

HOUSING MARKET OUTLOOK

Quebec Region



CANADA MORTGAGE AND HOUSING CORPORATION

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Highlights

- The fundamentals will stimulate demand to 2020
- The economic outlook will sustain the resale market
- Population ageing and immigration will fuel construction
- The job market and demographics will favour demand for rental housing

The fundamentals will stimulate demand to 2020

The recently stronger employment growth in Quebec will stimulate housing demand to 2020. As a result, demand will be sustained on most of the provinces' resale markets and prices will continue their upward trend. During this time, population ageing and immigration will continue to fuel new apartment construction.

In the course of the coming years, consumer spending, private investment and public spending will fuel economic growth. As a result, employment growth in many sectors of the economy is expected. That said, given the fact that economic growth

has approached its potential and that interest rates are rising, a certain slowdown will occur.

The performance of the Quebec job market will support the provinces' net interprovincial migration while immigration remains sustained. These two factors will continue to have a stimulating effect on housing demand in Quebec, in particular on the resale and rental markets.

The Economic outlook will sustain the resale market

Considering the recent and future growth in employment and disposable income, demand on the resale market will be relatively sustained during the course of the next two years at the provincial level. That said, with the increase of interest rates, a growth is expected to slow down somewhat. Future growth will depend on the residential trajectory of senior aged households, among other things. In this context, we anticipate slightly less robust price growth. Given the varying contexts across the province, some regional outlooks will differ from this scenario.

Population ageing and immigration will fuel construction

The forecasted employment growth and the relatively tight state of the resale market will sustain new single detached homes during the forecasted period. However, the number of housing starts will remain relatively modest compared to the multi-unit market segment as supply and demand of apartment units continue to grow.

From here to 2020, population ageing and immigration will fuel construction of multi-unit dwellings. While activity will be sustained in all market segments (condominium, seniors' residences, traditional rental apartments), pauses will occur on certain regional markets given relatively high inventories.

The job market and demographics will favour demand for rental housing

The economic outlook, immigration and population ageing will favour demand on the rental market. Indeed, the opportunities on the job market will incite many workers to stay in Quebec and will permit many young people to rent their own home.

¹ The forecasts and historical data included in this document reflect information available as of October 5, 2018.

With regard to immigration, the balance sheet of the next two years will resemble that recorded recently. As for population ageing, the residential trajectory of the baby-boomers will increase demand for several years.

Montréal

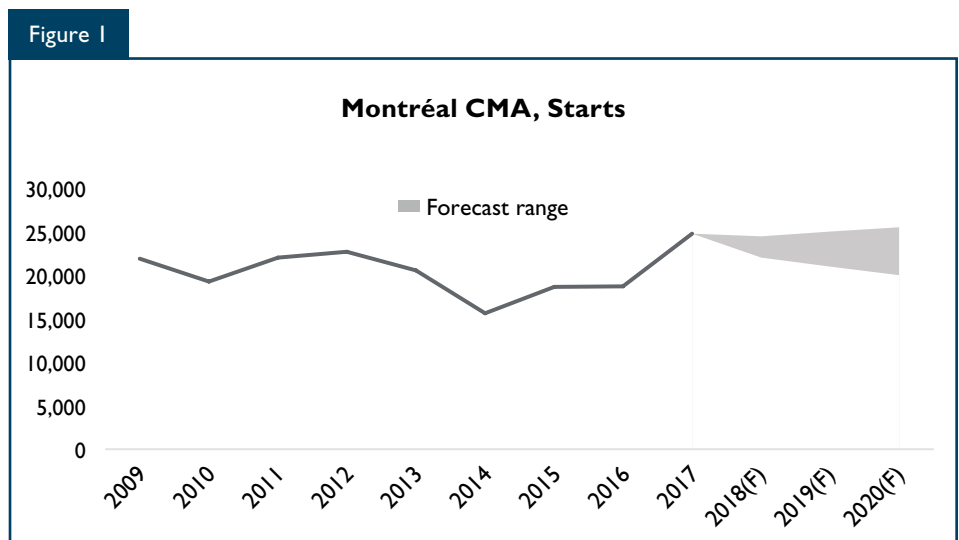
New home market: construction of condominiums and rental apartments to stay strong

Buoyed by condominium and rental housing construction, starts will remain at rather high levels through to 2020, relative to recent years.²

In the condominium segment, construction will increase thanks to a steady demand supported by employment growth and also to significantly lower inventories of new and existing condominiums for sale.

On the rental market, builders will continue to focus on seniors' housing construction, given the aging of the population. As well, with vacancy rates remaining low, the pace of conventional rental housing starts will stay at relatively high levels. That said, possibly higher land prices and financing costs could reduce the number of such new projects.³

As for single-detached home construction, the growth potential will remain weak from now until 2020. In fact, even though there are very few houses for sale on the market, the densification trend and land scarcity are restricting starts of homes of this type.



Source: CMHC; (F): Forecast

Existing home market: market conditions to keep tightening

Resale market transactions in Montréal will follow an upward trend through to 2020. The surge in demand will result mainly from the expected growth in full-time employment among people aged 25 to 44, a group that accounts for a large proportion of the homebuyer pool.⁴ However, the anticipated rise in mortgage rates will curb this increase.

Rising demand, combined with continued limited supply, will keep market conditions favourable to sellers. Consequently, the growth in the average price of homes over the forecast horizon should be definitely higher than the annual average of the last few years,⁵ which was about 2.5%.

Vacancy rate to continue falling

In 2018 and 2019, rental housing demand will increase slightly faster than supply, which will put some downward pressure on the vacancy rate.

Demand will be supported by rising net migration over the forecast horizon, mainly as a result of the significant numbers of immigrants and non-permanent residents who will settle in Montréal. As for supply, many new units will be added to the rental housing stock from now until 2019, given the high levels of starts that have been observed for more than two years now. The average rent will increase, thanks to the generally higher rents for newer apartments and also to the tighter rental market conditions, which will reduce the supply of dwellings for rent.

² From 2013 to 2016, annual housing starts in the Montréal CMA averaged at 18,300 units.

³ Based on comments gathered at a round table organized by CMHC with Montréal area builders; however, these builders may not necessarily constitute a representative sample of all Great Montréal area builders.

⁴ More specifically, about 60% of homebuyers. Source: Statistics Canada, Census, 2016, based on a special compilation and CMHC calculations.

⁵ Average annual growth rate from 2013 to 2016.

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Québec CMA

Existing home market: sales to continue rising gradually

From now until 2020, the Québec metropolitan area's strong economy will continue to support demand on the housing market.

Driven by the growth in employment and household incomes, transactions on the resale market will stay on an upward trend over the next two years. However, the increase will be limited by the gradual rise in mortgage rates and the stability of the population aged 25 to 34—potential first-time homebuyers.⁶

The growth in demand will help slightly lower inventories of homes for sale, and the average price of residential properties should rise modestly over the forecast horizon.

New home market: activity to moderate

After a particularly strong year in the Québec area in 2017, there will be slightly fewer housing starts this year and over the next two years.

Annual condominium starts levels will remain low through to 2020, given the already abundant supply on the market relative to demand. As well, we anticipate that activity will slow down somewhat in the rental housing segment, even though starts numbers will stay above the average of the last decade.

In fact, conventional and seniors' rental housing units have accounted for most of the starts enumerated in the area for the past three years now. This trend should continue over the coming years, given the aging of the population and the many developers and builders who are active on the rental market.

Demand for new freehold (single-detached, semi-detached and row) homes will be driven by employment growth but will still be limited by high land prices, the densification trend and the relatively large supply of existing homes for sale. Starts in this market segment should therefore remain rather stable over the forecast horizon.

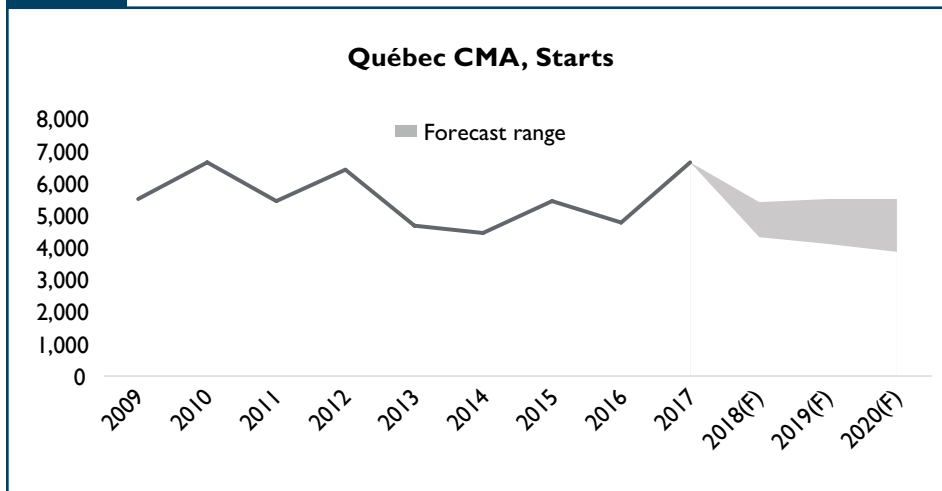
Rental market to ease slightly

The vacancy rate for conventional rental housing in the Québec area decreased slightly last year, despite the marked increase in supply. The strong economy, higher net migration and accelerated aging of the population seem to have bolstered rental housing demand.

Even though these factors will persist over the next two years, the growth in demand will probably be outpaced by the increase in supply on the rental housing market, which would lead to a small rise in the vacancy rate.

Some uncertainty does remain, though, as to the extent of the demand for rental housing in the area. For example, few baby boomers have so far returned to the rental market, but it is not unlikely that this trend will pick up over the coming years, which would have a significant impact on demand.

Figure 2



Source: CMHC; (F): Forecast

⁶ According to data from Statistics Canada's 2016 Census (special compilation, CMHC calculations), about 35% of the households who bought a home between May 2015 and May 2016 were aged 25 to 34. This was the largest share of buyers among all age groups.

Gatineau⁷

New home market activity to keep growing, but at a slower pace

The residential construction recovery in the Gatineau area that began in 2016 will continue, but the rate of growth will be slower. In 2018, the growth will be higher than in 2017, and starts levels will hold up in 2019 and 2020. The gradual rise in interest rates and the easing of the resale market will contribute to this slowdown. The increase in activity could be greater, depending on the extent of the reconstruction needed following the tornado that hit the area in September 2018.

Rental housing starts will be lower in 2018 than in 2017 (when they had reached a peak) but will remain above the average of recent years. Condominium starts will keep rising, given the decrease in the inventory of completed and unabsorbed condominiums. The construction of single-detached homes will be tempered by various factors, including the intensification requirements applicable on the territory of the city of Gatineau.

Existing home market activity to slow down

Sustained by a strong job market, transactions on the resale market will keep rising in 2018, for a fourth straight year, but will then start falling slightly in 2019. The growth will be

limited by the gradual rise in interest rates and a decline in employment among people aged 25 to 44.⁸

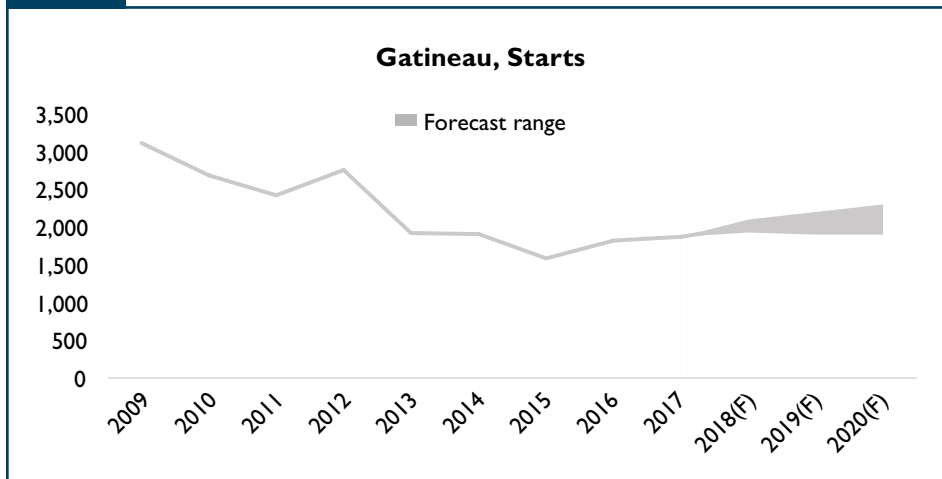
Over the forecast horizon, this decrease in activity will cause market conditions to ease overall, as supply will remain stable. This will curb the growth in the average Centris® price, which will be lower than in 2017. In the case of single-family homes, the market should remain favourable to sellers, given the limited supply.

Vacancy rate to fall again, despite the increase in supply

With construction getting under way on several projects, a significant number of units will be added to the rental housing stock between 2018 and 2020. As a result, there will be considerable growth in supply. However, the rising demand will cause the proportion of vacant units to fall again in 2018. For one thing, some baby boomers will be progressively leaving their properties to move into rental housing, which will boost demand, given their significant numbers.⁹ For another, like in 2017, the pool of potential renters will grow, as a result of an improvement in net migration.

With the labour market slower growth, the ability to attract people relative to other regions should diminish starting in 2019, and the recent addition of rental units will increase the vacancy rate in 2019 and 2020.

Figure 3



Source: CMHC; (F): Forecast

⁷ Quebec part of the Ottawa-Gatineau census metropolitan area (CMA).

⁸ According to data from the 2016 Census, households aged 25 to 44 accounted for the majority of buyers in the area.

⁹ CMHC, *Housing Market Insight*, Gatineau, "Residential choices of Gatineau area households and impact of baby boomers on rental housing demand," September 2018.

Sherbrooke CMA

Housing starts to rise through to 2020

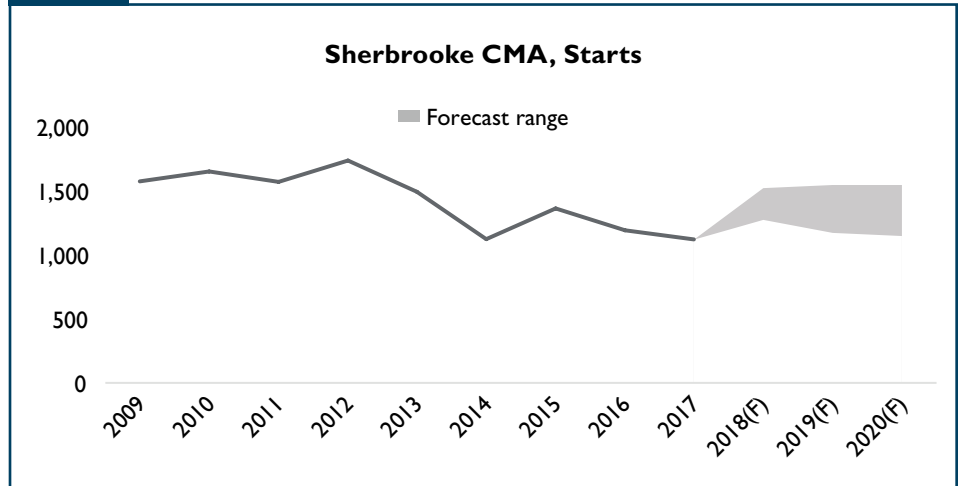
Residential construction in the Sherbrooke area will be on the rise over the coming years, thanks in large part to the strength of the rental housing segment. Conventional rental apartment starts will be driven by the demand for new apartments (as evidenced by the relatively low vacancy rate for such units¹⁰) and population growth. The expansion of the seniors' housing market, supported by the aging of the population, will also contribute to the increase in rental housing starts.

In Sherbrooke, the growth of the economy in general and, in particular, the increase in full-time employment among people aged 25 to 44 (the main homebuying demographic) will support demand for new freehold homes.¹¹ The increase in starts in this market segment will be attributable to the rise in the construction of semi-detached and row houses, which are slightly less expensive. Single-detached home starts will remain relatively stable from now until 2020.

Residential resale market to keep tightening

Given the provincial and regional economic forecasts, employment among people aged 25 to 44 should continue to grow over the coming years, which will support housing

Figure 4



Source: CMHC; (F): Forecast

demand. Sales of residential properties will therefore be on the rise over the forecast horizon. The potential growth in these sales will however be limited by the gradual rise in interest rates over the coming quarters.

The Sherbrooke area resale market will continue to tighten. In fact, demand will rise faster than new listings, such that this market will become balanced¹² by 2020. As a result of this tightening, the growth in the average price of residential properties will be slightly greater over the coming years.

Vacancy rate to continue falling

After having been on an upward trend for several years, the rental apartment vacancy rate in the Sherbrooke area decreased in 2017, falling to 5.3%. This drop was attributable to a stronger rental

housing demand, boosted by the relatively higher migration in the two previous years and the aging of the population. The rental market will keep tightening over the forecast horizon. For one thing, rental housing demand will continue to be supported by the same determinants as in 2017. For another, the decrease in rental apartment completions and the historically low inventory of apartments under construction will result in a rather small additional supply in 2018. However, the increase in conventional rental housing starts will slow down the tightening of the market as of 2019. Lastly, the average rents will record increases similar to those registered in previous years.

¹⁰ The vacancy rate for conventional rental apartments built in 2000 or later in Sherbrooke fell from 4.9% in 2016 to 3.0% in 2017, a level well below the rate for the overall housing stock (5.3%).

¹¹ Freehold homes are single-detached, semi-detached and row houses.

¹² The resale market is balanced when sellers and buyers have similar negotiating power.

Trois-Rivières CMA

Residential construction to stabilize as a result of slower population growth

After two years of growth, housing starts in the Trois-Rivières census metropolitan area (CMA) will decline in 2018, before picking up again moderately in 2019 and 2020 to stabilize at a level well below the average of the last 10 years. Slower population growth will curb demand for new housing in all market segments.

For single-detached houses, the decline in the number of young households, which began a few years ago, will keep such starts on a downward trend. As well, multi-unit housing construction, which posted a strong surge in the last two years, should slow down in 2018, particularly because of the pause in seniors' housing starts. Internal migration and the aging of the

population will continue to support demand for conventional and seniors' rental housing, which will result in a slight upturn in multi-unit housing starts in 2019 and 2020.

Existing home sales to remain stable and prices to rise moderately

The strong employment, particularly full-time employment, registered in recent years is starting to slow down but will continue to support demand on the resale market to some extent. However, the anticipated rise in mortgage rates will contribute to reducing demand. Generally, over the forecast horizon, sales will remain at levels similar to those recorded in previous years, despite a small decrease in 2018.

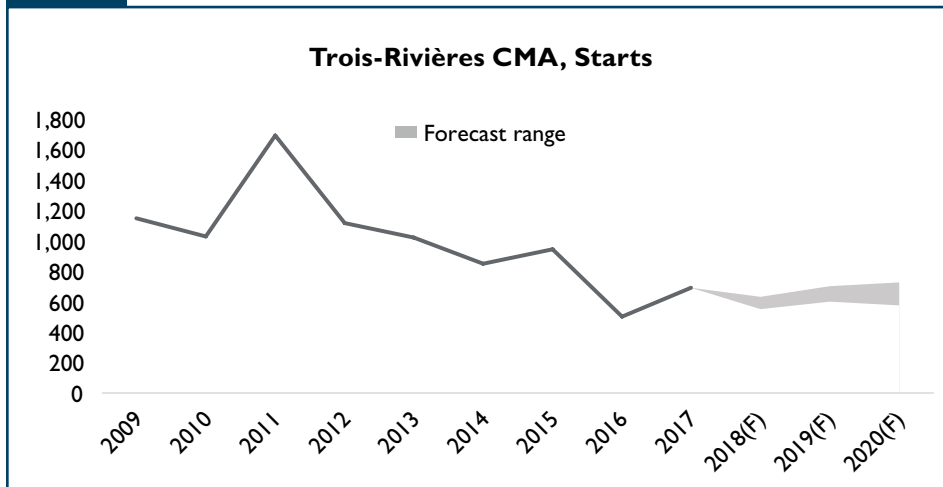
With sales remaining stable and active listings decreasing, resale market conditions will tighten, especially for single-detached homes. Conditions

will slightly favour sellers for such homes but will continue to give the edge to buyers in the case of condominiums and plexes. Given the limited growth in supply and demand in all market segments, prices will not change much.

Vacancy rate to stay at the same level through to 2020

The vacancy rate in Trois-Rivières will remain stable, while rents will keep rising, but at rates below inflation. Despite a small rise in 2018 as a result of the increase in rental housing unit completions,¹³ the vacancy rate will stabilize over the forecast horizon. The growth in demand, essentially driven by intraprovincial migration and the aging of the population, will be met overall by conventional and seniors' rental housing starts and completions.

Figure 5



Source: CMHC; (F): Forecast

¹³ In 2017, 178 conventional rental units were completed, compared to 128 in 2016.

Saguenay CMA

Housing starts to remain relatively stable through to 2020

Residential construction in the Saguenay area will stay at relatively stable levels over the coming years. The trends will vary, however, depending on the intended markets. Starts of freehold (single-detached, semi-detached and row) homes will be down slightly, as the population will be stable and the inventory of existing single-family homes for sale will stay high.¹⁴ The construction of conventional rental housing should also remain on a downward trend, given the rather high vacancy rate.

On the other hand, more seniors' rental housing units will get under way, as the aging of the population will prompt developers to start some seniors' housing projects. Since the number of units in these projects is relatively significant, this increased activity could push up total annual housing starts to a much higher level than in 2017.

Sales of residential properties to rise in 2018 and then stabilize

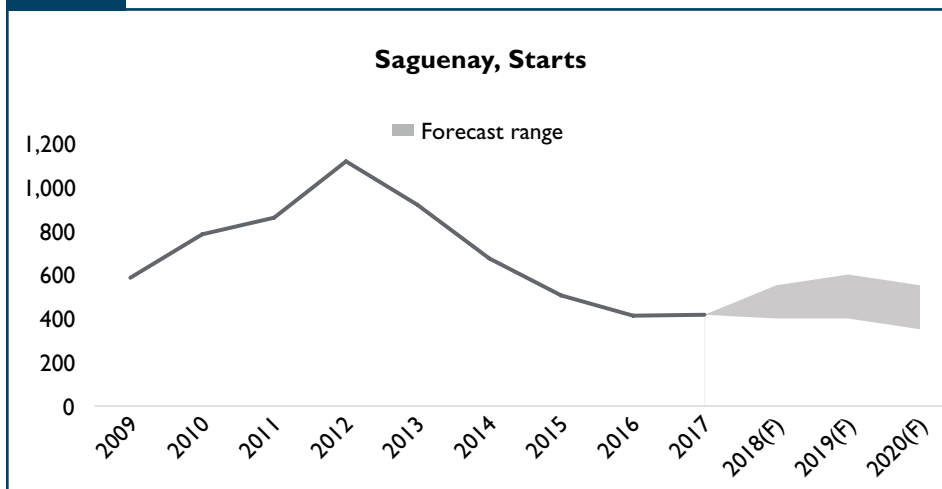
After several consecutive years of decreases, sales of residential properties in the Saguenay area will be on the rise in 2018. This increase will be attributable in part to the renewed employment growth among

people aged 25 to 44 that has been observed since the beginning of 2017.¹⁵ That said, sales will stabilize in 2019 and 2020 on account of the slowdown in employment growth and the gradual rise in interest rates. Sales and new listings will grow at a similar pace, such that residential resale market conditions will remain stable and still significantly favourable to buyers over the forecast horizon. As a result, the average resale price of residential properties will follow a slight upward trend that will stay well below inflation through to 2020.

Rental housing vacancy rate to remain stable

The vacancy rate for conventional rental apartments¹⁷ in the Saguenay area should again stay at relatively high levels (it reached 6.8% in 2017) over the coming years. In fact, rental housing supply and demand should follow similar trends over the forecast horizon. Rental housing supply will rise only very slightly, as the decrease in rental apartment completions¹⁷ will continue. Rental housing demand will also post a very small increase. This demand will be greater among retired people who will be returning to the rental market, but curbed by a net migration deficit. Limited by the rather high vacancy rate, the average rents should post only modest growth over the coming years.

Figure 6



Source: CMHC; (F): Forecast

¹⁴ The inventory of existing single-family homes for sale is currently at its highest level since the early 2000s.

¹⁵ Full-time employment among people aged 25 to 44 (the main homebuying demographic) rose by 4.5% in 2017 and continued to grow in the first half of 2018 over the same period in 2017.

¹⁶ Conventional rental apartments exclude seniors' housing units.

¹⁷ From July 2017 to June 2018, there were 85 conventional rental apartment completions, or 21% less than in the previous 12 months.

Forecast Summary Québec Fall 2018									
	2015	2016	2017	2018(F)		2019(F)		2020(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	9,698	10,737	10,711	10,000	10,600	10,000	11,000	10,200	11,200
Multiples	28,228	28,198	35,784	35,000	35,800	32,000	34,000	33,000	35,000
Starts - Total	37,926	38,935	46,495	45,000	46,400	42,000	45,000	43,200	46,200
Resale Market									
Centris® Sales	74,120	78,140	82,544	84,000	88,000	86,500	92,500	88,500	94,500
Centris® Average Price(\$)	271,790	279,832	292,520	302,500	308,500	311,500	318,500	320,000	328,000
Economic Overview									
Mortgage Rate(5 year)(%)	4.67	4.66	4.78	5.00	5.60	5.40	6.20	5.50	6.50

	2015	2016	2017	2018(F)	2019(F)	2020(F)
Rental Market						
October Vacancy Rate (%)	4.2	4.3	3.3	3.2	3.1	3.2
Two-bedroom Average Rent (October)(\$)	748	775	771	781	791	800
Economic Overview						
Population	8,274,644	8,344,608	8,425,996	8,489,257	8,557,376	8,626,040
Annual Employment Level	4,097,000	4,133,100	4,223,300	4,287,900	4,344,100	4,378,900
Net Migration	27,471	45,648	69,411	61,000	57,000	52,500
Average Weekly Earnings (\$)	830	858	884	904	925	947

QFREB by Centris®. The Centris® system contains all the listings of Quebec real estate board.

Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 5th October 2018. (L)= Low end of Range.(H)= High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey - Market Absorption Survey - Rental Market Survey). Statistics Canada. Centris®. CMHC Forecast (2018-2020).

Forecast Summary Montréal CMA Fall 2018									
	2015	2016	2017	2018(F)		2019(F)		2020(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	2,402	2,499	2,771	2,500	2,800	2,400	2,900	2,300	2,900
Multiples	16,342	15,335	21,985	19,500	21,700	18,600	22,100	17,700	22,600
Starts - Total	18,744	17,834	24,756	22,000	24,500	21,000	25,000	20,000	25,500
Resale Market									
Centris® Sales	39,209	41,307	44,396	45,800	46,800	46,000	48,700	45,900	49,500
Centris® Average Price(\$)	332,497	344,508	364,438	378,500	388,500	390,000	415,000	400,000	420,000
Economic Overview									
Mortgage Rate(5 year)(%)	4.67	4.66	4.78	5.00	5.60	5.40	6.20	5.50	6.50

	2015	2016	2017	2018(F)	2019(F)	2020(F)
Rental Market						
October Vacancy Rate (%)	4.0	3.9	2.8	2.6	2.5	2.5
Two-bedroom Average Rent (October)(\$)	760	791	782	790	800	810
Economic Overview						
Population	4,045,877	4,089,739	4,138,254	4,185,000	4,225,000	4,260,000
Annual Employment Level	2,040,900	2,071,000	2,145,800	2,191,000	2,224,000	2,246,000

QFREB by Centris®. The Centris® system contains all the listings of Quebec Real Estate Board.

Rental Market: Privately initiated rental apartment structures of three units and over.

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Forecast Summary Québec CMA Fall 2018									
	2015	2016	2017	2018(F)		2019(F)		2020(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	826	873	810	720	810	700	900	660	1,000
Multiples	4,616	3,893	5,830	3,600	4,600	3,400	4,600	3,200	4,500
Starts - Total	5,442	4,766	6,640	4,320	5,410	4,100	5,500	3,860	5,500
Resale Market									
Centris® Sales	6,628	6,737	6,878	6,900	7,100	6,950	7,200	6,950	7,300
Centris® Average Price(\$)	265,620	264,963	265,747	266,000	274,000	265,000	278,000	264,000	282,000
Economic Overview									
Mortgage Rate(5 year)(%)	4.67	4.66	4.78	5.00	5.60	5.40	6.20	5.50	6.50

	2015	2016	2017	2018(F)	2019(F)	2020(F)
Rental Market						
October Vacancy Rate (%)	4.0	4.9	4.5	5.0	5.5	5.5
Two-bedroom Average Rent (October)(\$)	788	808	820	835	845	855
Economic Overview						
Population	801,050	806,736	812,205	817,700	823,200	828,500
Annual Employment Level	442,300	438,500	442,800	451,500	456,000	458,500

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Rental Market: Privately initiated rental apartment structures of three units and over.

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Forecast Summary Gatineau CMA Fall 2018									
	2015	2016	2017	2018(F)		2019(F)		2020(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	422	375	420	450	475	400	450	375	450
Multiples	1,162	1,444	1,450	1,475	1,625	1,500	1,750	1,525	1,850
Starts - Total	1,584	1,819	1,870	1,925	2,100	1,900	2,200	1,900	2,300
Resale Market									
Centris® Sales	3,566	3,983	4,204	4,350	4,550	4,300	4,700	4,100	4,600
Centris® Average Price(\$)	243,654	244,646	254,894	258,500	262,500	264,000	271,000	271,500	278,500
Economic Overview									
Mortgage Rate(5 year)(%)	4.67	4.66	4.78	5.00	5.60	5.40	6.20	5.50	6.50

	2015	2016	2017	2018(F)	2019(F)	2020(F)
Rental Market						
October Vacancy Rate (%)	5.9	6.3	3.8	3.5	4.5	5.0
Two-bedroom Average Rent (October)(\$)	751	762	782	805	820	820
Economic Overview						
Population	328,754	332,835	336,670	341,000	345,000	348,500
Annual Employment Level	179,500	175,300	179,800	182,700	184,000	186,000

QFREB by Centris®. The Centris® system contains all the listings of Quebec Real Estate Board.

Rental Market: Privately initiated rental apartment structures of three units and over.

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Forecast Summary Sherbrooke CMA Fall 2018									
	2015	2016	2017	2018(F)		2019(F)		2020(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	305	278	278	285	315	270	330	260	340
Multiples	1,062	919	846	990	1,210	905	1,220	890	1,210
Starts - Total	1,367	1,197	1,124	1,275	1,525	1,175	1,550	1,150	1,550
Resale Market									
Centris® Sales	1,647	1,783	1,758	1,800	1,860	1,790	1,890	1,770	1,910
Centris® Average Price(\$)	244,010	234,801	242,605	244,000	248,000	245,000	252,000	246,000	255,000
Economic Overview									
Mortgage Rate(5 year)(%)	4.67	4.66	4.78	5.00	5.60	5.40	6.20	5.50	6.50

	2015	2016	2017	2018(F)	2019(F)	2020(F)
Rental Market						
October Vacancy Rate (%)	5.8	6.4	5.3	4.9	4.7	4.5
Two-bedroom Average Rent (October)(\$)	608	622	631	642	653	665
Economic Overview						
Population	213,219	216,076	218,633	220,500	222,700	225,000
Annual Employment Level	105,300	106,600	106,600	112,000	113,000	114,000

QFREB by Centris®. The Centris® system contains all the listings of Quebec Real Estate Board.

Rental Market: Privately initiated rental apartment structures of three units and over.

The forecasts (F) included in this document are based on information available as of 5th October 2018. (L)= Low end of range. (H)= High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey - Market Absorption Survey - Rental Market Survey). Statistics Canada. Centris®. CMHC Forecast (2018-2020).

Forecast Summary Trois-Rivières CMA Fall 2018									
	2015	2016	2017	2018(F)		2019(F)		2020(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	180	201	200	180	200	170	200	155	205
Multiples	320	469	492	370	430	430	500	420	520
Starts - Total	500	670	692	550	630	600	700	575	725
Resale Market									
Centris® Sales	1,079	1,111	1,131	1,080	1,130	1,090	1,160	1,080	1,180
Centris® Average Price(\$)	158,659	158,403	160,024	160,000	162,000	160,500	163,500	161,500	166,500
Economic Overview									
Mortgage Rate(5 year)(%)	4.67	4.66	4.78	5.00	5.60	5.40	6.20	5.50	6.50

	2015	2016	2017	2018(F)	2019(F)	2020(F)
Rental Market						
October Vacancy Rate (%)	6.0	6.2	4.7	5.0	4.8	4.8
Two-bedroom Average Rent (October)(\$)	581	587	594	600	605	610
Economic Overview						
Population	156,767	157,794	158,942	159,700	160,500	161,200
Annual Employment Level	73,100	74,600	75,800	76,000	76,400	76,600

QFREB by Centris®. The Centris® system contains all the listings of Quebec Real Estate Board.

Rental Market: Privately initiated rental apartment structures of three units and over.

The forecasts (F) included in this document are based on information available as of 5th October 2018. (L)= Low end of range. (H)= High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey - Market Absorption Survey - Rental Market Survey). Statistics Canada. Centris®. CMHC Forecast (2018-2020).

Forecast Summary Saguenay CMA Fall 2018									
	2015	2016	2017	2018(F)		2019(F)		2020(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	205	190	197	185	215	175	210	165	210
Multiples	300	222	219	215	335	225	390	185	340
Starts - Total	505	412	416	400	550	400	600	350	550
Resale Market									
Centris® Sales	1,121	1,095	1,050	1,130	1,190	1,070	1,200	1,040	1,200
Centris® Average Price(\$)	179,834	180,348	184,113	183,000	186,500	183,500	189,000	184,000	190,000
Economic Overview									
Mortgage Rate(5 year)(%)	4.67	4.66	4.78	5.00	5.60	5.40	6.20	5.50	6.50

	2015	2016	2017	2018(F)	2019(F)	2020(F)
Rental Market						
October Vacancy Rate (%)	7.1	7.0	6.8	6.7	6.6	6.6
Two-bedroom Average Rent (October)(\$)	598	587	605	612	618	625
Economic Overview						
Population	159,987	159,550	159,258	159,100	159,000	158,800
Annual Employment Level	75,100	72,900	75,200	74,800	74,900	75,000

QFREB by Centris®. The Centris® system contains all the listings of Quebec Real Estate Board.

Rental Market: Privately initiated rental apartment structures of three units and over.

The forecasts (F) included in this document are based on information available as of 5th October 2018. (L)= Low end of range. (H)= High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey - Market Absorption Survey - Rental Market Survey). Statistics Canada. Centris®. CMHC Forecast (2018-2020).

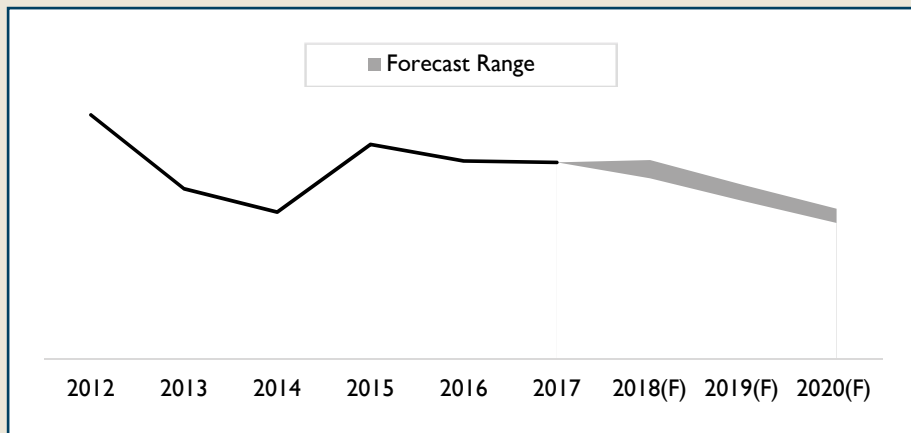
Methodology for forecast ranges

This edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. However, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available.

The range provides a relatively precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. The range is based on the coefficient of variation* of historical data and on past

forecast accuracy. It provides precision and direction for forecasts of housing variables,

given a specific set of assumptions for the market conditions and underlying economic fundamentals.



* The coefficient of variation in this case is the standard deviation divided by the mean of that series. A higher coefficient of variation would produce wider ranges due to the higher volatility of the data, while a lower coefficient of variation would produce tighter ranges.

DEFINITIONS AND METHODOLOGY

New Home Market

Historical home starts numbers are collected through CMHC's monthly **Starts and Completions Survey**. Building permits are used to determine construction sites and visits confirm construction stages. A **start** is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Dwelling Types

Single-Detached Start:

The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

Semi-Detached Start:

The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

Row (or Townhouse) Start:

Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

Apartment and other Starts:

Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

Intended Market

Freehold Start:

Refers to the commencement of construction of a residence where the owner owns the dwelling and lot outright.

Condominium (including Strata-Titled) Start:

Refers to the commencement of construction of an individual dwelling which is privately owned, but where the building and/or the land are collectively owned by all dwelling unit owners. A condominium is a form of ownership rather than a type of house.

Rental Start:

Refers to the commencement of construction of a dwelling constructed for rental purposes regardless of who finances the structure.

Average and Median Single Detached Home Prices:

Are estimated using CMHC's **Market Absorption Survey**, which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "**absorbed**" means that a housing unit is no longer on the market as it has been sold or rented.

New Home Price Indexes:

Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Federation of Real Estate Boards.

MLS® (Centris® in the province of Quebec) Sales:

Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS® (Centris® in the province of Quebec) Average Price:

Refers to the average annual price of residential transactions through the Multiple Listings Services.

Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October **Rental Market Survey** (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

Vacancy Rate:

The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Two Bedroom Rent:

The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

Economic Overview

Labour Force variables include the Annual Employment Level, Employment Growth, Unemployment Rate. Source: Statistics Canada's Labour Force Survey.

Net Migration:

Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

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Local, regional and national analysis and data on current market conditions and future trends.

- Housing Information Monthly
- Housing Market Assessment
- Housing Market Insight
- Housing Now Tables
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Northern Housing
- Housing Market Outlook, Canada and Major Centres
- Preliminary Housing Starts Data
- Rental Market Reports, Canada and Provincial Highlights
- Rental Market Reports, Major Centres
- Seniors' Housing Reports
- Mortgage and Consumer Credit Trends Report

DATA TABLES AVAILABLE ONLINE

- Funding and Securitization Data
- Household Characteristics
- Housing Market Data
- Housing Market Indicators
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