

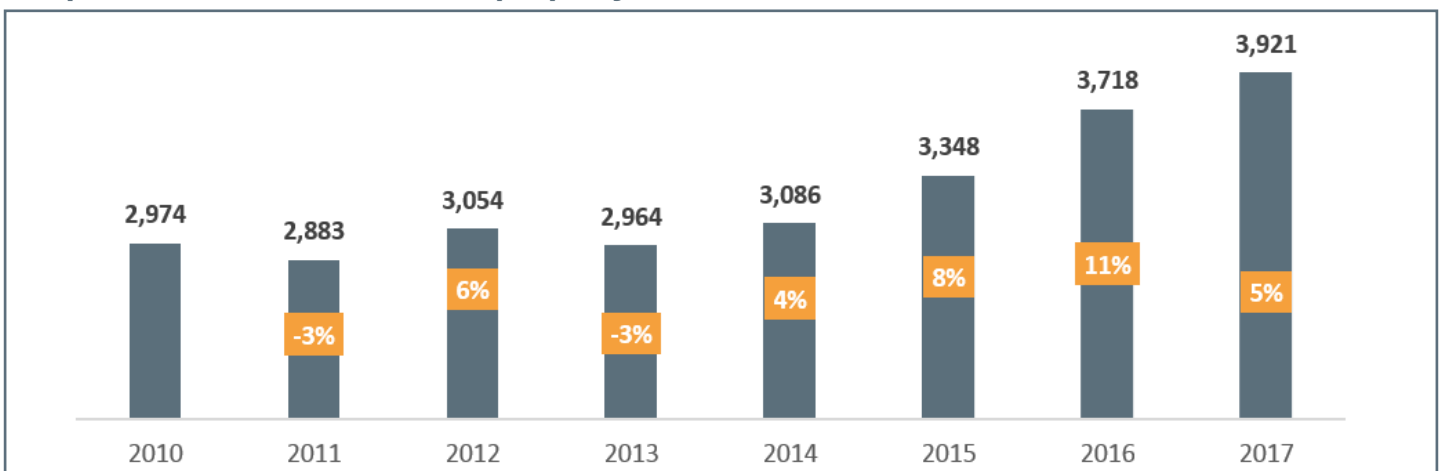


A RECORD NUMBER OF VACATION PROPERTIES WERE SOLD IN QUÉBEC IN 2017

Based on the Centris® database, the QFREB estimates that 3,921 vacation properties were sold in 2017 in selected cities of the province's six administrative regions. This represents a 5 per cent increase compared to 2016, the fourth consecutive annual increase and a new sales record.

By property category, 3,354 single-family vacation properties and 567 condominium vacation properties changed hands in 2017, which represent sales increases of 3 per cent and 25 per cent respectively.

Graph 1: Evolution of vacation property sales in Québec*



Source: QFREB by the Centris® system

What is a vacation property?

We define a vacation property as a single-family home or condominium that includes certain resort features such as being located close to a ski hill, a lake, nature attractions, etc. These properties can be lived in year-round and are located outside of urban centres. Our definition of a vacation property does not distinguish between properties that are occupied as a primary or a secondary residence.

The territory examined by the QFREB is limited to the administrative regions of Laurentides, Lanaudière, Outaouais, Montérégie, Estrie and Capitale-Nationale, from which the urban centres have been removed (for example, the South Shore of Montréal, the cities of Québec, Sherbrooke and Gatineau, etc.).

Properties that are located in these geographic areas but that do not meet the criteria of a vacation property are referred to in this document as "conventional" properties.

Sales of conventional properties in the same territory also increased, albeit more modestly at only 2 per cent (9,016 transactions).

Sales increase in three regions

The real estate markets in the areas of Capitale-Nationale and Laurentides were particularly active in 2017 in terms of vacation property transactions, as sales jumped by 17 per cent and 11 per cent respectively. Vacation properties in Estrie also posted an impressive increase, at 6 per cent. These three administrative regions registered new vacation property sales records in 2017.

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As for the areas of Lanaudière and Outaouais, the number of vacation property transactions decreased in 2017, by 4 per cent and 3 per cent respectively, after two years of strong increases. Finally, the vacation property market in the Montérégie area was virtually unchanged compared to 2016.

Table 1: Evolution of vacation property sales by administrative region*

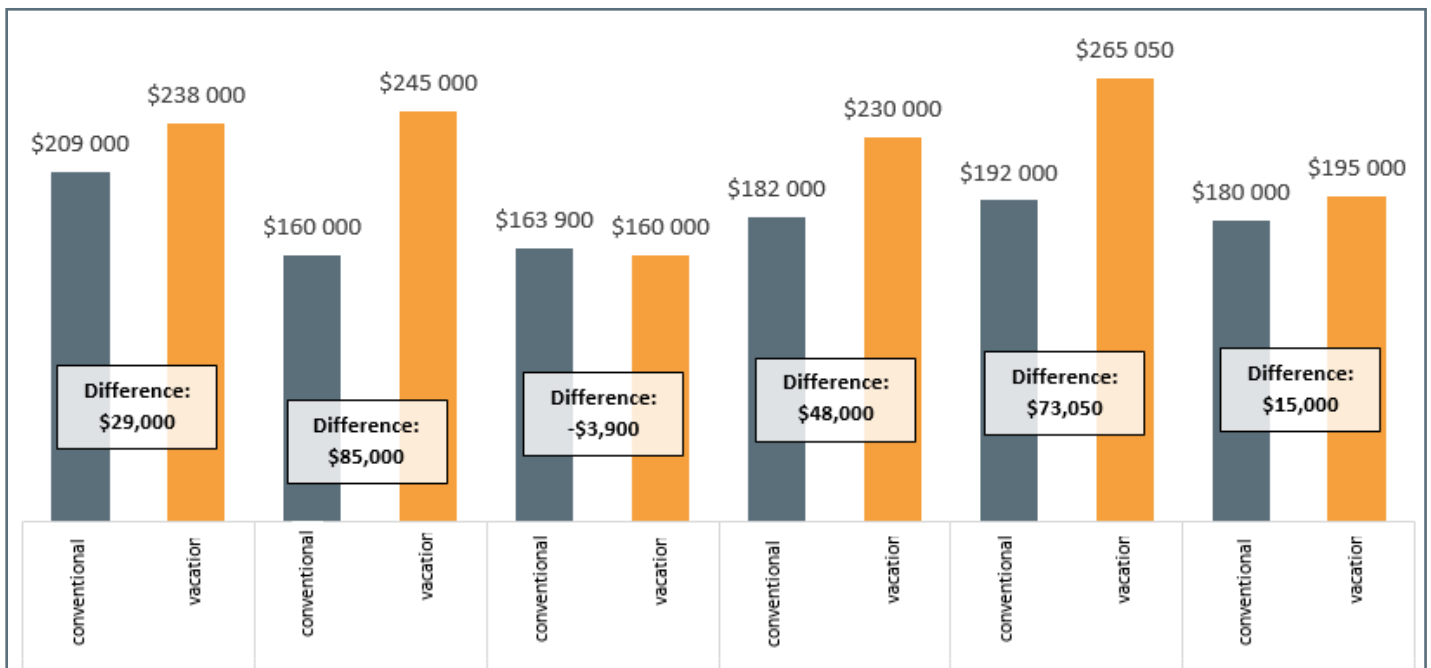
	2010	2011	2012	2013	2014	2015	2016	2017
Laurentides								
Conventional properties	1,652	1,535	1,574	1,638	1,494	1,553	1,699	1,797
		-7%	3%	4%	-9%	4%	9%	6%
Vacation properties	1,214	1,173	1,245	1,174	1,289	1,353	1,442	1,607
		-3%	6%	-6%	10%	5%	7%	11%
Lanaudière								
Conventional properties	1,226	1,225	1,230	1,201	1,171	1,276	1,371	1,337
		0%	0%	-2%	-2%	9%	7%	-2%
Vacation properties	494	456	488	499	489	537	625	601
		-8%	7%	2%	-2%	10%	16%	-4%
Montérégie								
Conventional properties	2,715	2,552	2,683	2,423	2,443	2,514	2,642	2,721
		-6%	5%	-10%	1%	3%	5%	3%
Vacation properties	424	372	361	373	403	433	492	491
		-12%	-3%	3%	8%	7%	14%	0%
Estrie								
Conventional properties	975	1,050	939	963	919	919	1,017	1,024
		8%	-11%	3%	-5%	0%	11%	1%
Vacation properties	351	343	403	370	369	410	461	489
		-2%	17%	-8%	0%	11%	12%	6%
Outaouais								
Conventional properties	838	754	736	704	672	691	781	846
		-10%	-2%	-4%	-5%	3%	13%	8%
Vacation properties	300	333	324	318	292	367	421	410
		11%	-3%	-2%	-8%	26%	15%	-3%
Capitale-Nationale								
Conventional properties	1,299	1,287	1,318	1,248	1,229	1,164	1,371	1,291
		-1%	2%	-5%	-2%	-5%	18%	-6%
Vacation properties	191	206	233	230	244	248	277	323
		8%	13%	-1%	6%	2%	12%	17%

Prices that reflect the appeal of vacation properties

If we compare the median price of vacation properties with those of conventional properties, as illustrated in graph 2, it is clear that vacation properties have an added value in the eyes of buyers. This can be explained in part by their larger size¹, their choice location and the recreational activities they provide access to. In five of the six areas studied, the median price of single-family vacation properties was higher than the median price of single-family conventional properties. The Lanaudière region was the only area where conventional properties had a higher median price in 2017, thanks to a 6 per cent jump compared to 2016.

The difference between the median prices was particularly significant in the Montérégie (\$73,050) and Estrie (\$85,000) areas.

Graph 2: Median price of single-family homes by administrative region* in 2017

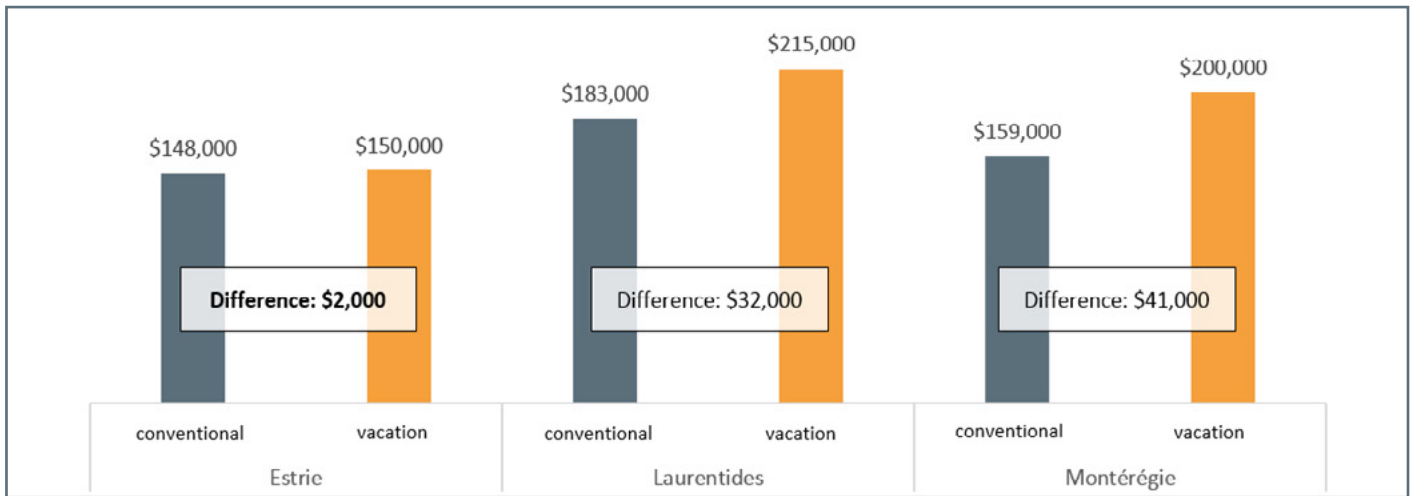


Source: QFREB by the Centris® system

The same observation applies in graph 3 regarding the median price of condominiums sold in 2017 in the areas of Estrie, Laurentides and Montérégie. However, the difference in the median price of condo vacation properties and conventional condos was less pronounced than the difference that was registered for single-family homes.

¹ On average, vacation properties are slightly larger than conventional properties, and their lot size is also larger.

Graph 3: Median price of condominiums by administrative region* in 2017



Source: QFREB by the Centris® system

Longer selling times for vacation properties

In each of the six areas studied, the average selling time of vacation properties was higher than that of conventional properties, as shown in table 2. This is consistent with market conditions that traditionally favour buyers in resort areas².

It took an average of more than six months for a single-family vacation property to find a buyer in five of the six administrative regions we studied. Outaouais was the only exception with an average selling time of 169 days. Lanaudière registered the largest difference between the average selling time of a vacation home and that of a conventional home, at 62 days.

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Table 2: Average selling time (days) by administrative region* in 2017

	Single-family		Condominium	
	Conventional properties	Vacation properties	Conventional properties	Vacation properties
Capitale-Nationale	177	215	185	219
Estrie	161	188	192	175
Lanaudière	146	208	**	**
Laurentides	155	193	217	272
Montérégie	153	205	202	300
Outaouais	128	169	**	**

Source: QFREB by the Centris® system

² We have two hypotheses to explain the increased selling times and buyer's markets in vacation areas. On the one hand, in the case of households interested in a vacation property such as a chalet, pied-à-terre or country home, the pool of buyers is more limited and, on the other hand, buyers are probably in less of a hurry than if they were shopping for a primary residence.

A positive outlook for the vacation property segment

As we indicated in our [real estate outlook for 2018](#), current macroeconomic conditions are all favourable for a vibrant real estate market in Québec this year: [employment gains](#) are significant, the unemployment rate is at an all-time low, interest rates are at historically-low levels, population growth is being maintained and many consumers believe that [now is a good time to buy a property](#).

Three other features of the current real estate context bode well for vacation properties.

First, experienced buyers have been very active in the real estate market in recent years and we believe that their presence will once again be very strong in 2018. Experienced buyers are an important segment of the potential clientele for vacation properties, as many of them choose to buy a second home. The results of a survey³ show that 13 per cent of experienced buyers intend to buy a second home, such as a cottage, over the next five years. Others, particularly the baby boomer cohort, are trading their single-family home in the suburbs for a vacation property, as their ties to the workforce diminish.

Second, it is important to note that the Montréal area real estate market is performing well, and the outlook for the vacation property market is therefore even more favourable for the areas of Laurentides, Lanaudière, Montérégie and Estrie.

Finally, the Canadian dollar is still advantageous against other currencies, which leads many foreign buyers to consider Québec's vacation properties to be attractively priced.

* Six administrative regions examined (Capitale-Nationale, Estrie, Lanaudière, Laurentides, Montérégie, Outaouais), certain urban municipalities have been excluded.

³ Web survey conducted by Léger for the QFREB, the APCHQ and the Fonds immobilier FTQ in February 2016 among a representative sample of 5,660 Quebecers.