

CHANGE OF DIRECTION FOR GREATER MONTRÉAL AREA RESALE MARKET

Montréal, November 24, 2004 – The Greater Montréal area resale market posted a change of direction in the third quarter of 2004. Transactions recorded on the S.I.A.[®]/MLS[®] network sustained a decrease of 5 per cent, reaching 6,772 units. As for prices, the situation was more like a lull in activity, as they registered their smallest gains in the last ten quarters, ranging from 9 per cent to 14 per cent, depending on the housing type. However, the increase in active listings (+34 per cent) picked up the pace, which raised the seller-to-buyer ratios in several zones.

The generalized decline in sales has extended to all residential property types, starting with single-family homes and plexes comprising two to five units, which both recorded decreases of 7 per cent. For condominiums, the drop was less than 1 per cent, as 1,493 units changed hands during the third quarter of 2004. “Given the rise in mortgage rates that began in recent months and the phenomenal increase in prices that has been prevailing for the last few years, demand has been slowing down somewhat,” indicated Benoît Allaire, Market Analyst at CMHC.

The major upsurge in prices also brought about a steady rise in listings. Condominiums were unquestionably the housing type that was the most affected by the increase in active mandates. Following a gain of 29 per cent in the second quarter of 2003, listings climbed by 61 per cent this past quarter. In fact, there were 3,760 condominiums for sale at the end of September, or 1,429 more mandates than at the same time last year. For the other housing types, listings rose at a slower pace than for condominiums. In the case of single-family homes, the increase reached 27 per cent while, for plexes, active mandates went up by 28 per cent during the third quarter of 2004.

“The solid rise in listings, combined with a decrease in sales during the third quarter of 2004, had an impact on the listings-to-sales ratio,” added Allaire. Even if the relation between supply and demand still remains at 4 to 1 over the entire territory for single-family homes, more than 50 per cent of the sectors saw their listings-to-sales ratios go up in the third quarter. Given that a market is considered to be balanced when the

listings-to-sales ratio varies between 8 and 10 to 1, it can be seen that the single-family home segment remains clearly favourable to sellers. In the condominium and plex segments, the ratio of listings to sales went up by 1 point, reaching 5 to 1.

The rise in the listings-to-sales ratios, in turn, had an impact on the increase in prices, which was the smallest in the last ten quarters. “Plexes registered the most significant price hike (14 per cent) among the three housing types, followed by single-family homes, with an increase that attained 13 per cent in Greater Montréal and brought the average price to \$219,801. Lastly, in the condominium segment, the rise in prices reached 9 per cent for all sectors,” commented Michel Beauséjour, FCA, Chief Executive Officer of the Greater Montréal Real Estate Board (GMREB). In the case of condominiums, the South Shore sector posted a gain of 13 per cent while, conversely, Vaudreuil-Soulanges, which had a low volume of activity (only 24 sales), saw the average price of condominiums fall by 13 per cent.

This information, and much more, can be found in ***Analysis of the Resale Market: Montréal Metropolitan Area***, a quarterly review jointly published by Canada Mortgage and Housing Corporation (CMHC) and the Greater Montréal Real Estate Board (GMREB). This report presents an analysis of the resale market in the metropolitan area, along with data on single-family houses, condominiums and plexes.

The ***Analysis of the Resale Market: Montreal Metropolitan Area*** is available online at <http://www.cigm.qc.ca/download.aspx?doc=ANALYSEPUBLIC\ang\AMR3T2004A.pdf>.

- 30 -

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