

ECONOMIC NEWS



Quebec: An All-Time High for Property Sales and Sharp Price Hikes in 2018

HIGHLIGHTS

- ▶ Home sales rose 4.9% last year. Real estate brokers made 86,557 transactions.
- ▶ Sales were up in five of the province's six census metropolitan areas (CMAs), with Trois-Rivières recording a slight drop.
- ▶ In 2018 the number of properties for sale in Quebec slumped by close to 10%, forcing prices up.
- ▶ Almost 15% fewer homes were available for sale in the Montreal CMA. In Gatineau and Sherbrooke the decrease was around 10%.
- ▶ The average price of homes in Quebec was up 5.2% in 2018, going over the \$300,000 threshold to reach \$307,701.
- ▶ The average sale price was up in each of the province's CMAs last year. Montreal led the pack (+5.3%), followed by Gatineau (+3.1%) and Quebec CMA (+2.7%).
- ▶ At \$498,375, the average price of homes sold on the Island of Montreal is almost at the \$500,000 threshold.

COMMENTS

While the number of sales was down in most Canadian provinces last year, Quebec was on an upswing and posted the strongest increase in the country. Quebec also stood out by its 5.2% average price increase in 2018. Canada as a whole saw a slump of 4.1%, with significant downturns in Ontario (-2.7%) and Alberta (-2.6%), although the average price stabilized in British Columbia.

GRAPH

Property prices: Up more than 5% in 2018



Sources: Québec Federation of Real Estate Boards via the Centris® system and Desjardins, Economic Studies

IMPLICATIONS

Up to now, Quebec has been spared the resale market adjustment that is ongoing in several Canadian regions. The federal government's tighter mortgage rules in effect since January 2018 and the rise in interest rates have had their main impact on the country's more expensive markets. Quebec's economy, which continued to do well with around 2.5% real GDP growth last year and unemployment rate at a low of 5.5%, bolstered residential activity. However, 2019 will herald a slowdown in Quebec: we expect a slight drop in the number of sales and a slower increase in prices. The increase in prices and mortgage rates in 2018 has significantly reduced the affordability of homes, especially in Montreal.

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