



LAND TITLE SOLUTIONS

JLR PUBLICATION

2017

Mobility of Buyers Originating From the Island of Montreal

HIGHLIGHTS:

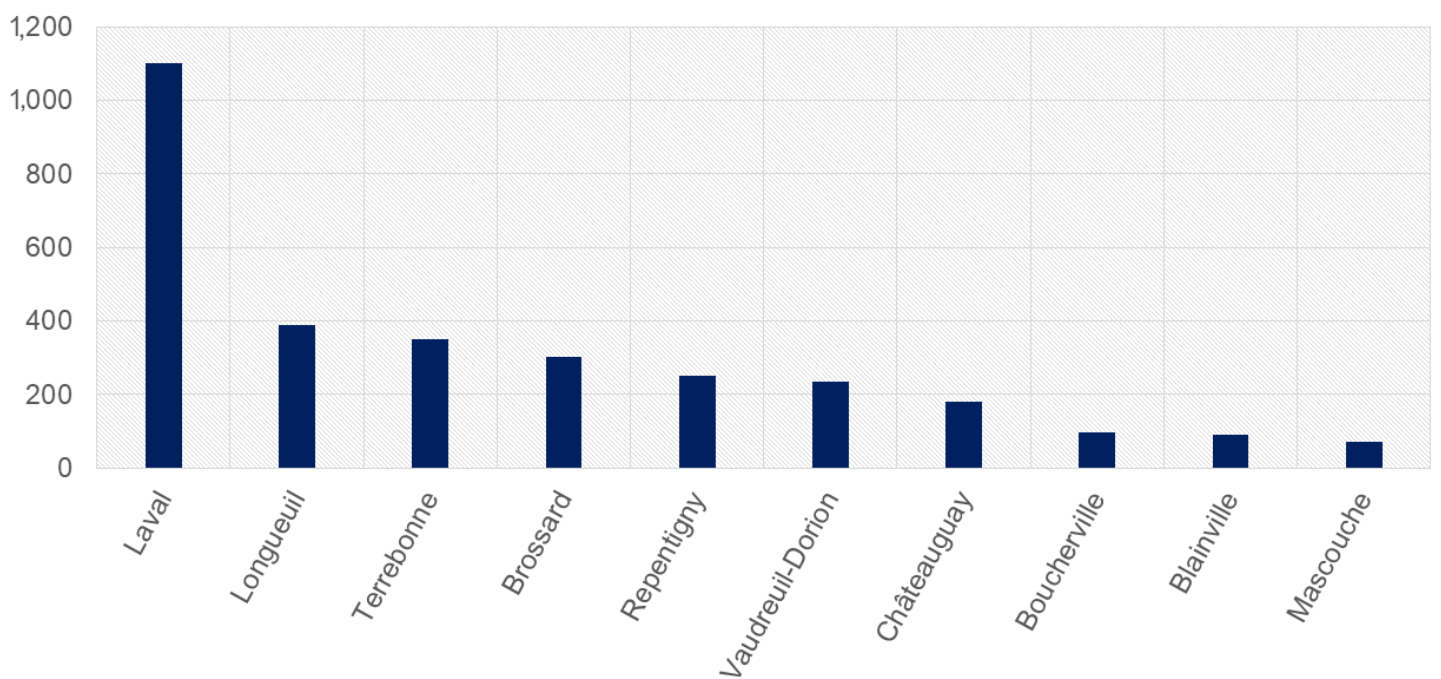
- 43% of residents from the island of Montreal who purchased a property did so outside of the region in 2016.
- Laval is the city which welcomes the most buyers originating from the agglomeration of Montreal.
- Single-family homes purchased by residents of the island were located outside of the administrative region in 60% of the cases.
- Among the condominiums acquired by people declaring to live on the island at the time of the transaction, 19% were located outside the agglomeration.

Whether it's caused by the high prices of housing, the traffic or the need for green areas, many choose to leave the island when buying a property. For a second publication on buyer mobility, JLR wanted to look at buyer's originating from the agglomeration of Montreal in order to observe their behaviour at the time of purchasing a property. When it comes to becoming a home owner, how do the residents of the island of Montreal behave?

Thanks to notarial acts published to the land register of Quebec and brought together by JLR, it was possible to target the purchases of single-family homes and condominiums made in the province by buyers that declared an address of residence situated on the Island of Montreal in 2016.

As it was discussed in the previous study regarding the origin of buyers, people acquire properties that are often near their place of residence. Thus, 57% of residents of the Island of Montreal that purchased properties in 2016 remained in the agglomeration of Montreal. This implies that 43% of acquisitions were properties outside of the territory. It is then interesting to question the reason urging some to buy outside of the Island of Montreal. Whereas some opt for a residence in a distant region, it is not true for the majority. In 2016, 73% of purchases made outside of the island were made in the Census metropolitan area (CMA) of Montreal. As we can observe on graph 1, the 10 preferred cities that residents of the island of Montreal preferred for the place of purchase are situated in periphery of the island. Laval welcomes by far the most buyers. This is not surprising since it is the most populous city after Montreal. Its proximity to the city center via the metro system can attract many new residents.

Graphic 1: Top 10 Cities Where the Residents of the island of Montreal Purchased a Property



The sale prices differ enormously depending on the location. The purchase of a single-family home has become rather expensive on the island of Montreal. While the population is constantly growing, the offer of new single-family homes has increased very little considering the low amount of lots available on the island. Furthermore, the construction of condominiums was often prioritized in order to maximize the yield and utility of the few available lots. Consequently, the pressure deriving from the demand, tends to increase the sale prices more rapidly in Montreal compared to regions where the number of single-family homes is on the rise. Thus, it is becoming more and more attractive to depart from the city for those who wish to purchase a single-family home. A total of 40% of new owners of single-family home in 2016 having declared an address on the island at the time of purchase, chose to remain in the region. This implies that in 60% of cases, people who acquired a single-family home chose to leave the island. The median price of single-family homes bought in the administrative region of Montreal was \$408,055 whereas outside of the region it was \$277,250.

On the other hand, the increase of large condominium development projects has contributed to maintaining the rise in the price low as well as densifying the territory. Households that wished to remain on the island often opted for the acquisition of a condominium, a less expensive type of residence. In 2016, 81% of the people that declared living on the island at the time of purchase chose a condominium in the agglomeration with a median price of \$294,000. On the other hand, 19% chose to leave the territory and instead paid a median price of \$218,000.

It is important to note that the purchase of a condominium can also be made with the aim of investing and not residing there. In a recent report, the CMHC mentioned that in the CMA of Montreal, 16% of condominiums were rented. This percentage reaches 25% in the downtown area.

Finally, several purchases were made outside of the CMA of Montreal. For the majority, the choice of cities suggests the acquisition of a secondary or vacation home. Of the 10 cities in which the most purchases were made by people residing on the island of Montreal, we find Mont-Tremblant, Saint-Adolphe-d'Howard, Sainte-Adèle, Saint-Sauveur, Saint-Donat and Chertsey.

Fermont is also in this top 10. While this city is a slightly too remote to have a cottage there, it is likely that the initial phase of the reopening of the Lake Bloom mine has attracted workers, hence buyers in the region. With the complete reopening planned for March 2018, we can expect to see more people from Montreal, as well as from all parts of Quebec to migrate towards this region. The reopening of this mine will produce 450 direct new jobs according to the government.

Geographical closeness is a good indicator of the region in which people choose to purchase a property. A majority, although only a slight one, of those residing in the Montreal agglomeration having acquired a property in 2016, chose to remain on the island. Nevertheless, when it comes to purchasing a single-family home, the majority decide to go to the North Shore, South Shore, Laval or Vaudreuil-Soulanges, rather than staying in the agglomeration. Without being able to state with certainty the reasons which encourage people to purchase outside of the island, but in the CMA of Montreal, certain hypotheses can be made. A widely conveyed explanation is the difficulty in finding an affordable single-family home on the island in which to raise children. Finally, the profile of Montreal is likely to change in the following years. The change in the municipal government as well as the addition of the Metropolitan Electric Network could alter the attractiveness of certain regions. It will be interesting to observe what impact this will have on buyer mobility in the CMA of Montreal.

METHODOLOGICAL NOTE

The first step is to filter sales in order to obtain only those made by a resident of the island of Montreal. Afterwards, it was possible to observe where the sale was made. This provides statistics on each type of residence (single-family home or condominium). It is then possible to adjust the analysis by including the sale prices.

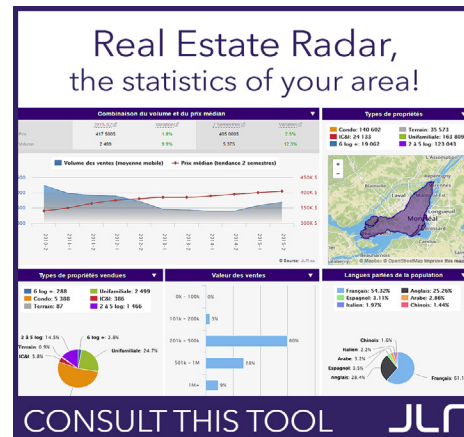
Certain data had to be removed from the analysis due to the address of residence declared was the same as that of the new property. This represents 16% of sales (19% of condominiums; 10% of single-family homes). The higher percentage for condominiums could partially be explained by the rent-purchase option offered by certain promoters. Thus the residents had moved prior to the acquisition and their prior address remains unknown. For buyers already indicating the address of the new property, we suppose that their division by region is independent and identically distributed.

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