

HOUSING MARKET INSIGHT

Sherbrooke CMA



CANADA MORTGAGE AND HOUSING CORPORATION

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Who are the single-family house and condominium buyers in the Sherbrooke area?

Some aspects distinguish buyers based on the housing type selected, that is, freehold (single-family home and plex) or condominium. According to data from the 2011 National Household Survey (NHS) conducted by Statistics Canada, condominium buyers tended to concentrate in the central sectors, while single-family house buyers were more spread out across the CMA. Not surprisingly, most single-family house buyers were young families with one or more children, while the composition of the households was more varied among condominium buyers. With regard to income, households who bought a single-family home tended to have a higher income than those who bought a condominium.

Profil of buyers in the Sherbrooke CMA

In 2010, some 3,500 households—nearly 4 per cent of all households—bought a home in the Sherbrooke census metropolitan area (CMA). The buyers had different characteristics depending on the type of housing that they chose, either freehold (single-family houses or plexes) or condominium. In this issue of *Housing Market Insight*, we will present a detailed profile of buyers and highlight the aspects that distinguish them. To develop this profile, we used a special compilation of data from the 2011 National Household Survey (NHS) conducted by Statistics Canada. The detailed analysis presented in the following sections will identify the sectors where single-family house¹ buyers chose to settle and those where condominium buyers decided to set up house, as well as the differences between these buyers, in terms of household age, composition and income.

Buyer profile in detail

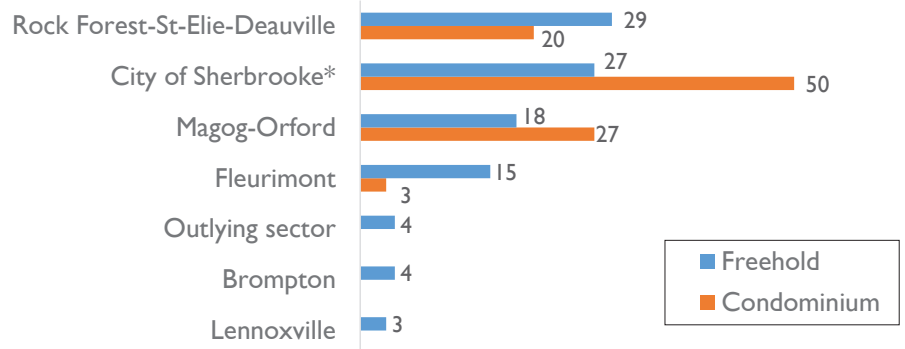
Sectors chosen by buyers

In 2010, of the 3,500 households who bought a home in the Sherbrooke CMA, more than 3,000—or 86 per cent—opted for a single-family house. Among them, 18 per cent came from outside the area.

The sectors surrounding the former city of Sherbrooke (before the mergers) were those where most households who bought a single-family house decided to live. The Rock-Forest-Saint-Élie-Deauville sector welcomed 30 per cent of these households, and Fleurimont was the sector chosen by 15 per cent. However, the city of Sherbrooke (before the mergers), which has 31 per cent of all single-family houses in the CMA, attracted only 27 per cent of new buyers of single-family houses.

Figure 1

Proportions (%) of Buyer Households by Areas and by Housing Type Sherbrooke CMA



Source: Statistics Canada (National Household Survey, 2011); compilation and calculations: CMHC.

* Before the mergers.

Over the same period, 475 households bought a condominium, of which 11 per cent came from an area other than Sherbrooke. Condominium buyers tended to concentrate in the central sectors, while single-family house buyers were more spread out across the CMA (see figure 1). One in two condominium buyers chose a unit in the city of Sherbrooke (before the mergers)—which is not surprising, since the supply of condominiums is more significant there.

Household age and composition

The choice of a type of housing largely depends on household age and composition. Families with one or more children rather tended to choose single-family houses, while young professionals, lone-parent families and one-person households as well as seniors were more tempted by condominiums. As such, the profile of buyers in the Sherbrooke CMA was in line with generally observed residential trajectories.

Not surprisingly, most single-family house buyers were young families with one or more children. As shown in figure 2, one in two such buyers were households aged from 25 to 44, with most having one or more children. However, as single-family house buyer households got older, their composition became more diversified: among those aged from 45 to 64, 40 per cent were lone-parent families or one-person households.

With a share of 7 per cent of purchases, households aged 65 or older were not significantly represented among single-family house buyers, despite their considerable demographic weight (they accounted for one third of all households in the Sherbrooke area in 2010).

In the case of condominiums, buyers were also typically 25 to 34 years old, as this age group accounted for 31 per cent of the purchases. However, the composition of the households was more varied among condominium buyers than among single-family house buyers, as two in three condominium buyers were lone-parent families or one-person

households. Given their relatively smaller floor area, condominiums are better suited to smaller households than to families with children². In fact, only 7 per cent of condominium buyers (all age groups combined) were couples with one or more children, while households of this type accounted for one third of buyers of freehold homes.

People aged 65 or older were also a significant client group for the condominium market. In all, they made 23 per cent of the condominium purchases in 2010. Given that they are easy to maintain and often located near services, condominiums can be better suited to seniors.

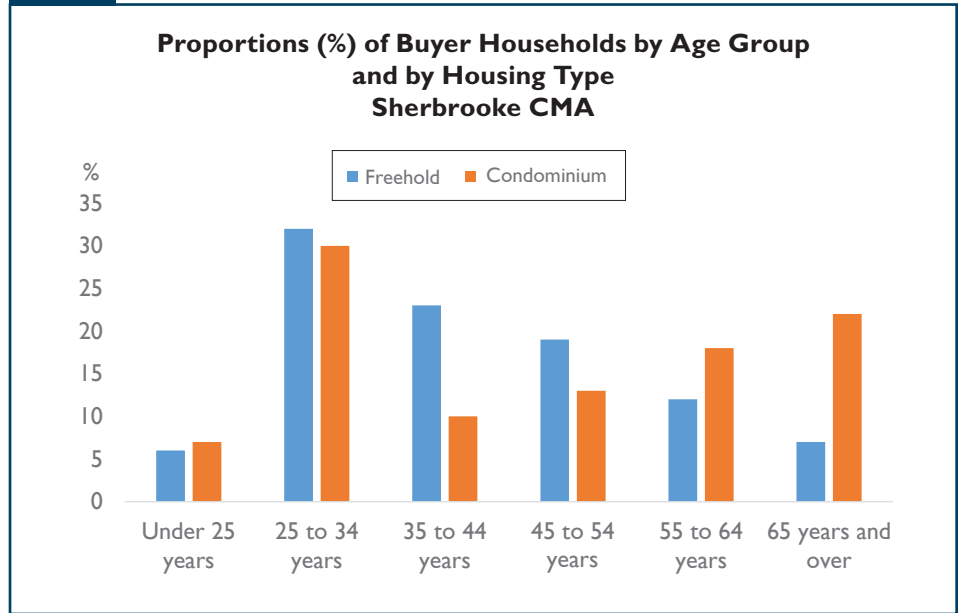
Lastly, it can be noted that households aged from 35 to 44 were much less significantly represented among condominium buyers than among single-family house buyers. This is not surprising, as most of these households are couples with one or more children. They are also the households with the highest median income³, and single-family houses are therefore more accessible to them⁴.

Household income

Household income is another determining factor in the choice of a home. In general, a higher income allows for the purchase of a more expensive property. According to data from the Quebec Federation of Real Estate Boards (QFREB), single-family houses have a higher median price than condominiums. It can therefore be expected that single-family house buyers are more affluent than condominium buyers⁵.

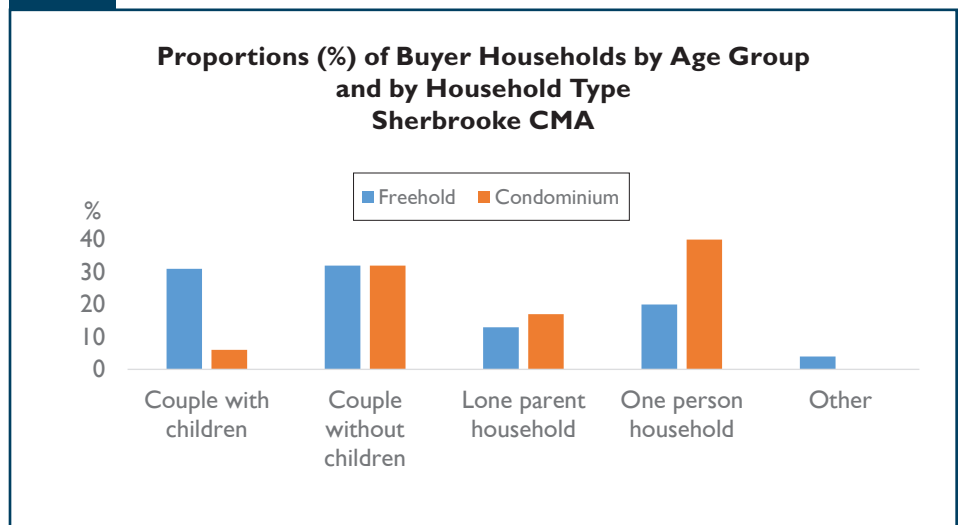
The results recorded in the Sherbrooke CMA follow this logic. Households who purchased a single-family house in 2010 had a higher median income (\$68,500) than those who bought a condominium (\$53,069).

Figure 2



Source: Statistics Canada (National Household Survey, 2011); compilation and calculations: CMHC.

Figure 3



Source: Statistics Canada (National Household Survey, 2011); compilation and calculations: CMHC.

* Other includes one-family census households with other persons and multiple-family census households with or without other persons.

To push the analysis further, it is interesting to look at household incomes in relation to house prices. With a median price⁶ for single-family houses of \$180,000 in 2010, the price-to-buyer income ratio was 2.6 to 1. For condominiums, the median price⁷ was \$140,750, which also gave a ratio of 2.6 to 1. It can therefore be concluded that, in

2010, single-family house buyers and condominium buyers spent similar proportions of their income to buy their home.

Most buyers (80 per cent), of all housing types combined, had to finance their purchase with a mortgage. The proportion of buyers who had to get a mortgage was slightly lower (74 per cent) for new

buyers of condominiums, which can be explained, in part, by the greater share of older buyers. In fact, people aged 65 or older were generally the ones who managed to self-finance their purchase, thanks to savings accumulated over their career and the proceeds of the sale of a previous property.

What can be drawn from the buyer profile? What is the relationship between this profile and the homes started from 2011 to 2015?

While based on data from the 2011 NHS, the buyer profile can be useful in understanding housing market trends in the Sherbrooke area since that survey. The sectors preferred by buyers in 2010, for example, were those where a significant share of new dwellings were started over the five years that followed, which contributed to the development of certain sectors.

In fact, 33 per cent of new homes started from 2011 to 2015 are located in the Rock-Forest–Saint-Élie–Deauville sector. In other words, this sector, which attracted 27 per cent of buyers in 2011⁸, probably remained popular with buyers over the following years on the new home market, which supported the development of the sector. A similar trend was also observed in the Fleurimont sector.

However, only 15 per cent of the new homes started from 2011 to 2015 are located within the former city of Sherbrooke; this was a much smaller share than the proportion of buyers who purchased a home in that sector in 2010 (30 per cent). As such, the buyers in this sector probably turned mainly to the resale market.

Conclusion

In conclusion, this profile revealed, for the first time, a number of interesting characteristics of homebuyers in the Sherbrooke area and certain aspects that distinguish them with regard to their choice of properties. The data confirm a classic profile in terms of housing trajectory. Younger households with children

and those with higher incomes generally opted for single-family houses, while households without children, older households and those with lower incomes rather turned to condominiums.

The data from the 2011 survey are a good starting point and will be updated when the results of the 2016 Census will be released over the coming years. The publication of these results will allow for further interesting analysis to track the profile of buyers in the Sherbrooke area over time, which CMHC intends to report on in a subsequent issue of Housing Market Insight.

ENDNOTES

- ¹ In this report, “single-family house” refers to freehold homes, which include plexes. According to data from the Quebec Federation of Real Estate Boards (QFREB), plexes accounted for one in ten properties sold in the Sherbrooke CMA in 2010.
- ² Income also influences buyers’ choice of housing types; this aspect will be addressed in the next section.
- ³ The aspect of incomes will be addressed in the next section.
- ⁴ See the previous footnote.
- ⁵ According to data from the QFREB by the Centris® system, the median of single-family houses was \$180,000 in 2011, while the median price of condominiums was \$140,750.
- ⁶ QFREB by the Centris® system.
- ⁷ See footnote 6.
- ⁸ In this case, this figure includes both single-family house and condominium buyers.

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