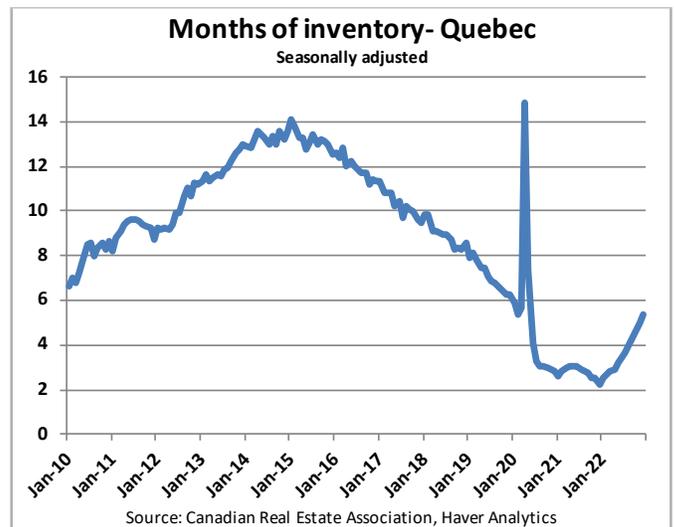
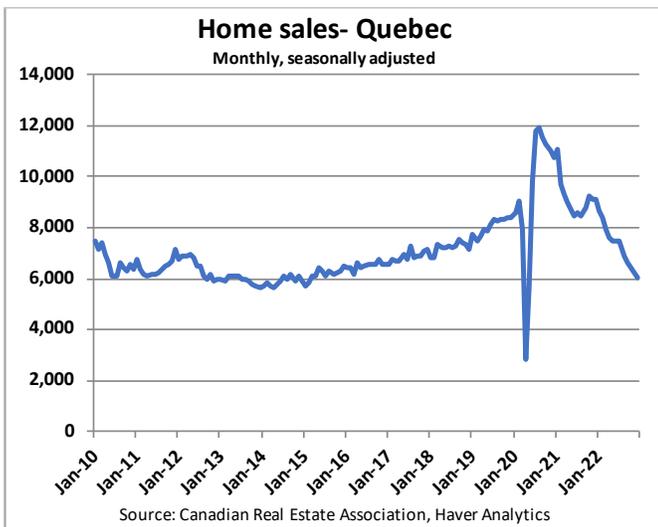




Housing and Mortgage Market Review: *January 2023*

Rising rates and weak consumer confidence weigh on housing demand in Q4

Seasonally adjusted home sales across the province fell 10.9% in the fourth quarter relative to Q3. Outside of the pandemic-related lockdowns in early 2020, Q4 saw the lowest level of home sales since 2015.



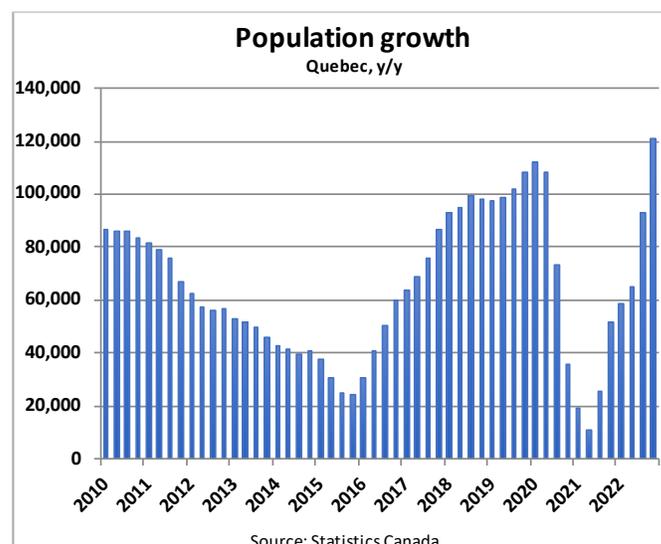
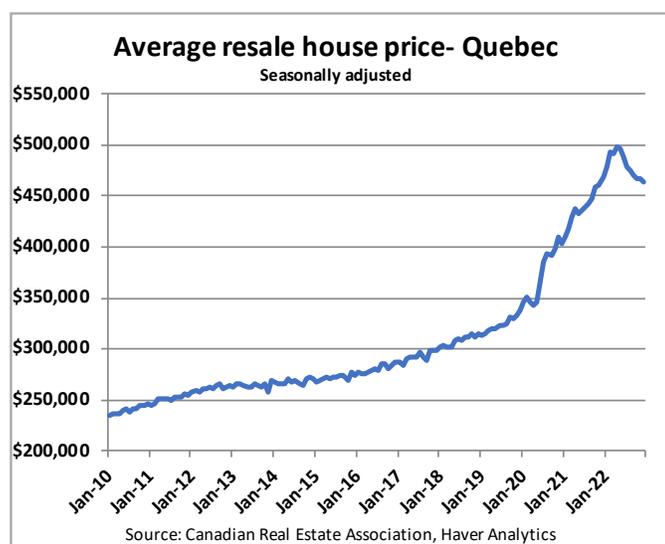
Inventory levels in metros across the province ended the year up 56% compared to 2021. With rising supply and weak demand, the market balance deteriorated sharply in the fourth quarter. Months of inventory, a crude measure of supply and demand, jumped to 5.3 from a low of 2.3 earlier in the year. Still, that's well below typical levels over the past decade.



Housing and Mortgage Market Review

Quebec

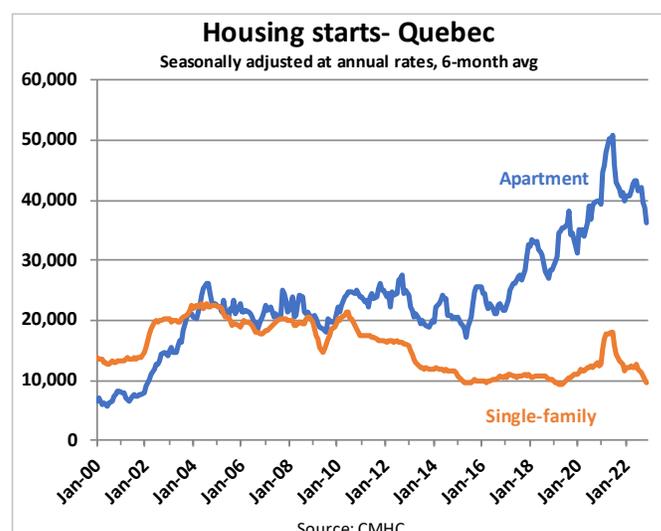
Seasonally adjusted average house prices slipped 1.1% in the fourth quarter and were down roughly 0.8% compared to the same time last year.



Population growth smashes records

Quebec's population grew by a record 120,000 people over the past year, including a staggering 56,000 last quarter alone.

Even with population growth surging, housing starts slid sharply in the fourth quarter, notably for the single-family segment. If these trends persist, it potentially sets the stage for a supply shortage in future years once the resale market stabilizes.



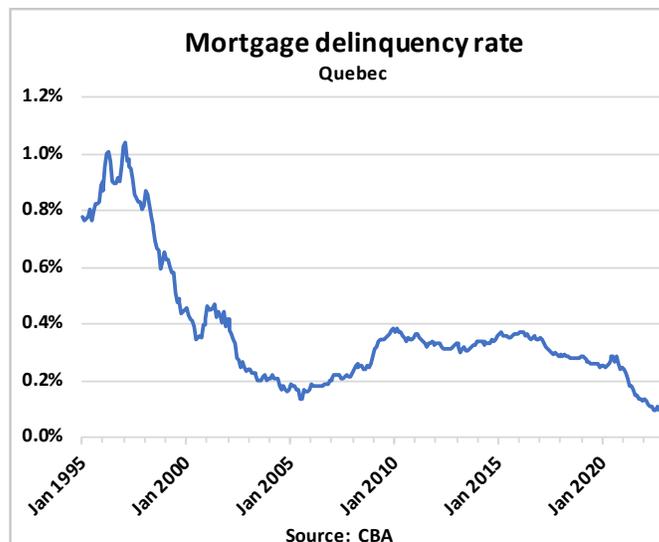
Labour market ends the year on solid footing

Quebec's economy created 59,000 new jobs in the fourth quarter, which pushed the unemployment rate to a fresh all-time low of just 3.9%.



Housing and Mortgage Market Review

Quebec



With solid momentum in the labour market, it's not surprising that mortgage delinquencies were near record lows at just 0.11% in October.

Granted, this is a lagging indicator that tells us more about the strength of the economy 6-12 months ago than it does about today, but it's impressive nonetheless. With rising rates pressuring borrowers and with leading indicators pointing to a sharp slowdown in economic activity on the horizon, expect delinquencies to begin to normalize off these low levels as we move through 2023.

What it all means: Quebec homebuyers continue to wrestle with rising interest rates and deteriorating affordability. The market is in an adjustment period characterized by rising supply and falling prices, which may persist throughout 2023 if Canada falls into recession later this year as many forecasters are anticipating.

Still, with very strong population growth and relatively low new supply, at least for the single-family segment, there's reason to be optimistic about longer-term prospects.

**Any forecasts contained in this report are accurate as of the date indicated.*

Ben Rabidoux is the founder of Edge Realty Analytics (www.edgeanalytics.ca), which equips top real estate and mortgage professionals with timely research and insightful marketing infographics to help them stand apart from the competition and stay engaged with their clients and prospects.

He is also the founder and president of North Cove Advisors, a market research firm serving institutional and high net worth clients since 2013 that is consistently ranked top 5 for Canadian economic coverage by Brendan Wood International.

He is a frequent guest and contributor in major media outlets, including Bloomberg, The Wall Street Journal, Reuters, The Globe and Mail, The Toronto Star, Macleans, and many others.



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