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Impacts of the pandemic on the mobility of buyers from the Montréal CMA

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HIGHLIGHTS:

- The proportion of Montréal buyers in the regions has grown by 5 percentage points since the onset of the pandemic.
- Depending on the region, the number of buyers from Montréal increased from 73% to 173% for the period from August 2020 to April 2021 compared to August 2019 to April 2020.
- Montrealers who bought a home in Estrie paid a median price of \$85,000 higher than other buyers in that region between August 2020 and April 2021.
- The proportion of buyers from Greater Montréal in the Mauricie region has grown from 10% pre-pandemic to 20%.

Many households have decided to rethink their home choices due to the disruptive nature of the pandemic. Single-family homes outside major centres have gained popularity due to the high demand for large, open spaces. This new trend drove up sales and prices across Quebec.

Prior to the pandemic, bidding wars were a common feature of the Montréal real estate market, but less so in other regions. The health crisis has, however, accelerated demand for homes across the province, resulting in low inventory and a sharp jump in prices in regions that had normally experienced small increases in recent years.

Low interest rates, higher average incomes, high savings rates and an increased importance of housing all contributed to higher demand and therefore higher prices. However, new demand from the city exacerbated the situation in the regions. In fact, remote working and the appeal of wide open spaces have led many Montrealers to move to the regions or buy a cottage. The purpose of this analysis is to quantify the evolution of the proportion of Montréal buyers in the regions and their impact on prices.

The period from August 2019 to April 2020 is considered pre-pandemic, even though health measures began in March, as several weeks may have passed between the acceptance of a purchase offer and the publication of a notarial deed leading to the taking of possession.

THE GROWING DEMAND OF BUYERS FROM MONTRÉAL

To analyze the evolution of regional purchases by Montrealers, the proportion of buyers who declared a residential address in the Montréal CMA at the time of acquisition was calculated. To account for the impact of the pandemic, we calculated the proportions of purchases over two periods, a first pre-pandemic period, from August 2019 to April 2020, and a second more recent period, from August 2020 to April 2021. For the latter period, we consider that the purchases made took into account the pandemic and its impacts¹. While 20% of property buyers outside the city came from Montréal in the pre-pandemic period, this proportion rose to 25% after the behavioural changes brought by the arrival of COVID-19—an increase of 5 percentage points. This confirms the growing appeal of the regions since the Coronavirus arrived. Remote working opportunities, the need for space and the interest in second homes are probably behind this popularity, which varies greatly from region to region.

All Quebec regions saw an increase in the proportion of buyers from Montréal, with certain regions proving more popular. In Mauricie, the proportion of Montréal buyers doubled from 10% to 20%. The region has probably gained popularity due to low property costs. Moreover, with the rise in prices of cottages in the Laurentides, Mauricie could be an attractive choice for households wishing to live in the regions or purchase a cottage while being less than 2-3 hours from the city centre.

[1] The period from August 2019 to April 2020 is considered pre-pandemic even though health measures began in March, as several weeks may have passed between the acceptance of a purchase offer and the publication of a notarial deed leading to the taking of possession.

Proportion of buyers whose residential address at the time of purchase was located in the Montréal CMA, by period and administrative region

Administrative Region	2020-08 to 2021-04	2019-08 to 2020-04 (pre-pandemic)
Bas-Saint-Laurent	12%	8%
Saguenay–Lac-Saint-Jean	5%	3%
Capitale-Nationale	7%	5%
Mauricie	20%	10%
Estrie	27%	19%
Outaouais	7%	6%
Abitibi-Témiscamingue	4%	3%
Côte-Nord	7%	6%
Gaspésie–Îles-de-la-Madeleine	21%	13%
Chaudière-Appalaches	5%	4%
Lanaudière (excluding the Montréal CMA)	60%	51%
Laurentides (excluding the Montréal CMA)	61%	55%
Montérégie (excluding the Montréal CMA)	47%	38%
Centre-du-Québec	12%	7%
Proportion of Montréal buyers in the regions	25%	20%

For more remote regions, the Gaspésie stood out (+8 percentage points), while the proportion of buyers from Greater Montréal varied little in Abitibi-Témiscamingue and Côte-Nord. The Bas-Saint-Laurent also saw the number of purchasers from Greater Montréal climb, up 4 percentage points from last year. Many probably opted for cottages in Eastern Quebec to meet their thirst for the great outdoors, while others may have decided to settle there.

The pandemic and remote working could help revitalize the Eastern Quebec regions—areas in which populations were expected to drop in coming years.

Sales growth is consistent with recent inter-regional migration data from the Institut de la Statistique du Québec. The net inter-regional migration rate for the period 2019-20, which includes part of the trend caused by the pandemic, is the highest since 2013-14 for Gaspésie-Îles-de-la-Madeleine and Bas-Saint-Laurent. For Montréal, this rate has never been as low (negative) as in the past year.

While some choose cottages in these sectors, several also appear to be moving to areas further from major centres and in greater numbers than in the past.

The Laurentides, Lanaudière and Montérégie regions have always been popular with Montréalers for their proximity. Before the pandemic, more than half of property buyers in the Laurentides and Lanaudière regions came from Montréal. These areas—well known for their many cottages—have still gained popularity as secondary or primary residences. As a result, the proportion of buyers from Greater Montréal increased by 9 percentage points in Lanaudière and 6 percentage points in the Laurentides.

RISING MEDIAN PRICES

This migration of Montréal households has contributed to rapid price growth in the regions, while most were accustomed to lower increases compared to the city in recent years. However, Montréalers are not solely responsible for strong regional demand. Local buyers and those from other regions have also contributed to the growth in housing demand. The number of local buyers and those from outside Montréal increased from 20% to 64% depending on the region during the period analyzed, while the number of Montréal buyers increased from 73% to 173% depending on the area. In short, there are more buyers from Montréal, as evidenced by the growing proportion of their purchases, but the high demand also comes from local households.

Low interest rates, high savings rates and an increased importance of housing have led to a growth in demand for residential properties across Quebec. This means that there would have been a rise in price of some sort in the various regions since fall even if there had been no change in Montrealers' behaviour due to the strength of local demand in recent months. That said, the phenomenon was exacerbated by the arrival of a large number of Montréal buyers.

Another interesting observation is that the median price paid by buyers from Montréal was higher than that of local buyers or those from other regions in all areas except Côte-Nord and Outaouais. In Côte-Nord, the number of transactions by Montrealers is quite low; therefore, figures should be interpreted with caution. As for the Outaouais, Gatineau is the most expensive area in the region, with most Montrealers opting instead for properties in smaller, cheaper cities. In fact, since this area borders Ottawa, the buyer profile and prices in the region differ from other areas.

Otherwise, Montrealers generally spend more when purchasing a residence in the regions, since the average salary of remote workers from the city usually exceeds that of locals. Also, those who sell their property in Montréal often make a substantial gain and therefore have a higher budget to buy in the regions.

As for second-home buyers, many opt for holiday properties by the water or near the mountains. But these properties sell at higher prices than in neighbouring areas.

Estrie is the region with the largest price difference—\$85,000 higher for Montréal buyers compared to local buyers. The popularity of cottages could significantly influence prices in this area, as in the Laurentides, where the median price difference is \$49,000.

Median price between August 2020 and April 2021 for single-family homes based on the origins of buyers

	Local and non-Montréal buyers	Montréal buyers
Bas-Saint-Laurent	\$165,000	\$173,500
Saguenay–Lac-Saint-Jean	\$182,125	\$202,473
Capitale-Nationale	\$255,000	\$275,000
Mauricie	\$169 850	\$180,000
Estrie	\$225,000	\$310,000
Outaouais	\$265,000	\$245,000
Abitibi-Témiscamingue	\$218,000	\$227,000
Côte-Nord	\$165,000	\$127,803
Gaspésie–Îles-de-la-Madeleine	\$145,000	\$169,000
Chaudière-Appalaches	\$202,050	\$210,000
Lanaudière	\$215,000	\$240,000
Laurentides	\$251,000	\$300,000
Montérégie	\$245,000	\$293,000
Centre-du-Québec	\$198,000	\$232,251

CONCLUSION

The pandemic and remote working have definitely increased the popularity of the regions. A growing number of Montrealers are buying in the regions, which has contributed to price rises throughout Quebec. However, local demand has also been strong and reflects the current strength of the housing market. Vaccination will likely allow Quebecers to reconnect a little with their pre-pandemic lives, but some changes may continue. For example, remote working or a combination of working at home and in the office should remain more popular than before the health crisis, which will further boost regional demand. However, as the pandemic comes to an end, some may miss the action of the major centres and get fed up with the traffic jams when returning to the office. Also, when it becomes safer to travel, some may stay at their cottage less and opt to sell it given how little they use it. In short, in the longer term, remote working will result in many people moving to regional areas outside the city, but this trend should taper off when the pandemic ends.

METHODOLOGICAL NOTE

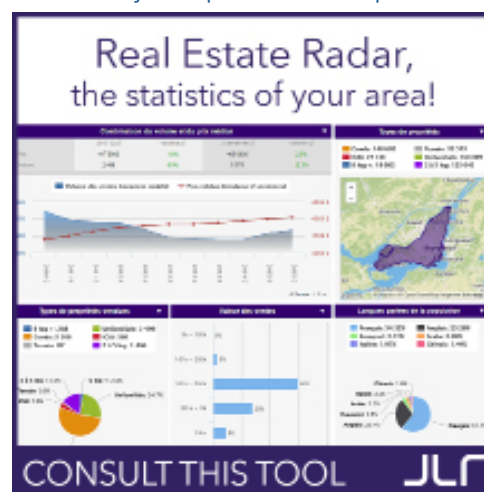
JLR, an Equifax Company, compiled the data in this report from the Québec Land Register. To obtain statistics that are representative of the real estate market, sales of less than \$50,000, tie-in sales, mortgage takeovers and multiple sales were excluded. The origin of the buyer was based on the address indicated in the notarial deed. If both buyers provided a different address at the time of the transaction, only one was selected at random. When a buyer indicated that they resided in the property that they were purchasing, we excluded the result.

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