



Greater Montreal: 2021 ends with record home price increase

Housing demand exacerbated by the pandemic, the chronic imbalance between supply and demand and low interest rates among top factors, according to Royal LePage

- The aggregate price of a home in the Greater Montreal Area increased 19.7% year-over-year in the last quarter of 2021, the largest appreciation recorded in a fourth quarter since the company started collecting this data
- Omicron expected to boost demand in the Greater Montreal Area's real estate market, putting additional pressure on housing needs

MONTREAL, January 14, 2022 – The Royal LePage House Price Survey and Market Survey Forecast released today show that home prices in the Greater Montreal Area during the fourth quarter of 2021 continued to increase compared to the same period in 2020.

According to the Survey, the aggregate¹ price of a home in the area increased 19.7 % year-over-year to \$532,600. The median price of a single-family detached house rose 20.0 % to \$595,500, while the median price of a condominium rose 18.2 % to \$428,900 in the fourth quarter of 2021. Price appreciation in the condominium segment last quarter coincided with decreasing inventory levels in the single-family detached market. The condominium market posted the fastest price growth of all housing types reported in the fourth quarter of 2021 in the Greater Montreal Area. Price data, which includes both resale and new build, is provided by Royal LePage's sister company RPS Real Property Solutions, a leading Canadian real estate valuation company.

"The real estate market behaved as expected, with a strong price growth in the first half of the year, followed by easing price gains towards the end of 2021," said Dominic St-Pierre, vice-president and general manager of Royal LePage for the Quebec region. "Real estate demand slowed slightly, as vaccination rates ramped up and health restrictions decreased during the second part of the year. However, the rate of price appreciation in the Greater Montreal Area during the fourth quarter of 2021 compared to the same period in 2020 proved to be robust. While we reported a significant increase in the year-over-year aggregate price, the strongest price growth occurred in the first six months of 2021," he added.

Single-family home transactions in the Greater Montreal Area were down 25.9% in the fourth quarter of 2021 compared to the fourth quarter of 2020, while condominium sales fell 12.9% over the same period.² Demand remained strong in the fourth quarter of 2021, but the number of transactions was largely affected by the chronic shortage of properties for sale.

¹ Aggregate prices are calculated via a weighted average of the median values of all property types surveyed. The data is provided by RPS Residential Property Solutions and includes resale and new build.

² Sales data compiled by Royal LePage for the fourth quarter of 2021 compared to the fourth quarter of 2020 through Centris.

"Despite a decline in the number of transactions in the fourth quarter of 2021, we saw the second-best fourth quarter ever in terms of sales activity for the Greater Montreal Area. The fourth quarter of 2020 holds the record for the highest number of sales," said St-Pierre. "What slowed down the activity this quarter compared to the same period last year is the critical supply shortage. The number of properties for sale in November of 2021 was already less than half of what it was at the same time in 2019, when the market was already largely in favour of sellers. The need for new housing is critical to meet demand and increase home ownership, especially since current demand is almost entirely driven by end users."

What Lies Ahead in 2022

Looking ahead to 2022, all indicators are leading to continuing home price growth, although at a slower pace than in 2021, driven by continued demand spurred by health restrictions, the lack of inventory and low interest rates. Furthermore, the anticipation of the first hike in the Bank of Canada's overnight lending rate since October 2018³ could accelerate demand initially.

"Historically, when an interest rate hike is on the horizon, homebuyers try to 'beat the rush'. If the Bank of Canada maintains its intention to raise the overnight rate, we anticipate that consumers, and especially first-time homebuyers, will try to complete their transactions early in the year," explained St-Pierre.

Royal LePage expects the Omicron variant to keep home ownership as a priority for consumers in 2022, similar to previous waves.

"The rate of home price appreciation that we have seen since the start of the pandemic is closely tied to the fact that consumers' housing needs have changed. The home has become the place for all personal and professional activities, and just when we thought we could go back to our usual activities, remote work became mandatory again, and entertainment options, more limited. With the stricter health measures announced in December, demand for real estate is not likely to decrease," added St-Pierre.

According to Royal LePage, prices are expected to continue rising in the coming year. Royal LePage believes that the Greater Montreal Area will remain in a seller's market in 2022, and that demand will continue to far exceed the supply of available homes, barring a significant disruption to the economy, resulting in reduced consumer confidence.

"We expect a brisk first quarter in the Greater Montreal real estate market," concluded Mr. St-Pierre. "Historically, the month of January is known to post the highest count of new listings. That said, in the current situation, this inventory will likely be absorbed very quickly."

As indicated in its 2022 forecast published last December, the aggregate price of a home in the Greater Montreal Area is forecast to increase 8.0% year-over-year to \$564,800 by the end of the fourth quarter of 2022. During the same period, the median price of a single-family detached

³ Bank of Canada, Key Interest Rate Lookup <https://www.bankofcanada.ca/rates/interest-rates/key-interest-rates>

property is expected to rise 9.0% to \$648,600, while the median price of a condominium is forecast to increase 6.5% to \$447,300.

Royal LePage Pricing Data:

- House Price Table - Q4 2021: rlp.ca/house-prices-Q4-2021

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Royal LePage House Price Survey Data Greater Montreal Area – Fourth Quarter 2021

Single-family detached house			
Region	Median Price Q4 2021	Q4 2021 – Q3 2021 Change (%)	Q4 2021 – Q4 2020 Change (%)
Montreal Centre	\$1,101,500	3.9%	15.3%
Montreal East	\$568,500	4.0%	15.6%
Montreal West	\$761,600	2.6%	15.6%
Laval	\$565,500	6.4%	19.8%
Montreal North Shore	\$453,200	5.4%	24.5%
Montreal South Shore	\$547,600	4.8%	22.4%
Greater Montreal	\$595,500	4.2%	20.0%

Condominium			
Region	Median Price Q4 2021	Q4 2021 – Q3 2021 Change (%)	Q4 2021 – Q4 2020 Change (%)
Montreal Centre	\$509,900	1.5%	6.2%
Montreal East	\$431,300	1.5%	6.7%
Montreal West	\$415,200	1.2%	15.3%

Laval	\$354,900	4.8%	17.8%
Montreal North Shore	\$322,900	4.9%	27.6%
Montreal South Shore	\$351,600	6.3%	25.0%
Greater Montreal	\$428,900	4.5%	18.2%

Aggregate			
Region	Median Price Q4 2021	Q4 2021 – Q3 2021 Change (%)	Q4 2021 – Q4 2020 Change (%)
Montreal Centre	\$669,500	3.2%	10.7%
Montreal East	\$518,700	3.8%	10.1%
Montreal West	\$664,700	1.9%	15.3%
Laval	\$501,600	7.0%	19.4%
Montreal North Shore	\$457,500	7.2%	25.1%
Montreal South Shore	\$514,800	5.1%	22.7%
Greater Montreal	\$532,600	3.0%	19.7%

*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 most common types of housing, nationally and in 62 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 approximately 19,000 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 Bridgemarq Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE. For more information, please visit www.royallepage.ca.

– 30 –

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