



Analysis of the Resale Market

Third quarter of 2008: Montréal resale market remains active

Montréal, November 5, 2008 – In spite of a sluggish economy, the resale market has remained active since the beginning of 2008. For the first nine months of the year, existing home sales in the Montréal CMA decreased by only 2 per cent year-over-year. According to the latest MLS® data from the Greater Montréal Real Estate Board (GMREB), 8,463 properties changed hands in the Montréal CMA, up 1 per cent from the same quarter a year ago. “The introduction of new rules relating to the maximum amortization period and the minimum down payment required for insured mortgages may have prompted a number of households to purchase earlier than planned”, said Stéphane Duguay, Market Analyst at Canada Mortgage and Housing Corporation.

Property listings, for their part, increased for the second quarter in a row to 21,425 units, up 12 per cent compared to the same period a year ago. The average selling price of homes grew at a similar rate as the pace observed since the beginning of the year. In fact, the average increase in prices was 5 per cent this past quarter, versus 4 per cent in the second quarter and 6 per cent in the first quarter. "Despite the rise in listings observed over the last two quarters, the high demand is such that the resale market still remains favourable to sellers, for all three property types," said Michel Beauséjour, FCA, Chief Executive Officer of the GMREB.

In the third quarter, 5,098 single-family houses were sold, for a decrease 2 per cent year-over-year. The Island of Montréal sector accounted for most of the decline in the single-family segment, with sales falling by 11 per cent. In Vaudreuil-Soulanges, sales dropped by 9 per cent in the third quarter, but the impact of this decrease on the whole market was not very significant, as 367 units were sold in this sector, compared to 1,011 on the Island of Montréal. All other sectors in the Montréal CMA registered small increases in sales, varying between 1 per cent and 3 per cent. Listings of single-family homes rose by 17 per cent in the third quarter, compared to the same period in 2007. This rise followed a 9-per-cent increase posted the previous quarter. The average price of single-family homes in the Montréal CMA was \$273,872, up 6 per cent from the same period a year ago. This price increase was, however, greater than the 4-per-cent rise posted in the second quarter. Therefore, even though sales fell and listings rose, the single-family market segment remained tight in the Montréal CMA.

The condominium segment remained strong in the third quarter of 2008. From July 1 to September 30, 2,417 condominiums were sold, for an increase of 8 per cent compared to the third quarter of 2007. This result was also in line with the rate of growth recorded year-to-date. The greater affordability of condominiums has allowed this housing type to post a relatively good performance. Thus, from January to September, while single-family home sales were down 6 per cent, condominium sales were up 7 per cent in the CMA. In the last quarter, listings rose much less significantly in the case of condominiums than for the other housing types. Total condominium listings increased by 3 per cent over the same period last year. The average selling price of condominiums in the CMA rose 3 per cent this past quarter, a pace similar to the growth observed since the beginning of the year but slower than the rates recorded for the other housing types. This difference was partly due to the increased share of condominiums sold in the less expensive sectors.

In the third quarter of 2008, there were 948 plex sales, or 2 per cent more than during the same period in 2007. The supply of plexes, for its part, rose by 15 per cent over the third quarter of 2007. This increase was less significant, though, than the 20-per-cent hike registered in the previous quarter. In the third quarter of 2008, 2,766 plexes were listed in the GMREB MLS[®] system. It should be noted that, with listings up by 11 per cent, the South Shore saw this segment shift from a seller's market to a balanced market. It would seem that the appreciable rise in listings noted since the beginning of the year has slowly been reflected in the prices. In the overall CMA, plex selling prices registered an increase of 5 per cent in the last quarter, a slightly smaller gain than the hike of 6 per cent recorded for the first six months of the year.

- 30 -

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