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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

2nd Quarter 2003 vs.
2nd Quarter 2002

Sales volume	:	↓	11.3%
Median price	:	↑	15.9%
Sellers per buyer	:		4.2

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RESALE MARKET REMAINS VERY TIGHT

Once again, a decline in sales was observed in the Québec census metropolitan area (CMA) in the second quarter of 2003. From April to June 2003, 1,617 properties were sold on the existing home market by MLS* network agents, for a decrease of 11.3 per cent from the performance recorded in 2002. The favourable conditions that led to the substantial increase in demand are holding up (low interest rates and vigorous job market), but sales are being limited by the lack of properties for sale.

The decreases in sales varied from 8.1 per cent to 12.5 per cent, depending on the type of housing, with the exception of duplexes, for which sales rose by 2.5 per cent. This last segment represents the least tight market in the greater Québec area, with a ratio of 6.2 sellers for every buyer. Consequently, the choice is somewhat less restricted, and sales are not as limited by the short supply. However, this same housing type posted the greatest decreases in its seller-to-buyer ratio and its level of active listings. A decline in such sales is therefore to be expected over the coming quarters.

Overheated conditions are still prevailing across the territory and for almost all housing types, with the exception of duplexes.

Listing periods keep getting shorter

The 41-day average listing period for all housing types clearly shows the vitality of the market. In 2001, the listing period was hovering around three months and, a year ago, it exceeded two months. For certain housing categories, the conditions are exceptional for sellers; with just 2.6 sellers per buyer, semi-detached and row homes are sold within an average of 32 days. It is no surprise that this is the market segment where the negotiations are the most difficult. In general, a semi-detached or row house sells for 95.8 per cent of its listing price. Buyers therefore have little room to manoeuvre, and sellers can more easily get an amount quite close to their initial asking price.

Certain sectors posting more condominiums for sale

In the last few quarters, the decrease in the number of sales and the significant increase in property prices were mainly attributable to the minimal supply of homes on the market. But there is one encouraging sign for people seeking a property: the number of condominiums for

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



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SECOND QUARTER 2003

sale has risen in several sectors. In zones 1, 2, 4 and 6, the sectors with the most condominiums in Québec, the increases ranged from 4.5 per cent to 11.9 per cent. The number of sellers per buyer has already posted a gain, albeit modest, since the beginning of the year. The major hike in condominium construction may account for this phenomenon. The condominium market segment will therefore be the first to return to a balanced situation.

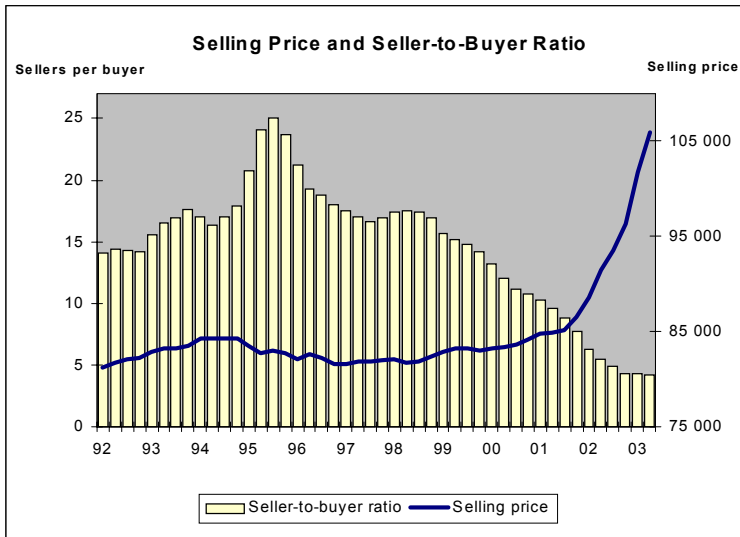
However, it should be noted that, for all housing types combined, there has been no improvement in the supply of properties, and the decrease in relation to the first quarter of 2002 stands at 17.2 per cent. If the prevailing overheated conditions are to

improve, the supply of properties will have to increase more substantially. Buyers will therefore have to be patient and wait a few quarters for the inventory of homes for sale to be replenished.

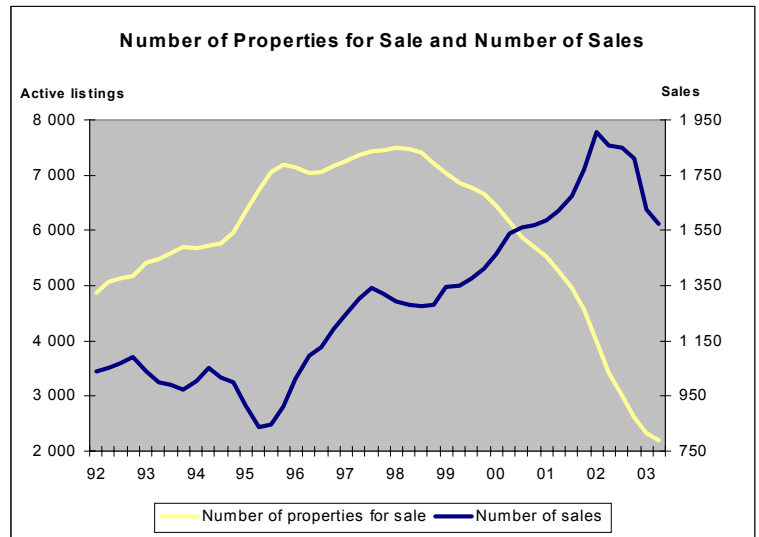
Properties selling for more than their municipal assessment values

In general, the sales recorded during the past quarter exceeded municipal assessment values by 23 per cent. The shortage of properties for sale on the market drove transactions well above these prices. Among the housing types with the greatest gaps are condominiums, which sell for 26 per cent more than their municipal assessment values. The shortage of rental housing, the fact that condominiums are more affordable than

single-detached houses and their popularity among the aging population brought about a craze for this type of housing. In the mid-1990s, there were over 50 sellers for every condominium buyer, which had caused a price drop and a significant surplus on the market. The arrival of new condominiums on the market will therefore have to be monitored closely to ensure that a similar situation does not recur, especially in the context of a slowdown in the population growth.












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 2nd Q 2003	Seller-to-Buyer Ratio 2nd Q 2002	Sales 2nd Q 2003	Annual Change (%)	Sales (year-to-date)	Annual Change (%)	Listing Period (days)	Annual Change
Detached	Under \$75,000	3.7	5.1	77	-45.4	201	-42.4	46	-15
	\$75,000 to \$94,999	2.7	4.0	110	-56.9	275	-61.2	35	-22
	\$95,000 to \$119,999	2.5	4.0	294	-12.5	631	-24.1	35	-14
	\$120,000 or over	6.1	8.0	593	17.2	1,207	12.1	50	-23
	All prices	4.3	5.5	1,074	-12.5	2,314	-22.0	42	-18
Semi-det. & row	Under \$70,000	5.2	4.8	2	-89.5	7	-90.3	52	-20
	\$70,000 to \$89,999	2.0	3.6	72	-37.9	187	-46.1	31	-17
	\$90,000 or over	2.9	5.2	142	40.6	326	45.5	34	-32
	All prices	2.6	4.3	216	-8.1	520	-19.1	32	-24
Condominium	Under \$70,000	4.8	5.4	42	-48.8	108	-54.6	49	-21
	\$70,000 to \$89,999	3.9	4.7	46	-39.5	116	-42.9	42	-27
	\$90,000 or over	5.1	5.9	158	36.2	327	14.7	43	-41
	All prices	4.7	5.4	246	-12.5	551	-24.1	43	-33

ECONOMIC BAROMETER - 2ND QUARTER 2003 VS. 2ND QUARTER 2002

	Jobs	Chg.	Rate	Chg.	Index	Chg.	Taux	Var
Employment	370,400	0.6%	Unemployment rate	6.2%	127.3	-5.6%	Taux hypothécaires	6,2
								
				0.3	Consumer confidence		5 ans	-1,2



: very favourable



: favourable



: unfavourable



: very unfavourable

RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 2ND QUARTER 2003 VS. 2ND QUARTER 2002

Market	Type	Sales		Median Selling Price		Selling Price / Listing Price		Selling Price / Mun. Assess.		Active Listings		Sellers per Buyer		Listing Period (days)		Market Classification
			% Chg.		% Chg.		%		%		% Chg.		% Chg.		Chg.	
Québec CMA	All types	1,617	-11.3	106,001	15.9	94.8	94.8	123	123	2,338	-17.2	4.2	-1.3	41	-22	OVERHEATING
	Detached	1,074	-12.5	113,954	15.3	94.8	94.8	124	124	1,602	-15.6	4.3	-1.2	42	-18	OVERHEATING
	Duplex	81	2.5	103,137	15.6	93.7	93.7	116	116	137	-42.4	6.2	-3.9	61	-29	SELLER'S
	Semi-det. & row	216	-8.1	89,347	12.0	95.8	95.8	122	122	208	-27.5	2.6	-1.8	32	-24	OVERHEATING
	Condominium	246	-12.5	91,247	18.9	95.1	95.1	126	126	391	-2.3	4.7	-0.8	43	-33	OVERHEATING
Zone 1	All types	81	-12.0	91,309	19.9	94.7	94.7	128	128	110	-27.6	4.2	-2.6	42	-44	OVERHEATING
	Detached	18	-30.8	95,733	20.6	94.1	94.1	123	123	23	-32.4	3.5	-2.1	32	-46	N/A
	Semi-det. & row	5	-37.5	85,360	2.7	95.1	95.1	123	123	5	-64.3	2.6	-5.6	38	-69	N/A
	Condominium	32	14.3	91,592	23.2	94.9	94.9	141	141	41	7.9	3.5	-1.2	45	-43	OVERHEATING
Zone 2	All types	72	-22.6	140,815	22.1	94.5	94.5	129	129	146	7.4	5.5	-0.1	44	-31	SELLER'S
	Detached	6	-33.3	260,534	76.9	91.9	91.9	134	134	18	-18.2	7.1	-0.6	65	18	N/A
	Semi-det. & row	6	0.0	161,700	13.4	93.7	93.7	124	124	9	80.0	4.0	-1.1	37	-39	N/A
	Condominium	55	-28.6	130,397	20.6	95.0	95.0	130	130	114	8.6	5.6	0.1	46	-34	OVERHEATING
Zone 3	All types	175	-14.2	106,971	20.7	95.3	95.3	127	127	179	-28.1	2.9	-1.5	37	-17	OVERHEATING
	Detached	109	-18.0	119,289	17.7	95.3	95.3	128	128	122	-26.1	3.5	-1.2	39	-16	OVERHEATING
	Semi-det. & row	45	2.3	94,363	18.7	96.6	96.6	123	123	29	-35.6	1.6	-1.7	33	-19	OVERHEATING
Zone 4	Condominium	17	-19.0	77,050	13.6	94.8	94.8	130	130	15	-42.3	2.3	-2.2	26	-40	N/A
	All types	279	-19.1	139,535	17.2	94.8	94.8	122	122	421	-14.9	4.2	-1.5	45	-31	OVERHEATING
	Detached	181	-20.6	157,623	20.2	94.5	94.5	123	123	288	-16.0	4.3	-1.6	50	-25	OVERHEATING
	Semi-det. & row	28	-34.9	117,337	14.2	94.7	94.7	120	120	35	-20.5	3.1	-1.4	36	-31	OVERHEATING
	Condominium	67	-5.6	101,618	18.5	95.6	95.6	120	120	92	4.5	4.4	-1.0	44	-39	OVERHEATING

RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 2ND QUARTER 2003 VS. 2ND QUARTER 2002

Market	Type	Sales		Median Selling Price		Selling Price / Listing Price		Selling Price / Mun. Assess.		Active Listings		Sellers per Buyer		Listing Period (days)		Market Classification	
			% Chg.		% Chg.		%		%		% Chg.		% Chg.		% Chg.		% Chg.
Zone 5	All types	293	-6.7	94,843	11.8	95.1	124	307	-9.2	3.2	-1.1	34	-16	OVERHEATING			
	Detached	238	-7.8	100,021	13.0	95.1	123	252	-6.7	3.5	-1.0	38	-12	OVERHEATING			
	Semi-det. & row	44	2.3	86,836	18.1	96.2	126	32	0.0	1.7	-1.3	25	-20	OVERHEATING			
	Condominium	4	-50.0	68,587	5.0	94.8	129	6	-25.0	2.5	-2.5	28	-46	N/A			
Zone 6	All types	203	-20.1	99,096	13.2	95.0	123	366	-5.2	4.7	-0.4	45	-15	OVERHEATING			
	Detached	140	-17.6	109,700	13.0	94.5	125	255	-1.5	4.9	-0.2	44	-15	OVERHEATING			
	Semi-det. & row	25	-30.6	85,332	14.3	95.3	118	29	-32.6	3.0	-1.4	46	-12	OVERHEATING			
	Condominium	34	-15.0	71,550	17.1	95.6	124	66	11.9	4.7	-0.2	44	-16	OVERHEATING			
Zone 7	All types	224	-7.1	101,077	13.3	94.6	123	467	-15.4	5.8	-1.4	50	-16	SELLERS			
	Detached	165	-13.2	108,129	15.0	94.3	124	355	-10.6	5.5	-1.2	50	-15	SELLERS			
	Semi-det. & row	27	35.0	84,487	12.0	95.2	121	44	-18.5	5.1	-1.9	37	-23	SELLERS			
	Condominium	18	12.5	69,409	6.0	94.7	131	44	-13.7	9.6	-0.7	59	-34	N/A			
Zone 8	All types	200	7.5	106,089	15.6	95.5	123	230	-30.1	3.7	-1.6	39	-19	OVERHEATING			
	Detached	158	0.7	112,374	16.0	94.8	124	203	-25.9	4.1	-1.3	40	-4	OVERHEATING			
	Semi-det. & row	25	-24.2	82,868	7.4	96.3	121	12	-60.0	1.5	-3.0	33	-26	OVERHEATING			
	Condominium	15	36.4	92,541	63.1	98.0	122	9	-10.0	2.8	0.4	55	-3	N/A			
Zone 9	All types	90	-3.2	97,228	13.1	94.8	120	113	-38.9	3.9	-2.6	45	-24	OVERHEATING			
	Detached	67	4.7	101,189	11.6	94.4	119	86	-35.8	4.0	-2.7	49	-19	OVERHEATING			
	Semi-det. & row	11	-15.4	94,020	19.9	96.6	122	13	-35.0	3.1	-1.5	37	-29	N/A			
	Condominium	4	-55.6	77,043	1.2	93.9	116	5	-66.7	2.3	-5.3	50	-75	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, Breakeyville, 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.