

Two Phases to the Montréal Area Real Estate Market in 2012

Île-des-Sœurs, January 22, 2012 – According to the real estate brokers' provincial database, there were 40,133 residential sales transactions in the Montréal Metropolitan Area in 2012, a 1 per cent decrease compared to last year, indicated the Québec Federation of Real Estate Boards (QFREB).

After a strong start to the year, real estate activity slowed significantly. The decrease in sales in the third quarter (-8 per cent) and fourth quarter (-15 per cent) of the year completely erased the gains posted in the first (+4 per cent) and second quarter (+10 per cent). "The more restrictive mortgage rules that came into force in July were a turning point and the impact was immediately felt in terms of real estate activity," said Diane Ménard, Vice-President of the Greater Montréal Real Estate Boards (GMREB) Board of Directors and spokesperson for the Québec Federation of Real Estate Boards (QFREB) for the Montréal area. "The impact was particularly strong on the condominium market, where there are many first-time buyers," she added.

The 1 per cent increase in single-family home sales in 2012 was not enough to offset the 2 per cent decrease in condominium sales and the 4 per cent drop in plex sales. "We became accustomed to seeing record-setting condominium sales year after year, but in 2012 sales fell for the first time since 1995," said Paul Cardinal, Manager, Market Analysis, at the QFREB.

By geographic area, the number of transactions in 2012 decreased by 4 per cent on the Island of Montréal and by 2 per cent in Vaudreuil-Soulanges compared to 2011. On the other hand, sales on both the North Shore and South Shore grew by 3 per cent, while sales in Laval remained stable (0 per cent).

Property prices in the Montréal Metropolitan Area increased by 3 per cent for single-family homes, 3 per cent for condominiums and 4 per cent for plexes in 2012. All of these price increases were slightly smaller than those observed in recent years.

The number of properties for sale increased (+10 per cent) for a second consecutive year in the Montréal Metropolitan Area. The largest increase in supply was for condominiums (+19 per cent), to the extent that market conditions for this property category relaxed significantly in recent months. In fact, the condominium market has become balanced across the metropolitan area for the first time since 1999.

Sharp Decrease in Sales in Fourth Quarter

Sales in the Montréal CMA fell by 15 per cent in the fourth quarter of 2012. The 7,501 transactions concluded between October and December represent the lowest fourth quarter sales result since 2008. The decrease in condominium sales reached 20 per cent in the fourth quarter of last year.

Provincial Real Estate Market: Slight Increase in Sales in 2012

According to the real estate brokers' provincial database, there were 77,463 residential sales transactions in the province of Québec in 2012, indicated the QFREB. This represents 292 more transactions than in 2011. For the first time since 2009, single-family homes registered the largest increase. In fact, it was the only property category that posted an increase in sales, as 54,079 single-family homes changed hands in 2012, up 1 per cent compared to 2011. Sales of condominiums fell by 2 per cent with 16,358 transactions, while plex sales decreased by 3 per cent with 6,607 transactions.

Geographically, the agglomerations that posted the best sales results in 2012 were those whose economy is primarily based on the mining and energy industry, such as the agglomerations of Amos, Thetford Mines, Val-d'Or, Sorel-Tracy, Baie-Comeau and Matane. All of these agglomerations registered a sales increase greater than 14 per cent. Elsewhere in the province, the agglomerations of Sainte-Agathe-des-Monts, Mont-Tremblant, Saint-Lin-Laurentides, Victoriaville, Sainte-Marie, Montmagny and Cowansville all posted an increase in sales of 10 per cent or more in 2012.

The number of active listings increased sharply in Québec in 2012, where an average of close to 65,000 residential properties were for sale by a real estate broker, a 9 per cent increase compared to 2011. “With an increase in the supply of properties available, market conditions became relaxed in many areas of the province, particularly for condominiums, where buyers had the upper hand in negotiations in many areas of Québec,” explained Paul Cardinal, Manager, Market Analysis, at the QFREB.

The median price of single-family homes continued to rise in 2012 in Québec. Half of all single-family homes sold at a price higher than \$224,372, a 3 per cent increase compared to the median price of 2011. However, this was the slowest growth rate since the early 2000s. The province’s six Census Metropolitan Areas (CMAs) all registered an increase in median price, and for all three property categories.

There were two phases to the province’s real estate market in 2012: sales increased in the first two quarters of the year, and then decreased in the third and fourth quarters. “The year 2012 was marked by a tightening of mortgage insurance rules in which the maximum amortization period for new insured mortgages was reduced to 25 years. Qualifying for financing became more difficult for some first-time buyers in the second half of the year,” explained Mr. Cardinal.

About the Québec Federation of Real Estate Boards

The Québec Federation of Real Estate Boards is a non-profit organization composed of Québec's 12 real estate boards and close to 15,000 real estate brokers who are members. Its mission is to promote and protect the interests of Québec’s real estate industry so that the boards and their members can successfully meet their business objectives.

About the Greater Montréal Real Estate Board

The Greater Montréal Real Estate Board is a non-profit organization that brings together close to 11,000 real estate broker members. The second largest board in Canada, 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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