

A

ANALYSIS OF THE RESALE MARKET FIRST QUARTER 2006

Gatineau Metropolitan Area

An objective look at housing

Canada Mortgage and Housing Corporation

www.cmhc.ca

MAI 2006

Market at a glance

1st Quarter 2006 vs.
1st Quarter 2005

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

Growth Continues on the Resale Market

According to data from the Chambre immobilière de l'Outaouais (CIO), sales of existing residential properties in the Gatineau metropolitan area went up by 9 per cent in the first quarter of 2006. The recovery that began in the third quarter of 2005 therefore continued on the resale market. Sales increased for a third straight quarter, as 1,014 transactions were recorded through the Service inter-agences / Multiple Listing Service (S.I.A.[®] / MLS[®]) from January to March 2006, compared to 921 during the same period last year.

The rise in properties for sale that started in 2005 will continue, but at a more moderate pace. In fact, there were 2,129 active listings on the market in the first quarter, for a gain of 4 per cent. The growth observed in the first quarter benefited almost all dwelling types, with sales having increased in all housing categories, except in the plex segment. However, with the high volume of sales, the market remained favourable to sellers, as the seller-to-buyer ratio stayed at 6 to 1. However, the rate of increase in average prices continued to slow. The growth has been below 10 per cent for the last five quarters and reached 5 per cent in the first quarter of 2006.

These results for the resale market, along with those for the residential construction sector, suggest that the Outaouais real estate market is booming again. In fact, housing starts increased by 38 per cent. While, at the end of 2005, the renewed rise in listings was hindering the new home market, this sector started 2006 with an upswing in single-detached home building.

The good performance of the economy was certainly not unrelated to this renewed activity on the housing market. In the Gatineau area, employment growth has picked up the pace since the end of 2005. In the first quarter, more than 15,000 jobs were created, most of them full-time. As a result, the unemployment rate registered a significant decrease of two percentage points and reached 5.8 per cent, and average weekly earnings rose from \$724.50 in March 2005 to \$743.80 in March 2006. The regional economy is therefore regaining strength and will fare even better if the high-technology sector recovers. However, the consumer confidence index has been slow in rising again (115.9 in the first quarter of 2006, compared to 123.3 during the same period in 2005). As well, with the in-

Free electronic reports

Effective November 2005, standard electronic reports on the housing market are now free.

To view or download these reports, go to:

www.cmhc.ca/mktinfo/store/

To get specialty publications on the resale market, go to:

http://www.cmhc.ca/en/Region/quebec/quebec_004.cfm

For more information, please contact our client services at:

1 866 855-5711

CHAMBRE  IMMOBILIÈRE
DE L'OUTAOUAIS

In collaboration with



The Quebec Federation of Real Estate Boards



Canada 

crease in home prices, the resale market should finally calm down by next year, given that fewer and fewer consumers are thinking that now is a good time to buy a property.

Activity Jumps Up in the Outlying Sectors

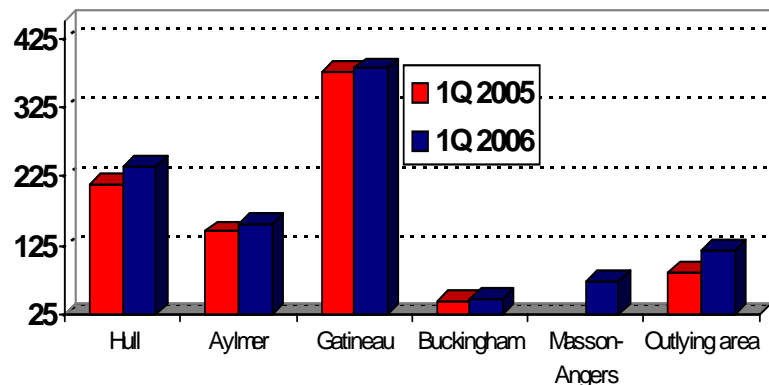
The first quarter results reflected growth across all resale market sectors. Except for Gatineau, which registered a small increase of 1 per cent, all sectors saw their sales rise rather significantly. Even though the sales volumes indicate that buyers still prefer the central zones, the growth rates show that the outlying area and Masson-Angers performed the best, with gains of 38 per cent and 16 per cent, respectively. Hull did not do too poorly, either, as this sector posted the strongest increase in the entire urban zone (Aylmer-Hull-Gatineau core), at 12 per cent, while Aylmer ranked second (+8 per cent) and Gatineau brought up the rear. However, as usual, this last sector recorded the largest volume of transactions.

On the supply side, though, the figures showed some differences. In fact, in Hull and Gatineau, new listings fell

Source: CIO, CMHC compilation

slightly, by 2 per cent and 3 per cent, respectively, while, in Masson, supply decreased by 13 per cent. Conversely, in the other three sectors (Aylmer, Buckingham and the outlying area), new listings were numerous and rose by 21 per cent, 28 per cent and 18 per cent, respectively. In the case of Aylmer and the outlying area, where prices have reached rather high levels, it is not impossible that the lure of gain was once again responsible for this influx of new listings. With the average prices in these sectors having attained \$182,706 and \$192,954, respectively, it is easy to imagine that many homeowners would

Total Sales by Sector



want to take advantage of the situation. The same holds true in Buckingham, where prices are reasonable (average of \$126,870) but rising rapidly—this is the only sector with double-digit growth in prices (+13 per cent). There, too, homeowners are being tempted to put their homes up for sale to benefit from the increase in their equity, which is driving up the number of active listings.

Listings are therefore continuing to push up sales, and they are also affecting prices somewhat. They certainly helped ease conditions on the market, but this did not result in substantially

Economic Overview of the Gatineau Area

	Ist Quarter 2005	2nd Quarter 2005	3rd Quarter 2005	4th Quarter 2005	Ist Quarter 2006
Mortgage rate – 1-year (1)	5,1	4,8	5,0	5,8	6,1
Mortgage rate – 5-year (1)	6,3	5,7	5,8	6,3	6,5
Change in Consumer Confidence Index (2)	5,9%	-0,9%	-18,7%	9,6%	6,5%
Good time to make a major outlay for items such as a home (% of positive replies) (2) (3)	57,2	56,2	49,8	46,4	53,3
Job creation (or loss) (3)	2 900	2 367	6 267	11 433	15 900
Unemployment rate (3)	7,8	7,3	6,3	6,1	5,8
Personal bankruptcies	437	405	378	377	n.a.
Annual inflation rate (2)	2,1%	2,0%	2,9%	2,1%	n.a.

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

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

higher seller-to-buyer ratios. Had only the number of sellers risen, the market would now be closer to its balance point. However, given that the number of buyers also increased significantly, the ratios went up by just one to two points in most cases. Overall, the market therefore continues to favour sellers.

In some sectors of the metropolitan area, though, the market is already balanced for certain housing types. For the rest, other factors, like the rise in mortgage rates, will have to come into play for there to be some real movement toward balanced markets.

Freehold Home Segment Still a Seller's Market, Except for Upscale Properties

For freehold homes priced at under \$200,000, the seller-to-buyer ratio is slowly rising but remains below 5 to 1. A review of the sales volumes reveals that transactions did rise in this price range, but less so than in the upscale category and, yet, this last segment has been a buyer's market since the end of 2005 and reached a seller-to-buyer ratio of 11 to 1 in the first quarter of 2006.

Does this mean that upper-range homes are less in demand? Not really, in fact, this niche is rather a victim of its own success. The growth in prices stimulated an increase in supply, that is, new listings, which, in this particular case, went up more significantly than the volume of transactions. But this volume was not negligible, as there were 198 upscale home sales in the first quarter, for a significant gain of 29 per cent. This segment is therefore still on the

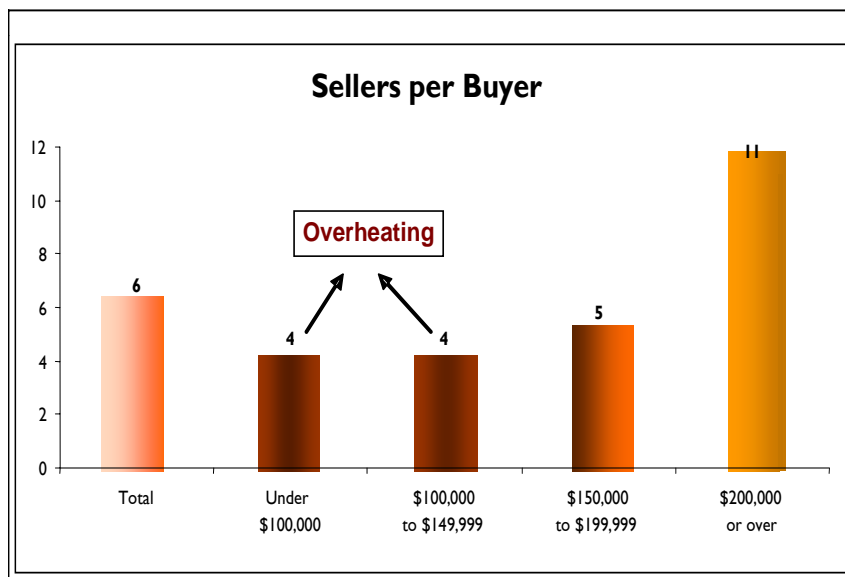
rise, but shows a slower rate of absorption (average listing period of 105 days, compared to 76 days in the case of lower-range homes), such that buyers now have more choice.

As well, since buyers have the means, they can also opt to get a house built. On the new home market, even though the growth in the average prices has been slowing for the past three quarters, property values averaged at about \$190,000 during the first three months of 2006, a level that therefore compares very well with the prices on the resale market. It should be specified, however, that this comparison is made between all categories combined for the new home market and upscale properties only for the resale market. Consequently, for the same price, buyers would not be getting equivalent homes on both markets and would face a dilemma. They would have to choose between a new home, for which they would decide every last detail, and an existing one, which would be in a superior category

(in terms of size and even features) but would have already been lived in.

Market Remains Very Tight for Freehold Homes Under \$150,000

Contrary to the upscale property category, the somewhat less expensive existing home segments are seller's markets and are even overheating in some cases. In fact, for properties priced at under \$150,000, the seller-to-buyer ratio remains very low, even if it went up by one point, from 3 to 4 to 1. With no new listings, sales are no longer increasing in this price range. In the lowest price category (properties selling for under \$100,000), transaction fell, while, for homes priced between \$100,000 and \$150,000, they increased by 9 per cent. Given the rising interest rates, it goes without saying that demand in these price ranges should be growing. In fact, it can be noted that, the higher the price, the more sellers there are for every buyer.



Source: CIO, CMHC compilation

Plex Market Slowing Down

The recovery observed on the market extended to all property types, except plexes, for which sales fell by 31 per cent. With a seller-to-buyer ratio of 7 to 1, the plex market still strongly favours sellers, even if there are slightly more of them. However, properties of this type posted a slightly greater increase in their average price (+7 per cent) than the other housing types. This upward trend caused the average prices to double over five years. It should be recalled that, with the vacancy rate having stayed very low in 2004, plexes started attracting the attention of certain households and investors again, such that sales had been back on the rise since the beginning of 2005. The growth in prices certainly drew some new listings but also discouraged some potential buyers. It should not be forgotten that, at the end of last year, the CMHC Rental Market Survey results revealed that the market had eased, as the vacancy rate had risen above 3 per cent and rents had remained stable. For

many, plexes therefore now seem less attractive, with a hypothetical return on investment in some cases. Consequently, over the medium term, interest in plexes will decline, and perhaps then prices will be more in line with expected income levels.

Condominiums Still Popular

While the condominium market had started to ease somewhat at the end of 2005 and shift slightly toward a buyer's market, it has since stopped moving in this direction. In fact, the seller-to-buyer ratio seems to have paused at 7 to 1, a level that has been holding for the past six months. Here, as well, a renewed supply re-energized a market that had slowed down somewhat at the end of 2005, with practically stable sales volumes. From January to March 2006, 136 condominiums changed owners, for an increase of 30 per cent.

The rising inventories of new condominiums were suggesting that properties of this type had gone

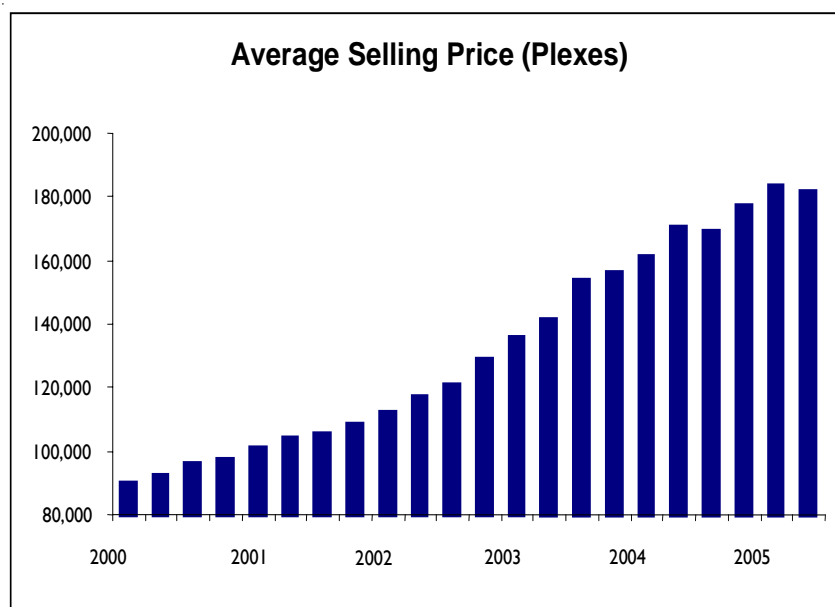
out of style, but the first quarter results seem to be pointing to the contrary. In fact, given the new condominium projects under construction and the performance of the resale market, this housing type is rising from its still hot ashes.

It should be specified that condominiums posted the weakest growth in prices in the first quarter. With an average price of \$118,000, condominiums offer one of the most affordable ways to access homeownership.

However, condominium listings decreased by 11 per cent, and this decline in supply should curb enthusiasm in this market segment. As well, if the new units that get under way are in the lower price ranges, the competition with the resale market will be fierce, which will bring down the sales volume.

Summary

The Gatineau resale market is therefore still doing well. Even though conditions differ depending on the sectors and the housing types, certain trends are emerging: sales are increasing overall, and both the rise in listings and the growth in prices are slowing down. The high volume of listings at the end of 2005 is pointing to a market that will be essentially dominated by second-time home buyers in the near future. These owners, who will take advantage of the high prices to put their properties up for sale on the market, will have to find other homes, and this will create a new potential demand. It remains to be seen which housing type they will choose.



Source: CIO, CMHC compilation

Resale Market Conditions in the Outaouais Area- 1st Quarter 2006

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					Listing Period (days) ²					Market Classification		
		Ist Quarter 2006	% Chg. from 1st Quarter 2005	Year-to-Date 2006	% Chg. from YTD 2005	Ist Quarter 2006	% Chg. from 1st Quarter 2005	Year-to-Date 2006	% Chg. from YTD 2005	Average	% Chg. from 2005 Trend	Median	% Chg. from 2005 Trend	Price	% Chg. from 2005 Trend	Sold/ Price Listed	Sellers per Buyer	Chg. from 2005 Trend	Number	Chg. from 2005 Trend	Number	Chg. from 2005 Trend	Number	Chg. from 2005 Trend	Number	Chg. from 2005 Trend			
Hull	Total	239	12	239	12	442	-2	442	-2	161 410	3	154 250	3	96	3	96	6	1	77	-1	77	-1	77	-1	77	-1	Seller's		
	Freehold detached	93	50	93	50	149	17	149	17	191 442	7	185 000	8	96	8	96	6	1	77	5	77	5	77	5	77	5	SELLERS		
	Freehold semi-det. & row	52	16	52	16	44	-10	44	-10	168 802	3	169 000	4	97	4	97	3	0	63	8	63	8	63	8	63	8	SELLERS		
	Plex	25	-39	25	-39	72	26	72	26	196 405	4	170 000	3	95	3	95	7	2	81	-1	81	-1	81	-1	81	-1	SELLERS		
	Condominium	69	5	69	5	177	-18	177	-18	117 685	4	111 500	3	97	3	97	7	0	85	-2	85	-2	85	-2	85	-2	SELLERS		
Aylmer	Total	157	8	157	8	328	21	328	21	182 706	6	170 000	9	97	9	97	6	1	87	14	87	14	87	14	87	14	Seller's		
	Freehold detached	89	3	89	3	228	27	228	27	208 322	4	204 500	8	96	8	96	7	1	90	9	90	9	90	9	90	9	SELLERS		
	Freehold semi-det. & row	40	-15	40	-15	54	4	54	4	152 716	10	150 000	10	97	10	97	4	1	66	10	66	10	66	10	66	10	SELLERS		
	Plex	4	-33	4	-33	13	30	13	30	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
	Condominium	24	243	24	243	34	17	34	17	106 749	-4	94 900	-21	98	-21	98	9	2	145	77	145	77	145	77	145	77	**		
Gatineau	Total	381	1	381	1	803	-3	803	-3	162 736	6	153 900	6	97	6	97	6	0	82	6	82	6	82	6	82	6	SELLERS		
	Freehold detached	207	0	207	0	531	-5	531	-5	182 580	6	172 000	8	97	8	97	7	0	89	6	89	6	89	6	89	6	SELLERS		
	Freehold semi-det. & row	112	-4	112	-4	140	3	140	3	131 803	3	132 500	3	97	3	97	4	1	61	1	61	1	61	1	61	1	SELLERS		
	Plex	19	-14	19	-14	65	7	65	7	181 442	9	181 250	11	95	11	95	7	1	94	24	94	24	94	24	94	24	SELLERS		
	Condominium	43	34	43	34	67	-7	67	-7	122 060	6	118 000	3	97	3	97	5	-2	87	-5	87	-5	87	-5	87	-5	SELLERS		
Buckingham	Total	48	7	48	7	97	28	97	28	126 870	13	125 000	15	96	15	96	6	2	80	13	80	13	80	13	80	13	Seller's		
	Freehold detached	26	53	26	53	62	55	62	55	135 979	14	138 000	16	96	16	96	7	2	84	10	84	10	84	10	84	10	SELLERS		
	Freehold semi-det. & row	20	-13	20	-13	20	-17	20	-17	113 976	10	116 500	11	97	11	97	4	1	73	18	73	18	73	18	73	18	SELLERS		
	Plex	2	-60	2	-60	15	15	15	15	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
	Condominium	0	--	0	--	0	--	0	--	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
Masson-Angers	Total	72	16	72	16	103	-13	103	-13	134 934	6	129 000	3	97	3	97	5	0	76	12	76	12	76	12	76	12	Seller's		
	Freehold detached	21	-19	21	-19	48	-9	48	-9	151 377	7	155 000	11	97	11	97	7	1	83	9	83	9	83	9	83	9	SELLERS		
	Freehold semi-det. & row	49	44	49	44	44	-6	44	-6	120 479	4	122 500	3	98	3	98	4	1	68	18	68	18	68	18	68	18	SELLERS		
	Plex	2	0	2	0	11	-39	11	-39	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
	Condominium	0	--	0	--	0	--	0	--	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
Outlying area	Total	117	38	117	38	354	18	354	18	192 954	2	180 500	0	95	0	95	9	2	101	4	101	4	101	4	101	4	BALANCED		
	Freehold detached	114	37	114	37	341	15	341	15	194 815	2	185 000	2	95	2	95	9	2	101	5	101	5	101	5	101	5	BALANCED		
	Freehold semi-det. & row	1	--	1	--	0	-100	0	-100	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
	Plex	2	0	2	0	9	200	9	200	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
	Condominium	0	--	0	--	3	3	3	3	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
Gatineau CMA	Total	1 014	9	1 014	9	2 129	4	2 129	4	165 562	5	154 900	7	96	7	96	6	0	83	6	83	6	83	6	83	6	SELLERS		
	Freehold detached	550	14	550	14	1 360	8	1 360	8	187 124	5	175 500	6	96	6	96	7	1	90	5	90	5	90	5	90	5	SELLERS		
	Freehold semi-det. & row	274	3	274	3	303	-2	303	-2	139 844	5	136 500	5	97	5	97	4	1	64	7	64	7	64	7	64	7	SELLERS		
	Plex	54	-31	54	-31	184	14	184	14	181 565	6	166 000	7	95	7	95	7	1	89	6	89	6	89	6	89	6	SELLERS		
	Condominium	136	30	136	30	282	-11	282	-11	118 043	4	114 000	1	97	1	97	7	0	91	4	91	4	91	4	91	4	SELLERS		
Outaouais rural part	Total	100	0	100	0	346	9	346	9	113 341	3	92 000	-2	93	-2	93	10	2	101	-16	101	-16	101	-16	101	-16	BALANCED		
	Freehold detached	98	2	98	2	326	7	326	7	114 179	3	96 000	2	93	2	93	9	1	99	-18	99	-18	99	-18	99	-18	BALANCED		
	Freehold semi-det. & row	0	-100	0	-100	6	100	6	100	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
	Plex	1	-50	1	-50	11	57	11	57	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
	Condominium	1	--	1	--	2	100	2	100	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**		
Total Outaouais	Total	1 114	8	1 114	8	2 474	5	2 474	5	160 468	5	150 000	6	96	6	96	7	1	85	4	85	4	85	4	85	4	SELLERS		
	Freehold detached	648	12	648	12	1 686	8	1 686	8	175 330	5	168 900	7	96	7	96	8	1	91	1	91	1	91	1	91	1	BALANCED		
	Freehold semi-det. & row	274	2	274	2	309	-1	309	-1	139 677	5	136 500	5	97	5	97	4	1	64	7	64	7	64	7	64	7	SELLERS		
	Plex	55	-31	55	-31	196	15	196	15	178 332	6	162 750	9	95	9	95	7	1	91	5	91	5	91	5	91	5	SELLERS		
	Condominium	137	30	137	30	284	-10	284	-10	117 932	4	114 000	1	97	1	97	7	0	91	5	91	5	91	5	91	5	SELLERS		

* 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 - 1st Quarter 2006

Statistics by Price Range

Intended Market	Price Range	Raw Data				Smoothed Data (trend for last 4 quarters)			
		Sales		Sellers per Buyer		Listing Period			
		1st Quarter 2006	% Chg. from 1st Quarter 2005	Year-to-Date 2006	% Chg. from YTD 2005	Trend for 2006 (number)	Trend for 2005 (number)	Trend for 2006 (number)	Chg. from 2005 Trend
Freehold	Total	824	10	824	10	6	5	83	5
	Under \$100,000	45	-15	45	-15	4	3	81	7
	\$100,000 to \$149,999	294	9	294	9	4	3	71	8
	\$150,000 to \$199,999	287	6	287	6	5	5	76	0
	\$200,000 or over	198	29	198	29	11	10	105	4
Plex	Total	54	-31	54	-31	7	6	89	6
	Under \$100,000	2	-60	2	-60	**	**	**	**
	\$100,000 to \$149,999	17	-37	17	-37	4	5	90	10
	\$150,000 to \$199,999	21	17	21	17	7	7	76	1
	\$200,000 or over	14	-50	14	-50	11	7	94	7
Condominium	Total	136	30	136	30	7	7	91	4
	Under \$100,000	37	37	37	37	5	6	93	-5
	\$100,000 to \$149,999	84	20	84	20	6	7	89	11
	\$150,000 to \$199,999	11	38	11	38	12	**	99	-19
	\$200,000 or over	4	*	4	*	**	**	**	**

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.