

PROPERTY PRICES INCREASE WITHIN A SLOWING MONTRÉAL REAL ESTATE ENVIRONMENT IN THE FOURTH QUARTER OF 2013

Moderate growth in the price of houses is, however, foreseen in 2014

MONTRÉAL, January 9, 2014 – *The House Price Survey and Market Survey Forecast* from Royal LePage published today indicates that despite the decrease in real estate activity with regard to resales, there has been an increase in property prices in the Montréal region in the fourth quarter of 2013 compared to the same time in 2012 for most types of property.

"Following an encouraging third quarter, the real estate market operated at a slower pace in the fourth quarter of 2013. Sellers continued to maintain their prices even though properties were more difficult to sell. This combination has contributed to the increase in inventory and the decrease in sales in the Montréal region," stated Dominic St-Pierre, Director, Royal LePage for the Québec region.

Property prices in the Montréal region

In the fourth quarter of 2013, the average price for one-storey single family homes increased by 2.9% to reach \$291,050 compared to the same quarter of 2012. The average price of a standard two-storey home increased by 5.8% compared to the same quarter in 2012, bringing it to \$401,714, although this was slightly down from the third quarter of 2013. The price of a standard condominium, in turn, decreased by 0.4% in the fourth quarter of 2013 reaching \$239,332 compared to the same period in 2012.

"The increase in property prices, particularly two-storey homes, is difficult to explain. It may be nothing more than the sellers' resolve to maintain their prices, which has contributed to the drop in sales. This increase is thus not sustainable and we should plan for a slight correction in the next quarter," Mr. St-Pierre said.

Real estate activity in the Montréal region

Compared to the same quarter in 2012, the fourth quarter of 2013 was marked by a decrease in activity in terms of sales of units for all types of property. Sales volumes of individual bungalows dropped by 9.8%. Sales of standard two-storey homes decreased by 6.3%, and finally, standard condominiums dropped by 2.9%.

"Following a recovery in the real estate sector in the third quarter, we saw that the resale market in Montréal ran out of steam at the end of the year," Mr. St-Pierre stressed.

Inventory by property type in the Montréal region

Inventory for each property type in the Montréal region has continued to increase. The inventory of bungalows has grown by 10.7% compared to the same quarter in 2012, whereas the inventory of standard condominiums has increased by 8.8%. "The trend has continued with respect to the increase in inventory for these property types. However, an interesting fact is that we have seen a decrease in the number of new registrations, primarily in co-ops. This factor should contribute to

better balancing supply and demand in this market segment and this is encouraging for the future development of things," Mr. St-Pierre asserted.

Royal LePage states that there are fewer first-time buyers in the market or that they are more patient in the last quarter of 2013. "It should be noted that in the third quarter consumer confidence decreased to the lowest level since the recession of 2008, which can explain this phenomenon in part," Mr. St-Pierre indicated.

Real estate market forecast for 2014

Assuming a slight improvement in the economy of Quebec, and that the current federal government mortgage sector regulations remain unchanged, Royal LePage expects property prices to increase modestly in 2014 in the Montreal region. "There should be an increase of between 1 and 2.5 percent for individual homes, while the price of standard condominiums should decrease between 2 and 4 percent due to the extremely high supply," Mr. St-Pierre estimates.

"We already know that interest rates will stay low in 2014. Also, the world economy should continue to improve this year, as should the American real estate market. The two determining factors likely to affect the 2014 real estate market are the performance of the Quebec economy, and the possibility that the mortgage regulations could be tightened further," Mr. St-Pierre maintains.

"The prospect of Ottawa introducing new rules for the purpose of slowing down the lively Toronto and Vancouver real estate markets could certainly have a bad effect on the Montreal real estate market in 2014," Mr. St-Pierre predicts.

Housing prices study for the Montreal region for the fourth quarter of 2013

Average House Prices

Detached bungalow				
	Average Q4 2013	Average Last Quarter	Average Q4 2012	Difference (%)
Beaconsfield	325,000	326,300	330,250	-1.6%
Dorval	301,000	300,300	290,000	3.8%
Pierrefonds	299,750	286,600	285,000	5.2%
Westmount	n/d	n/d	n/d	n/d
Notre-Dame-de-Grace/Côte-des-Neiges	n/d	n/d	n/d	n/d
Ville-Marie	n/d	n/d	n/d	n/d

Le Plateau Mont-Royal	n/d	n/d	n/d	n/d
Rosemont/La Petite Patrie	n/d	n/d	n/d	n/d
Laval	283,100	283,000	279,000	1.5%
Brossard	277,000	277,850	256,750	7,9%
Longueuil	251,500	248,875	249,000	1.0%
Boucherville	300,000	302,215	290,375	3.3%
Montréal	291,050	289,306	282,911	2.9%

Standard Two-Storey Home				
	Average Q4 2013	Average Last Quarter	Average Q4 2012	Difference (%)
Beaconsfield	n/d	n/d	n/d	n/d
Dorval	335,000	335,700	306,500	9.3%
Pierrefonds	390,000	386,950	387,750	0.6%
Westmount	n/d	n/d	n/d	n/d
Notre-Dame-de-Grace/Côte-des-Neiges	540,000	539,650	499,750	8.1%
Ville-Marie	n/d	n/d	n/d	n/d
Le Plateau Mont-Royal	n/d	n/d	n/d	n/d
Rosemont/La Petite Patrie	n/d	n/d	n/d	n/d
Laval	355,000	365,000	334,625	6.1%
Brossard	402,000	405,050	373,200	7.7%
Longueuil	362,000	360,000	335,000	8.1%
Boucherville	428,000	428,700	420,000	1.9%
Montréal	401,714	403,007	379,546	5.8%

Standard Condominium				
	Average Q4 2013	Average Last Quarter	Average Q4 2012	Difference (%)

Beaconsfield	n/d	n/d	n/d	n/d
Dorval	n/d	n/d	n/d	n/d
Pierrefonds	205,000	208,000	208,500	-1.7%
Westmount	n/d	n/d	n/d	n/d
Notre-Dame-de-Grace/Côte-des-Neiges	259,000	260,000	266,750	-2.9%
Ville-Marie	315,000	315,000	325,000	-3.1%
Le Plateau Mont-Royal	325,000	323,750	320,000	1.6%
Rosemont/La Petite Patrie	270,000	270,000	271,200	-0.4%
Laval	199,900	199,250	195,000	2.5%
Brossard	195,000	195,000	189,000	3.2%
Longueuil	174,000	174,000	177,000	-1.7%
Boucherville	211,000	213,375	210,000	0.5%
Montréal	239,322	239,819	240,272	-0.4%

About the Royal LePage House Price Survey

The Royal LePage House Price Survey is the largest, most comprehensive study of its kind in Canada, with information on seven types of housing in over 250 neighbourhoods from coast to coast. This release references an abbreviated version of the survey which highlights house price trends for the three most common types of housing in Canada in 90 communities across the country. A complete database of past and present surveys is available on the Royal LePage website at www.royallepage.ca. Current figures will be updated following the complete tabulation of the data for the fourth quarter of 2013. A printable version of the fourth quarter 2013 survey will be available online on February 6, 2014. Housing values in the Royal LePage House Price Survey are Royal LePage opinions of fair market value in each location, based on local data and market knowledge provided by Royal LePage residential real estate experts.

About Royal LePage

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of nearly 15,000 real estate professionals in over 600 locations nationwide. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women's and children's shelters and educational programs aimed at ending domestic violence. Royal LePage is a Brookfield Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE.

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