



## **PRESS RELEASE**

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# **2019 begins with a new record for the Greater Montreal real estate market**

- *The Greater Montreal Area aggregate home price increases at a rate above 4 per cent year-over-year for the 11th consecutive quarter*
- *Greater Montreal and the Montreal Centre remain the strongest markets compared to the other two largest cities in Canada, with property price appreciation rates of 5.5 per cent and 8.1 per cent, respectively*
- *The federal government homebuyer initiatives may benefit the Montreal market*

**MONTREAL, April 4, 2019** – According to the Royal LePage House Price Survey released today, the Greater Montreal Area showed continued vitality in the first quarter of 2019, recording the highest appreciation rate among Canada's three largest metropolitan areas at 5.5 per cent, reaching an aggregate year-over-year price<sup>1</sup> of \$406,332.

### **Montreal's home price appreciation tightens the gap with Toronto's market**

In line with the Greater Montreal Area, Montreal Centre again remained resilient with an 8.1 per cent year-over-year aggregate home price increase in the first quarter of 2019, positioning itself as the most vigorous market among the country's largest top three cities surpassing the Greater Toronto Area (3.4 per cent) and Greater Vancouver (-1.5 per cent). Despite the breakthrough, the Greater Montreal Area still has a much lower aggregate price than the other metropolitan regions at \$406,332 (versus \$836,425 and \$1,239,306 in the Greater Toronto Area and Greater Vancouver, respectively).

Attracting families in search of a larger living space and better quality of life, two-storey homes (the segment with the lowest supply in the region) saw the largest increase in the Greater Montreal Area, at 6.4 per cent year-over-year, reaching a median price of \$514,412.

Even though the condominium market became favourable to sellers a year ago after several years of surplus inventory, this segment continued to appreciate, rising 5.2 per cent to a median price of \$328,488. In Montreal Centre, the price of condominiums is poised to climb above the \$400,000 mark (\$396,942).

Finally, the median price a bungalow in the Greater Montreal Area reached \$316,159 in this quarter, a more moderate 3.7 per cent increase over the previous year.

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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.



"Greater Montreal kept up its momentum with the eleventh consecutive year-over-year price increase, rising above four per cent in the first quarter of the year," said Dominic St. Pierre, Vice-President and Director of Royal LePage for the Quebec Region. "Unlike many other Canadian markets, which saw a slowdown in activity and prices, the Greater Montreal Area market remained tireless this quarter, despite the harsh winter weather. In the fourth quarter of 2018, we believed that price and sales growth would decline by the start of 2019, but the area once again defied the odds. As a result, 2019 began with a very successful quarter, gradually shrinking the gap between the Montreal and Toronto markets."

### **Strong economic growth, attracting more youth and foreign buyers**

With a residual unemployment rate of 5.3 per cent in the province<sup>2</sup> and 7.3 per cent in Montreal<sup>3</sup>, the city is reaping the benefits of its economic performance.

"Crowned 'the leading Canadian city for economic growth' by the Conference Board in late 2018, Montreal is increasingly attractive to millennials. The city's economic health is creating increased demand among young buyers competing in the condominium market, continually driving market trends. The city's core is also attracting more foreign buyers as highlighted in the provincial budget, but these remain a small proportion of the overall transactions," remarked St. Pierre.

Montreal International reports a record high in the number of international students in the city's universities, due to the area's strong reputation in post-secondary education, its affordability and dynamism.<sup>4</sup> The organization also signals that the specialized workforce, including those in technology (an investment pillar in the region) doubled last year.<sup>5</sup>

Another sign of the city's economic vitality: Montreal (with about one-third of Vancouver's median price) channels more transactional volumes than the latter.

"Montreal's population is nearly three times that of Vancouver's," mentioned St. Pierre. "That said, sales increases in the area have reached new heights for the past two years."

### **The most desirable neighbourhoods? Breakthroughs in the East, booming in the North and South Shores**

Montreal Centre and the South Shore saw two-storey home prices increase the fastest, rising 11.8 per cent and 7.2 per cent, putting their median prices at \$739,032 and \$462,497, respectively.

Bungalows are popular in the East, with their median price rising 7.9 per cent to \$372,500.

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<sup>2</sup> Source: <http://www.stat.gouv.qc.ca/salle-presse/communique/communique-presse-2019/fevrier/fev1908.html>

<sup>3</sup> Source: [http://www.stat.gouv.qc.ca/statistiques/profils/profil06/societe/marche\\_trav/indicat/tra\\_mens06\\_an.htm](http://www.stat.gouv.qc.ca/statistiques/profils/profil06/societe/marche_trav/indicat/tra_mens06_an.htm)

<sup>4</sup> Source: <http://www.montrealinternational.com/en/blog/record-number-of-international-students-in-greater-montreal/>

<sup>5</sup> Source: <http://www.montrealinternational.com/en/news/2019/02/montreal-international-achieves-record-performance-in-2018/>



Condominiums saw notable price increases for the top three areas: Montreal East (8.3 per cent), the North Shore (6.9 per cent), and the South Shore (6.4 per cent). The centre of the island maintains a healthy appreciation rate of 4.7 per cent and still reflects the highest prices in the condominium market. It should be noted that the condominium market in West Montreal is the only area to show a year-over-year price decline (-2.8 per cent) across all property types surveyed this quarter.

"There are some very interesting market movements right now: the South Shore continues to be active, and the North Shore (which has seen modest price increases in recent years) was more robust in the first quarter of 2019, primarily in condominiums," confirmed St. Pierre. "The rapid growth in sectors like Montreal East (compared to last year when the West was booming) also indicates that people are trying to enter the market in more affordable areas and a readjustment is occurring. Some neighbourhoods in the East are also expanding and attracting more and more people, such as Rosemont and Hochelaga-Maisonneuve, explaining the change."

### **Sales decline in Montreal Centre, increase in outlying neighbourhoods**

Sales<sup>6</sup> in the Greater Montreal Area saw a 3.3 per cent increase year-over-year in the bungalow segment, while increasing 1.3 per cent in the two-storey category during the first quarter of 2019. During the same period, condominium sales saw an 8.9 per cent increase.

While the last several quarters had defined Montreal West and Centre as the most active areas, sales during the first quarter of 2019 observed a correction benefitting the eastern part of the city and an even greater sales growth on the South Shore and North Shore. Sales this quarter dipped 9.3 per cent and 1.6 per cent in Montreal West and Centre, respectively, climbing between 10 and 11 per cent on the North Shore and South Shore. This correction is explained by a strong demand for properties in more affordable neighbourhoods, with Montreal West and Centre remaining by far the most expensive ones in the Greater Montreal Area.

### ***Forecast for the upcoming quarter***

For the second quarter of 2019, Royal LePage expects the median price of homes in Montreal to increase by 1.6 per cent. Strong demand combined with an ever-decreasing inventory is likely to keep prices high, which should slightly reduce the increase in sales over the rest of the year.

City of Montreal measures that will soon require 20 per cent social and family housing in buildings with more than 100 units may increase the price per square foot for adjoining dwellings, possibly restricting demand and impacting the resale market.

### **Homeownership incentives to maintain demand in the Montreal market**

Other cyclical factors may, however, have a positive impact on sales: while the Bank of Canada's key rate will remain stable at 1.75 per cent for the foreseeable future, the federal budget's home buying incentives could encourage first-time buyers. Affordability and incentives to borrow should support demand, particularly in a market like Montreal that offers a good

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<sup>6</sup> Sales data compiled by Royal LePage through the Centris system for the first quarter of 2019, compared to the same quarter in 2018.



selection of listings within the new measures price range. With a cumulative CMHC loan cap of a \$480,000 (for households with combined incomes below \$120,000), Montreal is positioned to see a boost in sales activity when measures get implemented, especially with prospective first-time buyers who had been sidelined from the market in recent quarters with significant home price increases in the region.

“There is a possibility that we will see increased demand among first-time buyers starting this spring and moving toward September, when the measures will be implemented. Those who are on the fence may realize their plan of becoming homeowners, benefiting from the Canadian government incentives,” concluded St. Pierre.

**Royal LePage House Price Survey Data  
Greater Montreal Area - First Quarter 2019**

Two-Storey Homes			
	Q1 2019 Median Price	Q4 2018 – Q1 2019 Average (%)	Q1 2018 – Q1 2019 Average (%)
Laval	\$444,747	0.7%	4.6%
Montreal Centre	\$739,032	4.9%	11.8%
Montreal East	\$514,173	-0.2%	4.2%
Montreal West	\$566,810	0.6%	3.5%
Montreal (North Shore)	\$387,328	-0.2%	1.6%
Montreal (South Shore)	\$462,497	0.1%	7.2%
<b>Greater Montreal</b>	<b>\$514,412</b>	<b>1.4%</b>	<b>6.4%</b>

<b>Bungalows</b>
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	Q1 2019 Median Price	Q4 2018 – Q1 2019 Average (%)	Q1 2018 – Q1 2019 Average (%)
Laval	\$324,603	0.5%	3.8%
Montreal Centre	\$473,746	-0.4%	4.0%
Montreal East	\$372,500	1.9%	7.9%
Montreal West	\$387,684	-1.2%	1.2%
Montreal (North Shore)	\$276,291	1.1%	3.0%
Montreal (South Shore)	\$311,617	0.8%	4.0%
<b>Greater Montreal</b>	<b>\$316,159</b>	<b>0.7%</b>	<b>3.7%</b>

Condominiums/Apartments			
	Q1 2019 Median Price	Q4 2018 – Q1 2019 Average (%)	Q1 2018 – Q1 2019 Average (%)
Laval	\$254,131	0.8%	4.2%
Montreal Centre	\$396,942	0.9%	4.7%
Montreal East	\$307,770	0.7%	8.3%
Montreal West	\$266,748	-1.2%	-2.8%
North Shore Montreal	\$238,793	4.5%	6.9%



South Shore Montreal	\$248,220	2.3%	6.4%
<b>Greater Montreal</b>	<b>\$328,488</b>	<b>1.2%</b>	<b>5.2%</b>

Aggregate			
	Q1 2019 Median Price	Q4 2018 – Q1 2019 Average (%)	Q1 2018 – Q1 2019 Average (%)
Laval	\$367,990	0.7%	4.3%
Montreal Centre	\$522,105	2.8%	8.1%
Montreal East	\$409,633	0.3%	5.9%
Montreal West	\$478,962	0.1%	2.5%
Montreal (North Shore)	\$315,896	0.8%	2.7%
Montreal (South Shore)	\$370,892	0.6%	6.1%
<b>Greater Montreal</b>	<b>\$406,332</b>	<b>1.2%</b>	<b>5.5%</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 63 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 over 18,000 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, please visit [www.royallepage.ca](http://www.royallepage.ca).

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***For more information, please contact:***

Chloé Lebouc  
Kaiser Lachance Communications  
514-662-3547  
[chloe.lebouc@kaiserlachance.com](mailto:chloe.lebouc@kaiserlachance.com)