach.)	5.9%	8.0%	5.9%	28.0%	23.5%	32.0%	23.5%	12.0%	41.2%	20.0%

Source: CMHC

Table 4				
Housing Supply / First Quarter 2003				
Saguenay Metropolitan Area				
	Intended Market			
	Freehold	Condominium	Rental	Total
Under construction	20	0	232	252
Vacant Inventory	1	0	10	11
Short-Term Supply	21	0	242	263
Short-Term Supply Duration (in months, trend)	5.5	NA	74.5	37.1

Source: CMHC

<p>For more information about this publication,</p> <p>please contact our:</p>	<p>Customer Service</p> <p>at</p> <p>Tel.: 1 866 855-5711</p> <p>or by Email:</p> <p>cam_qc@cmhc.ca</p>
--	--

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

<i>Agglomeration / 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>			
<i>Alma</i>							
First Quarter 2003	4	0	0	0	0	0	4
First Quarter 2002	2	0	0	0	0	0	2
Year-to-Date 2003	4	0	0	0	0	0	4
Year-to-Date 2002	2	0	0	0	0	0	2
<i>Dolbeau-Mistassini</i>							
First Quarter 2003	0	0	0	0	0	0	0
First Quarter 2002	0	0	0	0	0	0	0
Year-to-Date 2003	0	0	0	0	0	0	0
Year-to-Date 2002	0	0	0	0	0	0	0
<i>Roberval</i>							
First Quarter 2003	1	0	0	0	0	0	1
First Quarter 2002	0	0	0	0	0	0	0
Year-to-Date 2003	1	0	0	0	0	0	1
Year-to-Date 2002	0	0	0	0	0	0	0
<i>Saint-Félicien</i>							
First Quarter 2003	2	0	0	0	0	0	2
First Quarter 2002	1	0	0	0	0	0	1
Year-to-Date 2003	2	0	0	0	0	0	2
Year-to-Date 2002	1	0	0	0	0	0	1

Source: CMHC

Obtain low cost data on the Saguenay market

Each housing market is unique and it is impossible to meet all needs in a single publication. However, we can respond to specific requests to help you better understand your market.

In addition to supplying long term statistical data, we can develop special compilations based on your own criteria.

Contact us!

Tel.: 1 (866) 855-5711

**Table 6
Economic Overview
Saguenay Metropolitan Area**

	2002				2003	
	1st Quart.	2nd Quart.	3rd Quart.	4th Quart.	1st Quart.	
Mortgage Rate (%) (Canada)						
- 1-year	4.8	5.5	5.3	5.0	5.1	
- 5-year	7.1	7.4	6.9	6.8	6.6	
Inflation (Province of Quebec)						
- Inflation Rate (%)	1.5	0.9	2.3	3.4	4.2	
- Consumers Price Index (1992=100)	113.9	115.0	116.3	116.9	118.7	
Quebec's Consumer Attitudes: Survey						
- Index of Consumer Attitudes (1991 = 100, SA)	131.2	136.9	129.6	127.9	125.8	
Jobs Market						
- Jobs Creation (Loss) compare to the last quarter	- Total	-2,000	-1,100	1,800	400	-2,900
	- Full Time	-2,800	-800	4,700	-4,200	-2,600
- Jobs Creation (Loss) compare to the same quarter last year	- Total	4,200	-700	-2,300	-900	-1,800
	- Full Time	2,400	-4,600	-2,500	-3,100	-2,900
- Unemployment Rate (%)		13.6	12.3	9.7	10.1	12.1

Sources: Statistics Canada, Conference Board of Canada, CMHC

THE RETIREMENT HOME MARKET STUDY

The Canada Mortgage and Housing Corporation's Market Analysis Center publishes reports on the Retirement Homes for six Metropolitan Areas in Québec (Saguenay, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières).

These are the most comprehensive tools for developers and investors interested in this promising real estate segment and are based on the latest CMHC's data available in 2002.

Order your copy now by calling our

**Customer Service Department
at 1 866 855-5711**

or by Email: cam_qc@cmhc.ca

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).

Saguenay 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

Housing Now is published four times a year for the Saguenay Metropolitan Area. Annual Subscription to the Saguenay Housing Now is \$55.00 plus applicable taxes. For more information, or to subscribe, contact our Customer Service Centre at 1-866-855-5711.

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada Mortgage and Housing

Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this publication are based on

various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.

F

ORECAST

Saguenay

SUMMARY

Spring - Summer 2003

Canada Mortgage and Housing Corporation

Weak growth for the real estate market in 2003

New home market

➤ In 2003, the Saguenay census metropolitan area (CMA) will post a total of 410 housing starts, representing a significant decrease (-31 per cent).

➤ After an exceptional year in 2002 for rental housing construction (322 units), 2003 will be a turning point, as 120 new apartments will be started. In 2004, activity should resume its long-term trend, with 45 rental housing starts. The rental housing construction boom in 2002 and 2003 is attributable to the retirement home market segment, which is facing a shortage of apartments due to a growing demand resulting from the aging of the population.

➤ Single-family¹ home starts will rise by 6 per cent in 2003 and partly offset the negative impact caused by rental housing construction. With the persistently very low mortgage rates and the good employment performance at the end of 2001 and the beginning of 2002, this market will register 290 starts, compared to 274 in 2002.

➤ In 2004, there will be 255 single-family home starts on the Saguenay CMA territory. This decline will result mainly from the rise in mortgage rates over the next 24 months and the after-effects of the job losses in the second half of 2002 and the first quarter of 2003.

Rental market

➤ The year 2003 will be important for the Saguenay rental market. In the first quarter of 2003, no fewer than 219 apartments were completed and are now available for rent. These new units are all intended for seniors, but they will have an impact on the entire rental market.

➤ As a result of the new constructions, the retirement home market will sustain a significant increase in its vacancy rate, which will rise to 6.0 per cent in October 2003, compared to 3.5 per cent at the time of the last survey in 2002. Given the strong demand on this market, the vacancy rate should fall back to around 3.5 per cent in 2004.

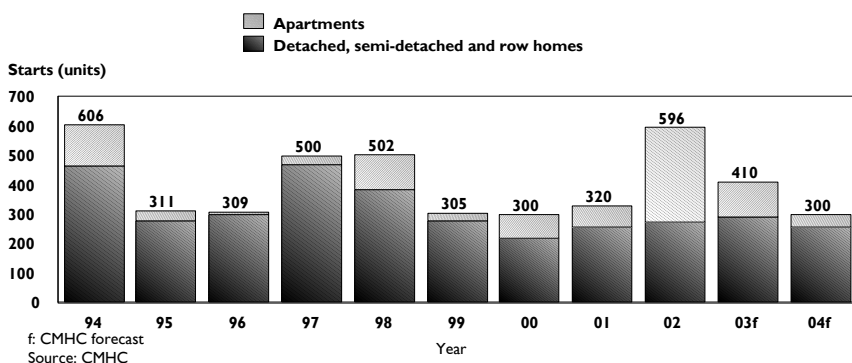
➤ In the traditional rental housing segment, the vacancy rate should also climb to 6.0 per cent on account of the absorption of the retirement housing units. As well, since construction is on the rise, household formation will not be able to offset the increase in unoccupied units. In 2004, absorption will continue, so the vacancy rate should be able to go back down to 5.5 per cent.

Resale market

➤ The number of sales through the Multiple Listing Service (MLS) will rise slightly in 2003. Given the high volume of sales in recent years, choice is more limited, and the seller-to-buyer ratio has been steadily declining. Consequently, the average price will post a further hike of 5 per cent in 2003 and reach \$94,250.

➤ In 2004, as a result of the poor employment performance at the end of 2002 and the beginning of 2003, along with the rise in mortgage rates, sales will fall by 14 per cent, for a total of 915 transactions.

Residential Construction Saguenay Metropolitan Area



HOME TO CANADIANS
Canada

¹ Single-family houses include detached, semi-detached and row homes.

FORECAST SUMMARY

Saguenay Metropolitan Area

Spring - Summer 2003

	2001	2002	2003f	2004f
RESALE MARKET				
MLS sales*	969	993	1,060	915
Average price (\$)	85,480	89,530	94,250	96,410
NEW HOME MARKET				
Starts				
Total	320	596	410	300
Single-family homes	255	274	290	255
Condominiums	0	0	0	0
Rental housing units	65	322	120	45
Average price (\$)				
Detached houses	107,442	120,119	135,000	140,000
Semi-detached houses	76,364	80,625	84,500	86,500
RENTAL MARKET				
Vacancy rate (%)	4.4	4.9	6.0	5.5
Rent for a 2-bedroom unit (\$)	439	440	441	442
ECONOMIC OVERVIEW				
Mortgage rate - 1-year (%)	6.14	5.17	5.45	6.82
Mortgage rate - 5-year (%)	7.40	7.02	7.01	8.18
Job creation (number)	-100	0	600	700
Unemployment rate (%)	11.2	11.4	11.1	10.9

f: CMHC forecast

Data sources: CMHC, Statistics Canada, Multiple Listing Service (Chambre immobilière du Saguenay-Lac-Saint-Jean)

(* 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,
please contact:

Benoît Allaire
Market Analyst
ballaire@cmhc.ca
(418) 649-8100

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada Mortgage and Housing

Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this publication are based on various sources

believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.