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Sherbrooke

Canada Mortgage and Housing Corporation

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FIRST QUARTER 2005

Residential construction slows down at the beginning of the year

During the first quarter, a decrease in housing starts was observed in the Sherbrooke census metropolitan area (CMA). From January to March 2004, 237 dwellings were started, compared to 151 during the same period this year. The slowdown was therefore relatively significant, at 36 per cent or 86 units

It was in the apartment segment that activity declined at the beginning of the year. By the end of March, apartment starts were down by 123 units in relation to the same period last year. Apartments intended for the rental market sustained the largest decrease, after having posted a spectacular gain last year. At the end of 2004, unoccupied units started to accumulate in newer buildings, which sent a signal that it was time to slow down the rate of production. Condominium apartment production registered a less marked slowdown for now, with 20 units this year, compared to 26 in 2004.

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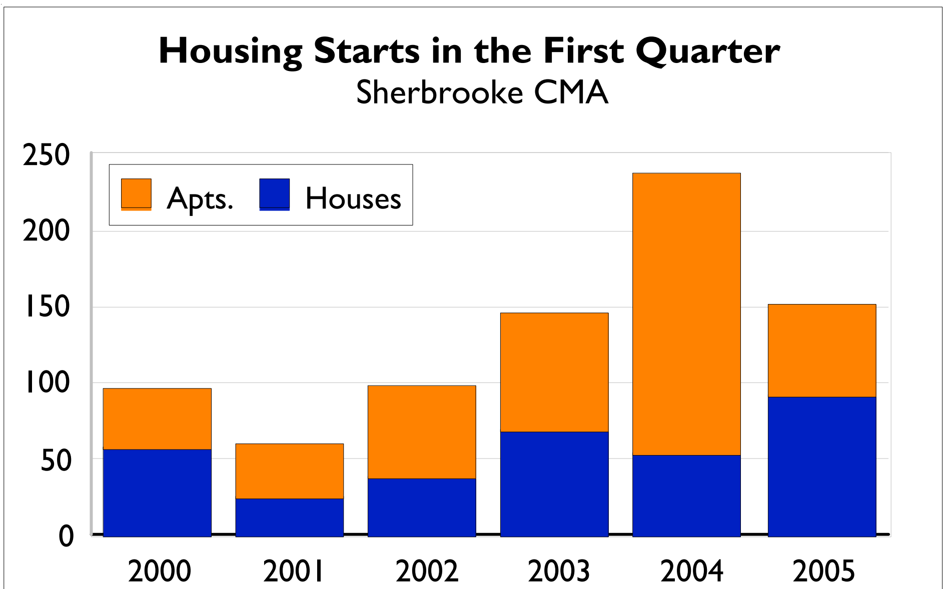

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HOME TO CANADIANS

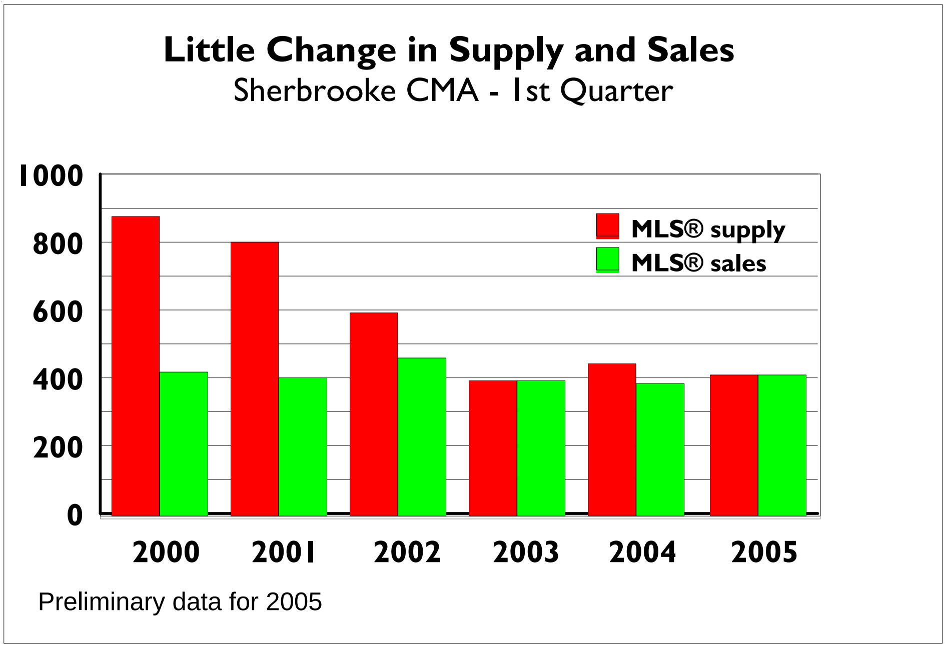
According to the first quarter results, the news is not all gloomy for home builders. In fact, new homes remain very popular, as 92 single-family houses were started from January to March of this year, compared to 55 during the corresponding period last year. There are relatively few existing homes for sale, and their price has risen considerably, which makes new housing an interesting option for consumers, all the more so since employment was vigorous last year and interest rates remain low.

Residential construction declines in Quebec overall

In all urban centres with 10,000 or more inhabitants across Quebec, 7,121 starts were enumerated in the first quarter of 2005, for a decrease of 15 per cent in relation to the same period last year. The CMAs of Gatineau (-52 per cent), Montréal (-20 per cent) and Sherbrooke (-36 per cent) contributed to this negative result. Conversely, the CMAs of Saguenay (+65 per cent), Québec (+28 per cent) and Trois-Rivières (+13 per cent) all posted improvements in their performances during the first quarter of 2005.

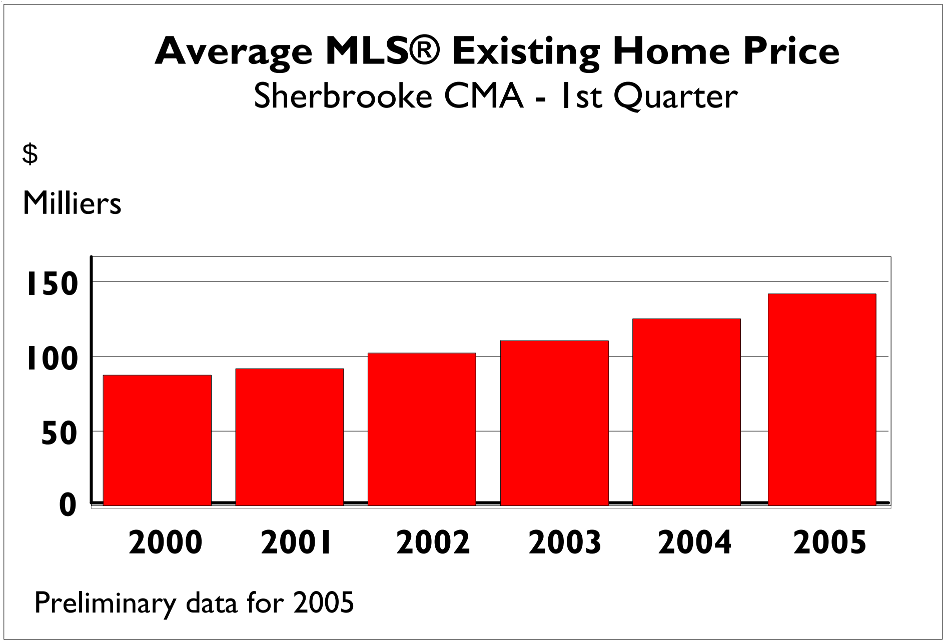
Resale market apparently not ready to slow down

According to the preliminary MLS® data, there were no signs of a slowdown on the resale market at the beginning of 2005. On the contrary, the supply of homes for sale fell again in the first quarter (from 447 to 414 units), while sales rose slightly (from 389 to 410 units). Although these changes are marginal, they confirm that the market remains tight and that any turnaround is still some time away.



Source : CMHC

The seller-to-buyer ratio stands at 3 to 1, indicating that the market is still overheating. Consequently, prices continue to rise steadily as, according to the preliminary data, the average price went up by 12 per cent, or $15,500, during the first three months of the year, to $140,800. In the Montréal and Québec CMAs, the resale market is showing signs of a slowdown, with either an increase in the number of homes for sale or a slower rise in the average price. It therefore seems that the expansion period of the current cycle on the resale market will last longer in the Sherbrooke area than in the larger CMAs. On the other hand, the probability of a future decrease in existing home prices is growing there.



Source : CMHC

Table 1 Summary of Activity by Intended Market Sherbrooke Metropolitan Area				
	Ownership			
Activity / Period	***Freehold****	***Condominium***	***Rental***	***Total***
Starts				
First quarter 2005	96	20	35	151
First quarter 2004	59	26	152	237
Year-to-date 2005 (Jan.-March)	96	20	35	151
Year-to-date 2004 (Jan.-March)	59	26	152	237
Under construction				
March 2005	105	72	187	364
March 2004	83	26	202	311
Completions				
First quarter 2005	85	3	36	124
First quarter 2004	75	8	89	172
Year-to-date 2005	85	3	36	124
Year-to-date 2004	75	8	89	172
Unoccupied				
March 2005	0	4	39	43
March 2004	0	10	0	10
Absorption				
First quarter 2005	86	3	36	125
First quarter 2004	75	8	89	172
Year-to-date 2005	86	3	36	125
Year-to-date 2004	75	8	89	172
Duration of inventory				
March 2005	0.0	0.6	1.0	0.5
March 2004	0.0	1.8	0.0	0.1

** Refers to single-family houses (single-detached, semi-detached and row homes) owned under freehold tenure and owner-occupied duplexes*

Source: CMHC

Table 2

Housing Starts by Zone and by Intended Market
Sherbrooke Metropolitan Area

Zone / Period	*Ownership*					*Rental*	*Total*
	Freehold				*Condo-minium*		
	Single	*Semi*	*Row*	*Apt.*			
Zone 1: Sherbrooke							
First quarter 2005	11	2	0	0	20	23	56
First quarter 2004	5	0	0	0	24	62	91
Year-to-date 2005	11	2	0	0	20	23	56
Year-to-date 2004	5	0	0	0	24	62	91
Zone 2: Fleurimont							
First quarter 2005	8	0	0	0	0	0	8
First quarter 2004	6	4	0	0	0	20	30
Year-to-date 2005	8	0	0	0	0	0	8
Year-to-date 2004	6	4	0	0	0	20	30
Zone 3: Rock Forest							
First quarter 2005	24	2	0	2	0	0	28
First quarter 2004	13	2	0	4	2	54	75
Year-to-date 2005	24	2	0	2	0	0	28
Year-to-date 2004	13	2	0	4	2	54	75
Zone 4: Saint-Élie-d'Orford							
First quarter 2005	17	6	0	2	0	0	25
First quarter 2004	11	0	0	0	0	6	17
Year-to-date 2005	17	6	0	2	0	0	25
Year-to-date 2004	11	0	0	0	0	6	17
CENTRE (Zones 1 to 4)							
First quarter 2005	60	10	0	4	20	23	117
First quarter 2004	35	6	0	4	26	142	213
Year-to-date 2005	60	10	0	4	20	23	117
Year-to-date 2004	35	6	0	4	26	142	213
Zone 5: Outlying area							
First quarter 2005	22	0	0	0	0	12	34
First quarter 2004	14	0	0	0	0	10	24
Year-to-date 2005	22	0	0	0	0	12	34
Year-to-date 2004	14	0	0	0	0	10	24
TOTAL - SHERBROOKE METROPOLITAN AREA							
First quarter 2005	82	10	0	4	20	35	151
First quarter 2004	49	6	0	4	26	152	237
Year-to-date 2005	82	10	0	4	20	35	151
Year-to-date 2004	49	6	0	4	26	152	237

Source: CMHC

Table 3 Single-Detached and Semi-Detached Houses Absorbed by Price Range Sherbrooke Metropolitan Area												
Type	Under $110,000		$110,000 to $139,999		$140,000 to $169,999		$170,000 to $199,999		$200,000 or over		Total	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
First Quarter	13	25	19	21	21	13	12	5	21	9	86	73
Year-do-date (Jan.-March)	13	25	19	21	21	13	12	5	21	9	86	73

Source: CMHC

Table 4 Housing Supply Sherbrooke Metropolitan Area			
Type	***Under Construction***	***Unoccupied***	***Short-Term Supply***
	March 2005		
Single/semi	101	0	101
Multiple*	263	43	306
Total	364	43	407
	March 2004		
Single/semi	81	0	81
Multiple*	230	10	240
Total	311	10	321

Source: CMHC

** Row Houses and Apartments*

Table 5 Economic Overview Sherbrooke Metropolitan Area						
Period	(thousands)			Unemployment Rate (%)	Mortgage Rates Canada (%)	
	Population 15 years +	Labour Force	Employment Total		1-Year	5-Year
First quarter 2005	133.9	87.5	80.5	8.0%	4.9	6.1
First quarter 2004	131.3	84.4	77.8	7.8%	4.3	5.9
Average Jan.-March 2005	133.9	87.5	80.5	8.0%	4.9	6.1
Average Jan.-March 2004	131.3	84.4	77.8	7.8%	4.3	5.9

Source: Statistics Canada

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Definitions and Concepts

NOTE TO READERS: Prior to July 2002, the CMHC Starts and Completions Survey consisted of a monthly enumeration of new housing activity in urban centres with a population of 10,000 persons and over. As of July 2002, the survey will be conducted monthly in urban centres with a population of 50,000 persons and over and quarterly in urban centres with a population of 10,000 to 49,999 persons. Statistical models will be used to estimate provincial and national housing starts in urban centres with a population of 10,000 persons and over, on a monthly basis. The methodology is unchanged for estimating housing starts in rural areas (areas other than urban centres with a population of 10,000 persons and over). In these areas, a sample survey is used on a quarterly basis. As was the case in the past, statistical models continue to be used to estimate national housing starts in all areas on a monthly basis. This quarterly Housing Market publication provides statistical data and analysis of the trends in the Intended Markets for the Sherbrooke Metropolitan Area.

Intended Markets - There are three: the freehold market refers to Single-Family Houses (Detached, SemiDetached and Row) owned under freehold; the condominium segment comprises houses and apartments held under divided co-ownership; and finally the rental market encompasses apartments dwellings.

Housing Starts - Refer to the beginning of construction work on a building, usually when the concrete has been laid for the whole of the footing around the structure, or equivalent stage where a basement will not be a part of the structure.

Under Construction - Refers to units that have started but are not complete. The number of the units under construction at the end of a period may take into account certain adjustment that took place, for various reasons, after the starts have been reported.

Completions - Refer to units where all proposed construction work has been performed or in some cases where ninety percent of all construction work is completed and the structure is fit for occupancy.

Unoccupied Units - Refer to new completed units that have remained unoccupied.

Total Short Term Supply - Refers to the total supply of new units and includes units under construction and units that are completed but not occupied.

Total Medium Term Supply - Refers to the total supply of new units and includes units under construction, units that are completed but not occupied and the permits issued but not started.

Absorption - Refers to newly completed units which have been sold or rented. The number of absorptions is obtained from a survey initiated when the structure is completed. Units presold or pre-leased are not included until the completion stage. The number of absorbed units is the number of completed and unoccupied units from the previous quarter plus completions for the current quarter minus completed and unoccupied units for the current quarter.

Duration of inventory - Refers to the period necessary for the absorption of unoccupied units, i. e. the ratio between unoccupied units and absorbed units (average for the last twelve months).

Sherbrooke Metropolitan Area Zones

Zones	Municipalités / Sectors	Large zone
1	Sherbrooke	Centre
2	Fleurimont	Centre
3	Rock Forest	Centre
4	St-Élie-d'Orford	Centre
5	Ascot, Ascot Corner, Bromptonville, Deauville, Compton, Hatley CT, Lennoxville, North Hathley, St-Denis-de-Brompton, Stoke, Waterville	Peripheral Area

Housing Now is published four times a year for the Sherbrooke Metropolitan Area. Annual Subscription to the Sherbrooke _Housing Now_ is $55,00 plus applicable taxes. For more information, or to subscribe, contact our Customer Service Center at 1-866-855-5711