



JLR PUBLICATION

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Real Estate Portrait of Saguenay



IN THE CONTEXT OF MONTREAL 375TH ANNIVERSARY, JLR HAS ESTABLISHED A REAL ESTATE PORTRAIT OF THE VARIOUS BOROUGHES OF THIS AGGLOMERATION. NOW THAT THE CELEBRATION IS OVER, JLR WILL CONTINUE TO PUBLISH REAL ESTATE PORTRAITS OF THE LARGEST CITIES OF QUEBEC. HERE IS THE ANALYSIS FOR SAGUENAY.

OVERVIEW:

Located in the administrative region (AR) of Saguenay-Lac-Saint-Jean, the city of Saguenay had a population of 145,949 in the last 2016 Census¹. A large part of the city's economy is based on the exploitation of natural resources which serves the aluminum and the forest industries. In the years to come, the municipality intends to make a digital shift to become a centre of innovation in this field and across the region. In this respect, since February 2018, Ubisoft, a video game company, has opened a new office in Chicoutimi. Moreover, last Spring, the region of Saguenay-Lac-Saint-Jean has put in place a regional hub, the Saguenay-Lac-Saint-Jean Hub, which will serve, among other things, as a place for exchange and collaboration for actors in the field of digital technology.

Almost 38% of the private households in the city are tenants. In comparison, the proportion of tenants in the whole AR of Saguenay-Lac-Saint-Jean is 32%. From 2010 to 2013, the number of housing starts for rental dwellings has strongly risen in Saguenay. The significant increase in the pool of rental apartments was probably a response to the very low vacancy rates (less than 2%) that had prevailed for a few years in the city and reflecting a housing shortage in Saguenay. Nevertheless, the situation reversed the following years when the vacancy rate started to climb, reaching 7% in 2016. At the same time, there was a decrease in the number of housing starts for rental units. According to the "Starts and Completions Survey" of the Canada Mortgage and Housing Corporation, the vacancy rate was 4.9% in October 2018, a 1.9% drop compared to 2017.

The City of Saguenay has three principal boroughs (Chicoutimi, Jonqui re and La Baie) along with their three peripheral sectors (Shipshaw, Lac-K nogami and a part of Canton-Tremblay). The city's residential housing stock consists in about 75% of single-family homes, with the remainder being plexes (≈20%) and condominiums (≈5%).

SINGLE-FAMILY HOMES

During the first ten months of 2018, there were 191 housing starts for single-family homes (single, semi-detached or row homes), 51 more than in the same period the year before.

According to the data compiled by JLR from the Qu bec Land Register, from January to October 2018, 1,064 single-family homes changed hands in Saguenay, a 4% jump compared to 2017. Overall, it is the second time since 2013 that an increase in the number of transactions is recorded between these months.

From January to October 2018, the median price of single-family homes was \$185,500. This is equal to last year's median price, as well as to the one registered five years ago over the same months.

Even though sales have increased slightly in recent months, the single-family home market is not very dynamic in Saguenay and this limits the rise house prices. Moreover, from January to October 2018, the price of single-family homes was, on average, 4% less than the base value established on July 1, 2014, for the 2016-2018 property assessment roll (2016-2018). Although the new 2019-2021 assessment role will only come out at the beginning of 2019, the city has already made public information regarding the variation between the total value of the 2019 and 2018 city's housing stock. Likewise, the variation is -2.2% for the one to five dwelling properties. According to these statistics, the average value of single-family homes has fallen by 1.3% from 2016 to 2018. Single-family homeowners may therefore be expected to see their property values decline somewhat in the 2019-2021 assessment role that will be released soon.

CONDOMINIUM

From January to October 2018, 134 condominiums were sold in the municipality versus 129 for the same period in 2017.

The median price of a condo was \$163,500 over the first ten months of 2018, a 1% drop compared to last year. Over these same months, the average ratio between the sale price and municipal assessment of condos was 97. This means that condominiums in the City of Saguenay sold for an average price that was 3% lower than the base value established on July 1, 2014, for the 2016-2018 assessment roll.

OUTLOOK

In the years to come, the City of Saguenay, as well as the whole AR of Saguenay-Lac-Saint-Jean, will face some important challenges with respect to the workforce renewal. On the one hand, the population is getting older and older and, according to the population projections of the Institut de la Statistique du Québec published in 2014, the population in the municipality should grow by 0.6% from 2016 to 2021. This will hardly help to make up for the decrease in the city's labour pool. However, new optimism and opportunities now exist in Saguenay as a series of major investment announcements have been made in the past months by companies in various sectors of activity in the municipality.

Since the beginning of 2018, Rio Tinto Alcan announced multiple investment projects for few of its Saguenay's plants for a total of about \$450M. These investments will help secure thousands of jobs as well as creating 200 more². One of the projects that the multinational hopes to go forward with could allow almost all of Saguenay-Lac-Saint-Jean smelters to locally supply themselves with a composite used in the production of aluminum (alumina) instead of purchasing it from outside third parties³. These are encouraging news for workers and players of the aluminum industry, who faced some uncertainties following the imposition of US tariffs on Canadian aluminum exports last June (+10%)

Other major investments have been made or announced since the beginning of the year and they're expected to generate new jobs in the city. For instance, the project Énergie Saguenay, developed by GNL Québec, should create 4000 jobs during the construction phase and about 300 more during the operation phase⁴. Furthermore, Ubisoft plans to create 125 positions over the next five years following an investment of \$135M by 2027⁵.

The housing market being sensitive to the economic conjecture, the investments announced will most probably stimulate the housing demand in the city. This will help Saguenay's housing market gain dynamism. However, for this to happen, the municipality would have to make sure to attract and retain new inhabitants.

BIBLIOGRAPHY

- [1] [Census Data](#) Statistic Canada 2016
- [2] [Le Devoir](#) Retrieved on 05/12/2018
- [3] [TVA nouvelles](#) Retrieved on 06/12/2018
- [4] [Énergie Saguenay](#) Retrieved on 06/12/2018.
- [5] [Radio-Canada](#) Retrieved on 06/12/2018

METHODOLOGY

JLR has eliminated for statistical calculations: sales with a transaction value of less than \$5,000, tied sales, foreclosures sales, undivided sales and multiple sales.

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