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Sherbrooke

Canada Mortgage and Housing Corporation

www.cmhc.ca

Busiest fourth quarter in the last 25 years

Between October and December 2004, a significant increase in housing starts was observed in the Sherbrooke census metropolitan area (CMA), which made the last three months of 2004 the busiest fourth quarter in the last 25 years on residential job sites. According to Canada Mortgage and Housing Corporation, 322 housing units were started from October to December 2003, compared to 424 during the same period in 2004, for an increase of 32 per cent.

The intense activity was mainly felt in the apartment segment, where 278 units were started in the fourth quarter of 2004, or 123 more than during the same period in 2003. It was the construction of the second phase of the Villa de l'Estrie project that accounted for the increase in activity. The private retirement home market in the area has presented a marked scarcity of unoccupied units for several years. The arrival of these new units will therefore bring a breath of fresh air to the market.

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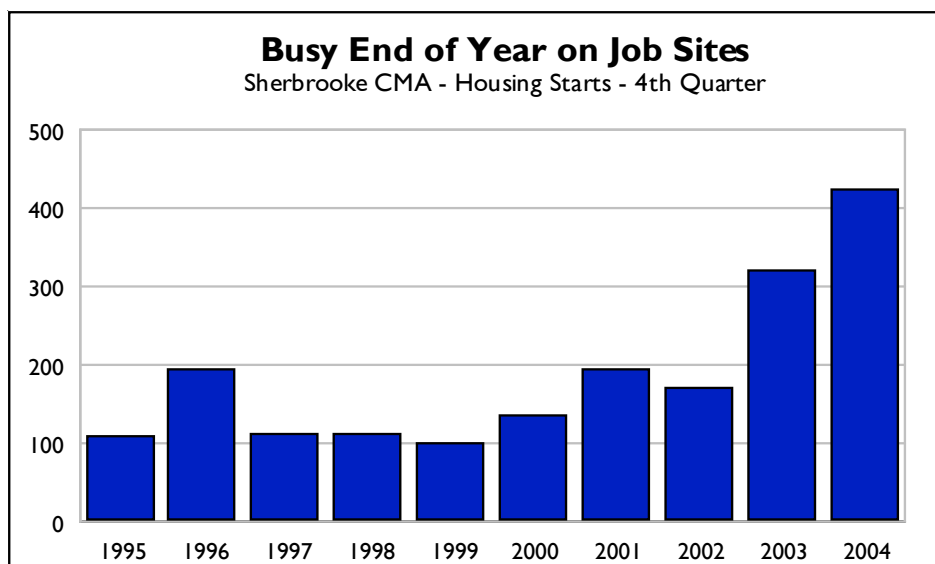
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Single-family home building, for its part, declined slightly (13 per cent) during the last three months of 2004, as construction got under way on 146 houses, compared to 167 in 2003. The slowdown in the construction of houses seems to be taking hold, as decreases were observed in three out of the four quarters this past year.

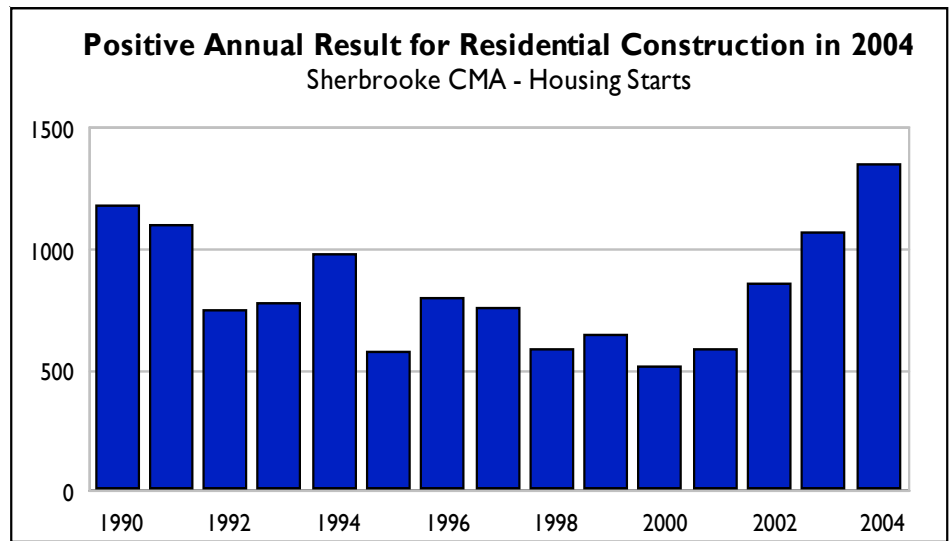
Positive result for 2004

Overall, 2004 was a very good year for residential construction in the Sherbrooke area, as 1,355 new units were started, compared to 1,070 one year earlier. This level of activity represents an increase of 27 per cent. Starts were also up in all CMAs across Quebec: Montréal (18 per cent), Gatineau (15 per cent), Trois-Rivières (38 per cent) and Québec (10 per cent). The only exception was Saguenay, as activity declined by 20 per cent there.

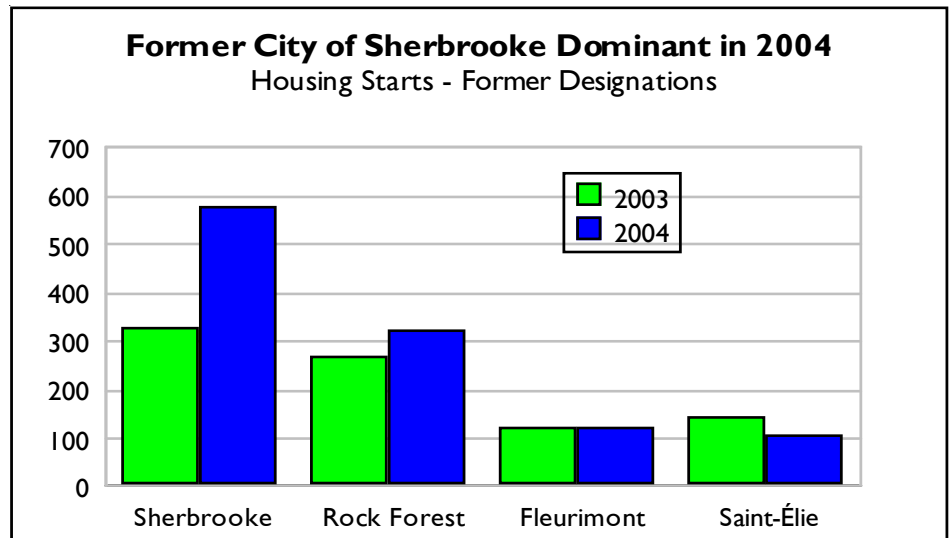
In 2004, 129 condominiums were started, compared to 34 in 2003. These units are contained in smaller structures, mainly in the North and East districts of the former city of Sherbrooke.

The production of rental housing units made a significant jump this past year, from 473 units in 2003 to 655 in 2004. Construction got under way on a housing project with over 100 units this past year. The former city of Sherbrooke and the former municipality of Rock Forest saw the addition of 402 and 162 rental housing units, respectively.

Lastly, the number of freehold housing starts in 2004 was similar to the level recorded in 2003.



Source : CMHC



Source : CMHC

Former city of Sherbrooke garners lion's share

With its more extensive territory, the former city of Sherbrooke garnered the largest number of housing starts in 2004, with 578 of the 1,355 new units. Most of these units, however, were intended for the rental or condominium markets.

As for freehold housing units, which generally take the form of single-family houses, it was the former municipality of Rock Forest that took top honours, with 161 units, followed closely by the former municipalities of Fleurimont and Saint-Élie-d'Orford, which registered 90 and 89 starts, respectively. Finally, only 52 units of this type were started in the former city of Sherbrooke.

Resale market remained very active in 2004

The Sherbrooke area resale market has been posting intense activity since 2002, the year when the seller-to-buyer ratio fell to 5 to 1 and the average price of a transaction jumped up by 13 per cent. The following year brought about a new decrease in the ratio (4 to 1) and a further increase of 10 per cent in the average price. In 2004, the overheating continued, as the market registered a third significant rise in the average price (14 per cent). The seller-to-buyer ratio, for its part, remained stable.

Such price increases are difficult to sustain for several years in an environment where household income is rising much less rapidly, as is currently the case. The low mortgage rates have so far facilitated

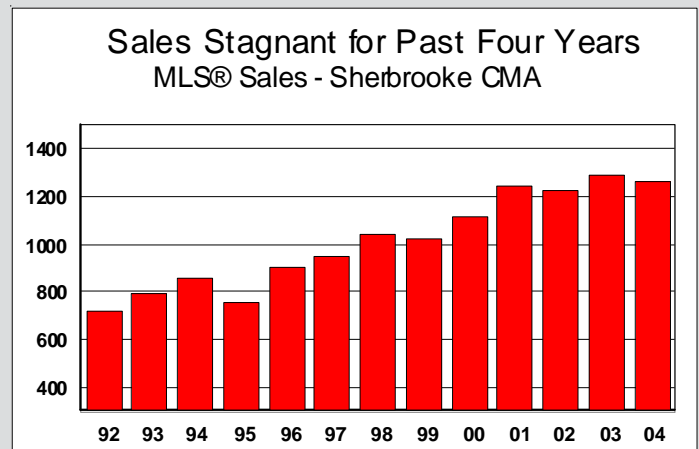
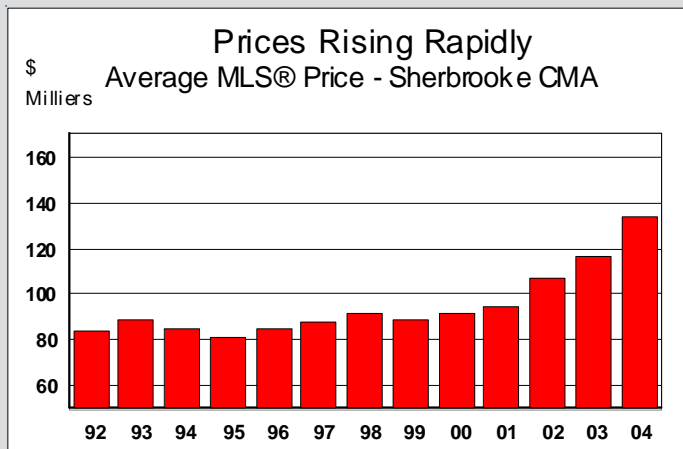
the absorption of a portion of the hike in prices. More often heard anecdotes suggest that there has been an increase in intergenerational transfers, in the form of deferred interest loans or gifts on the part of parents, in response to the rapid rise in property values. In the short and medium terms, however, the homeownership trend is bound to slow down.

No substantial increase in listings

Between 2003 and 2004, the average number of listings went up slightly, from 416 to 450 units. This rise was attributable to a significant increase in listings during the fourth quarter of the year. The data for the beginning of 2005, though, revealed a new decrease in listings in relation to their level one year ago. The year has

therefore started off with a tight resale market, which is giving little indication of any easing in the short term.

Given the limited supply, sales stagnated again in 2004, as 1,264 properties changed hands. Since 2001, sales have varied between 1,200 and 1,300 units. With still not much choice, some households continued to turn to new homes to meet their needs, as evidenced by the strong production of houses in 2004.



Obtain low cost data on the Sherbrooke 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.

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Table I
Summary of Activity by Intended Market
Sherbrooke Metropolitan Area

Activity / Period	Ownership		Rental	Total
	Freehold*	Condominium		
Starts				
Fourth quarter 2004	149	61	214	424
Fourth quarter 2003	165	10	147	322
Year-to-date 2004 (Jan.-dec.)	571	129	655	1,355
Year-to-date 2003 (Jan.-dec.)	563	34	473	1,070
Under construction				
December 2004	92	55	188	335
December 2003	99	8	139	246
Completions				
Fourth quarter 2004	155	10	159	324
Fourth quarter 2003	141	4	81	226
Year-to-date 2004	584	80	602	1,266
Year-to-date 2003	520	53	354	927
Unoccupied				
December 2004	1	4	39	44
December 2003	0	10	0	10
Absorption				
Fourth quarter 2004	157	16	120	293
Fourth quarter 2003	141	12	71	224
Year-to-date 2004	582	86	525	1,193
Year-to-date 2003	524	58	341	923
Duration of inventory				
December 2004	0.0	0.6	0.9	0.4
December 2003	0.0	2.1	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.			
Zone 1: Sherbrooke							
Fourth quarter 2004	14	0	0	2	58	174	248
Fourth quarter 2003	16	2	0	0	6	98	122
Year-to-date 2004	48	2	0	2	124	402	578
Year-to-date 2003	50	8	0	0	24	244	326
Zone 2: Fleurimont							
Fourth quarter 2004	16	0	0	2	0	0	18
Fourth quarter 2003	18	2	0	0	0	5	25
Year-to-date 2004	76	8	0	6	0	33	123
Year-to-date 2003	65	2	0	0	0	57	124
Zone 3: Rock Forest							
Fourth quarter 2004	46	2	0	2	0	22	72
Fourth quarter 2003	45	0	0	2	2	26	75
Year-to-date 2004	143	12	0	6	2	162	325
Year-to-date 2003	134	22	0	2	6	103	267
Zone 4: Saint-Élie-d'Orford							
Fourth quarter 2004	14	2	0	0	3	6	25
Fourth quarter 2003	33	0	0	0	0	10	43
Year-to-date 2004	83	6	0	0	3	16	108
Year-to-date 2003	103	12	0	0	0	27	142
CENTRE (Zones 1 to 4)							
Fourth quarter 2004	90	4	0	6	61	202	363
Fourth quarter 2003	112	4	0	2	8	139	265
Year-to-date 2004	350	28	0	14	129	613	1,134
Year-to-date 2003	352	44	0	2	30	431	859
Zone 5: Outlying area							
Fourth quarter 2004	49	0	0	0	0	12	61
Fourth quarter 2003	45	2	0	0	2	8	57
Year-to-date 2004	171	2	0	6	0	42	221
Year-to-date 2003	159	6	0	0	4	42	211
TOTAL - SHERBROOKE METROPOLITAN AREA							
Fourth quarter 2004	139	4	0	6	61	214	424
Fourth quarter 2003	157	6	0	2	10	147	322
Year-to-date 2004	521	30	0	20	129	655	1,355
Year-to-date 2003	511	50	0	2	34	473	1,070

Source: CMHC

Table 3
Single-Detached and Semi-Detached Houses Absorbed by Price Range
Sherbrooke 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		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Fourth Quarter	0	4	2	19	12	32	31	17	104	73	149	145
Year-do-date (Jan.-dec.)	10	24	23	73	99	136	115	103	309	196	556	532

Source: CMHC

Table 4
Housing Supply
Sherbrooke Metropolitan Area

Type	Under Construction	Unoccupied	Short-Term Supply
	December 2004		
Single/semi	92	1	93
Multiple*	243	43	286
Total	335	44	379
	December 2003		
Single/semi	99	0	99
Multiple*	147	10	157
Total	246	10	256

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
	Fourth quarter 2004	130.7	86.1	80.1	7.0%	4.9
Fourth quarter 2003	128.9	85.0	78.9	7.2%	4.7	6.5
Average Jan.-dec. 2004	130.1	86.1	80.3	6.7%	4.6	6.2
Average Jan.-dec. 2003	128.3	85.3	79.0	7.3%	4.8	6.4

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"> • Housing Now • Housing Market Outlook • Monthly Housing Statistics • Housing Information Monthly • And many more 	<ul style="list-style-type: none"> • Housing Now • Rental Market Report - Highlights 	<ul style="list-style-type: none"> • Housing Market Outlook (1) • Rental Market Report (1) • Housing Now(1) • Analysis of the Resale Market (2) • Retirement Home Market (1) <p>(1) Available for all metropolitan areas: Saguenay, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières (2) Available for Montréal, Québec and Saguenay</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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which provide a more in-depth and detailed study of the data collected

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