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ANALYSIS OF THE RESALE MARKET

Québec Metropolitan Area

An objective look at housing

Canada Mortgage and Housing Corporation

www.cmhc.ca

Market at a glance

1st Quarter 2003 vs.
1st Quarter 2002

Sales volume	:	↓	28.6%
Median price	:	↑	14.7%
Sellers per buyer	:		4.3

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SALES KEEP FALLING

For a fourth consecutive quarter, the number of MLS* sales fell in the Québec census metropolitan area (CMA). Although demand was supported by employment gains, rising disposable incomes and very low mortgage rates, the market was limited by the small quantity of properties for sale. As a result, the members of the MLS network conducted 1,906 transactions, down by 29 per cent in relation to the first quarter of 2002.

In addition, this strong demand, which is having difficulty expressing itself, is causing the market to tighten, as evidenced by the very low number of sellers per buyer (4.3). This situation brought about an overall price increase of around 14.7 per cent.

Demand still high but losing speed

Demand on the resale market remains high, even though may be hard to assess on account of the decrease in the number of transactions. First of all, mortgage rates are at historically low levels, which is stimulating demand and inciting many consumers to take the plunge into homeownership. As well, faced with the shortage of rental dwellings resulting from the strong job creation among young people and the

high migration level, many households are turning to the resale market to find a home.

However, the appreciable hike in prices and the less vigorous job market conditions for people aged from 25 to 44 years, who account for a large portion of first-time home buyers, are easing the pressure on the starter home resale market segment.

Fewer and fewer properties for sale

The decline in transactions observed over the past 12 months has been partly due to the constant erosion of the supply of properties for sale. This steady decrease in listings comes from the fact that the new listings arriving on the market are down and below the number of sales. In fact, supply, which stood at 2,191 properties for sale at the end of the first quarter, sustained a major decrease of 34 per cent from the level observed in the first quarter of 2002. In the face of this significant reduction in supply, demand cannot fully express itself, which is causing the market to tighten and, in turn, driving up prices.

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



CHAMBRE IMMOBILIERE DE QUEBEC



Market overheating

The current state of the market is making it difficult for people to access homeownership since, with the limited choice, potential buyers must act quickly and pay more to get their property. Considering the extent of this phenomenon, all market segments sustained price increases above 12 per cent in comparison with the median prices observed in the first quarter of 2002. More specifically, the detached home market, which accounts for 65 per cent of all sales, registered a price hike of 15.3 per cent over this same period. The combination of a strong demand and a low level of listings is having a direct downward impact on the number of sellers per buyer. This key ratio reached 4.3 to 1 in the first quarter of this year, down by 2 points from

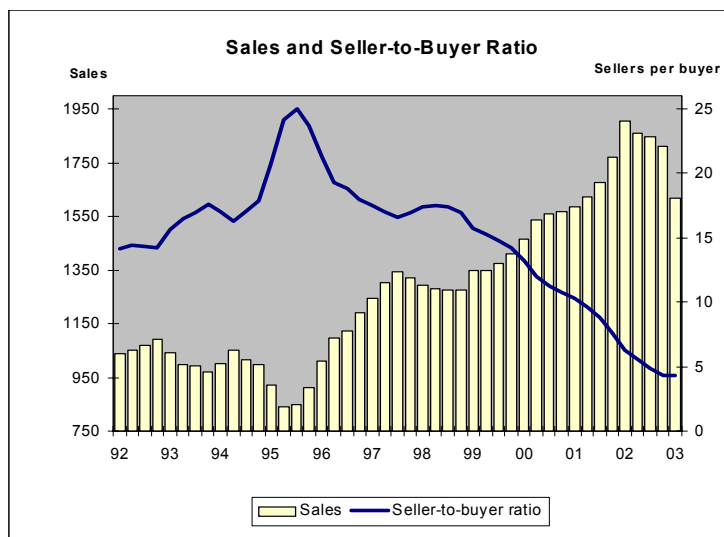
2002. Given the seller-to-buyer ratio of less than 5 to 1, together with price increases well above inflation and listing periods under 70 days, the market can be qualified as overheating.

Beauport sector and duplex segment breathing a little easier

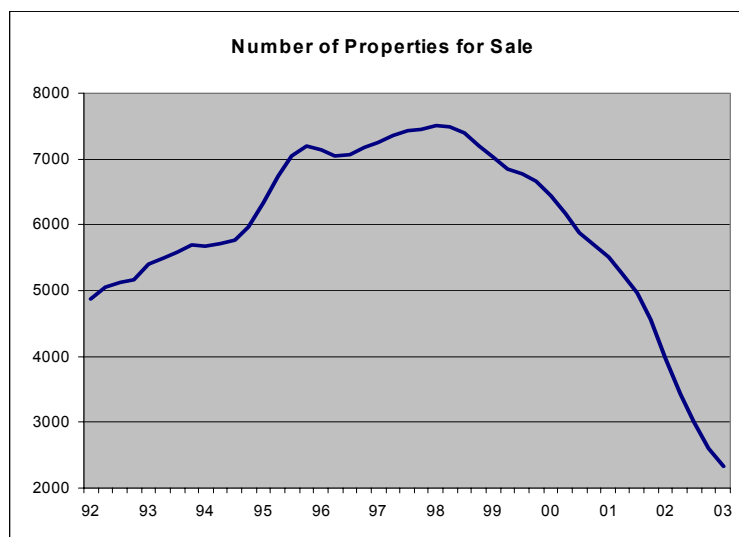
On the overall market, only zone 7 (Beauport and sectors to the east) is in an easier situation, with 6 sellers for every buyer. Even with a greater choice of properties for sale, the pressure on prices is still high (up by 14.4 per cent). The situation is also less tight in the duplex market segment, where the seller-to-buyer ratio is 7.2 to 1 for the entire area. The price of duplexes still jumped up by 12.9 per cent over 2002.

Market shifting toward higher price ranges

On account of the major price hikes in recent months and a more abundant supply in the higher price ranges, an increase in sales of more expensive properties can be noted. The strong employment growth in the 45 to 64 years age group, a client segment with many move-up buyers, also explains the greater interest in upscale properties. In the current context, move-up buyers can get a very good price when selling their home and then take advantage of less tight market conditions when negotiating the purchase of a more expensive property.






Source: CIQ (CMHC compilation)



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Seller-to-Buyer Ratios and Sales by Price Range									
Property type	Price range	Seller-to-Buyer Ratio 1st Q 2003	Seller-to-Buyer Ratio 1st Q 2002	Sales 1st Q 2003	Annual Change (%)	Sales (year-to-date)	Annual Change (%)	Listing Period (days)	Annual Change (days)
Detached	Under \$75,000	3.8	5.8	118	-40.4	118	-40.4	48	-22
	\$75,000 to \$94,999	2.9	4.6	165	-63.6	165	-63.6	39	-25
	\$95,000 to \$119,999	2.7	4.7	336	-34.4	336	-34.4	36	-22
	\$120,000 or over	6.3	9.2	605	7.0	605	7.0	54	-26
	All prices	4.4	6.2	1,224	-28.5	1,224	-28.5	44	-22
Semi-det. & row	Under \$70,000	4.8	5.5	6	-88.7	6	-88.7	46	-35
	\$70,000 to \$89,999	2.3	4.2	116	-50.2	116	-50.2	32	-25
	\$90,000 or over	3.1	6.4	166	36.6	166	36.6	35	-41
	All prices	2.8	5.1	288	-28.7	288	-28.7	34	-32
Condominium	Under \$70,000	4.8	6.1	66	-57.1	66	-57.1	50	-41
	\$70,000 to \$89,999	3.6	5.7	70	-44.9	70	-44.9	44	-37
	\$90,000 or over	4.2	3.8	167	-0.6	167	-0.6	41	-47
	All prices	4.5	6.3	303	-31.4	303	-31.4	46	-45

ECONOMIC BAROMETER - 1ST QUARTER 2003 VS. 1ST QUARTER 2002

Jobs	Chg.	Rate	Index	Chg.	Rate	Chg.
Employment	346,300	Unemployment rate	Consumer confidence	125.8	Mortgage rate - 5-year	6.6%
	1.1%	8.7%		-4.1%		-0.5

 : very favourable



: favourable



: unfavourable



: very unfavourable

RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 1ST QUARTER 2003 VS. 1ST QUARTER 2002

Market	Type	Sales		Median Selling Price		Selling Price / Listing Price		Selling Price / Mun. Assess.		Active Listings		Sellers-to-Buyer		Listing Period (days)		Market Classification
			% Chg.	Price	% Chg.	Listing Price	%	Mun. Assess.	%		% Chg.		Chg.		Chg.	
Québec CMA	All types	1,906	-28.6	101,568	14.7	94.5	119	119	119	2,191	-34.3	4.3	-2.0	43	-28	OVERHEATING
	Detached	1,224	-28.5	109,957	15.3	94.5	119	119	119	1,485	-32.8	4.4	-1.8	44	-22	OVERHEATING
	Duplex	91	-18.0	100,433	12.9	93.2	111	111	111	146	-44.9	7.2	-3.8	69	-26	SELLERS
	Semi-det. & row	288	-28.7	86,928	12.2	95.6	119	119	119	184	-48.5	2.8	-2.3	34	-32	OVERHEATING
	Condominium	303	-31.4	84,645	14.0	94.5	121	121	121	376	-25.4	4.5	-1.8	46	-45	OVERHEATING
Zone 1	All types	103	-8.0	85,632	14.6	94.1	122	122	122	102	-45.2	4.4	-3.6	53	-38	OVERHEATING
	Detached	28	-26.3	91,904	18.8	93.8	115	115	115	23	-52.1	3.6	-3.2	51	-27	OVERHEATING
	Semi-det. & row	8	14.3	78,000	-5.6	94.6	120	120	120	4	-75.0	3.2	-6.7	46	-68	N/A
	Condominium	38	8.6	84,789	20.9	94.6	136	136	136	35	-10.3	3.5	-2.3	48	-53	OVERHEATING
	All types	76	-45.7	133,639	18.2	94.3	122	122	122	127	-24.4	5.0	-1.6	48	-37	SELLERS
Zone 2	Detached	12	20.0	225,047	46.9	94.0	124	124	124	15	-28.6	6.8	-0.5	59	-11	N/A
	Semi-det. & row	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Condominium	60	-47.8	126,338	22.1	94.5	124	124	124	102	-23.3	4.9	-1.6	55	-32	OVERHEATING
	All types	216	-30.8	100,804	17.7	95.3	122	122	122	164	-44.8	3.1	-1.8	36	-28	OVERHEATING
	Detached	125	-16.1	114,049	17.6	95.0	123	123	123	120	-34.4	3.6	-1.7	37	-25	OVERHEATING
Zone 3	Semi-det. & row	61	-37.8	90,318	17.9	96.5	118	118	118	23	-62.9	2.0	-1.8	33	-29	OVERHEATING
	Condominium	23	-59.6	73,878	10.6	95.2	124	124	124	11	-72.5	2.7	-2.3	34	-46	OVERHEATING
	All types	308	-37.4	134,747	16.3	94.5	117	117	117	384	-39.5	4.2	-2.7	50	-32	OVERHEATING
	Detached	180	-38.8	151,308	17.7	94.5	118	118	118	252	-41.0	4.3	-2.7	56	-21	OVERHEATING
	Semi-det. & row	36	-47.8	112,559	10.8	94.4	115	115	115	28	-49.1	2.9	-2.9	36	-45	OVERHEATING
Zone 4	Condominium	85	-28.0	94,087	14.1	95.3	115	115	115	97	-24.8	4.3	-2.3	49	-53	OVERHEATING

RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 1ST QUARTER 2003 VS. 1ST QUARTER 2002

Market	Type	Sales		Median Selling Price		Selling Price / Listing Price		Selling Price / Mun. Assess.		Active Listings	Sellers-to-Buyer		Listing Period (days)	Market Classification
		% Chg.	% Chg.	% Chg.	% Chg.	%	%	% Chg.	% Chg.					
Zone 5	All types	314	-24.7	90,104	9.2	95.1	119	289	-30.4	3.2	-1.8	34	-24	OVERHEATING
	Detached	227	-30.6	94,332	9.0	95.1	119	234	-29.5	3.5	-1.8	37	-19	OVERHEATING
	Semi-det. & row	65	1.6	83,088	15.0	96.2	123	28	-36.4	1.7	-1.8	26	-29	OVERHEATING
	Condominium	8	-52.9	66,278	9.5	94.3	124	4	-63.6	2.3	-3.4	26	-82	N/A
Zone 6	All types	291	-22.8	95,849	13.3	94.7	119	344	-23.9	4.5	-1.3	46	-22	OVERHEATING
	Detached	200	-20.9	107,038	13.9	94.5	121	244	-19.5	4.7	-1.0	46	-21	OVERHEATING
	Semi-det. & row	36	-29.4	82,248	11.9	95.4	113	24	-56.4	3.0	-2.5	47	-15	OVERHEATING
	Condominium	51	-13.6	69,480	18.5	94.8	119	61	-11.6	4.5	-1.1	38	-37	OVERHEATING
Zone 7	All types	295	-20.9	98,393	14.4	94.6	118	467	-21.4	6.0	-1.8	54	-22	SELLER'S
	Detached	217	-23.9	104,943	16.4	94.3	119	338	-21.6	5.5	-1.8	54	-21	SELLER'S
	Semi-det. & row	38	-20.8	83,755	14.5	95.1	120	49	-12.5	5.7	-2.1	37	-25	SELLER'S
	Condominium	23	4.5	68,189	10.0	93.9	118	53	-1.9	10.2	0.6	77	-33	BALANCED
Zone 8	All types	192	-37.3	101,318	12.4	95.3	119	212	-43.2	4.2	-1.4	43	-22	OVERHEATING
	Detached	153	-40.9	107,752	13.5	94.5	119	180	-42.3	4.6	-1.2	44	-19	OVERHEATING
	Semi-det. & row	25	-24.2	83,152	14.3	95.8	116	11	-71.1	2.1	-2.7	39	-36	OVERHEATING
	Condominium	7	-41.7	74,091	34.6	97.0	118	9	28.6	3.3	0.3	36	-42	N/A
Zone 9	All types	111	-21.3	93,694	10.8	94.8	116	103	-51.9	4.5	-2.7	45	-34	SELLER'S
	Detached	82	-16.3	99,275	12.3	94.4	116	78	-49.0	4.6	-2.6	51	-24	SELLER'S
	Semi-det. & row	18	-25.0	89,010	15.6	96.4	120	12	-40.0	3.3	-2.0	31	-52	N/A
	Condominium	8	14.3	73,179	1.8	93.3	109	3	-85.7	3.0	-5.7	61	-104	N/A

Please note that the prices presented in this report concern median data. The median is the middle value separating a group into two equal parts. For example, a median price of \$100,000 means that half of the properties sell for \$100,000 or less and the other half sell for \$100,000 or more.

Interpretation of the "Median Price / Municipal Assessment" ratio: For example, a ratio of 107% indicates that a house assessed at \$100,000 could sell for \$107,000.

Listing period: Please note that the median listing period could be underestimated. In fact, when a property is again listed for sale after the mandate has expired or when the real estate agent changes, the calculation does not take into account the previous listing period.

N/A: The market classification is not available when there are fewer than 20 transactions.

Note: All data published in this publication is smoothed data, with the exception of sales and active listings.

* Raw data: data observed for the current quarter

* Smoothed data: average for the last four quarters in order to reduce any major variations from one quarter to the next and provide a clearer trend.

Québec Metropolitan Area - Market Zones

Zone 1: Québec Basse-Ville (Limoilou, Saint-Roch, Saint-Sauveur), Vanier

Zone 2: Québec Haute-Ville (Saint-Jean-Baptiste, Champlain, Montcalm)

Zone 3: Ancienne-Lorette, Neufchâtel, Duberger, Les Saules, Lebourgneuf

Zone 4: Sainte-Foy, Sillery, Cap-Rouge, Saint-Augustin

Zone 5: Val-Bélair, Saint-Émile, Loretteville, Lac Saint-Charles, Valcartier, Shannon, Lac Saint-Joseph, Sainte-Catherine, Fossambault

Zone 6: Charlesbourg, Lac Beauport, Lac Delage, Stoneham-Tewkesbury, Sainte-Brigitte de Laval

Zone 7: Beauport, Boischatel, L'Ange-Gardien, Côte de Beauport, Île d'Orléans

Zone 8: Charny, Saint-Romuald, Saint-Jean-Chrysostôme, Saint-Nicolas, Saint-Rédempteur, Breakyville, Saint-Lambert, Saint-Étienne

Zone 9: Lévis, Pintendre, Saint-Henri

MARKET CLASSIFICATION TYPES

BALANCED: Market where neither sellers nor

buyers are favoured; sales volume steadily progressing over a long period; prices increasing at or slightly above inflation.

BUYER'S: Market where buyers are favoured;

surplus of listings; few sales; long listing periods; prices decreasing or increasing below inflation.

DECLINING: Extreme buyer's market; prices down significantly; further price decreases to be expected.

SELLER'S: Market where sellers are favoured; shortage of listings in relation to demand; short listing periods; prices increasing above inflation.

OVERHEATING: Extreme seller's market; sales and prices up considerably; further price increases to be expected.