

Press Release

Survey on Buying, Selling and Renting Intentions

Home-Buying Intentions Remain Unchanged – Yet More People Must Remain in the Rental Market

- Home-buying intentions are holding up despite higher property prices and interest rates.
- The economic context is exacerbating the financial worries faced by Quebec households.
- Home-buying needs and criteria remain the same over time; mixed interest in living in the city.
- Limited selling intentions will contribute to keeping the property inventory below the potential demand, with the exception of second homes.
- Upward pressure on rents due to the tight supply of properties.

L'Île-des-Sœurs, February 13, 2024 – The [Société d'habitation du Québec](#) (SHQ) and the [Quebec Professional Association of Real Estate Brokers](#) (QPAREB) today released the results of a major survey on residential real estate in Quebec. Conducted by Léger in the fall of 2023, the web-based survey polled 4,162 people on their home-buying and -selling intentions over the next five years and the implications for the rental market. A similar study was carried out in 2022. The 2023 edition focused on the change in behaviours and the effect of post-pandemic impacts, such as high interest rates, on the residential choices of consumers.

1. Home-buying intentions remain unchanged despite prices, inflation and high interest rates

Households are acutely aware of the need to adapt to the new context of high prices and rates

Households were active in 2023 despite rising interest rates and high prices. As in 2022, 20 per cent have bought a property within the last five years. High prices are now firmly rooted in the public's mind and, against all expectations, will not discourage buying intentions for the next five years. Intentions moved slightly higher in 2023 (22 per cent) compared to 2022 (21 per cent).

Young households are active and will remain so

No real change in buying intentions, especially among 18–34 year old respondents, rising to 49 per cent from 47 per cent in two years, a much higher proportion than 35-54 year old respondents (24 per cent). The survey reveals that 55 per cent of young adults wanting to acquire a principal residence are first-time homebuyers, in contrast to 43 per cent for 35-54 year olds. However, a third of young households say they do not have the financial capacity necessary to achieve this objective, at least, not in the short term. At the same time, 27 per cent of 34-55 year olds state that they cannot afford to buy a property.

Finally, unsurprisingly, only 9 per cent of those aged 55 and over say they intend to purchase a residential property in the next five years, a much lower proportion than those under 55. Almost all of them are repeat buyers.

“Households expect to pay \$440,000 on average for the acquisition of a principal residence over the coming years. This is a considerable increase of 34 per cent compared to what was reported in 2020. Households are therefore very aware of rising property prices in Quebec, but are nevertheless resigned to dealing with these prices and are hoping for a drop in interest rates before they consider taking action,” notes Charles Brant, QPAREB Market Analysis Director. “Latent demand remains, therefore, relatively intact. However, the difficulty remains in making these intentions to purchase a home a reality, especially for the first-time homebuyers. With the rise in interest rates, it is also difficult to remain a homeowner, especially for young homeowners. The survey indicates that only 72 per cent of Quebecers are able to easily meet their financial obligations in 2023, compared to 86 per cent in 2021 and 82 per cent in 2022. This means that now, one in four households could potentially default.”

Regions continue to attract households, but enthusiasm is fading

Interregional movement is declining after reaching a peak during the pandemic. This situation is more attributable to price levels which have increased significantly from region to region and to a limited supply of properties on the market. Despite everything, 11 per cent of Quebecers would like to settle in another region of Quebec. A certain mobility remains in terms of potential demand.

Although half of the population would like to buy a property in a large urban centre, high prices are cited as the main reason preventing them from seriously considering it.

Most respondents intend to buy a principal residence

More than ever, single-family homes remain at the top of home-buying intentions at 81 per cent compared to 79 per cent in 2022 and 86 per cent in the heart of the pandemic. Semi-detached homes dominate buying intentions in this category at 68 per cent.

Intentions to buy a condominium, which is the typical method to access homeownership, remain relatively stable at 14 per cent despite the sharp general rise in prices.

The sharp 20 per cent jump in condominium fees over the past two years has affected buying intentions in this property category. This increase is significantly higher than inflation in Quebec and places an additional burden on households. Condominium fees increased from \$235 on average in 2021 to \$281 in 2023.

These proportions are slightly different in the Montreal region, where single-family homes represent only 75 per cent of buying intentions compared to 19 per cent for condominiums. This is explained by denser housing stock and greater availability of this type of property.

Generally speaking, 78 per cent of young homebuyers intend to purchase a principal residence, 17 per cent a secondary residence such as a cottage, and 10 per cent a property for the purpose of renting it out.

Among 35-54 year olds, 80 per cent intend to buy a principal residence, 14 per cent a secondary residence and 15 per cent a property for the purpose of renting it out. Among this age group, 67 per cent are repeat buyers, meaning that this is not their first purchase.

Among those aged 55 and over, 81 per cent intend to buy a principal residence, 15 per cent a secondary residence and 7 per cent a property for the purpose of renting it out.

Buying needs and criteria remain unchanged over time

The survey found that there was no significant change in criteria used in choosing a home. Those who intend to buy a single-family home will make their choice based on price, neighbourhood safety and the availability of a yard. Future co-owners (and tenants) also select their building based on price, as well as on building and neighbourhood safety. Proximity to services is more important than access to green spaces. The notable change over the last two years is among prospective condominium buyers who confirm that they prioritize a well-managed contingency fund over reasonable condominium fees.

Deterioration in household financial capacity and increased anxiety due to not being able to become a homeowner

This year, 64 per cent of respondents call into question the purchase of a property, primarily due to the increase in mortgage interest rates for all Quebecers. This proportion rises to 80 per cent for 18-34 year olds. Households are acutely aware of rising property prices which have contributed to somewhat slowing potential demand over the past two years.

A growing share of prospective homebuyers are considering delaying their purchase due to high prices, the time needed to raise the necessary down payment or to obtain better financial conditions.

The economic context has resulted in significant concerns for Quebec households, particularly for more than a third of young adults and 17 per cent of 34-55 year olds. One of the consequences of this situation is that significantly more young adults are staying longer in their parents' home in order to build up sufficient savings in the hope of becoming a homeowner.

Increased awareness of FHSA

The survey reveals an increase in awareness of FHSA among the Quebec population. In 2022, 57 per cent of Quebecers were unaware of this financial tool. This proportion dropped to 33 per cent in 2023. The intention to use FHSA increased from 25 per cent in 2022 to 46 per cent in 2023, which is a significant increase.

It is particularly interesting to note that 56 per cent of young buyers want to use this financial tool to acquire their next home, whether for a first or a second purchase.

2. Selling intentions are up, yet remain insufficient in the face of the potential demand

The survey reveals that 14 per cent of Quebec homeowners intend to sell a property over the next five years, including 54 per cent within the next two years. These are similar proportions to those in 2022. We note that 23 per cent of young homeowners would like to sell within the next five years in order to acquire a larger property and 63 per cent within the next two years. Generally speaking, homeowners in Montreal are slightly more inclined to sell. In contrast, only 12 per cent of those aged 35-54 and 55 and over intend to sell a residential property during this same period.

Greater supply of second homes

It is interesting to note that more than a quarter of 18-34 year olds intend to sell a second home in the coming years, a much higher proportion than those aged 35 and over. However, 18-34 year olds have been particularly active buyers in this niche in recent years. Many choose to cash in their capital gains or rationalize their expenses, especially if the financing of their property is disrupted by rising interest rates.

“With 14 per cent of respondents intending to sell and 22 per cent intending to buy, the market is likely to face a supply deficit in the coming years, particularly for single-family homes. The weakness in housing starts will contribute to this deficit,” adds Charles Brant. “However, several factors should not be underestimated, such as the significant wave of mortgage maturities over the next three years which will impact certain market segments, notably the greater return of second homes to the market. This segment has been particularly attractive to young households over the last four years due to a completely different financing context.”

3. Renting, a practical choice for most tenant respondents

Among the tenants who participated in the survey, 78 per cent say that the main reasons for choosing rental accommodation are based on practical considerations such as their personal situation or fewer responsibilities. These reasons are mentioned by a high proportion of tenants aged 55 and over. However, in the 18-34 year old category, almost all tenants indicated that this is a temporary situation leading to the purchase of a property. Moreover, according to the survey, 41 per cent of those aged 55 and over have lived in their rental unit for nine years or more. For 18-34 year olds, 65 per cent say they have lived in their rental unit for less than three years.

Respondents confirm the steady growth in monthly rent noted over the past three years, which rose from \$862 in 2021 to \$963 in 2023. Rent is highest in the Montreal CMA, reaching \$1,045, followed by the Quebec City CMA at \$981, and \$820 for the rest of Quebec.

“The highlights of this survey demonstrate once again that the real estate market remains precarious. The tight supply is putting upward pressure on rents,” underlines Claude Foster, President and CEO of the Société d’habitation du Québec. “The SHQ is focusing its efforts on increasing the supply of rental housing. However, since vacancy rates are very low in many regions, tenants who intend to move this year must start looking for new accommodations early and, ideally, have found it before terminating their current lease. Moreover, the SHQ is currently conducting an awareness campaign to this effect. Households who need help in their search for housing or need financial assistance to pay their rent are invited to visit Quebec.ca/HousingSearch.”

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 14,000 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 a major 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 has its head office in Quebec City, administrative offices in Montreal and a regional office in Saguenay. It has two subsidiaries: Société 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](#).

About the Société d'habitation du Québec

As a leader in housing, the SHQ's mission is to meet the housing needs of Quebec citizens through its expertise and public services. It does this by providing affordable and low-rent housing and offering a range of assistance programs promoting residential construction and renovation, home adaptation and home ownership. To learn more about its activities, visit www.habitation.gouv.qc.ca/english.

For more information:

Ariane Boulé
Morin Relations Publiques
media@apciq.ca

Media Relations
Société d'habitation du Québec
medias@shq.gouv.qc.ca