



Analysis of the Resale Market

First quarter of 2008: year off to a slower start

Montréal, May 13, 2008 – In the Montréal census metropolitan area (CMA), buyers of existing homes started off the year with slightly less enthusiasm. According to current Greater Montréal Real Estate Board (GMREB) MLS® system data, 11,951 properties changed hands in the Montréal CMA during the first quarter of 2008, for a decrease of 4 per cent from the first quarter of last year. “This small decrease in sales noted in the first quarter of 2008 somewhat betrayed the current state of the market, as it had more to do with the frenzy that prevailed at the same time last year than a major decline in demand,” said Michel Beauséjour, FCA, GMREB Chief Executive Officer.

Listings therefore decreased for a fourth straight quarter, but more moderately than in previous quarters. The average price of homes sold continued to rise, but at a slower pace, as the growth rate went from 8 per cent in the fourth quarter of 2007 down to 6 per cent in the first quarter of 2008. Despite this slower growth in prices, the resale market remained favourable to sellers, for all three main types of properties, namely, single-family houses, condominiums and plexes.

In the first quarter, 7,331 single-family homes changed hands, for a share of 61 per cent of all transactions registered during this period. The volume of sales fell by 8 per cent from the first quarter of 2007. Listings of single-family houses continued to decrease, falling by 4 per cent from the first quarter of 2007. In the Montréal CMA, the average price of single-family houses reached \$254,710, up by 8 per cent over the same period last year. This increase in prices was similar to the average rise noted in 2007 (+7 per cent).

Even though transactions had risen significantly in the first quarter of 2007, the condominium market still got off to a strong start in 2008. In fact, during the first quarter of this year, 3,438 condominium sales were recorded, for an increase of 7 per cent over the first quarter of 2007 and a share of 29 per cent of all transactions registered during this period. “In a context where prices have risen significantly, more affordable homes, like condominiums, managed to post a better performance. In fact, this was the only housing type for which sales continued to increase in the last quarter,” said Sandra Girard, Senior Market Analyst at Canada Mortgage and Housing Corporation (CMHC). Condominium listings decreased by 4 per cent from the first quarter of 2007. For the overall CMA, the average selling price of condominiums rose by 2 per cent this past quarter, compared to an increase of 6 per cent in 2007.

In the first quarter of 2008, there were 1,182 plex sales, or 11 per cent fewer than during the same period in 2007. This was the first quarter with a negative result following four straight quarterly increases in sales. The supply of plexes, for its part, grew by 10 per cent over the first quarter of 2007. In fact, this was the only housing type for which listings rose. On the Island of Montréal, the growth in prices was similar to the average increase for the overall CMA. The average price of plexes on the Island of Montréal rose by 7 per cent to \$363,425.

“Given the more uncertain economic environment, the resale market will be calmer this year, but the level of activity will still remain high,” added Sandra Girard.

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