



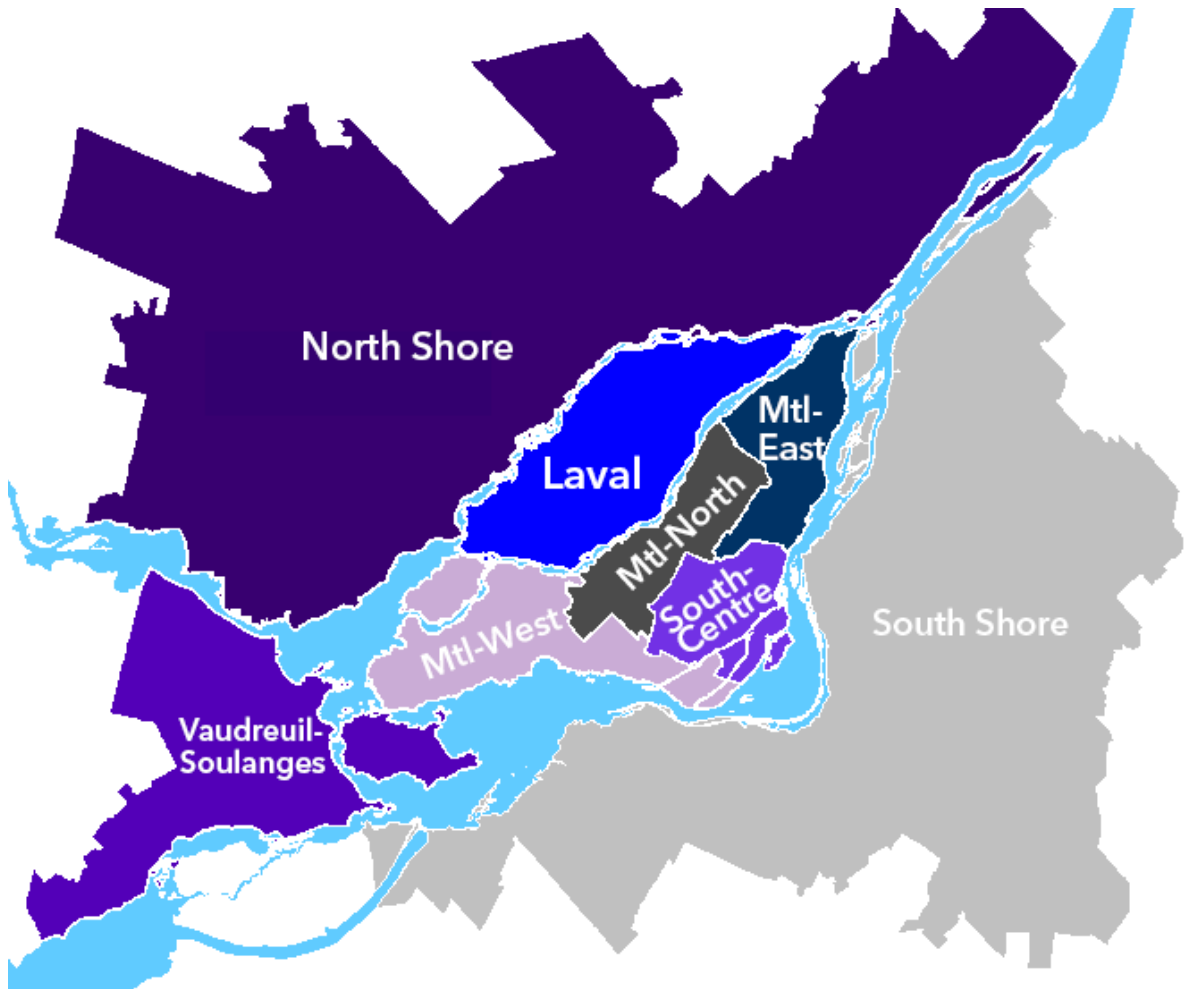
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JLR PUBLICATION

Real Estate Portrait of the Montreal CMA

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TERRITORIAL DIVISION OF THE MONTREAL CMA



Region	Included Cities and Boroughs
Island of Montreal	
Montreal — South-Centre	Boroughs: Côte-des-Neiges/Notre-Dame-de-Grâce, Outremont, Le Plateau-Mont-Royal, Sud-Ouest, Verdun et Ville-Marie Cities: Westmount, Montréal-Ouest, Côte-Saint-Luc, Hampstead et Mont-Royal
Montreal-West	Boroughs: L'Île-Bizard/Sainte-Geneviève, Lachine, LaSalle et Pierrefonds/Roxboro Cities: Dorval, L'Île-Dorval, Pointe-Claire, Kirkland, Beaconsfield, Sainte-Anne-de-Bellevue, Senneville, Dollard-des-Ormeaux et Baie-d'Urfé
Montreal-East	Boroughs : Anjou, Mercier/Hochelaga-Maisonneuve, Rivière-des-Prairies/Pointe-aux-Trembles et Rosemont/Petite-Patrie City : Montréal-Est
Montreal-North	Boroughs : Ahuntsic/Cartierville, Montréal-Nord, Saint-Laurent, Saint-Léonard et Villieray/Saint-Michel/Parc-Extension
Other Areas	
Laval	Laval
North-Shore	Lavaltrie, Charlemagne, Repentigny, Saint-Sulpice, L'Assomption, L'Épiphanie, Terrebonne, Mascouche, Saint-Eustache, Deux-Montagnes, Sainte-Marthe-sur-le-Lac, Pointe-Calumet, Saint-Joseph-du-Lac, Oka, Saint-Placide, Boisbriand, Sainte-Thérèse, Blainville, Rosemère, Lorraine, Bois-des-Filion, Sainte-Anne-des-Plaines, Mirabel, Saint-Colomban, Saint-Jérôme, Gore et Saint-Lin-Laurentides
South-Shore	Longueuil, Richelieu, Saint-Mathias-sur-Richelieu, Chambly, Carignan, Saint-Basile-le-Grand, McMasterville, Otterburn Park, Mont-Saint-Hilaire, Belœil, Saint-Mathieu-de-Beloeil, Brossard, Longueuil, Boucherville, Saint-Bruno-de-Montarville, Sainte-Julie, Saint-Amable, Verchères, Saint-Mathieu, Saint-Philippe, La Prairie, Candiac, Delson, Sainte-Catherine, Saint-Constant, Saint-Isidore, Mercier, Châteauguay, Léry, Beauharnois et Saint-Jean-sur-Richelieu
Vaudreuil-Soulanges	Saint-Zotique, Les Coteaux, Coteau-du-Lac, Les Cèdres, Pointe-des-Cascades, L'Île-Perrot, Notre-Dame-de-l'Île-Perrot, Pincourt, Terrasse-Vaudreuil, Vaudreuil-Dorion, Vaudreuil-sur-le-Lac, L'Île-Cadieux, Hudson et Saint-Lazare

HIGHLIGHTS:

- On the Island of Montreal, the number of single-family homes sold between January and October 2021 increased by 7% relative to the previous year according to the deeds published in the Québec Land Register and compiled by JLR.
- During this same period, the median price of single-family homes rose by 23% in the Montreal CMA. For condominiums, this increase was +21%.
- Over the past 5 years, the Vaudreuil-Soulanges market has stood out with median price growth of over 70% for single-family homes and 50% or higher for condominiums.

According to the latest census, just over half of Quebec's population lived in the Montreal census metropolitan area (CMA) in 2016. This territory is therefore of critical importance, and its real estate market greatly influences provincial statistics. Approximately 40% of single-family homes and 75% of condominiums purchased in a given year in Quebec are located in this CMA according to data published in the Québec Land Register and compiled by JLR, an Equifax company. In this report, sales in the Greater Montreal area for the first 10 months of 2021 were considered and contrasted with those in the same months in 2020 and 2016.

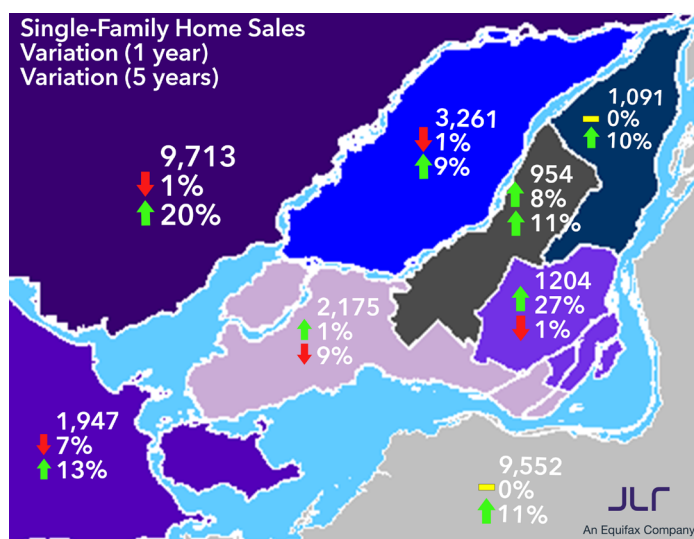
SINGLE-FAMILY HOMES

During the first 10 months of 2021, 29,897 single-family homes exchanged hands in the Montreal CMA, an increase of 0.2% relative to last year and 11% from 2016. This segment has also experienced growth every year for the past five years.

At the onset of the pandemic, buyers were looking for large properties to adapt to their new reality, leading to a surge in demand for single-family homes which outpaced supply and put strong upward pressure on prices.

This significant price increase in recent months has made housing less affordable for most markets, even with low mortgage interest rates and huge consumer savings. In addition, with vaccination rates increasing in the CMA and public health conditions returning to normal, households are choosing to invest in new projects rather than in a down payment for a property. These two factors, combined with low supply, meant there was almost no increase in transactions in the Montreal CMA compared to 2020.

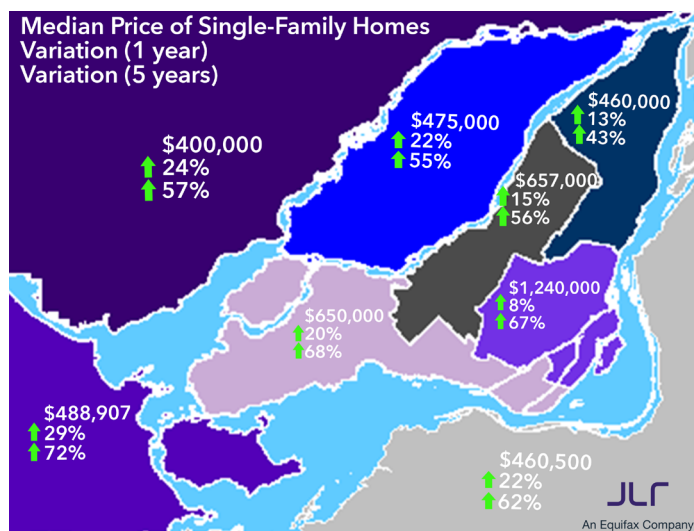
The part-time return to office work, reopening of restaurants and large social gatherings has revived demand on the Island of Montreal in 2021. In the first 10 months, purchases of single-family homes rose 7% on the island. The situation is somewhat different in the suburbs where, during the period analyzed the inventory of properties on the market decreased significantly, which reduced the price gap between these sectors and the Island of Montreal, making these areas less attractive to households. These two factors also led to a drop in transactions between January and October 2021 compared to last year for Vaudreuil-Soulanges (-7%), the North Shore (-1%) and Laval (-1%).



For the CMA as a whole, the median price in the first 10 months of the year was 23% higher than the same period in 2020 and 57% higher than in 2016. Extremely tight supply and demand conditions kept prices under intense upward pressure in 2021. For the Island of Montreal, prices rose 20% compared to 2020, equating to an overall increase of 61% since 2016. In fact, in October 2021, there were 21% fewer single-family homes for sale on the Island of Montreal compared to the same date in 2020 according to statistics published by the QPAREB, which explains this sharp increase.

Despite renewed interest in the Island of Montreal, the largest price increase was observed in the suburbs, with Vaudreuil-Soulanges (+29%) at the top of the list, followed by the North Shore (+24%). In the first 10 months of 2021, the lowest median price recorded in the suburbs was \$400,000 (North Shore), while last year the highest price registered in the suburbs was \$400,000. This growth phenomenon is a direct result of low housing stock, significantly impacting people's ability to buy in the suburbs as well as affecting demand in these areas. In the metropolitan area, the Montreal-East sector remained the least expensive with a median price of \$460,000. South-Centre and Montreal-East saw the slowest price growth compared to last year with increases of 8% and 13%, respectively.

While prices rose in the first 10 months of 2021, this may not continue in the medium long-term. Increased housing starts¹, reduced accessibility and a possible decline in mortgage debt performance due to a potential increase in interest rates could slow prices in the medium to long term.

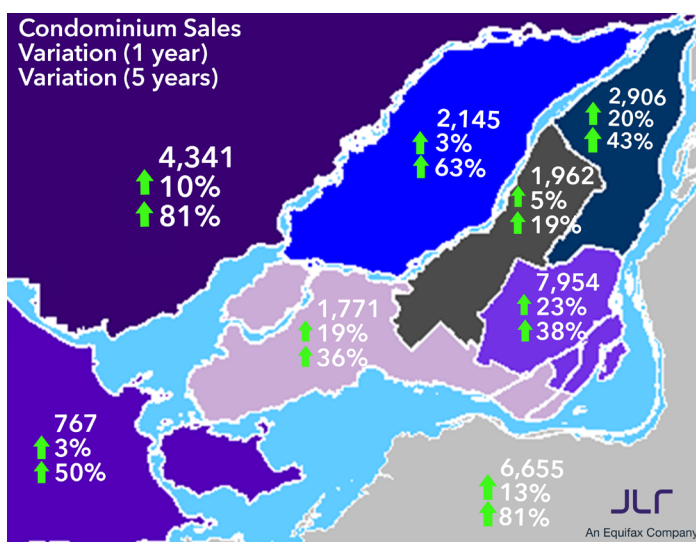


CONDOMINIUMS

The condominium market has been expanding since the early 2000s with a large number of new properties added to the market each year. Although construction of this type of dwelling has slowed in recent years in favour of rental housing, 4,875 condos were still added in the Montreal CMA between January and October, according to data published by CMHC.

Condominium sales for the first 10 months of the year were 28,502, up 14% from the same period last year. The increase may be due to last year's low demand for this type of property, as buyers were looking for larger, unshared spaces. In addition, many buyers unable to purchase a single-family home at today's high prices may have turned to the condo market, thus increasing the number of transactions for this market.

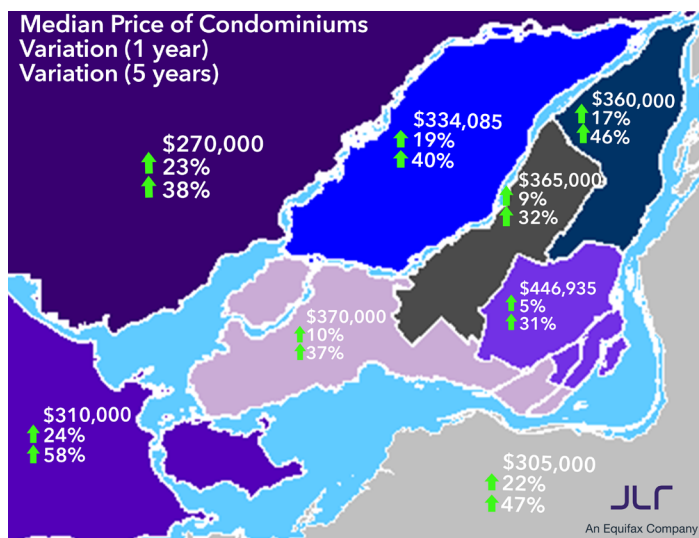
While demand for condominiums increased in 2021, this growth varied across Montreal CMA sectors. The largest increases were observed on the Island of Montreal, particularly in the South-Centre (+23%) and Montreal-East (+20%) sectors, while the suburbs saw the smallest increases. These statistics show that as public health measures ease more people want to live on the Island of Montreal, which pushes up prices on the island.



[1] According to CHMC, approximately a 15% increase in the Montreal metropolitan area in 2021

For the CMA as a whole, the median price of condos reached \$349,705 over the first 10 months, up 17% compared to last year and 40% from five years ago. Over the long term, the price increases on this market tend to be inferior to those for single-family homes, since the number of new units added to the housing stock each year far exceeds the number of new housing starts. On the Island of Montreal, there was a 7% increase in the median price compared to last year and a 35% increase from 2016. Montreal South-Centre was the sector with the smallest increase over one year. Price increases in the suburbs reached 19% or higher relative to last year. These price increases can be explained in part by the reduction in inventories during the pandemic.

In short, the condominium market in 2021 is evolving differently in the suburbs than on the Island of Montreal, a dynamic that could continue as the economy returns to normal.



CONCLUSION

The health crisis has led to massive activity in the housing market. Lower interest rates combined with government support and changing housing preferences have encouraged many buyers to look for better places to live. In such a context, the housing market continued to show resilience in the first 10 months of 2021.

Strong demand and low inventory kept prices up in 2021. This rapid price increase has made the cost of a home inaccessible to many potential buyers. In addition, as the Bank of Canada (BoC) has begun to reduce its asset purchases, interest rates are expected to rise over the medium to long term.

The BoC's incremental measures will allow many borrowers to adjust to increases in their mortgage payment obligations. However, owners who hold large amounts of debt are more sensitive to changes in interest rates and may begin to default on their obligations in the future, potentially leading to bad debts. These factors could substantially reduce demand and limit future price increases.

On the supply side, housing stock was low in 2021. However, new builds are expected to increase supply next year as the economy returns to normal. This could lead to a better balance between housing supply and demand in 2022.

METHODOLOGICAL NOTE

The data used were compiled by JLR from records published in the Quebec Land Register. To obtain statistics representative of the real estate market, some sales data are eliminated from the calculations. Thus, sales with a transaction value of less than \$5,000, tied selling, foreclosure sales, undivided sales and multiple sales are not included in the statistics contained in this study.

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