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LAND TITLE SOLUTIONS

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Buying alone, as a couple or through a business

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HIGHLIGHTS:

- In 2017, 58.1% of condominiums sold were bought by a single person.
- Last year, 60.5% of single family home purchases were made by two or more buyers.
- Single people accounted for 37.5% of duplex and triplex buyers, which represents a 9.3 percentage point decline compared with 2005.
- 23.6% of 4 to 11 unit property buyers were businesses, a percentage which has doubled since 2005.

Each year, many Quebecers buy a home. In 2017, more than 123,000 properties (single family homes, condominiums and 2 to 5 unit multiplexes) were bought and sold. With the new realities of the real estate market, JLR wanted to observe the evolution of the profile of buyers.

Since the start of the new millennium, residential property prices have shot up and it has become more difficult for some households to buy a property. The rise in mortgage payment rates in relation to the median weekly income has affected some buyers more than others.

As part of this study, JLR wanted to analyze the evolution of the percentage of people who buy alone, jointly or as a business according to the data published by the Quebec Land Register.

EVOLUTION OF HOUSEHOLD TYPES

The composition of Canadian households has changed over the past few decades. According to Statistics Canada, for the first time in 2016, the number of one-person households was greater than households composed of couples with children. In 1951 only 7.4% of households were one-person households. In 2016, this had risen to 28.2%. Furthermore, in 2016, among private households, 8.9% were single-parent families and 4.1% were households composed of two or more people who were not a census family.

Quebec is the province where the proportion of one-person households is the highest. By referring to a more recent period, in 2006, we note that 54.3% of private households in Quebec were composed of a couple; this fell to 53.0% in 2016. On the other hand, the percentage of single people has increased. As such, the number of people buying a property alone should increase compared with joint property purchases, considering the change in private household composition. However, it appears that price increases have more than offset this demographic change and the percentage of people buying a property alone is actually declining.

THE SINGLE-FAMILY HOME MARKET

In 2017, 60.5% of purchases were made by more than one buyer. We may suppose that couples were responsible for a majority of these transactions. This percentage is slightly increasing as is the percentage of purchases made by businesses. On the other hand, despite the increase in the number of private households with single people and single-parents, they account for a smaller proportion of buyers between 2005 and 2017. These households, on average, have lower incomes because only one person can work. Consequently, the tightening of mortgage rules these past few years and the increase in typical mortgage payment rates in relation to the median weekly salary have probably further limited purchases made by single people more than couples.

Table 1: Distribution of single family home purchases by buyer type

Buyer type	Percentage of purchases	Variation in percentage points (2005-2017)
Two or more individuals	60.5%	1.2
Business	3.6%	1.2
Single individual	35.8%	-2.4

THE CONDOMINIUM MARKET

The percentage of single buyers is higher in the condominium market. In 2017, they accounted for 58.1% of buyers. So, more people buy a condominium alone than as a couple or with one or more partners while the situation is the opposite for single family home. The percentage of purchases made as a business remains low at 4.2%, but this is increasing. It must be mentioned that the multiple condominiums bought do not serve as a residence for the buyer, but are rather used to earn rental income. Among this category of buyers, some are incorporated, which jacks up the percentage of purchases by businesses.

Table 2 : Distribution of condominium purchases by buyer type

Buyer type	Percentage of purchases	Variation in percentage points (2005-2017)
Two or more individuals	37.7 %	2.1
Business	4.2 %	1.1
Single individual	58.1 %	-3.2

THE DUPLEX AND TRIPLEX MARKET

In the duplex and triplex sector, investors are more present with 7.9% of purchases made by businesses in 2017, a percentage which has practically doubled since 2005. This rise can be explained by the increase in investors who opt for incorporation.

The generally higher prices for this type of home probably explains the lower percentage of single buyers than in the single family home or condominium sector. For this type of building, the decline in the percentage of single buyers (-9.3 percentage points) is particularly pronounced.

Table 3 : Distribution of duplex and triplex purchases by buyer type

Buyer type	Percentage of purchases	Variation in percentage points (2005-2017)
Two or more individuals	54.5%	5.4
Business	7.9%	4.0
Single individual	37.5%	-9.3

THE 4 TO 11 UNIT SECTOR

Even if the majority of 4 to 11 unit property purchases are made by two or more individuals, businesses are much more active in this sector than the others. It must be said that this type of building is intended largely for investors. The share of purchases made by businesses more than doubled between 2005 and 2017, which seems to be a sign of the increase in incorporation. However, it may also be that major investors have increased their presence in this market compared with smaller players (less frequently incorporated) over the past few years. These two reasons may explain the increased presence of businesses in these transactions, but on the other hand, we cannot ascertain the cause with certainty.

Table 4 : Distribution of 4 to 11 unit property purchases by buyer type

Buyer type	Percentage of purchases	Variation in percentage points (2005-2017)
Two or more individuals	44.5%	-4.8
Business	23.6%	14.6
Single individual	32.0%	-9.8

CMA OF MONTREAL

In the Census Metropolitan Area (CMA) of Montreal, the percentage of one-person private households is almost the same as the rest of the province. However, single people are largely concentrated in Urban Agglomeration of Montreal where they represent 40.8% of private households. On this territory, single family homes are more expensive than the rest of the province and therefore often beyond the reach of a single person.

So, in the CMA of Montreal, 30.4% of single family home buyers made their purchases alone, which is 5.4 percentage points lower than the whole of Quebec and 3.7 percentage points lower than in 2005.

CONCLUSION

In brief, despite the increase in the number of one-person households in Quebec over the past few years, these account for an increasingly lower percentage of buyers given the rise in property prices. However, many of them are present in the condominium market where the prices are generally lower, the spaces smaller, the maintenance time shorter and the sense of safety sometimes greater, all of which are likely to attract more single people than couples.

METHODOLOGICAL NOTE

The data used was collected by JLR from the Quebec Land Register. To obtain representative statistics of the real estate market, some data among sales were eliminated for the statistic calculation. Thus, sales with a transaction value of less than \$5,000, tied selling, foreclosure sales, undivided sales and multiple sales were not included in the statistics reported in this publication.

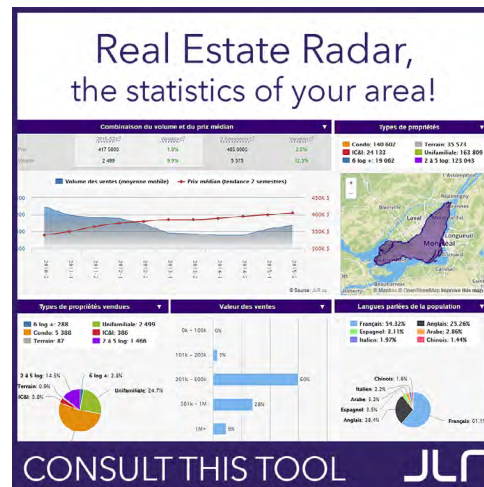
Every transaction where there was at least one business implicated as a buyer were considered as acquisitions by a business even if individuals were also implicated in the transaction.

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