

PRESS RELEASE
For immediate release

Property Prices Increased Across Housing Types in Greater Montreal in the Second Quarter of 2017

Among property types, condominium market saw the greatest year-over-year price increase at 7.1 %

Montreal, July 13, 2017 – The Royal LePage House Price Survey¹ and Market Forecast Survey released today showed that the residential real estate market in the Greater Montreal Area maintained its upward trend. In the second quarter of 2017, the aggregate² price of a home increased by 6.2 per cent year-over-year to \$372,071.

When broken out by housing type, the median price of a two-storey home in the Greater Montreal Area rose by 6.6 per cent year-over-year to \$460,667, while the price of a bungalow saw a similar increase, climbing 4.3 per cent over the same period to \$295,083. Meanwhile, the median price of a condominium saw the highest increase of all property types, rising 7.1 per cent, to \$308,528. This marks the second consecutive quarter in which price increases were recorded for all regions and property types survey across the Greater Montreal Area.

After slowing down in April, the real estate market went into full swing in May and June, causing significant price increases in several areas of the city.

“While home values have continued to rise across Montreal, the market is still a long way away from the dramatic home price increases that have been seen in Toronto or Vancouver over the last few years,” said Dominic St-Pierre, senior director, Royal LePage, Quebec Region, adding that the Montreal real estate market is one of the healthiest in the country.

The economic performance of Quebec and the Greater Montreal Area has strengthened consumer confidence and by extension the region’s residential real estate market. The unemployment rate remains at historic lows and Quebec's GDP grew at a faster pace than the national aggregate in the first quarter: up 4.3 per cent on an annualized basis, when compared to 3.7 per cent for Canada.

“In recent years, Montreal’s economic growth has often ranked as the lowest among major Canadian cities, yet the economic turnaround now being seen in the city and province at large appears to be widespread,” added St-Pierre. “While Montreal continues to be the most stable real estate market in Canada, it is currently undergoing rapid growth, which will likely continue in the medium-term,” notes St-Pierre, indicating that the Montreal market will remain immune to overheating.

“The relative affordability and appeal of Montreal and its surrounding areas are attracting a

¹ Powered by Brookfield RPS

² Aggregate prices are calculated via a weighted average of the median values of homes for reported property types in the regions surveyed

growing number of out-of-province buyers. In recent quarters, we have observed a number of retirees leaving Ontario or Alberta to settle in Quebec,” added St-Pierre. “These are often Quebecers who have worked outside of the province for 10 to 15 years, and who have chosen to return to their roots once they retire. Having often lived in the country’s most expensive real estate markets these purchasers often come with substantial capital, as they have generally sold their property in another province at a high price. By comparison, the aggregate price of a property in Toronto this quarter is \$843,590 and \$472,798 in Calgary.”

The Greater Montreal Area stands out from other regions in the country with regards to real estate sales. The region reached a 15 per cent increase in May, while the rest of the country experienced a 1.6 per cent decline, year-over-year. Looking at sales for the second quarter in the Greater Montreal Area, condominium market activity increased by an impressive 18.6 per cent, and by 27.5 per cent for the city’s central neighbourhoods. During the same period, sales for two-storey homes increased by a moderate 5.2 per cent, while bungalow sales dropped slightly by 1.4 per cent.

Impressive growth in demand for condominiums

In recent years, housing starts have stagnated or even lowered the value of condominiums in the Greater Montreal Area. The 7.1 per cent increase in unit prices witnessed in this segment in the second quarter suggests that a recovery is taking hold.

“After years of surpluses in inventory, condominiums have very significantly been reabsorbed, moving towards a balanced market. This transition is due to the significant increase in sales and a drop in new listings,” explained St-Pierre. “In addition, buyers who encountered stricter mortgage rules did not back away from the market, but instead traded in their aspirations of a single-family home for a condominium in their budget in order to secure their place in the market.”

Moreover, because construction of single-family homes on the Island of Montreal are rare due to the geographical limitations of the city, supply is decreasing and the number of auctions are increasing across this segment, which has become a seller’s market. Interestingly, experienced buyers were also the most active in the second quarter, particularly in the \$500,000+ property range. Sales in this particular segment increased massively year-over-year, jumping 46.5 per cent in the Greater Montreal Area.

Moderate effects of rising interest rates on the real estate market

After seven years of rock-bottom interest rates, the Bank of Canada raised its policy rate yesterday from 0.50 to 0.75 per cent, considering that recent declines at historically low thresholds "did their job" to counter the decline in oil prices and collateral effects on the Canadian dollar against other currencies.

“In the short term, this increase could temper the real estate market, without overly affecting it. Less experienced and more financially vulnerable buyers may exercise caution and take a

moment before making a decision to purchase a home. Nevertheless, the market will adapt and recover relatively quickly at this turning point,” added St-Pierre.

In light of this news, St-Pierre estimates that property prices for the whole of 2017 in Greater Montreal Area will increase by 5.0 per cent to \$383,288, while sales will increase by 6.5 per cent.

Royal LePage Greater Montreal Area House Price Survey Data: Second Quarter, 2017

Two-Storey			
	Q2 2017 Median Price	Change Q1 2017 - Q2 2017 (%)	Change Q2 2016 - Q2 2017 (%)
Laval	\$414,058	2.2%	5.4%
Montreal Centre	\$619,599	3.5%	9.1%
Montreal East	\$509,946	0.0%	5.6%
Montreal West	\$445,392	-1.2%	2.9%
Montreal (North Shore)	\$362,858	-0.1%	2.2%
Montreal (South Shore)	\$399,003	-1.6%	2.4%
Greater Montreal Area	\$460,667	1.7%	6.6%

Bungalow			
	Q2 2017 Median Price	Change Q1 2017 - Q2 2017 (%)	Change Q2 2016 - Q2 2017 (%)
Laval	\$307,575	1.6%	5.6%
Montreal Centre	\$457,155	3.6%	9.3%
Montreal East	\$334,248	0.6%	3.0%

Montreal West	\$342,205	0.7%	2.5%
North Shore Montreal	\$262,391	1.0%	2.5%
South Shore Montreal	\$289,694	0.4%	4.6%
Greater Montreal Areal	\$295,083	1.1%	4.3%

Condominium			
	Q2 2017 Median Price	Change Q1 2017 - Q2 2017 (%)	Change Q2 2016 - Q2 2017 (%)
Laval	\$255,701	2.3%	5.9%
Montreal Centre	\$370,673	2.2%	9.1%
Montreal East	\$283,838	2.1%	4.1%
Montreal West	\$271,433	1.3%	4.8%
North Shore Montreal	\$213,214	-2.1%	0.9%
South Shore Montreal	\$233,768	0.0%	5.0%
Greater Montreal Area	\$308,528	1.6%	7.1%

Aggregate			
	Q2 2017 Median Price	Change Q1 2017 - Q2 2017 (%)	Change Q2 2016 - Q2 2017 (%)
Laval	\$348,402	2.1%	5.6%
Montreal Centre	\$463,787	2.9%	9.1%
Montreal East	\$393,241	0.6%	4.8%

Montreal West	\$398,750	-0.6%	3.0%
Montreal (North Shore)	\$295,577	0.1%	2.2%
Montreal (South Shore)	\$331,932	-0.8%	3.4%
Greater Montreal Area	\$372,071	1.5%	6.2%

*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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