

ECONOMIC NEWS

April Home Sales Drop in Quebec, but Prices Hold

HIGHLIGHTS

- ▶ The number of properties sold through a real estate agent fell sharply for a second straight month in April.
- ▶ The decline stands at 63.6% compared to March and 68.5% since the February high. Sales in April were therefore at their lowest point since January 1998.
- ▶ The supply of properties for sale also decreased in April.
- ▶ Prices therefore did not budge, staying fairly stable at \$345,019 last month.

COMMENTS

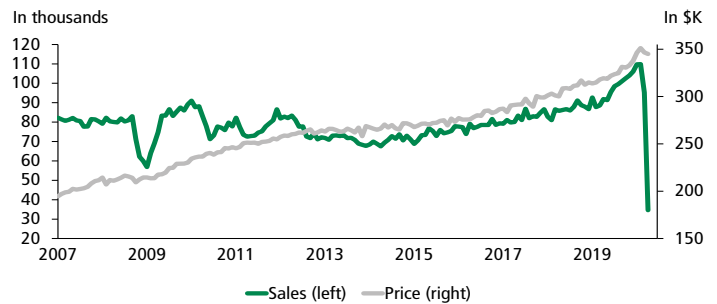
As expected, the residential market statistics for April are still more negative than those for March. The lockdown extended on March 25 to all non-essential businesses, including real estate brokers, was the first setback for March property sales.

The paralysis then continued throughout April, with activity limited to virtual interaction. There is no doubt that sales hit rock bottom, but an upturn is expected this month. In-person property tours are again allowed in Quebec as of May 11.

The resale market will pick up a bit, but there may be fewer buyers than before. The heavy job losses, the unemployment rate, which peaked at 17.0% in April, and the uncertainty faced by many businesses have withered away consumer confidence, a key factor in the residential sector.

GRAPH

Despite the drop in property sales, prices remain high



Sources: Canadian Real Estate Association and Desjardins, Economic Studies

IMPLICATIONS

Despite the small number of transactions in April, prices have held up well until now. Few owners put their homes up for sale last month, which limited the supply of available properties. The market has not slipped into a surplus situation, which would have driven prices down. However, the next few months will be decisive; if buyers are hesitant and many households are forced to sell due to financial challenges, the market could see a surplus. If that happens, price drops will be unavoidable.

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