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ANALYSIS OF THE RESALE MARKET

Gatineau Metropolitan Area

An objective look at housing

Canada Mortgage and Housing Corporation

www.cmhc.ca

FOURTH QUARTER 2005
RELEASED FIRST QUARTER 2006

Market at a glance

4th Quarter 2005 vs.
4th Quarter 2004

Sales volume	:	↑	10%
Average price	:	↑	6%
Sellers per buyer	:		6

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Resale market posts a gain in the fourth quarter

According to data from the Chambre immobilière de l'Outaouais (CIO), the number of transactions recorded through the S.I.A.[®]/MLS[®] network in the Gatineau census metropolitan area (CMA) went up by 2 per cent in the fourth quarter of 2005, in relation to the same period the year before. The players on the resale market therefore put an end to the easing trend that got under way in 2004. This renewed vigour was essentially attributable to the new rise in listings. In fact, this phenomenon brought about less tight market conditions in 2004 and, as a result, provided buyers with more choice and, by the same token, stimulated sales in 2005.

In the fourth quarter, sales rose for all housing types. Active listings climbed by 10 per cent to 1,828 units, and the average price increased at an even slower pace (+6 per cent). These results pushed up the number

of sellers per buyer from 5 to 6 in one year. Market conditions are certainly easing, but they still remain favourable to sellers.

The market is therefore posting renewed growth, even on an annual basis, with a rise of 27 per cent in active listings. In 2005, total sales were up by 2 per cent over 2004 while, on the new home market, activity was down by 34 per cent. Residential construction was affected by the wider choice on the resale market and also by the steeper construction costs and the higher vacancy rate.

As for the economic conditions, even if the overall growth was weaker in the fourth quarter, the situation remained generally favourable. Contrary to what happened in 2004, the Gatineau area posted strong job creation in the fourth quarter and the lowest unemployment rate of the last six quarters. Consumer confidence

Source: CIO (CMHC compilation)

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

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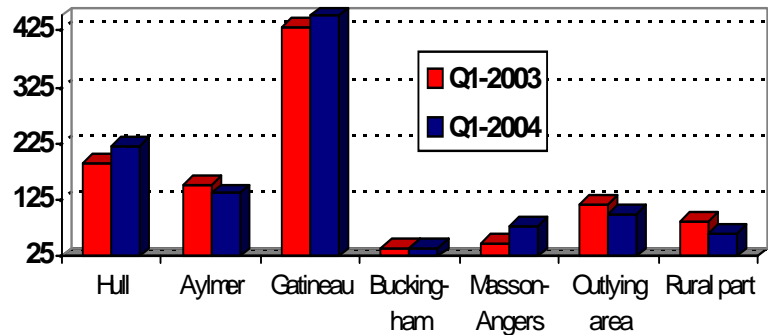
continued to improve (+9.6 per cent), despite the small mortgage rate increases. But even with a more vigorous economic context, the rise in home prices has been such that the resale market should finally calm down in 2006, as fewer and fewer consumers feel that now is a good time to buy a home.

Consumers privilege central sectors

While the fourth quarter results led to a gain for the resale market, they varied depending on the zone. It can be noted that Hull, Gatineau and Masson-Angers were the only sectors where sales increased. In Aylmer, Buckingham and the outlying area, transactions sustained respective decreases of 4 per cent, 7 per cent and 4 per cent.

Hull and Gatineau have respectively posted two and three consecutive quarters of growth. These are also the zones that registered the smallest price increases, apart from the out-

Total Sales Distribution



lying area. In fact, given that the average price of new single-detached houses came very close to \$200,000, it is not surprising that some buyers are turning away from this market. These are the people who prefer to save \$20,000 by buying in Hull or \$30,000 by opting for Gatineau. The Aylmer and outlying area markets are effectively less attractive, in that existing home prices are close to new home prices in these sectors.

Some buyers seem still be looking for good deals, though, and they will move out as far as Buckingham or Masson-Angers to find a market suited to them. And, in fact, in these two sectors by themselves, activity was up by more than 40 per cent in the last quarter of 2005. Single-detached houses were selling for around \$150,000 in these zones—an interesting solution despite the distance.

Economic Overview of the Gatineau Area

	4th Quarter 2004	1st Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005
Mortgage rate – 1-year (1)	4.9	4.9	4.8	5.0	5.6
Mortgage rate – 5-year (1)	6.3	6.1	5.9	5.8	6.2
Change in Consumer Confidence Index (2)	-4.0%	5.9%	-0.9%	-18.7%	9.6%
Good time to make a major outlay for items such as a home (% of positive replies) (2) (3)	51.9	57.2	56.2	49.8	46.4
Job creation (or loss) (3)	4,200	1,500	3,900	7,400	11,900
Unemployment rate (3)	6.7	8.5	5.8	7.0	5.5
Personal bankruptcies	362	437	405	378	n.a.
Annual inflation rate (2)	2.7%	2.1%	2.0%	2.9%	2.2%

Sources: Statistics Canada, Conference Board of Canada, Office of the Superintendent of Bankruptcy

Notes: (1) Canada (2) Quebec (3) Seasonally adjusted data

The new rise in listings is certainly not unrelated to the increase in sales, but this remains a double-edged sword. On the one hand, an increase, and therefore a diversification, in supply is profitable to buyers and represents a non-negligible incentive but, on the other hand, the more the listings will grow, the more they will gradually and permanently change the direction of the market, which will then move closer to a balanced situation.

Currently giving the advantage to sellers, the resale market is slowly but surely becoming more and more favourable to buyers for certain housing types. In most zones, the seller-to-buyer ratio has gained an average of one point for single-detached houses. The trend followed by this indicator is also confirming the hypothesis that demand is moving back to the central sectors. In fact, in Buckingham, Masson-Angers and the outlying area, the seller-to-buyer ratios went up by two to three points for single-detached houses. Even if sales are rising, supply is sufficiently high to offset the increase.

Upper-range market becomes favourable to buyers

Since the market was at its best, some sellers probably raised the price of their homes. As a result,

the Gatineau market ended up with many upper-range homes for sale. Of course, as was the case for the overall market, the rise in listings breathed new life into this segment, and it was not surprising to see sales of houses priced at \$200,000 or over go up by 27 per cent. However, a closer look reveals that this market segment is now giving the edge to buyers. The increase in supply therefore stimulated sales but also added a negotiating trump card for buyers. As a matter of fact, it should be mentioned that, at these prices, which are close to new home prices (even if they are for different property types), consumers who have the means can not only be selective on the existing home market but they can also look over at the new market. It is therefore not surprising that these homes take longer to sell. In terms of listing periods, these properties remain on the market for over three months, or one month more than houses in the other price ranges and one day longer than they did during the same period last year.

Semi-detached and row houses: scarce and in great demand

The recovery observed on the market affected almost all property types, with the exception of semi-detached and row houses, for which sales went up by just 1

per cent. With a seller-to-buyer ratio of 4 to 1, the semi-detached home market still greatly favours sellers, even if there are slightly more of them. It is not surprising to see that homes of this type posted a somewhat stronger increase in their average price (+7 per cent) than detached houses or condominiums (+6 per cent). In a context where the overall housing stock significantly gained in value in recent years, a property selling for under \$140,000 is a rare commodity in the area. Semi-detached and row homes are therefore midway between condominiums and single-detached houses, offering buyers the affordability of the former and the space of the latter.

In the fourth quarter, condominiums posted the most spectacular increase in sales (+51 per cent) among all the segments. It should be mentioned that the prices for homes of this type remain reasonable. In fact, even if sellers still have the edge, prices went up by only 4 per cent, representing the weakest growth on the market. In the case of plexes, prices climbed by 12 per cent and sales rose by 27 per cent. This housing type therefore continues to be of interest to small investors. However, since vacancy rates are on the rise, it would not be surprising to see a few substantial changes on this market in the short term.

Resale Market Conditions in the Outaouais Area - 4th Quarter 2005

Zones	Intended market	Raw Data								Smoothed Data (trend for the last 4 quarters) ¹									
		Sales				Active Listings (monthly average)				Selling Price			Price Sold/ Price Listed	Sellers per Buyer	Listing Period (days) ²	Market Classification			
		4th Quarter 2005	% Chg. from 4th Q 2004	Year-to-Date 2005	% Chg. from YTD 2004	4th Quarter 2005	% Chg. from 4th Q 2004	Year-to-Date 2005	% Chg. from YTD 2004	Average	% Chg. from Trend for 2004	Median	% Chg. from Trend for 2004	%	Number	Chg. from Trend for 2004	Number	Chg. from Trend for 2004	
Hull	Total	204	23	917	8	393	14	462	39	159,391	5	152,000	5	96	6	1	78	1	SELLER'S
	Freehold detached	54	0	261	-10	134	29	140	26	184,890	3	180,000	4	96	6	1	76	-5	SELLER'S
	Freehold semi-det. & row	45	0	192	12	49	17	56	44	167,659	4	166,500	3	97	3	0	65	12	SELLER'S
	Plex	24	-14	137	23	64	31	65	30	202,045	15	175,000	14	95	6	1	83	6	SELLER'S
	Condominium	81	108	327	16	146	-4	201	51	116,146	5	110,000	2	97	7	1	86	-1	SELLER'S
Aylmer	Total	111	-4	609	5	284	28	296	24	182,958	8	168,900	9	97	6	1	82	10	SELLER'S
	Freehold detached	60	0	367	13	187	31	197	23	207,265	4	195,000	3	96	6	0	88	10	SELLER'S
	Freehold semi-det. & row	45	15	196	-1	48	7	55	22	149,714	9	148,250	11	97	3	0	64	7	SELLER'S
	Plex	2	-67	18	-14	11	0	10	-17	**	**	**	**	**	**	**	**	**	**
	Condominium	4	-64	28	-26	38	65	34	55	**	**	**	**	**	**	**	**	**	**
Gatineau	Total	298	12	1,618	2	670	1	780	22	161,785	6	153,000	7	97	6	1	83	10	SELLER'S
	Freehold detached	163	19	911	2	441	-1	521	24	181,195	7	170,000	8	97	7	1	92	13	SELLER'S
	Freehold semi-det. & row	75	-11	456	0	120	21	130	21	131,798	6	132,450	4	97	3	0	62	3	SELLER'S
	Plex	32	52	111	-13	54	2	61	24	178,724	10	178,000	15	94	7	2	85	9	SELLER'S
	Condominium	28	12	140	23	55	-20	68	8	119,706	3	116,750	2	96	6	-1	98	20	SELLER'S
Buckingham	Total	27	-7	180	-1	80	10	83	30	124,721	14	120,375	12	96	6	2	78	9	SELLER'S
	Freehold detached	15	7	95	3	52	24	53	36	136,912	19	136,000	14	96	7	2	83	13	SELLER'S
	Freehold semi-det. & row	9	-31	70	-5	24	20	21	24	109,203	7	110,250	6	97	4	1	65	3	SELLER'S
	Plex	3	50	15	15	4	-67	9	13	**	**	**	**	**	**	**	**	**	**
	Condominium	0	--	0	-100	0	--	0	--	**	**	**	**	**	**	**	**	**	**
Masson-Angers	Total	51	46	235	-6	101	13	107	34	135,707	10	129,000	8	97	5	1	81	21	SELLER'S
	Freehold detached	16	-16	87	-15	41	-11	48	14	151,535	12	153,500	14	97	7	2	88	20	SELLER'S
	Freehold semi-det. & row	23	64	128	-4	51	76	46	59	119,751	7	123,000	7	98	4	1	69	18	SELLER'S
	Plex	12	500	20	43	9	-31	13	44	**	**	**	**	**	**	**	**	**	**
	Condominium	0	--	0	--	0	--	0	--	**	**	**	**	**	**	**	**	**	**
Outlying area	Total	98	-4	433	-10	300	14	344	24	194,689	4	189,000	8	95	10	3	100	2	BALANCED
	Freehold detached	94	-6	422	-11	291	12	336	24	196,281	5	190,000	9	95	10	3	100	3	BALANCED
	Freehold semi-det. & row	1	0	2	100	1	--	1	--	**	**	**	**	**	**	**	**	**	**
	Plex	3	200	9	29	6	100	7	17	**	**	**	**	**	**	**	**	**	**
	Condominium	0	--	0	--	1	--	0	--	**	**	**	**	**	**	**	**	**	**
Gatineau CMA	Total	789	10	3,992	2	1,828	10	2,073	27	164,770	6	154,000	8	96	6	1	83	7	SELLER'S
	Freehold detached	402	5	2,143	-1	1,146	10	1,295	24	185,812	6	175,000	9	96	7	1	90	8	SELLER'S
	Freehold semi-det. & row	198	1	1,044	1	294	25	309	30	138,774	7	136,000	6	97	4	1	64	7	SELLER'S
	Plex	76	27	310	6	148	5	165	24	183,209	13	165,000	12	95	6	1	89	7	SELLER'S
	Condominium	113	51	495	14	240	-2	304	39	117,114	5	113,900	4	97	7	1	91	8	SELLER'S
Outaouais rural part	Total	100	27	451	10	317	20	349	20	114,843	9	95,000	3	93	9	1	109	0	BALANCED
	Freehold detached	93	21	433	10	303	19	335	21	116,143	10	97,500	8	93	9	1	109	1	BALANCED
	Freehold semi-det. & row	0	-100	5	67	3	50	2	-33	**	**	**	**	**	**	**	**	**	**
	Plex	7	600	13	-7	9	50	12	9	**	**	**	**	**	**	**	**	**	**
	Condominium	0	--	0	-100	2	100	1	--	**	**	**	**	**	**	**	**	**	**
Total Outaouais	Total	889	12	4,443	2	2,145	12	2,422	26	159,814	6	150,000	8	96	7	2	86	7	SELLER'S
	Freehold detached	495	7	2,576	1	1,449	12	1,630	24	174,320	6	168,000	8	96	8	2	93	7	BALANCED
	Freehold semi-det. & row	198	1	1,049	1	297	25	311	30	138,425	7	136,000	7	97	4	1	64	7	SELLER'S
	Plex	83	36	323	5	158	7	176	22	179,699	13	163,000	12	95	7	1	91	6	SELLER'S
	Condominium	113	51	495	14	242	-1	305	40	117,114	5	113,900	4	97	7	1	91	8	SELLER'S

Source: CIO (CMHC compilation and classification)

* Confidential data or lack of data (fewer than 40 sales in the last 4 quarters).

** There is no market classification when there have been fewer than 40 sales in the last 4 quarters.

Resale Market Conditions in the Gatineau CMA - 4th Quarter 2005

Statistics by Price Range

Intended Market	Price Range	Raw Data				Smoothed Data (trend for last 4 quarters)			
		Sales		Sellers per		Listing Period			
		4th Quarter 2005	% Chg. from 4th Q 2004	Year-to-Date 2005	% Chg. from YTD 2004	Trend for 2005 (number)	Trend for 2004 (number)	Trend for 2005 (number)	Chg. from Trend for 2004
Freehold	Total	600	3	3,187	0	6	5	83	6
	Under \$100,000	33	-40	206	-38	4	3	78	1
	\$100,000 to \$149,999	195	-14	1,075	-19	4	3	70	7
	\$150,000 to \$199,999	231	24	1,188	27	5	5	77	4
	\$200,000 or over	141	27	718	18	11	10	107	10
Plex	Total	76	27	310	6	6	5	89	7
	Under \$100,000	1	-90	20	-52	**	3	**	**
	\$100,000 to \$149,999	25	25	104	-5	4	5	91	14
	\$150,000 to \$199,999	21	50	77	13	8	6	72	-8
	\$200,000 or over	29	81	109	49	8	8	92	12
Condominium	Total	113	51	495	14	7	6	91	8
	Under \$100,000	35	75	145	1	6	5	90	-6
	\$100,000 to \$149,999	66	32	302	17	7	6	88	10
	\$150,000 to \$199,999	10	150	41	46	12	**	121	48
	\$200,000 or over	2	100	7	40	**	**	**	**

Source: CIO (CMHC compilation)

NOTES AND DEFINITIONS

Market zones

- Aylmer** : Gatineau sector corresponding to the former municipality of Aylmer.
- Hull** : Gatineau sector corresponding to the former municipality of Hull.
- Gatineau** : Gatineau sector corresponding to the former municipality of Gatineau.
- Buckingham** : Gatineau sector corresponding to the former municipality of Buckingham.
- Masson-Angers** : Gatineau sector corresponding to the former municipality of Masson-Angers.
- Outlying area** : Cantley, Chelsea, La Pêche, Pontiac, Val-des-Monts.
- Gatineau CMA** : Gatineau census metropolitan area, as defined by Statistics Canada.

Outaouais rural part : Alayn-et-Cawood, Aumont, Blue Sea, Boileau, Bois-Franc, Bouchette, Bowman, Bristol, Bryson, Campbell's Bay, Cayamant, Chénéville, Chichester, Clarendon, Délage, Denholm, Duhamel, Egan-Sud, Fassett, Fort-Coulonge, Gracefield, Grand-Calumet, Grand-Remous, Kazabazua, Lac-des-Plages, Lac-Sainte-Marie, Lac-Simon, L'Ange Gardien, Leslie-Clapham-et-Huddersfield, L'Isle-aux-Allumettes, Lochaber, Lochaber-Partie-Ouest, Low, Maniwaki, Mansfield-et-Pontefract, Mayo, Messines, Montcerf-Lytton, Montebello, Montpellier, Mulgrave-et-Derry, Namur, Northfield, Notre-Dame-de-Bonsecours, Notre-Dame-de-la-Paix, Notre-Dame-de-la-Salette, Papineauville, Plaisance, Portage-du-Fort, Rapides-des-Joachims, Ripon, Saint-André-Avellin, Saint-Émile-de-Suffolk, Sainte-Thérèse-de-la-Gatineau, Saint-Sixte, Shawville, Thorne, Thurso, Val-des-Bois, Val-des-Monts, Waltham, Wright.

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

Indicator definitions

MEDIAN PRICE: 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.

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.

Notes

¹ All data published in this publication is smoothed data, with the exception of sales and active listings.

² The listing period may 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.