

**PRESS RELEASE**  
For immediate release

## **Greater Montreal Area home price appreciation surpasses the national average for the first time in seven years**

- *Montreal's real estate market performed better than the majority of Canadian markets during the second quarter of 2018*
- *Montreal's west island home price appreciation among the highest in Canada at 15.3 per cent*
- *Royal LePage forecasts the median price of a home in the Greater Montreal Area to increase 1.8 per cent during the third quarter of 2018*

**MONTREAL, July 10, 2018** – According to the Royal LePage House Price Survey and Market Forecast Survey released today, the aggregate price<sup>1</sup> of properties in the Greater Montreal Area increased by 5.9 per cent year-over-year in the second quarter of 2018, reaching \$391,224. The region's price gain this quarter is greater than the national average of 2.0 per cent, which has not happened since the second quarter of 2011<sup>2</sup>, when Greater Montreal Area home price gains reached 6.4 per cent versus 4.7 per cent nationally.

A significant factor limiting national price appreciation is the year-over-year home price declines in several large markets within and surrounding the Greater Toronto Area as well as Greater Vancouver.

"Quebec's good economy and robust job market continued to fuel demand during the second quarter, which lifted prices and created overall stability in the Greater Montreal Area's real estate market," explained Dominic St-Pierre, Senior Director, Royal LePage, Quebec Region. "Across all housing types, sellers are significantly benefiting from low inventory."

The province of Quebec continues to post historically low unemployment rates which in turn are being translated into wage gains. Since November of 2017 weekly earnings in Quebec have been rising more quickly than in any other province, and as of April 2018 were up by 3.7 per cent over the previous year.<sup>3</sup> In addition, during the first quarter of the year, Quebec's inter-provincial net migration rate recorded the smallest decline since 2010. "If the province's economy remains as strong as it has been, it could very well stop losing population to other provinces, and further increase real estate demand and price appreciation", said St-Pierre.

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<sup>1</sup>Aggregate prices are calculated via a weighted average of the median values of three types of properties in the regions surveyed. These results are provided by RPS Real Property Solutions.

<sup>2</sup> According to historical data from RPS Real Property Solutions

<sup>3</sup> Statistics Canada: Payroll employment, earnings and hours, April 2018, <https://www150.statcan.gc.ca/n1/daily-quotidien/180628/dq180628a-eng.htm?HPA=1>

St-Pierre estimates that the inventory of available properties should continue to decrease in the second half of the year and stabilize sometime in 2019.

When broken down by property type, the median price of a two-storey home increased by 7.7 per cent during the second quarter of 2018 compared to the same period in 2017, reaching \$492,828, whereas the median price of a bungalow saw an increase of 4.5 per cent year-over-year reaching \$308,249. During the same period, the median price of a condominium saw an increase of 3.0 per cent, reaching \$315,192.

### **Montreal's West Island solidifies its popularity**

The two-storey home segment in Montreal's West Island posted the largest price gain for a third consecutive quarter, increasing 18.8 per cent (\$570,778) in the second quarter of 2018 relative to the second quarter of 2017.

"The advantage of buying in the West Island is that the area remains affordable but is expected to grow in price over the next few years with the arrival of the REM (Réseau express métropolitain). Until now, it has been rather poorly served by transit," said St-Pierre. "Some potential sellers will wait until closer to the completion of the REM to put their houses up for sale in order to attract more buyers and likely benefit from an increase in the value of their property."

The residential demand in the west island has caused an increase in prices, with nearly a quarter of houses selling above asking price<sup>4</sup>.

"This over-bidding trend seems to impact two-storey homes and bungalows the most, but it could begin to impact condo sales in the coming months," added St. Pierre.

The survey also shows that bungalow sales increased 2.8 per cent year-over-year during the second quarter of 2018, while two-storey home sales remained stable, decreasing 2.2 per cent this quarter, compared to the same period last year. Meanwhile, condominium sales jumped by 12.4 per cent.

### **Impacts of the tightened mortgage requirements continue**

The implementation of the new stress test for home buyers this past January has resulted in a surge of buyers quickly closing their transactions in the early part of the year.

"Many buyers expedited their decision to buy a property by applying for their mortgage pre-qualification at the end of 2017 in order to bypass the new stress test for their mortgage, even if they had more than 20 per cent down payment," explains St-Pierre. "This influx of buyers in the market, combined with a low inventory for several quarters, have resulted in a significant increase in sales during the first quarter of 2018. This trend continued through April, but abated during May and June."

### **New provincial system to track foreign buyers data**

The Quebec government recently adopted Bill 150<sup>5</sup> which includes tracking measures for real

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<sup>4</sup> Window on the Marketplace, Quebec Federation of Real Estate Boards, May 2018.

<sup>5</sup> Bill 150 (2018, chapter 18) - An Act to improve the performance of the Société de l'assurance automobile du Québec, to better regulate the digital economy as regards e-commerce, remunerated passenger transportation and tourist accommodation and to

estate transactions carried out by foreign buyers, among other things, which should be up and running by the end of 2018.

“These measures are not coercive and do not aim to penalize foreign buyers as is the case in Vancouver or Toronto,” explains St-Pierre. According to him, this approach will provide the full picture of the situation through the lens of transactional data, noting that the number of foreign buyers in Montreal is still much lower than in either of the other two major Canadian cities.

### Forecast

Looking ahead to the third quarter of 2018, Royal LePage forecasts that the price of properties will increase by 1.8 per cent quarter-over-quarter to \$398,220.

“A number of factors could affect the real estate market throughout the next three months of 2018 including whether or not the Bank of Canada decides to raise the prime rate on July 11,” said St-Pierre. “The uncertainty brought about by the American government surrounding the North American Free Trade Agreement (NAFTA), and that the inflation rate is lower than expected, may lead to a continuation of our current rates in July and reduce some pressure on consumers until the next increase,” he concluded.

### Royal LePage Greater Montreal Region House Price Survey Data: Second Quarter, 2018

Two-Storey Home			
	Q2 2018 Median Price	Q1 2018 – Q2 2018 Change (%)	Change Q2 2017 - Q2 2018 (%)
Laval	\$430,078	1.6%	6.2%
Montreal Centre	\$694,463	3.0%	10.5%
Montreal East	\$477,190	-1.6%	-2.9%
Montreal West	\$570,778	2.9%	18.8%
North Shore Montreal	\$387,152	0.7%	5.9%

South Shore Montreal	\$433,335	0.3%	6.3%
<b>Greater Montreal</b>	<b>\$492,828</b>	<b>1.3%</b>	<b>7.7%</b>

<b>Bungalow</b>			
	Q2 2018 Median Price	Q1 2018 – Q2 2018 Change (%)	Change Q2 2017 - Q2 2018 (%)
Laval	\$315,096	0.9%	3.4%
Montreal Centre	\$467,912	1.9%	2.9%
Montreal East	\$345,361	0.0%	4.5%
Montreal West	\$393,982	2.2%	9.2%
North Shore Montreal	\$268,236	0.2%	2.8%
South Shore Montreal	\$304,697	1.5%	5.7%
<b>Greater Montreal</b>	<b>\$308,249</b>	<b>1.0%</b>	<b>4.5%</b>

<b>Condominium</b>			
	Q2 2018 Median Price	Q1 2018 – Q2 2018 Change (%)	Change Q2 2017 - Q2 2018 (%)

Laval	\$244,045	0.4%	-2.5%
Montreal Centre	\$383,028	1.1%	4.1%
Montreal East	\$288,463	2.3%	3.5%
Montreal West	\$274,225	0.3%	2.3%
North Shore Montreal	\$221,709	-0.6%	1.3%
South Shore Montreal	\$234,312	1.3%	1.3%
<b>Greater Montreal</b>	<b>\$315,192</b>	<b>1.1%</b>	<b>3.0%</b>

<b>Aggregate</b>			
	Q2 2018 Median Price	Q1 2018 – Q2 2018 Change (%)	Change Q2 2017 - Q2 2018 (%)
Laval	\$356,524	1.3%	4.1%
Montreal Centre	\$497,438	2.1%	7.1%
Montreal East	\$381,701	-0.2%	0.0%
Montreal West	\$484,128	2.5%	15.3%
North Shore Montreal	\$309,962	0.4%	4.2%

South Shore Montreal	\$353,051	0.8%	5.5%
<b>Greater Montreal</b>	<b>\$391,224</b>	<b>1.2%</b>	<b>5.9%</b>

\*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 Royal LePage House Price Survey are based on the Royal LePage Canadian Real Estate Market Composite, produced quarterly through the use of company data in addition to data and analytics from its sister company, RPS Real Property Solutions, 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 more than 18,000 sales representatives in 600 offices across Canada. 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, please visit <http://www.royallepage.ca>.

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