

Royal LePage Revises House Price Forecast for Greater Montreal; Upward Momentum Continues after Strong First Half of Year

- *Home prices in the Greater Montreal Area forecast to rise 4.5% by the fourth quarter of 2019*
- *Market recorded 12th consecutive quarterly price increase above 4% in second quarter of 2019*
- *Demand from foreign buyers beginning to have more tangible impact on the market*

MONTREAL, July 10, 2019 – The Royal LePage House Price Survey released today shows that the Greater Montreal real estate market is continuing to pick up speed, despite expectations of a slowdown in price appreciation halfway through the year. In the second quarter of 2019 (and for the fourth consecutive quarter), the Greater Montreal Area experienced a higher home price appreciation rate than both the Greater Toronto Area and Greater Vancouver, seeing a 5.8% increase in the aggregate price¹ of a home, reaching \$410,828.

"For several quarters now, the Greater Montreal real estate market has been outperforming Toronto and Vancouver in terms of price growth, but the data needs to be put into perspective as homes here remain far more affordable," says Dominic St-Pierre, Royal LePage vice president and general manager for the Quebec region. "If we applied Montreal's current appreciation rate, it would take 13 years for Montreal to catch up with Toronto, and 19 years to catch up with Vancouver," he says.

Maintaining the momentum of the previous quarter, two-storey homes continued to be the housing type most in demand, due to weak inventory, with their median price rising 6.1% year-over-year to \$516,820. During the same period, the median price of a bungalow increased 5.7% year-over-year to \$325,730. Condominiums also experienced a steady 5.1% increase, bringing the median price to \$331,721.

"Looking at the Montreal market's current rapid and sustained appreciation compared to other domestic markets, it would be tempting to make comparisons to the price spikes that hit Vancouver three years ago, and then Toronto," says St-Pierre. "However, the appreciation rates experienced by these two cities increased by more than 25%, which is far from being the case in Montreal."

¹Aggregate 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 Vancouver first experienced a spike of 27.3% year-over-year appreciation of its aggregate in the second quarter of 2016. Greater Toronto's appreciation peaked at 25.3% in the second quarter of 2017. For the past three years, Greater Montreal saw far less significant appreciation rates, ranging from year-over-year increases of 3.4% to 6.1% for all property types combined.

Effect of foreign buyers noticeable for first time

In Montreal, the most recent data indicate that the share of foreign buyers in the region increased from a marginal ratio of less than 2 % a few years ago to 3.4% in 2018². Royal LePage's experts also note that interest from these buyers now extends beyond the central areas of the island (neighbourhoods that used to be their main target).

Royal LePage anticipates that other catalysts will stimulate the market and new real estate trends in the region will emerge.

"Real estate demand in the Greater Montreal market is affected by structural economic factors such as continued low interest rates and new public transit, as well as cyclical factors like full employment and the increase in foreign buyers. All this, combined with the fact that Montreal prices remain affordable, creates an environment conducive to strong demand," suggests St-Pierre.

According to Royal LePage, movement to the suburbs will accelerate, especially in cities like Brossard where Millennials accustomed to moving have migrated. Properties in such areas may increase even more in value in coming years in response to growing demand and price increases in Montreal proper. Commute times will also be longer. New home buyers, especially young families, may embrace this trend once the REM construction is finalized to facilitate transport. Such market activity could trigger home price increases around the REM's future suburban stations.

Significant price appreciation in Montreal east and centre

Montreal East home prices recorded the highest aggregate appreciation rate this quarter (8.3%), followed by Montreal Centre (8.2%). The price of a two-storey home increased the most in Montreal Centre and Montreal East rising 10.8% and 10.4% year-over-year, respectively. Conversely, the price of a two-storey home in Montreal West fell by 1.6%, resulting in a slight correction that stabilized prices. During the same period, the median price of a bungalow had the greatest appreciation in the West, with a 12.3% price increase year-over-year. The price of a condominium increased most in Montreal East, rising 6.4% year-over-year, followed by the South Shore where the median price rose 5.6% during the same period.

Royal LePage revises 2019 forecast

² Source: JLR Land Title Solutions, *Portrait des acheteurs étrangers dans la région administrative de Montréal, March 2019*



In its December 2018 market forecast, Royal LePage predicted that the aggregate price of a home in the Greater Montreal Area would jump 3% by the end of 2019, with the premise that growth would slow in the second half of the year. Royal LePage is revising its 2019 forecast with an expected price growth of 4.5% in the Greater Montreal area, in light of the market's current pace.

The implementation of federal assistance for first-time buyers next September could be beneficial in markets like Montreal, where prices are more in line with the amount granted (\$480,000 ceiling) and where first-time home buyers will benefit, given consistently increasing prices and demand.

Trade tension continues to weigh on consumer confidence and housing market health. A recent detente in Chinese-American relations, and a stronger than expected mid-year employment picture has muted some of the U.S. recession talk. While a rate cut by the Federal Reserve is still a possibility, a similar move by the Bank of Canada is less likely. Lower rates south of the border and a stronger American economy would have positive implications for exports and Canadian consumer and business confidence.

“Consumers’ trust of the economy remains strong on our side of the border, concludes St-Pierre. “In addition to the implementation of the federal First-Time Home Buyer Incentive in September, a stable Bank of Canada rate will be supportive of the real estate market during the current home price growth.”

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

Two-Storey Homes			
	Q2 2019 Median Price	Q1 2019 – Q2 2019 Change (%)	Q2 2018 – Q2 2019 Change (%)
Laval	\$445,528	0.2%	3.1%
Montreal Centre	\$742,802	1.4%	10.8%
Montreal East	\$549,942	3.3%	10.4%
Montreal West	\$542,170	-2.6%	-1.6%

Montreal (North Shore)	\$391,873	-0.2%	4.4%
Montreal (South Shore)	\$461,157	0.0%	5.8%
Greater Montreal	\$516,820	0.4%	6.1%

Bungalow			
	Q2 2019 Median Price	Q1 2019 – Q2 2019 Change (%)	Q2 2018 – Q2 2019 Change (%)
Laval	\$328,814	0.9%	4.0%
Montreal Centre	\$500,688	3.2%	8.3%
Montreal East	\$361,098	-0.9%	4.2%
Montreal West	\$437,687	5.1%	12.3%
Montreal (North Shore)	\$281,350	1.6%	4.5%
Montreal (South Shore)	\$321,896	1.6%	5.7%
Greater Montreal	\$325,730	1.7%	5.7%

Condominium

	Q2 2019 Median Price	Q1 2019 – Q2 2019 Change (%)	Q2 2018 – Q2 2019 Change (%)
Laval	\$255,683	0.8%	3.9%
Montreal Centre	\$404,509	1.3%	5.5%
Montreal East	\$311,201	0.9%	6.4%
Montreal West	\$274,254	0.7%	-1.0%
Montreal (North Shore)	\$226,329	-1.6%	2.4%
Montreal (South Shore)	\$248,367	1.7%	5.6%
Greater Montreal	\$331,721	1.0%	5.1%

Aggregate			
	Q2 2019 Median Price	Q1 2019 – Q2 2019 Change (%)	Q2 2018 – Q2 2019 Change (%)
Laval	\$370,006	0.5%	3.5%
Montreal Centre	\$528,989	1.4%	8.2%
Montreal East	\$424,984	2.0%	8.3%
Montreal West	\$476,248	-0.8%	1.1%
Montreal (North Shore)	\$318,403	0.4%	4.2%



Montreal (South Shore)	\$373,708	0.7%	5.8%
Greater Montreal	\$410,828	0.9%	5.8%

**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.

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