



Press release

Conclusion of the analysis presented by the QPAREB to
the Ministre des Finances du Québec

Real estate overheating mainly due to a lack of properties, not the work of brokers

L'Île-des-Sœurs, September 13, 2021 – The Quebec Professional Association of Real Estate Brokers (QPAREB) has released an extensive study on the overheated real estate market in Quebec in the context of the pandemic. This document contains an in-depth economic analysis of the causes of the real estate boom, and was submitted to the Ministre des Finances du Québec as part of the public consultation they have initiated.

The brief (in French) can be read in its entirety by [clicking here](#).

Because the work of real estate brokers has sometimes been wrongly blamed for the rapid increase in property prices, the QPAREB, in the first part of its brief, analyzed the underlying context that has truly led the market to such a great imbalance. It also identifies a series of factors arising from the pandemic that exacerbated the situation and created what might be called a perfect storm, where supply was clearly insufficient to meet the unanticipated demand.

"The brief we submitted to the Ministre des Finances contains a thorough and rigorous analysis that clearly shows that price increases are due to the insufficient number of properties put up for sale," said Denis Joanis, president and chief executive officer of the QPAREB. "It's important to note that this situation was already taking shape before the pandemic, both in Quebec and elsewhere in Canada. In Quebec alone, we estimate the supply deficit at more than 40,000 units. Our brief also identifies ten or so other factors which, combined together, explain the rise in prices."

According to Charles Brant, director of the QPAREB's Market Analysis Department, weak incentives for single-family residential construction have failed to sustain supply, even though there has been significant growth in demand for over 20 years. "The measures taken by governments over the last decade to avoid overheating and household over-indebtedness have focused more on controlling demand than on encouraging the construction of new units to increase supply," he explained.

Real estate brokers are not the cause of market overheating

In addition to demonstrating unequivocally that the overheated real estate market was caused by unprecedented demand combined with insufficient supply, the QPAREB's brief also explains in detail why the work of real estate brokers cannot be blamed for the substantial price increases and situations of overbidding.

"Like so many other professionals, real estate brokers have had to deal with the effects of the pandemic in their daily work: health constraints, sellers' apprehensions as well as the frenzy and emotions of their buying clients. To balance all of this and to ensure the safety of everyone concerned, brokers have had to show initiative, resourcefulness and empathy, in addition to dealing with an incredible workload. It is also important to remember that brokers have an obligation to obtain the best possible outcome for the clients they serve. It's normal for a seller to take steps that will maximize the price and terms of the sale," added Mr. Joanis.

In response to the five questions on the practice of real estate brokerage asked by the Ministre and in light of recent issues, the QPAREB proposes in its brief a number of recommendations aimed at better informing and protecting both buyers and sellers during the key stages of a real estate transaction.

The QPAREB's brief is the result of a consultation with its members, a close collaboration between the major real estate banners and agencies, the Association's economists, expert consultants and researchers, as well as a dialogue with the housing organizations that participated in Concertation Habitation 2021.

The perfect storm: the pandemic spurred on the residential real estate market

At the heart of its analysis, the QPAREB looked at the pandemic's contributing factors to the rise of the real estate market:

- **A relatively large segment of the labour market did not experience income disruption.** Almost 80 per cent of the jobs lost since February 2020 were in the most precarious occupations, a significantly higher share than in a more conventional recession.
- **The majority of households experienced no negative impact on income.** Government measures to assist businesses and households have increased disposable income, which encourages the resale market. This is not just a Quebec or Canadian phenomenon – overall household wealth has increased globally.
- **Rock-bottom interest rates**, which have been at historically low levels, played a major role, making it much easier to buy a property and thus contributing to the upward pressure of demand on supply.
- **The lockdown pushed many Quebec households to increase their comfort level. The pandemic accelerated the organization of the service sector around teleworking and led to a change in the residential preferences of households.**
 - Those who were not yet homeowners wanted to become owners, while many experienced buyers competed for spacious single-family homes.
 - According to JLR, the number of buyers from the Montreal CMA who purchased a second home in the Estrie, Brome-Missisquoi, Laurentides and Lanaudière regions alone has increased by 62 per cent. They have thus removed 2,846 properties from these markets over the past 12 months, ending March 31, 2021.
- **The wealthiest households grew their savings** in investments that performed particularly well. Households with higher paying jobs were those who could more easily take advantage of teleworking. They were therefore able to acquire larger properties, properties that are further away, or even acquire a second property.

Some aggravating factors relate to the impact of the pandemic on supply:

- **Construction delays and costs** have limited the supply of new properties. Numerous sanitary constraints, scarcity of materials and competition for labour are delaying deliveries from construction sites.
- **Older people who fear moving to a retirement home** are postponing their plans.
- In the context of the lockdown, many sellers postponed their plan to put their home up for sale, while others took their property off the market strictly **for fear of possible contamination**.
- The stress, fatigue and anxiety created by the extreme lockdown measures led to the **breakup of many couples**, resulting in one spouse seeking a new home.

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 13,300 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 or via its social media pages: [Facebook](#), [LinkedIn](#), [Twitter](#) and [Instagram](#).

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