HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Sherbrooke

Canada Mortgage and Housing Corporation

www.cmhc.ca

VOLUME 8, EDITION 2

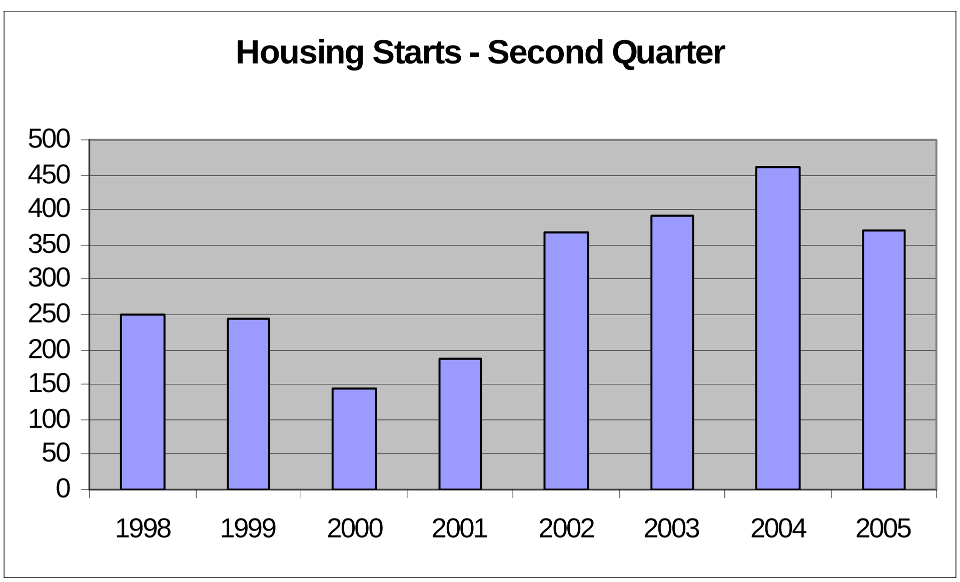
SECOND QUARTER 2005

Residential construction continues to slow down in Sherbrooke

During the second quarter, Canada Mortgage and Housing Corporation (CMHC) observed a further decrease in housing starts in the Sherbrooke census metropolitan area (CMA). According to CMHC, 461 dwellings were started from April to June 2004, compared to 371 during the same period this year. The slowdown was therefore relatively significant, at 20 per cent or 90 units.

Like in the first quarter, it was in the apartment segment that activity declined in recent months. From April to June, apartment starts were down by 113 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. Condominium apartment production also registered a marked slowdown, with 9 units in the second quarter of this year, compared to 42 in 2004. The inventory of new, unoccupied apartments remains low (under 20 units), which will facilitate the absorption of new units as they arrive on the market.

continued on next page



IN THIS ISSUE

Canada

CMHC SCHL
HOME TO CANADIANS

According to the second quarter results, one aspect remained positive for home builders. New homes stayed as popular as they were at the beginning of the year. In fact, 220 houses* were started from April to June of this year, compared to 197 last year. The number of existing homes for sale is rising very slowly, while prices, for their part, are increasing rapidly. New houses therefore remain an interesting option for consumers, all more so since employment was strong last year and interest rates are still low.

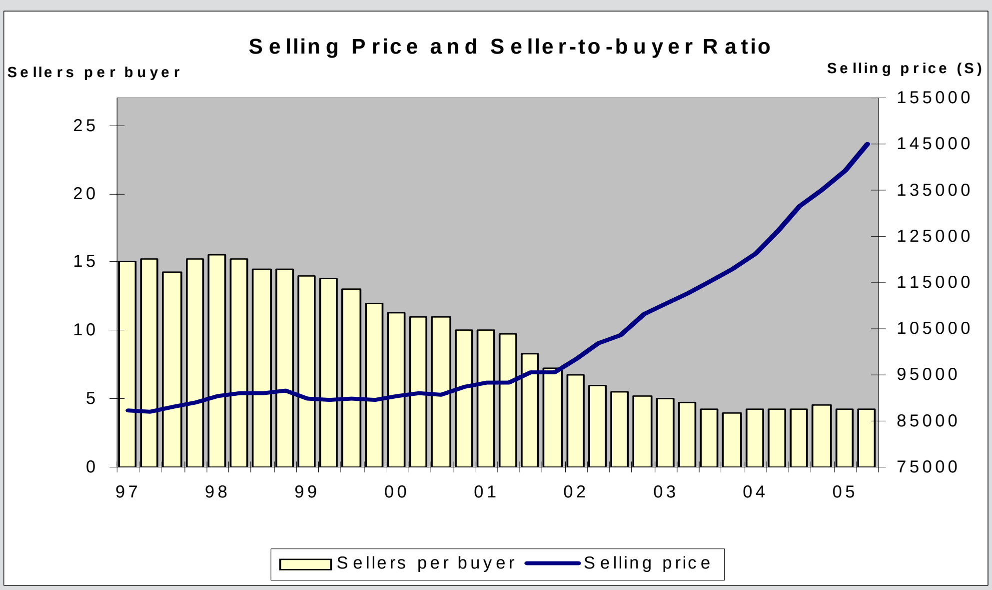
On a year-to-date basis, starts are down by 176 units, or 25 per cent, in the Sherbrooke CMA. Slowdowns were also observed in the CMAs of Montréal (-20 per cent), Gatineau (-34 per cent) and Trois-Rivières (-8 per cent). Residential construction remained relatively stable during the first six months of the year in the Québec CMA, rising by 1 per cent. The Saguenay CMA stands apart, with a gain of about 53 per cent in its level of starts. Production in this CMA is lower than in Sherbrooke, however, as only 200 starts have been enumerated there in 2005.

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

Resale market remains very active

According to the latest Service inter-agences® / Multiple Listing Service® (S.I.A.® / MLS®) data, sales of existing properties rose slightly in the second quarter in the Sherbrooke CMA. In fact, 346 properties were sold from April to June, or 10 more than during the same period last year. This situation is similar to what was observed in the first quarter of 2005. The increase in sales was limited by the weak rise in the number of properties for sale, since the economic context remained very favourable to buying a property. At the beginning of July, there were 66 more homes for sale than at the same time last year, for a total of 469 properties. At the end of the 1990s, there were around 1,000 properties for sale, or more than double the current supply.

With demand staying vigorous and supply rising only slowly, the seller-to-buyer ratio remained stable (at 4 to 1) in relation to last year. Such tight market conditions cause the price of properties to rise rapidly. Between the second quarters of 2004 and 2005, the average price of properties went from $136,000 to $158,700, up by 17 per cent. In the second quarter of last year, the price hike attained 18 per cent. The increase in prices therefore does not appear to be slowing down for the moment.



The east district of the former city of Sherbrooke had the most affordable homes, as the average price of properties there was $118,500 in the second quarter, followed closely by the west district, with an average price of $127,800. The most expensive homes were in the north district, where the average price stood at $185,200. In the other sectors of the CMA, the average prices varied between $155,000 and $166,000.

Table 1
Summary of Activity by Intended Market
Sherbrooke Metropolitan Area

Activity / Period	*Ownership*		*Rental*	*Total*
	*Freehold**	*Condominium*		
Starts				
Second quarter 2005	226	9	136	371
Second quarter 2004	203	42	216	461
Year-to-date 2005 (Jan.-June)	322	29	171	522
Year-to-date 2004 (Jan.-June)	262	68	368	698
Under construction				
June 2005	214	74	233	521
June 2004	126	40	190	356
Completions				
Second quarter 2005	117	7	90	214
Second quarter 2004	160	28	228	416
Year-to-date 2005	202	10	126	338
Year-to-date 2004	235	36	317	588
Unoccupied				
June 2005	0	3	10	13
June 2004	2	11	0	13
Absorption				
Second quarter 2005	117	8	119	244
Second quarter 2004	158	27	194	379
Year-to-date 2005	203	11	155	369
Year-to-date 2004	233	35	283	551
Duration of inventory				
June 2005	0.0	0.6	0.3	0.2
June 2004	0.0	1.7	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							
Second quarter 2005	18	6	0	0	6	80	110
Second quarter 2004	16	0	0	0	42	156	214
Year-to-date 2005	29	8	0	0	26	103	166
Year-to-date 2004	21	0	0	0	66	218	305
Zone 2: Fleurimont							
Second quarter 2005	25	0	0	0	0	10	35
Second quarter 2004	36	4	0	2	0	8	50
Year-to-date 2005	33	0	0	0	0	10	43
Year-to-date 2004	42	8	0	2	0	28	80
Zone 3: Rock Forest							
Second quarter 2005	57	6	0	6	0	28	97
Second quarter 2004	41	4	0	0	0	40	85
Year-to-date 2005	81	8	0	8	0	28	125
Year-to-date 2004	54	6	0	4	2	94	160
Zone 4: Saint-Élie-d'Orford							
Second quarter 2005	36	4	12	0	3	0	55
Second quarter 2004	28	2	0	0	0	4	34
Year-to-date 2005	53	10	12	2	3	0	80
Year-to-date 2004	39	2	0	0	0	10	51
CENTRE (Zones 1 to 4)							
Second quarter 2005	136	16	12	6	9	118	297
Second quarter 2004	121	10	0	2	42	208	383
Year-to-date 2005	196	26	12	10	29	141	414
Year-to-date 2004	156	16	0	6	68	350	596
Zone 5: Outlying area							
Second quarter 2005	56	0	0	0	0	18	74
Second quarter 2004	64	2	0	4	0	8	78
Year-to-date 2005	78	0	0	0	0	30	108
Year-to-date 2004	78	2	0	4	0	18	102
TOTAL - SHERBROOKE METROPOLITAN AREA							
Second quarter 2005	192	16	12	6	9	136	371
Second quarter 2004	185	12	0	6	42	216	461
Year-to-date 2005	274	26	12	10	29	171	522
Year-to-date 2004	234	18	0	10	68	368	698

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***
Second Quarter	19	50	23	40	26	36	17	8	26	19	111	153
Year-do-date (Jan.-June)	32	75	42	61	47	49	29	13	47	28	197	226

Source: CMHC

Table 4 Housing Supply Sherbrooke Metropolitan Area			
Type	***Under Construction***	***Unoccupied***	***Short-Term Supply***
	June 2005		
Single/semi	198	0	198
Multiple*	323	13	336
Total	521	13	534
	June 2004		
Single/semi	122	3	125
Multiple*	234	10	244
Total	356	13	369

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
Second quarter 2005	134.3	89.7	83.1	7.4%	4.8	5.9
Second quarter 2004	131.9	88.2	82.9	6.0%	4.6	6.5
Average Jan.-June 2005	134.1	88.6	81.8	7.7%	4.9	6.0
Average Jan.-June 2004	131.6	86.3	80.4	6.9%	4.4	6.2

Source: Statistics Canada

Obtain low cost data on the Sherbrooke market

Each housing market is unique and it is impossible to meet all needs in a single publication. However, we can respond to specific requests to help you better understand your market.

In addition to supplying long term statistical data, we can develop special compilations based on your own criteria.

Contact us!

Tel.: 1 (866) 855-5711

For more information about this publication, please contact our:

Customer Service

at

Tel.: **1 866 855-5711**

or by Email:

cam_qc@cmhc.ca

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).

CMHC Market Analysis Centre Publications

National	Province of Quebec	Metropolitan Areas - Province of Quebec
• Housing Now • Housing Market Outlook • Monthly Housing Statistics • Housing Information Monthly • And many more	• Housing Now • Rental Market Report - Highlights	• Housing Market Outlook (1) • Rental Market Report (1) • Housing Now(1) • Analysis of the Resale Market (2) • Retirement Home Market (1) (1) Available for all metropolitan areas: Saguenay, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières (2) Available for Montréal, Québec, Saguenay and Gatineau.

To subscribe, please contact our Customer Service Centre:

For publications produced nationally or in other provinces, call 1-800-668-2642

For publications produced in Quebec, contact the Quebec Market Analysis Centre at 1-866-855-5711

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**