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# Quebec Bad Debts Trends Q3-2024

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HIGHLIGHTS

- The number of prior notices issued across the province reached 1,392 in the third quarter of 2024, an increase of 9% compared to the same period a year earlier, and an increase of 70% compared to 2022.
- A total of 115 repossessions were published in the Quebec Land Registry between July and September 2024, an increase of 24% compared to the third quarter of 2023.
- Over the past twelve months, the number of notices of sale by judicial authority has increased in all regions.

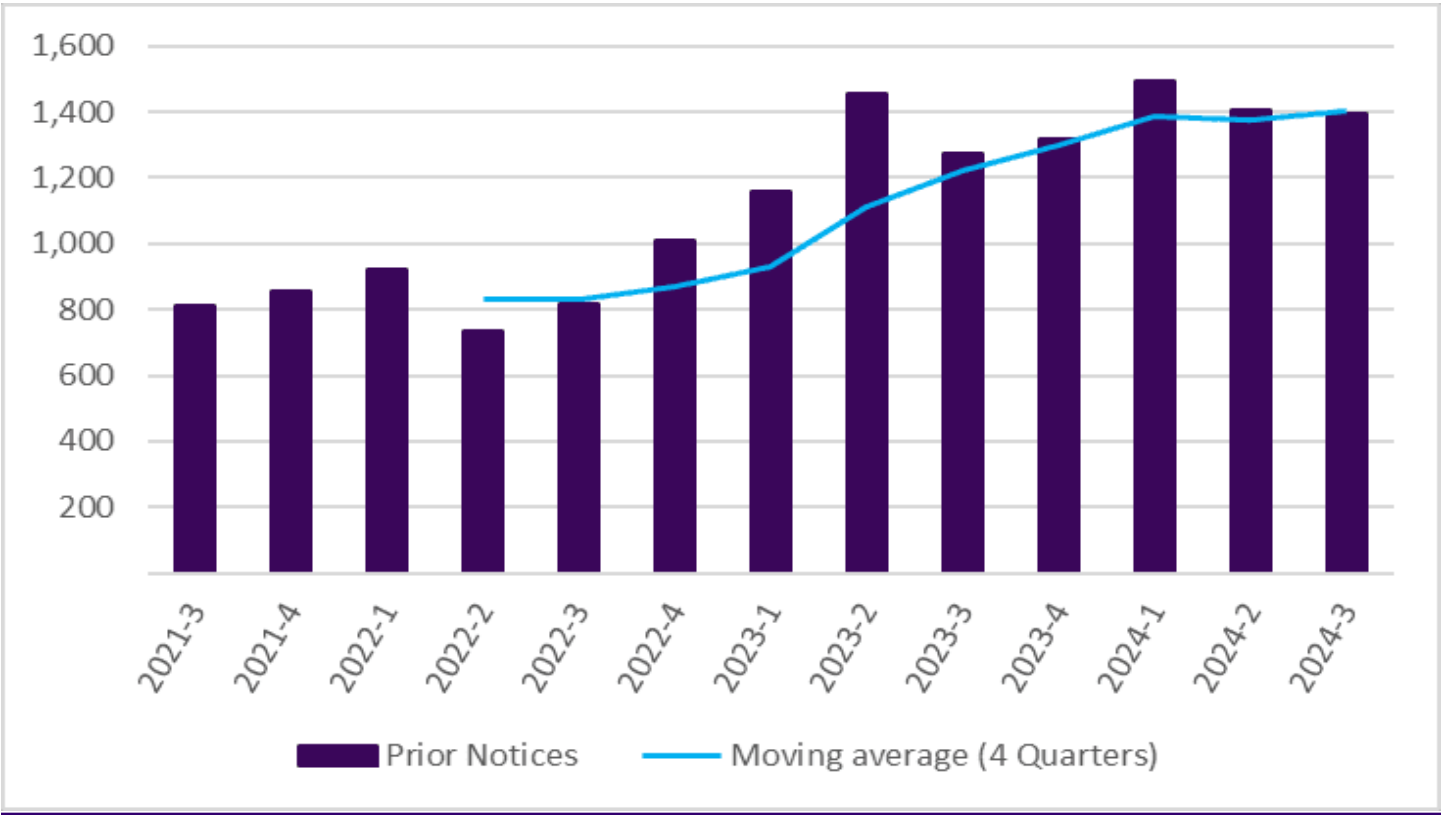
by 54%. This trend is attributable to the late consequences of the post-pandemic economic dynamics, where a significant number of loans, granted with high leverage due to excess liquidity, are starting to weigh on the financial stability of borrowers. These significant increases reflect a deterioration in the financial situation of many homeowners in Quebec. Indeed, the unemployment rate rose from 4.5% in January to 5.7% in June 2024, reaching its highest level since August 2022, before decreasing very slightly by 0.2% in September, going from 5.7% to 5.5%. Despite a 75 basis point decrease in the policy rate since the beginning of summer 2024, aimed at stimulating the economy, the sales market has been stagnant since the second quarter of 2023, attributable to weakened consumer confidence and hesitation among potential buyers in the face of economic uncertainty.

QUARTELY VOLUME OF PRIOR NOTICES, REPOSSESSIONS AND NOTICES OF SALE UNDER JUDICIAL AUTHORITY IN QUEBEC

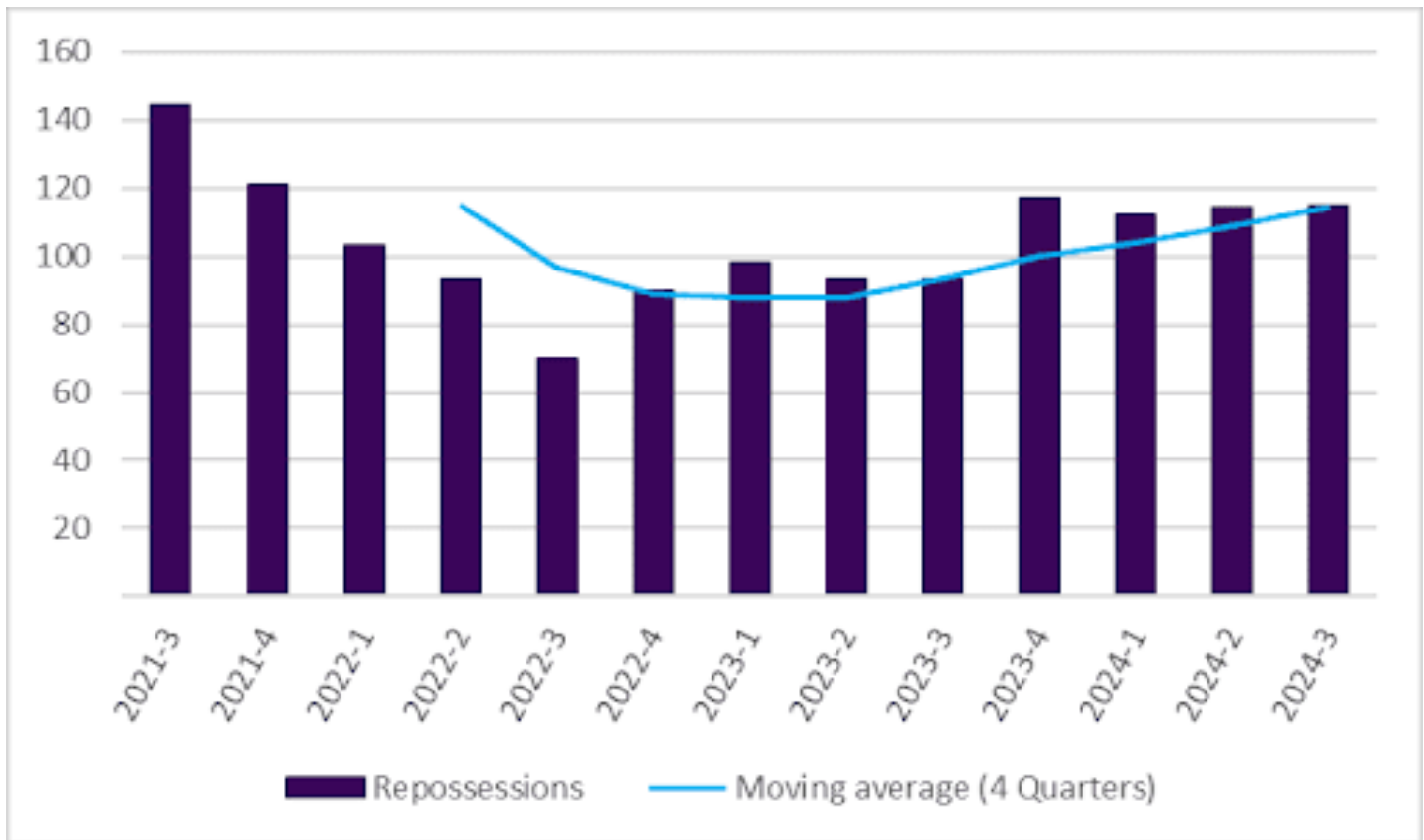
Prior notices increased by 15% in 2024 compared to 2023, while repossessions climbed by 22%, and notices of sale by judicial authority jumped

According to data collected from the Quebec Land Registry by JLR, a subsidiary of Equifax, 1,392 prior notices were issued across the province during the third quarter of 2024, all types of properties combined. This represents an increase of 9% compared to the same period last year and a rise of 70% compared to 2022. Over the last four quarters (October 2023

Evolution of the Number of Prior Notices



## Evolution of the Number of Repossessions



to September 2024), 5,607 prior notices have been published, an increase of 15% compared to the same period a year earlier.

In the third quarter of 2024, 115 repossessions were registered, representing an increase of nearly 24% compared to the same period last year. Over twelve months, the number of repossessions reached 458, an increase of 22% compared to the previous year.

Finally, between July and September 2024, 143 notices of sale by judicial authority were published, a 61% increase compared to the same period in 2023. Over twelve months, 534 notices of this type have been recorded, a rise of 54% compared to the previous year.

## ECONOMIC ANALYSIS

The Quebec real estate market in 2024 is marked by a series of challenges stemming from the delayed effects of the COVID-19 pandemic and the evolution of recent economic conditions. The increase in bad debts in the third quarter of 2024 compared to the previous year can be attributed to the late consequences of the economic dynamics generated by the pandemic, where a significant number of loans were granted with higher leverage due to excess liquidity. Comparing the figures of the third quarter of 2022 with those of 2024, we note a significant increase in prior notices, rising from 817 to 1,392. Repossessions and notices of sale by judicial authority have increased, going from 70 to 115 and from 90 to 143 respectively, suggesting a rise in anticipated payment defaults and a worsening financial situation among homeowners. Simultaneously, the increase in the unemployment rate reduces the purchasing power of households and increases the risk of default, resulting in a rise in

property foreclosures.

According to the Canadian Bankers Association, as of July 31, 2024, 0.20% of mortgage loans were delinquent in Quebec. This proportion is 0.05% higher than that observed at the same date last year, and 0.01% higher compared to 2022. However, this rate is identical to that of the whole of Canada, which is 0.20%, and well below that of the United Kingdom at 1.52% and the United States at 0.74%.

Despite the interest rate hikes of 2022, followed by a 75 basis point decrease since the beginning of summer 2024, delinquent mortgage loans in Canada remain at their lowest level in decades. Facing these challenges, significant reforms have been announced regarding mortgage insurance: starting from December 2024, the ceiling for loans insured by the Canada Mortgage and Housing Corporation (CMHC) will be increased from \$1 million to \$1.5 million, allowing buyers in expensive real estate markets like Westmount and Ville-Marie to access mortgages with a reduced down payment as low as 5% on properties valued up to \$1.5 million. The extension of amortization periods to 30 years for all first-time buyers aims to reduce the cost of monthly payments, making homeownership more affordable and thus stimulating demand in the real estate market.

## DETAILS BY ADMINISTRATIVE REGION

The data on bad debts for each administrative region show varied trends over the past four quarters. In particular, some regions like \*Outaouais (+30%), Laval (+30%), Montérégie (+25%), and Mauricie (+53%) have recorded significant increases in prior notices, while others have experienced significant decreases like Capitale-Nationale (-37%) and Chaudière-Appalaches (-14%). Montreal is the region with the highest number of prior notices, totaling 1,100 notices over the last four quarters, representing an increase of 32%.

## Details by Region for the Quarterly Period

Quarterly Administrative Region	Prior Notices*		Repossessions		Notices of Sale by Judicial Authority	
	Quarter	Variation	Quarter	Variation	Quarter	Variation**
<b>Province</b>	<b>5607</b>	<b>15%</b>	<b>458</b>	<b>22%</b>	<b>534</b>	<b>54%</b>
Bas-Saint-Laurent	124	18%	17	-	29	-
Saguenay - Lac-Saint-Jean	211	20%	19	-	30	11%
Capitale-Nationale	375	-37%	36	13%	51	70%
Mauricie	206	53%	16	-	24	-
Estrie	287	9%	33	10%	20	-
Montréal	1100	32%	54	17%	68	89%
Outaouais	327	30%	30	100%	45	400%
Abitibi-Témiscamingue	122	36%	13	-	33	50%
Côte-Nord	72	26%	10	-	18	-
Nord-du-Québec	22	-	11	-	1	-
Gaspésie -Îles-de-la-Madeleine	80	21%	9	-	11	-
Chaudière-Appalaches	277	-14%	33	-3%	27	-
Laval	249	30%	12	-	9	-
Lanaudière	506	35%	51	168%	36	16%
Laurentides	651	7%	54	26%	60	100%
Montréal	895	25%	53	10%	60	62%
Centre-du-Québec	153	33%	14	-	12	-

\*We exclude notices of sale for default of property tax payment from our prior notices.

\*\*The calculation of variation for prior notices, repossessions, or notices of sale by judicial authority has been performed only for regions with a minimum of 30 observations to avoid any non-representative values.

## Details by Region for the Last Four Quarters (October 2023 to September 2024)

Quarterly Administrative Region	Prior Notices*		Repossessions		Notices of Sale by Judicial Authority	
	Quarter	Variation	Quarter	Variation	Quarter	Variation**
<b>Province</b>	<b>1392</b>	<b>9%</b>	<b>115</b>	<b>24%</b>	<b>143</b>	<b>61%</b>
Bas-Saint-Laurent	33	10%	5	-	11	-
Saguenay - Lac-Saint-Jean	45	-17%	6	-	10	-
Capitale-Nationale	69	-61%	3	-	8	-
Mauricie	55	120%	3	-	6	-
Estrie	89	37%	6	-	4	-
Montréal	256	45%	16	-	24	-
Outaouais	101	77%	3	-	11	-
Abitibi-Témiscamingue	27	-	6	-	6	-
Côte-Nord	17	-	3	-	7	-
Nord-du-Québec	3	-	4	-	0	-
Gaspésie Îles-de-la-Madeleine	22	-	4	-	4	-
Chaudière-Appalaches	75	-34%	15	-	5	-
Laval	75	42%	3	-	4	-
Lanaudière	130	21%	12	-	14	-
Laurentides	158	10%	14	-	8	-
Montréal	214	11%	11	-	17	-
Centre-du-Québec	40	29%	2	-	4	-

\*We exclude notices of sale for default of property tax payment from our prior notices.

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## DEFINITIONS

**Prior notice:** Notification through which a person informs another individual of his intent to exercise his hypothecary right (taking in payment, sales by judicial authority, sales by the creditor and taking possession for purposes of administration).

**Repossession:** It is either a hypothecated property abandoned voluntarily for the benefit of its mortgagee (lender), a giving in payment or a judgment ordering the (forced) repossession of a property due to the default of payment of the debt.

**Notice of sale by judicial authority:** This category includes sales under judicial control and sales under the authority of the courts. It is a notification through which a person informs another individual that he/she has made an act, i.e. taken the decision to exercise his/her hypothecary right by way of sale of the immovable by judicial authority, following the owner's failure to meet his/her obligations.

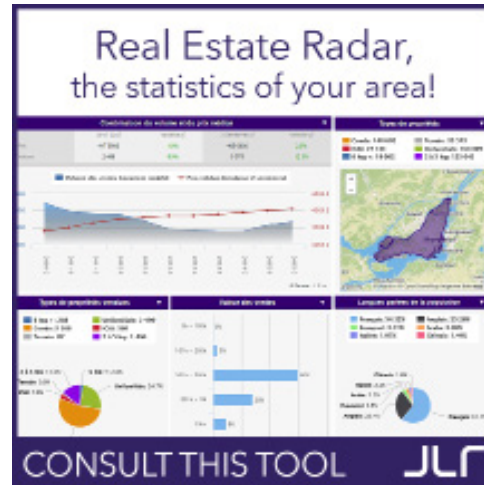
## FOR MORE DETAILS

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Check the [Real Estate Radar](#) for more information on sales, bad debts and the socio-demographic profile of your sector.

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