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HOUSING NOW *Chicoutimi-Jonquière*

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

www.cmhc.ca

VOLUME 5, EDITION 1,
FIRST QUARTER 2002

Start of year marked by retirement housing construction

During the first quarter of 2002, Canada Mortgage and Housing Corporation (CMHC) enumerated 48 housing starts in the Chicoutimi-Jonquière census metropolitan area (CMA), or 31 more than during the corresponding period in 2001.

Still, it is important to note that this performance was attributable to the construction of two retirement homes in Jonquière, comprising 19 and 12 apartments, respectively. These two buildings accounted for just under 90 per cent of the rental

units started in the first quarter of 2002. The current and future demographic situation in the area and the very low vacancy rate in retirement homes are encouraging builders to undertake projects of this type.

As for single-family homes, after five consecutive quarterly gains, such starts sustained a minimal decrease from the same period last year (13 new single-family houses versus 15 during the first quarter of 2001).

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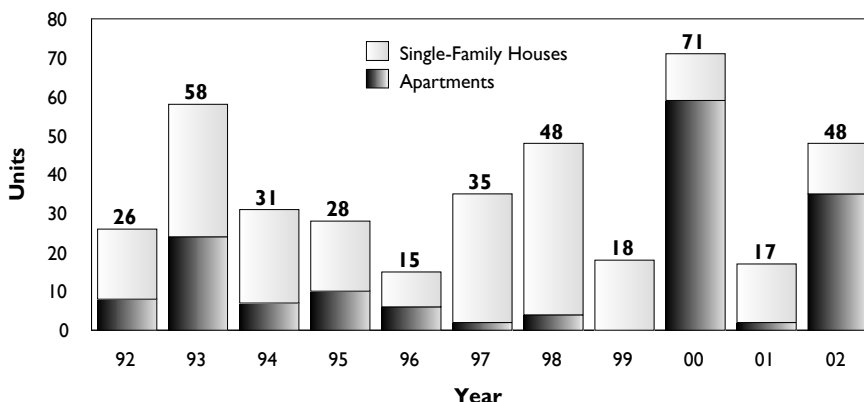
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Total Housing Starts
First Quarter
Chicoutimi-Jonquière Metropolitan Area



Source: CMHC



HOME TO CANADIANS
Canada

Year starts off slowly in Lac-Saint-Jean

In Lac-Saint-Jean, a new municipality has been added to the survey this year. It is Saint-Félicien, which now has over 10,000 inhabitants. According to the first statistics, only one single-family house has been started in Saint-Félicien this year. For the other municipalities covered, the first quarter was also very calm. Only Alma

posted two single-family housing starts. In Roberval and Dolbeau-Mistassini, no dwellings have been started so far in 2002.

Province posts considerable surge

In the province overall, the beginning of 2002 was marked by a considerable

surge in residential construction, as starts rose by 57 per cent over the first quarter of 2001, reaching 5,580 units in centres with 10,000 or more inhabitants. Activity on urban job sites increased in all CMAs, namely, Gatineau (+113 per cent), Sherbrooke (+62 per cent), Montréal (+60 per cent), Trois-Rivières (+38 per cent) and Québec (+36 per cent).

AFFORDABLE HOUSING QUÉBEC program

In view of the current shortage of rental housing in many of Québec's cities, the governments of Canada and Quebec rapidly came to an agreement to implement an affordable housing program. On December 21, 2001, the two governments agreed to invest over \$323.3M in order to increase the availability of affordable housing in Quebec, including \$161.65M on the part of the federal government through CMHC, \$104M from the government of Quebec and \$57M by the municipalities concerned. The program, officially launched on March 5, 2002, will allow for the production of 6,500 affordable rental housing units across Quebec, in 2002 and 2003.

Note: The following text is an excerpt from the Leaflet «Action for Housing, Private Component, CMHC and SHQ».

A program with two components

The social and community component targets non-profit community organizations wishing to implement housing projects, and is expected to generate some 5,000 housing units for low to modest income households.

The private component is designed to stimulate the production of housing units with rents affordable to moderate income households. It applies mainly on the territories of municipalities that have low

rental vacancy rates and that need a significant number of new housing units to counter the shortage.

This component of the program is intended mainly for private sector promoters and targets the production of rental housing only through new construction or the conversion of buildings not currently used for residential purposes.

Financial assistance for the production of housing units

Financial assistance (private component) takes the form of a variable lump sum of between \$10,600 and \$12,500 for a two-bedroom unit, depending on the location and type of housing units produced (studio, 1, 2 or 3 bedrooms, etc.).

The municipality pays 15 per cent of the total amount granted for each project.

The maximum monthly rent varies according to the type of housing unit and is set by the municipality in accordance with SHQ guidelines. It should start at around \$700 for a heated two-bedroom unit.

The owner undertakes to comply with the maximum rents and subsequent authorized increases for a period of 10 years following completion of the work. During the 10-year period, the owner may not convert the housing units into condominiums.

A leading role for municipalities

The Société d'habitation du Québec (SHQ), as the agency responsible for the entire Affordable Housing Québec program, has drawn up certain basic criteria for the private component of the program. Municipalities must meet these criteria when developing their own affordable housing programs.

For example, an admissible municipality may draw up a municipal program for the production of affordable housing units on its territory. The SHQ will contribute financially to the delivery of the municipal program that it has duly approved.

For more information, please contact the Société d'habitation du Québec (SHQ):

**In Québec City:
(418) 643-7676**

**Elsewhere in Québec:
1 800 463-4315 (toll-free)**

www.shq.gouv.qc.ca

Source: Leaflet "Action for Housing, Private Component, Affordable Housing Québec, CMHC and SHQ"

Table I
Summary of Activity by Intended Market
Chicoutimi-Jonquière Metropolitan Area

Activity / period	Ownership					Rental	Total
	Freehold *				Condo- minium		
	Detached	Semi-det.	Row	Apart.			
Starts							
First Quarter 2002	13	0	0	0	0	35	48
First Quarter 2001	9	6	0	0	0	2	17
Year-to-Date 2002 (Jan.-March)	13	0	0	0	0	35	48
Year-to-Date 2001 (Jan.-March)	9	6	0	0	0	2	17
Under construction **							
First Quarter 2002	27	1	0	2	0	87	117
First Quarter 2001	24	6	0	0	0	12	42
Completions							
First Quarter 2002	26	4	0	0	0	8	38
First Quarter 2001	16	2	0	0	0	6	24
Year-to-Date 2002	26	4	0	0	0	8	38
Year-to-Date 2001	16	2	0	0	0	6	24
Unoccupied **							
First Quarter 2002	3	2	0	1	0	5	11
First Quarter 2001	3	0	0	0	0	5	8
Absorptions							
First Quarter 2002	25	2	0	2	0	5	34
First Quarter 2001	17	2	0	0	0	1	20
Year-to-Date 2002	25	2	0	2	0	5	34
Year-to-Date 2001	17	2	0	0	0	1	20
Short term supply							
First Quarter 2002	30	3	0	3	0	92	128
First Quarter 2001	27	6	0	0	0	17	50

* Refers to single-family houses (detached, semi-detached and row) owned under freehold tenure and duplex occupied by the owner(s).

** As at the end of the period shown.

Source: CMHC

Table 2
Housing Starts by Zone and by Intended Market
Chicoutimi-Jonquière Metropolitan Area

<i>Zone / period</i>	<i>Ownership</i>					<i>Rental</i>	<i>Total</i>
	<i>Freehold</i>				<i>Condo-minium</i>		
	<i>Detached</i>	<i>Semi-det.</i>	<i>Row</i>	<i>Apart.</i>			
Zone 1: City of Chicoutimi							
First Quarter 2002	4	0	0	0	0	4	8
First Quarter 2001	2	4	0	0	0	2	8
Year-to-Date 2002	4	0	0	0	0	4	8
Year-to-Date 2001	2	4	0	0	0	2	8
Zone 2: Jonquière							
First Quarter 2002	4	0	0	0	0	31	35
First Quarter 2001	3	0	0	0	0	0	3
Year-to-Date 2002	4	0	0	0	0	31	35
Year-to-Date 2001	3	0	0	0	0	0	3
Zone 3: La Baie							
First Quarter 2002	1	0	0	0	0	0	1
First Quarter 2001	0	0	0	0	0	0	0
Year-to-Date 2002	1	0	0	0	0	0	1
Year-to-Date 2001	0	0	0	0	0	0	0
Centre (zones 1 to 3)							
First Quarter 2002	9	0	0	0	0	35	44
First Quarter 2001	5	4	0	0	0	2	11
Year-to-Date 2002	9	0	0	0	0	35	44
Year-to-Date 2001	5	4	0	0	0	2	11
Zone 4: Outlying Area (Lac Kénogami, Larouche, Laterrière, St-Fulgence, etc.)							
First Quarter 2002	3	0	0	0	0	0	3
First Quarter 2001	2	2	0	0	0	0	4
Year-to-Date 2002	3	0	0	0	0	0	3
Year-to-Date 2001	2	2	0	0	0	0	4
TOTAL CHICOUTIMI-JONQUIÈRE MÉTROPOLITAN AREA							
First Quarter 2002	12	0	0	0	0	35	47
First Quarter 2001	7	6	0	0	0	2	15
Year-to-Date 2002	12	0	0	0	0	35	47
Year-to-Date 2001	7	6	0	0	0	2	15

Note: Each zone are determined by the city limit before the fusion

Source: CMHC

Table 3										
Detached and Semi-Detached Houses Absorbed by price Range - First Quarter Chicoutimi-Jonquière 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	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Detached	2	4	7	5	8	4	3	0	5	4
Semi-Det.	0	2	2	0	0	0	0	0	0	0
Total	2	6	9	5	8	4	3	0	5	4
Market Share	8%	24%	28%	29%	32%	24%	12%	0%	20%	24%

Source: CMHC

Table 4				
Starts in outlying area - Free holder market Chicoutimi-Jonquière Metropolitan Area				
Municipalities	First Quarter		Cumulative (January-March)	
	2002	2001	2002	2001
Canton Tremblay	2	0	2	0
Lac-Kénogami	0	0	0	0
Larouche	0	0	0	0
Laterrière	2	2	2	2
Saint-Fulgence	1	0	1	0
Saint-Honoré	0	1	0	1
Shipshaw	1	1	1	1

Source: CMHC

<p>For more information about this publication, please contact:</p>	<p>Benoît Allaire Market Analyst Tel.: (418) 649-8100 ballaire@cmhc.ca</p>
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**Table 5
Housing Starts by Agglomeration and by Intended Market
Lac-St-Jean**

Agglomeration / period	Ownership				Condo-minium	Rental	Total
	Freehold						
	Detached	Semi-det.	Row	Apart.			
Alma							
First Quarter 2002	2	0	0	0	0	0	2
First Quarter 2001	3	0	0	0	0	0	3
Year-to-Date 2002	2	0	0	0	0	0	2
Year-to-Date 2001	3	0	0	0	0	0	3
St-Félicien*							
First Quarter 2002	1	0	0	0	0	0	1
First Quarter 2001	*	*	*	*	*	*	*
Year-to-Date 2002	1	0	0	0	0	0	1
Year-to-Date 2001	*	*	*	*	*	*	*
Dolbeau-Mistassini							
First Quarter 2002	0	0	0	0	0	0	0
First Quarter 2001	2	0	0	0	0	0	2
Year-to-Date 2002	0	0	0	0	0	0	0
Year-to-Date 2001	2	0	0	0	0	0	2
Roberval							
First Quarter 2002	0	0	0	0	0	0	0
First Quarter 2001	3	6	0	0	0	0	9
Year-to-Date 2002	0	0	0	0	0	0	0
Year-to-Date 2001	3	6	0	0	0	0	9

* St-Félicien since 2002, is a new agglomeration with more than 10,000 inhabitants. Data are not available prior to 2002.
Source: CMHC

Obtain low cost data on the Chicoutimi-Jonquière 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.: (418) 649-8080

Table 6
Economic Overview
Chicoutimi-Jonquière Metropolitan Area

	2001				2002	
	1st Quart.	2nd Quart.	3rd Quart.	4th Quart.	1st Quart.	
Mortgage Rate (%) (Canada)						
- 1-year	7.1	6.7	6.0	4.7	4.8	
- 5-year	7.6	7.7	7.5	6.9	7.1	
Inflation (Province of Quebec)						
- Inflation Rate (%)	2.6	3.3	2.3	1.3	1.3	
- Consumers Price Index (1992=100)	112.3	113.9	113.7	113.1	113.8	
Quebec's Consumer Attitudes: Survey						
- Index of Consumer Attitudes (1991 = 100, SA)	114.8	120.0	112.5	110.5	NA	
Jobs Market						
- Jobs Creation (Loss) compare to the last quarter	- Total	(3,600)	3,800	3,400	(1,000)	(2,000)
	- Full Time	(1,800)	6,200	2,600	(3,600)	(2,800)
- Jobs Creation (Loss) compare to the same quarter last year	- Total	2,600	3,600	2,100	2,600	4,200
	- Full Time	4,200	5,000	3,600	3,400	2,400
- Unemployment Rate (%)		11.7	10.8	10.7	11.4	13.6

Sources: Statistics Canada, Conference Board of Canada, CMHC

Note: Parenthesis indicates negatives values.

Please take note that the document

FORECAST SUMMARY

usually included each year with the 2nd and 4th Quarters of the **Housing Now** reports,
will be send in the future with the 1st and 3rd Quarters.

For any question, please contact our

CUSTOMER SERVICE DEPARTMENT

at

1 866 855-5711

or by Email: cam_qc@cmhc.ca

Definitions and Concepts

Canada Mortgage and Housing Corporation (CMHC) conducts a monthly survey called "Survey on Housing Starts, Completion and Absorption" for all the urban areas in Canada with a population of 10,000 residents or more. This quarterly Housing Market publication provides statistical data and analysis of the trends in the Intended Markets for the Chicoutimi-Jonquière 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 b

ut 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).

Chicoutimi-Jonquière 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.	Peripheral Area

Housing Now is published four times a year for the Chicoutimi Metropolitan Area. Annual Subscription to the Chicoutimi Housing Now is \$55.00 plus applicable taxes. For more information, or to subscribe, contact our Customer Service Centre at 1 866 855-5711.

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FORECAST

Chicoutimi-
Jonquière

Spring - Summer 2002

SUMMARY

Canada Mortgage and Housing Corporation

Big year in sight for residential construction in 2002**Employment and economy**

- ✓ The Chicoutimi-Jonquière census metropolitan area (CMA) is not as affected by the economic slowdown as the Saguenay-Lac-Saint-Jean area. The labour market is posting gains in full-time jobs and in the service sector.
- ✓ On account of an increase in the labour force participation rate, the unemployment rate is on the rise.

Demographics

- ✓ As is the case everywhere in the Saguenay-Lac-Saint-Jean area, the Chicoutimi-Jonquière area is showing a negative net migration level, particularly among the 18-24 years' age group.
- ✓ The proportion of the population aged over 65 years just keeps getting larger.

Mortgage rates

- ✓ Despite several fluctuations, mortgage rates will remain affordable.

Residential construction

- ✓ Construction will reach a high point in 2002, and then return to the level recorded in recent years. Housing starts totals will attain 620 units in 2002 and 300 units in 2003.

Rental market

- ✓ Most of the apartments built will be contained in retirement homes.
- ✓ The vacancy rate will remain almost nil in apartment retirement homes, on account of the growing demand generated by the aging population.
- ✓ The vacancy rate for traditional rental apartments will remain stable, between 4 per cent and 5 per cent in 2002 and 2003.
- ✓ The surplus of unoccupied units will curb rental increases and limit the construction of new traditional rental housing projects.

Resale market

- ✓ The number of sales recorded through the Multiple Listing Service (MLS)* will rise slightly. With the sales in recent years, the choice of existing homes will be more limited.
- ✓ In view of these tighter conditions, the average prices for existing homes will post an annual gain of 2.5 per cent.

**IN THIS
ISSUE**

- 1 Big year in sight for residential construction in 2002
- 2 Employment increases in the Saguenay
- 2 Mortgage rates already back on the rise
- 2 Vacancy rates and rents remain stable
- 3 Construction marked by apartment projects for seniors
- 3 Resale market tightens
- 4 **Forecast Summary Table**



(*) Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association (CREA).

HOME TO CANADIANS
Canada 

Employment increases in the Saguenay

Since the beginning of the year, the Chicoutimi-Jonquière census metropolitan area has not been as affected by the prevailing economic slowdown as the rest of the Saguenay-Lac-Saint-Jean area. In 2001, the employment rate had reached 54 per cent, and the start of 2002 is posting significant growth in job creation, particularly in full-time employment and in the service sector.

This trend will continue and the employment rate will rise by 1.5 to 2.0 per cent until the end of 2002 and in 2003, which will lead to an increase in disposable income and, by the same token, stimulate demand.

The labour force is currently growing, which indicates that the population is regaining confidence in the regional economy. According to Human Resources Development Canada (HRDC),

current labour market conditions should be maintained until 2003, and the labour force should stay on an upward course. In other words, unemployed people seeking jobs and newly hired employees are becoming more numerous. It should therefore be expected that the unemployment rate will rise moderately until 2003.

The Chicoutimi-Jonquière CMA's demographic characteristics include a drop in the birth rate, an exodus of the population, especially among young people, and the aging of the population. For example, many students are leaving the area and accepting permanent job offers, after having completed their studies, elsewhere in the province.

Another, non-negligible aspect of the regional demographic profile is the aging of the population, which is changing the components of the housing demand. This trend will continue over the next few years.

Mortgage rates already back on the rise

In the fall and during the first weeks of the year, mortgage rates reached their lowest levels in the last 40 years. For example, the official rate for a 5-year term then stood at 6.85 per cent. The economy has since picked up again, such that the period of monetary easing by the Bank of Canada is over. Given that short-term mortgage rates are largely influenced by the bank rate, they can only go up over the next few months.

For longer-term loans, it is the bond market that sets the tone for the mortgage rates. As economic activity will regain strength

and investors will gradually return to the stock markets, the bond rates will also rise. For instance, at the time of printing, the 5-year mortgage rate had already gone up to 7.30 per cent. Consumers were therefore right to hurry in order to take advantage of the exceptionally low rates in recent months.

While mortgage rates may be on an upward trend, there is no need to fear an upsurge, as they will remain at historically low levels. With inflation under control, the hikes will be moderate, such that the rate trend outlook remains encouraging. The rate for a 5-year term should not exceed 8 per cent in 2002. However, this rate could rise slightly above this mark in 2003.

Vacancy rates and rents remain stable

In the last five years, the vacancy rate has remained in a range from 4 to 5 per cent. This has been mainly due to the absence of growth in the demand as a result of the demographic situation and to the low volume of construction on this market. This trend will continue in 2002 and 2003; more specifically, the vacancy rate in these two years will be 4.3 per cent and 5.0 per cent, respectively. Since the number of renter households is not going up, there are few factors stimulating the construction of new rental units.

At the same time, from now until next year, the surplus of unoccupied apartments will curb any rental increases. The average rent will therefore remain at \$440 in 2002 and 2003.

On the other hand, stimulated by the growth in the segments of the population aged over 65 years, the apartment retirement home market will continue to post a vacancy rate below 1 per cent, even with the variety of projects that will be started from now until 2003.

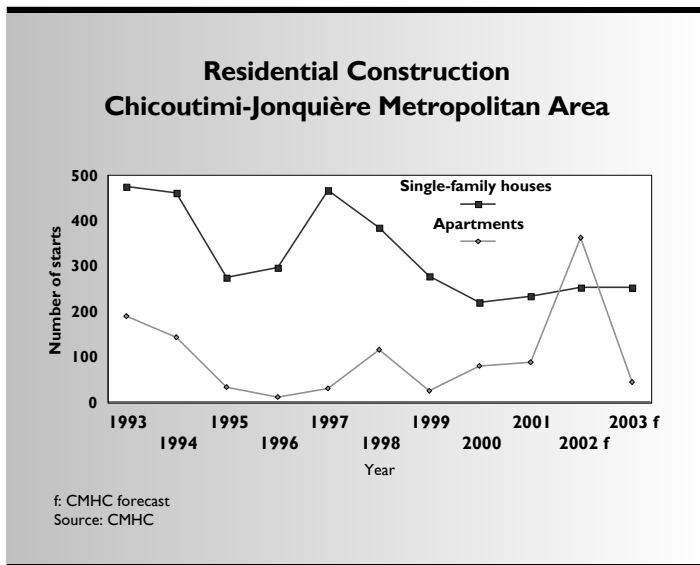
Notes concerning the announcement by the municipal housing bureau of the construction of 140 apartment units

This forecast summary was completed the week before the Saguenay municipal housing bureau made its announcement concerning the construction of 140 social housing units. These units, if produced, will obviously change the results both in terms of the number of housing starts and the state of the rental market.

This is a political decision that could not have been forecast by economic analysis tools or a knowledge of the local market. We could therefore not have anticipated this decision so as to include its effects in our forecasts.

Construction marked by apartment projects for seniors

The rental market is particularly affected by the demographic lot of the Chicoutimi-Jonquière CMA. The demographic outlook indicates that the number of people aged over 65 years will grow significantly in the area, by around 450 per year until 2006 and by approximately 700 annually between 2006 and 2011. This aging of the population is bringing about a substantial increase in the need for seniors' housing. In fact, the many projects planned on the retirement home market this year confirm this trend.



As a result, in 2002, housing starts will reach 620 units, a level close to the totals recorded in the early 1990s. This is a considerable upsurge, 85 per cent over 2001, and it will be mainly attributable to rental housing construction. In fact, some 365 apartments will be built in 2002, and most of these units will be in retirement homes.

Resale market tightens

The resale market has been posting increases in transactions for several years in the Chicoutimi-Jonquière CMA. In 2002 and 2003, given the positive employment outlook and persistently low interest rates, existing home sales should reach 1,030 and 1,070 units, respectively. The average price should therefore rise by around 2.5 per cent per year in 2002 and 2003.

It should also be noted that the choice is decreasing on account of the sales in previous years, which is limiting the increase in the number of transactions.

An interesting fact associated with the many retirement home projects under construction is that, in 2002, the number of apartments will surpass the number of houses started (365 units compared to 255), contrary to the trend in the area.

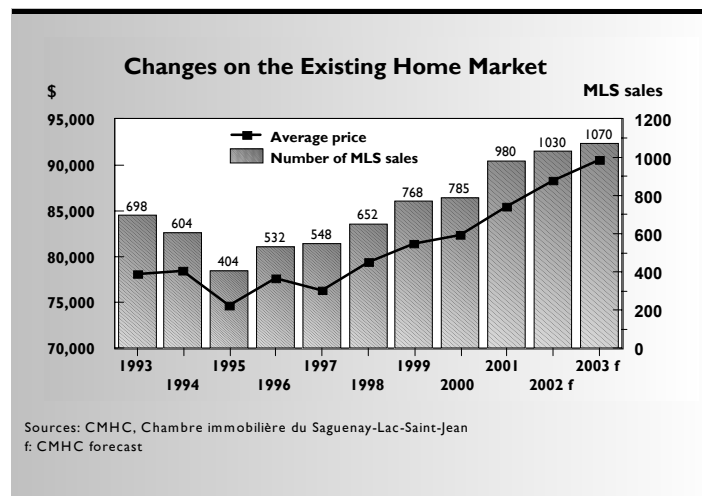
As well, the low volume of activity in the traditional rental housing construction sector is due to the surplus of vacant units that is limiting the need for new units of this type.

In 2003, apartment starts will fall to 45 units, returning to a level similar to those recorded in previous years. In all, there will be 300 housing starts in 2003.

Growing demand for new upscale homes

The number of single-family homes built will remain around the annual level of 255 units in 2002 and 2003. As expected, detached houses will steal the show as the most popular product. As such, with prevailing conditions (employment, affordable prices and mortgage rates) relatively favourable to homeownership in the Chicoutimi-Jonquière CMA, many households are motivated to acquire a property, either to change houses or buy their first home. In addition, given the limited choice of existing homes for sale, quite a few of these households will turn to new construction to get the house that meets their needs.

As for new home prices, they have been on the rise since 1997. In effect, in four years, the price of detached houses went up from \$93,636 to \$106,511, for an increase of 14 per cent between 1997 and 2001. At the same time, the average price of semi-detached houses rose from \$64,139 to \$76,364 between 1997 and 2001, which represents a hike of 18 per cent. In fact, this increase comes from a shift in the supply toward higher price ranges, in response to a demand for new homes that is increasingly inclined toward more luxurious houses. This trend will be maintained over 2002 and 2003, further driving up the average prices per year for detached houses (+4 per cent) and semi-detached homes (+2 per cent).



FORECAST SUMMARY

Chicoutimi-Jonquière Metropolitan Area

Spring - Summer 2002

	2000	2001	2002f	2003f
RESALE MARKET				
MLS sales*	785	980	1,030	1,070
Average price (\$)	82,331	85,480	88,250	90,500
NEW HOME MARKET				
Starts				
Total	296	336	620	300
Single-family homes	223	255	255	255
Condominiums	0	0	0	0
Rental housing units	73	81	365	45
Average price (\$)				
Detached houses	101,794	106,511	110,750	115,250
Semi-detached houses	75,031	76,364	77,750	79,500
RENTAL MARKET				
Vacancy rate (%)	4.4	4.4	4.3	5.0
Rent for a 2-bedroom unit (\$)	438	439	440	440
ECONOMIC OVERVIEW				
Mortgage rate - 1-year (%)	7.85	6.14	4.55	6.00
Mortgage rate - 5-year (%)	8.35	7.41	7.23	8.21
Job creation (number)	-100	2,725	1,225	900
Unemployment rate (%)	9.7	11.1	12.5	12.7

f: CMHC forecast

Data sources: CMHC, Statistics Canada, Multiple Listing Service (Chambre immobilière du Saguenay-Lac-Saint-Jean)

(*) Resale market data is now based on MLS sales. Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association (CREA).

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