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# HOUSING NOW

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Canada Mortgage and Housing Corporation

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### Saguenay: housing starts up significantly in the first quarter

The latest results released by Canada Mortgage and Housing Corporation (CMHC) revealed that residential construction jumped up in the first quarter of 2005 in the Saguenay census metropolitan area (CMA). During the first three months of the year, construction got under way on 38 housing units, for an increase of 65 per cent over the same period in 2004.

The strong increase observed on the Saguenay housing market was largely attributable to the rental

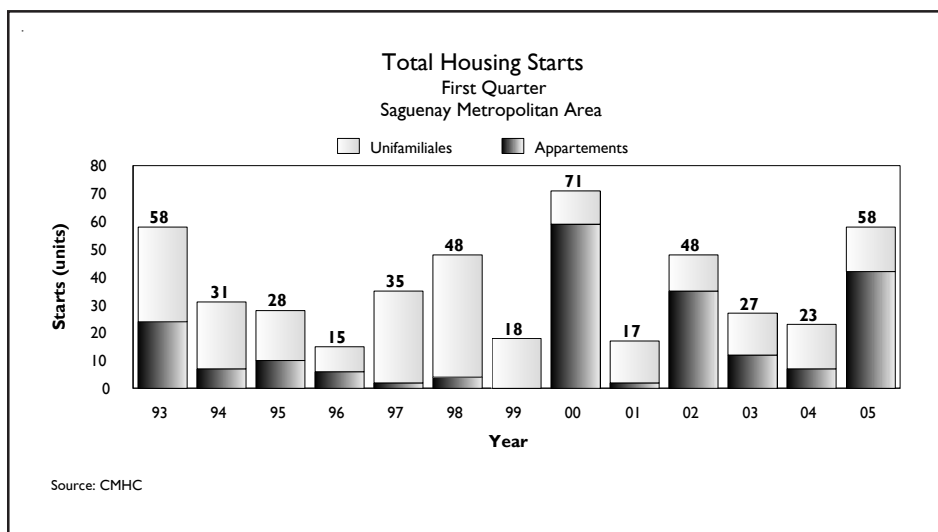
segment. During this period, 22 new units were started, compared to none in 2004. It is important to note that 14 of these 22 dwellings are publicly initiated cooperative housing units. Since the economic situation in the area is relatively difficult, affordable housing needs seem to be a reality, even though the vacancy rate is 5.2 per cent in privately initiated projects. Even if the market rents are favourable in comparison with the rates charged in all CMAs across Quebec, private market units are not within everyone's budget.

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The freehold housing market<sup>1</sup> remained rather stable. In fact, foundations were laid for 16 new units from January to March 2005, a number equal to the level recorded during the same period in 2004. Out of these 16 new dwellings, 12 were single-detached houses and 4 were apartments (duplexes or houses with a basement unit).

The first quarter of 2005 was quite active in the Lac-Saint-Jean urban centres, as housing starts were up in three of the four centres in the area in relation to 2004. In Alma, there were 6 rental housing starts,

representing 1 more dwelling than the 5 new units (single-detached houses) enumerated last year. In Roberval, 6 detached homes were started, compared to none in 2004. Saint-Félicien saw foundations laid for 2 new dwellings, or double last year's result. Lastly, in Dolbeau-Mistassini, the level of starts remained the same as in 2004 (3 new single-detached houses).

In all urban centres with 10,000 or more inhabitants across Quebec, 7,172 housing starts were enumerated in the first quarter of 2005, for a decrease of 15 per cent from the

first quarter of 2004. The Saguenay CMA posted the greatest increase (+65 per cent), followed by Québec (+28 per cent) and Trois-Rivières (+13 per cent). The other CMAs sustained decreases, the largest of which was registered in Gatineau (-52 per cent). Finally, starts fell by 36 per cent in Sherbrooke and by 20 per cent in Montréal.

<sup>1</sup> The freehold housing market comprises detached, semi-detached and row homes, as well as duplexes.

## Strong increase in single-family home prices in the first quarter

According to the latest Service inter-agences<sup>®</sup> / Multiple Listing Service<sup>®</sup> (S.I.A.<sup>®</sup> / MLS<sup>®</sup>) data, the number of existing property sales remained stable in the first quarter of 2005 (340 units), a result identical to that registered in 2004 for the Saguenay area<sup>1</sup>. This stability in the number of sales had no impact, however, on the increase in prices. In fact, the price hike observed in the overall Saguenay area reached 11 per cent in the first quarter, compared to 1.9 per cent during the same period in 2004. In the Saguenay area, the average price of a single-family home therefore attained \$103,720 in the first quarter, or almost \$10,000 more than at the same time last year.

This major price increase was the combined result of the downward trend in new listings that has been prevailing for the past few years and a seller-to-buyer that has been below 5 to 1 since the second

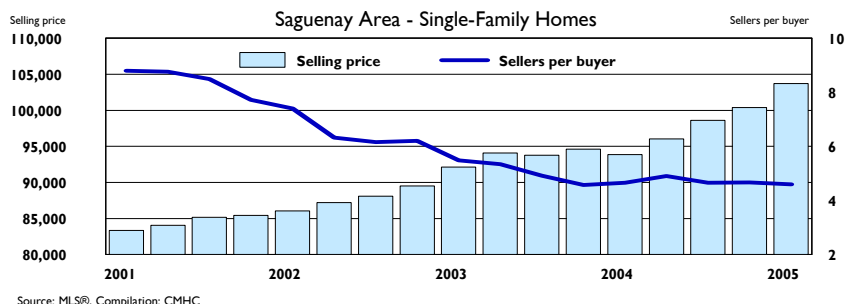
quarter of 2003. The renewed activity observed on the labour market in late 2003 and early 2004 and the low interest rates also stimulated the resale market, which has now been overheating for seven consecutive quarters.

The rise in prices seems to be extending across the entire

Saguenay area. Noted increases were 10 per cent in the Chicoutimi sector, 12 per cent in the Jonquièrre sector and 9 per cent in La Baie. Lastly, the outlying sectors saw the price of their single-family homes go up by 12 per cent over the first quarter of 2004.

<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.

### Resale Market



Source: MLS<sup>®</sup>, Compilation: CMHC

**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>							
First quarter 2005	12	0	0	4	0	22	38
First quarter 2004	10	6	0	0	7	0	23
Year-to-date 2005 (Jan.-Mar.)	12	0	0	4	0	22	38
Year-to-date 2004 (Jan.-Mar.)	10	6	0	0	7	0	23
<b>Under construction**</b>							
First quarter 2005	35	12	0	2	0	33	82
First quarter 2004	32	6	0	0	0	7	45
<b>Completions</b>							
First quarter 2005	21	2	0	4	0	23	50
First quarter 2004	16	0	0	4	0	0	20
Year-to-date 2005	21	2	0	4	0	23	50
Year-to-date 2004	16	0	0	4	0	0	20
<b>Unoccupied**</b>							
First quarter 2005	0	0	0	0	0	8	8
First quarter 2004	3	0	0	0	0	41	44
<b>Absorption</b>							
First quarter 2005	21	2	0	4	0	15	42
First quarter 2004	17	1	0	4	0	34	56
Year-to-date 2005	21	2	0	4	0	15	42
Year-to-date 2004	17	1	0	4	0	34	56
<b>Short-term supply</b>							
Trend 2005	35	12	0	2	0	41	90
Trend 2004	35	6	0	0	0	48	89

\* 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**

Zone / Period	Ownership					Rental	Total
	Freehold				Condo- minium		
	Single	Semi	Row	Apt.			
<b>Zone 1: Chicoutimi</b>							
First quarter 2005	2	0	0	2	0	22	26
First quarter 2004	2	6	0	0	0	0	8
Year-to-date 2005	2	0	0	2	0	22	26
Year-to-date 2004	2	6	0	0	0	0	8
<b>Zone 2: Jonquière</b>							
First quarter 2005	5	0	0	0	0	0	5
First quarter 2004	4	0	0	0	0	0	4
Year-to-date 2005	5	0	0	0	0	0	5
Year-to-date 2004	4	0	0	0	0	0	4
<b>Zone 3: La Baie</b>							
First quarter 2005	1	0	0	0	0	0	1
First quarter 2004	0	0	0	0	7	0	7
Year-to-date 2005	1	0	0	0	0	0	1
Year-to-date 2004	0	0	0	0	7	0	7
<b>Centre (zones 1 to 3)</b>							
First quarter 2005	8	0	0	2	0	22	32
First quarter 2004	6	6	0	0	7	0	19
Year-to-date 2005	8	0	0	2	0	22	32
Year-to-date 2004	6	6	0	0	7	0	19
<b>Zone 4: Outlying area (Lac Kénogami, Larouche, Laterrière, Saint-Fulgence, etc.)</b>							
First quarter 2005	4	0	0	2	0	0	6
First quarter 2004	4	0	0	0	0	0	4
Year-to-date 2005	4	0	0	2	0	0	6
Year-to-date 2004	4	0	0	0	0	0	4
<b>TOTAL - SAGUENAY METROPOLITAN AREA</b>							
First quarter 2005	12	0	0	4	0	22	38
First quarter 2004	10	6	0	0	7	0	23
Year-to-date 2005	12	0	0	4	0	22	38
Year-to-date 2004	10	6	0	0	7	0	23

Source: CMHC

<b>Table 3</b>										
<b>Single-Detached and Semi-Detached Houses Absorbed by Price Range - First quarter Saguenay Metropolitan Area</b>										
<b>Type</b>	<b>Under \$100,000</b>		<b>\$100,000 to \$124,999</b>		<b>\$125,000 to \$149,999</b>		<b>\$150,000 to \$199,999</b>		<b>\$200,000 or over</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>Single</b>	3	1	6	5	4	7	6	0	2	4
<b>Semi</b>	0	1	0	0	2	0	0	0	0	0
<b>Total</b>	3	2	6	5	6	7	6	0	2	4
<b>Market share (single)</b>	14.3%	5.9%	28.6%	29.4%	19.0%	41.2%	28.6%	0.0%	9.5%	23.5%

Source: CMHC

<b>Table 4</b>				
<b>Housing Supply - First quarter 2005</b>				
<b>Saguenay Metropolitan Area</b>				
	<b>Intended Market</b>			
	<b>Freehold</b>	<b>Condominium</b>	<b>Rental</b>	<b>Total</b>
<b>Under construction</b>	49	0	33	82
<b>Unoccupied</b>	0	0	8	8
<b>Short-term supply</b>	49	0	41	90
<b>Duration of short-term supply (months, trend)</b>	2.1	0.0	5.7	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>							
First quarter 2005	0	0	0	0	0	6	6
First quarter 2004	5	0	0	0	0	0	5
Year-to-date 2005	0	0	0	0	0	6	6
Year-to-date 2004	5	0	0	0	0	0	5
<b><i>Dolbeau-Mistassini</i></b>							
First quarter 2005	3	0	0	0	0	0	3
First quarter 2004	3	0	0	0	0	0	3
Year-to-date 2005	3	0	0	0	0	0	3
Year-to-date 2004	3	0	0	0	0	0	3
<b><i>Roberval</i></b>							
First quarter 2005	6	0	0	0	0	0	6
First quarter 2004	0	0	0	0	0	0	0
Year-to-date 2005	6	0	0	0	0	0	6
Year-to-date 2004	0	0	0	0	0	0	0
<b><i>Saint-Félicien</i></b>							
First quarter 2005	2	0	0	0	0	0	2
First quarter 2004	1	0	0	0	0	0	1
Year-to-date 2005	2	0	0	0	0	0	2
Year-to-date 2004	1	0	0	0	0	0	1

Source: CMHC

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

	2004				2005	
	1st Q	2nd Q	3rd Q	4th Q	1st Q	
<b>Mortgage rates (%) (Canada)</b>						
- 1-year	4.3	4.6	4.6	4.9	4.9	
- 5-year	5.9	6.5	6.4	6.3	6.1	
<b>Inflation (Province of Quebec)</b>						
- Inflation rate (%)	0.8	2.1	2.2	2.7	1.8	
- Consumer Price Index (1992=100)	119.6	120.7	120.9	121.7	121.8	
<b>Quebec consumer attitudes survey</b>						
- Index of Consumer Attitudes (1991 = 100) (seasonally adjusted)	125.3	121.1	121.3	116.5	123.3	
<b>Labour market</b>						
- Job creation (loss) compared to the last quarter	- total - full-time	700 -700	4,000 5,400	-100 3,600	-2,800 -4,100	-4,200 -3,000
- Job creation (loss) compared to the same quarter last year	- total - full-time	4,100 2,200	5,500 3,000	1,700 3,200	1,800 4,200	-3,100 1,900
- Unemployment rate (%)		13.3	10.7	9.1	10.6	10.5

Sources: Statistics Canada, Conference Board of Canada

## THE RETIREMENT HOME MARKET STUDY

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## 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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