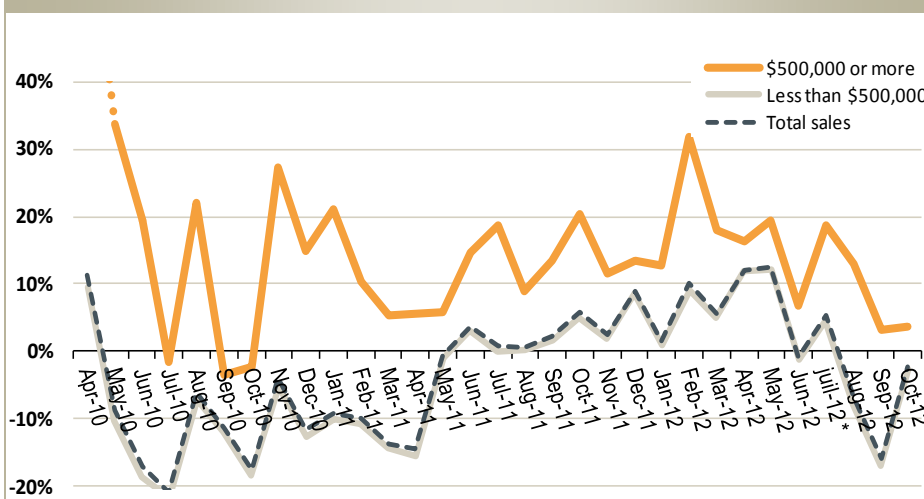


No Sales Slowdown for Properties That Sold for \$500,000 or More

While residential sales in Québec concluded through a real estate broker have registered almost as many monthly decreases as increases in recent years, the number of properties that sold for \$500,000 or more stayed on a path of growth. Chart 1 shows monthly sales changes for properties that sold for \$500,000 or more, properties that sold for less than \$500,000 and for all properties in Québec. Sales of properties under \$500,000 decreased between May 2010 and May 2011, in June 2012 and from August to October 2012. Like the “Total sales” category, this represents 17 monthly decreases in the 42 months since the end of the recession in the spring of 2009. In contrast, sales of properties at \$500,000 or more almost always increased during the same period, with only three decreases in the months of July 2010 (-2 per cent), September 2010 (-4 per cent) and October 2010 (-2 per cent).

Chart 1: Monthly change in residential sales in Québec



Source : QFREB by Centris®

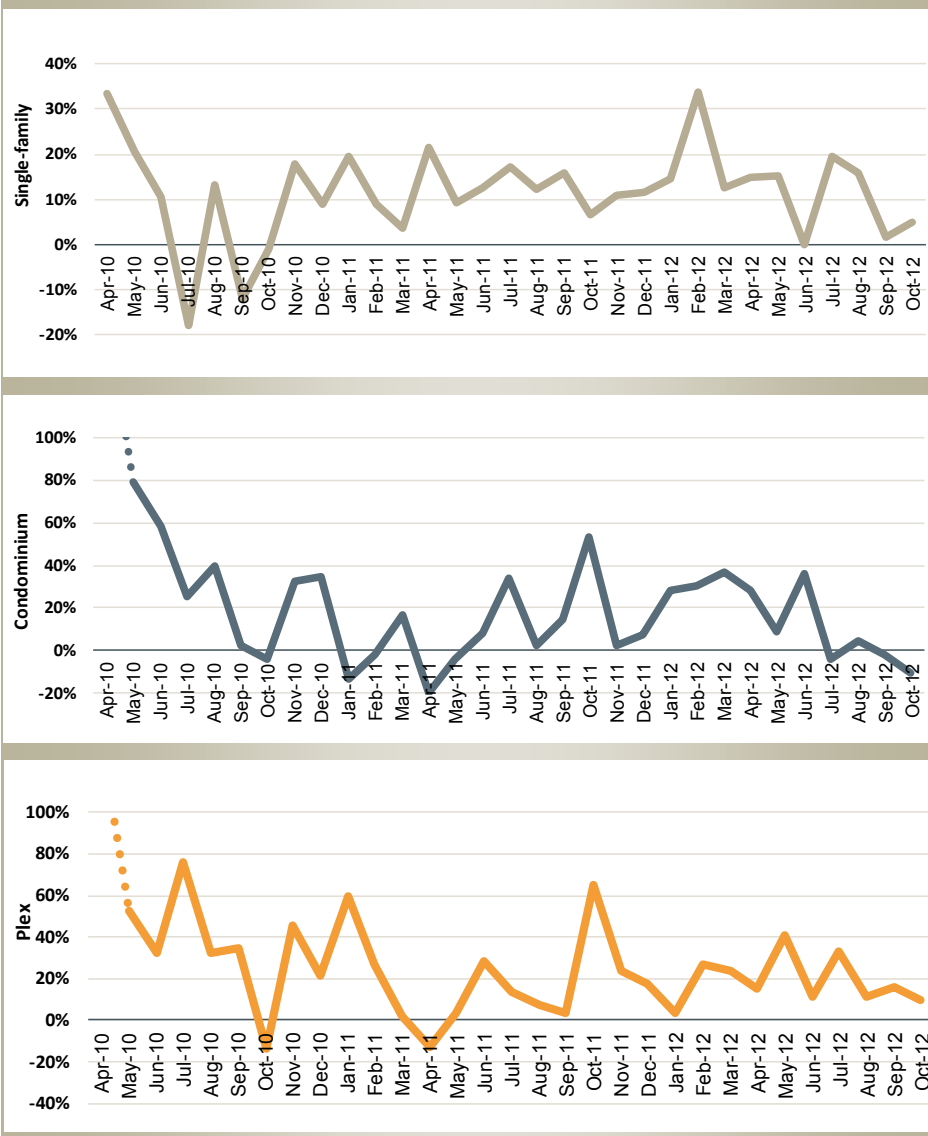
Statistics for the different price ranges show that properties that sold for \$500,000 or more were not affected by the decrease in sales, suggesting that buyers of more luxurious properties were not as affected as first-time buyers by the introduction of the new mortgage rules.

More recently, residential sales across Québec decreased in June, August, September and October 2012. The decreases registered in the last three months correspond to the entry into force, on July 9, 2012, of the new, more restrictive rules governing mortgage loan insurance, which limit the maximum amortization period for new mortgage loans to 25 years from 30 years. Statistics for the different price ranges show that properties that sold for \$500,000 or more were not affected by the decrease in sales, suggesting that buyers of more luxurious properties were not as affected as first-time buyers by the introduction of the new mortgage rules.

Condominiums Were the Exception

Certain differences were observed in terms of the different property categories. Chart 2 shows the evolution of sales changes for properties that sold for \$500,000 or more, by property category. Single-family homes and plexes performed well: plex sales at \$500,000 or more have not decreased in a year and a half and single-family home sales have not decreased in two years. However, condominium sales at \$500,000 or more decreased a few times in the second half of 2012. On a monthly basis, few condominium transactions were registered at \$500,000 or more and only 59 were concluded in October 2012. It should be noted that the decreases in July, September and October 2012 represented only two, one and seven fewer sales, respectively, compared to the same months in 2011.

Chart 2: Monthly change in sales concluded at \$500,000 or more in Québec



Source: QFREB by Centris®

A Finding Generalized Across the Province

Quarterly periods were used for the regional analysis of sales at \$500,000 or more in order to interpret reliable statistics. In addition, only the administrative regions of Capitale-Nationale, Montréal, Laval, Laurentides and Montérégie were analyzed, as there were too few transactions at \$500,000 or more in the other administrative regions.

In the third quarter of 2012, the number of properties that sold for \$500,000 or more increased in all of the administrative regions¹ analyzed², meaning Capitale-Nationale, Montérégie, Laurentides, Laval and Montréal. This finding even extended to the 12 other administrative regions, where the total number of properties that sold for \$500,000 or more grew by 5 per cent. Table 1 shows differences between the results for all sales and those concluded at \$500,000 or more, in different administrative regions.

In the third quarter of 2012, the number of properties that sold for \$500,000 or more increased in all of the administrative regions analyzed, meaning Capitale-Nationale, Montérégie, Laurentides, Laval and Montréal.

Table 1: MLS® statistics for the third quarter of 2012

	Number of residential sales concluded at a price of \$500,000 or more	Change in sales concluded at \$500,000 or more	Change in all sales	Median price of single-family homes
Province	999	+ 12%	- 6%	\$217,000
Capitale-Nationale	57	+ 78%	- 16%	\$231,500
Montréal	594	+ 6%	- 13%	\$385,000
Laval	52	+ 37%	- 9%	\$286,000
Laurentides	75	+ 23%	+ 2%	\$215,000
Montérégie	140	+ 12%	- 3%	\$234,900
Other Administrative Regions	81	+ 5%	- 3%	N/A

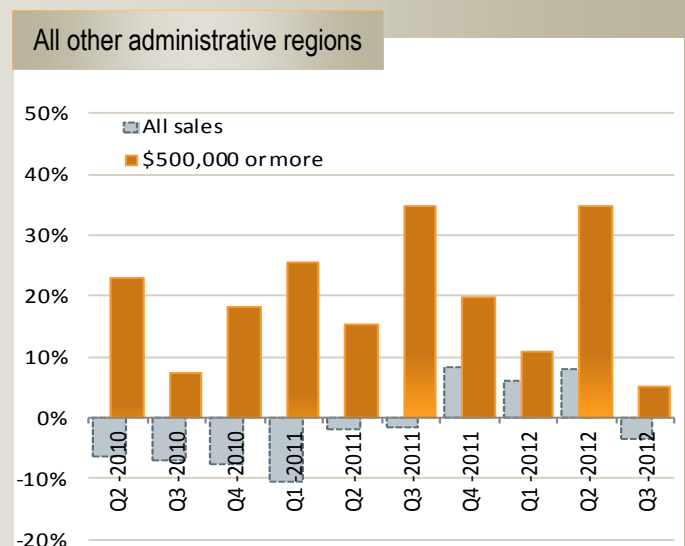
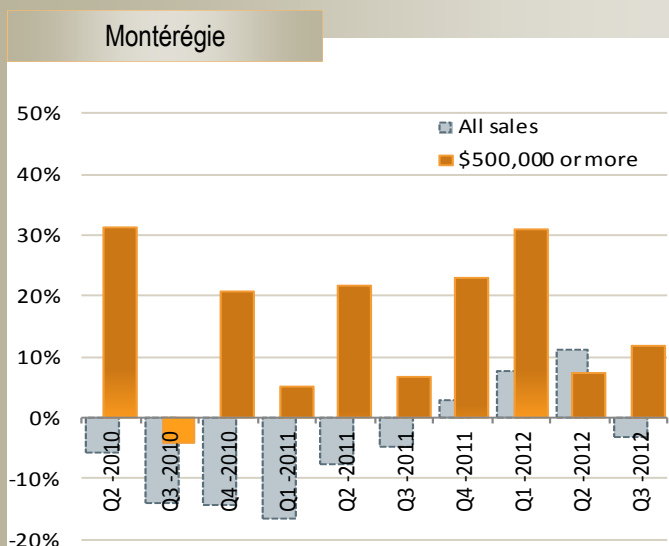
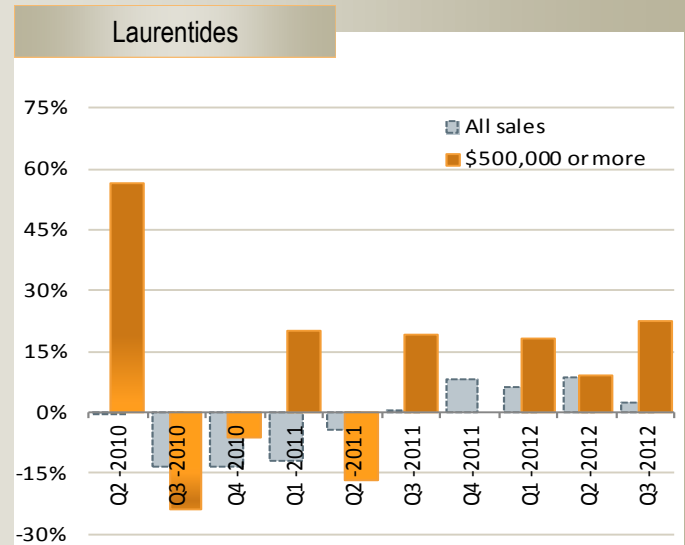
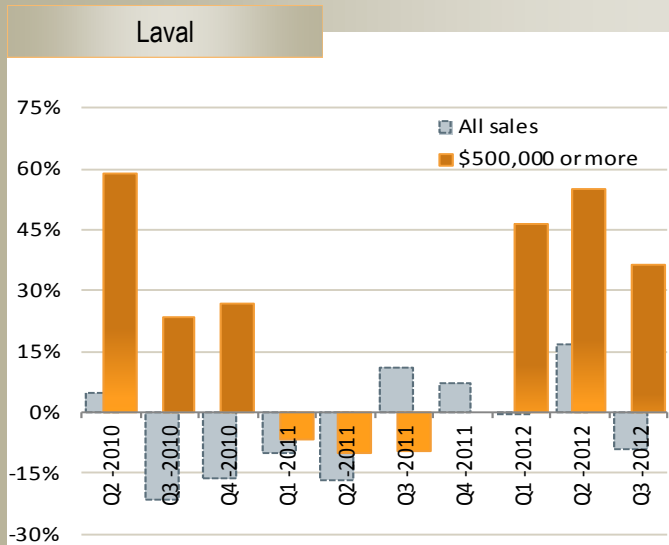
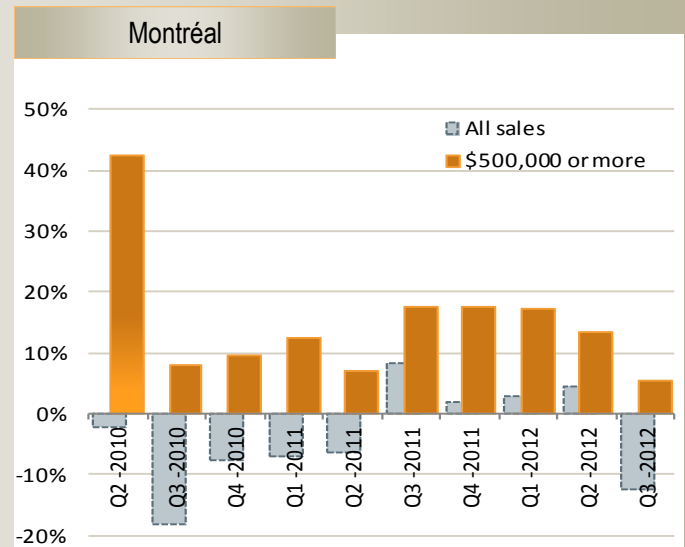
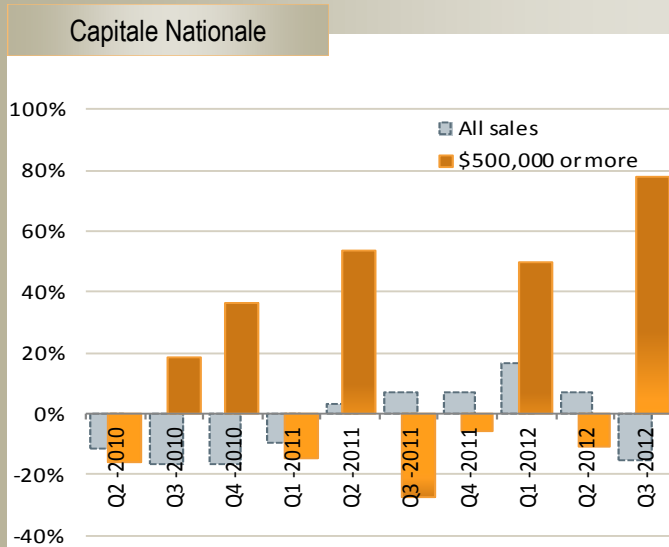
Source: QFREB by Centris®

In each region in Table 1, sales of properties at \$500,000 or more increased for at least four quarters, except in the administrative region of Capitale-Nationale where some decreases were observed in the last year. Chart 3 shows changes in sales for properties sold at \$500,000 or more over the past two years.

¹ Administrative regions are defined by the Ministère des Affaires municipales, Régions et Occupation du territoire.

² Refer to the orange box.

Chart 3: Quarterly changes in residential sales, by administrative region



Market Conditions That Advantage Buyers

It was noted that since the spring of 2010, there has been a general softening of market conditions³ in the vast majority of the province's areas. The inventory of more luxurious properties usually takes longer to sell due to a smaller pool of potential buyers. Some administrative regions registered a tightening of market conditions for properties priced at \$500,000 or more. Although market conditions for single-family homes priced at \$500,000 or more strongly favour buyers, they tightened in the areas of Capitale-Nationale, Laval and Laurentides, while market conditions softened for single-family homes at all price ranges combined. Table 2 shows market conditions in the administrative regions observed.

The inventory of more luxurious properties usually takes longer to sell due to a smaller pool of potential buyers.

Table 2: Market conditions for all properties and for properties sold at \$500,000 or more – October 2012

		Absorption rate (in months)	Market conditions	Change 3 months
Capitale-Nationale (Single-family)	All properties	7.6	Seller	↗
	Properties sold at \$500,000 or more	20.5	Buyer	↘
Montréal (Single-family)	All properties	6.2	Seller	↗
	Properties sold at \$500,000 or more	9.3	Balanced	↗
Montréal (Condominium)	All properties	8.7	Balanced	↗
	Properties sold at \$500,000 or more	12.6	Buyer	↗
Laval (Single-family)	All properties	5.9	Seller	↗
	Properties sold at \$500,000 or more	15.9	Buyer	↘
Laurentides (Single-family)	All properties	12.8	Buyer	↗
	Properties sold at \$500,000 or more	42.4	Buyer	↘
Montérégie (Single-family)	All properties	9.3	Balanced	↗
	Properties sold at \$500,000 or more	23.6	Buyer	↗

Source: QFREB by Centris®

Sales at \$500,000 or More Across the Province

Since January 2012, 3,730 residential properties were sold for \$500,000 or more in Québec, or 1 out of 17 properties. The following tables show the proportion of properties that were sold for \$500,000 or more⁴, by regional county municipality (RCM), city or borough⁵.

Since January 2012, 3,730 residential properties were sold for \$500,000 or more in Québec, or 1 out of 17 properties.

³ Market conditions are based on the absorption rate of inventory. When the absorption rate is between 8 and 10 months, the market is balanced, meaning it favours neither buyers nor sellers. In this context, price growth should be similar to the growth in consumers' purchasing power. When the absorption rate is less than 8 months, it is a seller's market. In this context, price growth is normally greater than growth in consumers' purchasing power. When the absorption rate is greater than 10 months, it is a buyer's market, and price growth is normally smaller than the growth in consumers' purchasing power.

⁴ Only the RCMs, cities and boroughs that have concluded a minimum of 10 transactions at \$500,000 were selected for this table.

⁵ According to the number of transactions.

Table 3: Proportion of single-family homes that sold for \$500,000 or more – January to October 2012

Area	Number	%	Area	Number	%
Hampstead (Montréal)	36	100%	Duvernay (Laval)	31	11%
Outremont (Montréal)	47	100%	Memphrémagog (Estrie)	48	10%
Westmount (Montréal)	126	100%	Thérèse-De Blainville (Laurentides)	139	10%
Mont-Royal (Montréal)	111	96%	Dorval (Montréal)	10	9%
Île-des-Sœurs (Montréal)	63	94%	Vieux-Longueuil (Montérégie)	40	8%
Le Plateau-Mont-Royal (Montréal)	48	83%	Les Pays-d'en-Haut (Laurentides)	50	8%
Montréal-Ouest (Montréal)	29	81%	Pointe-Claire (Montréal)	21	8%
Baie-D'Urfé (Montréal)	25	69%	Pierrefonds-Roxboro (Montréal)	30	6%
Côte-des-Neiges–Notre-Dame-de-Grâce (Montréal)	107	68%	Vimont (Laval)	12	6%
Senneville (Montréal)	11	65%	Brome-Missisquoi (Montérégie)	29	6%
Ville-Marie (Montréal)	19	61%	Chomedey (Laval)	25	5%
Saint-Lambert (Montérégie)	49	48%	Les Collines-de-l'Outaouais (Outaouais)	27	5%
Côte-Saint-Luc (Montréal)	40	44%	Auteuil (Laval)	14	5%
Saint-Laurent (Montréal)	110	43%	La Vallée-du-Richelieu (Montérégie)	55	5%
Beaconsfield (Montréal)	84	41%	Les Laurentides (Laurentides)	27	5%
Kirkland (Montréal)	69	36%	Vaudreuil-Soulanges (Montérégie)	83	5%
Ahuntsic-Cartierville (Montréal)	69	35%	Roussillon (Montérégie)	70	5%
Saint-Léonard (Montréal)	11	27%	Les Rivières (Capitale-Nationale)	14	4%
Rosemont–La Petite-Patrie (Montréal)	16	24%	La Jacques-Cartier (Capitale-Nationale)	20	4%
L'Île-Bizard–Sainte-Geneviève (Montréal)	28	23%	Fabreville (Laval)	14	3%
Boucherville (Montérégie)	55	21%	Lévis (Chaudière-Appalaches)	20	3%
Le Sud-Ouest (Montréal)	16	20%	Rivière-des-Prairies–Pointe-aux-Trembles (Montréal)	14	3%
Sainte-Dorothée (Laval)	52	16%	Marguerite-D'Youville (Montérégie)	14	3%
Sainte-Foy/Sillery/Cap-Rouge (Capitale-Nationale)	75	16%	Les Moulins (Lanaudière)	33	2%
Anjou (Montréal)	14	15%	Ville de Gatineau (Outaouais)	44	2%
Saint-Augustin-de-Desmaures (Capitale-Nationale)	16	14%	Saint-Hubert (Montérégie)	10	2%
Saint-Bruno-de-Montarville (Montérégie)	25	14%	Ville de Sherbrooke (Estrie)	13	2%
Brossard (Montérégie)	68	13%	Le Haut-Richelieu (Montérégie)	14	1%
Dollard-des-Ormeaux (Montréal)	36	12%	La Rivière-du-Nord (Laurentides)	14	1%

Source: QFREB by Centris®

Table 4: Proportion of condominiums that sold for \$500,000 or more – January to October 2012

Area	Number	%	Area	Number	%
Westmount (Montréal)	36	64%	Le Plateau-Mont-Royal (Montréal)	67	9%
Outremont (Montréal)	41	32%	Les Laurentides (Laurentides)	11	8%
Ville-Marie (Montréal)	180	20%	Le Sud-Ouest (Montréal)	22	4%
Côte-des-Neiges–Notre-Dame-de-Grâce (Montréal)	63	16%	La Cité-Limoilou (Capitale-Nationale)	16	4%
Île-des-Sœurs (Montréal)	68	15%	Rosemont–La Petite-Patrie (Montréal)	17	3%
Côte-Saint-Luc (Montréal)	12	12%			

Source: QFREB by Centris®

Table 5: Proportion of plexes that sold for \$500,000 or more – January to October 2012

Area	Number	%	Area	Number	%
Saint-Léonard (Montréal)	81	91%	Anjou (Montréal)	13	23%
Le Plateau-Mont-Royal (Montréal)	95	86%	LaSalle (Montréal)	37	21%
Côte-des-Neiges–Notre-Dame-de-Grâce (Montréal)	95	57%	Villeray–Saint-Michel–Parc-Extension (Montréal)	55	20%
Saint-Laurent (Montréal)	33	48%	Le Sud-Ouest (Montréal)	32	17%
Rosemont–La Petite-Patrie (Montréal)	125	44%	Verdun (Montréal)	20	15%
Ahuntsic-Cartierville (Montréal)	93	41%	Mercier–Hochelaga-Maisonneuve (Montréal)	45	14%
Ville-Marie (Montréal)	20	36%	Vieux-Longueuil (Montérégie)	16	11%
Chomedey (Laval)	21	27%	Montréal-Nord (Montréal)	13	8%
Rivière-des-Prairies–Pointe-aux-Trembles (Montréal)	47	23%			

Source: QFREB by Centris®

As shown in Tables 3, 4 and 5, properties sold at \$500,000 or more are primarily concentrated in the province's large urban centres. With upward pressure exerted on prices, many properties that are selling below half-a-million dollars today will cross the \$500,000 threshold in the coming years. We can therefore expect that the analysis of sales statistics for properties sold at \$500,000 or more will soon extend to other areas of the province, such as the RCMs of Portneuf, Matawinie, La Haute-Yamaska, Papineau, Rimouski-Neigette, La Côte-de-Beaupré, La Vallée-de-l'Or and Joliette, as well as the boroughs of Hull, Aylmer and Lachine.

With upward pressure exerted on prices, many properties that are selling below half-a-million dollars today will cross the \$500,000 threshold in the coming years.

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