

PRESS RELEASE

For immediate release

Real Estate Market Posts Vigorous Price Increases in Greater Montreal Area During the Third Quarter of 2016

Drop in inventory and sustained demand propel largest home price appreciation in five years

Montreal, October 13, 2016 – The Royal LePage House Price Survey¹ released today shows that real estate market activities in Greater Montreal Area continued to strengthen with the aggregate² price of a home increasing 4.9 per cent to \$352,798.

"Compared to the third quarter of 2015, the Greater Montreal real estate market experienced the highest increase in prices in five years, explained partially by the decrease in available properties on the market in conjunction with strong demand," said Dominic St-Pierre, senior director, Royal LePage for the Quebec region. "However, prices generally remained reasonable, in comparison with other large Canadian cities, which also resulted in an increase in sales volumes."

According to the survey, the median price of a two-storey home in Greater Montreal increased considerably by 5.7 per cent in the third quarter compared to the same quarter in 2015, reaching \$443,239, while the median price of a bungalow increased by 3.2 per cent to \$287,198. Condominiums recorded strong year-over-year price increases, rising 5.2 per cent to \$300,089. During the same period, bungalow and two-storey sales increased 2.8 per cent and 3.8 per cent, respectively, while condominiums saw the most significant increase in sales, climbing 11.9 per cent year-over-year.

In addition, the number of sales recorded this quarter in the luxury segment increased significantly by 13.6 per cent for single family homes of a million dollars or more and 35.8 per cent for condominiums over \$500,000.

Increased interest from Chinese buyers in the area

"Anecdotally, we have noticed this quarter a slight increase in interest from Chinese buyers in Greater Montreal Area," noted Mr. St. Pierre. "The direct air route between Montreal and Beijing established in September 2015 could also have contributed to an increased presence of Chinese buyers in the Montreal market. In addition, Air Canada will be launching in February of 2017 a new direct connexion between Montreal and Shanghai, which should bring more opportunities on the market."

Limited impacts of the new mortgage framework for the area

¹ Powered by Brookfield RPS.

² Aggregate prices are calculated via a weighted average of the median values of three types of properties in the regions surveyed.

Although the Montreal market is recovering, the new mortgage insurance rules announced by Finance Minister, Bill Morneau could slow the region's real estate market expansion. Starting on October 17th, 2016, homeowners must have a gross debt service ratio of no greater than 39 per cent and a total debt service ratio of no more than 44 per cent in order to qualify for mortgage insurance. Insured mortgages must also undergo a rigorous stress test at the greater applicable interest rate between the contract mortgage rate or the Bank of Canada's conventional five-year fixed posted rate.

"While this new measure is significant, many banks have used similar criteria when writing mortgages for quite some time. What were once internal, self-managed bank policies are now laws that should help prevent household indebtedness in the long term," concluded Mr. St. Pierre.

Royal LePage Greater Montreal House Price Survey Data: Third Quarter, 2016

Two-Storey			
	Q3 2016 Median Home Price	Change 2016 Q2 – 2016 Q3 (%)	Change 2015 Q3 – 2016 Q3 (%)
Laval	\$401,949	1.9%	3.3%
Montreal Centre	\$561,105	0.5%	7.1%
Montreal East	\$496,855	1.1%	6.3%
Montreal West	\$434,044	-0.3%	1.4%
Montreal North Shore	\$361,943	1.4%	4.3%
Montreal South Shore	\$397,323	2.3%	7.6%
Greater Montreal	\$443,239	1.2%	5.7%

Bungalow			
	Q3 2016 Median Home Price	Change 2016 Q2 – 2016 Q3 (%)	Change 2015 Q3 – 2016 Q3 (%)
Laval	\$298,406	1.2%	4.7%
Montreal Centre	\$391,945	1.9%	2.3%
Montreal East	\$307,032	-0.7%	-0.9%
Montreal West	\$332,339	0.9%	0.9%
Montreal North Shore	\$259,492	0.7%	3.1%
Montreal South Shore	\$279,942	1.3%	4.3%
Greater Montreal	\$287,198	1.0%	3.2%

Condominium			
	Q3 2016 Median Home Price	Change 2016 Q2 – 2016 Q3 (%)	Change 2015 Q3 – 2016 Q3 (%)
Laval	\$242,084	2.4%	2.0%
Montreal Centre	\$357,466	3.5%	8.2%
Montreal East	\$273,606	1.0%	-0.3%
Montreal	\$261,229	-0.8%	0.0%

West			
Montreal North Shore	\$199,860	0.0%	-3.1%
Montreal South Shore	\$247,311	4.7%	6.8%
Greater Montreal	\$300,089	2.8%	5.2%

Aggregate			
	Q3 2016 Median Home Price	Change 2016 Q2 – 2016 Q3 (%)	Change 2015 Q3 – 2016 Q3 (%)
Laval	\$325,481	1.7%	3.6%
Montreal Centre	\$431,894	2.0%	7.2%
Montreal East	\$374,121	0.8%	3.2%
Montreal West	\$382,271	-0.1%	1.2%
Montreal North Shore	\$285,747	0.9%	3.0%
Montreal South Shore	\$325,313	2.2%	6.3%
Greater Montreal	\$352,798	1.5%	4.9%

*The data in the above table may not correspond to those previously reported for the same period due to later updates in the market.

About the Royal LePage House Price Survey

The Royal LePage House Price Survey provides information on the three most common types of housing in Canada, in 53 of the nation's largest real estate markets. Housing values in the House Price Survey are based on the Royal LePage National House Price Composite, produced quarterly through the use of company data in addition to data and analytics from its sister company, Brookfield RPS, the trusted source for residential real estate intelligence and analytics in Canada. Commentary on housing and forecast values are provided by Royal LePage residential real estate experts, based on their opinions and market knowledge.

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 over 17,000 real estate professionals in more than 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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