



Housing and Mortgage Market Review: April 2023

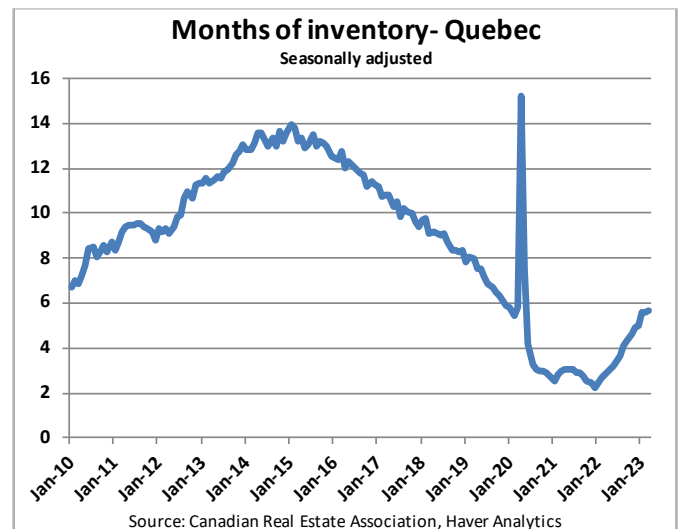
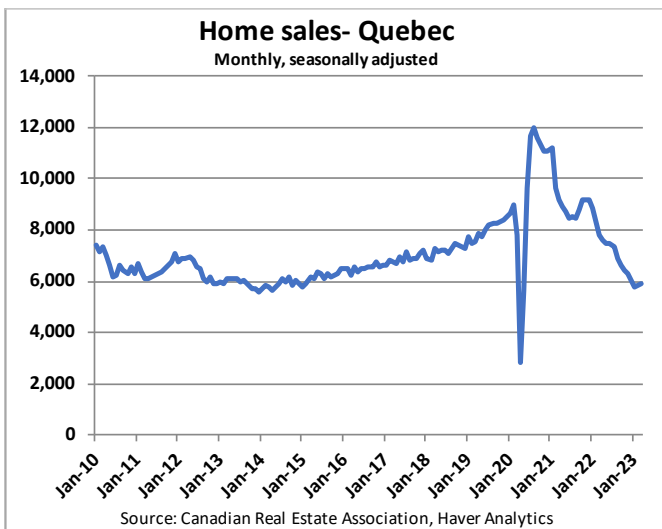
Summary

Housing demand continues to cool in Quebec while resale supply remains on the rise. Still, the overall market remains well balanced, and we're beginning to see signs that prices are stabilizing.

The economy is still on solid footing, but the lagged impact of rising rates should begin to be felt by consumers and businesses later this year, which should result in some modest downward pressure on employment towards the back half of 2022.

Rising rates, weak consumer confidence weigh on Quebec's housing demand

Seasonally adjusted home sales across the province of Quebec fell 6.3% in Q1 of 2023, but they did end the quarter on a solid note with sales ticking up 0.8% month-over-month in March. Demand has now fully retraced the "COVID bounce" and have fallen back to 2015 levels.

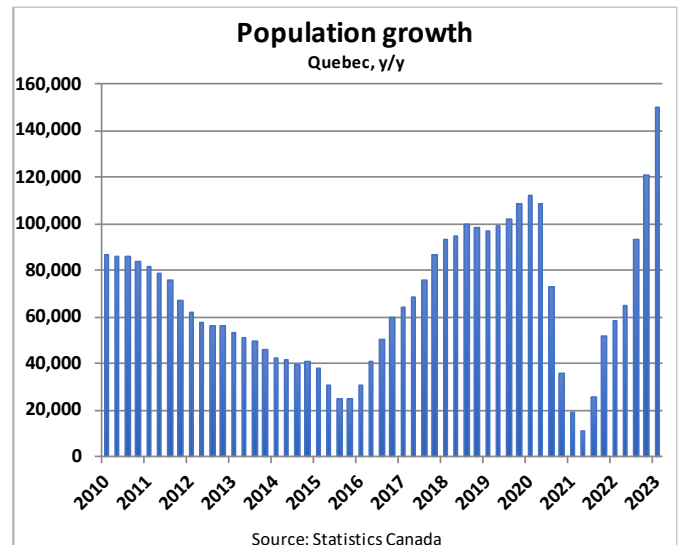
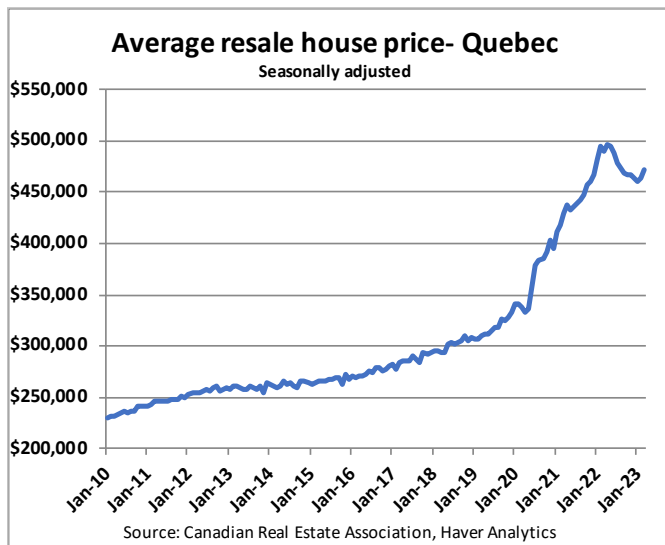


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Quebec

In spite of new listings falling 4.7% in Q1, active inventory rose 11% relative to the fourth quarter of 2022. With rising supply and weak demand, the market balance deteriorated again with months of inventory jumping to 5.7 from 5.0 in Q4. Still, that leaves it well below normal levels over the past decade.

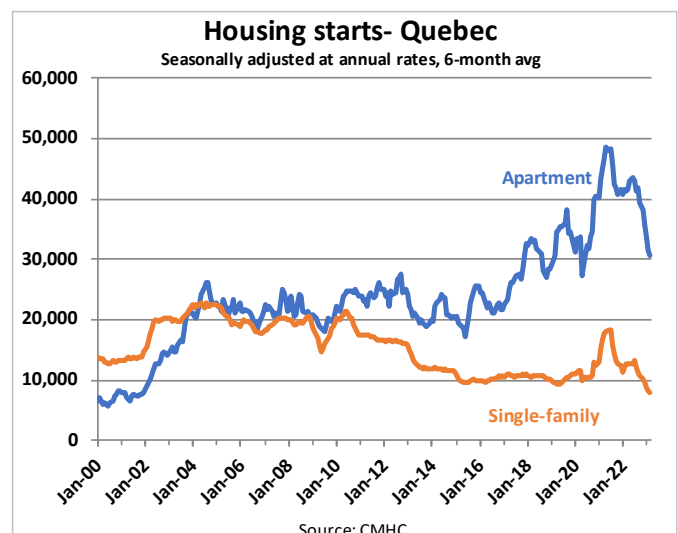
Seasonally adjusted average house prices slipped 0.2% in the first quarter in spite of a 1.6% monthly increase in March. That left prices down a modest 3.8% compared to the same time last year.



Population growth surges to new record

Quebec's annual population growth surged to 150,000 as of Q1, a record by a wide margin.

Concerningly, housing starts slipped in the first quarter across all segments, but the decline is most pronounced in the single-family segment where starts have fallen to 20-year lows. Something has to give here; otherwise strong population growth and a weak supply response sets up for a housing crisis in coming years.

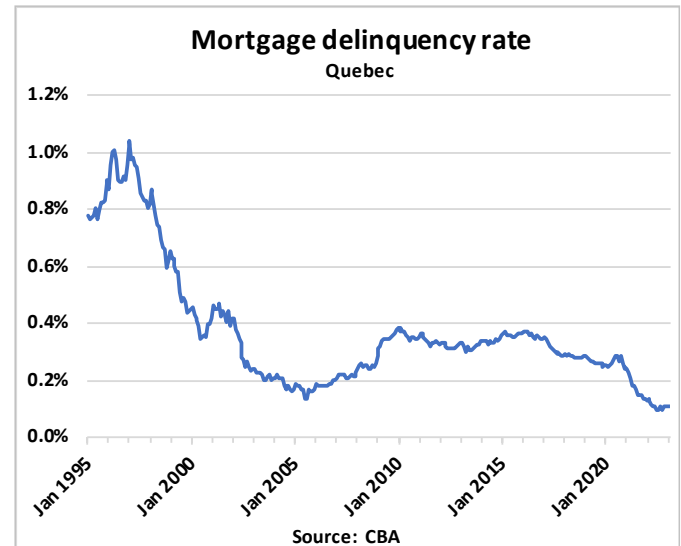


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Quebec

Quebec's labour market keeps churning out jobs

Quebec saw 30,000 new jobs created in the first quarter while the unemployment rate held near record lows at just above 4%.



Mortgage delinquencies remain near record lows but are beginning to trend slightly upwards. We should expect this trend to continue as the impact of higher rates filters through to households and ultimately begins to cool the economy later this year.

**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.

