



INCREASE IN THE PROPORTION OF RESIDENTIAL SALES IN HIGHER PRICE RANGES IN QUEBEC: MONTREAL AREA WIDENS THE GAP

Quebec's residential real estate market, and in particular that of the Montreal Census Metropolitan Area (CMA), are making headlines both nationally and internationally for their exceptional strength, which has led to a generalized acceleration of median prices across all property categories, for several quarters now. This Word From the Economist provides an update on the increase in the proportion of transactions in price ranges above \$500,000 and \$1 million, in a factual and descriptive manner. The causes are mentioned briefly, as a more detailed analysis will be the subject of further studies.

1. A real estate cycle supported by an unprecedented combination of very favourable factors

The growth cycle of Quebec's real estate market has not really experienced any significant setbacks since the beginning of the millennium, despite severe economic turbulence in the United States (since 2008) and in other Canadian provinces (more recently). Quebec's real estate market has even shown exceptional stability during this period, which reflects a high level of confidence among Quebec households as well as investors. In fact, Quebec's economy has been taking advantage of exceptionally accommodative monetary policies adopted by central banks over the past 10 years, designed to stimulate economic growth. The resulting historically low interest rates have contributed to the consolidation of public finances and have boosted public and private investment, particularly in residential construction and the real estate market. The resulting economic growth in recent years has strengthened foreign investors' enthusiasm for the province, and especially the confidence level of Quebec consumers, in a context of full employment. As a result of these favourable factors, the measures adopted in 2016 – designed to tighten conditions for access to mortgage loans in order to slow the housing market – did not have an impact in Quebec. The province's economy is more prosperous than ever and Montreal, its economic capital, is the first to benefit from this prosperity on all fronts, including in terms of demographics.

2. Experienced buyers driven by exceptional market conditions

Strong job creation¹, increased net migration², high consumer confidence and the Bank of Canada's continued delay in raising interest rates continue to create very favourable conditions on the resale market. Furthermore, international geopolitical tensions have fostered a relaxing of fixed mortgage rates, which strongly contributed to the market's vitality since the spring of 2019.

It is also important to remember that over the past 24 months, the sharp decline in the number of properties for sale has meant that the market has been a seller's market in many areas for properties in the lower and middle price ranges. This makes it much easier for second-time and third-time buyers to purchase a property of higher value since they can resell their current property on advantageous terms in a very active market. This healthy dynamic has been operating for several years now and is also being fuelled by the increased presence of foreign investors, particularly in Montreal, whose purchasing power is supported by a particularly beneficial exchange rate, among other things.

Moreover, this economic context is leading to an accelerated increase in the wealth effect, which allows many households to accumulate a high net worth. More specifically, some people are taking advantage of this opportunity by accessing generous mortgage margins to buy luxury second homes, while others are relocating to markets whose conditions are less favourable to sellers thereby allowing them to significantly increase the price range of their purchase.

3. An impact on higher price ranges

In the second quarter of 2019, more than half of all single-family homes sold in the province were sold for more than \$265,000, a record high. The average price of single-family homes was close to \$310,000, a 17 per cent increase over the past 5 years, most of which occurred in the past 24 months. The median price of condominiums rose by 12 per cent, growing from \$214,000 in the second quarter of 2014 to \$240,000 in the second quarter of 2019.

Since 2014, the proportion of sales above \$1,000,000 increased by 62 per cent across the province. Of course, the Montreal CMA accounts for most of these transactions, as this region represents 86.4 per cent of high-end transactions so far in 2019. ([Table 3](#))

3.1. Proportion of sales above \$500,000 and \$1 million in the single-family home market

3.1.1. Property sales above \$500,000 are common in the southern part of the province

The proportion of single-family home sales above \$500,000 rose by 70 per cent over the past five years in Quebec. The Montreal CMA accounted for 79.9 per cent of the province's sales over \$500,000 in 2014, and for 81.8 per cent of those sales in 2019. ([Graph 1](#) and [Table 1](#))

Outside of the Montreal CMA, the proportion of sales above \$500,000 remained relatively modest in the Quebec City area, rising by 34 per cent over the past five years. The proportion of sales above \$500,000 also rose in Gatineau and Sherbrooke by 69 and 81 per cent, respectively. As for the agglomerations of Saint-Sauveur and Sainte-Adèle, there was a very strong increase in the proportion of sales above \$500,000, at 126 and 136 per cent. ([Table 1](#))

¹ According to Statistics Canada, Quebec had some 95,900 more jobs in July 2019 than in July 2018.

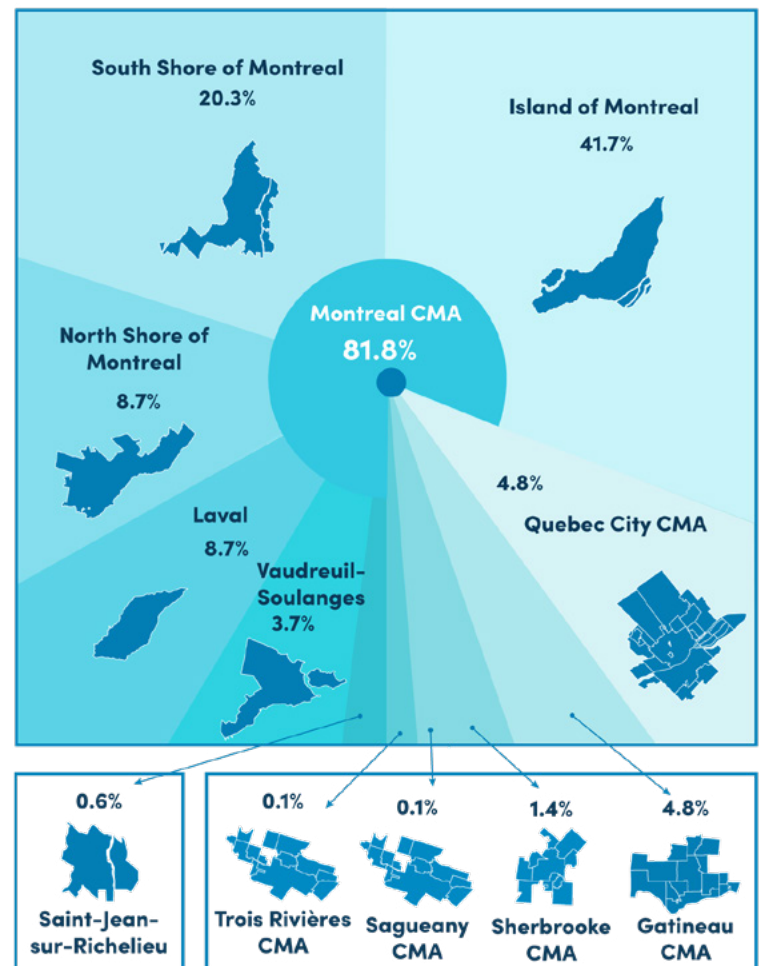
² Including the balance of non-permanent residents, net migration grew from 151,497 people in 2018 to 188,089 people in 2019, according to data from the Institut de la statistique du Québec.

In the Montreal CMA, the proportion of single-family home sales above \$500,000 was increased significantly on the Island of Montreal (+67 per cent), as this area accounted for 51 per cent of transactions above \$500,000. The increase in the proportion of sales above \$500,000 was also notable in Laval (+102 per cent), on the South Shore (+110 per cent) and on the North Shore (+126 per cent). ([Table 2](#))

On the Island of Montreal, the largest increases in the proportion of single-family home sales above \$500,000 were in the areas adjacent to downtown, such as Mercier-Hochelaga-Maisonneuve (+321 per cent), Lachine-LaSalle (+312 per cent), Villeray (+195 per cent) and Sud-Ouest (+174 per cent). Some areas of Montreal have virtually no single-family home transactions below \$500,000, such as Plateau-Mont-Royal, Ville Mont-Royal, Outremont, Westmount and Notre-Dame-de-Grâce. ([Table 2](#))

Also of note, Sainte-Rose-Auteuil-Vimont posted a 178 per cent increase in the proportion of single-family home sales above \$500,000 over the past five years, while Saint-Hubert and Chambly posted increases of 382 and 203 per cent, respectively. Furthermore, 47 per cent of transactions in Brossard were over \$500,000. Lastly, Mirabel registered a 3,432 per cent increase in the proportion of sales above \$500,000 over the past five years, and these transactions now account for 8 per cent of all single-family home sales. ([Table 2](#))

Graph 1: The proportion of single-family home sales above \$500,000 is distributed across the province as follows.



Source: QPAREB by the Centris system

3.1.2. Increase in property sales of more than \$1 million in the Montreal CMA and the Laurentides

Of all \$1 million+ single-family home sales across Quebec so far in 2019, 86.4 per cent were concluded in the Montreal CMA, and 72.6 per cent were concluded on the Island of Montreal. The proportion of single-family homes that sold for more than \$1 million has increased by 65 per cent over the past five years in the Montreal CMA. ([Table 3](#))

The increase in this proportion was particularly strong in the major areas outside the Island of Montreal: Vaudreuil-Soulanges registered an increase of 433 per cent, the South Shore registered an increase of 147 per cent, Laval had an increase of 287 per cent, and the North Shore posted an increase of 301 per cent. ([Table 3](#))

On the Island of Montreal, 13 per cent of all single-family home transactions are concluded at more than \$1 million.

In addition to the Montreal CMA, Saint-Sauveur also posted a very strong increase in the proportion of single-family home transactions above \$1 million over the past five years. So far in 2019, the proportion of properties that sold above the \$1 million threshold represents 1.4 per cent of all properties across Quebec that sold for more than \$1 million. This surpasses the proportion registered in Mont-Tremblant (1.1 per cent). Saint-Sauveur therefore represents the third largest market for single-family home sales in the \$1 million+ price range, after the Montreal and Quebec City CMAs. ([Table 3](#))

3.2. Condominium sales above \$500,000 concentrated in Montreal

Properties selling for above \$500,000 are mainly concentrated in the Montreal area. In fact, 94.7 per cent of condominium transactions above \$500,000 in Quebec are concluded in the Montreal CMA.

3.2.1. The Island of Montreal

Over the past five years, the Island of Montreal registered a 118 per cent increase in the proportion of condominium transactions above \$500,000.

Central residential neighbourhoods, which traditionally attract families and an urban population with diverse social profiles that are seeking a quality of life based on proximity to services, businesses, the workplace and the vitality of the city centre, already account for a significant portion of sales above \$500,000 over the past five years. These areas, which are already gentrified, continue to grow in popularity. They include Plateau-Mont-Royal (65 per cent increase in the proportion of condominium transactions above \$500,000), Ville-Marie (+49 per cent) and the Sud-Ouest (+77 per cent) with the strength of its resale market for newly built luxury condominiums, Côte-des-Neiges–Côte-Saint-Luc (+24 per cent) as well as the Centre sector, which is traditionally well-established in high price ranges (+31 per cent), as it includes the areas of Outremont, Westmount, Ville Mont-Royal and Hampstead. The Île-des-Soeurs area registered an increase of 18 per cent. ([Table 4](#))

Over the past five years, certain areas have witnessed a growing rise in the proportion of condominium sales above \$500,000. These areas are located in the periphery of the central neighbourhoods, and are in the process of being gentrified. They include Villeray (+89 per cent), Ahuntsic (+89 per cent), Lachine–Lasalle (+87 per cent), Mercier–Hochelaga–Maisonneuve (+81 per cent), and Rosemont (+73 per cent). ([Table 4](#))

3.2.2. Peripheral markets to the Island of Montreal

The luxury condominium market outside the Island of Montreal is also growing, particularly in Vieux-Longueuil (+90 per cent), Boucherville–Saint-Bruno (+53 per cent), the downtown area of Laval (+38 per cent) and Brossard–Saint-Lambert (+32 per cent).

It should be noted that the proportion of condominium sales above \$500,000 in Mont-Tremblant represents 15 per cent of all transactions in this region (an increase in proportion of 110 per cent since 2014).

TABLEAU 1
Provincial overview*:
Proportion of \$500,000 sales to total sales

	Single-family homes							2014-2019 increase	2019 sales % Province
	\$500,000 sales / Total sales (%)								
	2014	2015	2016	2017	2018	2019			
Province of Québec	5.9%	6.6%	7.3%	8.6%	9.7%	10.0%	70%	100%	
Montréal CMA	10.6%	11.8%	13.3%	15.9%	18.0%	18.8%	78%	81.8%	
Island of Montréal	30.5%	32.0%	36.3%	42.0%	46.8%	50.9%	67%	41.7%	
Laval	6.4%	7.3%	9.1%	10.1%	12.3%	13.0%	102%	6.7%	
North Shore of Montréal	2.8%	3.4%	3.6%	5.1%	5.5%	6.4%	126%	8.7%	
South Shore de Montréal	8.1%	8.3%	9.8%	11.6%	15.2%	17.0%	110%	20.3%	
Vaudreuil-Soulanges	5.7%	6.9%	7.7%	9.3%	13.0%	12.7%	125%	3.7%	
Saint-Jean-sur-Richelieu	1.7%	1.9%	1.8%	2.6%	3.1%	3.5%	106%	0.6%	
Quebec City CMA	4.0%	4.5%	3.9%	4.0%	4.8%	5.3%	34%	4.8%	
Agglomeration of Quebec City	4.4%	4.7%	4.1%	4.1%	4.8%	6.0%	37%	3.4%	
Northern periphery of Quebec City	4.7%	6.3%	4.8%	6.6%	8.2%	6.3%	34%	0.9%	
South Shore of Quebec City	2.2%	2.5%	2.6%	1.4%	2.1%	2.7%	22%	0.5%	
Gatineau CMA	2.6%	2.8%	2.7%	3.9%	4.6%	4.3%	69%	2.7%	
City of Gatineau	2.0%	1.8%	2.2%	2.8%	3.8%	3.3%	63%	1.6%	
Periphery of Gatineau	4.5%	6.1%	4.3%	7.7%	7.3%	8.0%	77%	1.1%	
Sherbrooke CMA	3.3%	3.7%	4.4%	4.9%	4.7%	6.0%	81%	1.4%	
Sherbrooke City	2.4%	1.8%	2.5%	2.5%	2.0%	3.4%	42%	0.5%	
Magog City	5.9%	9.1%	9.4%	11.4%	11.7%	10.9%	83%	0.4%	
Periphery of Sherbrooke	4.9%	8.0%	7.9%	9.1%	8.3%	12.7%	157%	0.5%	
Saguenay CMA	0.6%	0.2%	0.3%	0.7%	0.7%	0.5%	-24%	0.1%	
Trois-Rivières CMA	0.7%	0.6%	0.5%	0.7%	0.4%	0.7%	2%	0.1%	
Agglomeration of Mont-Tremblant	19.9%	15.6%	17.7%	14.8%	20.8%	21.0%	6%	0.6%	
Agglomeration of Saint-Sauveur	4.7%	6.0%	7.5%	7.3%	9.7%	10.6%	126%	1.4%	
Agglomeration of Granby	3.2%	3.1%	4.7%	5.4%	6.1%	2.9%	-9%	0.4%	
Agglomeration of Sainte-Adèle	3.1%	3.4%	5.9%	8.0%	7.6%	7.2%	136%	0.5%	
Agglomeration of Sainte-Agathe	7.1%	7.0%	9.9%	9.5%	10.9%	10.6%	48%	0.5%	

Source: QPAREB by the Centris system

* The period examined begins in August 2014 and ends in August 2019.

TABLEAU 2
Regional overview*: Proportion of \$500,000 sales to total sales

	Single-family homes							2014-2019 increase*	2019 sales % Montréal CMA
	\$500,000 sales / Total sales (%)								
	2014	2015	2016	2017	2018	2019			
North Shore of Montreal	3%	3%	4%	5%	5%	6%	126%	10,6%	
26 : Mirabel	0%	1%	2%	3%	3%	8%	3432%	0,79%	
29 : Terrebonne	2%	2%	2%	4%	4%	5%	153%	1,49%	
28 : Blainville	14%	16%	17%	23%	25%	27%	88%	5,55%	

	Single-family homes							2014-2019 increase*	2019 sales % Montréal CMA
	\$500,000 sales / Total sales (%)								
	2014	2015	2016	2017	2018	2019			
Laval	6%	7%	9%	10%	12%	13%	102%	8,2%	
21 : Sainte-Rose/Auteuil/Vimont	4%	7%	8%	7%	12%	12%	178%	2,0%	
20 : Sainte-Dorothée	16%	15%	22%	28%	26%	31%	95%	2,2%	
19 : Centre-Ville de Laval	7%	7%	8%	8%	11%	12%	80%	1,7%	
22 : Duvernay	15%	15%	17%	22%	23%	24%	60%	1,5%	

	Single-family homes							2014-2019 increase*	2019 sales % Montréal CMA
	\$500,000 sales / Total sales (%)								
	2014	2015	2016	2017	2018	2019			
South Shore of Montreal	8%	8%	10%	12%	15%	17%	110%	24,9%	
44 : Saint-Hubert	2%	2%	3%	4%	4%	8%	382%	1,2%	
48 : Chambly	6%	7%	7%	9%	15%	18%	203%	2,2%	
47 : Beloeil/Mont-Saint-Hilaire	5%	5%	6%	6%	9%	13%	140%	2,4%	
42 : Brossard/Saint-Lambert	20%	22%	28%	32%	43%	47%	138%	7,1%	
41 : Candiac/La Prairie	19%	20%	25%	27%	31%	40%	109%	3,9%	
45 : Boucherville/Saint-Bruno	21%	19%	21%	24%	28%	33%	59%	4,2%	
43 : Vieux-Longueuil	8%	6%	7%	9%	10%	13%	52%	1,9%	

	Single-family homes							2014-2019 increase*	2019 sales % Montréal CMA
	\$500,000 sales / Total sales (%)								
	2014	2015	2016	2017	2018	2019			
Island of Montreal	30%	32%	36%	42%	47%	51%	67%	51,0%	
15 : Mercier/Hochelaga-Maisonneuve	4%	5%	6%	9%	13%	18%	321%	0,6%	
3 : Lachine/LaSalle	10%	15%	15%	27%	34%	40%	312%	1,9%	
18 : Eastern Tip of the Island	3%	2%	3%	5%	5%	10%	245%	1,3%	
14 : Villieray	12%	12%	11%	17%	29%	35%	195%	0,7%	
4 : Le Sud-Ouest	27%	28%	40%	53%	71%	73%	174%	2,4%	
2 : West Island north	16%	18%	22%	26%	34%	42%	160%	9,7%	
1 : West Island South	26%	28%	33%	45%	53%	57%	122%	8,0%	
6 : Ahuntsic	32%	33%	45%	54%	60%	72%	122%	3,4%	
13 : Rosemont	24%	28%	39%	60%	69%	53%	121%	1,1%	
16 : Anjou/Saint-Léonard	13%	18%	17%	21%	20%	25%	87%	0,8%	
8 : CDN/CSL	54%	56%	67%	72%	86%	91%	69%	2,4%	
5 : Saint-Laurent	45%	42%	48%	56%	66%	73%	62%	4,1%	
7 : NDG/Montréal-Ouest	69%	70%	74%	85%	93%	95%	37%	4,2%	
12 : Le Plateau-Mont-Royal	80%	89%	88%	96%	99%	100%	25%	1,2%	
11 : Ville-Marie	69%	80%	73%	77%	80%	79%	15%	0,9%	

	Single-family homes							2014-2019 increase*	2019 sales % Montréal CMA
	\$500,000 sales / Total sales (%)								
	2014	2015	2016	2017	2018	2019			
Vaudreuil-Soulanges	6%	7%	8%	9%	13%	13%	125%	4%	
Saint-Jean-sur-Richelieu	2%	2%	2%	3%	3%	4%	106%	1%	

Source: QPAREB by the Centris system

* The period examined begins in August 2014 and ends in August 2019.

The increase in areas 9 (Centre), 10 (Nuns' Island) and 17 (Montreal-Nord) is not shown because it is not significant.

TABLEAU 3
Provincial overview*:
Proportion of \$1 million sales to total sales

	Single-family homes						2014-2019 increase	2019 sales % Province
	\$1,000,000 sales / Total sales (%)							
	2014	2015	2016	2017	2018	2019		
Province of Quebec	1.0%	1.1%	1.3%	1.5%	1.7%	1.6%	62%	100%
Montréal CMA	1.9%	2.1%	2.5%	2.9%	3.3%	3.1%	65%	86.4%
Island of Montreal	8.0%	7.8%	9.5%	10.6%	13.3%	13.0%	63%	72.6%
Laval	0.2%	0.4%	0.6%	0.8%	0.5%	0.7%	287%	1.6%
North Shore of Montreal	0.1%	0.2%	0.2%	0.2%	0.3%	0.4%	301%	2.0%
South Shore of Montreal	0.6%	0.7%	0.7%	1.0%	1.3%	1.5%	147%	8.8%
Vaudreuil-Soulanges	0.1%	0.5%	0.7%	0.7%	0.8%	0.7%	433%	1.4%
Quebec City CMA	0.3%	0.4%	0.3%	0.4%	0.5%	0.4%	38%	2.5%
Agglomeration of Quebec City	0.3%	0.3%	0.2%	0.3%	0.4%	0.3%	-13%	1.3%
Northern periphery of Quebec City	0.3%	1.3%	0.9%	0.8%	1.2%	0.8%	185%	1.0%
South Shore of Quebec City	0.1%	0.0%	0.1%	0.4%	0.2%	0.3%	204%	0.2%
Gatineau CMA	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%	64%	0.7%
City of Gatineau	0.1%	0.0%	0.1%	0.1%	0.2%	0.0%	-67%	0.6%
Periphery of Gatineau	0.0%	0.6%	0.0%	0.4%	0.1%	0.6%	0%	0.1%
Sherbrooke CMA	0.4%	1.2%	0.7%	1.1%	1.2%	0.8%	89%	1.7%
Agglomeration of Mont-Tremblant	4.5%	6.9%	4.7%	3.7%	7.1%	5.8%	28%	1.5%
Agglomeration of Saint-Sauveur	0.2%	0.3%	1.2%	0.7%	0.9%	1.7%	796%	0.7%
Agglomeration of Granby	0.3%	0.2%	0.8%	0.6%	0.7%	0.3%	7%	0.5%
Agglomeration of Sainte-Adèle	0.3%	0.3%	0.2%	1.4%	1.1%	0.3%	18%	0.5%
Agglomeration of Sainte-Agathe	0.8%	1.3%	0.4%	0.4%	2.7%	2.0%	139%	0.8%

Source: QPAREB by the Centris system

* The period examined begins in August 2014 and ends in August 2019.

TABLEAU 4
Regional overview*:
Proportion of \$500,000 sales to total sales

	Condominium								
	\$500,000 sales / Total sales (%)						2014-2019 increase*	2019 sales	
	2014	2015	2016	2017	2018	2019			
Province of Quebec	4,6%	5,0%	6,0%	7,1%	8,3%	9,0%	49%	100%	
Montreal CMA	5,5%	6,0%	7,0%	8,5%	9,7%	10,7%	96%	94,7%	
Island of Montreal	8,6%	9,2%	10,7%	12,8%	15,2%	18,8%	118%	89,0%	
Laval	1,4%	1,9%	2,5%	3,4%	4,8%	2,3%	62%	1,9%	
North Shore of Montreal	0,2%	0,2%	0,3%	0,5%	0,6%	0,3%	16%	0,3%	
South Shore of Montreal	0,9%	1,7%	1,5%	1,9%	1,5%	1,8%	93%	3,1%	
Quebec City CMA	2,5%	2,6%	2,6%	2,5%	3,5%	2,8%	12%	2,4%	
Gatineau CMA	0,3%	0,6%	0,0%	0,9%	0,5%	1,0%	258%	0,4%	
Agglomeration of Mont-Tremblant	7,2%	6,6%	12,9%	6,9%	15,5%	15,2%	110%	2,2%	

	Condominium								
	\$500,000 sales / Total sales (%)						2014-2019 increase*	2019 sales	
	2014	2015	2016	2017	2018	2019			
Island of Montreal	9%	9%	11%	13%	15%	19%	54%	94,0%	
14 : Villeray	1%	6%	6%	4%	9%	13%	89%	2,1%	
6 : Ahuntsic	0%	0%	0%	2%	2%	3%	89%	0,8%	
3 : Lachine/LaSalle	1%	0%	1%	2%	3%	5%	87%	1,4%	
15 : Mercier/Hochelaga-Maisonneuve	0%	0%	1%	1%	2%	1%	81%	0,4%	
4 : Le Sud-Ouest	5%	6%	9%	10%	13%	20%	77%	10,6%	
13 : Rosemont	5%	4%	7%	11%	12%	19%	73%	7,2%	
7 : NDG/Montréal-Ouest	10%	13%	14%	19%	24%	35%	70%	4,7%	
5 : Saint-Laurent	4%	2%	4%	3%	6%	12%	67%	3,1%	
12 : Le Plateau-Mont-Royal	11%	12%	11%	15%	21%	31%	65%	12,7%	
11 : Ville-Marie	16%	19%	20%	24%	29%	32%	49%	26,5%	
1 : West Island South	8%	3%	2%	9%	11%	13%	37%	1,4%	
9 : Centre	41%	42%	40%	47%	52%	59%	31%	10,0%	
8 : CDN/CSL	17%	18%	21%	21%	24%	24%	31%	6,8%	
10 : Île-des-Sœurs	27%	18%	21%	26%	33%	32%	18%	5,5%	

	Condominium								
	\$500,000 sales / Total sales (%)						2014-2019 increase*	2019 sales	
	2014	2015	2016	2017	2018	2019			
Outside of the Island of Montreal									
Laval	1%	2%	3%	3%	5%	2%	38%	2,0%	
43 : Vieux-Longueuil	0%	2%	1%	1%	2%	2%	90%	0,9%	
45 : Boucherville/Saint-Bruno	3%	8%	5%	4%	4%	7%	53%	0,9%	
Agglomeration of Mont-Tremblant	7%	7%	13%	7%	15%	15%	52%	2,3%	
42 : Brossard/Saint-Lambert	2%	1%	2%	4%	3%	3%	32%	1,4%	

Source: QPAREB by the Centris system

* The period examined begins in August 2014 and ends in August 2019.

The increase in areas 2 (West Island North), 16 (Anjou-Saint-Léonard), 17 (Montreal-Nord) and 18 (Eastern Tip of the Island) is not shown because it is not significant.