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Canada Mortgage and Housing Corporation

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### Renewed activity on residential job sites in Saguenay

In the fourth quarter of 2004, the residential construction sector posted renewed activity in the Saguenay census metropolitan area (CMA). According to the latest surveys conducted by Canada Mortgage and Housing Corporation (CMHC), there were 89 housing starts from October to December, for an increase of 71 per cent in relation to the results recorded during the same period in 2003.

Single-family homes, including single-detached, semi-detached and row houses, remained the most popular housing type among consumers, as foundations were laid for 62 such units. This volume represents a strong gain of 63 per cent over the fourth

quarter of 2003. To complete the overview of the market, 27 apartment starts were enumerated, or nearly double the 14 new units registered during the last quarter of 2003.

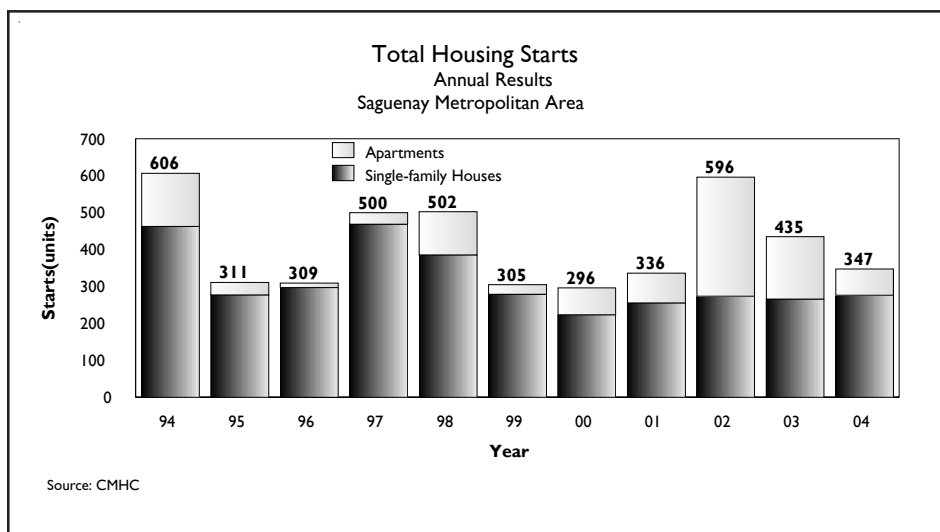
On an annual basis, the fourth quarter results reflect a major recovery, as the first two quarters of 2004 ended with decreases, followed by a modest increase in the number of housing starts in the third quarter. It is probable that the consecutive closings in early 2004, at Abitibi-Consolidated and Alcan, triggered a wind of pessimism among Saguenay consumers and thereby delayed some home buying decisions during the first half of the year. Once the cloud had dispersed, consumers regained

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confidence and, as a result, started heading out to sales offices once again, which accounts for the strong activity observed on job sites in the last three months of the year.

However, the annual result for 2004 was negative in the Saguenay CMA. There were 347 housing starts, down by 20 per cent from the year before. The decrease came exclusively from the 71 new apartments enumerated, for a downturn of 58 per cent from the previous year. In 2003, a 75-unit complex intended for seniors had inflated the figures, which largely explains the decrease in activity that was observed. In addition, as revealed by the latest rental market survey, the Saguenay CMA is facing a surplus of rental housing units (vacancy rate of 5.3 per cent in October 2004), a situation that is not conducive to the construction of apartments intended for the conventional rental housing market.

In the single-detached home segment, demand remained stable, with foundations laid for 244 units, a result identical to the level recorded one year earlier. The construction of semi-detached and row homes, supported by their affordability, went up by 45 per cent, as 32 such new units were built. Mortgage rates, which reached an all-time low at the beginning of the year, along with the job creation in 2003, account for the good performance of single-family home building.

In the Lac-Saint-Jean area, most of the urban centres registered decreases in 2004. However, Roberval stood out with a gain of 86 per cent in its housing starts, which included 15 single-family homes and 11 apartments. In Saint-Félicien, the situation was quite different, as foundations were laid for 24 new units, for a decrease of 44 per cent in relation to the 2003 result. In fact, the construction of a 25-apartment

retirement home last year accounts for this decline. The same phenomenon occurred in Alma, where the expansion of two retirement homes (for a total of 100 apartments) in 2003 caused housing starts to fall by 26 per cent in 2004. In fact, there were 86 new single-family homes (up by 34 per cent) and 37 apartments (down by 64 per cent). Finally, Dolbeau-Mistassini sustained a decrease of 35 per cent, with 34 single-family housing starts and no new apartments, just like in 2003.

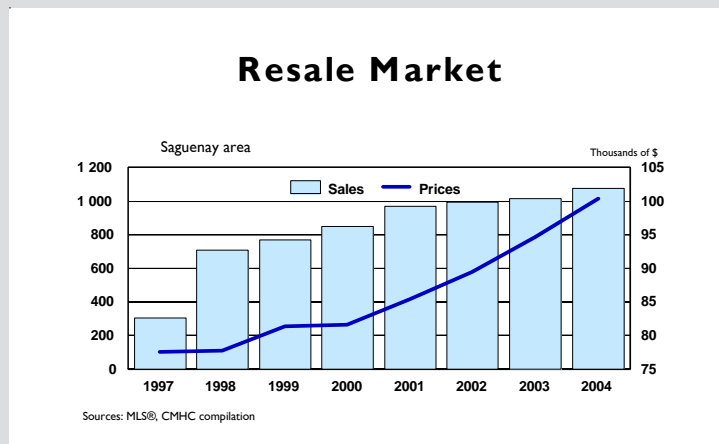
For the province overall, the 2004 results were remarkable. Housing starts registered in urban centres with 10,000 or more inhabitants were up by 17 per cent (46,721 units). Among the CMAs across Quebec, the strongest increase was observed in Trois-Rivières (38 per cent), followed by Sherbrooke (27 per cent), Montréal (18 per cent), Gatineau (15 per cent) and Québec (10 per cent). Saguenay was the only CMA that sustained a decrease in 2004 (-20 per cent).

## Resale Market in the Saguenay Area

In the Saguenay area<sup>1</sup>, the resale market posted continued growth in 2004. The members of the Chambre immobilière du Saguenay-Lac-Saint-Jean sold 1,077 single-family houses, or 6.2 per cent more than the total number of transactions recorded in 2003. With a listings-to-sales ratio that reached 4.7 to 1 for the year that just ended overall, the resale market remained tight. In fact, on a balanced market the listings-to-sales ratio varies between and 8 and 10 to 1. If the ratio is below this range, then the market is rather considered to be favourable to sellers. The lack of supply on the current market is maintaining upward pressure on prices and, as a result, the price hike is surpassing inflation. For the Saguenay area overall, the average price of a single-family home reached \$100,375 in 2004, for a gain of 6.1 per cent over the 2003 level.

The former city of Chicoutimi was the most active sector, with 410 transactions. As well, the average price (\$108,900) was higher there than the average observed for the Saguenay area overall. Jonquière came in second in terms of activity, with 330 sales

and an average price of \$96,500, followed by the outlying area, which registered 180 resales and thereby ranked ahead of La Baie with its 157 transactions in 2004. In this last sector, the average price attained \$92,250.



<sup>1</sup> For the resale market, the Saguenay area includes the Saguenay CMA, along with the municipalities of Saint-Ambroise, Saint-David-de-Falardeau, Valin, Sainte-Rose-du-Nord and Saint-Charles.

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

Activity / Period	Ownership					Rental	Total
	Freehold*				Condo-minium		
	Single	Semi	Row	Apt.			
<b>Starts</b>							
Fourth quarter 2004	48	14	0	2	0	25	89
Fourth quarter 2003	36	2	0	0	0	14	52
Year-to-date 2004 (Jan.-Dec.)	244	32	0	6	7	58	347
Year-to-date 2003 (Jan.-Dec.)	244	22	0	8	0	161	435
<b>Under construction**</b>							
Fourth quarter 2004	45	12	0	2	0	34	93
Fourth quarter 2003	38	2	0	2	0	0	42
<b>Completions</b>							
Fourth quarter 2004	71	2	0	0	0	4	77
Fourth quarter 2003	70	6	0	6	0	97	179
Year-to-date 2004	236	22	0	8	0	31	297
Year-to-date 2003	243	24	0	16	0	426	709
<b>Unoccupied**</b>							
Fourth quarter 2004	0	0	0	0	0	0	0
Fourth quarter 2003	4	1	0	0	0	75	80
<b>Absorption</b>							
Fourth quarter 2004	71	2	0	0	0	4	77
Fourth quarter 2003	68	5	0	6	0	67	146
Year-to-date 2004	240	23	0	8	0	106	377
Year-to-date 2003	240	23	0	17	0	344	624
<b>Short-term supply</b>							
Trend 2004	45	12	0	2	0	34	93
Trend 2003	42	3	0	2	0	75	122

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

\*\* At the end of the period shown

Source: CMHC

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

<i>Zone / Period</i>	<i>Ownership</i>					<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>				<i>Condo- minium</i>		
	<i>Single</i>	<i>Semi</i>	<i>Row</i>	<i>Apt.</i>			
<b>Zone 1: Chicoutimi</b>							
Fourth quarter 2004	11	14	0	0	0	11	36
Fourth quarter 2003	1	0	0	0	0	4	5
Year-to-date 2004	69	26	0	4	0	23	122
Year-to-date 2003	58	4	0	0	0	38	100
<b>Zone 2: Jonquière</b>							
Fourth quarter 2004	11	0	0	0	0	10	21
Fourth quarter 2003	6	2	0	0	0	10	18
Year-to-date 2004	68	0	0	0	0	27	95
Year-to-date 2003	64	8	0	6	0	123	201
<b>Zone 3: La Baie</b>							
Fourth quarter 2004	5	0	0	0	0	4	9
Fourth quarter 2003	8	0	0	0	0	0	8
Year-to-date 2004	27	0	0	0	7	8	42
Year-to-date 2003	28	8	0	2	0	0	38
<b>Centre (zones 1 to 3)</b>							
Fourth quarter 2004	27	14	0	0	0	25	66
Fourth quarter 2003	15	2	0	0	0	14	31
Year-to-date 2004	164	26	0	4	7	58	259
Year-to-date 2003	150	20	0	8	0	161	339
<b>Zone 4: Outlying area (Lac Kénogami, Larouche, Laterrière, Saint-Fulgence, etc.)</b>							
Fourth quarter 2004	21	0	0	2	0	0	23
Fourth quarter 2003	21	0	0	0	0	0	21
Year-to-date 2004	80	6	0	2	0	0	88
Year-to-date 2003	94	2	0	0	0	0	96
<b>TOTAL - SAGUENAY METROPOLITAN AREA</b>							
Fourth quarter 2004	48	14	0	2	0	25	89
Fourth quarter 2003	36	2	0	0	0	14	52
Year-to-date 2004	244	32	0	6	7	58	347
Year-to-date 2003	244	22	0	8	0	161	435

Source: CMHC

**Table 3**  
**Single-Detached and Semi-Detached Houses Absorbed by Price Range - Fourth 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	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
<b>Single</b>	0	3	2	6	10	8	17	11	42	40
<b>Semi</b>	0	0	0	2	0	1	0	2	2	0
<b>Total</b>	0	3	2	8	10	9	17	13	44	40
<b>Market share (single)</b>	0.0%	4.4%	2.8%	8.8%	14.1%	11.8%	23.9%	16.2%	59.2%	58.8%

Source: CMHC

**Table 4**  
**Housing Supply - Fourth quarter 2004**  
**Saguenay Metropolitan Area**

	Intended Market			
	Freehold	Condominium	Rental	Total
<b>Under construction</b>	59	0	34	93
<b>Unoccupied</b>	0	0	0	0
<b>Short-term supply</b>	59	0	34	93
<b>Duration of short-term supply (months, trend)</b>	2.6	0.0	3.8	3.0

Source: CMHC

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

<i>Agglomeration / Period</i>	<i>Ownership</i>					<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>				<i>Condo- minium</i>		
	<i>Single</i>	<i>Semi</i>	<i>Row</i>	<i>Apt.</i>			
<b><i>Alma</i></b>							
Fourth quarter 2004	10	0	0	2	6	10	28
Fourth quarter 2003	6	4	4	0	0	55	69
Year-to-date 2004	62	14	4	4	6	33	123
Year-to-date 2003	50	10	4	2	0	101	167
<b><i>Dolbeau-Mistassini</i></b>							
Fourth quarter 2004	7	0	0	0	0	0	7
Fourth quarter 2003	19	0	0	0	0	0	19
Year-to-date 2004	31	0	3	0	0	0	34
Year-to-date 2003	45	4	3	0	0	0	52
<b><i>Roberval</i></b>							
Fourth quarter 2004	3	0	0	0	0	0	3
Fourth quarter 2003	3	0	0	0	0	0	3
Year-to-date 2004	13	2	0	0	0	11	26
Year-to-date 2003	10	4	0	0	0	0	14
<b><i>Saint-Félicien</i></b>							
Fourth quarter 2004	6	0	0	0	0	0	6
Fourth quarter 2003	5	0	0	0	0	25	30
Year-to-date 2004	24	0	0	0	0	0	24
Year-to-date 2003	18	0	0	0	0	25	43

Source: CMHC

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**Table 6**  
**Economic Overview**  
**Saguenay Metropolitan Area**

	2003		2004		
	4th Q	1st Q	2nd Q	3rd Q	4th Q
<b>Mortgage rates (%) (Canada)</b>					
- 1-year	4.7	4.3	4.6	4.6	4.9
- 5-year	6.5	5.9	6.5	6.4	6.3
<b>Inflation (Province of Quebec)</b>					
- Inflation rate (%)	1.3	0.8	2.1	2.2	2.7
- Consumer Price Index (1992=100)	118.5	119.6	120.7	120.9	121.7
<b>Quebec consumer attitudes survey</b>					
- Index of Consumer Attitudes (1991 = 100) (seasonally adjusted)	117.5	125.3	121.1	121.3	116.5
<b>Labour market</b>					
- Job creation (loss) compared to the last quarter	- total -5,400	1,200 -600	3,600 5,200	200 3,800	-3,200 -4,600
- Job creation (loss) compared to the same quarter last year	- total -400 -100	3,700 1,900	5,300 3,100	1,400 3,000	1,800 3,800
- Unemployment rate (%)	11.5	13.6	10.9	9.3	10.6

Sources: Statistics Canada, Conference Board of Canada

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## RENTAL MARKET REPORTS

which provide a more in-depth and detailed study of the data collected

## 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	Péripheral Area

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