



Analysis of the Resale Market

Second quarter of 2008: The resale market makes a soft landing

Montréal, July 30, 2008 – Since reaching a peak in 2007, the resale market made a soft landing in the first half of 2008. In the April-June period, sales of existing homes in the Montréal CMA were down slightly for the second quarter in a row. According to current MLS[®] data from the Greater Montréal Real Estate Board (GMREB), 13,198 properties changed hands in the Montréal CMA, a decrease of 3 per cent from the same quarter a year ago. “While second quarter results suggest that the Montréal resale market is slowing down, sales remain buoyant because the decreasing sales observed in the first two quarters of the year can be largely explained by last year’s hot market.” said Michel Beauséjour, FCA, GMREB Chief Executive Officer.

Property listings, for their part, rose in the second quarter to 22,617, up 7 per cent from a year ago. This was the first increase posted since the first quarter of 2007. The average price of homes sold increased more moderately, climbing 4 per cent. “The 4 per cent price increase registered in the last quarter grew at half the rate than it did six months ago. The decreasing demand, especially in the upper-range segments, combined with the increasing supply, limited price growth. However, the resale market remained favourable to sellers for all three main types of properties”, said Sandra Girard, Senior Market Analyst at Canada Mortgage and Housing Corporation.

In the second quarter, 7,741 single-family homes changed hands, 7 per cent less than the same period a year ago. The Island of Montréal and North Shore sectors registered the biggest drops, with decreases of 10 per cent for the Island and 12 per cent for the North Shore. On the Island, however, the more affordable sectors managed to do well. In the last quarter, single-family listings were up 9 per cent compared to the same quarter a year ago. The average price of single-family homes in the Montréal CMA was \$269,820, up 4 per cent on a year-over-year basis.

The condominium market remained dynamic in the first six months of 2008. In fact, in the second quarter, 3,926 condominium sales were recorded, a 7 per cent increase from the second quarter of 2007. This is similar to the result registered in the first quarter. The Island of Montréal registered the smallest gain in sales - 2 per cent. As was the case for single-family homes, the more affordable zones on the Island - in the East end - were the zones with the greatest increase in sales in the last quarter. “The condominium market remains a popular choice, but buyers are here also interested in more affordable housing”, said Sandra Girard.

While demand for condominiums continued to rise, listings continued to drop - 1 per cent - in the CMA. The average sale price of condominiums in the CMA increased 3 per cent in the last quarter.

There were 1,531 plex sales in the second quarter of 2008, or 2 per cent less than a year ago. On the Island of Montréal, 1,129 plex units were sold, down 4 per cent on a year-over-year basis. Sales fell in all geographic areas except the North Shore, where sales increased by 19 per cent. The plex supply rose 20 per cent compared to the second quarter of 2007. This gain follows the 10 per cent increase posted in the first quarter. In the second quarter, 3,053 plex units were listed on the GMREB MLS[®] system. In spite of the strong increase in the number of listings, plex sale prices in the CMA posted a healthy growth of 6 per cent, the largest of the three major housing types.

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