

# H

# OUSING NOW

## YOUR LINK TO THE HOUSING MARKET

### Sherbrooke

Canada Mortgage and Housing Corporation

[www.cmhc.ca](http://www.cmhc.ca)

#### 2005 ends with a decrease in housing starts in Sherbrooke

From October to December, Canada Mortgage and Housing Corporation (CMHC) noted another quarterly decrease in housing starts—the third in 2005—in the Sherbrooke census metropolitan area (CMA). According to CMHC, construction got under way on 296 dwellings in the fourth quarter of 2005, compared to 424 during the same period in 2004. The decline therefore attained 30 per cent. It should be specified, however, that the fourth quarter of 2004 had been the busiest in the last 25 last years in the area with, among other things, the construction of a retirement home comprising over 100 units.

As well, it can be noted that the demand for new homes (detached, semi-detached and row) went up over the past twelve months. However, home starts should be nearing a peak, since the rate of growth slowed as the year progressed. In fact, 143 single-family homes were built in the last quarter, or only 3 fewer than during the same period in 2004. As for apartment production, the slowdown that got under way at the beginning of 2005 continued. In all, 153 apartments were started during the fourth quarter, for a decrease of 45 per cent.

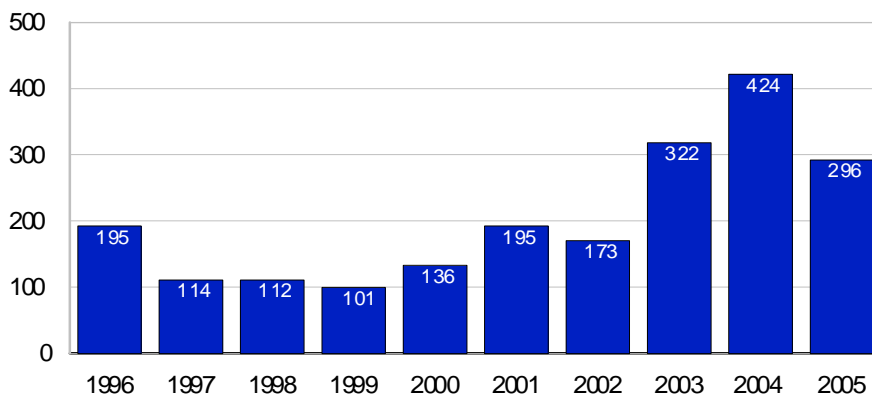
*continued on next page*

VOLUME 8, EDITION 4  
FOURTH QUARTER 2005

#### IN THIS ISSUE

- 1 2005 ends with a decrease in housing starts in Sherbrooke
  - 2 Resale market posts another solid performance in 2005
- STATISTICAL TABLES:**  
Sherbrooke 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 Economic Overview
  - 7 Definitions and Concepts
  - 8 Sherbrooke Metropolitan Area

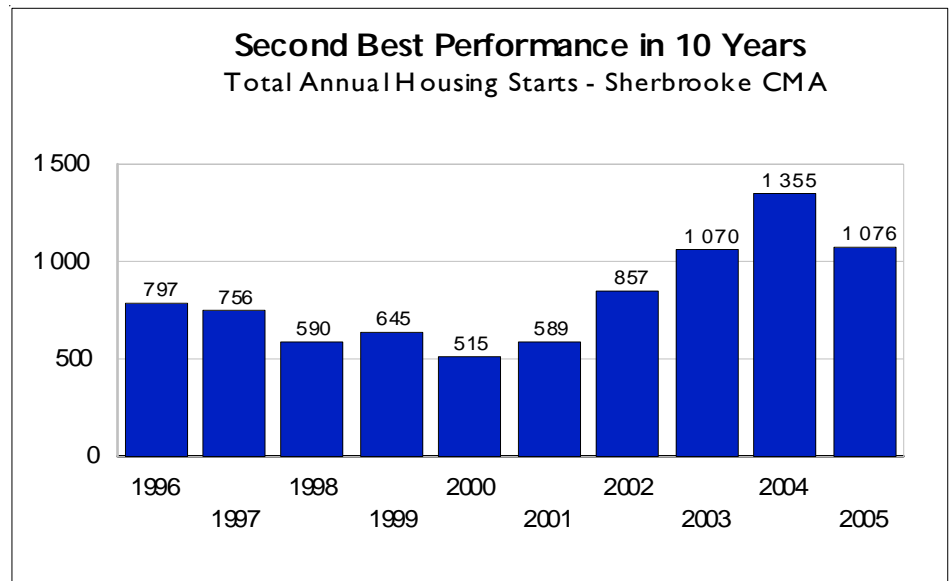
**Housing Starts Fall in the Fourth Quarter**  
Housing Starts in the Fourth Quarter - Sherbrooke CMA



On an annual basis, 1,076 starts were registered in 2005, or 279 fewer units than during the previous year. The decrease in activity affected only the apartment segment. In fact, 444 apartments were started from January to December 2005, as opposed to 801 one year earlier. Single-family home production, for its part, went up by 14 per cent, with 632 starts in 2005, compared to 554 in 2004.

From a historical standpoint, the performance posted in 2005 was still appreciable, as the annual starts level has exceeded the 1,000-unit mark only 14 times in the last 32 years.

For the year 2005 overall, decreases in starts were also observed in the CMAs of Montréal (-12 per cent),



Québec (-6 per cent) and Gatineau (-34 per cent), while increases were registered in Trois-Rivières (+5 per cent) and Saguenay (+34 per cent).

Across the province, in all centres with 10,000 or more inhabitants, starts also fell, from 46,721 to 41,252 units, for a decrease of 12 per cent.

## Resale market posts another solid performance in 2005

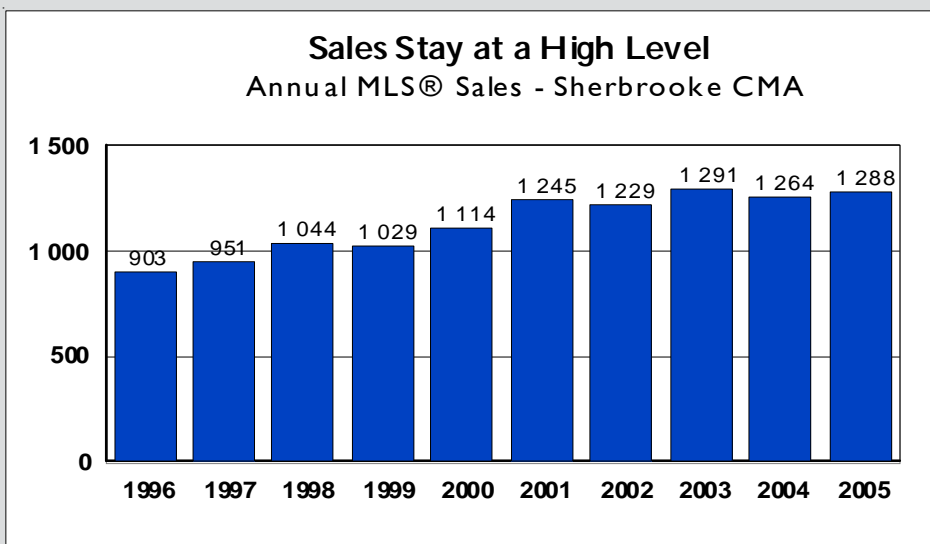
On the resale market, the year 2005 ended with a total of 1,288 transactions, or 3 units short of the peak reached in 2003. This market therefore stayed vigorous, and the homeownership trend still remained strong. The affordable mortgage rates prevailing in recent years, an acceptable job market performance and a very tight rental market all

supported the resale market. However, the growth had been held back in recent years, on account of the scarcity of available homes for sale on the market. Properties for sale rose from a low point of 416 units in 2003 to 485 units in 2005.

The selling price was clearly on the rise in the Sherbrooke area, with a hike

of close to 13 per cent in 2005. During the last few years, the factors stimulating homeownership prompted many households to take the plunge and buy a home, and the marked increase in demand, combined with a limited supply, had a major impact on the selling price. First-time home buyers now have to pay an average of \$151,241 before they can conclude their transaction. By comparison, in 2000, the average selling price stood at \$91,330, for an increase of 65 per cent over five years.

After a period of stagnation in the 1990s, prices had some catching to do. This adjustment is now complete and, over the coming years, the increase in home prices should move closer to the inflation rate in the medium term. Consecutive hikes exceeding 10 per cent are not conceivable in the short term, as the increase in supply will eventually generate less pressure on the market.



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

<b>Activity / Period</b>	<b>Ownership</b>		<b>Rental</b>	<b>Total</b>
	<b>Freehold*</b>	<b>Condominium</b>		
<b>Starts</b>				
Fourth quarter 2005	151	8	137	296
Fourth quarter 2004	149	61	214	424
Year-to-date 2005 (Jan.-dec.)	663	68	345	1,076
Year-to-date 2004 (Jan.-dec.)	571	129	655	1,355
<b>Under construction</b>				
December 2005	111	16	118	245
December 2004	92	55	188	335
<b>Completions</b>				
Fourth quarter 2005	174	34	81	289
Fourth quarter 2004	155	10	159	324
Year-to-date 2005	647	115	407	1,169
Year-to-date 2004	584	80	602	1,266
<b>Unoccupied</b>				
December 2005	0	38	65	103
December 2004	1	4	39	44
<b>Absorption</b>				
Fourth quarter 2005	176	20	81	277
Fourth quarter 2004	157	16	120	293
Year-to-date 2005	648	81	381	1,110
Year-to-date 2004	582	86	525	1,193
<b>Duration of inventory</b>				
December 2005	0.0	5.6	2.1	1.1
December 2004	0.0	0.6	0.9	0.4

\* 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.			
<b>Zone 1: Sherbrooke</b>							
Fourth quarter 2005	26	4	0	0	8	73	111
Fourth quarter 2004	14	0	0	2	58	174	248
Year-to-date 2005	80	14	0	2	62	196	354
Year-to-date 2004	48	2	0	2	124	402	578
<b>Zone 2: Fleurimont</b>							
Fourth quarter 2005	13	0	3	0	0	11	27
Fourth quarter 2004	16	0	0	2	0	0	18
Year-to-date 2005	60	2	3	8	0	30	103
Year-to-date 2004	76	8	0	6	0	33	123
<b>Zone 3: Rock Forest</b>							
Fourth quarter 2005	35	2	0	4	0	27	68
Fourth quarter 2004	46	2	0	2	0	22	72
Year-to-date 2005	149	18	0	16	0	63	246
Year-to-date 2004	143	12	0	6	2	162	325
<b>Zone 4: Saint-Élie-d'Orford</b>							
Fourth quarter 2005	14	2	3	0	0	10	29
Fourth quarter 2004	14	2	0	0	3	6	25
Year-to-date 2005	97	14	19	4	6	10	150
Year-to-date 2004	83	6	0	0	3	16	108
<b>CENTRE (Zones 1 to 4)</b>							
Fourth quarter 2005	88	8	6	4	8	121	235
Fourth quarter 2004	90	4	0	6	61	202	363
Year-to-date 2005	386	48	22	30	68	299	853
Year-to-date 2004	350	28	0	14	129	613	1,134
<b>Zone 5: Outlying area</b>							
Fourth quarter 2005	41	0	0	4	0	16	61
Fourth quarter 2004	49	0	0	0	0	12	61
Year-to-date 2005	171	2	0	4	0	46	223
Year-to-date 2004	171	2	0	6	0	42	221
<b>TOTAL - SHERBROOKE METROPOLITAN AREA</b>							
Fourth quarter 2005	129	8	6	8	8	137	296
Fourth quarter 2004	139	4	0	6	61	214	424
Year-to-date 2005	557	50	22	34	68	345	1,076
Year-to-date 2004	521	30	0	20	129	655	1,355

Source: CMHC

**Table 3**  
**Single-Detached and Semi-Detached Houses Absorbed by Price Range**  
**Sherbrooke Metropolitan Area**

Type	Under \$110 000		\$110,000 to \$139 999		\$140,000 to \$169 999		\$170,000 to \$199 999		\$200 000 or over		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Fourth Quarter	8	14	38	32	35	39	22	19	56	45	159	149
Year-do-date (Jan.-dec.)	75	132	131	140	147	133	82	47	164	104	599	556

Source: CMHC

**Table 4**  
**Housing Supply**  
**Sherbrooke Metropolitan Area**

Type	Under Construction	Unoccupied	Short-Term Supply
	December 2005		
<b>Single/semi</b>	104	0	104
<b>Multiple*</b>	141	103	244
<b>Total</b>	245	103	348
	December 2004		
<b>Single/semi</b>	92	1	93
<b>Multiple*</b>	243	43	286
<b>Total</b>	335	44	379

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 2005	135.9	87.5	81.5	6.7%	5.6
Fourth quarter 2004	133.3	88.0	81.9	6.8%	4.9	6.3
Average Jan.-dec. 2005	134.8	88.2	81.8	7.2%	5.1	6.0
Average Jan.-dec. 2004	132.3	87.8	81.8	6.8%	4.6	6.2

Source: Statistics Canada

## ***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.

***Contact us!***

**Tel.: 1 (866) 855-5711**

## ***Interested by the Vacancy Rates and Average Rents of the rented apartments, following the October 2005 Survey?***

You can find them and more in the:

## **RENTAL MARKET REPORTS**

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

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

## 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

### Information and Subscriptions

For more information about this publication or any other questions on the Sherbrooke housing market, please call our **Client Service Department** at (866) 855-5711 or (514) 283-8396 or e-mail us at [cam\\_qc@cmhc-schl.gc.ca](mailto:cam_qc@cmhc-schl.gc.ca) .

To learn more about Market Analysis Centre products and services and subscribe on-line visit:

[www.cmhc.ca/mktinfo/store/](http://www.cmhc.ca/mktinfo/store/)

For more information on other CMHC products and services visit:

[www.cmhc.ca](http://www.cmhc.ca)

Cette publication est aussi disponible en français sous le titre : Actualités habitation

64219\_2005\_004.pdf