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RESIDENTIAL CONSTRUCTION DECLINES IN TROIS-RIVIÈRES

After posting a very dynamic first quarter, residential construction slowed down in the Trois-Rivières census metropolitan area (CMA) during the second quarter of 2006. According to the latest statistics released by Canada Mortgage and Housing Corporation (CMHC), total starts fell by 12 per cent in relation to the corresponding quarter in 2005. In all, 190 dwellings got under way from April to June 2006 in the CMA, compared to 217 one year earlier.

The greatest decrease was registered in the semi-detached home segment, where only 2 units were started, compared to 24 during the same period last year. Single-detached home starts, for their part,

showed a less significant decline, as 110 houses of this type were built during the second quarter of 2006, down from 133 in the corresponding quarter of 2005 (-17 per cent).

Rental housing went against the tide, as this was effectively the only segment that posted a gain in starts. Activity in this market segment remained strong, as 76 new rental dwellings were added to the existing stock during the second quarter of 2006, compared to 60 one year earlier, for an increase of 27 per cent.

The mid-year results, for their part, reveal a steady rise in housing starts on the Trois-Rivières territory. The strong performance observed du-

Canada Mortgage and Housing Corporation

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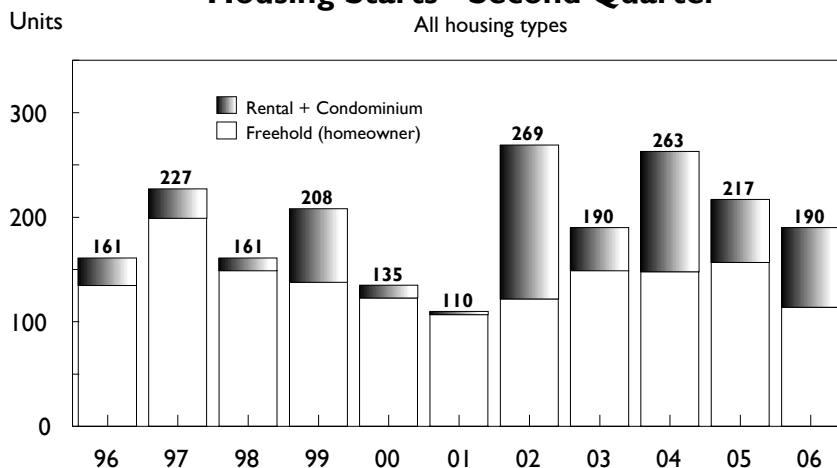
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Housing Starts - Second Quarter



Source: CMHC

ring the first quarter of the year more than offset the decline registered in the second. In fact, the starts enumerated during first six months of 2006 represent the highest level in the last 10 years. From January to June 2006, starts went up by 20 per cent over the result recorded for the first six months of 2005. In all, 427 dwellings were started during the first half of 2006, compared to 356 one year earlier. The construction of semi-detached houses and rental dwellings posted notable gains of 47 per cent and 33 per cent, respectively, in relation to the corres-

ponding period in 2005, while single-detached home starts remained stable.

Elsewhere in the Mauricie area, residential construction exploded in the agglomeration of Shawinigan, as a major rental housing complex with over 200 units for seniors recently got under way in Shawinigan-Sud. From January to June 2006, foundations were therefore laid for 314 dwellings, compared to 56 in 2005. In La Tuque, housing activity was also dynamic during the first six months of the year. In all, 9 houses were built, in comparison with

4 during the same period one year earlier.

In all urban centres with 10,000 or more inhabitants across Quebec, 18,669 starts were enumerated during the first six months of 2006, for a decrease of 5 per cent in relation to the same period in 2005. Among the six CMAs in Quebec, four registered increases, namely, Sherbrooke (+47 per cent), Gatineau (+21 per cent), Trois-Rivières (+20 per cent) and Saguenay (+3 per cent), while activity fell by 13 per cent in the Montréal and Québec areas.

Resale Market Showing Vigour

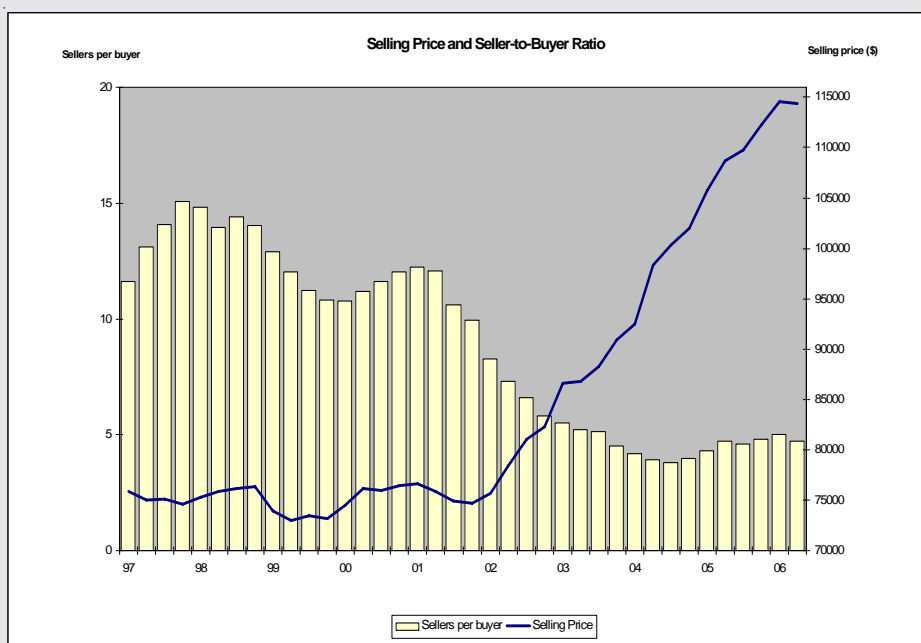
The resale market showed sustained vigour during the second quarter of the year in the Trois-Rivières census metropolitan area (CMA). In fact, according to Service inter-agences / Multiple Listing Service (S.I.A.® / MLS®) data, sales¹ of single-family homes² jumped up by 30 per cent from April to June 2006 over the corresponding period in 2005. In all, 290 transactions were registered on the Trois-Rivières territory during the second quarter, compared to 224 one year earlier. The significant activity on the job market in the area throughout 2005 continued to have a positive impact on the resale market, as did the mortgage rates, which, although on the rise, still remained affordable.

The supply of properties for sale, for its part, also increased and, at the end of the second quarter of 2006, there were 343 homes for sale, or 27 more than at the same time last year. With sales and listings rising at the same pace, the seller-to-buyer ratio remained stable, at 4.7 to 1. This ratio, which indicates the power relationship between sellers and buyers, was well below the balanced range³, denoting a market in which sellers still had the edge.

Although these conditions continued to justify price increases above inflation, the

growth in the average price of single-family homes slowed in the second quarter of 2006. While the price hikes recorded in previous quarters varied between 8 per cent and 10 per cent, the rise in the average price during the second quarter of 2006 reached 5 per cent. On the territory of the Trois-Rivières CMA, homes were therefore selling for an average price of \$114,400 in the second quarter of 2006, compared to \$108,700 one year earlier.

Elsewhere in the Mauricie area, the agglomeration of Shawinigan⁴ also registered an increase in transactions during the past quarter (+17 per cent). However, the number of properties for sale decreased there, which brought down the seller-to-buyer ratio to 5.6 to 1. The average price of single-family homes, for its part, reached \$99,800, up by 11 per cent over the corresponding quarter in 2005.



¹ Small farms, country homes, mobile homes and cottages are not included in the sales figures.

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

³ The balanced range for the seller-to-buyer ratio is between 8 and 10 to 1, indicating a market where neither buyers nor sellers are favoured.

⁴ The agglomeration of Shawinigan includes the municipalities of Shawinigan, Shawinigan-Sud and Grand-Mère.

Table I
Summary of Activity by Intended Market
Trois-Rivières Metropolitan Area

Activity / Period	Ownership					Rental	Total
	Freehold*				Condo-minium		
	Single	Semi	Row	Apt.			
Starts							
Second quarter 2006	110	2	0	2	0	76	190
Second quarter 2005	133	24	0	0	0	60	217
Year-to-date 2006 (Jan.-June)	167	50	0	2	0	208	427
Year-to-date 2005 (Jan.-June)	166	34	0	0	0	156	356
Under construction**							
Second quarter 2006	23	16	0	2	0	98	139
Second quarter 2005	33	20	0	0	6	75	134
Completions							
Second quarter 2006	121	24	0	0	0	171	316
Second quarter 2005	137	22	0	0	0	55	214
Year-to-date 2006	170	40	3	0	6	226	445
Year-to-date 2005	172	38	0	2	0	150	362
Unoccupied***							
Second quarter 2006	15	17	0	0	0	58	90
Second quarter 2005	3	3	0	0	0	21	27
Absorption							
Second quarter 2006	109	22	0	0	0	143	274
Second quarter 2005	140	27	0	1	0	80	248
Year-to-date 2006	158	38	3	1	6	206	412
Year-to-date 2005	171	46	0	2	0	157	376
Duration of inventory (months)							
Trend 2006	0.5	1.8	n.a.	n.a.	n.a.	1.6	1.2
Trend 2005	0.2	0.8	n.a.	n.a.	n.a.	1.6	0.9

* 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
Trois-Rivières Metropolitan Area

Zone / Period	Ownership					Rental	Total
	Freehold				Condo- minium		
	Single	Semi	Row	Apt.			
Zone 1: Trois-Rivières							
Second quarter 2006	19	0	0	0	0	0	19
Second quarter 2005	20	10	0	0	0	4	34
Year-to-date 2006	32	38	0	0	0	24	94
Year-to-date 2005	28	20	0	0	0	8	56
Zone 2: Trois-Rivières-Ouest							
Second quarter 2006	26	0	0	0	0	38	64
Second quarter 2005	17	14	0	0	0	14	45
Year-to-date 2006	37	10	0	0	0	82	129
Year-to-date 2005	21	14	0	0	0	82	117
Zone 3: Cap-de-la-Madeleine							
Second quarter 2006	16	0	0	0	0	34	50
Second quarter 2005	20	0	0	0	0	42	62
Year-to-date 2006	24	0	0	0	0	54	78
Year-to-date 2005	28	0	0	0	0	66	94
Centre (zones 1 to 3)							
Second quarter 2006	61	0	0	0	0	72	133
Second quarter 2005	57	24	0	0	0	60	141
Year-to-date 2006	93	48	0	0	0	160	301
Year-to-date 2005	77	34	0	0	0	156	267
Zone 4: Outlying area (Bécancour, Champlain, Pointe-du-Lac, etc.)							
Second quarter 2006	49	2	0	2	0	4	57
Second quarter 2005	76	0	0	0	0	0	76
Year-to-date 2006	74	2	0	2	0	48	126
Year-to-date 2005	89	0	0	0	0	0	89
TOTAL - TROIS-RIVIÈRES METROPOLITAN AREA							
Second quarter 2006	110	2	0	2	0	76	190
Second quarter 2005	133	24	0	0	0	60	217
Year-to-date 2006	167	50	0	2	0	208	427
Year-to-date 2005	166	34	0	0	0	156	356

Source: CMHC

Table 3
Housing Starts in Outlying Area - Freehold Market
Trois-Rivières Metropolitan Area

Zones	Second Quarter		Year-to-Date (Jan.-June)	
	2006	2005	2006	2005
Bécancour	14	21	20	25
Champlain	1	1	1	1
Pointe-du-Lac	14	19	22	22
Saint-Louis-de-France	6	15	10	19
Sainte-Marthe-du-Cap	14	17	20	19
Saint-Maurice	4	3	5	3

Source: CMHC

Table 4
Summary of Activity by Large Zone and by Intended Market
Trois-Rivières Metropolitan Area

Zone	Ownership				Rental	
	Freehold		Condominium		2nd Q 2006	2nd Q 2005
	2nd Q 2006	2nd Q 2005	2nd Q 2006	2nd Q 2005		
Starts						
Centre	61	81	0	0	72	60
Suburbs	53	76	0	0	4	0
Under construction*						
Centre	36	47	0	6	62	75
Suburbs	5	6	0	0	36	0
Completions						
Centre	90	84	0	0	108	55
Suburbs	55	75	0	0	63	0
Unoccupied*						
Centre	30	6	0	0	56	17
Suburbs	2	0	0	0	2	4
Absorption						
Centre	78	92	0	0	80	76
Suburbs	53	76	0	0	63	4
Duration of inventory (months)**						
Centre	1.2	0.2	0.0	n.a.	1.8	0.6
Suburbs	0.1	0.0	n.a.	n.a.	0.4	2.8

* At the end of the period shown

** Trend

Source: CMHC

**Table 5
Housing Supply
Trois-Rivières Metropolitan Area**

<i>Intended Market</i>	<i>Under Construction</i>	<i>Unoccupied</i>	<i>Short-Term Supply</i>	<i>Duration of Supply (months)</i>
June 2006				Trend 2006
Freehold	41	32	73	1.8
Condominium	0	0	0	0.0
Rental	98	58	156	4.3
June 2005				Trend 2005
Freehold	53	6	59	3.2
Condominium	6	0	6	--
Rental	75	21	96	7.3

Source: CMHC

**Table 6
Economic Overview
Trois-Rivières Metropolitan Area**

	Second Quarter		Trend Jan.-June		% Change Trend
	2005	2006	2005	2006	
Labour market					
- Employment level	71.7	67.8	69.1	67.6	-2.2%
- Unemployment rate (%)	9.8%	7.8%	10.3%	8.5%	n.a.
Mortgage rates (%) (Canada)					
- 1-year	4.8	6.4	4.9	6.1	n.a.
- 5-year	5.9	6.8	6.0	6.6	n.a.
Annual inflation rate (%)					
	2.0	2.4	2.1	2.4	n.a.
Quebec consumer attitudes survey					
- Index of Consumer Attitudes (1991 = 100) (seasonally adjusted)	122.2	120.7	122.8	118.3	-3.6%

Sources: Statistics Canada, Conference Board of Canada

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).

Trois-Rivières Metropolitan Area Zones

<i>Zones</i>	<i>Municipalities and Sectors</i>	<i>Large Zones</i>
1	Trois-Rivières Sector	Centre
2	Trois-Rivières-Ouest Sector	Centre
3	Cap-de-la-Madeleine Sector	Centre
4	Bécancour, Champlain, Pointe-du-Lac, St-Louis-de-France, St-Maurice, Ste-Marthe-du-Cap-de-la-Madeleine.	Outlying

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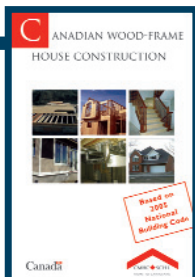
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