



LAND TITLE SOLUTIONS

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# Real Estate Portrait of Rouyn-Noranda

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**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 ROUYN-NORANDA.**

## **OVERVIEW:**

**T**he main city in the Administrative Region of Abitibi-Témiscamingue is Rouyn-Noranda, a city-RCM located in Western Quebec with 42,334 inhabitants<sup>1</sup>. The city's economy is driven primarily by mining and processing of mineral resources, including gold, silver and copper.

**The majority of the city's residential housing stock consists in single-family homes (≈80%) and plexes (≈18%)<sup>2</sup>.** There are also several vacant lots still available for residential development in many areas around the city<sup>3</sup>.

**Since the condominium market is very small in Rouyn-Noranda (condos make up only 2% of the city's residential housing stock),** it is difficult to obtain reliable statistics on the number of sales and the median price for this type of dwelling. As a result, this study will focus on the single-family home market.

## **SINGLE-FAMILY HOME**

**Housing starts went up slightly in the first three quarters of 2018 relative to 2017 (+10).** However, the number of starts remains low, given the strong growth in demand<sup>4</sup>.

**According to the data compiled by JLR based on the Quebec Land Register, 397 single-family homes changed hands in Rouyn-Noranda from January to September 2018.** This is 4% more than for the same period in 2017. Of these 397 transactions, 99% came from the resale pool due to the low number of new properties.

**The median sales price for houses sold during the first nine months of 2018 was \$230,000,** up 7% compared to the same period last year. That rise in prices may be partially attributable to too much demand relative to supply.

**In the specific case of Rouyn-Noranda<sup>5</sup>, the imbalance between supply and demand** may have been triggered by Falco Resources' 2017 announcement that the company would soon be opening a new mine in the area<sup>6</sup>. Sellers (current owners of single-family homes), anticipating a positive jump in the price of their homes due to a strong increase in demand in this market segment, may have delayed their decision to sell. That may have put upward pressure on prices.

**That rise in prices is nothing new for the city.** In fact, according to a previous JLR study, in 2016, Rouyn-Noranda was the municipality with the strongest growth in median price for single-family homes over the previous 10 years (+120% from 2006 to 2016)<sup>7</sup>. That number jumps to almost 107% when considering 2007 to 2017.

**Those sustained price increases are also attributable to the strength of the mining sector in the city and the higher incomes that come with it.** Indeed, those wages have had a significant impact on the real estate market in Rouyn-Nouranda. The rise in the metal prices between 2006 and 2011 significantly contributed to investment in this industry and to an increase in demand for housing. As a result, housing prices have soared due to a sharp rise in demand and in incomes. Despite more modest times in the mining sector in subsequent years, metal prices have remained high enough to generate investment and have continued to drive economic activity in Rouyn-Noranda.

**Finally, in the first three quarters of 2018,** single-family homes in the City of Rouyn-Noranda sold for an average price 6% higher than the base price established on July 1, 2014, for the 2016-2018 assessment roll.

## OUTLOOK

**In the next few years, a new mining project, Horne 5, is expected to begin operating in Rouyn-Noranda. In 2017, Falco Resources® revealed the positive results of a feasibility study that it carried out for its proposed underground gold mine.** Construction for this project, which carries an estimated \$1 billion price tag, is expected to begin in 2019 and, if all goes as planned, partial commissioning of the mine is set to begin in 2021. The job creation expected in the coming years<sup>8</sup> will most likely boost the housing market in the City of Rouyn-Noranda, for both the new and resale market segments. As a result, property prices (single-family homes and condominiums) should continue to rise during this period.

**In short, the upward trend in the price of single-family homes in Rouyn-Noranda can be explained, in part, by growing demand and slow growth in supply. The construction and operation of the Horne 5 project will continue to bolster demand for single-family homes, which will in turn drive up the price of houses in the area. This will make it more attractive to build new projects, which will fulfill at least a portion of the growing demand for housing.**

## BIBLIOGRAPHY

- [1] Census Data Statistic Canada 2016
- [2] Statistics taken from the JLR database based on MAMOT information.
- [3] City of Rouyn-Noranda. Residential development. Consulted on 10/24/2018
- [4] Canada Mortgage and Housing Corporation (CMHC). Housing Starts: By Intended Market. Consulted on 10/24/2018
- [5] Price increases were also recorded elsewhere in the Administrative Region of Abitibi-Témiscamingue, but were generally smaller, except for Val-d'Or - another major mining city.
- [6] <https://www.falcores.com/en/project-horne-5/project-overview>
- [7] JLR, Portrait of the price of single-family homes for 100 cities across Quebec, March 2017.
- [8] The construction phase is expected to generate about 1,000 jobs, while the operation phase should create about 500 jobs. La Presse. Consulted on 10/24/2018

## METHODOLOGY

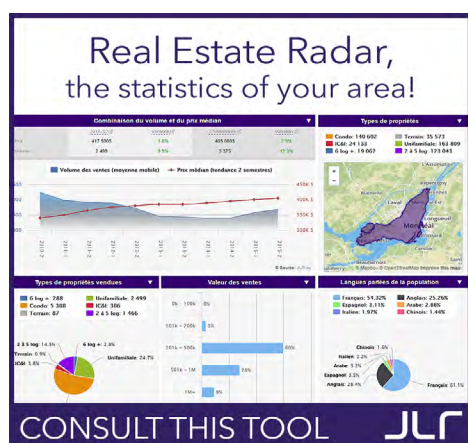
JLR has eliminated for statistical calculations: sales with a transaction value of less than \$5,000, tied sales, foreclosures sales, undivided sales and multiple sales.

## FOR MORE DETAILS

You wish to get specific data for your area? [Contact us](#) to get a personalized study !

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