

**THE REAL ESTATE BOARD INVITES MONTRÉAL'S ELECTED OFFICIALS
TO CONSIDER CERTAIN FACTORS BEFORE IMPOSING
A 15 PER CENT TAX ON FOREIGN BUYERS**

L'Île-des-Sœurs, May 15, 2017 – The Greater Montréal Real Estate Board (GMREB) invites elected Montréal officials to consider certain factors before imposing a 15 per cent tax on foreign buyers. The proportion of foreign buyers is quite different in Montréal compared to Toronto and Vancouver. Furthermore, the Montréal real estate market is not in an overheated situation.

“Looking at the dwelling vacancy rate, the pace of price growth, the number of months of inventory, as well as the available data on the percentage of foreign buyers, there is nothing to suggest that there is a situation in Montréal that requires a quick response,” states Mathieu Cousineau, Chairman of the GMREB Board of Directors. “However, we do believe that there is an urgent need to put in place the means to effectively identify property purchases by foreign nationals. This will enable us to monitor the evolving situation and make informed decisions,” added Mr. Cousineau.

The number of foreign buyers in the market

The Canada Mortgage and Housing Corporation (CMHC) has estimated that the share of foreign buyers in the entire Montréal metropolitan area for all property categories is only 1.5 per cent. Although this figure may be underestimated, the proportion is nevertheless low. In comparison, the proportion of foreign buyers in the Vancouver area has been estimated at 9.7 per cent by the Government of British Columbia and 4.9 per cent in Toronto by the Toronto Real Estate Board.

Overall, foreign buyers still have little impact on property prices in Greater Montréal. According to our brokers in the field, foreign buyers are present primarily in more well-off markets such as Ville Mont-Royal and Westmount. To a lesser extent, they are present in the West Island and Brossard single-family home markets, as well as in the Downtown, Griffintown, and to a lesser extent, Île-des-Sœurs condominium markets.

It is important not to lump all foreign buyers together. A distinction must be made between foreign investors who buy properties for speculation and foreign buyers who establish their principal residence here.

More and more immigrants are choosing Montréal as their destination, largely due to the quality of life, the favourable economic conditions and the low cost of living. They are not only an integral part of the new boom taking place in Québec's largest city but their contribution is also essential to our future demographic growth. However, while the latest statistics on net migration clearly show that this category of foreign buyers is increasingly present, there is no evidence that speculative buying of properties by foreign investors is a common phenomenon here, such as is probably the case in Vancouver and Toronto.

Urgent need of an accurate picture of foreign buyers in the market

It is currently difficult to obtain a clear picture of the situation of foreign buyers in the Montréal real estate market.

It should be noted that in the last federal budget, the government proposed addressing these gaps by providing Statistics Canada with \$39.9 million over five years to develop and implement the Housing Statistics Framework (HSF). The HSF builds on the Government's commitment in the 2016 budget to develop methods for gathering data on foreign homebuyer activity.

There are various actions that could be considered to respond to the situation. For instance, since June 10, 2016, the Government of British Columbia has been tracking property purchases by foreigner buyers using property transfer tax forms. Similarly, in Québec, when registering a transaction in the land register, buyers might be required to note if they are a Canadian citizen or not (in which case, it would then be necessary to identify if they have permanent resident status or not).

Price growth

Residential property price increases have been modest in recent years in the Montréal metropolitan area. The market is far from a housing shortage, whether it be the resale, new construction or rental markets. During the period from 2012 to 2016, the annual price growth never exceeded 4 per cent.

This pace has picked up somewhat this year with median prices for single-family homes and condominiums increasing by 6 per cent and 3 per cent, compared with the first four months of 2016. The Montréal real estate market remains very affordable when compared with most major cities in North America, with a median price of \$304,000 for single-family homes and \$240,000 for condominiums. In this context, it is difficult to foresee a surge in prices similar to what Toronto has experienced.

Vacancy rate

According to the CMHC, the rental vacancy rate in Montréal is not a concern, as it was still relatively high at 3.9 per cent in October 2016. By comparison, during this same period, the vacancy rate was 1.3 per cent in Toronto and 0.7 per cent in Vancouver.

Number of months of inventory

The Montréal resale market is characterized by a much higher number of months of inventory than the cities of Vancouver and Toronto, where there is a marked imbalance between supply and demand. The situation is different here with overall market conditions being relatively balanced. We have just returned to a seller's market for single-family homes, while the condominium market still shows a small surplus.

About the Greater Montréal Real Estate Board

The Greater Montréal Real Estate Board is a non-profit organization with more than 9,000 members: real estate brokers. Its mission is to actively promote and protect its members' professional and business interests in order for them to successfully meet their business objectives.

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