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# HOUSING NOW Sherbrooke

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Canada Mortgage and Housing Corporation

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## HOUSING ACTIVITY REMAINS INTENSE IN SHERBROOKE

In the Sherbrooke census metropolitan area (CMA), residential construction posted another major gain in the second quarter. From April to June 2004, Canada Mortgage and Housing Corporation (CMHC) enumerated 461 new dwellings under construction, compared to 393 during the same period in 2003. This increase of 17 per cent is all the more significant in that, last year, housing starts reached their highest level since 1994.

This excellent performance was attributable to the construction of apartments only, as single-family home starts declined again in the second quarter. The increase in the production of apartments, at 47 per cent, remained robust, although not as strong as in the

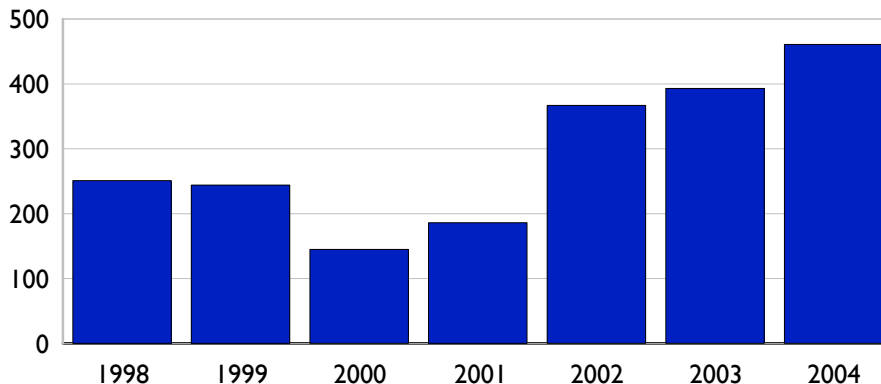
first quarter of the year, when the growth exceeded 100 per cent. The slowdown in single-family home building (-8 per cent) was much less considerable.

The backlash from the early home purchases made in 2002 and 2003, stimulated by affordable mortgage rates and the scarcity of available rental dwellings, is starting to be felt on the demand for new houses. However, the low mortgage rates, the rise in household income, the strong employment growth in 2003 and the scarcity of existing homes for sale continue to support this demand, which is limiting the decrease in activity.

*continued on next page*

### Housing Starts Rise Again in the Second Quarter

Sherbrooke CMA - Second Quarter



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Apartment construction, for its part, was supported by the scarcity of available dwellings on the rental market and the steady appeal of residential real estate since the decline in stock yields.

On a year-to-date basis, starts have reached 698 units in the Sherbrooke CMA this year, compared to 539 from January to June 2003.

### **In the surrounding areas, the situation varies from one location to another**

Just like in the first quarter, housing starts remained stable in the

Drummondville census agglomeration (CA) during the second quarter of 2004. From April to June 2004, 178 dwellings were started, in comparison with 182 one year earlier. It should be noted that, throughout the 1990s, residential construction was very dynamic in the area. Looking at the ratio of housing starts per 1,000 inhabitants, it can be seen that Drummondville has regularly been among the most active areas—if not the most active area—in Quebec.

In the Granby CA, residential construction sustained a slight decrease (-20 per cent, or 34 units) in the second quarter. This slowdown followed a first

quarter during which housing starts literally exploded in relation to the same period one year earlier. On a year-to-date basis, the gain over 2003 has attained 66 units. Activity remained feverish in the Granby area, as last year was one the six best years for construction since 1973.

In the Saint-Hyacinthe area, the decrease in apartment starts was offset by the rise in single-family home construction, which brought the total increase in activity to 11 per cent, or 10 units, for the second quarter of the year. In all, 105 dwellings were started between April and June in the area.

## **Inter-generational home-sharing and secondary suites: benefits and drawbacks**

The addition of secondary suites, a marginal phenomenon until now, is attracting the growing attention of the general public, the residential construction sector and the research community. A secondary suite intended for inter-generational home-sharing is a self-contained dwelling adjacent to, or integrated in, a single-family house. Such suites can help seniors remain independent, feel safe and avoid isolation.

Researchers examined this tenure option in order to identify its benefits and drawbacks. Their research<sup>1</sup> consists of a summary of the literature on this topic and several interviews with municipal stakeholders and inter-generational home-sharing households in Québec City suburbs.

There are many benefits resulting from the addition of a secondary suite. From the standpoint of municipalities, the greatest advantages are the rejuvenation of the population in older suburbs, residential intensification and the preservation of the existing housing stock. The benefits mentioned by the households who were interviewed are even more numerous. There is security, which is divided into two aspects: when one of the two households is absent, the security of the premises is ensured, and, for older people, the closeness of younger people who can come to their assistance is reassuring. The financial benefits that result from cost-sharing are also significant. As well, home-sharing enables grandparents to see their grandchildren more regularly, which considerably fosters sociability. In addition, everyday life is facilitated by the sharing of tasks, such as household chores or services rendered. Better maintenance of the suite and more space are another advantage. Finally, home-sharing reportedly brought about an improvement in the health of certain people thanks to their good living conditions.

As for the drawbacks raised during the interviews, these were less numerous. For municipalities, the disadvantages include a reduced quality of life for neighbourhood citizens, increased demand for services and more automobile traffic in the affected sectors. For the households interviewed, the main drawback is the loss of privacy and mutual interference by home-sharing household members. As well, the sharing of spaces used on a day-to-day basis may generate frictions if these spaces, including the backyard, are not completely separate. Consequently, one of the essential conditions to ensure home-sharing success is to clearly set out the rules in order to maintain the privacy of the households.

Inter-generational home-sharing through the addition of a secondary suite can be a positive experience, but will not solve all the problems of an aging population.

<sup>1</sup>Extract from *Inter-Generational Home-Sharing and Secondary Suites in Québec City Suburbs*, Research Highlights, CMHC, Socio-Economic Series, Issue 04-028, April 2004

For more information about this report, visit [www.cmhc.ca](http://www.cmhc.ca) or call 1 800 668-2642

**Table I**  
**Summary of Activity by Intended Market**  
**Sherbrooke Metropolitan Area**

<b>Activity / Period</b>	<b>Ownership</b>		<b>Rental</b>	<b>Total</b>
	<b>Freehold*</b>	<b>Condominium</b>		
<b>Starts</b>				
Second quarter 2004	203	42	216	461
Second quarter 2003	214	8	171	393
Year-to-date 2004 (Jan.-June)	262	68	368	698
Year-to-date 2003 (Jan.-June)	283	20	236	539
<b>Under construction</b>				
June 2004	126	40	190	356
June 2003	123	6	158	287
<b>Completions</b>				
Second quarter 2004	160	28	228	416
Second quarter 2003	164	14	95	273
Year-to-date 2004	235	36	317	588
Year-to-date 2003	220	14	123	357
<b>Unoccupied</b>				
June 2004	2	11	0	13
June 2003	0	12	0	12
<b>Absorption</b>				
Second quarter 2004	158	27	194	379
Second quarter 2003	167	17	102	286
Year-to-date 2004	233	35	283	551
Year-to-date 2003	224	17	143	384
<b>Duration of inventory</b>				
June 2004	0.0	1.7	0.0	0.1
June 2003	0.0	2.9	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.			
<b>Zone 1: Sherbrooke</b>							
Second quarter 2004	16	0	0	0	42	156	214
Second quarter 2003	16	4	0	0	6	57	83
Year-to-date 2004	21	0	0	0	66	218	305
Year-to-date 2003	25	4	0	0	18	86	133
<b>Zone 2: Fleurimont</b>							
Second quarter 2004	36	4	0	2	0	8	50
Second quarter 2003	29	0	0	0	0	34	63
Year-to-date 2004	42	8	0	2	0	28	80
Year-to-date 2003	34	0	0	0	0	48	82
<b>Zone 3: Rock Forest</b>							
Second quarter 2004	41	4	0	0	0	40	85
Second quarter 2003	39	14	0	0	0	49	102
Year-to-date 2004	54	6	0	4	2	94	160
Year-to-date 2003	66	20	0	0	0	65	151
<b>Zone 4: Saint-Élie-d'Orford</b>							
Second quarter 2004	28	2	0	0	0	4	34
Second quarter 2003	51	8	0	0	0	11	70
Year-to-date 2004	39	2	0	0	0	10	51
Year-to-date 2003	55	10	0	0	0	17	82
<b>CENTRE (Zones 1 to 4)</b>							
Second quarter 2004	121	10	0	2	42	208	383
Second quarter 2003	135	26	0	0	6	151	318
Year-to-date 2004	156	16	0	6	68	350	596
Year-to-date 2003	180	34	0	0	18	216	448
<b>Zone 5: Outlying area</b>							
Second quarter 2004	64	2	0	4	0	8	78
Second quarter 2003	51	2	0	0	2	20	75
Year-to-date 2004	78	2	0	4	0	18	102
Year-to-date 2003	67	2	0	0	2	20	91
<b>TOTAL - SHERBROOKE METROPOLITAN AREA</b>							
Second quarter 2004	185	12	0	6	42	216	461
Second quarter 2003	186	28	0	0	8	171	393
Year-to-date 2004	234	18	0	10	68	368	698
Year-to-date 2003	247	36	0	0	20	236	539

Source: CMHC

**Table 3**  
**Single-Detached and Semi-Detached Houses Absorbed by Price Range**  
**Sherbrooke Metropolitan Area**

Type	Under \$70,000		\$70,000 to \$89,999		\$90,000 to \$109,999		\$110,000 to \$129,999		\$130,000 or over		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Second Quarter	5	9	11	22	34	48	30	38	73	50	153	167
Year-do-date (Jan.-June)	8	11	18	32	49	60	44	54	107	67	226	224

Source: CMHC

**Table 4**  
**Housing Supply**  
**Sherbrooke Metropolitan Area**

Type	Under Construction	Unoccupied	Short-Term Supply
	June 2004		
<b>Single/semi</b>	122	3	125
<b>Multiple*</b>	234	10	244
<b>Total</b>	356	13	369
	June 2003		
<b>Single/semi</b>	123	0	123
<b>Multiple*</b>	164	12	176
<b>Total</b>	287	12	299

**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 2004	129.9	86.6	81.4	5.9%	4.6
Second quarter 2003	128.1	84.2	78.8	6.4%	5.1	6.2
Average Jan.-June 2004	129.7	84.6	78.8	6.8%	4.4	6.2
Average Jan.-June 2003	127.9	84.0	78.0	7.1%	5.1	6.4

Source: Statistics Canada

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## Sherbrooke Metropolitan Area Zones

Zones	<i>Municipalités / Sectors</i>	<i>Large zone</i>
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

## 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, Semi-Detached 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 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 unrented. 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
<ul style="list-style-type: none"> <li>• National Housing Market Outlook</li> <li>• Mortgage Market Trends</li> <li>• Canadian Housing Markets</li> <li>• And many more</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Now</li> <li>• FastFax</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Market Outlook (Montréal only)</li> <li>• Rental Market Report (1)</li> <li>• FastFax - Rental Market Report (3)</li> <li>• Analysis of the Resale Market (2)</li> <li>• Retirement Home Market (1)</li> </ul> <p>(1) Available for all metropolitan areas: Chicoutimi, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières            (2) Available for Montréal and Québec only            (3) Available for the six metropolitan areas plus a Provincial FastFax for the urban areas of 10,000 inhabitants and more</p>

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