



# ANALYSIS OF THE RESALE MARKET

## Québec Metropolitan Area

### An objective look at housing

Canada Mortgage and Housing Corporation

[www.cmhc.ca](http://www.cmhc.ca)

FOURTH QUARTER 2005  
RELEASED FIRST QUARTER 2006

#### Market at a glance

4th Quarter 2005 vs.  
4th Quarter 2004

Sales volume	:	↑	9.3%
Median price	:	↑	7.9%
Sellers per buyer	:		5.4

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## PROPERTY SALES STILL ON THE RISE

While activity slowed in the residential construction sector in the fourth quarter of 2005, sales of existing properties continued to rise. According to Service inter-agences / Multiple Listing Service (S.I.A.<sup>®</sup> / MLS<sup>®</sup>) data, 1,568 properties were sold from October to December, or 9 per cent more than during the same period in 2004. This fourth consecutive quarterly increase ended one of the most active years in terms of sales. In fact, with a total of 7,030 transactions, the year 2005 came very near the record of 7,071 sales registered in 2002. Affordable mortgage rates, a vigorous job market and a wider choice of properties for sale accounted for this performance.

The supply of properties for sale continued to grow for a ninth straight quarter. The rise of 9 per cent in the number of properties for sale in the last quarter of 2005 was clearly smaller, however, than the gains recorded in previous quarters. The more modest growth in supply, combined with the increase in sales, curbed the rise in the seller-to-buyer ratio that

began at the end of 2003. The ratio stabilized at 5.4 to 1, well below the balanced range, which is between 8 and 10 sellers per buyer. Sellers therefore still had the edge, and they were able to negotiate the sale of their homes at a median price of \$137,647, or 8 per cent more than during the fourth quarter of 2004.

Even with results showing that the resale market is most active and most favourable to sellers, this market is still slowly but surely heading toward a better balance between buyers and sellers. In fact, the seller-to-buyer ratio has been gradually creeping back up since reaching a low point of 4.1 to 1 at the end of 2003. As a result, the price hikes, which peaked at 17 per cent in the last quarter of 2003, have been below the 10-per-cent mark since the beginning of 2005, and the average listing period has climbed from 41 days to 55 days. The condominium market segment will soon be balanced, as there were 7.4 sellers per buyer in the fourth quarter of 2005. The new condominiums that massively arrived on the market in recent years

\* Multiple Listing Service (MLS) is a registered certification mark owned by the Canadian Real Estate Association (CREA).

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are making for intense competition with the existing units. Conversely, it can be noted that the semi-detached and row home market is still overheating, with a seller-to-buyer ratio of just 3.3 to 1. Such homes remain very popular, particularly on account of their affordable prices.

### Zones 3 and 5: the hottest markets

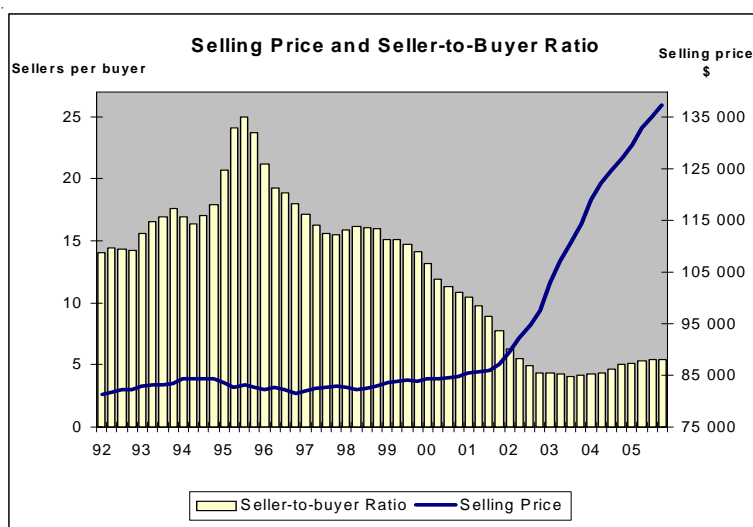
Among the nine market zones in the Québec census metropolitan area (CMA), zones 3 (L'Ancienne-Lorette,

Neufchâtel, Duberger, Les Saules, Lebourgneuf) and 5 (Val-Bélair, Saint-Émile, Loretteville, etc.) stand out with the lowest seller-to-buyer ratio. For all housing types combined, these sectors had a ratio of 4.3 to 1 in the fourth quarter of 2005, while the other market zones had ratios varying between 5.4 and 8.5 to 1. The affordable properties, along with the nearby services, particularly in zone 3, could account for the popularity of these sectors.

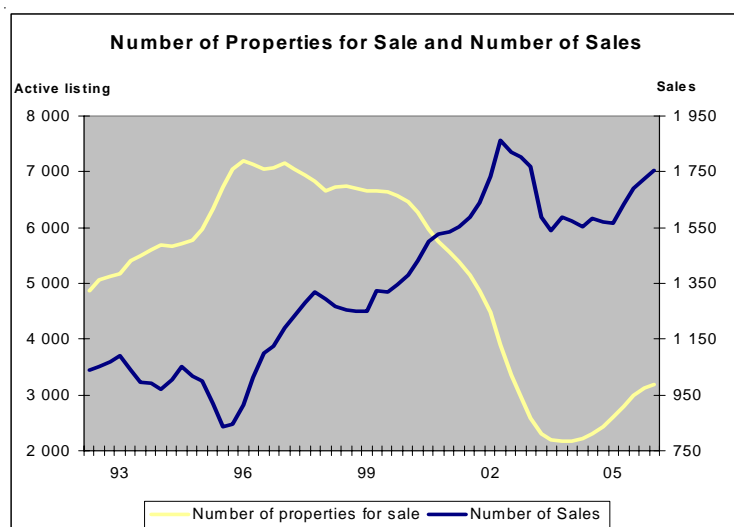
As well, these two zones were the first sectors where the seller-to-buyer ratio fell below 5 to 1<sup>1</sup>, at the beginning of 2002. They

were followed by zones 2, 4, 6 and 8, at the end of 2002, and then by zones 1 and 9, at the beginning of 2003. Zone 7 (Beauport, etc.) is the only sector where this ratio has never fallen below the 5-to-1 mark.

<sup>1</sup> A seller-to-buyer ratio below 5 to 1 reflects an overheating market, or an extreme seller's market.



Source: CIQ (CMHC compilation)







Source: CIQ (CMHC compilation)

Seller-to-Buyer Ratios and Sales by Price Range									
Property type	Price range	Seller-to-Buyer Ratio 4th Q 2005	Seller-to-Buyer Ratio 4th Q 2004	Sales 4th Q 2005	Annual Change (%)	Sales (year-to-date)	Annual Change (%)	Listing Period (days)	Annual Change (days)
Detached	Under \$100,000	3.2	3.0	50	-19.4	266	-25.1	38	0
	\$100,000 to \$124,999	2.6	2.4	76	-54.2	455	-38.1	41	7
	\$125,000 to \$149,999	3.2	3.9	275	-5.5	1445	9.1	46	-1
	\$150,000 to \$199,999	5.6	6.4	316	26.4	1387	42.7	66	4
	\$200,000 or over	10.8	11.1	199	64.5	855	48.6	90	14
	All prices	5.3	5.2	916	2.9	4408	10.7	57	7
Semi-det. & row	Under \$100,000	2.5	2.0	6	-83.8	63	-83.5	38	9
	\$100,000 to \$124,999	2.1	2.3	81	1.3	398	7.0	35	7
	\$125,000 to \$149,999	3.4	3.2	114	56.2	334	51.1	44	11
	\$150,000 or over	6.4	5.1	37	23.3	145	40.7	51	-3
	All prices	3.3	2.8	238	8.2	940	-12.8	39	8
Condominium	Under \$100,000	6.0	4.5	72	-4.0	370	-11.7	61	18
	\$100,000 to \$124,999	6.2	5.0	89	29.0	336	29.7	71	20
	\$125,000 to \$149,999	7.2	6.0	76	90.0	291	66.3	72	17
	\$150,000 to \$199,999	8.7	7.9	50	25.0	225	32.4	82	19
	\$200,000 or over	12.2	10.9	41	70.8	137	37.0	67	-16
	All prices	7.4	5.9	328	32.3	1359	21.0	69	21

Source: CIQ (CMHC compilation)

# RESALE MARKET CONDITIONS IN THE QUÉBEC AREA -4th QUARTER 2005 VS. 4th QUARTER 2004

	Jobs	Chg.		Rate	Chg.		Index	Chg.		Rate	Chg.
Employment	375200	2.3%	Unemployment rate	4	-1.1	Consumer confidence	108.9	-6.5%	Mortgage rate - 5-year	6.2	-0.1
											



: very favourable



: favourable



: unfavourable



: very unfavourable

## RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 4th QUARTER 2005 VS. 4th QUARTER 2004

Market	Type	Sales		Median Selling Price		Selling Price / Listing Price		Selling Price / Mun. Assess.		Active Listings		Sellers-to-Buyer		Listing Period (days)		Market Classification
			% Chg.		% Chg.	%		%		% Chg.		Chg.		Chg.		
Québec CMA	All types	1 568	9.3	137 347	7.9	95.6		143		3 179	8.7	5.4	0.4	55	9	OVERHEATING
	Detached	916	2.9	146 549	8.7	95.6		141		1881	2.2	5.3	0.1	57	7	OVERHEATING
	Duplex	86	13.2	136 851	10.2	93.6		144		129	-11.6	5.0	-0.3	46	4	OVERHEATING
	Semi-det. & row	238	8.2	121 294	7.8	96.0		147		270	0.4	3.3	0.5	39	8	OVERHEATING
	Condominium	328	32.3	118 645	9.8	94.7		144		899	34.2	7.4	1.4	69	21	SELLER'S
Zone 1	All types	90	1.1	122 935	10.2	94.0		156		207	15.0	5.8	0.2	49	2	SELLER'S
	Detached	23	64.3	129 228	13.2	94.0		155		33	10.0	3.6	-0.5	36	4	OVERHEATING
	Semi-det. & row	6	-14.3	124 476	23.4	95.1		151		8	0.0	4.7	-0.8	52	3	N/A
	Condominium	38	-11.6	117 588	6.0	94.5		165		145	28.3	8.2	1.1	73	9	BALANCED
Zone 2	All types	95	41.8	168 186	5.5	94.4		144		250	38.9	8.5	1.5	69	16	BALANCED
	Detached	10	42.9	294 750	29.1	92.8		149		14	-22.2	5.2	-1.0	87	33	N/A
	Semi-det. & row	4	-33.3	215 967	-11.0	96.3		165		5	-16.7	4.6	1.2	55	-3	N/A
	Condominium	75	41.5	159 704	6.6	94.7		142		225	50.0	9.2	1.7	71	18	BALANCED
Zone 3	All types	194	23.6	136 594	8.3	96.0		145		303	-2.6	4.3	0.2	51	12	OVERHEATING
	Detached	101	18.8	152 120	11.4	96.0		143		176	-3.8	4.5	0.0	52	5	OVERHEATING
	Semi-det. & row	60	20.0	120 555	9.5	96.0		151		45	0.0	2.5	0.4	30	4	OVERHEATING
	Condominium	29	52.6	114 891	11.5	94.6		147		72	4.3	5.5	0.1	71	30	OVERHEATING
Zone 4	All types	271	28.4	166 911	8.0	95.0		138		513	13.0	5.5	0.6	56	6	OVERHEATING
	Detached	157	26.6	188 309	7.9	94.8		137		280	7.3	5.2	-0.1	57	1	OVERHEATING
	Semi-det. & row	41	24.2	149 239	6.3	95.7		140		47	-4.1	3.9	1.0	43	4	OVERHEATING
	Condominium	69	38.0	126 243	3.7	95.3		138		181	30.2	7.1	2.0	65	25	SELLER'S

# RESALE MARKET CONDITIONS IN THE QUÉBEC AREA -4th QUARTER 2005 VS. 4th QUARTER 2004

Market	Type	Sales		Median Selling Price		Selling Price / Listing Price	Selling Price / Mun. Assess.	Active Listings		Sellers-to-Buyer		Listing Period (days)		Market Classification
			% Chg.		% Chg.	%	%		% Chg.		Chg.		Chg.	
Zone 5	All types	188	6.2	130 869	7.7	96,0	145	338	-7.4	4.3	0,0	51	6	OVERHEATING
	Detached	132	-6.4	136 174	9,0	96,0	144	276	-6.1	4.6	-0.2	55	4	OVERHEATING
	Semi-det. & row	39	69.6	116 206	4.8	96.2	152	38	-15.6	3,0	0.5	50	21	OVERHEATING
	Condominium	6	0,0	92 378	5.8	94.8	147	10	-16.7	5.7	2.3	42	-1	N/A
Zone 6	All types	229	0.9	133 999	10.4	95.0	146	491	12.6	5.4	0.5	56	9	OVERHEATING
	Detached	153	5.5	143 953	8.1	94.8	145	317	1.6	5.5	-0.1	58	9	OVERHEATING
	Semi-det. & row	24	-14.3	120 879	7.9	95.8	149	44	83.3	3.2	0.4	36	6	OVERHEATING
	Condominium	42	-4.5	96 895	13.1	94.5	145	120	51.9	6.8	2.7	71	14	SELLER'S
Zone 7	All types	212	-4.1	131 330	5.6	95.3	144	538	4.5	6.2	0.1	60	9	SELLER'S
	Detached	154	-7.8	139 590	6.3	95.3	142	392	5.9	6.3	0.2	62	10	SELLER'S
	Semi-det. & row	20	-23.1	113 652	2.9	96.1	151	34	-26.1	3.3	-0.6	49	20	OVERHEATING
	Condominium	27	92.9	85 422	3.8	93.8	145	73	10.6	7.6	-1.5	68	-3	BALANCED
Zone 8	All types	198	-3.9	135 174	5.8	96.3	135	373	16.9	5.5	1,0	53	8	OVERHEATING
	Detached	123	-20.6	142 785	7,0	95.7	134	268	9.4	5.8	1.1	58	11	SELLER'S
	Semi-det. & row	31	6.9	121 018	16.1	96.3	141	33	6.5	3.6	0.8	41	5	OVERHEATING
	Condominium	36	140,0	122 739	10.1	98.6	142	55	77.4	5.6	-0.1	64	10	SELLER'S
Zone 9	All types	91	15.2	129 623	7.7	95.8	130	166	0,0	5.5	0.4	55	15	OVERHEATING
	Detached	63	21.2	134 376	6.5	95.8	129	124	-2.4	5.9	0.4	60	16	SELLER'S
	Semi-det. & row	13	-27.8	122 936	5.9	96.7	132	16	6.7	3.3	0.3	41	4	N/A
	Condominium	6	50,0	119 536	11.8	96.4	139	19	72.7	7.5	2.5	67	20	N/A

Please note that the prices presented in this report concern median data. 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.

Interpretation of the "Median Price / Municipal Assessment" ratio: For example, a ratio of 107% indicates that a house assessed at \$100,000 could sell for \$107,000.

Listing period: Please note that the median listing period could 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.

N/A: The market classification is not available when there are fewer than 20 transactions. The other data is also not available where the number of transactions is less than 5.

Note: All data published in this publication is smoothed data, with the exception of sales and active listings.

\* 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.

Source : CIQ (CMHC compilation)

## 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.

## Québec Metropolitan Area - Market Zones

Zone 1: Québec Basse-Ville (Limoilou, Saint-Roch, Saint-Sauveur), Vanier

Zone 2: Québec Haute-Ville (Saint-Jean-Baptiste, Champlain, Montcalm)

Zone 3: Ancienne-Lorette, Neufchâtel, Duberger, Les Saules, Lebourgneuf

Zone 4: Sainte-Foy, Sillery, Cap-Rouge, Saint-Augustin

Zone 5: Val-Bélair, Saint-Émile, Loretteville, Lac Saint-Charles, Valcartier, Shannon, Lac Saint-Joseph, Sainte-Catherine, Fossambault

Zone 6: Charlesbourg, Lac Beauport, Lac Delage, Stoneham-Tewkesbury, Sainte-Brigitte de Laval

Zone 7: Beauport, Boischâtel, L'Ange-Gardien, Côte de Beaupré, Île d'Orléans

Zone 8: Charny, Saint-Romuald, Saint-Jean-Chrysostôme, Saint-Nicolas, Saint-Rédempteur, Breakeyville, Saint-Lambert, Saint-Étienne

Zone 9: Lévis, Pintendre, Saint-Henri

## **New outlook on changes in existing home prices**

There are several advantages to using the average price of properties listed on the S.I.A.®/MLS® to measure the increase in the price of existing homes: fast access, reduced manipulation, detailed data and broad market coverage. The major disadvantage lies in the fact that the changes in the intrinsic value of homes are blended in with the changes in the sales mix<sup>1</sup>, such that it is impossible to determine the shares of each of these types of changes.

CMHC has developed a methodology<sup>2</sup> that removes most of the sales mix effect and provides a much closer estimate of the actual increase in the value of homes. The following therefore presents a new outlook on the changes in the “cleaned-up” median price of existing properties (single-detached, semi-detached and row houses and condominium units) in the Québec CMA over the last five years.

Since the beginning of the year 2000, the median price of properties in the Québec CMA has risen considerably. While the median price of properties stood at \$81,000 during the year 2000, this price then jumped up and reached \$135,000 in 2005. This growth of 67 per cent in the value of properties represents an increase of \$54,000, in absolute terms. Over these five years, the hikes varied between 5 per cent (2001) and 22 per cent (2003). Since the peak recorded in 2003, the growth now seems to have embarked on a decelerating

course, as the price increases slowed to 12 per cent in 2004 and then to 8 per cent this past year.

The growth was relatively uniform for all property types. In fact, from 2000 to 2005, the value of single-detached houses went up by 66 per cent, while semi-detached and row homes posted a similar gain (+67 per cent). The price of condominiums, for its part, recorded a slightly more significant increase (+69 per cent).

However, certain disparities can be noted depending on the size of the houses<sup>3</sup>. Smaller properties show the greatest increase in value. In fact, over the entire period, it can be seen that the rise in the value of properties gets smaller as the size of the homes gets larger. Small single-detached houses (less than 800 square feet) registered a price hike of 77 per cent and mid-size homes (from 800 to 1,100 square feet) posted an increase of 63 per cent, while more spacious properties (more than 1,100 square feet) showed the smallest rise (+58 per cent). In the case of semi-detached and row homes, no disparities were noted according to size.

Among all the zones in the CMA, the Québec Basse-Ville sector (zone 1) was the most profitable in terms of the increase in value for homeowners. Between 2000 and 2005, the median price of properties went up from \$66,500 to \$120,000, for a gain

of 80 per cent, or \$53,500. Conversely, the Québec Haute-Ville sector (zone 2) posted the smallest hike, at 51 per cent. Properties in this zone were selling for a median price of \$109,500 during the year 2000, compared to \$165,000 in 2005. In general, when there is a significant surge in prices on the market, the more affordable sectors tend to show a more sustained increase in value than the expensive sectors, like zones 2 (Québec Haute-Ville) and 4 (Sainte-Foy, Sillery, Cap-Rouge, Saint-Augustin). The growth in prices in an already expensive zone is somewhat limited, as the pool of potential buyers shrinks more rapidly in such a sector.

A more detailed analysis of the situation, by property type, reveals that zone 1 (Québec Basse-Ville) still stands out from the other sectors, with the most significant increases. This zone registered price hikes in the order of 76 per cent for single-detached homes and 86 per cent for condominiums. Conversely, zone 4 (Sainte-Foy, etc.) recorded the most modest increases for these two property types, at 56 per cent (single-detached houses) and 53 per cent (condos). Semi-detached and row homes, for their part, posted much more uniform gains among the different geographic sectors in the area over the period reviewed. In fact, the rises in the median price for such properties varied between 64 per cent (zone 6) and 77 per cent (zone 7).

### **Changes in Values by Zone** **Single-Detached, Semi-Detached and Row Houses and Condominium Units**

<b>Zone</b>	<b>Price – 2000 (\$)</b>	<b>Price – 2005 (\$)</b>	<b>Chg. (%)</b>	<b>Chg. (\$)</b>
<b>1</b>	66,500	120,000	80	53,500
<b>2</b>	109,500	165,000	51	55,500
<b>3</b>	80,000	133,400	67	53,400
<b>4</b>	98,000	155,500	59	57,500
<b>5</b>	77,000	128,500	67	51,500
<b>6</b>	77,250	130,000	68	52,750
<b>7</b>	79,000	129,900	64	50,900
<b>8</b>	81,950	135,000	65	53,050
<b>9</b>	78,000	122,000	56	44,000
<b>CMA</b>	<b>81,000</b>	<b>135,000</b>	<b>67</b>	<b>54,000</b>

<sup>1</sup> For example, a greater proportion of sales of upper-range properties from one year to the next will inflate the average price.

<sup>2</sup> This methodology comprises several steps to clean up the original data, including one step that uses the statistical method called hierarchical classification. Once the clean-up is complete, we calculate the median value. To find out more about this method, please contact us.

<sup>3</sup> The increase in value by property size is not available for condominiums.