

News Release
For immediate release

Real Estate Sector Survey - Montréal CMA Confident in the Future, 18-34 Year Olds Want to Become Homeowners

Regarding the 18-34 age group:

Intentions to purchase within the next five years

- 50% intend to buy a property within the next five years
- 55% would prefer to live in a city centre under certain conditions
- 11% are considering buying a property as an investment

Purchases made in the last five years

- 73% obtained a mortgage the first time they applied
- 28% used the HBP as the main source of their down payment
- 21% opted for a condominium and 52% for a single-family home

Montréal, February 4, 2019 - The Association des professionnels de la construction et de l'habitation du Québec (APCHQ), the Québec Federation of Real Estate Boards (QFREB) and the Fonds immobilier de solidarité FTQ released the results of a survey conducted by the firm Léger. Last fall's survey focused on buying and selling intentions in the real estate sector. It reveals that in the Montréal CMA, 50% of the 18-34 age group intend to buy a property within the next five years. This is higher than the provincial rate for "millennials", which reached 46%.

The single-family home is the first choice of young buyers

Strong job creation in the Montréal CMA has given future buyers confidence, especially for the 18-34 age group. While 26% of all households in Greater Montréal intend to buy a property within the next five years, this rate rises to 50% among 18-34 year olds. The goal of young adults is to buy a principal residence (83% have the intention to buy) and 58% dream of a single-family home. In fact, 52% of those who had bought in the last five years opted for this type of property. Those who did not buy this type of housing turned to small, affordable condominiums. As a result, more young adults chose condominiums (21%) than those who first intended to do so (17%).

Most young households (59%) would choose an existing property, since they are perceived as less expensive than a new property. The majority of "millennials" (70%) intend to renovate and expect to spend an average of \$15,200.

"The Montréal market offers a variety of products that cater to several categories of buyers. According to our condominium construction partners, young people are disciplined. For their first purchase, they opt for a smaller, less expensive unit, which allows them to build their capital. A few years later, they sell for profit and then reinvest in a larger unit that better meets their needs. Condominiums can be seen as a great springboard for 18-34 year olds," stated Normand Bélanger, President and CEO of Fonds immobilier de solidarité FTQ.

A sign that the economy is doing well: 11% of the 18-34 age group in the Montréal CMA intend to buy as an investment, although this rate is a little lower for Québécois as a whole (9%). In the Montréal CMA, members of generation X age group (35 to 54 years old) show the greatest interest in investing as 14% want to buy to rent out.

“The popularity of investments in rental properties is fuelling the vitality of Montréal's real estate sector, but also raises the fact that home ownership remains problematic more than ever. APCHQ believes that measures can be taken to help young families realize their dream of buying their first home,” stated Paul Cardinal, Manager of the APCHQ Economic Department.

Open to city life, yet a strong attraction for the suburbs

According to the 2018 survey, 55% of the 18-34-year-olds in the Montréal CMA intending to buy a property within the next five years would choose the downtown core rather than a suburb under certain conditions, including: more affordable prices (30%), improved accessibility of services (18%), better public infrastructure (13%) and larger dwellings (14%). However, once established in the suburbs, 60% of “millennials” would not return to the city centre.

Realistic buyers and opportunistic sellers

According to median prices published by the QFREB¹, the Greater Montréal's real estate market is the most expensive in Québec, but the region is vast and potential buyers can find the home that suits their budget. For example, 49% of households in the Montréal agglomeration made a down payment of more than 20% of the cost of their property, and 17% of households made a down payment of more than 50%. Accelerated payments are also popular. According to the 2018 survey, 32% of households in the Greater Montréal area repay their mortgage every two weeks and 10% every week. Among 18-34 year olds, 73% state that they obtained a mortgage on their first application. Personal savings is the main source of funds for the 18-34 age group (49%), followed by the Home Buyers’ Plan (HBP) at 28%. Four per cent of young buyers used a loan from a family member or friend as their main source of a down payment.

In this market where many households have the capacity to buy, the survey, which also measured intentions to sell, reveals that only 6% of homeowners intend to sell their property within the next year. “Demand in the Montréal market remains very strong at a time when it is more to the advantage of sellers, both for single-family homes and condominiums. The strength of the market is due in particular to strong job creation, a historically low unemployment rate and the high level of consumer confidence,” pointed out Yanick Desnoyers, Manager of the QFREB's Market Analysis Department.

Other findings

- 18-34 year olds want to buy larger properties than their current home in 72% of cases. For the 55 and older age group, the majority (55%) want to buy a smaller property.
- Nearly one third (29%) of the 18-34 age group want to build their property.
- Of the respondents intending to purchase a property within the next five years, the three most important selection criteria, excluding the price, are:
 - proximity to services (shops, restaurants, hospitals),
 - neighbourhood safety,
 - distance from the workplace.

- 58% of homeowners aged 18 to 34 pay a monthly mortgage payment of less than \$1,000.
- 28% of households who purchased in the last five years in the Montréal CMA chose a condominium, the highest rate in Québec.

¹ QFREB Barometer - Residential Market, Fourth Quarter 2018

- 34% of households who bought in the last five years plan to keep their property for five years or less.
- 26% of households in the Montréal CMA who will sell their property in the next five years will then rent a property. For those 55 and over, this rate rises to 43%.

About the APCHQ

Founded in 1961, APCHQ is a private, non-profit organization that seeks to develop and enhance the professionalism of its 18,000 corporate members, which belong to 14 regional associations. Through technical, legal, administrative and training services as well as government and public interventions, APCHQ helps its members improve their skills and succeed in a highly competitive environment. Furthermore, ACPHQ is mandated to negotiate the renewal of collective agreements on behalf of 14,500 employers in the residential construction sector.

About the QFREB

The Québec Federation of Real Estate Boards (QFREB) is a non-profit organization representing the province's 8 real estate boards and their nearly 13 000-member real estate brokers. Its mission is to support Québec's real estate boards in order to defend, protect and promote the interests of real estate brokers through the provision of services in the areas of professional practices, public affairs and market analysis. The QFREB is guided by an approach centred on collaboration and resource sharing.

About the Fonds immobilier de solidarité FTQ

Created in 1991, the Fonds immobilier de solidarité FTQ promotes economic growth and employment in Québec by strategically investing in profitable and socially responsible real estate projects in partnership with other industry leaders. The Fonds immobilier backs residential, office, commercial, institutional and industrial projects of all sizes across Québec. As of May 31, 2018, it had 46 projects worth \$2.9 billion in progress, 50 properties under management, 2 million square feet of land for development and \$76.3 million allocated to affordable, social and community housing. The Fonds immobilier is a member of the Canada Green Building Council.

fondsimmobiliertq.com

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¹ "What are the proportions accounted for by non-residents ("foreign investors") and immigrant households on the Greater Montréal real estate market?" *Housing Market Insight — Montréal CMA*, Canada Mortgage and Housing Corporation, October 2018.

NOTE : I'm not sure where this footnote is in the main text.



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Methodology

The web survey was conducted between October 4 and 19, 2018 from a representative sample of 6,931 French or English-speaking Québec residents, aged 18 or over. In order to be eligible, respondents had to be responsible (or co-responsible) for paying the mortgage or rent of their residence. Quotas were established according to the region: 3,935 respondents came from the Greater Montréal area, 1,315 from the Greater Québec City area while 1,681 came from other areas of the province. In addition, the 18 to 34 target age group was “oversampled” and age-group quotas were established in order to be able to perform a generational analysis. Using data from Statistics Canada, the results were weighted according to age, regions, gender, language spoken in the home, education and presence of children in the household to ensure a sample representative of the entire study population.