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# A Market That Will Offer Opportunities in 2020 Before a Rebound in Sales and Prices in 2021 in Quebec

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**L'Île-des-Sœurs, April 24, 2020** – During this time of the COVID-19 pandemic, the Quebec Professional Association of Real Estate Brokers (QPAREB) today unveiled its forecasts for the evolution of Quebec's real estate market between now and the end of 2020 and for the year 2021.

## Record-setting activity at the start of the year, in line with 2019

According to its forecasts at the start of the year, the QPAREB was expecting 2020 to remain very active, with the number of transactions exceeding the provincial record of nearly 97,000 sales and surpassing the threshold of 100,000 transactions.

The beginning of the year was perfectly in line with this scenario as close to 28,000 transactions were concluded in the first quarter, an 18 per cent increase compared to the first quarter of last year.

“The record-setting sales in the first quarter took place in the context of a further decline in active listings in many areas of the province, particularly Montreal and Gatineau,” said Charles Brant, director of the QPAREB's Market Analysis Department. “Market conditions had tightened once again – to the benefit of sellers – reflecting a large imbalance between supply and demand in several areas and agglomerations, as our most recent statistics show. The 150-basis-point cut in the key interest rate may have had a beneficial effect in March by helping to sustain sales,” said Mr. Brant.

## Market dynamics interrupted for the rest of the year due to the pandemic

The repercussions of social distancing measures on the economy have been immediate since mid-March, although the impact was slower for the housing market. “The rapid decline in economic activity, the massive job losses and the limited understanding of COVID-19 and the

evolution of the pandemic make it a particularly difficult environment for market forecasts,” recognizes Mr. Brant. “The variability in forecasting is wide and depends as much on the impact of medical discoveries that will be made as on the public’s attitude regarding the evolution of the pandemic and the governments’ decisions in responding to the changing situation,” he added.

However, several elements support a resilient resale market in Quebec and allow the QPAREB to create a relatively reliable forecasting framework outlined in two scenarios: a baseline scenario and a pessimistic scenario.

<b>2020 FORECASTS – Province of Quebec (updated)</b>				
<b>Baseline scenario</b>				
	Number of residential sales		Median price – single-family home	
		Variation		Variation
<b>2019</b>	96,507	+12%	\$260,000	+4%
<b>2020</b> (updated forecast)	75,000	-22%	\$255,500	-2%
<b>2021</b> (preliminary forecast)	93,750	+25%	\$278,000	+9%

Source: QPAREB forecasts

<b>2020 FORECASTS – Province of Quebec (updated)</b>				
<b>Alternative scenario (pessimistic)</b>				
	Number of residential sales		Median price – single-family home	
		Variation		Variation
<b>2019</b>	96,507	+12%	\$260,000	+4%
<b>2020</b> (updated forecast)	68,298	-29%	\$242,000	-7%
<b>2021</b> (preliminary forecast)	75,128	+10%	\$239,000	-1%

Source: QPAREB forecasts

### **The QPAREB’s general forecast framework: favourable conditions for purchasing a property before a rebound in activity in 2021**

The paralysis of the economy, including a slowdown in the activities of most real estate professionals, will lead to a record drop in sales in the second quarter of the year of approximately 60 per cent compared to the second quarter of last year. This sharp drop in sales will be accompanied by an equally sharp drop in new listings (increased reluctance on the part of sellers, which will be manifested, among other things, by an increase in the number of listed properties that will be taken off the market). This “market freeze” should lead to price stability in the second quarter.

Deconfinement measures and a gradual return to normal economic activity will reveal the first consequences of the damage caused to the economy and the real estate market. The longer the return to economic activity is delayed, the less intense the return of sales will be in the medium term (pessimistic scenario).

According to our baseline scenario, the restarting of sales will take place in a context where unemployment in Quebec is expected to peak above 10 per cent in the second quarter, according to several Canadian financial institutions. The definitive job losses will naturally have reached the economic sectors that are most vulnerable from the crisis and the households that are most exposed to it.

“In our opinion, despite exceptional government assistance, a significant segment of first-time buyers affected by the crisis will have to give up on their plan to buy a property, or will have to sell their first home during the second half of the year, particularly in those areas where prices are highest and where the economic sectors most affected by the crisis are concentrated,” explained Mr. Brant. “This could intensify the housing crisis in some rental markets. A temporary spike in new listings could coincide with the end of the deferral of mortgage payments granted to households that are economically affected by the COVID-19 crisis,” he added.

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**To note:**

- Quebec’s resale market is in a good position to absorb the shock of the crisis without a significant drop in prices.
- With the noticeable drop in sales, the coming months of 2020 will offer buyers a respite, particularly for the acquisition of properties in markets that were overheating.
- In the longer term, market activity will rebound. However, the rebound will depend on the extent of damage to the economy, despite government support measures.

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However, the forced postponement of purchases since early spring due to social distancing measures could result in an increase in sales. However, these sales would only partially offset the increase in supply on the market, as purchases would be from more experienced buyers who have suffered less financially and benefit from extremely favourable financing rates, and who are not necessarily looking for the characteristics of the properties that are being returned to the market.

“Market conditions in Quebec could quickly return to their equilibrium level by the fall; in the second half of 2020, a limited drop in median prices is expected to be seen in several geographic areas, which will present buying opportunities,” said Charles Brant. “For 2020 as a whole, we could ultimately see a 22 per cent drop in transactions in Quebec as compared to the sales record reached in 2019, as well as a 2 to 4 per cent decrease in median price depending on the property category.”

The market could start to benefit sellers again at the end of the year with the “reopening” of the economy and a relatively gradual decline in active listings. The rebound in economic activity will be felt mostly in 2021, when we also expect to see a rebound in transactions of about 25 per cent compared to 2020, as well as a 6 to 10 per cent increase in prices, depending

on the property category. However, the level of activity will not reach the record that was set in 2019. “Keep in mind that the economy is still dependent on several completely unpredictable factors linked to the possibility of new waves of the epidemic in late 2020, assuming a late discovery of effective treatments and vaccines, which is envisaged in our pessimistic scenario,” specified Mr. Brant.

### About the Quebec Professional Association of Real Estate Brokers

The Quebec Professional Association of Real Estate Brokers (QPAREB) is a non-profit association that brings together more than 13,000 real estate brokers and agencies. It is responsible for promoting and defending their interests while taking into account the issues facing the profession and the various professional and regional realities of its members. The QPAREB is also an important player in many real estate dossiers, including the implementation of measures that promote homeownership. The Association reports on Quebec’s residential real estate market statistics, provides training, tools and services relating to real estate, and facilitates the collection, dissemination and exchange of information. The QPAREB is headquartered in Quebec City and has its administrative offices in Montreal. It has two subsidiaries: Centris Inc. and the Collège de l’immobilier du Québec. Follow its activities at [qpareb.ca](http://qpareb.ca) or via its social media pages: [Facebook](#), [LinkedIn](#), [Twitter](#) and [Instagram](#).

### About Centris

[Centris.ca](http://Centris.ca) is Quebec’s real estate industry website for consumers, grouping all properties for sale by a real estate broker under the same address. Société Centris provides real estate industry stakeholders with access to real estate data and a wide range of technology tools. Centris also manages the collaboration system used by more than 13,000 real estate brokers in Quebec.

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