



## **Royal LePage increases its 2022 forecast for the Greater Montreal Area, as price appreciation continues its upward climb**

- The price of a property in the region is expected to grow by 12.5% in the fourth quarter of 2022, compared to the same period in 2021, approaching the \$600,000 mark
- Chronic supply shortage continues to be a self-perpetuating cycle in the region, as sellers hesitate to list before they successfully transact
- The Bank of Canada's decision to raise its overnight rate unlikely to affect real estate demand in the short term

**MONTREAL, April 19, 2022** – The Royal LePage House Price Survey and Market Survey Forecast released today show that property prices in the Greater Montreal Area continued to see strong increases during this year's first quarter, driven by a persistent lack of supply.

In light of the results for the first quarter of 2022, which show stronger than expected growth in home prices, Royal LePage has raised its forecast projecting that the aggregate price of a property in the Greater Montreal Area will rise 12.5% year-over-year in the fourth quarter of 2022 to \$599,200. This is an increase of 4.5 percentage points, compared to the forecast announced last December.

According to Royal LePage, the aggregate<sup>1</sup> price of a property in the region increased 18.5% year-over-year to \$571,400 during the first quarter of 2022. During the same period, the median price of a single-family detached house rose 19.8% to \$636,200, while the median price of a condominium rose 17.7% to \$446,700. 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.

"We are currently feeling the cumulative effects of a chronic inventory shortage," said Dominic St-Pierre, Vice-President and General Manager of Royal LePage, Quebec region. "Buyers who have failed to get their hands on a property over the past two years continue to prioritize home ownership. Significantly reduced inventory has changed consumer behaviour in the property buying process. Traditionally, sellers put their home up for sale before starting their search for properties. Today, they are trying to buy their next home before their current property is put on the market, which further amplifies the inventory shortage. Thus, the real estate market is facing a vicious circle that will not be overcome for some time."

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<sup>1</sup> 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 market transactions as well as new construction.

To overcome this challenge, St-Pierre recommends that sellers, with the help of their broker, set a longer occupancy period, allowing them enough time to find a property that suits them.

According to the most recent housing starts data, the Montreal census metropolitan area saw a decrease of 44% year-over-year for the months of January and February, 2022.<sup>2</sup> During the same period, new listings were down 5% in the Greater Montreal Area and the number of active listings fell by 13%, for all property types.

According to Royal LePage, demand for properties on the outskirts of Montreal Centre continued to be strong during the first quarter of the year. The median price of a single-family home in the city centre increased 14.3% year-over-year in the first quarter of 2022, but saw its first quarterly decline since the onset of the pandemic, while the median price of a single-family detached home on the South Shore, on the North Shore and in Laval increased 23.6%, 23.5% and 23.3% year-over-year, respectively, representing year-over-year increases of \$110,900, \$95,050 and \$118,000.

“Remote work has transformed the real estate market over the past two years,” said St-Pierre. “Once the epicenter of the Quebec real estate market, Montreal’s city centre has experienced lower median price increases than suburban areas for six consecutive quarters. This urban sprawl has particularly favoured the province’s suburbs and recreational markets, with buyers willing to find property much further away than before to access the quality of life they seek. It is likely that as immigration levels continue to grow, real estate demand for the city’s central neighbourhoods will pick up.”

In terms of sales<sup>3</sup>, single-family home transactions in the Greater Montreal Area were down 18.9% in the first quarter of 2022, compared to the first quarter of 2021, while condominium sales fell 14.7% over the same period.

As expected, the Bank of Canada raised its overnight rate to 1% last week.

“The Bank of Canada’s decision to raise its lending rate by 50 basis points will likely push some buyer hopefuls to the sidelines, but it should not significantly affect overall real estate demand, which continues to outpace supply. Financial institutions have gradually adjusted their preferential rates over the past few months and are expected to continue doing so as further interest rate hikes are announced,” St-Pierre concluded.

#### **National House Price Table - Q1 2022:**

[rlp.ca/house-prices-Q1-2022](https://www.rlp.ca/house-prices-Q1-2022)

#### **Royal LePage Media Assets**

Royal LePage’s [media room](#) contains [royalty-free assets](#), such as images and b-roll, that are free for media use.

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<sup>2</sup> APCHQ, March 2022 <https://www.apchq.com/actualites/industrie-de-la-construction/mises-en-chantier/fevrier-2022>

<sup>3</sup> Sales data compiled by Royal LePage for the first quarter of 2022 compared to the first quarter of 2021 through Centris.

Detached single-family home			
Region	Median price Q1 2022	Q1 2022 – Q4 2021 Change (%)	Q1 2022 – Q1 2021 Change (%)
Montreal Centre	\$1,062,800	-3.5%	14.3%
Montreal East	\$613,800	8.0%	25.8%
Montreal West	\$795,400\$	4.4%	11.9%
Laval	\$625,500	10.6%	23.3%
Montreal North Shore	\$499,800	10.3%	23.5%
Montreal South Shore	\$580,400	6.0%	23.6%
<b>Greater Montreal</b>	<b>\$636,200</b>	<b>6.8%</b>	<b>\$19.8%</b>

Condominium			
Region	Median price Q1 2022	Q1 2022 – Q4 2021 Change (%)	Q1 2022 – Q1 2021 Change (%)
Montreal Centre	\$530,900	4.1%	10.7%
Montreal East	\$449,500	4.2%	12.2%
Montreal West	\$418,500	0.8%	15.3%
Laval	\$376,700	6.1%	17.7%
Montreal North Shore	\$350,800	8.6%	28.7%
Montreal South Shore	\$374,000	6.4%	17.1%
<b>Greater Montreal</b>	<b>\$446,700</b>	<b>4.2%</b>	<b>17.7%</b>

Aggregate			
Region	Median price Q1 2022	Q1 2022 – Q4 2021 Change (%)	Q1 2022 – Q1 2021 Change (%)

<b>Montreal Centre</b>	\$692,500	3.4%	11.7%
<b>Montreal East</b>	\$553,900	6.8%	16.6%
<b>Montreal West</b>	\$678,600	2.1%	14.7%
<b>Laval</b>	\$537,300	7.1%	20.7%
<b>Montreal North Shore</b>	\$503,500	10.1%	24.3%
<b>Montreal South Shore</b>	\$535,500	4.0%	22.3%
<b>Greater Montreal</b>	<b>\$571,400</b>	<b>7.3%</b>	<b>18.5%</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 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](http://www.royallepage.ca).

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