

## Residential Real Estate Prices More Than Doubled in Québec Between 2000 and 2010

The Québec real estate market went through an exceptionally prosperous period between 2000 and 2010. The median price of single-family homes across the province increased from \$94,500 in 2000 to \$209,500 in 2010, an increase of 122 per cent in ten years. In this same period, inflation in Québec, measured by the growth of the overall consumer price index<sup>1</sup>, was limited to 20 per cent. As a result, the vitality of the Québec real estate market over the past years has resulted in a dramatic increase in prices in real terms<sup>2</sup>.

### Québec City Metropolitan Area Tops the List

The increase in prices observed since the early 2000s was far from uniform across the province. The table below shows the increase in median price of single-family homes in various urban centres across Québec. Three metropolitan areas stood out for posting better results than that of the province. The Québec City Metropolitan Area ranked at the top of the list, with a 159 per cent increase in median price between 2000 and 2010. The Montréal (+133 per cent) and Gatineau (+131 per cent) Metropolitan Areas also performed well. Two smaller urban centres, the agglomerations of Saint-Jean-sur-Richelieu (+147 per cent) and Sainte-Agathe-des-Monts (+125 per cent), also joined this group and performed better than the province.

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### Increase in Median Price of Single-Family Homes From 2000 to 2010

|  | 2000            | 2010             | Variation   |
|--|-----------------|------------------|-------------|
| Québec City Metropolitan Area          | \$85,000        | \$220,000        | 159%        |
| Saint-Jean-sur-Richelieu Agglomeration | \$86,900        | \$215,000        | 147%        |
| Montréal Metropolitan Area             | \$108,000       | \$252,000        | 133%        |
| Gatineau Metropolitan Area             | \$90,000        | \$208,000        | 131%        |
| Sainte-Agathe-des-Monts Agglomeration  | \$82,250        | \$185,000        | 125%        |
| <b>Province of Québec</b>              | <b>\$94,500</b> | <b>\$209,500</b> | <b>122%</b> |
| Sainte-Adèle Agglomeration             | \$82,500        | \$181,000        | 119%        |
| Sherbrooke Metropolitan Area           | \$83,000        | \$180,000        | 117%        |
| Salaberry-de-Valleyfield Agglomeration | \$73,250        | \$158,000        | 116%        |
| Saguenay Metropolitan Area             | \$74,750        | \$158,000        | 111%        |
| Mont-Tremblant Agglomeration           | \$103,500       | \$218,375        | 111%        |
| Saint-Sauveur Agglomeration            | \$110,000       | \$225,000        | 105%        |
| Val-d'Or Agglomeration                 | \$82,500        | \$164,050        | 99%         |
| Trois-Rivières Metropolitan Area       | \$73,000        | \$143,000        | 96%         |
| Rouyn-Noranda Agglomeration            | \$82,000        | \$160,000        | 95%         |
| Shawinigan Agglomeration               | \$68,000        | \$118,250        | 74%         |
| Baie-Comeau Agglomeration              | \$88,250        | \$123,750        | 40%         |

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#### Notes:

1. For a definition of the urban centres, [click here](#).
2. Data was not available for the entire period for all agglomerations; as a result, not all agglomerations appear in this table.

<sup>1</sup> Source: Statistics Canada

<sup>2</sup> To obtain the increase in real terms, meaning adjusted for the effect of inflation, we must convert 2010 prices into 2000 constant dollars. We therefore obtain  $\$209,500 \times 100/120 = \$174,583$ , for an increase of  $(174,583/94,500) - 1 = 85\%$ .

However, the agglomerations of Shawinigan and Baie-Comeau performed well below the province, as the median price for single-family homes in these areas increased by only 74 and 40 per cent, respectively, between 2000 and 2010. It should be noted that data is not available since 2000 for all urban centres of the province, so there may be other agglomerations in which prices did not double during this period.

**Methodological note:** For the next two sections of this article, in order to allow for a historical analysis and a comparison with other Canadian provinces, we relied on data series compiled by The Canadian Real Estate Association (CREA). They publish average prices, not median prices. Furthermore, all property categories are grouped together.

## The First Decade of the 2000s was the Best Ever Recorded

A comparison between the recent increase in property prices and their evolution prior to the start of the 2000s proved to be an interesting exercise. In the period from 1980 to 1990, the average property price in Québec increased by 107 per cent, and from 1990 to 2000, it increased by only 10 per cent.<sup>3</sup> From 2000 to 2010, while inflation in Québec was running at 20 per cent, the **average price** of properties in Québec increased by 123 per cent, almost six times faster. However, the 107 per cent increase in property prices from 1980 to 1990 does not appear as impressive when we consider that the 1980s were characterized by rampant inflation that caused the price of all goods in Québec to increase by 77 per cent. Finally, from 1990 to 2000, the inflation rate hit 21 per cent, which is greater than the 10 per cent increase in real estate prices (which translates into a decrease in property prices in real terms<sup>4</sup>). It also reflects the difficult period that the real estate market experienced in the 1990s.

It should also be noted that property prices in Québec increased every year between 2000 and 2010, despite the recession that hit a little more than two years ago. Price increases in the 20 years prior to the year 2000 were interrupted in 1982 (-3 per cent) and again in 1995 (-3 per cent). In 1982, an economic recession shook the world and the unemployment rate in Québec reached almost 15 per cent. In 1995, the Québec economy, still weakened by the 1990-1991 recession, was feeling the repercussions of fiscal austerity measures imposed by both levels of government (federal and provincial), as they started their hard fight against budget deficits.

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<sup>3</sup> Source: CREA

<sup>4</sup> In real terms, meaning adjusted for the effect of inflation, the decrease in prices from 1990 to 2000 is  $110/121 - 1 = 9\%$ .

## How Does Québec Compare to the Rest of Canada?

When examining the evolution of property prices, Québec fared well in the decade of 2000 to 2010 compared to the rest of Canada. In this decade, the average price of properties in Québec<sup>5</sup> increased at a higher rate (+123 per cent) than that of Canada (+107 per cent). This was the first decade in which the growth rate of average property prices in Québec surpassed that of the rest of Canada since data started being collected by CREA in 1980. Finally, the increase in average property price in Québec between 2000 and 2010 was greater than that of Ontario (86 per cent) and almost equal to that of British Columbia (128 per cent).

As we can see, the decade that just ended was the best of the past three decades for Québec in terms of the increase in residential property prices. The increase in prices in this decade enabled Québec's lagging property prices to partly close the gap with those of other Canadian provinces, particularly Ontario. Despite this, property prices in Québec are still among the most affordable in the country (see "[Housing Trends and Affordability](#)", Royal Bank of Canada, February 2011, or the "[Desjardins Affordability Index](#)", February 15, 2011).

We also note that, despite the dramatic increase in prices over the past decade, properties in Québec were more affordable in 2010 than they were in the late 1980s (see the same reference documents as those in the previous paragraph).

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<sup>5</sup> Source: CREA