

HOUSING MARKET OUTLOOK

Quebec Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fourth quarter 2009

Home building sustained in 2010

Figure 1

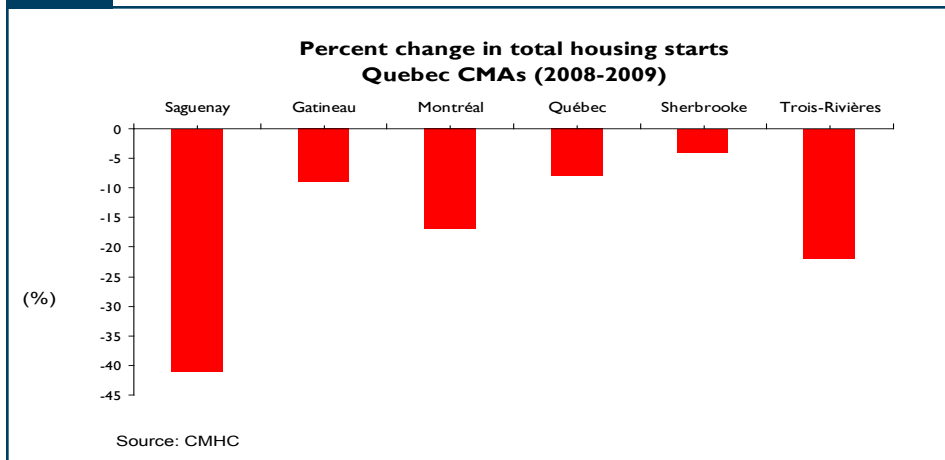
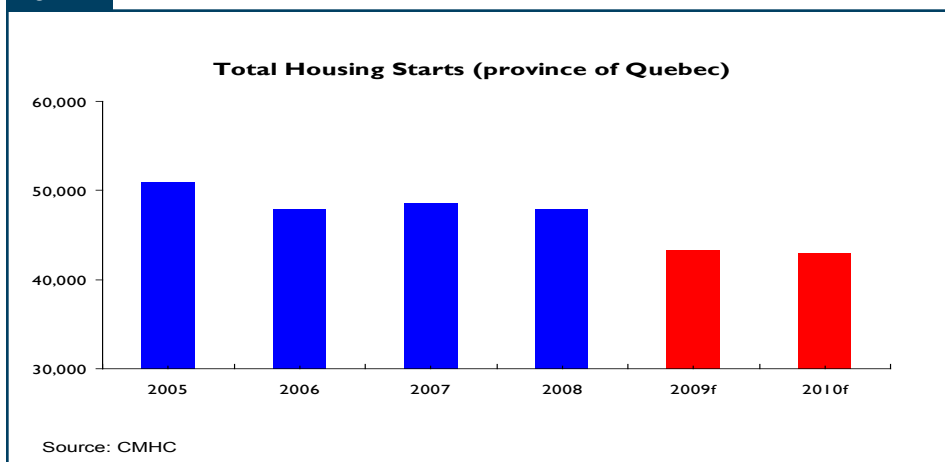


Figure 2



In 2009, a weaker economic environment, combined with increased supply of homes in certain market segments, lowered housing construction in Quebec. In 2010, a recovering economy, still favourable borrowing environment and a tighter resale market will translate into sustained new home construction. In all, 43,000 starts are expected in the province in 2010¹. Sales of existing homes will surpass the 78,000 mark next year.

As a result of improving global and national economic conditions, Quebec's economy, which has been contracting since the end of 2008, will begin to recover in the latter part of this year. Domestic consumption is already showing signs of growth while fiscal and monetary policy will continue to stimulate the economy. CMHC thus expects the Quebec economy to grow by 2.1 per cent in 2010. Nevertheless, firms will be slow to add to their payrolls and the province's labour market will grow at a slower rate. Job growth of less than one per cent is expected in 2010.

Through a variety of channels, the province's evolving demography will

¹The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of October 1, 2009.

continue to fuel housing demand in the coming years. While the effects of population aging continue to impact multi-family housing, the recent increase in the birth rate may also be a source of demand. Finally, increasing net migration will stimulate demand for rental housing.

Interest rates

The Bank of Canada cut the Target for the Overnight Rate in the early months of 2009. The rate was 1.50 per cent at the start of 2009 and has since fallen to 0.25 per cent. The Bank has committed to keeping this rate at 0.25 per cent through the middle of 2010 unless inflationary pressures warrant an increase.

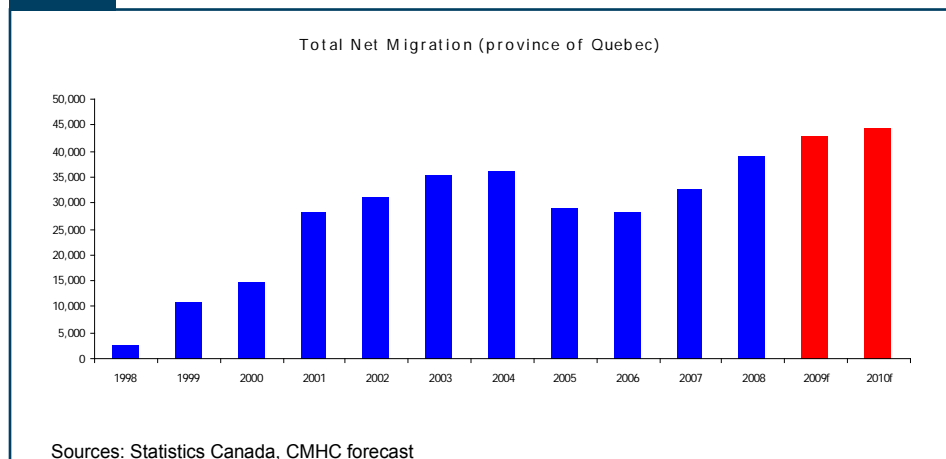
Mortgage rates have fallen over the course of 2009, but are now expected to remain relatively stable for the rest of the year. Posted mortgage rates will gradually increase through 2010, but will do so at a slow pace. For 2010, the one-year posted mortgage rate will be in the 3.50-4.25 per cent range, while three and five-year posted mortgage rates are forecast to be in the 4.50-6.00 per cent range.

In Detail

Single Starts: Starts in this segment will benefit from the improved economic and financial environment as from the reduced supply on the resale market. However, demand will be continue to be challenged by the more affordable resale market and semi-detached homes. Just over 18,000 single detached starts are expected in 2010.

Multiple Starts: Two phenomena will restrain production in this market segment: the lower growth rate of the population aged 75 and over, which

Figure 3



will limit demand for retirement homes, and the current level of supply, which will remain relatively high. Starts in this category will drop to approximately 24,800 units in 2010.

Resales: Sales of existing homes will remain sustained in 2010. Demand for condominiums (town houses or apartments) will again be an important component of the total. However, a slowly recovering job market and lower supply will constrain sales activity. The Multiple Listing Service (MLS®²) will record over 78,000 sales in 2010.

Prices: Sustained sales activity and stable inventories will continue to exert some pressure on prices in Quebec's resale market. As a result, the MLS® average resale price will post growth of 2.4 per cent to just under \$224,000 in 2010.

In the longer run

In the course of the next five years, new home construction in Quebec will be commensurate with projected household formation levels. A number of factors are at play in this movement. To begin with, Quebec's labour market will grow moderately,

partly as a result of population aging. Moreover, existing home markets will move from sellers' to more balanced conditions, thus reducing demand for new homes. Finally, the decrease, over several years, in the rate of growth of the population aged 75 years or older will take the pressure off the construction of retirement homes during the forecast horizon. As a result, housing starts in Quebec will moderate to the 38,000 level heading into 2013. Despite the decline, new home building will remain at relatively high levels when compared to recent history. It must be noted that not all segments of the housing market will be impacted in the same way: demand for new single detached homes is likely to follow economic conditions while that of new multi-family housing will be conditioned by the demographic factors mentioned above.

Mortgage rates		
1 Year	Q2 2009	3.85
	% pt. chg from Q2 2008	-2.83
	2009 (F)	4.03
	2010 (F)	3.83
5 Year	Q2 2009	5.45
	% pt. chg from Q1 2008	-1.48
	2009 (F)	5.55
	2010 (F)	5.75

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q2 2009 data

²MLS® is the trade mark of the Canadian Real Estate Association.

Quebec Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA (%)	Unemp. Rate SA (%)	Average Weekly Earnings (\$)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales ²	MLS® Average Price (\$) ²
Gatineau	Q3 2009	-1.3	5.8	871.54	Q3 2009	936	308	628	N.A.	N.A.
	Q3 2008	6.4	4.8	860.30	Q3 2008	1,103	319	784	N.A.	N.A.
	Change ¹	-7.7	1.0	1.3%	% Change	-15.1	-3.4	-19.9	N.A.	N.A.
Montréal	Q3 2009	-1.1	9.5	763.88	Q3 2009	4,867	1,461	3,406	N.A.	N.A.
	Q3 2008	-1.0	7.4	734.71	Q3 2008	4,977	1,569	3,408	N.A.	N.A.
	Change ¹	-0.1	2.1	4.0%	% Change	-2.2	-6.9	-0.1	N.A.	N.A.
Québec	Q3 2009	-2.7	5.5	767.43	Q3 2009	1,760	485	1,275	N.A.	N.A.
	Q3 2008	-0.4	4.4	746.02	Q3 2008	1,006	533	473	N.A.	N.A.
	Change ¹	-2.2	1.1	2.9%	% Change	75.0	-9.0	169.6	N.A.	N.A.
Saguenay	Q3 2009	0.6	9.0	726.00	Q3 2009	214	123	91	N.A.	N.A.
	Q3 2008	-0.4	7.9	724.00	Q3 2008	447	132	315	N.A.	N.A.
	Change ¹	1.0	1.1	0.3%	% Change	-52.1	-6.8	-71.1	N.A.	N.A.
Sherbrooke	Q3 2009	1.4	7.0	707.70	Q3 2009	452	159	293	N.A.	N.A.
	Q3 2008	-0.2	6.4	710.76	Q3 2008	311	242	69	N.A.	N.A.
	Change ¹	1.7	0.6	-0.4%	% Change	45.3	-34.3	324.6	N.A.	N.A.
Trois Rivières	Q3 2009	-0.4	9.1	692.61	Q3 2009	268	110	158	N.A.	N.A.
	Q3 2008	-2.8	7.5	677.64	Q3 2008	244	104	140	N.A.	N.A.
	Change ¹	2.4	1.6	2.2%	% Change	9.8	5.8	12.9	N.A.	N.A.
Quebec	September 09	-1.6	8.8	744.77	Q3 2009	12,046	5,030	7,016	18,446	\$228,864
	September 08	0.5	7.3	719.49	Q3 2008	12,103	5,708	6,395	17,232	215,811
	Change ¹	-2.1	1.5	3.5%	% Change	-0.5	-11.9	9.7	7.0	6.0
Canada	September 09	-2.1	8.4	807.66	Q3 2009	42,934	23,173	19,761	135,182	\$327,736
	September 08	1.5	6.2	789.08	Q3 2008	58,292	27,724	30,568	114,786	296,173
	Change ¹	-3.6	2.2	2.4%	% Change	-26.3	-16.4	-35.4	17.8	10.7

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

¹Changes to the Unemployment Rate and Employment Growth represent the **absolute** difference between current rates and the rates for the same period in the previous year.

²For the average MLS® price, the figure for the CMAs corresponds to the trend for the last four quarters, except in the case of Montréal. Also, the figure corresponds to the average price of freehold homes in the case of Montréal, Saguenay and Trois-Rivières and to the average price of all homes in the case of Gatineau, Québec and Sherbrooke.

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA

"SA" means Seasonally Adjusted

N.A. Currently not available

Quebec Region Housing Forecast - New Construction

	Housing Starts	2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
Gatineau	Single-Detached	1,120	950	-15.2	900	-5.3	777	769	1.0
	Multiple	2,184	2,050	-6.1	2,100	2.4	1,600	1,554	3.0
	Total	3,304	3,000	-9.2	3,000	0.0	2,377	2,323	2.3
Montréal	Single-Detached	6,602	5,100	-22.8	5,400	5.9	3,786	5,225	-27.5
	Multiple	15,325	13,200	-13.9	12,700	-3.8	9,702	11,371	-14.7
	Total	21,927	18,300	-16.5	18,100	-1.1	13,488	16,596	-18.7
Québec	Single-Detached	2,031	1,725	-15.1	1,600	-7.2	1,330	1,561	-14.8
	Multiple	3,426	3,300	-3.7	3,400	3.0	2,583	2,468	4.7
	Total	5,457	5,025	-7.9	5,000	-0.5	3,913	4,029	-2.9
Saguenay	Single-Detached	400	315	-21.3	290	-7.9	244	317	-23.0
	Multiple	469	200	-57.4	510	155.0	159	382	-58.4
	Total	869	515	-40.7	800	55.3	403	699	-42.3
Sherbrooke	Single-Detached	802	700	-12.7	720	2.9	526	580	-9.3
	Multiple	825	865	4.8	625	-27.7	675	445	51.7
	Total	1,627	1,565	-3.8	1,345	-14.1	1,201	1,025	17.2
Trois Rivières	Single-Detached	373	350	-6.2	320	-8.6	266	286	-7.0
	Multiple	775	550	-29.0	880	60.0	399	488	-18.2
	Total	1,148	900	-21.6	1,200	33.3	665	774	-14.1
Quebec	Single-Detached	19,778	17,000	-14.0	18,200	7.1	12,579	15,149	-17.0
	Multiple	28,123	26,300	-6.5	24,800	-5.7	17,969	20,022	-10.3
	Total	47,901	43,300	-9.6	43,000	-0.7	30,548	35,171	-13.1
Canada	Single-Detached	93,202	70,351	-24.5	79,700	13.3	51,016	72,320	-29.5
	Multiple	117,854	71,550	-39.3	85,200	19.1	51,488	91,669	-43.8
	Total	211,056	141,900	-32.8	164,900	16.2	102,504	163,989	-37.5

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

Quebec Region Housing Forecast - Resale Market²

		2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
Gatineau	MLS [®] Sales	4,390	4,400	0.2	4,400	0.0	N.A.	N.A.	N.A.
	MLS [®] Avg. Price ¹	187,039	194,550	4.0	199,400	2.5	N.A.	N.A.	N.A.
Montreal	MLS [®] Sales	40,441	40,100	-0.8	40,500	1.0	N.A.	N.A.	N.A.
	MLS [®] Avg. Price ¹	259,033	271,000	4.6	279,000	3.0	N.A.	N.A.	N.A.
Québec	MLS [®] Sales	7,838	7,450	-5.0	7,700	3.4	N.A.	N.A.	N.A.
	MLS [®] Avg. Price ¹	196,839	210,000	6.7	218,000	3.8	N.A.	N.A.	N.A.
Saguenay	MLS [®] Sales	1,557	1,450	-6.9	1,525	5.2	N.A.	N.A.	N.A.
	MLS [®] Avg. Price ¹	139,043	144,000	3.6	150,000	4.2	N.A.	N.A.	N.A.
Sherbrooke	MLS [®] Sales	1,864	1,870	0.3	1,950	4.3	N.A.	N.A.	N.A.
	MLS [®] Avg. Price ¹	179,434	186,600	4.0	194,000	4.0	N.A.	N.A.	N.A.
Trois Rivières	MLS [®] Sales	1,061	1,030	-2.9	1,080	4.9	N.A.	N.A.	N.A.
	MLS [®] Avg. Price ¹	132,987	137,000	3.0	140,000	2.2	N.A.	N.A.	N.A.
Quebec	MLS [®] Sales	79,402	78,250	-1.5	78,250	0.0	61,133	63,459	-3.7
	MLS [®] Avg. Price ¹	210,775	218,500	3.7	223,750	2.4	222,491	215,165	3.4
Canada²	MLS [®] Sales	433,990	441,300	1.7	445,150	0.9	358,466	364,328	-1.6
	MLS [®] Avg. Price ¹	303,607	312,950	3.1	324,500	3.7	314,874	309,093	1.9

MLS[®] is a registered trademark of the Canadian Real Estate Association (CREA).

¹ For the average MLS[®] price, the figure for the CMAs corresponds to the trend for the last four quarters, except in the case of Montréal. Also, the figure corresponds to the average price of freehold homes in the case of Montréal, Saguenay and Trois-Rivières and to the average price of all homes in the case of Gatineau, Québec and Sherbrooke.

Source: CREA

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

² Canada total excludes the territories

N.A. Currently not available

Quebec Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2008	Oct 2009(F)	Oct 2008	Oct 2009(F)
Gatineau	1.9	2.1	677	690
Montréal	2.4	2.1	659	668
Québec	0.6	0.6	653	663
Saguenay	1.6	1.8	518	525
Sherbrooke	2.8	3.0	543	555
Trois Rivières	1.7	1.8	505	520
Canada	2.3	2.3	s.o.	s.o.

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

¹ All centres 100,000+

Quebec Region - Housing Forecast Ranges

	2009			2010		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
Quebec						
Housing Starts	43,301	44,500	42,250	43,001	49,950	34,150
Multiple	26,300	27,100	25,550	24,800	28,050	20,500
Single	17,000	17,400	16,700	18,200	21,850	13,650
MLS [®] Sales	78,250	80,000	77,700	78,250	80,300	75,100
MLS [®] Average Price (\$)	218,500	220,500	215,500	223,750	236,000	218,000
Canada						
Housing Starts	141,900	146,000	138,000	164,900	190,000	135,000
Multiple	71,550	73,850	69,200	85,200	96,400	71,900
Single	70,351	72,150	68,800	79,700	93,600	63,100
MLS [®] Sales	441,300	453,500	437,000	445,150	460,000	415,000
MLS [®] Average Price (\$)	312,950	316,500	309,000	324,500	341,500	313,000

Sources : CMHC

MLS[®] is a registered trademark of the Canadian Real Estate Association (CREA).

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable homes – homes that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at www.cmhc.ca

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to www.cmhc.ca/housingmarketinformation

For more information on MAC and the wealth of housing market information available to you, visit us today at www.cmhc.ca/housingmarketinformation

To subscribe to priced, printed editions of MAC publications, call 1-800-668-2642.

©2009 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please contact: the Canadian Housing Information Centre (CHIC) at <mailto:chic@cmhc.gc.ca>; 613-748-2367 or 1-800-668-2642.

For permission, please provide CHIC with the following information:
Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

Housing market intelligence you can count on

FREE REPORTS AVAILABLE ON-LINE

- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
- Northern Housing Outlook Report
- Preliminary Housing Start Data
- Renovation and Home Purchase Report
- Rental Market Provincial Highlight Reports *Now semi-annual!*
- Rental Market Reports, Major Centres
- Rental Market Statistics *Now semi-annual!*
- Residential Construction Digest, Prairie Centres
- Seniors' Housing Reports
- Seniors' Housing Reports - Supplementary Tables, Regional

Get the market intelligence you need today!

Click www.cmhc.ca/housingmarketinformation to view, download or subscribe.

CMHC's Market Analysis Centre e-reports provide a wealth of detailed local, provincial, regional and national market information.

- **Forecasts and Analysis –** Future-oriented information about local, regional and national housing trends.
- **Statistics and Data –** Information on current housing market activities — starts, rents, vacancy rates and much more.



Discover Affordable Housing Solutions

CMHC's Affordable Housing Centre works with the private sector and industry professionals to develop affordable housing solutions in communities across Canada. Learn more about our [programs](#), [successful projects](#), or [contact](#) an expert.