JLR PUBLICATION

2024 Mortgage Market Report

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HIGHLIGHTS:

- Over 224,000 mortgages were registered in 2024, reflecting a 10% increase compared to 2023.
- Small lenders saw a decline in market share, dropping from 16 % in 2023 to 11% in 2024, as competition intensified from major banks.
- Among traditional lenders, National Bank (BNC) showed strong growth with a 15% increase in market share, while Scotiabank rebounded significantly with an 88% increase.
- Desjardins experienced substantial growth, increasing its market share from 38,631 mortgages in 2023 to 50,076 in 2024, cementing its dominant position in the market.

2024 proved to be a year of extraordinary volatility and unprecedented change for Quebec's mortgage market. Despite ending the year with a 3.25% interest rate borrowers[1] found relief as the Bank of Canada shifted gears following two years of relentless rate hikes. Five consecutive rate cuts, coupled with easing inflation (which cooled to 1.8% by year-end), brought some welcome breathing room. This easing trend was mirrored in the fixed-income market, where the 5-year government bond yield[2], a key benchmark for fixed mortgage pricing, dropped to 2.95%. However, despite these positive shifts, affordability challenges persisted for many Canadians.

An analysis of mortgages published in the Quebec Land Registry and compiled by JLR, an Equifax company, reveals some market trends. This publication covers all mortgages whether they are issued on residential or non-residential properties. However, since a majority of mortgages (90 %) relate to residential properties, this sector strongly influences market developments.

1. CHANGES IN THE NOTARIZED MORTGAGE MARKET

The Quebec mortgage market in 2024 saw a modest recovery compared to the sharp decline of the previous year. A total of 224,035 mortgages were registered in the Quebec Land Registry, marking a 10% increase from 2023's total of 203,203. This recovery reflects stabilization in market dynamics influenced by both economic factors and housing programs.

Several factors contributed to the stabilization of Quebec's mortgage market in 2024. Falling interest rates, which settled at 3.25% by year-end, undoubtedly played a key role. This not only reduced borrowing costs but also encouraged refinancing and new acquisitions. Furthermore, steady employment and wage growth bolstered consumer confidence, while rising property values, fuelled by inflationary pressures, incentivized buyers to enter the market sooner.

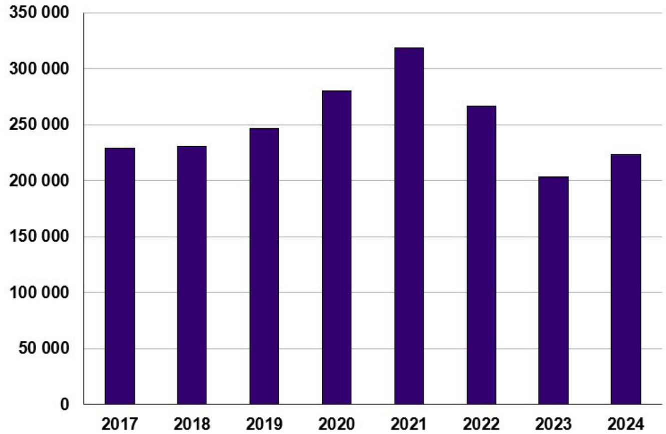
Demographic shifts, such as a notable influx of immigrants and younger buyers, further sustained housing demand, particularly in major urban centres like Montreal. This demand was met with significant policy changes aimed at improving housing affordability and accessibility.

Notably, the removal of the stress test for uninsured mortgage switches, an increased insured mortgage cap of $1.5 million, and the introduction of 30-year amortization for first-time buyers provided greater flexibility for borrowers. Government incentives to increase housing supply, such as promoting the development of secondary suites, also contributed to mitigating affordability pressures.

Interestingly, these factors, combined with prevailing economic uncertainty, appear to have influenced consumer preference towards shorter-term fixed-rate mortgages (three to five years), which accounted for over half of all new mortgages in 2024. This suggests a degree of caution among borrowers who may be anticipating future interest rate fluctuations.

1. https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/
2. https://www.bankofcanada.ca/rates/interest-rates/canadian-bonds/

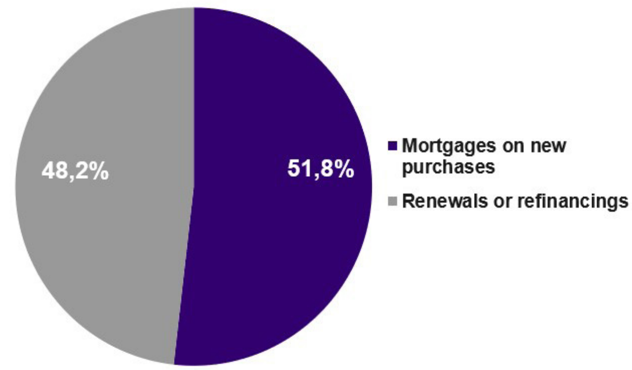
Graphic 1 : Change in the Number of Mortgages Published in the Land Register



Mortgages registered with the Quebec Land Registry can be broadly categorized into those associated with new acquisitions and those involving renewals or refinancing. In the last decade, the growing popularity of collateral mortgages has led to a reduction in the number of refinancing transactions requiring the registration of a deed with the Land Registry. For this category of mortgages, the mortgage amount can exceed the borrowed amount or even the property value. Thus, lenders can grant a new loan to their client at an amount higher than the old one without having to register a second deed, as long as the new amount does not exceed the mortgage value. Consequently, the number of renewals or refinancing transactions has significantly decreased in the last decade since many registrations are no longer necessary. However, despite the existence of collateral mortgages, many non-purchase-related mortgages are still registered. Indeed, a new deed will always be registered in cases where the owner borrows an amount greater than the one secured by their loan, if they change financial institutions, or if they add a second-ranking mortgage.

In 2024, the split between these categories was nearly even, with new acquisitions accounting for 51.8% and renewals or refinancing making up the remaining 48.2%. The figures 116,036 for new acquisitions and 107,999 for renewals/refinancing reflect a mortgage market responding to external economic pressures. The reduction in interest rates encouraged many existing homeowners to refinance their mortgages to take advantage of lower borrowing costs, while the same rate reductions also made homeownership more accessible to new buyers. Additionally, steady employment and rising wages provided financial stability, enabling homeowners to refinance and prospective buyers to enter the market.

Graphic 2: Distribution of Mortgages by Type



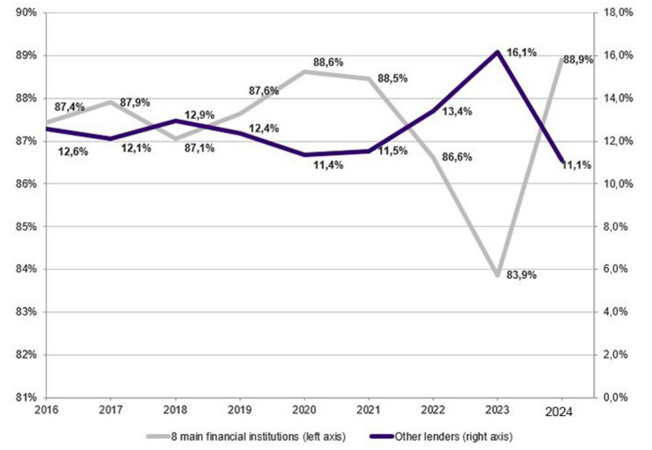
The rest of the report will focus exclusively on mortgages related to the acquisition of a new property since renewals and mortgage refinancing that are not systematically published in the Quebec Land Registry, which biases interpretation. Thus, an institution that favours secondary mortgages will have far fewer mortgage renewals published compared to an institution that frequently offers traditional mortgages to its clients. The analysis of market shares for all mortgages would be biased by this phenomenon, which is why the rest of the report concerns only mortgages related to the purchase of a property.

2. EVOLUTION IN MORTGAGE MARKET SHARE

The Quebec mortgage market is dominated by only a few players. The seven major Canadian banks[3] (federal regulated) and the Mouvement des caisses Desjardins (provincially regulated) granted 88.9 % of mortgage loans related to property acquisitions, according to deeds published in the Quebec Land Registry in 2024.

3. Bank of Montreal, Toronto-Dominion Bank, National Bank, Laurentian Bank, Scotiabank, CIBC and Royal Bank. For historical comparison purposes, we keep Laurentian Bank among the top eight institutions, even though its market share is now below 1%

Graphic 3: Change in Mortgage Market Share



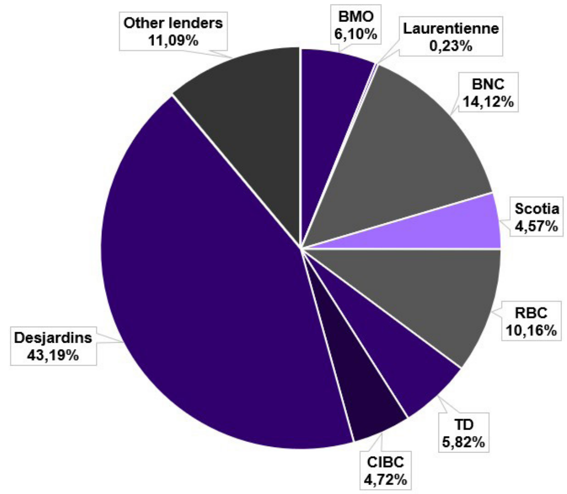
Small lenders saw a notable decline in market share, dropping from 16 % in 2023 to 11% in 2024, as borrowers increasingly opted for larger institutions. Economic pressures such as tighter liquidity among smaller lenders and intensified competition from major banks contributed to this reduction. Also, favourable policy adjustments like the removal of stress tests enhanced activity but primarily favoured larger, more established lenders.

3. MORTGAGE MARKET SHARES (MORTGAGES ISSUED FOR PROPERTY PURCHASES ONLY)

3.1 PROVINCE OF QUEBEC

Desjardins continued its substantial growth in 2024, expanding its mortgage portfolio from 38,631 to 50,076, capturing a dominant 43.19% market share. This success can be attributed to their strong community ties, competitive rates, and a consistent presence throughout Quebec. Other institutions have also made significant strides. Scotiabank, with a more aggressive lending strategy and an enhanced product offering featuring diverse options and unique features (positioning them as a key competitor to BMO), saw an 88% surge in market share. National Bank and RBC also experienced growth, each increasing their market share by 15%, with 16,374 and 11,777 transactions respectively. Interestingly, despite re-entering the broker space[4] and generating considerable attention, BMO saw a 7% reduction in market share. Meanwhile, National Bank's $5 billion acquisition of Canadian Western Bank solidified its presence in Western Canada[5].

Graphic 4: Mortgage Market Shares - Province of Quebec

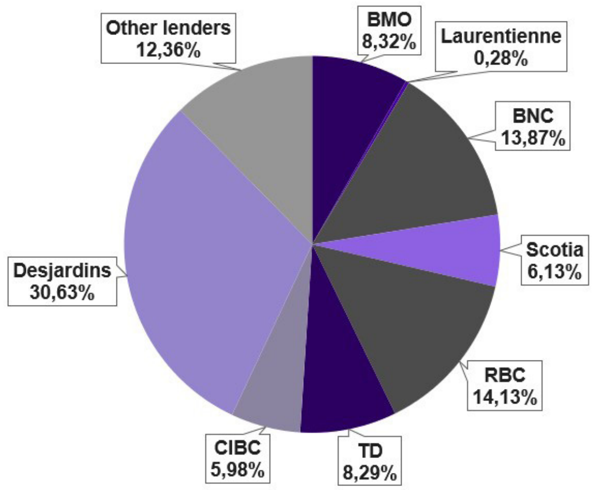


3.2 REGIONAL RESULTS

In the Montreal region for 2024, National Bank and Scotiabank, gained significant traction, with National Bank registering 7,162 mortgages (up from 6,051) and Scotiabank increase from 1,595 to 3,165. Desjardins remains the leader with a 30% market share, reflecting its growth across the province. Montreal's appeal as an economic and cultural hub remains a major driver of demand with a total of 51,634 mortgages.

4. https://about.bmo.com/bmo-expands-home-financing-options-for-canadians-with-launch-of-brokeredge/
5. https://www.nbc.ca/about-us/news-media/press-release/2024/20241220-nbc-cwb-final-approval.html

Graphic 5: Mortgage Market Shares - Montreal CMA



The Ottawa-Gatineau (Quebec side) and Quebec City also experienced changes, Scotia rebounded in both regions with increases of 71% and 101% in market share, while smaller lenders saw a decrease of 40% and 26% respectively compared to last year. It is important to highlight that small lenders saw important decreases across all regions except in Saguenay, where an increase of 9% was observed compared to last year.

4. BAD DEBTS

Economic pressures from high interest rates earlier in the year and inflation were evident in increased financial distress: Prior notices of foreclosure totalled 5,686 in 2024, reflecting a 10.6% increase year-over-year. Repossession reached 467, representing a 16.8% increase from the previous year and judicial sales rose to 8,103 in 2024, a 6.8% increase year-over-year.

These increases reflect the lingering impact of elevated interest rates from 2023 and the early part of 2024, which strained household budgets and increased financial vulnerability. Although interest rates eased in the latter half of the year, the cumulative burden of high borrowing costs exacerbated bad debts, especially among variable-rate borrowers. Additionally, the dual realities of high property prices, principally for single family-houses[6] and inflationary pressures earlier in the year, affected disposable income levels, limiting the ability of some homeowners to manage mortgage payments.

6. An increase in price of 8.4% was observed during 2024 compared to 2023

CONCLUSION

The Quebec mortgage market in 2024 demonstrated resilience amid declining interest rates and economic uncertainty, with a 10% increase in total mortgage registrations and an increasingly concentrated lending landscape dominated by Desjardins, National Bank, and RBC. However, affordability pressures remain acute, with rising property values and an increase in bad debts signalling growing financial strain among homeowners.

Looking ahead to 2025, Quebec's mortgage market will be shaped by both global and domestic political shifts, as well as monetary policy adjustments. At the end of January, the Bank of Canada announced a rate cut to 3%, signalling the beginning of a more accommodative stance after years of restrictive policy. This move should ease borrowing costs and support refinancing activity, but it also reflects concerns about slowing economic growth. The rate cut may provide relief to variable-rate mortgage holders and improve affordability for new buyers, but it is unlikely to fully offset the persistent upward pressure on housing prices, especially in urban centres like Montreal.

Meanwhile, Donald Trump's return to the U.S. presidency introduces potential trade disruptions and inflationary pressures, which could limit the Bank of Canada's ability to continue easing rates if external cost pressures resurface. At the national level, political uncertainty may slow the implementation of new housing policies at a time when affordability remains a critical issue. Additionally, sustained immigration and urbanization will continue to drive demand for housing, maintaining price pressures despite lower borrowing costs. While the latest rate cut is a positive development for borrowers, financial conditions could still tighten if inflation resurges or risk premiums rise, exposing highly leveraged households to repayment difficulties. In this evolving landscape, Quebec's mortgage market will remain dynamic but increasingly polarized, favouring borrowers with stable incomes and strong credit while amplifying risks for those more exposed to economic fluctuations.

METHODOLOGY

The data used was collected by JLR from the transactions published in the Quebec Land Register

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