

MONTREAL REAL ESTATE MARKET: SINGLE-FAMILY HOUSE PRICES CONTINUE TO RISE IN THE SECOND QUARTER

A short-lived drop in property prices in 2014 may help revitalize the resale market

MONTREAL, July 9, 2014 – The Royal LePage House Price Survey and Market Survey Forecast released today showed a continuing rise in single-family house prices in the Montreal area as a whole in the second quarter of 2014, compared to the same quarter last year. Also, the inventory difference between standard single-family houses and condominiums seems to be shrinking, a sign that things are getting back to normal. The gap, which had grown in the past few quarters, is finally closing.

“Because this is still a buyer's market and given the high number of houses available on the market, we are witnessing a downward pressure on property prices,” observed Dominic St-Pierre, Director, Royal LePage for the Quebec Region. “Sellers who agree to lower their prices a little depending on the sector and type of property seem to have more success. It's also important to remember that a short-lived drop in prices could have a positive impact, diminishing the inventory and revitalizing the real estate market in the greater Montreal area.”

Property prices in the Montreal area

We noted a slight increase in average property prices in the second quarter of 2014 compared to those from the same period in 2013. The average price for a detached bungalow went up 2.6% to \$296,250 and that of a standard two-storey home rose 1.7% to \$404,357. Meanwhile, the average price for a standard condominium stagnated, from \$239,528 to \$239,611.

Inventory in the Montreal area

The inventory of standard condominiums in the second quarter of 2014 increased 10% in the Montreal area. On the North Shore, the inventory in Laval went up, with a 19.4% increase across single-family homes and an 8.5% increase in the condo market. Brossard and Longueuil were spared any significant rise in inventory. In fact, condominium listings in Longueuil declined.

Housing starts, which remained stable in the last quarter, rose 17% on the Island. “I welcome this increase in new constructions because it will bring new vitality. However, we are keeping a close eye on the resale market, which could suffer as a result of these new properties,” explained Mr. St-Pierre.

Market activity in the Montreal area

Although sales on the Island of Montreal went up in the first quarter of 2014, they slowed in the second quarter, namely due to the late spring, a downturn in the labour market and the

provincial elections which contributed to uncertainty in the economic and real estate markets. Sales of all types of properties accordingly declined by 4.8%. More specifically, detached bungalows saw a significant drop in sales, slipping back 11.11%. "This decline in interest for detached bungalows may be explained in part by a preference among Montrealers for other housing types that optimize the available space," suggested Mr. St-Pierre.

The story is different in Longueuil. The region exceeded expectations, with market activity going up 11.3% for detached bungalows and 9.75% for two-storey homes. The region that saw the biggest drop in sales was Laval.

Home Buyers' Plan

The measures put forward by the City of Montreal's new government last May with a view to helping families buy a house are a step in the right direction. "Over the past few years, the cost of buying a home, which includes not only the price of a house, but various fees like the transfer tax, as well as municipal and school taxes, has become a weighing factor that can discourage first-time buyers and young families," stated Mr. St-Pierre. The Home Ownership Program is a good opportunity for first-time buyers to consider buying real estate on the Island, since they could receive financial aid for the purchase. Young households with at least one child are eligible for a full refund of the transfer tax.

Economic factors and forecast for 2014

Quebec's economy gained momentum in the first half of the year. Largely attributed to a substantial increase in international exports, the province saw a greater rise in its gross domestic product (GDP) than Canada, with a 2.4% increase compared to 1.2% at an annualized rate. The Quebec consumer confidence index, produced every quarter by the Conference Board of Canada, declined slightly but stayed at a comfortable level.

In light of recent statistics regarding the real estate market, Royal LePage predicts that the second half of the year will be much stronger than the first. "Despite a less compelling start to the quarter, the months of June and July are already signalling a strong recovery in sales," explained Mr. St-Pierre. "We believe that with the historic low in mortgage rates, Quebec's economy starting up again and the downward trend in house prices, the worst is behind us. We expect a 2.5% sales decline for 2014 as a whole, assuming that they will stabilize over the next few months."

House Price Survey in the Montreal Area for the Second Quarter of 2014

Average home price

Detached bungalow				
	Average in Q2 of 2014	Average in the last quarter	Average in Q2 of 2013	Difference (%)
Beaconsfield	\$326,000	\$325,400	\$330,350	-1.3%
Dorval	\$309,000	\$301,000	\$300,500	2.8%
Pierrefonds	\$298,250	\$298,700	\$289,225	3.1%
Westmount	N/A	N/A	N/A	N/A
Notre-Dame-de-Grâce/Côte-des-Neiges	N/A	N/A	N/A	N/A
Ville-Marie	N/A	N/A	N/A	N/A
Plateau Mont-Royal	N/A	N/A	N/A	N/A
Rosemont/La Petite-Patrie	N/A	N/A	N/A	N/A
Laval	\$290,000	\$285 000	\$283,750	2.2%
Brossard	\$284,500	\$283,000	\$268,500	6.0%
Longueuil	\$260,000	\$265,000	\$245,750	5.8%
Boucherville	\$306,000	\$303,800	\$304,000	0.7%
Montreal	\$296,250	\$294,557	\$288,868	2.6%

Standard two-storey home				
	Average in Q2 of 2014	Average in the last quarter	Average in Q2 of 2013	Difference (%)
Beaconsfield	N/A	N/A	N/A	N/A
Dorval	\$331,000	\$338,750	\$334,000	-0.9%

Pierrefonds	\$382,250	\$386,250	\$389,500	-1.9%
Westmount	N/A	N/A	N/A	N/A
Notre-Dame-de-Grâce/Côte-des-Neiges	\$552,000	\$554,000	\$524,000	5.3%
Ville-Marie	N/A	N/A	N/A	N/A
Plateau Mont-Royal	N/A	N/A	N/A	N/A
Rosemont/La Petite-Patrie	N/A	N/A	N/A	N/A
Laval	\$360,000	\$362,000	\$365,000	-1.4%
Brossard	\$404,500	\$403,250	\$399,000	1.4%
Longueuil	\$366,250	\$367,000	\$334,000	6.5%
Boucherville	\$434,500	\$432,000	\$428,000	1.5%
Montreal	\$404,357	\$406,179	\$397,643	1.7%

Standard condominium				
	Average in Q2 of 2014	Average in the last quarter	Average in Q2 of 2013	Difference (%)
Beaconsfield	N/A	N/A	N/A	N/A
Dorval	N/A	N/A	N/A	N/A
Pierrefonds	\$219,000	\$213,000	\$208,000	5.3%
Westmount	N/A	N/A	N/A	N/A
Notre-Dame-de-Grâce/Côte-des-Neiges	\$255,000	\$257,000	\$252,000	1.2%
Ville-Marie	\$310,000	\$310,000	\$315,000	-1.6%
Plateau Mont-Royal	\$319,000	\$320,100	\$329,000	-3.0 %
Rosemont/La Petite-Patrie	\$272,000	\$277,000	\$271,500	0.2%
Laval	\$200,000	\$200,000	\$198,750	0.6%
Brossard	\$192,000	\$194,000	\$195,000	-1.5%
Longueuil	\$180,000	\$174,250	\$174,250	3.3%
Boucherville	\$209,500	\$210,700	\$212,250	-1.3%

Montreal	\$239,611	\$239,561	\$239,528	0.0%
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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 compilation of data for the second quarter of 2014. A printable version of the second quarter 2014 survey will be available online on August 6, 2014. The property values indicated in the Royal LePage House Price Survey correspond to Royal LePage's evaluation of the market value of properties in each location based on local data and market information provided by Royal LePage's 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 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.

For more information, visit www.royallepage.ca.

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