Montreal: Home sales at their lowest level since the 2008 financial crisis
By Daren King

According to October data from the Quebec Professional Association of Real Estate Brokers (QPAREB), we estimate that seasonally adjusted property sales fell by 6.3% compared to September, the tenth monthly decrease in one year (Chart 1). Since October 2021, when the downward trend began, sales have fallen 37.7% and are now at their lowest level since the 2008 financial crisis. There is no doubt that the sharp increases in mortgage rates have cooled the ardor of buyers. In addition, there is reason to believe that anemic job creation since the beginning of the year is contributing to the sharp slowdown. Since we expect the central bank to announce another rate hike in December, transactions should continue to weaken over the next few months.

On the supply side, we estimate that new listings fell by 7.3% from September to October, the third monthly decline in four months. The contraction in sales still allowed end-of-month listings to increase by 3.9% compared to September, the tenth consecutive monthly increase. With the rapid decline in sales allowing supply to accumulate, market conditions in Montreal continued to loosen and are becoming less “favourable to sellers” (Chart 2).

We estimate that single-family home sales in October were down 7.9% from September, while end-of-month listings were up 2.9%. With the increase in supply and the decrease in sales, the single-family home market has eased, but still indicates a “favourable to sellers” market due to the continued lack of properties for sale in this segment (Chart 4). At the condominium level, sales were down 2.8% from the previous month (Chart 5). Active listings, on the other hand, increased by 5.5%. Due to the decrease in sales and the increase in supply, market conditions continued to loosen and are becoming less “favourable to sellers” (Chart 6).

On an annual basis, sales in October decreased by 35.2% compared to the same period last year and reached their lowest level for this time of year since 2014 (Chart 7). This downward trend was observed in all areas of the CMA, with annual sales declines ranging from -26% on the North Shore to -43% on the Island. For the first ten months of 2022, cumulative sales were down 18.9% compared to the record activity seen in the same period in 2021 (Chart 8).

1. Montreal: Home sales and listings
Seasonally adjusted by NBF. Last observation: October 2022

2. Montreal: Home resale market conditions
End-of-month listing-to-sale ratio. Last observation: October 2022

3. Montreal: Home sales and listings, single-family dwellings
Seasonally adjusted by NBF. Last observation: October 2022

4. Montreal: Home resale market conditions, single-family dwellings
End-of-month listing-to-sale ratio. Last observation: October 2022
5. Montreal: Home sales and listings, condos
Seasonally adjusted by NBF. Last observation: October 2022

6. Montreal: Home resale market conditions, condos
End-of-month listing-to-sale ratio. Last observation: October 2022

7. Montreal: Home sales in October
Raw data, non seasonally adjusted

8. Montreal: Year-to-date home sales
Raw data, non seasonally adjusted

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NBF Economics and Strategy (data via Centris, seasonally adjusted by NBF)

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