Montreal: Real Estate Market Continued to Slow in July
By Daren King

According to July data from the Quebec Professional Association of Real Estate Brokers (QPAREB), we estimate that seasonally adjusted property sales fell by 6.6% compared to June, a third consecutive decrease (Chart 1). Although less pronounced than in other major Canadian cities during the month, the decline in the Montreal real estate market was more pronounced than in the previous two months (May: -1.0%, June: -1.7%). There is no doubt that the Bank of Canada’s sharp increase in its policy rate in July cooled activity in major urban centers. While we expect the central bank to announce another significant rate hike in September, we believe that transactions will continue to decline over the next few months.

In terms of supply, we estimate that the number of end-of-month listings jumped by 9.2% between June and July, a seventh consecutive monthly increase. Despite the recent increase in supply, it remains at a historically low level, so that market conditions in Montreal still indicate a “favourable to sellers” market (Chart 2).

In July, we estimate that single-family home sales were down 32% from June while end-of-month listings jumped 11.6%. With the increase in supply and a decrease in sales, the single-family home market has loosened, but still indicates a “favourable to sellers” market due to the persistent lack of properties for sale in this segment (Chart 4). At the condominium level, sales showed a notable decrease of 8.6% compared to the previous month (Chart 5). Active listings, on the other hand, increased by 6.4%. Overall, market conditions also remained favourable to sellers in this segment (Chart 6).

On an annual basis, sales in July decreased by 18.3% compared to the same period last year and to their lowest level for this time of year since 2016 (Chart 7). This downward trend was observed in all areas of the CMA, with the exception of North Shore, where sales increased by 3% over 12 months. For the first seven months of 2022, cumulative sales were down by 15.4% compared to the record activity observed during the same period in 2021 (Chart 8).
5. Montreal: Home sales and listings, condos
Seasonally adjusted by NBF. Last observation: June 2022

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

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

8. Montreal: Year-to-date home sales
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