

H

OUSING NOW

YOUR LINK TO THE HOUSING MARKET Saguenay

Saguenay : residential construction rises in the fourth quarter

Canada Mortgage and Housing Corporation

www.cmhc.ca

The latest results released by Canada Mortgage and Housing Corporation (CMHC) revealed that residential construction regained some strength in the fourth quarter of 2005 in the Saguenay census metropolitan area (CMA). In fact, during the months of October to December, 156 dwellings were started, for an increase of 75 per cent in relation to the same period in 2004 (89 units).

The renewed activity observed in the fourth quarter was attributable to all housing types. However, rental housing posted the greatest gain, with 84 starts during October, November and December 2005, or three times more than the level

recorded during the same months in 2004. Construction was also active in the freehold home segment¹, as foundations were laid for 72 such units in the fourth quarter of 2005, compared to 64 during the corresponding period in 2004. Out of these 72 new dwellings, 60 are detached houses, 2 are semi-detached homes, 6 are row housing units and 4 are apartments (duplexes or homes with a basement unit).

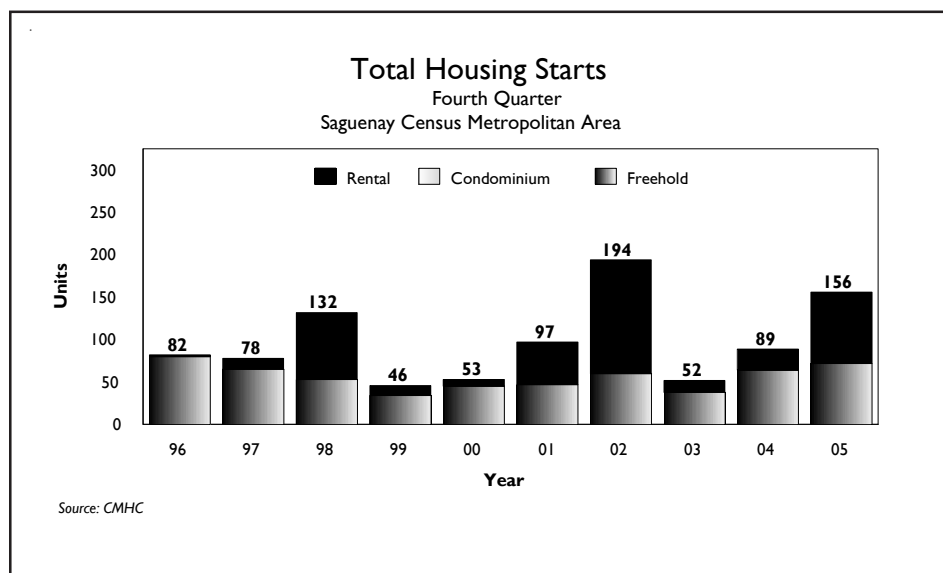
The start-up of a rental retirement home in the borough of Jonquière inflated the figures as, otherwise, the increase in starts would not have been as spectacular. In fact, had it

continued on next page

VOLUME 8, EDITION 4
FOURTH QUARTER 2005

IN THIS ISSUE

- 1 Saguenay: residential construction rises in the fourth quarter
- 2 Record fourth quarter for 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
- 7 Saguenay Census Metropolitan Area Zones
- 8 Definitions and Concepts



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

not been for this project, the gain would have been close to 8 per cent, instead of 75 per cent.

The annual results reflect the fourth quarter levels, showing a good performance in the residential construction sector. In fact, from January to December 2005, 464 dwellings were started, compared to 347 in 2004, for an increase of 34 per cent. The current mortgage rate levels, the very limited supply on the resale market and the good performance of the job market in 2004 stimulated residential construction all year long. It was once again the rental housing segment that stood out, with a gain of 148 per cent over 2004, mainly on

account of the construction of a retirement housing complex. The freehold home segment also did well, with a total of 315 starts in 2005, compared to 282 in 2004, up by 12 per cent.

For the Lac-Saint-Jean urban centres, the annual results are not as eloquent. Only Saint-Félicien saw its number of housing starts rise over 2004, as 41 new dwellings got under way in this agglomeration in 2005, compared to 24 in 2004 (+71 per cent). The most significant decline (-38 per cent) was observed in Alma, where foundations were laid for 76 new homes during 2005, in comparison with 123 in 2004. Roberval and Dolbeau-Mistassini

followed, with 23 and 32 new dwellings, for decreases of 12 per cent and 6 per cent, respectively, in relation to 2004.

In all urban centres with 10,000 or more inhabitants across Quebec, the anticipated slowdown in residential construction effectively occurred in 2005. In fact, 41,252 housing starts were enumerated during the year, for a decrease of 12 per cent in relation to 2004 (46,721 units). Apart from Saguenay, the only other CMA where starts went up was Trois-Rivières (+5 per cent). Decreases in activity were recorded in Québec (-6 per cent), Montréal (-12 per cent), Sherbrooke (-21 per cent) and Gatineau (-34 per cent).

Record fourth quarter for Saguenay area resale market

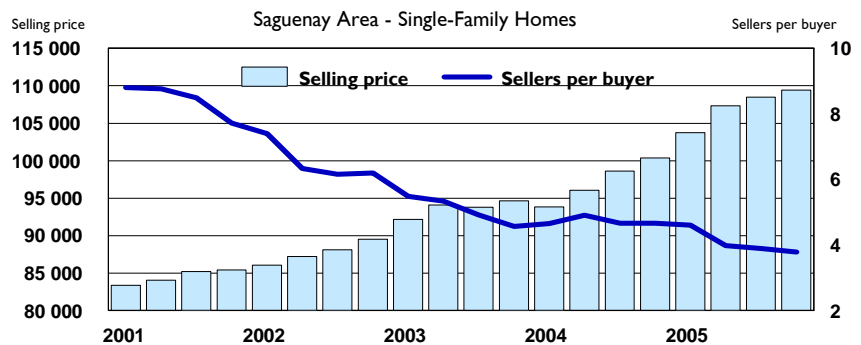
According to the latest Service inter-agences / Multiple Listing Service (S.I.A.® / MLS®) data, the resale market maintained its momentum in the fourth of 2005 in the Saguenay area¹. In fact, 218 sales were registered during October, November and December 2005, which exceeded the record set during the same period in 2004 by 22 per cent. This was therefore the third time in 2005 that the number of sales per quarter surpassed the records registered since 1997. These good quarterly performances were directly reflected in the annual total, as 1,244 transactions were enumerated from January to December 2005, for a gain of 16 per cent over the record set in 2004 (1,077 sales). The low mortgage rates, along with the good performance of the labour market in 2004, no doubt supported the resale market throughout 2005.

Sales continued to increase in a context where the supply of existing homes was limited. Active listings have remained under the 400-unit market since the beginning of 2004, which is well below the average (506 units) observed since these statistics first

started being compiled in 1997. In addition, the seller-to-buyer ratio, which indicates the power relationship between sellers and buyers, reached 3.8 to 1 in the fourth quarter of 2005, down slightly from the third quarter (3.9 to 1). The resale market was therefore overheating for a tenth consecutive quarter and continued to favour sellers during negotiations. In

this context, the growth in the price of existing properties remained firm. In the fourth quarter, the average selling price of single-family homes² reached \$109,419, compared to \$100,371 in 2004, for an increase of 9 per cent. The limited supply of properties for sale should continue to put pressure on prices over the coming quarters.

Resale Market



Source: MLS®, Compilation: CMHC

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 homes include detached, semi-detached and row houses.

Table I
Summary of Activity by Intended Market
Saguenay Metropolitan Area

Activity / Period	Ownership					Rental	Total
	Freehold*				Condo-minium		
	Single	Semi	Row	Apt.			
Starts							
Fourth quarter 2005	60	2	6	4	0	84	156
Fourth quarter 2004	48	14	0	2	0	25	89
Year-to-date 2005 (Jan.-Dec.)	267	22	6	20	5	144	464
Year-to-date 2004 (Jan.-Dec.)	244	32	0	6	7	58	347
Under construction**							
Fourth quarter 2005	56	2	6	4	5	88	161
Fourth quarter 2004	45	12	0	2	0	34	93
Completions							
Fourth quarter 2005	86	10	0	2	0	11	109
Fourth quarter 2004	71	2	0	0	0	4	77
Year-to-date 2005	255	34	0	18	12	78	397
Year-to-date 2004	236	22	0	8	0	31	297
Unoccupied**							
Fourth quarter 2005	0	0	0	0	0	0	0
Fourth quarter 2004	0	0	0	0	0	0	0
Absorption							
Fourth quarter 2005	87	10	0	2	0	12	111
Fourth quarter 2004	71	2	0	0	0	4	77
Year-to-date 2005	255	34	0	18	12	64	383
Year-to-date 2004	240	23	0	8	0	106	377
Short-term supply							
Trend 2005	56	2	6	4	5	88	161
Trend 2004	45	12	0	2	0	34	93

* 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							
Fourth quarter 2005	16	0	0	4	0	8	28
Fourth quarter 2004	11	14	0	0	0	11	36
Year-to-date 2005	65	14	0	10	5	49	143
Year-to-date 2004	69	26	0	4	0	23	122
Zone 2: Jonquière							
Fourth quarter 2005	21	0	6	0	0	76	103
Fourth quarter 2004	11	0	0	0	0	10	21
Year-to-date 2005	86	6	6	4	0	88	190
Year-to-date 2004	68	0	0	0	0	27	95
Zone 3: La Baie							
Fourth quarter 2005	8	2	0	0	0	0	10
Fourth quarter 2004	5	0	0	0	0	4	9
Year-to-date 2005	27	2	0	4	0	7	40
Year-to-date 2004	27	0	0	0	7	8	42
Centre (zones 1 to 3)							
Fourth quarter 2005	45	2	6	4	0	84	141
Fourth quarter 2004	27	14	0	0	0	25	66
Year-to-date 2005	178	22	6	18	5	144	373
Year-to-date 2004	164	26	0	4	7	58	259
Zone 4: Outlying area (Lac Kénogami, Larouche, Laterrière, Saint-Fulgence, etc.)							
Fourth quarter 2005	15	0	0	0	0	0	15
Fourth quarter 2004	21	0	0	2	0	0	23
Year-to-date 2005	89	0	0	2	0	0	91
Year-to-date 2004	80	6	0	2	0	0	88
TOTAL - SAGUENAY METROPOLITAN AREA							
Fourth quarter 2005	60	2	6	4	0	84	156
Fourth quarter 2004	48	14	0	2	0	25	89
Year-to-date 2005	267	22	6	20	5	144	464
Year-to-date 2004	244	32	0	6	7	58	347

Source: CMHC

Table 3
Single-Detached and Semi-Detached Houses Absorbed by Price Range - Fourth 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	6	10	15	19	16	18	38	16	12	8
Semi	2	0	2	0	6	0	0	2	0	0
Total	8	10	17	19	22	18	38	18	12	8
Market share (single)	6.9%	14.1%	17.2%	26.8%	18.4%	25.4%	43.7%	22.5%	13.8%	11.3%

Source: CMHC

Table 4
Housing Supply - Fourth quarter 2005
Saguenay Metropolitan Area

	Intended Market			
	Freehold	Condominium	Rental	Total
Under construction	68	5	88	161
Unoccupied	0	0	0	0
Short-term supply	68	5	88	161
Duration of short-term supply (months, trend)	2.7	5.0	16.5	5.0

Source: CMHC

Obtain low cost data on the Saguenay 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

Table 5
Housing Starts by Agglomeration and by Intended Market
Lac-Saint-Jean

Agglomeration / Period	Ownership					Rental	Total
	Freehold				Condo-minium		
	Single	Semi	Row	Apt.			
Alma							
Fourth quarter 2005	5	0	0	0	0	0	5
Fourth quarter 2004	10	0	0	2	6	10	28
Year-to-date 2005	47	4	7	4	0	14	76
Year-to-date 2004	62	14	4	4	6	33	123
Dolbeau-Mistassini							
Fourth quarter 2005	6	0	0	0	0	0	6
Fourth quarter 2004	7	0	0	0	0	0	7
Year-to-date 2005	30	2	0	0	0	0	32
Year-to-date 2004	31	0	3	0	0	0	34
Roberval							
Fourth quarter 2005	0	0	0	0	0	0	0
Fourth quarter 2004	3	0	0	0	0	0	3
Year-to-date 2005	15	0	0	0	0	8	23
Year-to-date 2004	13	2	0	0	0	11	26
Saint-Félicien							
Fourth quarter 2005	5	0	0	0	0	0	5
Fourth quarter 2004	6	0	0	0	0	0	6
Year-to-date 2005	39	0	0	2	0	0	41
Year-to-date 2004	24	0	0	0	0	0	24

Source: CMHC

***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

Table 6
Economic Overview
Saguenay Metropolitan Area

	2004		2005		
	4th Q	1st Q	2nd Q	3rd Q	4th Q
Mortgage rates (%) (Canada)					
- 1-year	4.9	4.9	4.8	5.0	5.6
- 5-year	6.3	6.1	5.9	5.8	6.2
Inflation (Province of Quebec)					
- Inflation rate (%)	2.7	2.1	2.0	2.9	2.1
- Consumer Price Index (1992=100)	121.7	122.2	123.1	124.3	124.3
Quebec consumer attitudes survey					
- Index of Consumer Attitudes (1991 = 100) (seasonally adjusted)	116.5	123.3	122.2	99.3	108.9
Labour market					
- Job creation (loss) compared to the last quarter	- total -4,100	-4,200 -3,000	1,800 1,500	1,300 2,900	-1,100 -4,600
- Job creation (loss) compared to the same quarter last year	- total 4,200	-3,100 1,900	-5,300 -2,000	-3,900 -2,700	-2,200 -3,200
- Unemployment rate (%)	10.6	10.5	9.0	9.8	10.1

Sources: Statistics Canada, Conference Board of Canada

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

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).

Information and Subscriptions

For more information about this publication or any other questions on the Saguenay 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 .

To learn more about Market Analysis Centre products and services and subscribe on-line visit:
www.cmhc.ca/mktinfo/store/

For more information on other CMHC products and services visit:
www.cmhc.ca

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