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ANALYSIS OF THE RESALE MARKET THIRD QUARTER 2006

Gatineau Metropolitan Area

An objective look at housing

Canada Mortgage and Housing Corporation

www.cmhc.ca

Date Released: Fourth Quarter 2006

Market at a glance

3rd Quarter 2006 vs.
3rd Quarter 2005

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

First Decrease Since January on the Resale Market

According to data from the Chambre immobilière de l'Outaouais (CIO), sales of existing homes in the Gatineau area fell by 4 per cent in the third quarter of 2006. The upward trend that began at the end of 2005 was therefore put on hold. Sales decreased for the first time in three quarters, as 977 transactions were registered on the Service inter-agences / Multiple Listing Service (S.I.A. / MLS)[®] from July to September 2006, compared to 1,019 during the same period last year.

While the number of properties for sale had posted impressive hikes in 2005, this has no longer been the case in 2006. In fact, during the first three quarters of this year, there have been only small increases in active listings, with rises of 6 per cent from January to March and just 2 per cent during

the following six months. In the third quarter, there were 2,087 active listings.

The decrease in sales observed in the third quarter affected almost all housing types, except plexes. Still, the market has remained favourable to sellers, with the seller-to-buyer ratio staying at 6 to 1. In fact, the rather small decrease in sales, along with relatively stable listings, did not have a sufficient impact to give more negotiating power to buyers. It should be noted however that, even though sellers still have the edge, they seem more reasonable in terms of their selling price expectations. The increase in the average price therefore continued to slow down. The rate of growth has been below 8 per cent for the last seven quarters and reached 5 per cent in the third quarter of 2006.

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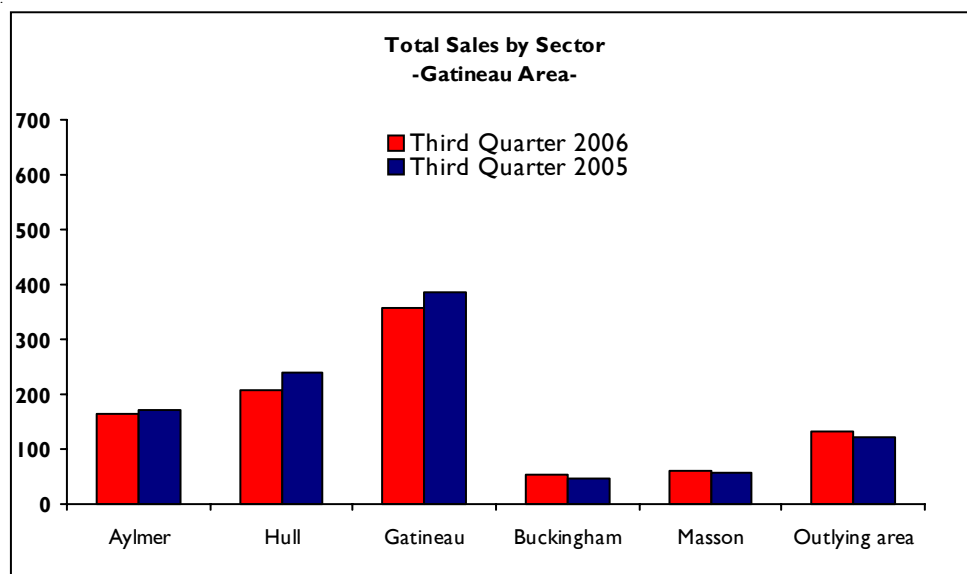


Canada 

Condominiums Losing Momentum

In the third quarter, the condominium market lost some of its brilliance. In fact, while sales of properties of this type had been rising very rapidly since the third quarter of 2005 (average quarterly increase of 37 per cent), they fell for the first time in a year from July to September, as they registered a decrease of 4 per cent. It should be mentioned that condominiums had been contending with a shortage of listings since the beginning of the year. In the third quarter, supply declined by 10 per cent in this market segment, while the other housing types did not experience the same problem. Even with the significant construction of condominiums in recent years, supply is no longer sufficient to meet demand on the resale market. Given this declining supply, condominiums are the only housing type for which the seller-to-buyer ratio is decreasing. Having now reached 6 to 1, this ratio is moving away from the balanced range.

Although the other segments have remained seller's markets, conditions have eased slightly for certain property



Source: CIO, CMHC compilation

types. In fact, semi-detached houses and plexes saw their seller-to-buyer ratios rise by one point. Contrary to condominiums, plexes recorded an increase in supply of 5 per cent this past quarter, while semi-detached and row homes registered a decrease in supply of 2 per cent. The only housing type for which demand declined but supply held up was single-detached houses, as sales fell by 3 per cent, while listings rose by 5 per cent.

In general, these statistics seem to indicate that the trend observed on the new home market is progressively taking hold on the resale market. Demand is increasingly moving toward smaller and less expensive properties and away from larger homes. However, supply is limiting growth in the condominium, semi-detached and row home market segments, which is causing some buyers to turn to the new home market.

Economic Overview of the Gatineau Area

	3rd Quarter 2005	4th Quarter 2005	1st Quarter 2006	2nd Quarter 2006	3rd Quarter 2006
Mortgage rate – 1-year (1)	5.0	5.6	5.9	6.4	6.5
Mortgage rate – 5-year (1)	5.8	6.2	6.4	6.8	6.8
Change in Consumer Confidence Index (2)	-18.7%	9.6%	6.5%	4.1%	-1.4%
Good time to make a major outlay for items such as a home (% of positive replies) (2) (3)	49.8	46.4	53.3	53.8	52.0
Job creation (or loss) (3)	8,300	12,400	15,100	5,100	3,800
Unemployment rate (3)	6.9	5.6	6.3	5.3	4.3
Personal bankruptcies	378	377	421	329	n.a.
Annual inflation rate (2)	2.9%	2.1%	2.3%	2.4%	1.5%

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

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

Growth Continues in Outlying Sectors

In the third quarter, the urban core of the Gatineau area did not post the best results on the resale market. Rather, the outskirts registered the best performances. In fact, while activity was declining in the Gatineau (-7 per cent), Hull (-13 per cent) and Aylmer (-4 per cent) sectors, the Buckingham (+13 per cent), Masson (+9 per cent) and outlying area (+9 per cent) markets seemed to be booming.

It therefore has to be noted that, even if remoteness is a deterring factor, some buyers prefer the distance to higher mortgage payments, especially in the eastern sectors (Masson and Buckingham). In fact, for a single-detached house, buyers will pay, on average, \$58,000 less in Masson, and \$64,000 less in Buckingham, than in Gatineau. Finances are major

argument, especially when the purse strings are somewhat tight.

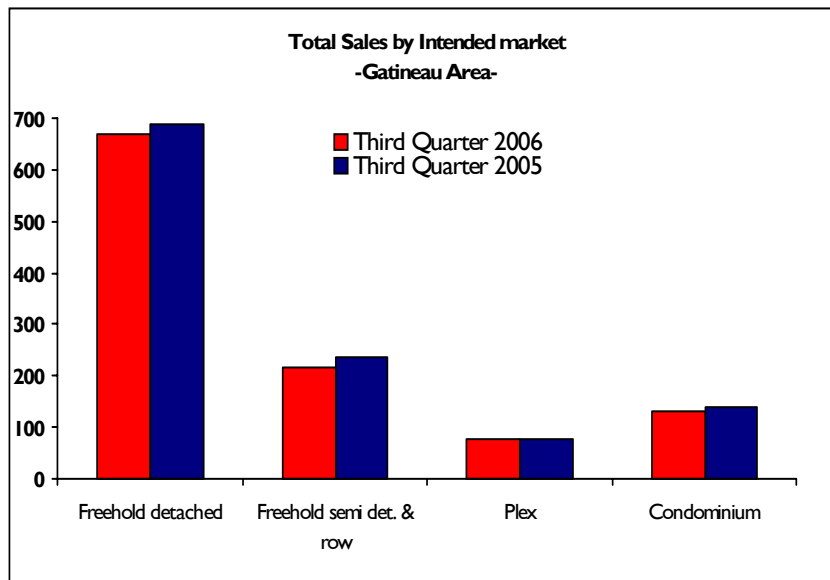
Certainly, households got some respite from the mortgage rates, which prompted a number of them to access homeownership. However, prices have risen so significantly in the last three years that the anticipated small decreases in interest rates are not giving much latitude to buyers.

As for the outlying area, the motivations of buyers are obviously not financial, on the contrary. With single-detached houses selling for an average of \$196,500, buyers are not seeking affordable homes. Instead of avoiding the remoteness, these buyers appreciate the calm provided by properties located outside the city and pay more to live almost in the country. In some sectors (Chelsea), the homes are situated on one-acre lots, which, from the outset, add to the value of the properties.

However, even if sales are on the rise, the single-detached home market in the outlying area is the only one that is balanced, and has been so since the end of 2004.

It should be mentioned, though, that the outlying area includes Chelsea, Cantley and La Pêche, as well as Pontiac and Val-des-Monts, with the latter municipalities being very different from the former.

As for substitutes to single-detached houses, like condominiums, semi-detached houses and row homes, they are scarcer outside the urban centres. In fact, in the past, the availability of lands and the low home prices had not encouraged the construction of these types of housing. It therefore comes as no surprise that these properties are absent from the resale market in the outlying area. While in small numbers, there have been more and more transactions involving semi-detached houses in Buckingham and Masson. In the Masson sector, 32 semi-detached and row homes changed hands, for an increase of 7 per cent. Contrary to Buckingham, this sector had a period, in the mid-1990s, when the construction of homes of this type was more vigorous, while the real estate market was not doing as well. Today, even if potential buyers more often opt for townhouses close to the urban core composed of the Hull, Aylmer and Gatineau sectors, this trend could extend to the eastern sectors.



Source: CIO, CMHC compilation

Resale Market Conditions in the Outaouais Area - 3rd Quarter 2006

Zones	Intended market	Raw Data										Smoothed Data (trend for the last 4 quarters) ¹										Market Classification
		Sales					Active Listings (monthly average)					Selling Price					Price Sold/ Price Listed					
		3rd Quarter 2006	% Chg. from 3rd Quarter 2005	Year-to-Date 2006	% Chg. from YTD 2005	3rd Quarter 2006	% Chg. from 3rd Quarter 2005	Year-to-Date 2006	% Chg. from YTD 2005	Average	% Chg. from 2005 Trend	Median	% Chg. from 2005 Trend	Number	% Chg. from 2005 Trend	Number	% Chg. from 2005 Trend	Listing Period (days) ²	Number	% Chg. from 2005 Trend		
	Total	208	-13	744	4	411	-15	430	-9	169,616	6	159,950	5	96	5	80	5	SELLERS				
	Freehold detached	75	14	270	30	142	3	152	10	203,081	12	188,750	8	96	5	-1	80	3	SELLERS			
	Freehold semi-det. & row	31	-28	124	-16	39	-32	38	-32	172,126	3	174,500	6	97	3	0	55	-4	SELLERS			
	Plex	27	-13	99	-12	69	5	71	13	204,413	5	181,000	6	95	7	2	81	0	SELLERS			
	Condominium	75	-24	251	2	161	-28	169	-21	123,160	6	117,250	7	97	6	-2	94	13	SELLERS			
	Total	164	-4	548	10	336	18	342	17	186,414	3	175,500	6	97	6	1	81	2	SELLERS			
	Freehold detached	101	-8	327	7	225	17	232	18	211,227	2	205,000	6	96	7	1	85	1	SELLERS			
	Freehold semi-det. & row	48	-2	157	4	68	19	67	22	156,521	6	153,000	6	97	4	1	60	-2	SELLERS			
	Plex	3	-57	17	6	9	-10	10	0	**	**	**	**	**	**	**	**	**	**			
	Condominium	12	140	47	96	35	35	33	3	112,700	0	99,900	-13	98	8	-2	143	37	BALANCED			
	Total	358	-7	1,279	-3	763	5	809	2	169,011	6	157,000	5	97	6	0	75	-6	SELLERS			
	Freehold detached	191	-12	707	-5	483	1	522	-3	190,317	6	178,000	6	97	7	0	82	-7	SELLERS			
	Freehold semi-det. & row	91	-13	361	-5	129	7	139	9	134,861	3	135,000	2	97	4	1	58	-3	SELLERS			
	Plex	32	14	86	9	74	16	75	21	193,000	12	190,000	9	96	7	0	84	11	SELLERS			
	Condominium	44	26	125	12	77	26	74	6	127,191	8	122,900	7	97	5	-1	74	-27	SELLERS			
	Total	54	13	168	10	79	5	95	16	126,725	5	124,900	7	96	6	1	79	7	SELLERS			
	Freehold detached	35	-3	94	18	51	0	60	15	132,704	1	134,000	1	96	6	0	90	17	SELLERS			
	Freehold semi-det. & row	14	40	58	-5	21	24	22	10	117,374	7	120,000	8	97	4	1	68	5	SELLERS			
	Plex	5	150	16	33	7	0	13	30	**	**	**	**	**	**	**	**	**	**			
	Condominium	0	**	0	**	0	**	0	**	**	**	**	**	**	**	**	**	**	**			
	Total	62	9	215	17	95	-3	102	-3	138,194	4	130,000	1	97	5	0	71	-1	SELLERS			
	Freehold detached	25	0	72	1	56	24	53	10	155,573	6	155,000	5	96	7	1	80	0	SELLERS			
	Freehold semi-det. & row	32	7	127	21	28	-32	39	-9	123,210	4	125,000	2	98	3	-1	58	-5	SELLERS			
	Plex	5	150	16	100	8	-27	10	-23	**	**	**	**	**	**	**	**	**	**			
	Condominium	0	**	0	**	2	100	1	**	**	**	**	**	**	**	**	**	**	**			
	Total	131	9	421	26	403	7	388	11	195,586	1	182,500	-2	96	8	-1	96	-4	BALANCED			
	Freehold detached	126	8	410	25	381	4	370	8	196,519	1	185,000	-2	96	8	-1	95	-5	BALANCED			
	Freehold semi-det. & row	2	**	3	200	5	**	4	**	**	**	**	**	**	**	**	**	**	**			
	Plex	1	-67	5	-17	12	9	10	25	**	**	**	**	**	**	**	**	**	**			
	Condominium	2	**	3	**	5	**	4	**	**	**	**	**	**	**	**	**	**	**			
	Total	977	-4	3,375	5	2,087	2	2,167	3	171,167	5	158,000	4	96	6	0	80	0	SELLERS			
	Freehold detached	553	-3	1,880	8	1,338	5	1,388	6	192,825	5	181,000	5	96	7	0	86	-2	SELLERS			
	Freehold semi-det. & row	218	-8	830	-2	290	-1	308	2	142,351	3	138,000	2	97	4	1	58	-3	SELLERS			
	Plex	73	0	239	2	178	5	189	14	190,619	7	176,500	9	95	7	1	84	2	SELLERS			
	Condominium	133	-4	426	12	280	-10	281	-11	123,746	6	120,000	5	97	6	-2	93	4	SELLERS			
	Total	122	-2	367	5	391	3	385	9	120,885	7	100,000	5	93	9	0	104	-5	BALANCED			
	Freehold detached	116	-3	351	3	368	2	362	7	122,289	7	104,250	9	93	9	0	103	-5	BALANCED			
	Freehold semi-det. & row	0	-100	3	-40	2	100	5	150	**	**	**	**	**	**	**	**	**	**			
	Plex	6	50	12	100	19	27	17	55	**	**	**	**	**	**	**	**	**	**			
	Condominium	0	**	1	**	2	100	2	100	**	**	**	**	**	**	**	**	**	**			
	Total	1,099	-4	3,742	5	2,478	2	2,552	4	166,163	5	155,000	5	96	6	0	82	-1	SELLERS			
	Freehold detached	669	-3	2,231	7	1,706	5	1,751	6	181,446	5	174,000	5	96	7	0	88	-3	SELLERS			
	Freehold semi-det. & row	218	-8	833	-2	292	-1	312	3	142,170	4	138,000	2	97	4	1	58	-3	SELLERS			
	Plex	79	3	251	5	197	7	206	16	185,479	6	172,250	8	95	7	0	86	3	SELLERS			
	Condominium	133	-4	427	12	282	-9	283	-11	123,627	6	119,950	5	97	6	-2	93	4	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 - 3rd 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			
		3rd Quarter 2006	% Chg. from 3rd 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	771	-4	2,710	5	6	6	78	-3
	Under \$100,000	36	-27	128	-26	4	4	75	-3
	\$100,000 to \$149,999	234	-10	871	-1	4	4	67	0
	\$150,000 to \$199,999	282	-8	958	0	5	5	72	-4
	\$200,000 or over	219	15	753	31	10	11	97	-7
Plex	Total	73	0	239	2	7	6	84	2
	Under \$100,000	5	25	11	-42	**	**	**	**
	\$100,000 to \$149,999	22	-8	68	-14	4	5	88	9
	\$150,000 to \$199,999	24	41	73	30	6	8	66	-2
	\$200,000 or over	22	-21	87	9	9	9	93	7
Condominium	Total	133	-4	426	12	6	8	93	4
	Under \$100,000	24	-54	95	-14	4	6	103	15
	\$100,000 to \$149,999	91	21	267	13	5	8	83	-2
	\$150,000 to \$199,999	12	0	46	48	10	**	125	3
	\$200,000 or over	6	*	18	260	**	**	**	**

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 : Allevy-et-Cawood, Aumont, Blue Sea, Boileau, Bois-Franc, Bouchette, Bowman, Bristol, Bryson, Campbell's Bay, Cayamant, Chénéville, Chichester, Clarendon, Délégé, 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.

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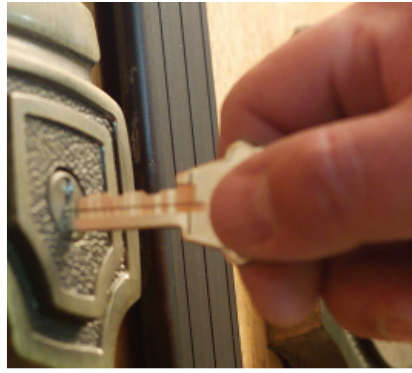
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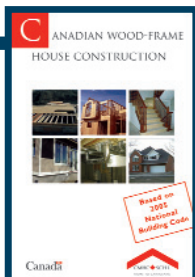
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