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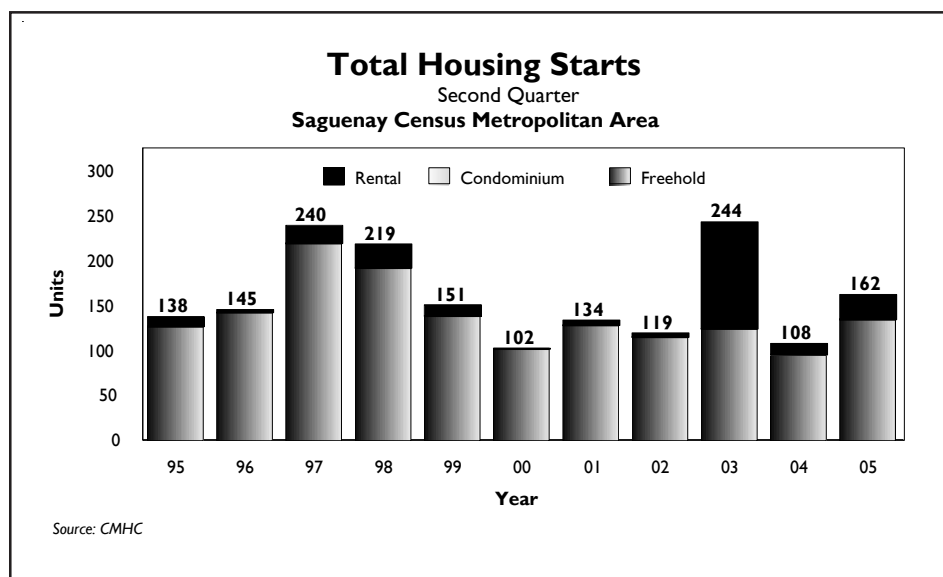
Saguenay: housing starts continue their strong growth in the second quarter

The latest results released by Canada Mortgage and Housing Corporation (CMHC) revealed that residential construction maintained its momentum in the second quarter of 2005 in the Saguenay census metropolitan area (CMA). From April to June, 162 housing units were started, for an increase of 50 per cent over the same period in 2004.

The increase observed on the Saguenay housing market was attributable to all housing types. The largest gain

occurred in the rental housing segment (27 new housing starts), up by more than 100 per cent over the second quarter of 2004. Construction was also very active in the freehold housing market¹. In fact, foundations were laid for 135 new units in April, May and June 2005, compared to 96 in 2004 (+41 per cent). Out of these 135 new dwellings, there were 119 single-detached homes, 8 semi-detached houses and 8 apartments (duplexes or houses with a basement unit).

continued on next page



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

IN THIS ISSUE

1 Saguenay: housing starts continue their strong growth in the second quarter

2 Properties in short supply on the Saguenay area resale market

STATISTICAL TABLES: Saguenay 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 Housing Starts by Agglomeration and by Intended Market Lac-Saint-Jean

7 Economic Overview

8 Definitions and Concepts

8 Saguenay Census Metropolitan Area Zones

The strong performance turned in by the new home market since the beginning of 2005 has been boosted by a resale market that has been overheating for several quarters and by the positive employment figures recorded in 2003 and 2004. Given that there have been 5 sellers for every buyer on the resale market since the second quarter of 2003, price hikes exceeding 10 per cent were noted in the first quarter of 2005, which surely encouraged some households to turn to new housing.

For the first six months of the year, housing starts are up by 53 per cent over the same period in 2004 in the Saguenay CMA. However, this trend

does not hold true in all market segments, as semi-detached and condominium housing starts have been losing steam in 2005. It is thanks to single-family homes, duplexes and rental housing units that total starts exceed the 2004 level.

During the second quarter of 2005, market conditions remained active in two of the four Lac-Saint-Jean urban centres and slowed down in the other two. In fact, starts went up in Roberval (by more than 100 per cent) while, in Saint-Félicien, they rose by 44 per cent over 2004. Alma and Dolbeau-Mistassini sustained small decreases, as their starts fell by 9 per cent and 8 per cent, respectively.

In all urban centres with 10,000 or more inhabitants across Quebec, 19,696 starts were enumerated during the first six months of 2005, for a decrease of 16 per cent in relation to the first six months of 2004. Since the beginning of the year, the Saguenay CMA posts the greatest increase (+53 per cent). Québec (+1 per cent) is the only other CMA where housing starts are up over 2004. Housing activity is down in the other CMAs across the province. Gatineau shows the greatest drop (-34 per cent), followed by Sherbrooke (-25 per cent), Montréal (-20 per cent) and Trois-Rivières (-8 per cent).

Properties in short supply on the Saguenay area resale market

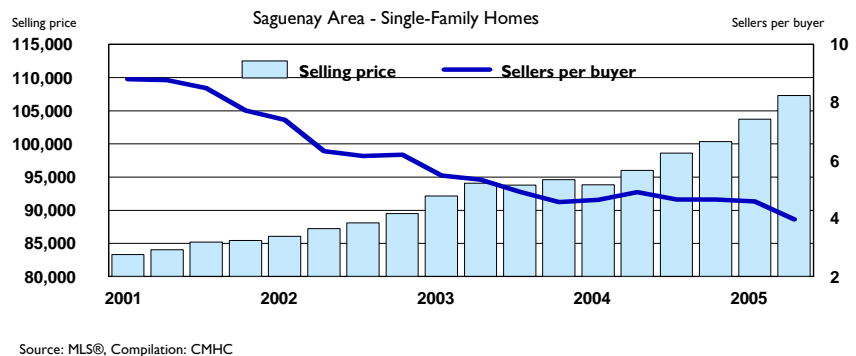
According to the latest Service inter-agences® / Multiple Listing Service® (S.I.A.® / MLS®) data, the resale market remained very active in the second quarter of 2005 in the Saguenay area¹. In fact, 421 sales were recorded during April, May and June 2005, for an increase of 18 per cent over the same period in 2004. This level represents the largest number of sales in a second quarter in the Saguenay area since 1997.

The short supply on the resale market resulted in a seller-to-buyer ratio of 4 to 1 in the second quarter of 2005. The resale market was therefore overheating for an eighth consecutive quarter, and this was reflected in the rise in prices since the beginning of the year. In the second quarter alone, the average selling price of single-family houses² reached \$107,310, compared to \$96,036 in 2004, for a hike of nearly 12 per cent. This increase came on the heels of an 11-per-cent rise registered in the first quarter of 2005. As was the case for the number of sales, these were the largest increases

recorded in the Saguenay area since the data from the Chambre immobilière du Saguenay-Lac-Saint-Jean started being compiled in 1997. All sectors in the Saguenay area posted price gains above 10 per cent, except for La Baie, where the rise was 4 per cent in the second quarter.

Finally, with only 366 active listings at the end of the second quarter, it can be expected that the price increases observed during the first and second quarters will continue over the coming months.

Resale Market



¹ 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.

² Single-family houses include detached, semi-detached and row homes.

Table I
Summary of Activity by Intended Market
Saguenay Metropolitan Area

Activity / Period	Ownership					Rental	Total
	Freehold*				Condo-minium		
	Single	Semi	Row	Apt.			
Starts							
Second quarter 2005	119	8	0	8	0	27	162
Second quarter 2004	88	6	0	2	0	12	108
Year-to-date 2005 (Jan.-June)	131	8	0	12	0	49	200
Year-to-date 2004 (Jan.-June)	98	12	0	2	7	12	131
Under construction**							
Second quarter 2005	103	8	0	8	0	48	167
Second quarter 2004	80	6	0	2	0	15	103
Completions							
Second quarter 2005	51	12	0	2	0	12	77
Second quarter 2004	40	6	0	0	0	4	50
Year-to-date 2005	72	14	0	6	0	35	127
Year-to-date 2004	56	6	0	4	0	4	70
Unoccupied**							
Second quarter 2005	0	0	0	0	0	6	6
Second quarter 2004	2	0	0	0	0	8	10
Absorption							
Second quarter 2005	51	12	0	2	0	14	79
Second quarter 2004	41	6	0	0	0	37	84
Year-to-date 2005	72	14	0	6	0	29	121
Year-to-date 2004	58	7	0	4	0	71	140
Short-term supply							
Trend 2005	103	8	0	8	0	54	173
Trend 2004	82	6	0	2	0	23	113

* 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>			
Zone 1: Chicoutimi							
Second quarter 2005	28	6	0	0	0	12	46
Second quarter 2004	29	0	0	2	0	12	43
Year-to-date 2005	30	6	0	2	0	34	72
Year-to-date 2004	31	6	0	2	0	12	51
Zone 2: Jonquière							
Second quarter 2005	42	2	0	4	0	8	56
Second quarter 2004	25	0	0	0	0	0	25
Year-to-date 2005	47	2	0	4	0	8	61
Year-to-date 2004	29	0	0	0	0	0	29
Zone 3: La Baie							
Second quarter 2005	10	0	0	4	0	7	21
Second quarter 2004	12	0	0	0	0	0	12
Year-to-date 2005	11	0	0	4	0	7	22
Year-to-date 2004	12	0	0	0	7	0	19
Centre (zones 1 to 3)							
Second quarter 2005	80	8	0	8	0	27	123
Second quarter 2004	66	0	0	2	0	12	80
Year-to-date 2005	88	8	0	10	0	49	155
Year-to-date 2004	72	6	0	2	7	12	99
Zone 4: Outlying area (Lac Kénogami, Larouche, Laterrière, Saint-Fulgence, etc.)							
Second quarter 2005	39	0	0	0	0	0	39
Second quarter 2004	22	6	0	0	0	0	28
Year-to-date 2005	43	0	0	2	0	0	45
Year-to-date 2004	26	6	0	0	0	0	32
TOTAL - SAGUENAY METROPOLITAN AREA							
Second quarter 2005	119	8	0	8	0	27	162
Second quarter 2004	88	6	0	2	0	12	108
Year-to-date 2005	131	8	0	12	0	49	200
Year-to-date 2004	98	12	0	2	7	12	131

Source: CMHC

Table 3
Single-Detached and Semi-Detached Houses Absorbed by Price Range - Second quarter
Saguenay Metropolitan Area

Type	Under \$100,000		\$100,000 to \$124,999		\$125,000 to \$149,999		\$150,000 to \$199,999		\$200,000 or over	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Single	2	9	14	13	22	5	10	10	3	4
Semi	8	4	4	2	0	0	0	0	0	0
Total	10	13	18	15	22	5	10	10	3	4
Market share (single)	3.9%	22.0%	27.5%	31.7%	43.1%	12.2%	19.6%	24.4%	5.9%	9.8%

Source: CMHC

Table 4
Housing Supply - Second quarter 2005
Saguenay Metropolitan Area

	Intended Market			
	Freehold	Condominium	Rental	Total
Under construction	119	0	48	167
Unoccupied	0	0	6	6
Short-term supply	119	0	54	173
Duration of short-term supply (months, trend)	4.9	0.0	10.1	5.8

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>			
<i>Alma</i>							
Second quarter 2005	29	4	7	0	0	0	40
Second quarter 2004	27	6	4	0	0	7	44
Year-to-date 2005	29	4	7	0	0	6	46
Year-to-date 2004	32	6	4	0	0	7	49
<i>Dolbeau-Mistassini</i>							
Second quarter 2005	9	2	0	0	0	0	11
Second quarter 2004	9	0	3	0	0	0	12
Year-to-date 2005	12	2	0	0	0	0	14
Year-to-date 2004	12	0	3	0	0	0	15
<i>Roberval</i>							
Second quarter 2005	7	0	0	0	0	8	15
Second quarter 2004	5	2	0	0	0	0	7
Year-to-date 2005	13	0	0	0	0	8	21
Year-to-date 2004	5	2	0	0	0	0	7
<i>Saint-Félicien</i>							
Second quarter 2005	13	0	0	0	0	0	13
Second quarter 2004	9	0	0	0	0	0	9
Year-to-date 2005	15	0	0	0	0	0	15
Year-to-date 2004	10	0	0	0	0	0	10

Source: CMHC

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Table 6
Economic Overview
Saguenay Metropolitan Area

	2004			2005	
	2nd Q	3rd Q	4th Q	1st Q	2nd Q
Mortgage rates (%) (Canada)					
- 1-year	4.6	4.6	4.9	4.9	4.8
- 5-year	6.5	6.4	6.3	6.1	5.9
Inflation (Province of Quebec)					
- Inflation rate (%)	2.1	2.2	2.7	2.1	1.9
- Consumer Price Index (1992=100)	120.7	120.9	121.7	122.2	123.0
Quebec consumer attitudes survey					
- Index of Consumer Attitudes (1991 = 100) (seasonally adjusted)	121.1	121.3	116.5	123.3	122.2
Labour market					
- Job creation (loss) compared to the last quarter	- total 5,400	-100 3,600	-2,800 -4,100	-4,200 -3,000	1,800 1,500
- Job creation (loss) compared to the same quarter last year	- total 3,000	1,700 3,200	1,800 4,200	-3,100 1,900	-5,300 -2,000
- Unemployment rate (%)	10.7	9.1	10.6	10.5	9.0

Sources: Statistics Canada, Conference Board of Canada

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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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