

A

NALYSIS OF THE RESALE MARKET FIRST QUARTER 2006

Québec Metropolitan Area

An objective look at housing

Canada Mortgage and Housing Corporation

www.cmhc.ca

MAY 2006

Market at a glance

1st Quarter 2006 vs 1st Quarter 2005

Sales volume	:	↓ -3,4 %
Median price	:	↑ 8,3 %
Sellers per buyer	:	5,6

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MARKET STILL DYNAMIC DESPITE SIGNS OF A SLOWDOWN

In the Québec census metropolitan area (CMA), the resale market was still dynamic, even if certain signs of easing could be observed. According to Service inter-agences / Multiple Listing Service (S.I.A.® / MLS®) data, sales of existing properties fell slightly (-3.4 per cent) in the first quarter of 2006, after having risen for four straight quarters. In fact, 2,014 properties were sold from January to March, or 71 fewer than during the same period last year. This level of activity was close to the average for a first quarter observed for the period from 2000 to 2005 (2,082 transactions) and largely exceeded the average recorded for the 1990s (1,385 transactions). Sales of existing properties therefore remained vigorous and continued to benefit from the positive spin-offs of one of the most dynamic job markets in the province. Since the rise in mortgage rates will be marginal, decreases in transactions are not expected in every quarter of this year.

The supply of homes for sale continued on the upward course that began at the end of 2003. In the first

quarter of the year, listings reached 3,488 properties, for an increase of 10.2 per cent over the first quarter of 2005. The growing choice available to potential buyers is one of the factors that have maintained the vitality of the market. More than 60 per cent of the rise in listings was attributable to the addition of condominiums for sale. For this housing type, market conditions have been easing more rapidly than for single-family homes or duplexes.

As a result of this increase in the number of properties for sale, the seller-to-buyer ratio, which has been on the rise for two years, has now reached 5.6 to 1. The market remained favourable to sellers, but it is heading toward a balanced situation¹. The condominium market, where the seller-to-buyer ratio attained 7.6 to 1, will soon reach the balance point. This is already the case in zones I and 2.

For all housing types combined, prices posted a sturdy gain (8.3 per cent) between the first quarter of 2005 and

¹ It should be noted that, on a balanced market, which equally favours buyers and sellers, the seller-to-buyer ratio stands between 8 and 10 to 1. A ratio below 8 to 1 signifies a seller's market, while a ratio above 10 to 1 indicates a buyer's market.

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



CHAMBRE IMMOBILIERE DE QUEBEC



the first quarter of 2006. Increases of 9.0 per cent and 15.6 per cent had been observed in the first three months of 2005 and 2004, respectively. The market, which has been tending to ease overall, has therefore effectively been putting less pressure on prices.

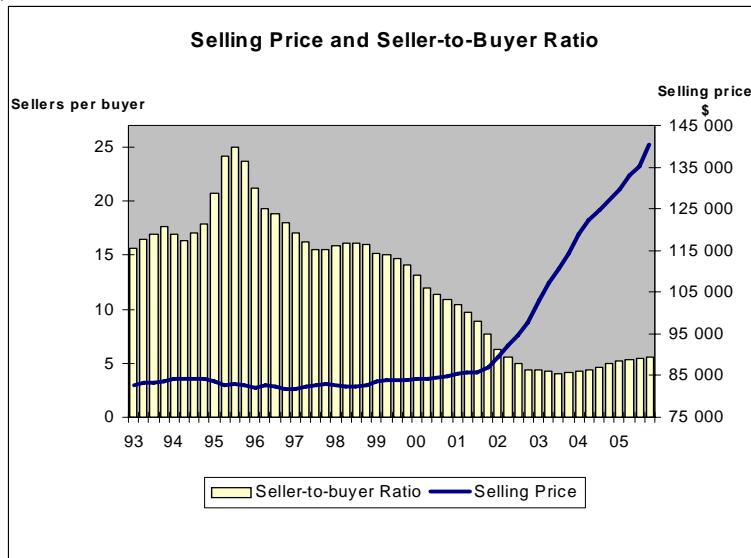
Condominiums garner a growing market share

Since 1996, the popularity of condominiums has been steadily growing on the resale market. In fact, the market share of this housing type went from 9 per cent in 1996 up to 22 per cent in 2005. This same result was also ob-

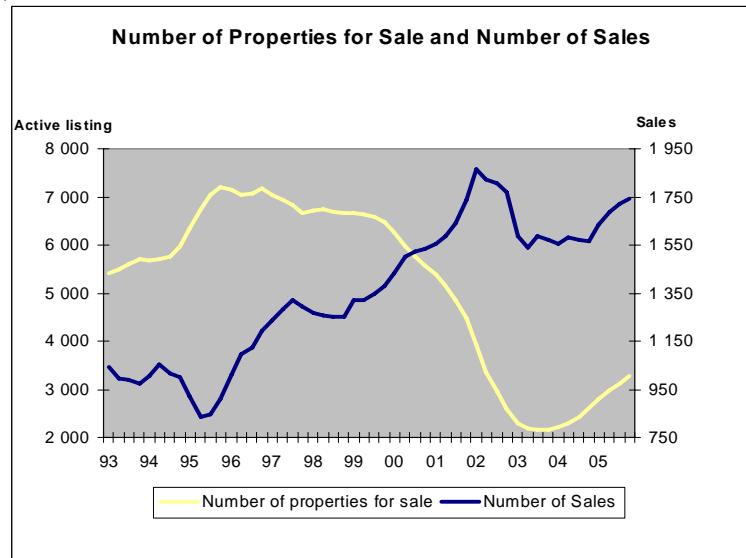
served in the first quarter of this year. The aging of the baby boomers is one of the factors supporting condominiums. Once the children have left home, the more active baby boomers, or those who travel frequently, are tempted by this tenure option, which limits their maintenance chores and provides them with better security in the event of extended absences.

As property prices rise, this type of housing also appeals to first-time home buyers, who can thereby make the transition to homeownership at a lower cost. By opting for the purchase of a condominium, these buyers need around

\$30,000 less than for a single-detached house and close to \$4,000 less than for a semi-detached or row home. In this last case, though, the supply of properties for sale (261 units) was limited, even more so than for condominiums (937 units). Of course, when paying less, buyers generally get a property with less attractive features in certain respects, such as a smaller floor area or the lack of a backyard. However, since homeownership is often based on a very strong desire or need, buyers are commonly willing to make compromises to get there.



Source : CIQ (CMHC compilation)



Source : CIQ (CMHC compilation)

Property type	Price range	Seller-to-Buyer Ratios and Sales by Price Range		Sales 1st Q 2006	Annual Change (%)	Sales (year-to-date)	Annual Change (%)	Listing Period (days)	Annual Change (days)
		Seller-to-Buyer Ratio 1st Q 2006	Seller-to-Buyer Ratio 1st Q 2005						
Detached	Under \$100,000	3,3	3,3	53	-34,6	-35	-25,1	41	4
	\$100,000 to \$124,999	2,7	2,6	88	-45,7	-46	-38,1	39	1
	\$125,000 to \$149,999	3,2	3,7	339	-27,1	-27	9,1	46	-1
	\$150,000 to \$199,999	5,3	6,4	461	29,9	30	42,7	60	-7
	\$200,000 or over	11,1	11,0	249	14,2	14	48,6	91	10
	All prices	5,5	5,4	1190	-7,1	-7	10,7	56	3
Semi-det. & row	Under \$100,000	3,1	2,2	11	-65,6	11	-65,6	40	10
	\$100,000 to \$124,999	2,2	2,3	99	-30,8	99	-30,8	35	3
	\$125,000 to \$149,999	3,1	3,3	133	56,5	133	56,5	35	-8
	\$150,000 or over	6,4	5,5	49	40,0	49	40,0	52	3
	All prices	3,3	2,9	292	-1,0	292	-1,0	38	3
Condominium	Under \$100,000	6,2	5,0	104	-15,4	104	-15,4	70	25
	\$100,000 to \$124,999	6,0	4,8	131	15,9	131	15,9	76	23
	\$125,000 to \$149,999	8,4	5,7	75	-19,4	75	-19,4	71	8
	\$150,000 to \$199,999	8,3	8,1	90	47,5	90	47,5	82	7
	\$200,000 or over	11,9	12,1	47	104,3	47	104,3	80	6
	All prices	7,6	6,1	447	8,2	447	8,2	74	20

Source : CIQ (CMHC compilation)

RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 1st QUARTER 2006 vs 1st QUARTER 2005

	Jobs	Chg.	Rate	Chg.	Index	Chg.	Rate	Chg.
Employment	369 400	-0,5%	Unemployment rate	6,8	0,2	Consumer confidence	119,6	-2,5%



RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 1st QUARTER 2006 vs 1st QUARTER 2005

Market	Type	Sales		Median Selling Price		Selling Price / Mun. Assess.		Active Listings		Sellers-to-Buyer		Listing Period (days)		Market Classification
		%	Chg.	%	Chg.	%	Chg.	%	Chg.	%	Chg.	%	Chg.	
Québec CMA	All types	2 014	-3,4	140 434	8,3	95,6	145	3 488	10,2	5,6	0,5	55	4	SELLERS
	Detached	1 190	-7,1	150 093	8,9	95,6	143	2134	3,9	5,5	0,1	56	4	SELLERS
	Duplex	85	-11,5	139 822	6,2	93,8	147	155	11,5	5,3	-0,1	42	-2	SELLERS
	Semi-det. & row	292	-1,0	124 089	8,2	96,0	150	261	9,2	3,3	0,4	38	3	OVERHEATING
	Condominium	447	8,2	120 402	8,1	94,7	146	937	27,7	7,6	1,5	74	20	SELLERS
Zone 1	All types	115	4,5	124 654	9,6	94,3	158	231	35,9	6,2	0,9	53	9	SELLERS
	Detached	25	-16,7	131 844	11,4	93,7	157	40	42,9	4,2	0,6	41	11	OVERHEATING
	Semi-det. & row	6	-14,3	127 475	16,7	96,1	148	10	42,9	5,4	0,1	44	-15	N/A
	Condominium	65	18,2	118 485	4,6	94,8	164	151	29,1	8,3	1,5	81	23	BALANCED
Zone 2	All types	93	10,7	165 011	-0,8	94,5	146	243	15,2	8,6	1,1	78	18	BALANCED
	Detached	6	-50,0	300 132	15,8	93,4	154	15	-16,7	5,8	0,1	64	-13	N/A
	Semi-det. & row	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Condominium	84	25,4	159 856	4,8	94,5	143	220	22,2	9,1	1,2	82	21	BALANCED
Zone 3	All types	231	-10,8	139 539	9,2	96,0	148	340	4,0	4,5	0,1	49	3	OVERHEATING
	Detached	132	-7,0	154 557	10,3	96,0	146	209	2,0	4,6	-0,3	52	5	OVERHEATING
	Semi-det. & row	52	-10,3	123 487	8,3	96,0	154	42	5,0	2,6	0,3	30	2	OVERHEATING
	Condominium	41	-22,6	128 467	12,4	95,3	148	76	11,8	6,2	1,1	76	19	SELLERS
Zone 4	All types	333	2,5	169 206	6,2	95,3	140	552	8,2	5,6	0,3	56	3	SELLERS
	Detached	178	-9,6	190 874	7,1	94,8	140	314	1,6	5,4	0,0	57	4	SELLERS
	Semi-det. & row	51	21,4	149 669	1,7	96,1	142	46	-8,0	3,6	0,2	40	-2	OVERHEATING
	Condominium	102	22,9	130 735	2,5	95,0	138	185	27,6	7,0	1,1	68	16	SELLERS

RESALE MARKET CONDITIONS IN THE QUÉBEC AREA - 1st QUARTER 2006 vs 1st QUARTER 2005

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.	
Zone 5	All types	280	-15,9	135 230	9,3	96,0	150	401	-6,5
	Detached	212	-14,2	140 345	9,6	96,0	147	339	-3,7
	Semi-det. & row	57	-5	120 523	8,9	96,6	155	36	-16,3
	Condominium	7	-22,2	93 968	5,1	95,0	157	10	-28,6
Zone 6	All types	288	-18,4	136 732	8,9	95,0	149	565	8,7
	Detached	180	-20,4	148 351	8,5	94,8	148	350	-3,8
	Semi-det. & row	34	-10,5	124 640	9,5	95,8	154	42	68,0
	Condominium	64	-9,9	97 027	5,9	94,4	149	157	40,2
Zone 7	All types	300	-0,3	134 468	6,6	95,3	147	565	11,0
	Detached	193	-7,7	144 689	8,8	95,3	146	427	12,1
	Semi-det. & row	39	-9,3	117 000	10,5	96,1	155	26	-18,8
	Condominium	39	14,7	85 684	-2,9	93,2	148	64	-11,1
Zone 8	All types	260	13,5	137 885	5,7	96,0	133	396	22,2
	Detached	183	17,3	146 587	7,5	95,8	132	304	15,6
	Semi-det. & row	37	8,8	123 538	12,6	96,3	141	38	52,0
	Condominium	33	0,0	120 982	-1,7	99,0	137	42	44,8
Zone 9	All types	114	25,3	132 428	9,2	95,8	129	194	16,2
	Detached	81	30,6	136 896	7,7	95,8	129	136	2,3
	Semi-det. & row	14	40,0	123 347	5,6	96,5	130	17	70,0
	Condominium	12	50,0	118 844	13,0	96,4	139	30	172,7

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 (compilation SCHL)

Québec Metropolitan Area - Market Zones

- Zone 1: Québec Basse-Ville (Limoilou, St-Roch, St-Sauveur), Vanier
- Zone 2: Québec Haute-Ville (St-Jean-Baptiste, Champlain, Montcalm)
- Zone 3: Ancienne-Lorette, Neufchâtel, Duberger, Les Saules, Lebourgneuf
- Zone 4: Ste-Foy, Sillery, Cap-Rouge, St-Augustin
- Zone 5: Val-Bélair, St-Émile, Loretteville, Lac St-Charles, Valcartier, Shannon, Lac St-Joseph, Ste-Catherine, Fossambault
- Zone 6: Charlesbourg, Lac Beauport, Lac Delage, Stoneham-Tewkesbury, Ste-Brigitte de Laval
- Zone 7: Beauport, Boischatel, L'Ange-Gardien, Côte de Beaupré, île d'Orléans
- Zone 8: Charny, St-Romuald, St-Jean-Chrysostôme, St-Nicolas, St-Rédemptr, Breakeyville, St-Lambert, St-Étienne
- Zone 9: Lévis, Pintendre, St-Henri

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.

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.