



THE POPULARITY OF PLEXES

As we've been saying for a while now, it has been full steam ahead for Québec's residential real estate market. A new residential sales record was set in 2017, and property prices registered their largest increase in six years. Based on year-to-date statistics (January to May 2018), this has been the strongest start in terms of sales in eight years and the increase in average property prices has been holding steady at approximately 4 per cent for single-family homes, 3 per cent for condominiums and 6 per cent for plexes. We predict that in 2018, the resale market will smash the 85,000 transaction mark in Québec for the first time ever.

The popularity of plexes has not abated on Québec's resale market in the last twelve months.

In this *Word From the Economist*, we will focus on small rental properties with two to five dwellings, commonly referred to as "plexes". We will see that the popularity of plexes has not abated on Québec's resale market in the last twelve months. We will then examine various factors relating to the supply and demand of plexes that explain why price growth for this property category has generally outpaced that of condominiums and single-family homes for the past 10 years. We will end with a short section on average prices "per dwelling", according to building size.

The Plex Market is on a Roll

In the last twelve months, the resale market for plexes stood out with interesting results. Table 1 shows some of the main statistics.

Sales

More than 7,068 plexes were sold in Québec in the last twelve months, up 4 per cent from the same period one year earlier. Saint-Jean-sur-Richelieu registered the largest increase in plex sales in Québec, with a significant jump of 42 per cent. The increase in plex sales in the Saguenay CMA, at 13 per cent, is also noteworthy.

Table C: Evolution of the average price per dwelling for quadruplexes

	2017	Variations			
	Average price (\$)	1 year	3 years	5 years	10 years
Québec City Metropolitan Area	\$93,957	-9%	-4%	7%	59%
Agglomeration of Québec	\$94,703	-9%	-3%	5%	59%
Montréal Metropolitan Area	\$150,829	8%	12%	23%	65%
Island of Montréal	\$163,847	4%	11%	22%	66%
South West	\$152,807	-2%	12%	26%	79%
Villeray	\$144,523	9%	10%	16%	59%
Mercier/Hochelaga-Maisonneuve	\$152,163	5%	10%	23%	75%
North Shore of Montréal	\$116,827	21%	9%	21%	49%
South Shore of Montréal	\$120,817	11%	30%	15%	54%

Source: QFREB by the Centris system

Table D: Evolution of the average price per dwelling for quintuplexes

	2017	Variations			
	Average price (\$)	1 year	3 years	5 years	10 years
Montréal Metropolitan Area	\$145,136	5%	16%	15%	58%
Island of Montréal	\$155,987	6%	15%	14%	63%

Source: QFREB by the Centris system