

Impact Analysis of Quebec's Short-Term Accommodation Law

FINAL REPORT

July 24, 2025



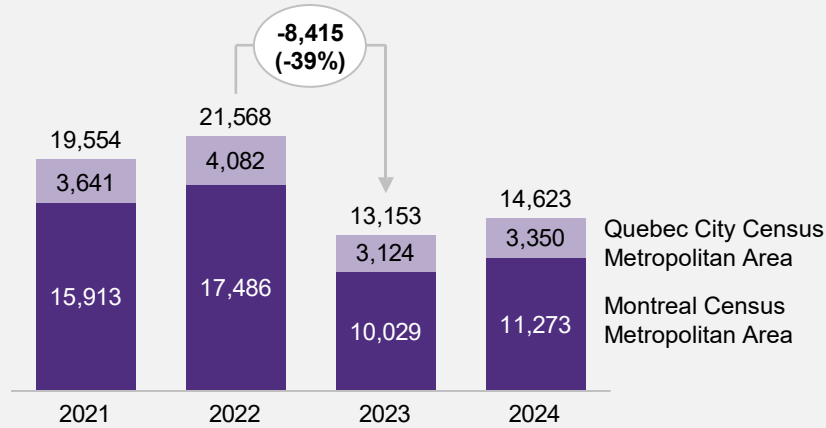
Impact Analysis of Quebec's Short-Term Accommodation Law au Quebec

Executive Summary

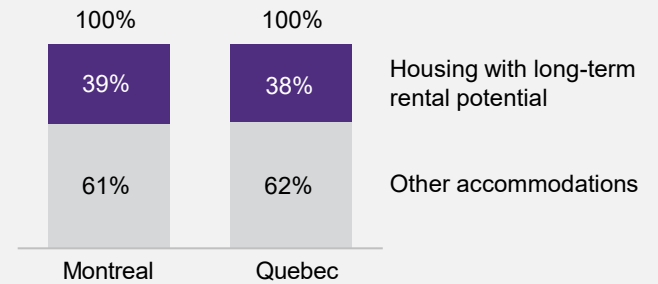
The Government of Quebec adopted the *Act to fight illegal tourist accommodation*, which came into force in September 2023.

In this context, RCGT was mandated to analyze the impacts of this new regulation on the rental market, property market and the tourism industry in Quebec.

Change in the number of active listings on Airbnb at the end of the period

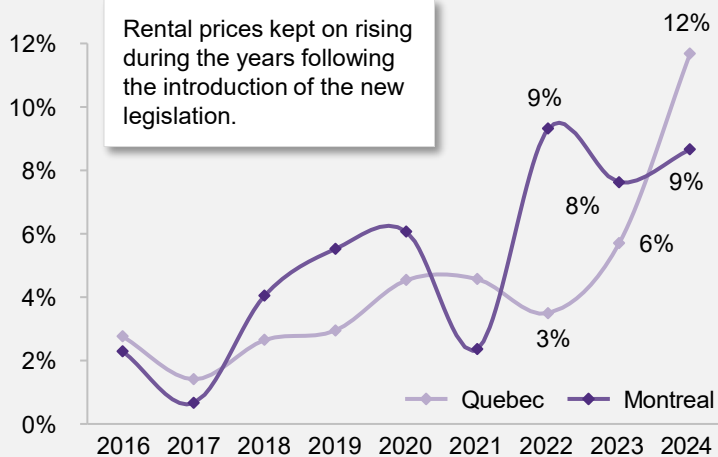


Distribution of Airbnb listings in proportion to their long-term rental potential (2024)

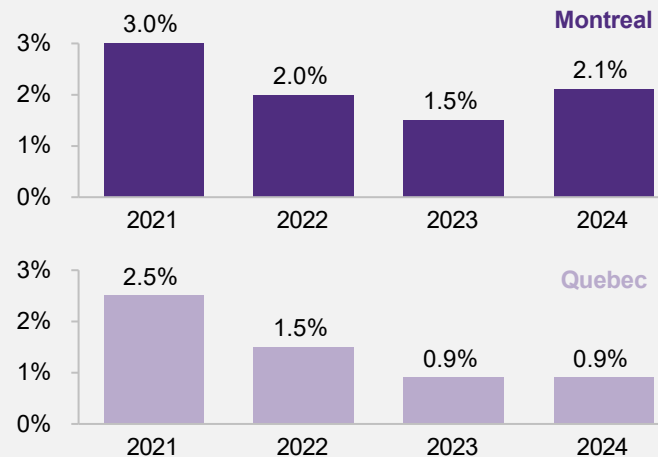


A significant proportion of the accommodations listed on Airbnb are neither suitable nor available for long-term use (three-season cottages, second homes, rooms, etc.).

Change in vacancy rate by CMA



Change in vacancy rate by CMA



Available data indicates that few units which no longer appear on the platforms have been converted into rental housing.

Several key factors have contributed to increasing pressure on the rental market in recent years, thereby exacerbating the housing crisis. These include:

- Rising interest rates
- Low housing starts
- Rapid population growth

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Background and Mandate



The new regulation could eventually reduce the supply of accommodation that supports the tourism industry

Introduction

Background and Mandate

In June 2023, the Government of Quebec adopted the *Act to fight illegal tourist accommodation*, which came into force in September 2023.

In this context, Airbnb has retained Raymond Chabot Grant Thornton (RCGT) to analyze the impacts of the law governing short-term accommodation in Quebec, particularly on housing and on the tourism industry.

Airbnb sought a neutral and independent assessment of the current situation in Quebec, based on a rigorous and objective analysis.

Objectives

The specific objectives of this mandate are as follows:

- Analyze the impacts of the decrease in the supply of short-term accommodation on the housing market (rental and ownership);
- To determine the impact of the new regulation on the tourism sector.

Scope

The analysis of housing conditions in Quebec's major urban centres focuses on two Census Metropolitan Areas (CMAs): Montreal and Quebec City

Data sources

The number of listings on the Airbnb platform was provided from data compiled by Airbnb.

The rest of the data comes from a secondary data collection. The following sources were consulted:

- Statistics Canada;
- Quebec Institute of Statistics (QIS);
- Canada Mortgage and Housing Corporation (CMHC);
- Quebec Ministry of Tourism;
- Bank of Canada.

An additional press review was also carried out as part of the mandate in order to refine the contextual information presented.

Overview of Housing Price Determinants



Rental and real estate prices are a complex subject, shaped by a wide range of closely interconnected economic, demographic, and social factors.

Several elements can have a significant impact, and their interaction makes real estate market analysis particularly challenging.

This section therefore examines the trends in key indicators that may have influenced rental and ownership housing prices in the CMAs under study, in order to contextualize the rest of the analyses.

Several factors have influenced housing supply and demand, and therefore prices, in recent years

Housing price determinants

A summary analysis shows that all the key indicators increased pressure on rental prices between 2022 and 2023. However, the impact on the ownership market is less clear.

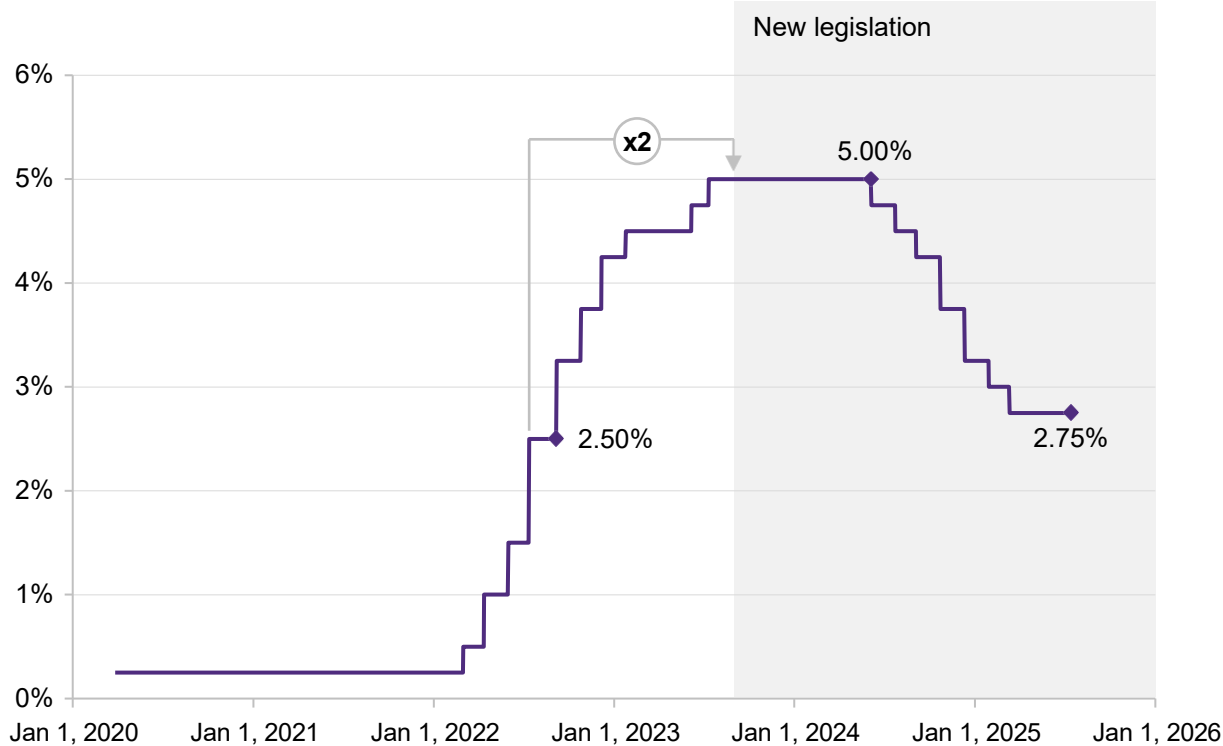
Price determinants	Trend between 2022 and 2023	Theoretical impact on rental prices	Theoretical impact on ownership prices
Key interest rate	Increase	Increase, because a rise in the key interest rate slows down rental housing starts due to high construction costs.	Decrease, because the rise in the key interest rate reduces buyers' borrowing capacity. Demand decreases and prices fall.
Housing starts and completions	Decrease	Increase, because a decrease in housing starts and completions leads to slower growth in supply.	Increase, because a decrease in housing starts and completions leads to slower growth in supply.
Rental housing vacancy rate	Decrease	Increase, because a decrease in the vacancy rate, i.e., a decrease in the number of vacant homes, reduces demand, which can lead to an increase in housing prices.	Increase, because pressure on the rental market can contribute to driving up prices, which encourages home buying and increases demand for ownership. However, the effect is indirect.
Construction costs	Increase	Increase, as a rise in the cost of building materials and labor can positively affect housing prices.	Increase, as a rise in the cost of construction materials and labor can positively affect property prices.
Inflation	Increase	Increase, because rising prices hinder access to homeownership and increases pressure on the rental market.	Decrease, as rising prices reduce demand for homeownership due to lower purchasing power and longer savings periods.
Net migration	Increase	Increase, because a high net migration leads to a rise in the number of households and therefore a greater demand for housing.	Increase, because a high net migration leads to a rise in the number of households and therefore a greater demand for properties. The effect is generally less on the homeownership market, as newcomers mainly turn to the rental market.

By September 2023, the key interest rate in Canada had doubled compared to the same period the previous year.

Key interest rate trends

Key interest rate trends

Canada, 2020-2025, in %



Between September 2022 and September 2023, the Bank of Canada's key interest rate rose from 2.5% to 5.0%, which had a significant impact on borrowing costs, making homeownership much more difficult. The reduction in buyers' borrowing capacity may have eased pressure on the demand for properties and contributed to a drop in prices for this type of asset.

On the rental side, the increase in the key interest rate may have also slowed down the construction of rental housing, due to significantly higher borrowing costs. This phenomenon may have contributed to rising prices resulting from weak growth in rental supply.

The key rate began to decline in June 2024 and currently stands at 2.75%. The decline is expected to continue steadily until 2025, which will help to stimulate economic recovery.

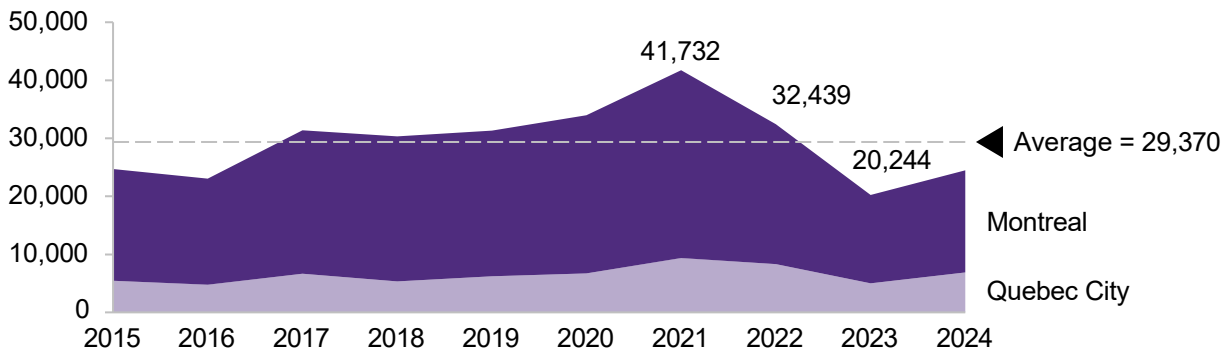
Price growth may be partly explained by a decrease in housing starts

Housing start trends

Note: A housing start is defined as the beginning of construction work on a building—specifically, the moment when construction begins on the structure where the housing unit will be located.

Housing start trends

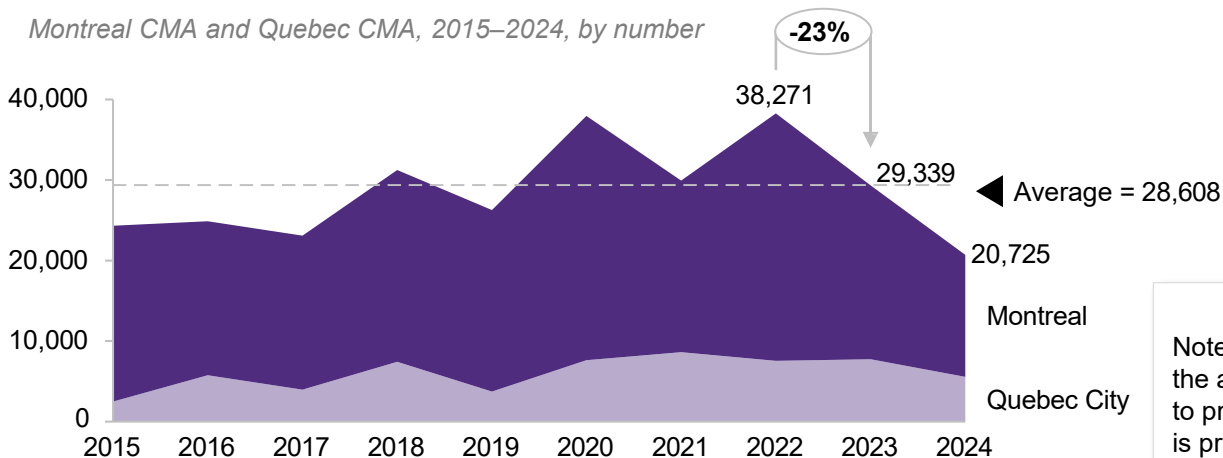
Montreal CMA and Quebec City CMA, 2015–2024, in numbers



Between 2021 and 2023, housing starts experienced a sharp decline, decreasing by half in the CMAs of Montreal and Quebec City. Housing completions also followed this trajectory, with a significant 23% decrease between 2022 and 2023. While the Quebec City CMA maintained a similar level of housing completions between 2022 and 2023, Montreal saw a 30% drop. This phenomenon may have contributed to upward pressure on both rental housing prices and real estate property values. The decline in housing starts and completions is partly due to rising interest rates, which had an impact on the financial structuring of many developers, thus slowing down the execution of numerous projects.

Housing completion trends

Montreal CMA and Quebec City CMA, 2015–2024, by number



Sources: SCHL, RCGT analysis.

Note: In order to estimate home completions, data on the average construction duration was used, particularly to project when units would enter the market. This data is presented in the appendix to the report.

The decrease in housing starts has led to a lower vacancy rate and increased pressure on prices

Vacancy rate trends

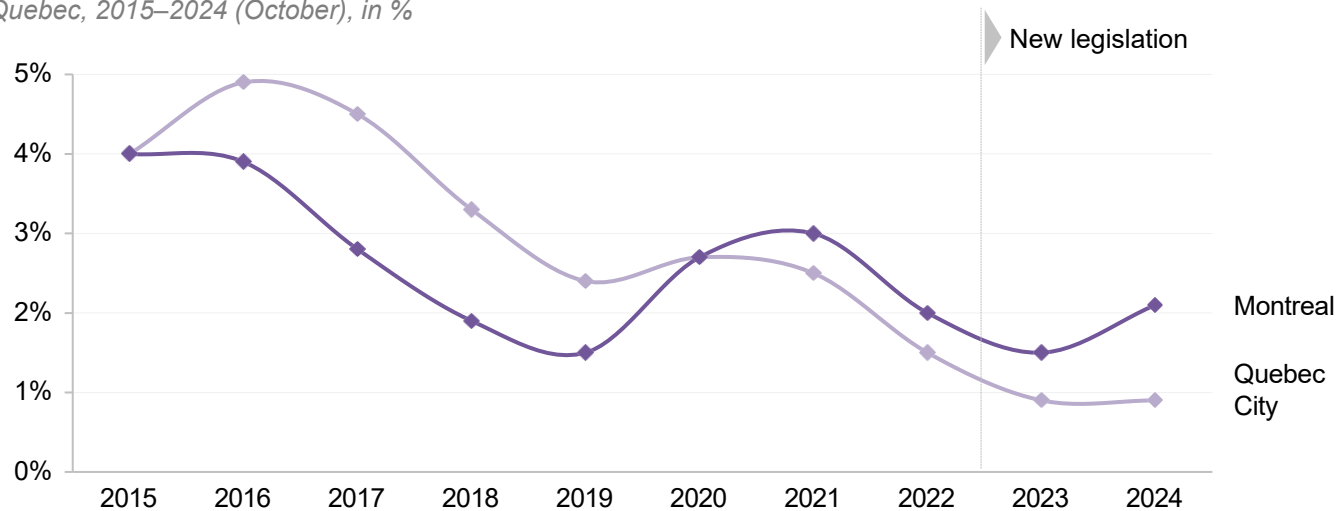
Since 2016, the vacancy rate in Quebec City and Montreal has been declining, except for a temporary increase in the Montreal CMA at the beginning of the public health emergency. This increase is mainly due to a temporary decrease in demand for rental housing during the pandemic.

This decrease in the vacancy rate is also consistent with the decrease in housing starts, which has reduced the supply of new housing on the market. As a result, pressure on the rental market has intensified, contributing to higher rents and greater difficulty for tenants in finding affordable housing.

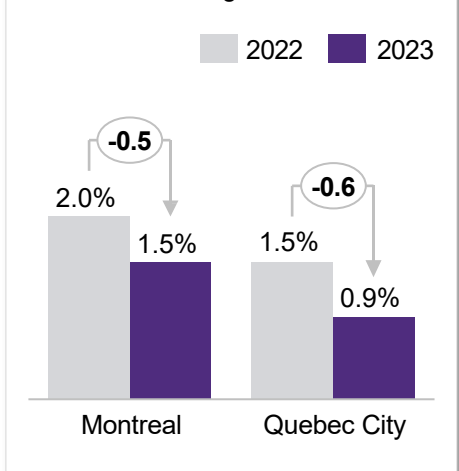
A low vacancy rate in rental housing can also have indirect repercussions on the housing market. In fact, because pressure on the rental market can help increase pricing, which is an incentive to buy, increasing the demand for properties.

Evolution of the vacancy rate

Quebec, 2015–2024 (October), in %



2022–2023 changes



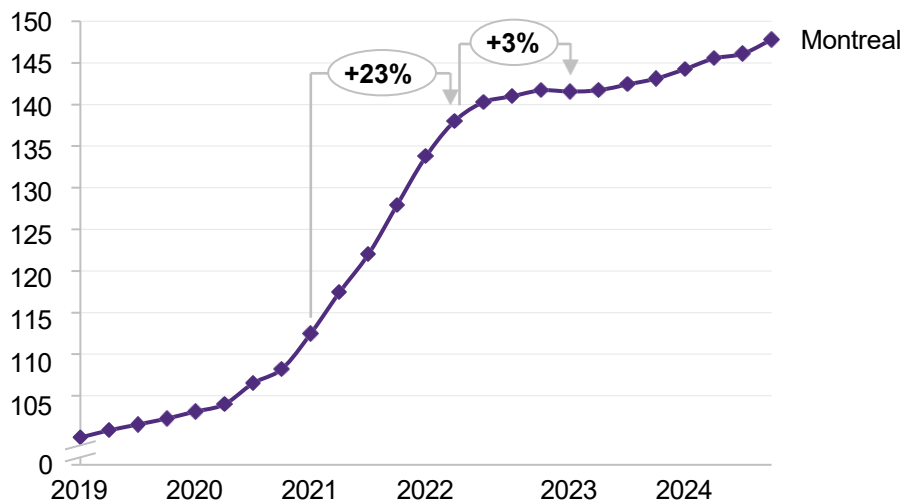
Sources: CMHC, RCGT analysis.

Over the past five years, the price index of building construction has been on the rise

Building construction price index

Building construction price index

Montreal CMA, 2019–2024, in base 100 (2019-T1=100)



Note: Data for the Quebec City CMA is not available before 2023, which is why it has not been presented. However, the building construction price index is up after the first quarter of 2023.

Since 2019, the building construction price index has increased for the Montreal CMA. This increase was particularly marked from the first quarter of 2021 to the second quarter of 2022, when it stood at 23%.

The following year, growth was more modest, at 3%.

Ultimately, an increase in the cost of building materials and labor can affect the upward movement of housing and property prices, since real estate developers generally pass on the increase in construction costs to the selling prices of new housing.

Also, high construction costs can discourage developers from launching new projects, thereby reducing the supply of housing available on the market. This reduction in supply may exert upward pressure on the prices of existing housing.

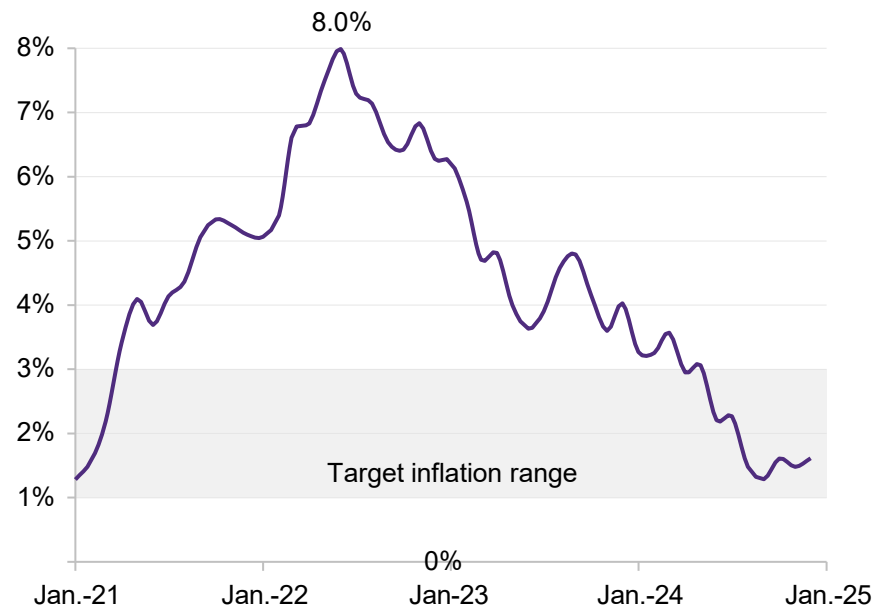
Sources: Statistics Canada (Table 18-10-0289-01), RCGT analysis.

High inflation slows down activity in the housing market

Evolution of inflation

Evolution of inflation

Quebec City, 2021–2024, in % compared to the previous year



Note: Inflation is the change in the consumer price index compared to the same period the previous year. It reflects the general evolution of the cost of living, by measuring the average increase in the prices of a basket of goods and services commonly consumed by households.

Sources : Statistique Canada (Tableau 18-10-0004-01), analyse RCGT.

In June 2022, inflation was at its peak, reaching 8% in Quebec City. This surge in prices has had a significant impact on the housing market, both on the ownership and rental sides.

On the one hand, the general increase in the cost of living has led to a decline in demand for residential properties (discussed in the section on the impacts of regulation on the homeownership market), due to a weakening of the purchasing power of households and a longer time required to accumulate a down payment. This downward pressure on demand has contributed to a slowdown, even a decrease, in sales prices in several markets.

On the other hand, inflation has also had the effect of curbing home ownership, pushing some households to stay or enter the rental market. This has increased pressure on an already tight rental stock and may have contributed to higher rents.

Thus, inflation acted as a factor of imbalance, amplifying tensions in the rental market while moderating the dynamics of the homeownership market.

Demand for housing was pushed up following a record net migration in 2023

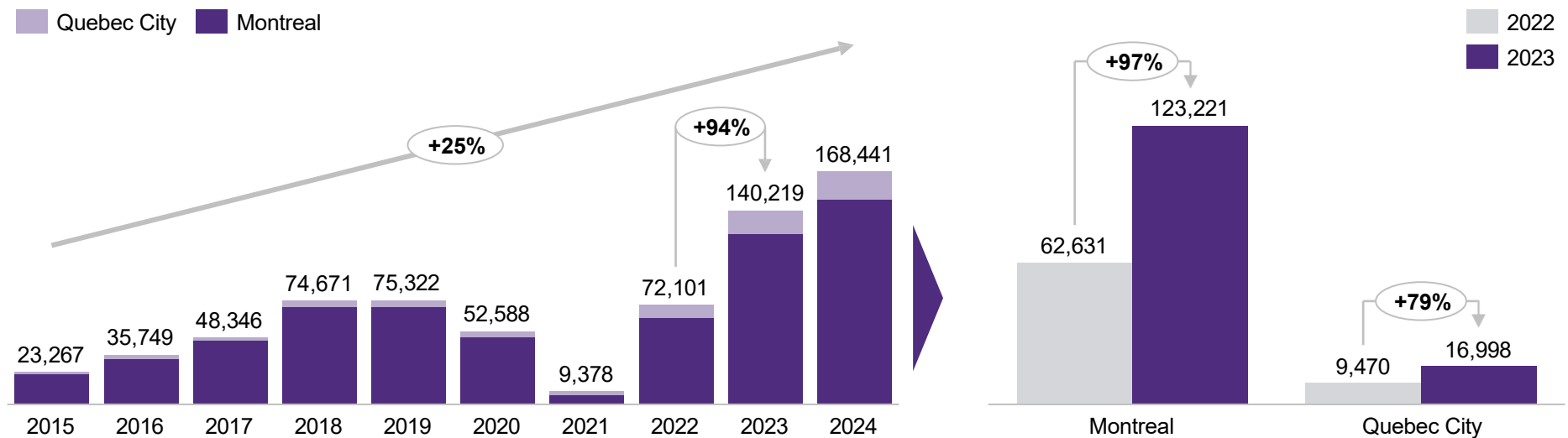
Evolution of the net migration

Since the end of the pandemic, the net migration has continued to increase in the CMAs under study. Between 2022 and 2023, when the regulatory change took place, it increased by 94% for Montreal and Quebec City combined. The growth in net migration was greater in the Montreal CMA, where growth was 97% for the same period.

The growth in the net migration rate is due in particular to a catch-up for 2021, when international migration was slowed down due to health constraints. Given that a majority of immigrants turn to the rental market upon arrival, this has generated more demand for rental housing in 2023.

Total net migration

Montreal CMA and Quebec City CMA, 2015–2024, in number of people



Sources: Statistics Canada, Annual Demographic Estimates (intra-provincial areas, May 2024). Adapted by the Quebec Statistics Institute. Rental Market Report, CMHC, 2024.

Impact of the New Regulation

Airbnb Listings

Rental Market

Property Market

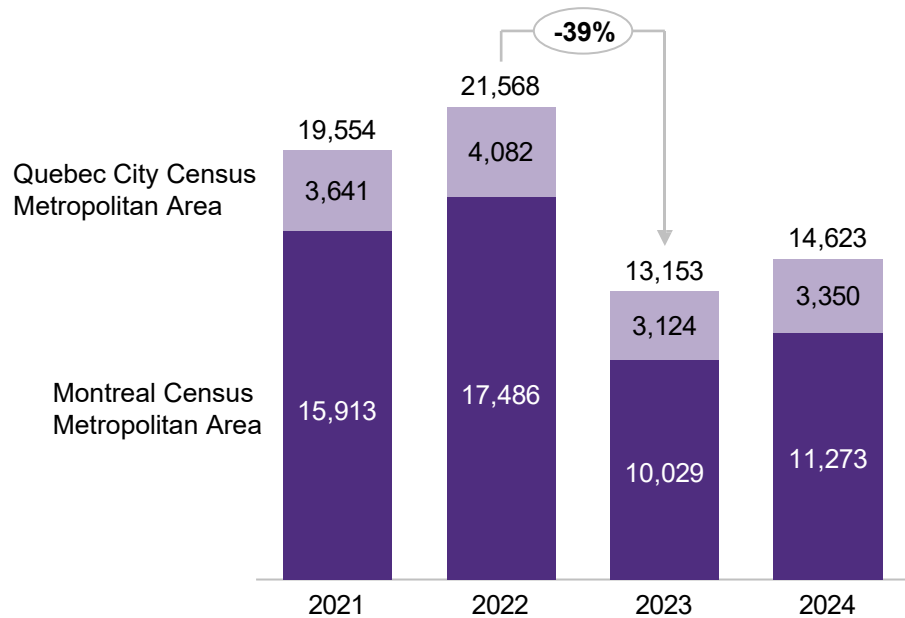
Tourism Industry

The number of listings for the Quebec City CMA and the Montreal CMA fell by 39% between 2022 and 2023

Changes to listings on the Airbnb platform

Change in the number of listings according to the CMA

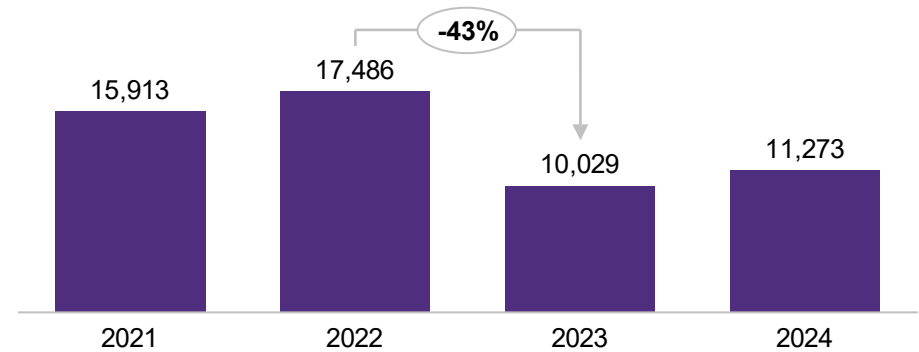
Montreal CMA and Quebec City CMA, 2021–2024, in number of listings



Note: Listings are defined as any active listing on December 31 of the year ending.

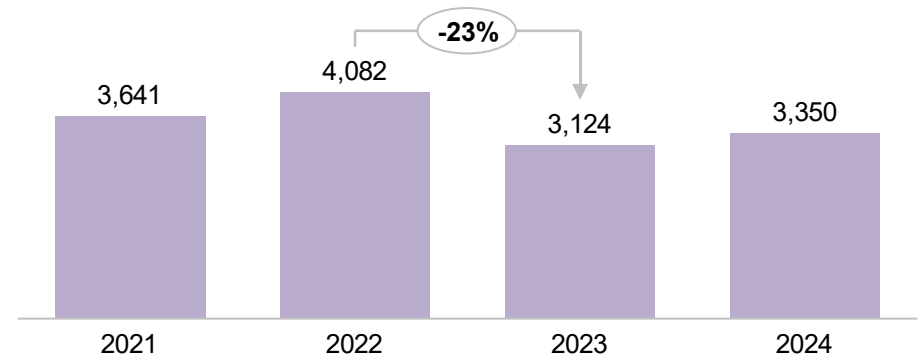
Change in the number of listings

Montreal CMA, 2021–2024, number of listings



Change in the Number of Listings

Quebec City CMA, 2021–2024, number of listings



Sources: Airbnb, RCGT analysis.

Impact of the New Regulation

Airbnb Listings

Rental Market

Property Market

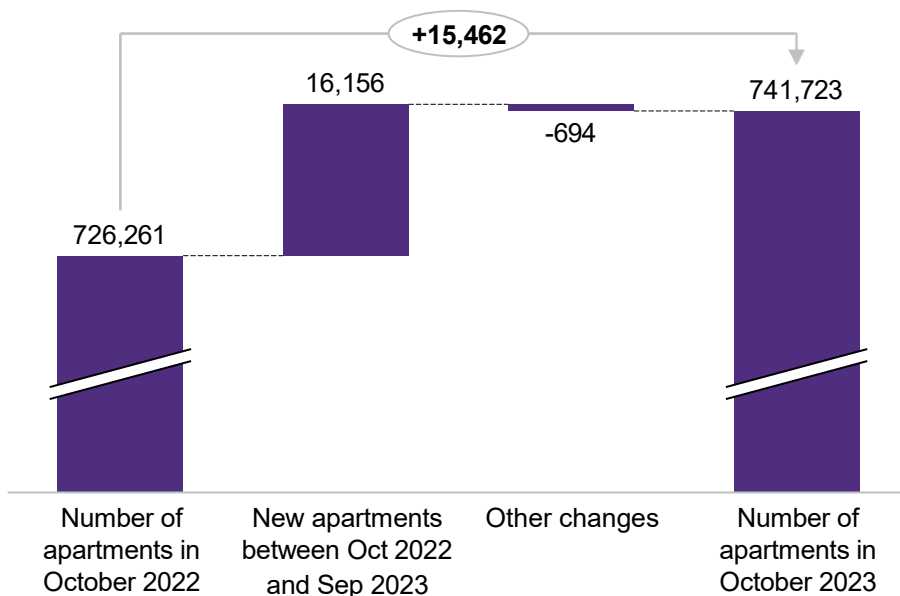
Tourism Industry

From October 2022 to October 2023, 15,462 units were added to the rental stock in the Montreal and Quebec City CMAs

Estimated Number of Units That Joined the Long-Term Rental Market

Change in Rental Stock

Montreal CMA and Quebec City CMA, October 2022 to October 2023, number of housing units



The growth in the number of housing units in the rental stock is mainly attributable to the construction of new apartments resulting from housing starts.

The number of newly built rental units made available between October 2022 and September 2023 is estimated at 16,156 units and is based on projected completions.

In this context, it appears unlikely that the decrease in the number of listings on the Airbnb platform between 2022 and 2023 was reintegrated into the traditional rental market.

Sources: Airbnb, RCGT analysis.

The addition to the rental stock is 11,551 units for the Montreal CMA and 3,911 units for the Quebec City CMA.

Estimated Number of Units That Joined the Long-Term Rental Market

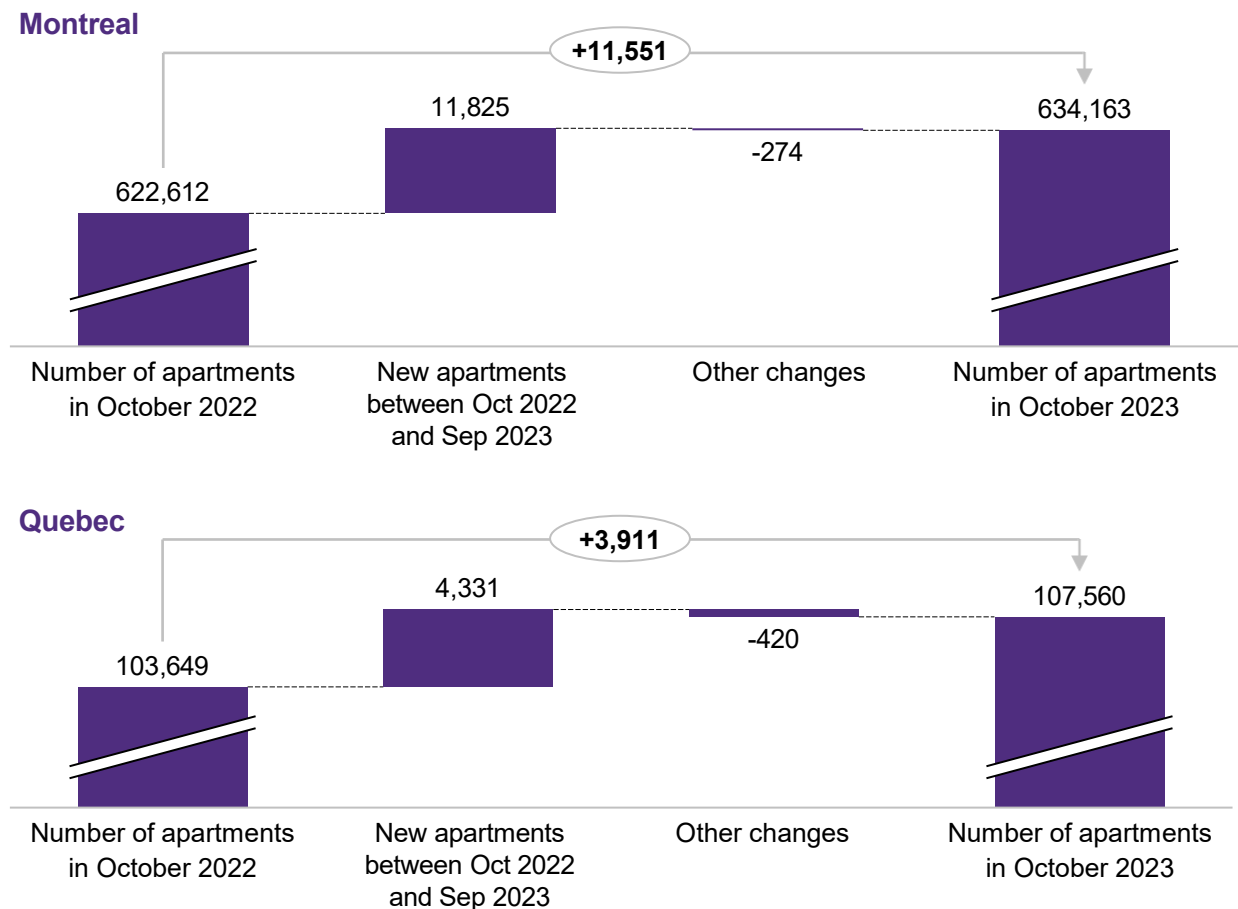
Between October 2022 and October 2023, CMHC's rental market survey made it possible to estimate that 11,551 units were added to the rental stock in the Montreal CMA. This increase is mainly due to new construction entering the market, estimated at 11,825 additional rental units.

For the Quebec City CMA, the situation is similar, since the number of new constructions that joined the rental market was comparable to the change in the number of apartments.

In this context, it appears unlikely that the decrease in the number of listings on the Airbnb platform between 2022 and 2023 was reintegrated into the traditional rental market.

Change in Rental Stock

Montréal CMA and Quebec City CMA, October 2022 to October 2023, number of housing units



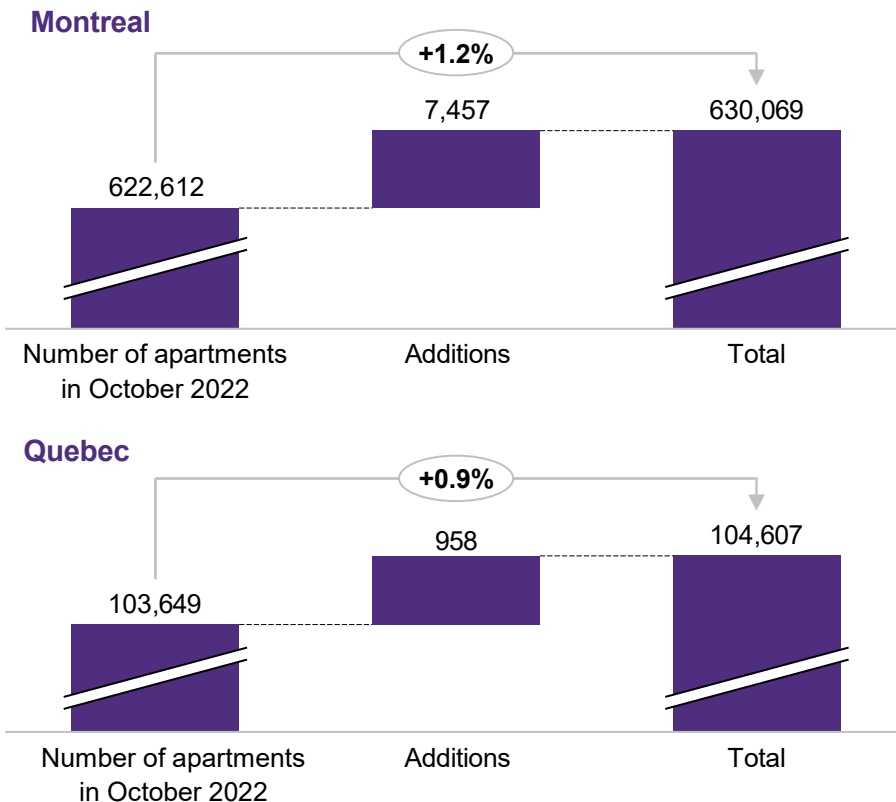
Sources: Airbnb, RCGT analysis.

By combining the Quebec City CMA and the Montreal CMA, the number of rental housing units was 726,261 in 2022

Estimated Number of Units That Joined the Long-Term Rental Market

Change in the Number of Housing Units by Adding a Number Corresponding to the Decrease in Listings on the Airbnb Platform Between 2022 and 2023

Montreal CMA and Quebec City CMA, October 2022 to October 2023, number of housing units



If the housing units that no longer appeared on the Airbnb platform between 2022 and 2023 had entered the rental market, the number of housing units would have grown by 1.2%. The total number of rental housing units would have risen to 734,676, representing an overall increase of 1.2%. This increase remains limited.

The same finding applies to the Montreal CMA, where the increase in the rental stock would have been equivalent to 1.2%. In Quebec City, this increase would have been more modest, amounting to 0.9%.

Sources: Airbnb, RCGT analysis.

Despite the decline in listings, the vacancy rate fell in Quebec City and Montreal between 2022 and 2023

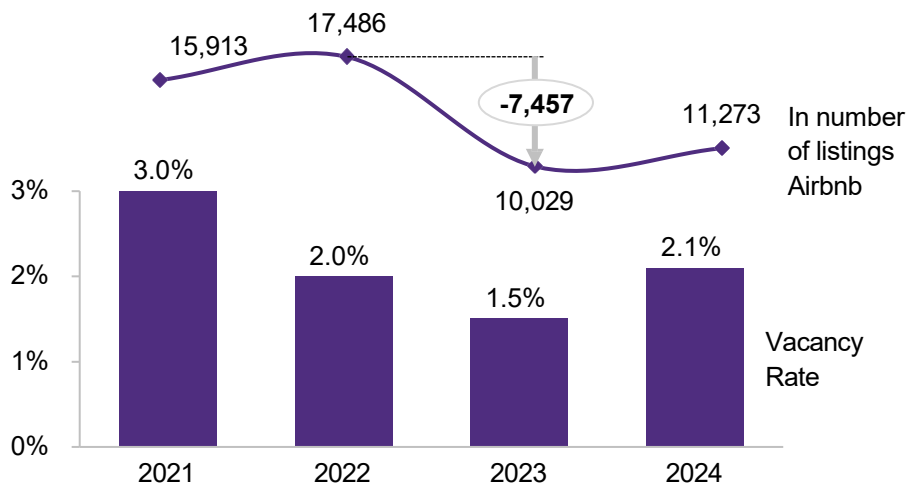
Vacancy Rate Trends

It may seem intuitive to assume that a decline of nearly 9,000 units on the Airbnb platform would have led to an increase in the vacancy rate. However, the data do not support this assumption. In fact, between 2022 and 2023, while Airbnb listings decreased by 958 units in Quebec City and by 7,457 units in Montreal, both regions also recorded a decline in their vacancy rate in 2023, suggesting that supply was not sufficient to meet demand between those two years.

It should be noted, however, that the vacancy rate is calculated in October. Since the market may require several months to adjust, the effects may not be fully reflected until 2024. However, the data shows that the vacancy rate in Montreal in 2024 is almost equal to 2022, while it is lower in Quebec City.

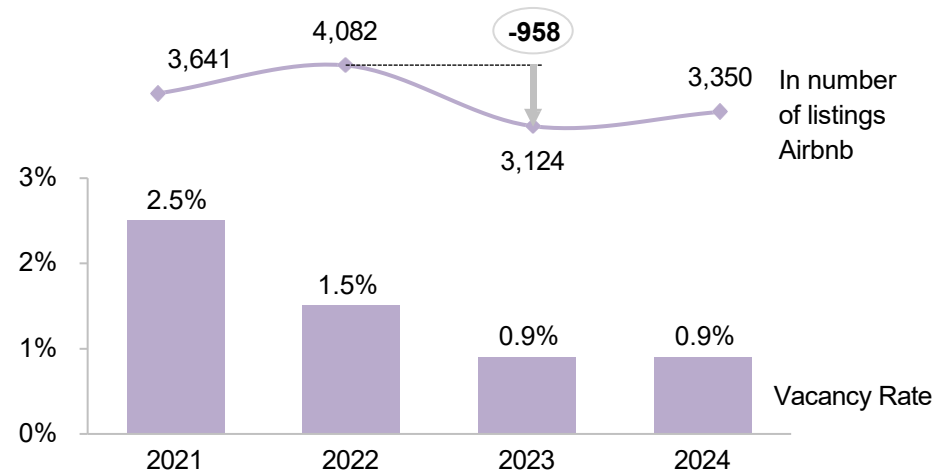
Vacancy Rate and Airbnb Listings

Montreal CMA, 2021–2024, in %, in number



Vacancy Rate and Airbnb Listings

Quebec City CMA, 2021–2024, in %, in number



Sources : SCHL, analyse RCGT.

Despite the decline in listings on Airbnb, the rental housing prices did not decrease in the following year

Rental housing price index trends

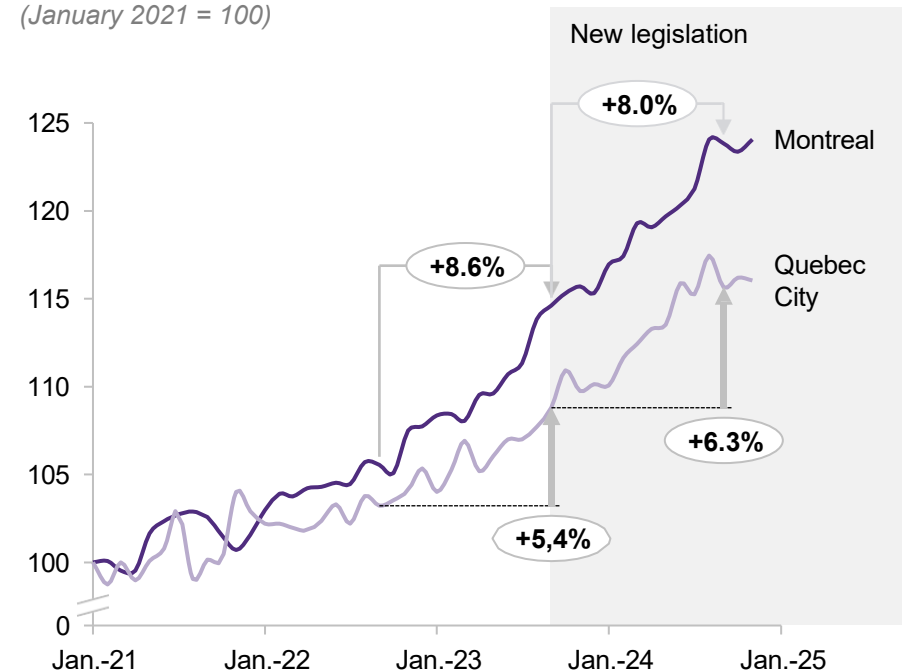
Between September 2022 and September 2023, the rental housing price index increased by 8.6% for the Montreal CMA and by 5.4% for the Quebec City CMA. In comparison, the rise in the rental housing price index was nearly the same for the year following the implementation of the new legislation in Rental housing price index trends Montreal CMA and Quebec City CMA, 2015–2024, indexed to 100 (January 2021 = 100) New legislation the Quebec City CMA. This increase was much higher than the previous year's increase for Quebec City (6.3% compared to 5.4%)

A decrease in listings on the Airbnb platform could have contributed to an increase in supply, thereby easing pressure on rental prices. However, these prices do not seem to have slowed down as a result of this added supply.

Note : Plusieurs facteurs exercent une influence sur les prix des logements locatifs (solde migratoire, taux directeur, mises en chantier locatives, taux d'inoccupation des appartements, etc.). Aucune analyse statistique ne permet de mesurer spécifiquement l'impact de la réduction des affichages sur les prix.

Rental housing price index trends

Montreal CMA and Quebec City CMA, 2015–2024, indexed to 100 (January 2021 = 100)



Sources : Statistique Canada (Tableau 18-10-0004-01), analyse RCGT.

The growth in rental costs accelerated after the pandemic

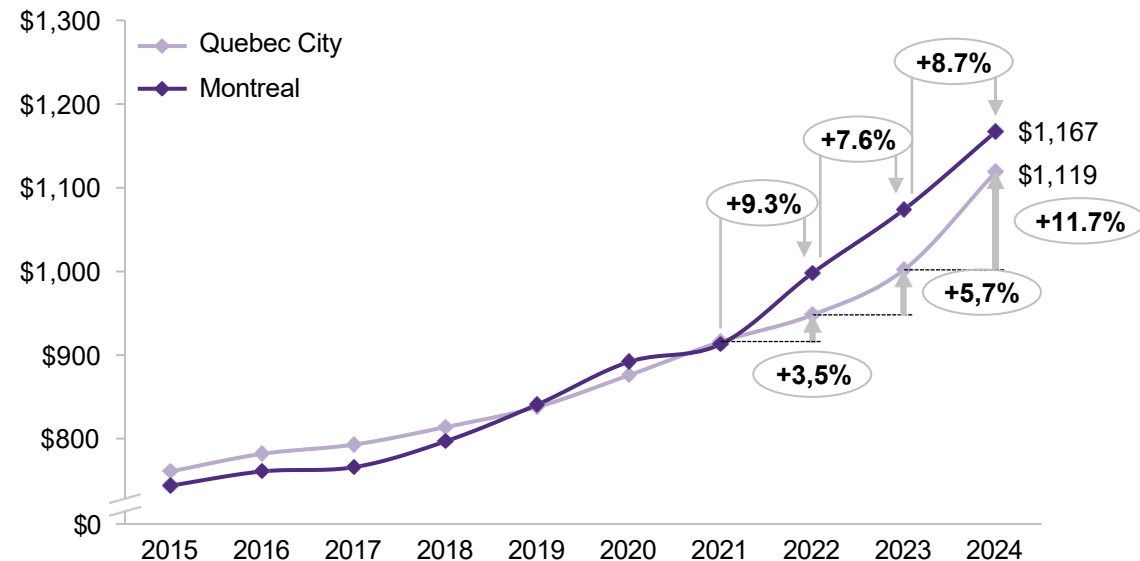
The cost of rental housing

Average rents increased at an average annual rate of 3.7% in Montreal and 2.9% in Quebec City between 2015 and 2020. This period also coincides with a decrease in vacancy rates in both these CMAs.

However, average rents have increased at a faster pace in recent years, mainly with the pandemic, driven in particular by a strong demand for rental housing fueled by migration, an aging population and a slowdown in homeownership. Thus, between 2020 and 2024, average rents grew at an average annual rate of 7.0% in Montreal and 6.3% in Quebec City, approximately twice the rate of growth seen in previous years.

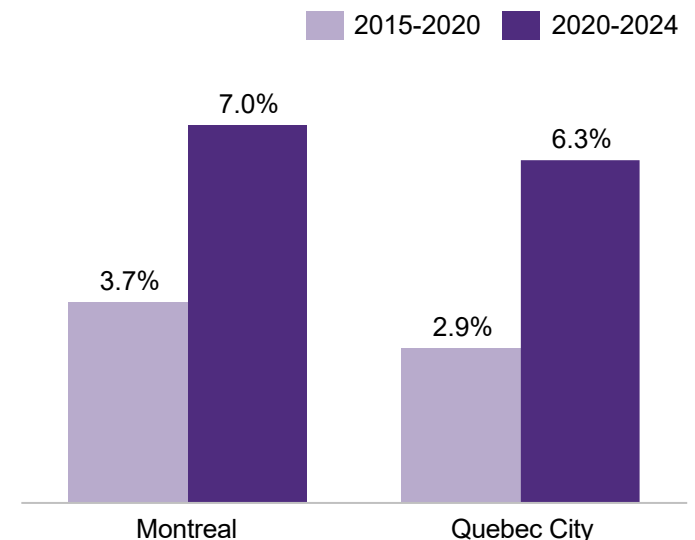
Average rents in the Quebec City CMAs under study

Quebec, 2015–2024 (October), by \$ and % change



Average annual change in average rent

Quebec City, 2015–2024 (October), in % of change



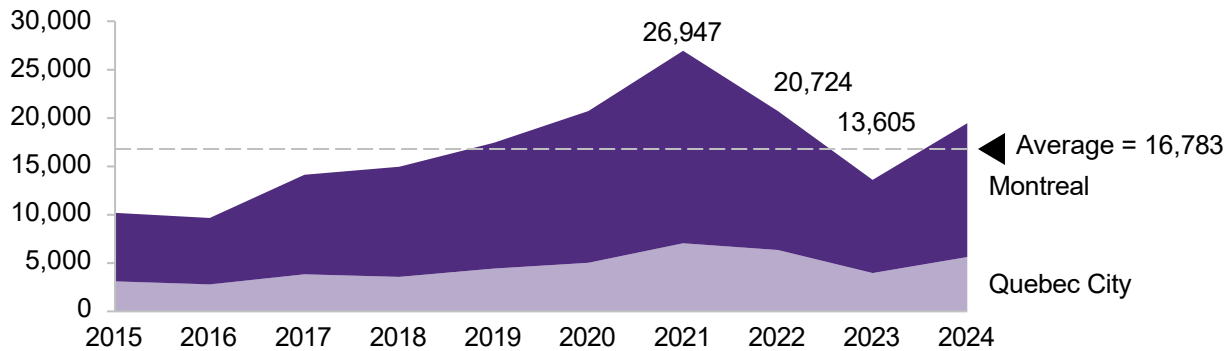
Sources: SCHL, RCGT analysis.

The rise in prices could be explained in part by a decrease in housing starts and completions

Rental housing starts and completions

Trends in rental housing starts

Montreal CMA and Quebec City CMA, 2015–2024, by number

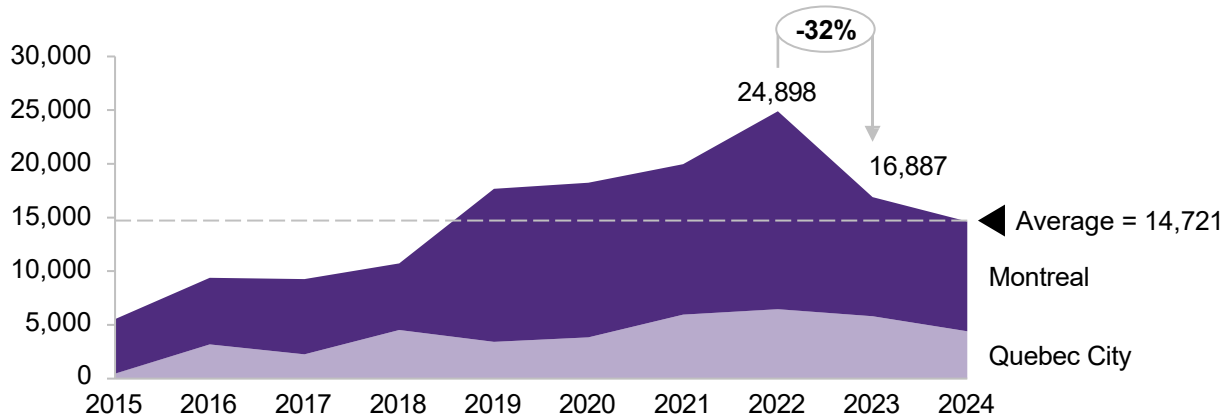


For the CMAs of Montreal and Quebec City, 2021 was a record year for rental starts. Considering the typical construction timeline, it is likely that most of these units were delivered in 2022.

Between 2022 and 2023, rental housing completions saw a sharp decline, decreasing by 32% in both the Montreal and Quebec City CMAs. This phenomenon may have contributed to putting upward pressure on rental prices.

Trends in rental housing completions

Montreal CMA and Quebec City CMA, 2015–2024, by number



The decline in housing starts between 2021 and 2023 can be partly attributed to rising interest rates, which had an impact on the financial planning of many developers, thus slowing down the execution of certain projects.

Sources: SCHL, RCGT analysis.

Many of the homes on Airbnb cannot return to the traditional rental market

Cases where short-term rental homes do not reduce the supply of long-term housing

Among the thousands of listings posted on platforms like Airbnb, a significant proportion cannot be converted into long-term rental housing for various reasons. Some units are poorly suited for extended occupancy, while others are primary residences temporarily offered for rent. Removing these homes from the platforms, therefore, has no real impact on the supply of long-term rental housing.

Short-term rental homes

- Secondary vacation properties that the owner rents out while staying in their primary residence;
- Three-season cottages;
- Boats;
- Hotel rooms;
- Cabins and tiny houses;
- Other units that are not suitable for long-term homes.

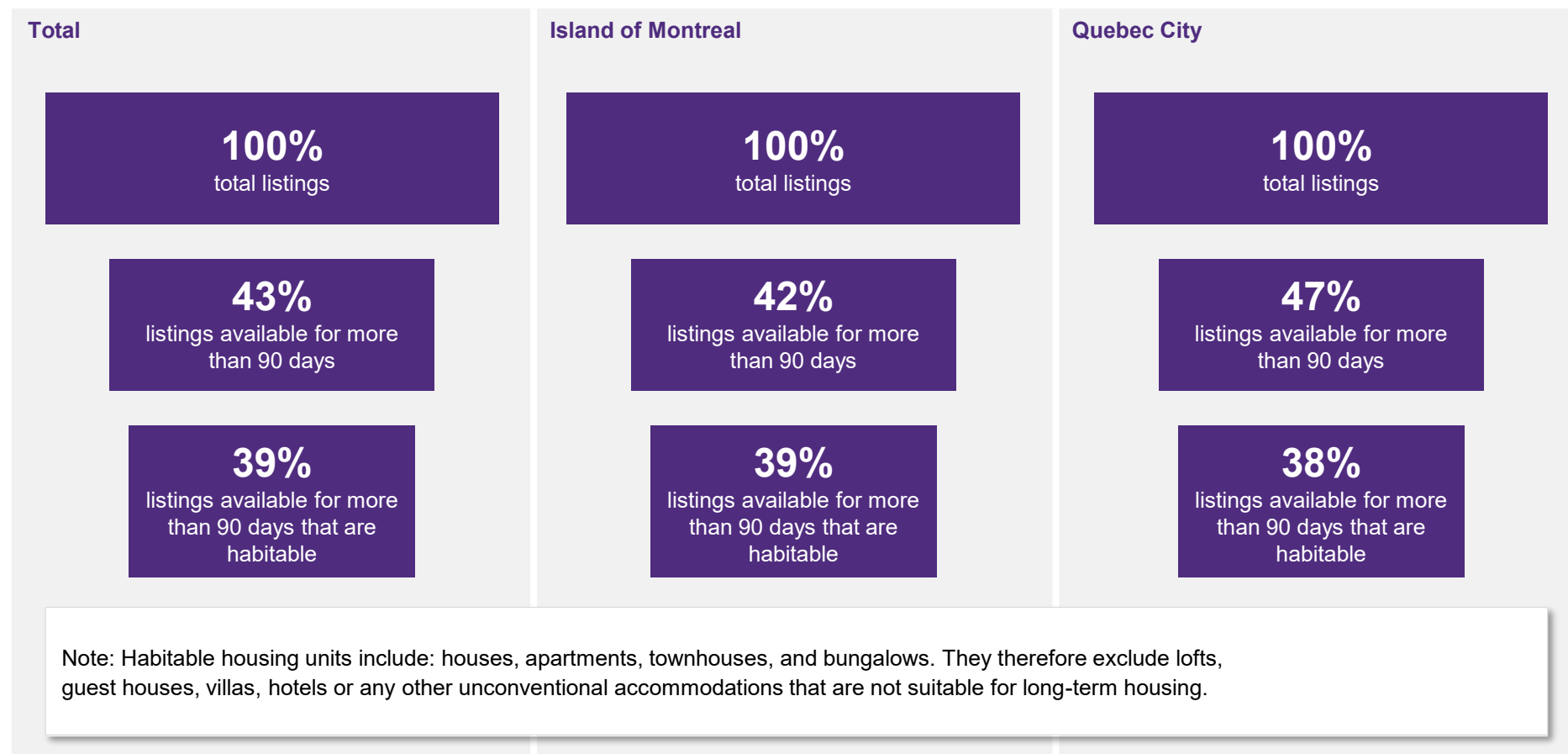
Short-term rental homes that primarily serve as long-term homes

- Rooms in a residence;
- Student housing rented long-term during the school year and short-term during the summer;
- Homes owned by retirees who travel outside the especially during the winter months.

Sources: *Short-Term Rentals in the Canadian Housing Market, Analysis in brief, Statistics Canada, 2024.*

For Quebec City and Montreal, 39% of the units rented on the Airbnb platform are considered habitable year-round in 2024

Potential long-term housing units



Sources: Airbnb. RCGT analysis.

The proportion of short-term rental units with potential for long-term rental is low.

Impact of the New Regulation on Housing Prices

According to some stakeholders, the short-term tourist accommodation industry is contributing to the worsening housing crisis, mainly because it reduces the supply of long-term housing.

This reduction in the supply of long-term housing, in a context where vacancy rates are very low, is said to:

- Affect housing affordability;
- Lead to higher rents and house prices.

A Statistics Canada study shows that, in 2023, only 30% of short-term rentals in the province of Quebec were potential long-term housing units, meaning units that could have been used as long-term housing. These totalled 19,614 units.

According to the findings of the same study, the ratio of potential long-term housing units to total units was 0.51 for Quebec as a whole, which is too low to have a significant impact on housing prices. For additional context, this ratio was 0.55 for the Quebec City CMA and 0.39 for the Montreal CMA.

Sources: En Bref : L'hébergement touristique de courte durée, Première lecture, Bibliothèque de l'Assemblée nationale du Québec, 2023. Hébergement touristique : Québec rendra les plateformes redevables, Radio-Canada, 2023. Short-Term Rentals in Canada's Housing Market, Analytical Brief, Statistics Canada, 2024. Près de 300,000 logements accaparés par Airbnb au Québec, La Presse, 2024.

Impact of the New Regulation

Airbnb Listings

Rental Market

Property Market

Tourism Industry

The years 2022 and 2023 seem to have experienced a slowdown in the homeownership market.

Introduction

Between 2022 and 2023, several factors may have influenced property prices, either upward or downward. Among the factors to consider are the following:

Determinants of property prices	Trend between 2022 and 2023	Theoretical impact on property prices
Key interest rate	 Decrease	 Decrease
Housing starts and completions	 Decrease	 Increase
Vacancy rate of rental units	 Decrease	 Increase
Construction costs	 Increase	 Increase
Inflation	 Increase	 Decrease
Net migration	 Increase	 Increase
Household income	 Increase	 Increase

These factors may have acted simultaneously, sometimes in opposition, making it more complex to assess the net impact on property prices. As a result, it is difficult to draw a definitive conclusion about the overall effect of this period on property values.

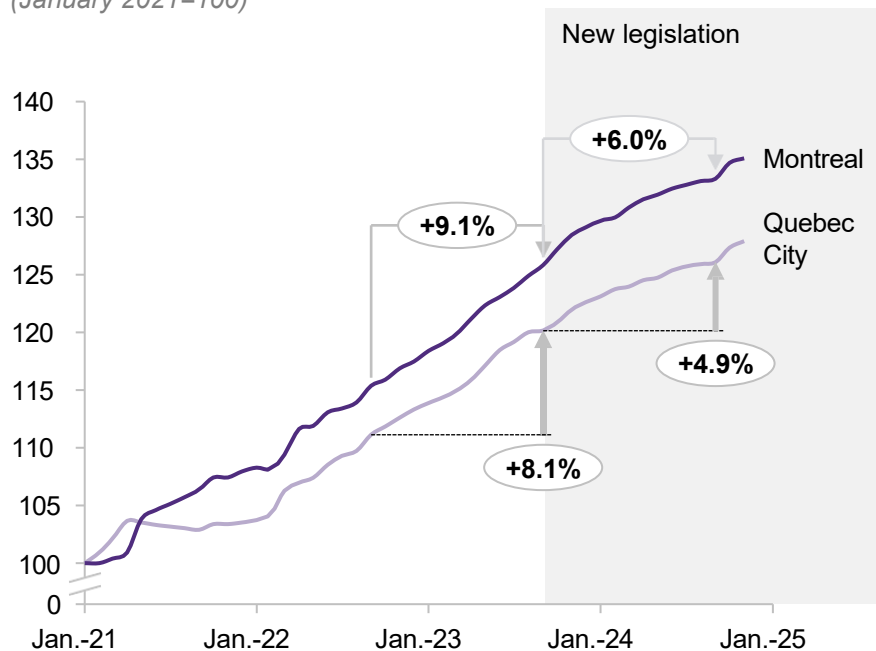
However, a slowdown in activity in the homeownership market can be anticipated, since, for many potential buyers, the rise in mortgage rates resulting from the increase in the key interest rate could alter their plans, in particular by affecting their borrowing capacity. In such an environment, decisions are marked by caution, and several projects are reassessed or postponed.

The property price index in the CMAs under study increased between September 2022 and 2023

Homeownership housing price index

Trends in the homeownership housing price index

Montreal CMA and Quebec City CMA, 2015–2024, in base 100
(January 2021=100)



Between September 2022 and 2023, the price index for ownership housing increased by 9.1% in the Montreal CMA and by 8.1% in the Quebec City CMA. The increase in the housing price index for owned properties was more moderate in the year following the implementation of the short-term accommodation legislation.

This index more specifically measures the cost of owning a property, which is one of the components of inflation. An increase in the cost of owning a property generally leads to a slowdown in activity in the homeownership market.

Note: The Canadian CPI's owned housing price index includes six key components: mortgage interest cost, homeowner's replacement cost, property taxes and other special fees, homeowners' insurance and mortgage insurance for owner, maintenance and repairs by the owner, and other expenses related to owned housing.

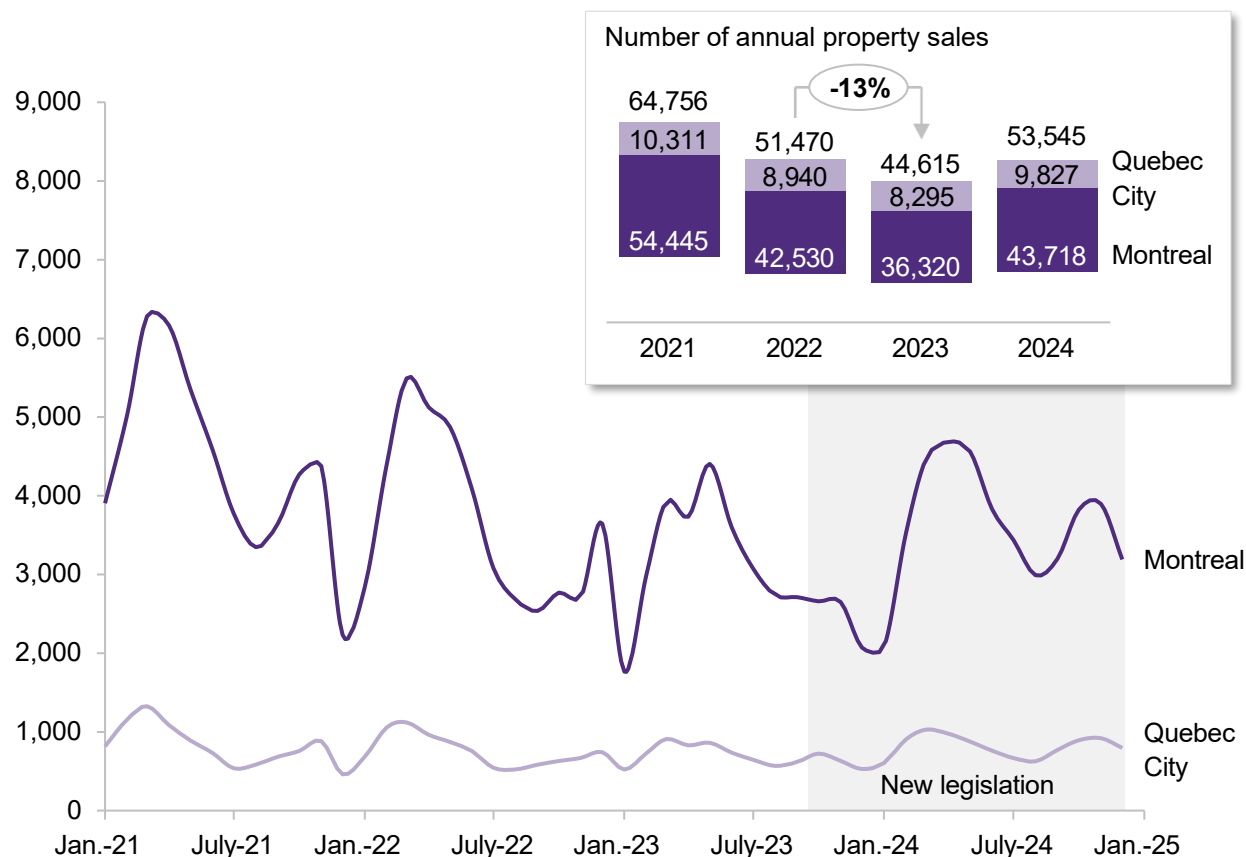
Sources: Statistics Canada (Table 18-10-0004-01), RCGT analysis.

The number of property sales decreased between 2022 and 2023, resulting from a decline in real estate

Property sales

Monthly property sales trends

Montreal CMA and Quebec City CMA, 2021–2024, by number/month



L'entrée en vigueur de la nouvelle législation encadrant l'hébergement à court terme au Québec a eu lieu en septembre 2023. Toutefois, une analyse graphique de l'évolution des ventes mensuelles de propriétés ne semble pas indiquer d'augmentation des ventes de propriétés à la suite de l'entrée en vigueur de cette loi.

En effet, pour la RMR de Montréal et la RMR de Québec, le niveau des ventes a connu une diminution totale de 13% entre 2022 et 2023 (15% pour Montréal et 7% pour Québec).

Note: The data comes from the Quebec Professional Association of Real Estate Brokers (QPAREB). It is based on the provincial Centris database of real estate brokers and therefore excludes sales without a broker, including those made on the DuProprio platform.

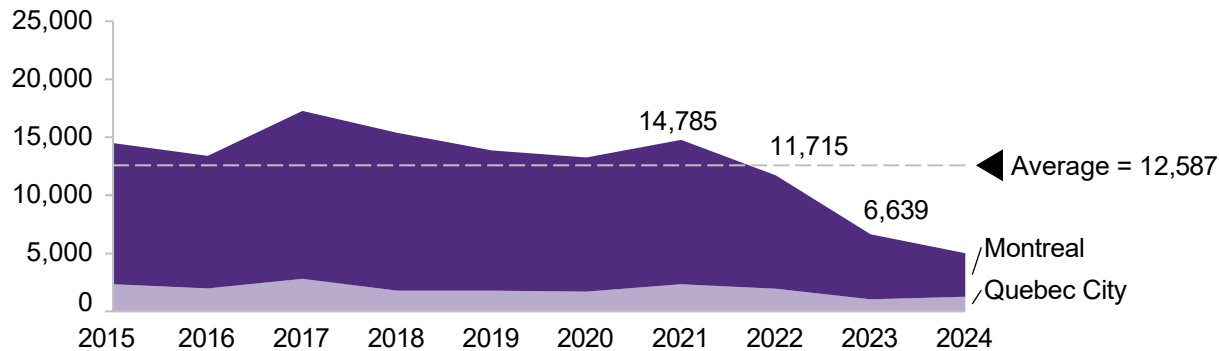
Sources: QPAREB, RCGT analysis.

Since 2021, non-rental housing starts have also declined in both Quebec City and Montreal combined

Non-rental housing starts

Trends in non-rental housing starts

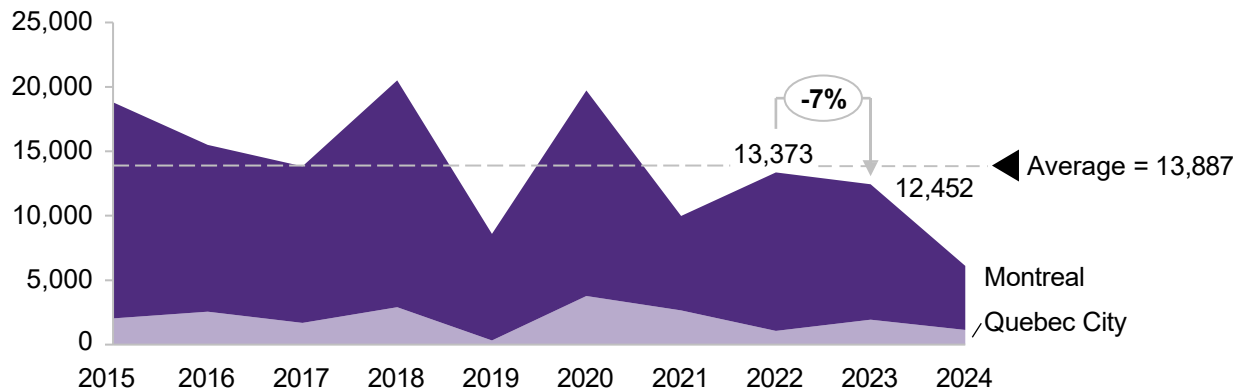
Montreal CMA and Quebec City CMA, 2015–2024, by number



Similar to rental housing, property starts have also seen a sharp drop, falling sharply since 2021. While the two CMAs under study recorded nearly 15,000 housing starts in 2021, the number dropped to just 6,639 in 2023.

This phenomenon can be attributed in part to the rapid rise in interest rates, which slowed down real estate development, and to downward demand, notably due to high inflation.

Due to construction delays, this decline in housing starts led to a decrease in non-rental unit completions between 2022 and 2024. Completions fell by 7% between 2022 and 2023.



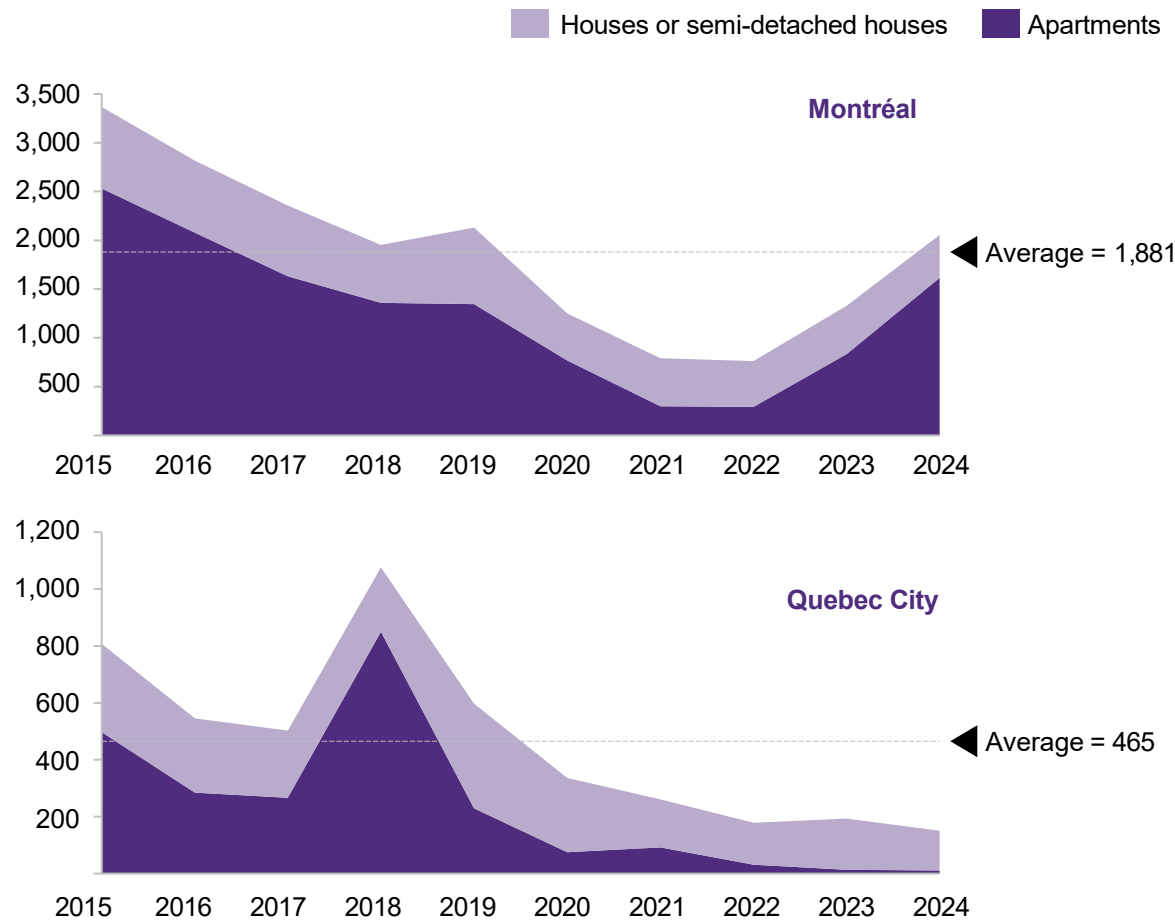
Sources: SCHL, RCGT analysis.

Since 2021, non-rental housing starts have also declined in both Quebec City and Montreal combined

Non-rental housing starts

Trends in inventory of completed but unsold homes by type

Montreal CMA and Quebec City CMA, 2015–2024, by \$



The stock of completed but unsold homes also saw a significant decline due to the pandemic, both in the Montreal and Quebec City CMAs.

In Montreal, the decrease in housing inventory was temporary and rebounded in 2023. However, in Quebec City, the inventory remained below the 10-year average throughout the entire post-pandemic period.

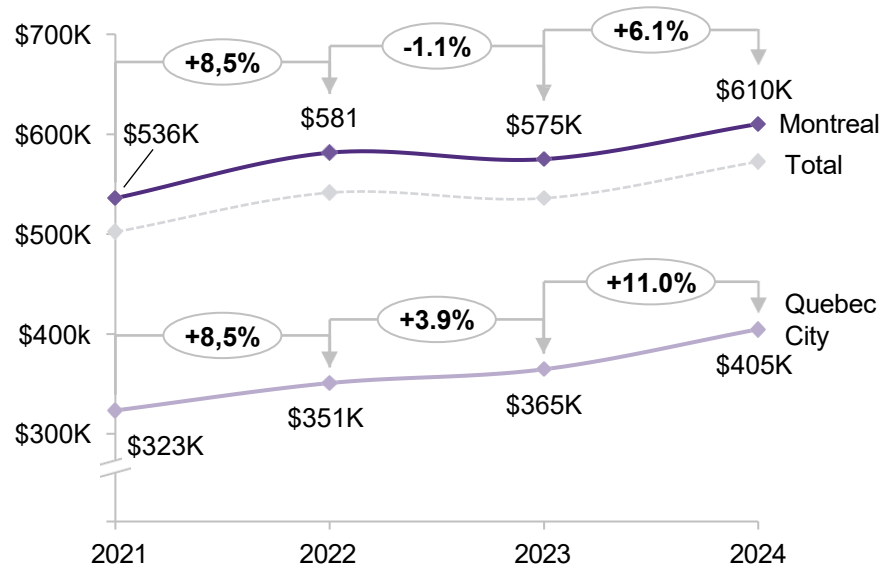
Sources: SCHL, RCGT analysis.

However, the average price of properties sold through a broker slowed between 2022 and 2023

Trends in average annual sale prices of sold properties

Trends in average annual sale prices of sold properties

Montreal CMA and Quebec City CMA, 2021–2024, by \$



Note: The data excludes sales without a broker, including those made through the DuProprio platform or between private individuals.

In Montreal, the average price of properties sold through a broker decreased by 1.1% between 2022 and 2023. In contrast, Quebec City saw a 3.9% increase in the average price broker-sold properties for the 2022 to 2023 period, which was slightly below the performance of previous years.

This phenomenon may reflect a slowdown in the real estate market after several years of strong growth. This stagnation could be attributed to rising interest rates, reduced demand, or a stabilization of supply in the CMAs under study.

Lastly, average prices can be influenced by extreme values, such as luxury properties, which skew the average upward. Therefore, it's useful to consider the median price, presented on the next page, since it is a more stab

Sources: QPAREB, RCGT analysis.

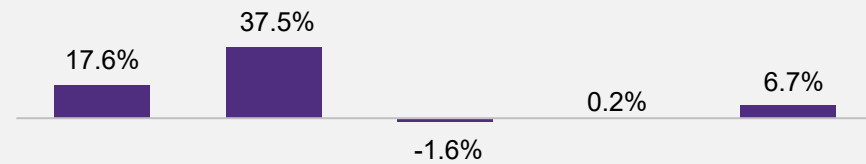
Growth in the median price of properties sold through a broker was nearly flat between 2022 and 2023

Changes in Annual Median Sale Prices of Properties Sold

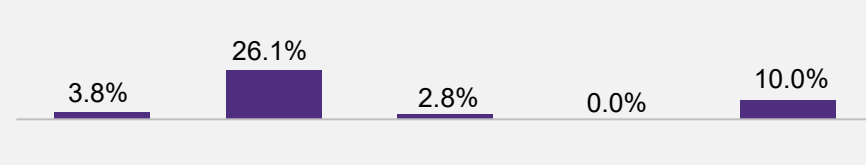
Change in Median Sale Prices of Properties Sold

Montreal CMA and Quebec City CMA, 2021–2024, in \$

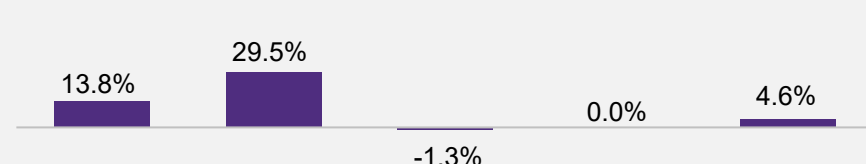
Single-family homes – Montreal



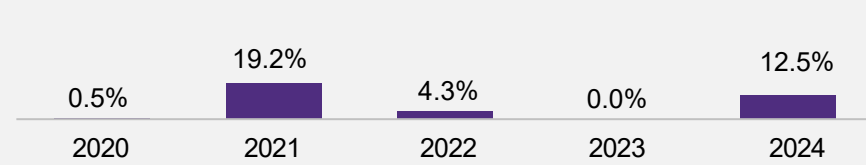
Single-family homes – Quebec City



Condominiums – Montreal



Condominiums – Quebec City



Only single-family homes in Montreal recorded an increase in their median price between 2022 and 2023. In Quebec City, for all single-family properties, including condominiums, the median price remained unchanged over this period. The median price of condominiums also remained stable in Montreal.

Note: The data doesn't take into account sales made without a broker, including those completed through the DuProprio platform or between private individuals.

Sources: APCIQ, RCGT analysis.

Several factors come into play in the analysis of supply and demand on the property market

Conclusion

2022 and 2023 were atypical years in several respects. Following the strong post-pandemic recovery, the Canadian economy was confronted with high inflation, which prompted the Bank of Canada to tighten its monetary policy, resulting in a rapid rise in interest rates. Accurately estimating the impact of a decline in listings on Airbnb-type platforms on the property market is therefore complex.

A range of factors must be taken into account. Between 2022 and 2023, several factors (net migration, policy interest rate, housing starts, inventory of completed and unsold housing units, etc.) may have affected property prices, either upward or downward. As a result, it is difficult to draw a firm conclusion about the overall effect of this period on property values.

However, it is possible to predict a slowdown in property market activity, particularly due to the sharply increased costs of owning and building a property following the rise in the policy interest rate.

This has led to a drop in non-rental housing starts and a decrease in property sales. Average and median price growth also stagnated in the majority of the markets reviewed.

Impact of the New Regulation

Airbnb Listings

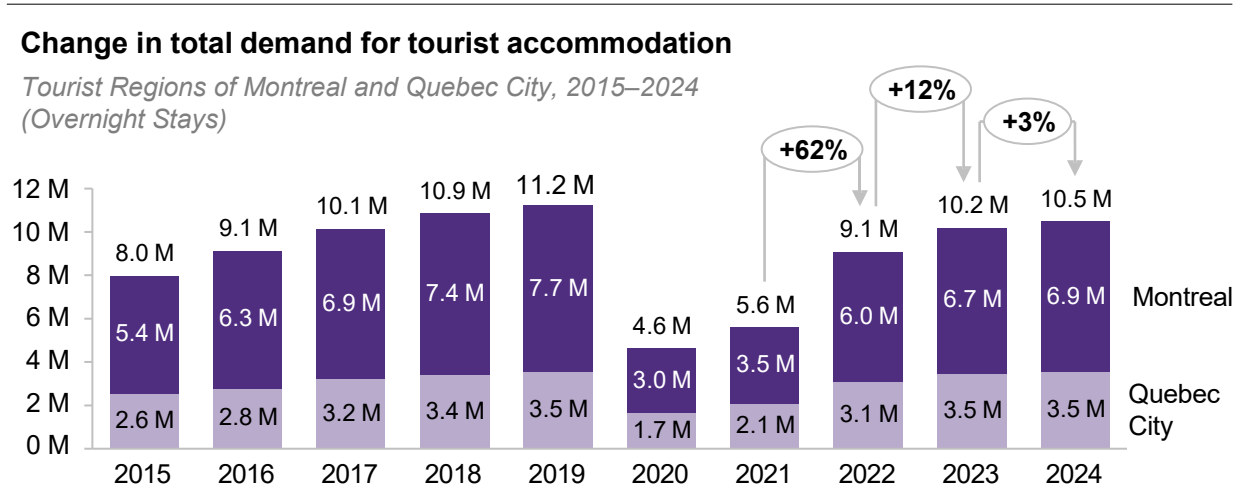
Rental Market

Property Market

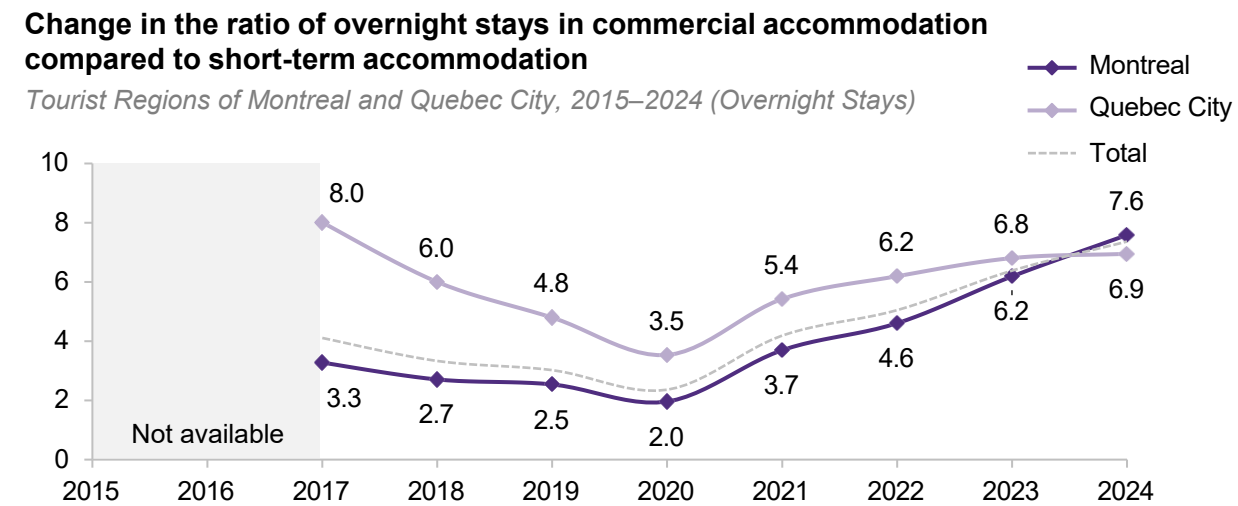
Tourism Industry

The demand for tourist accommodation continues to grow

Change in total demand for accommodation



Demand for tourist accommodation in the Quebec and Montreal regions rose sharply between 2021 and 2022 (62%), mainly due to post-pandemic catch-up. Growth was also sustained between 2022 and 2023 (12%), before slowing down to reach pre-pandemic levels (3%).



This growth has notably put upward pressure on the ratio of overnight stays in commercial accommodation compared to short-term accommodation, which has almost doubled for Montreal. The rise for Quebec City was more modest: this ratio went up from 5.4% in 2021 to 6.9% in 2024.

Note: Data on short-term tourist accommodation prior to 2017 is incomplete.

Sources: Quebec Ministry of Tourism, RCGT analysis.

Commercial accommodations had to absorb the decline in traffic for short-term accommodations

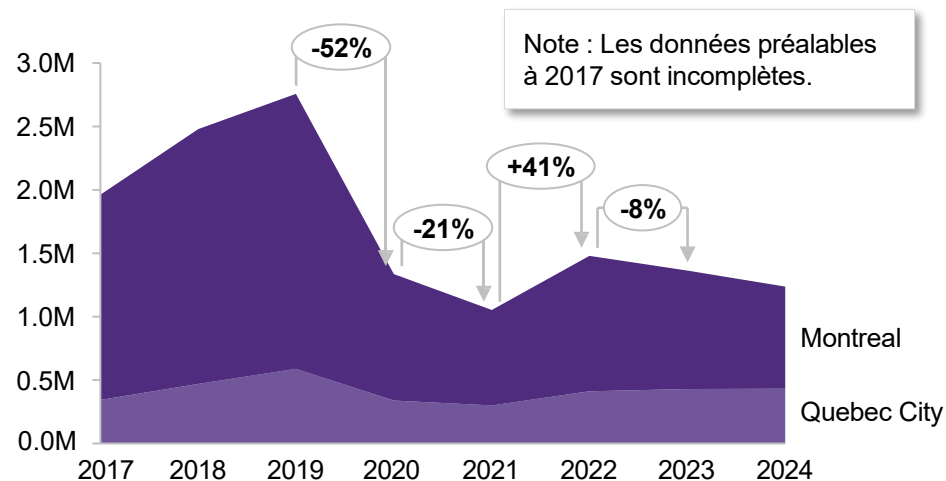
Trends in short-term accommodation demand

Between 2022 and 2023, demand for short-term accommodation decreased by 8% in Quebec City and Montreal combined, representing a total of 116,066 overnight stays. More specifically, short-term accommodation demand in Montreal dropped by 12% between 2022 and 2023, while it increased by 4% in Quebec City.

6.0 million, compared to 6.7 million in 2023. Between 2022 and 2023, the commercial accommodation sector absorbed the decline in short-term accommodation overnight stays with an increase of nearly 900,000 overnight stays.

Change in demand for short-term accommodation

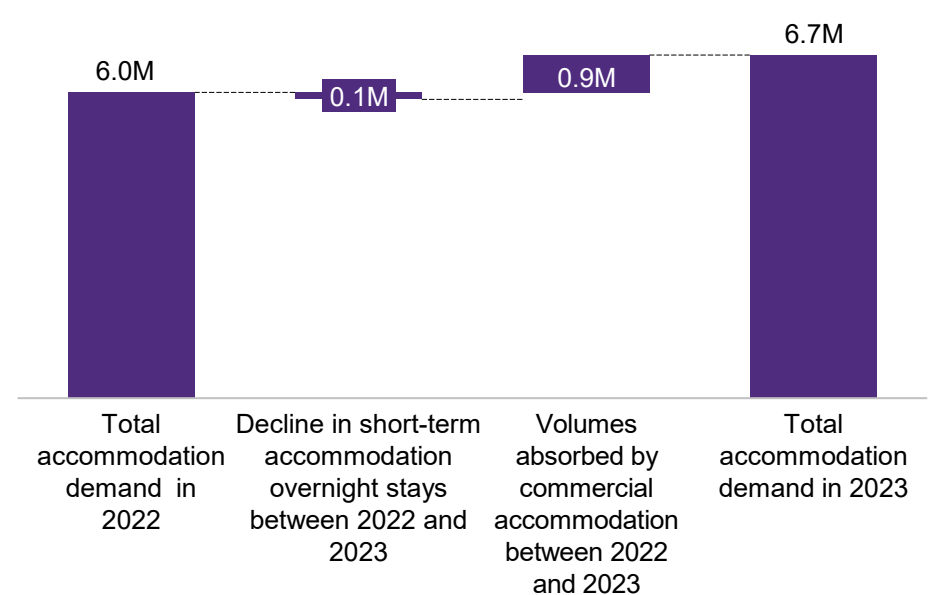
Tourist areas of Montreal and Quebec City, 2017–2024, in overnight stays



Note : Les données sur l'hébergement de courte durée ont été compilées par AirDNA, y compris uniquement la part exclusive publiée sur les plateformes Airbnb et Vrbo à la suite d'un traitement spécial du ministère du Tourisme.

Change in demand for short-term accommodation

Tourist areas of Montreal and Quebec City, 2022–2023, in overnight stays



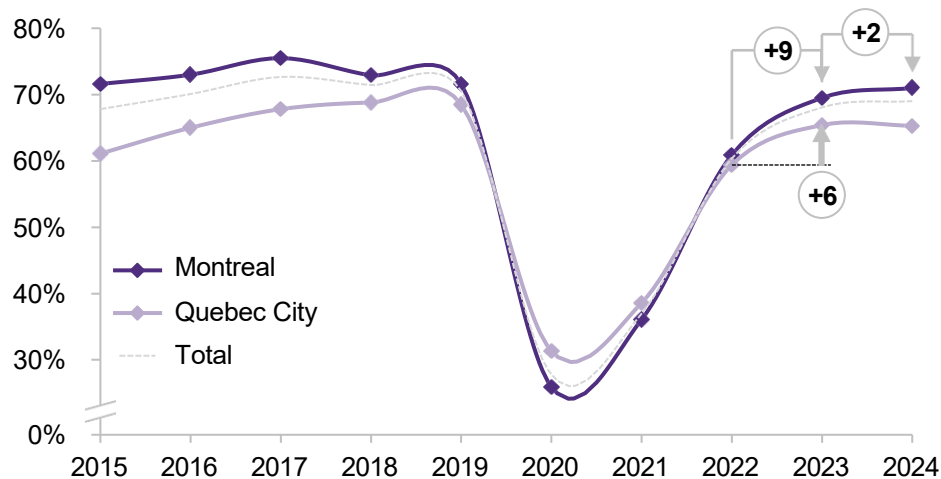
Sources: Quebec Ministry of Tourism, RCGT analysis.

Occupancy in accommodation establishments rose between 2022 and 2023

Change in accommodation establishment occupancy rate

Change in accommodation establishment occupancy rate

Tourist Regions of Montreal and Quebec City, 2015–2024 (%)



Between 2022 and 2023, the occupancy rate of accommodation establishments rose from 61% to 70% in Montreal—a 9 percentage point increase. The rise is also significant for Quebec, where occupancy rates went from 59% to 65%, despite an increase in available overnight stays from tourist accommodation establishments.

Note: Available accommodation units (in overnight stays) saw an average annual increase of 2.9% in Montreal and 3.8% in Quebec City.

Région touristique	Variation										Average
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Montreal	71.6%	73.0%	75.5%	72.9%	71.6%	25.9%	36.1%	60.9%	69.5%	71.0%	62.8%
Quebec City	61.1%	65.0%	67.8%	68.8%	68.5%	31.3%	38.6%	59.4%	65.4%	65.3%	59.1%
Total	67.8%	70.1%	72.7%	71.4%	70.5%	27.7%	37.0%	60.4%	68.1%	69.0%	61.5%

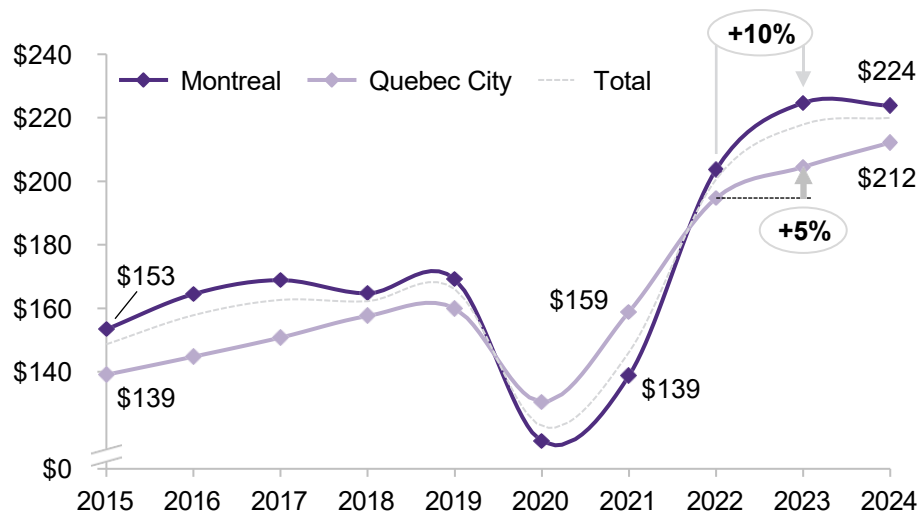
Sources: Quebec Ministry of Tourism, RCGT analysis.

The average price per night in accommodation establishments is on the rise

Change in average price per night in accommodation establishments

Change in average price per night in accommodation establishments

Tourist Regions of Montreal and Quebec City, 2015–2024 (\$/Night)



The average price per night in accommodation establishments rose by 10% in Montreal and 5% in Quebec City between 2022 and 2023. This period is also consistent with an increase in occupancy in commercial accommodation.

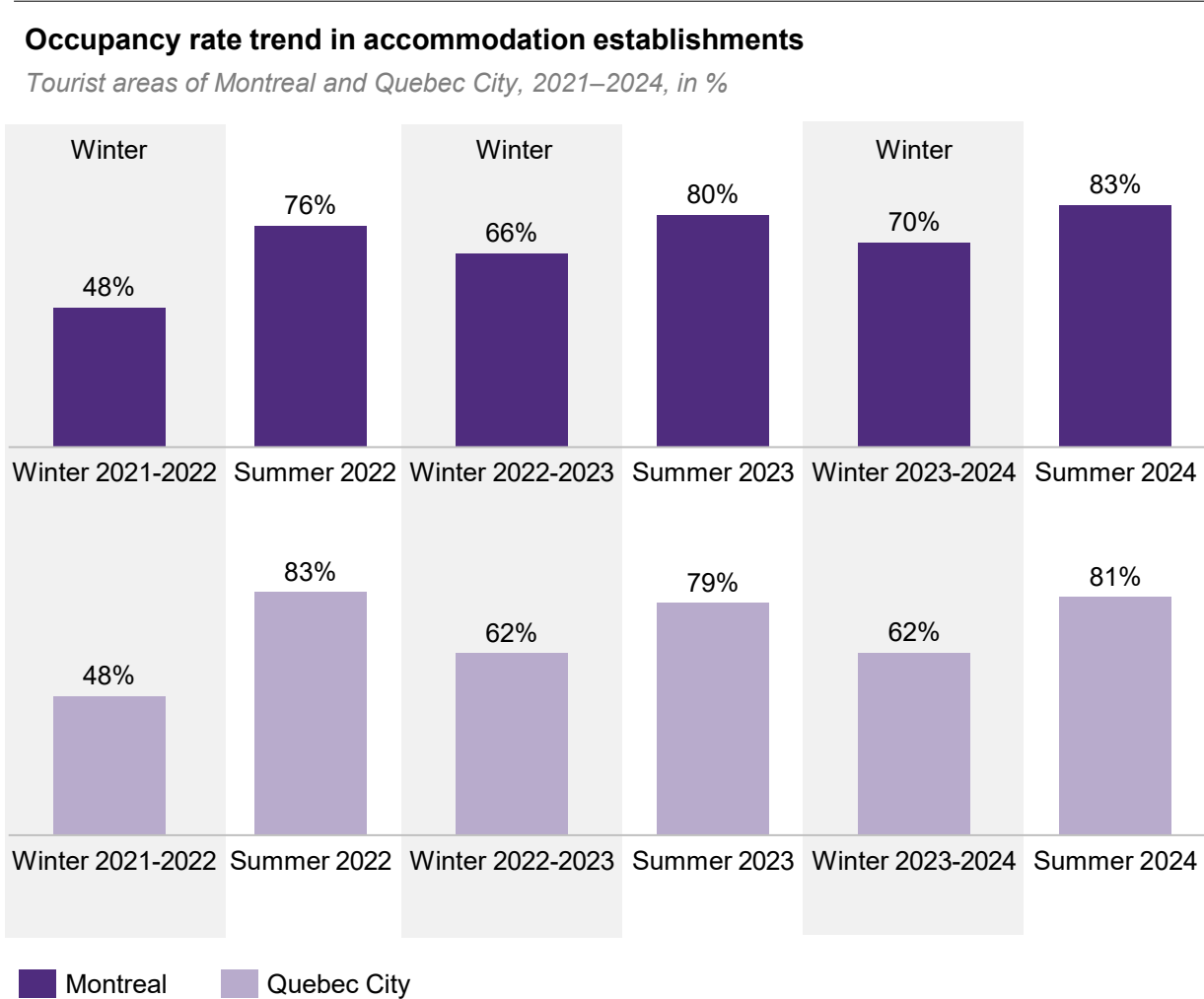
By comparison, the rise between 2023 and 2024 was much more moderate in Quebec City and nearly flat in Montreal. Meanwhile, excluding the pandemic years (2020 to 2022), the rise between 2022 and 2023 was the highest since 2016, reaching twice the average annual variation over the 2015–2024 period.

Région touristique	Variation									Variation annuelle Average
	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Montreal	7%	3%	-2%	3%	-30%	18%	47%	10%	0%	4%
Quebec	4%	4%	5%	2%	-18%	22%	23%	5%	4%	5%
Total	6%	3%	0%	2%	-26%	19%	37%	9%	1%	4%

Sources: Quebec Ministry of Tourism, RCGT analysis.

The winter occupancy rate is only slightly lower than the summer rate in Montreal and Quebec City

Variability of seasonal demand



Starting in 2025, owners in Montreal will only be authorized to rent out their primary residence on a short-term basis, between June 10 and September 10. The objective of these new regulations, announced by the City in March 2025, is to bring several units back into the long-term rental market.

However, a graphical analysis of the occupancy data for accommodation establishments shows that the occupancy rate for such establishments was slightly lower between September 2023 and June 2024 (70%) compared to summer 2024 (83%), which suggests high demand for the months when it is prohibited to rent out one's primary residence on a short-term basis.

Note: As it is impossible to obtain weekly data, the summer data includes the months of July and August.

The new legislation could negatively impact the economy of rural areas

Regional impacts

Short-term accommodations via platforms like Airbnb can have a positive effect on areas where the hotel supply is limited or non-existent, especially since it increases the influx of tourists in places that generally see few visitors.

Diversification of the accommodation supply

In areas where there are no hotels or commercial accommodations, Airbnb offers an attractive alternative by allowing travelers to find comfortable and affordable places to stay. This often includes atypical places (tiny houses, cottages, etc.) that would not be available for long-term rental. This diversification of the accommodation supply helps to bring travelers to certain less touristy areas, where there are fewer accommodations.

Economic contribution

Airbnb helps generate significant economic benefits in rural and less urbanized areas. Guests who choose to stay in short-term accommodations, such as those offered by Airbnb, spend money in local shops, restaurants and tourist attractions. This stimulates the local economy and creates job opportunities for residents.

Tourism development

Airbnb plays a crucial role in the tourism development of remote areas. By offering accommodation options where there are none, Airbnb attracts more visitors and encourages the flow of travelers to spread outside major urban centers. This helps to showcase the natural and cultural attractions of lesser-known areas, thereby contributing to their tourism development.

Community impact

In addition to the economic benefits it generates, Airbnb also fosters cultural and social interactions. Guests have the opportunity to live like locals, discover the culture and traditions of the area and connect with residents. This enriches the travel experience and strengthens the sense of community.

The removal of short-term accommodations in rural areas could therefore reduce the positive impacts described on this page.

Findings and conclusion



The analyses made it possible to measure the change of several key indicators of the real estate market

Summary of the change in key indicators

Indicateurs	CMA under study	2022	2023	2022–2023 changes	
				Value	%
Listings on Airbnb	Montreal	17,486	10,029	-7,457	-43%
	Quebec City	4,082	3,124	-958	-23%
Net migration	Montreal	62,631	123,221	+60,590	+97%
	Quebec City	9,470	16,998	+7,528	+79%
Number of rental units	Montreal	622,612	634,163	+11,551	+1.8%
	Quebec City	103,649	107,560	+3,911	+3.8%
New housing unit completions	Montreal	30,742	21,590	-9,152	-30%
	Quebec City	7,529	7,749	+200	+2.9%
Vacancy rate	Montreal	2.0%	1.5%	-0.5	-25%
	Quebec City	1.5%	0.9%	-0.6	-40%
Average rent	Montreal	\$998	\$1,074	+\$76	+7.6%
	Quebec City	\$948	\$1,002	+\$54	+5.7%
Average selling price of properties	Montreal	\$581K	\$575K	-\$6K	-1.1%
	Quebec City	\$351K	\$365K	+\$14K	+3.9%
Number of annual property sales	Montreal	42,530	36,320	-6,210	-14%
	Quebec City	8,940	8,295	-645	-7.2%

The average price per night in accommodation establishments is on the rise

Preliminary observations

Decline in Airbnb listings

- The number of listings on the Airbnb platform fell by 39% in the Quebec City and Montreal CMAs combined between December 31, 2022, and December 31, 2023.
- This decline was more pronounced in the Montreal CMA, where the average annual decrease in the number of listings was 11% between 2021 and 2024. By comparison, in the Quebec City CMA, the average annual decrease in the number of listings was 3% over the same period.

Housing market

- Few short-term rental units are suitable for long-term rental, which helps explain why the reduction in Airbnb listings does not appear to have translated into an increase in supply on the rental market.
- Despite the decline in Airbnb listings, rental housing prices did not fall in the year following the new legislation. In fact, growth was stronger in 2023 than in 2022. Vacancy rates also did not decline in the CMAs reviewed.
- For the ownership market, growth in the median property price was nearly flat between 2022 and 2023, but this may be explained by an unusual context in which Canada experienced a rapid rise in interest rates, thereby limiting access to home ownership for first-time buyers.

Tourist accommodation

- In the tourist accommodation sector, while Airbnb listings declined, demand continued to grow, especially between 2022 and 2023.
- As a result, the commercial accommodation sector absorbed the decline in short-term accommodation overnight stays with an increase of nearly 900,000 overnight stays.
- The additional pressure on commercial accommodation establishments led to an increase in prices.

The new regulation on short-term accommodation appear to have had little impact on housing

Conclusion

It remains difficult to assess precisely the real impact of the new regulation on short-term rentals. In fact, housing market dynamics are complex, and several factors affect the prices of owned homes (net migration, policy interest rate, housing starts, inventory of completed and unsold housing units, etc.).

Although no statistical analysis makes it possible to measure the impact of the reduction in Airbnb listings on housing and property prices, an analysis of rental market data shows that few units which no longer on Airbnb appear to have entered the rental market. This may be explained by the fact that the proportion of short-term rental units with potential for long-term rental is low.

Specifically, a Statistics Canada study shows that, in 2023, only 30% of short-term rentals in the province of Quebec were potential long-term housing units, meaning units that could have been used as long-term housing. They totalled 19,614 units.

However, the new regulation do appear to have had an impact on the tourist accommodation market. While Airbnb listings declined, demand for tourist accommodation kept on growing, which meant that commercial accommodation providers had to absorb the drop in traffic in short-term accommodation.

Appendices

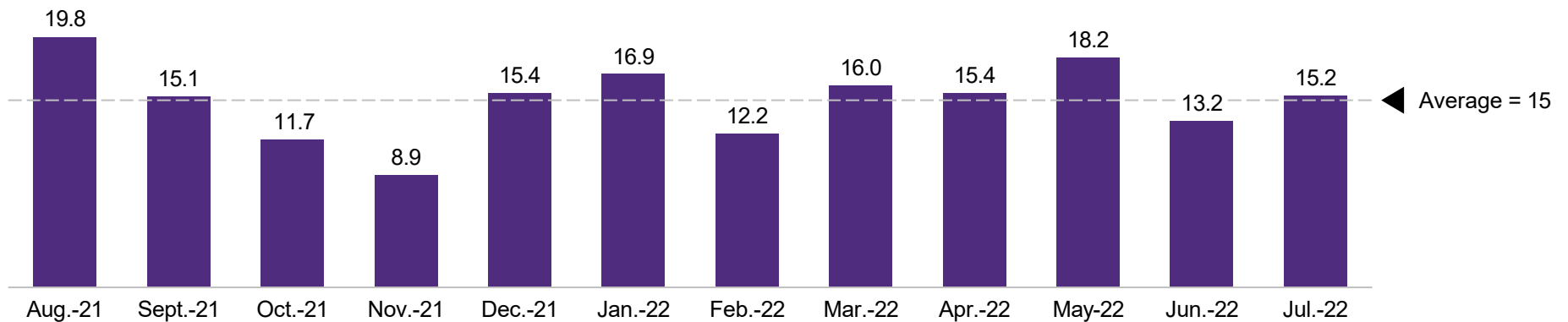


Average duration of total housing construction

Appendices

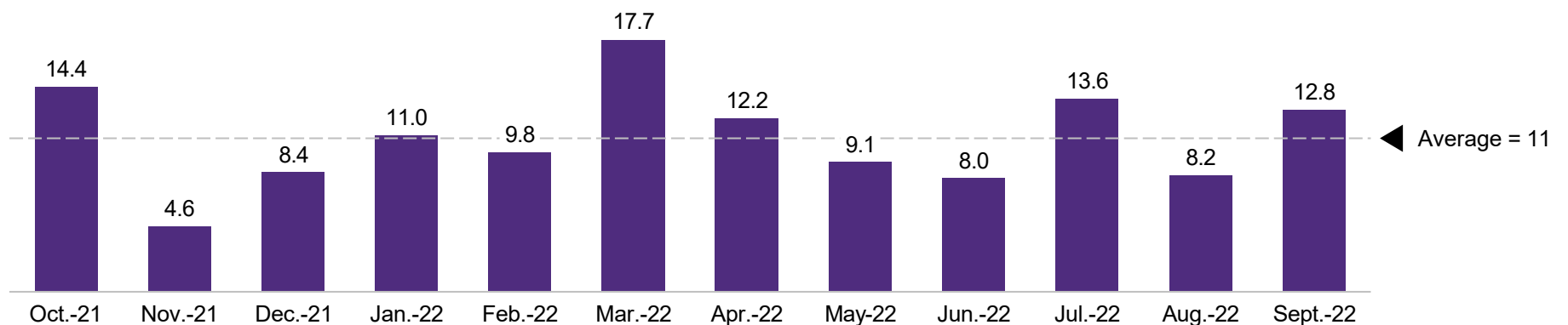
Average duration of total housing construction

Montreal CMA, August 2021 to July 2022, by number of months



Average duration of total housing construction

Quebec City CMA, October 2021 to September 2022, by number of months



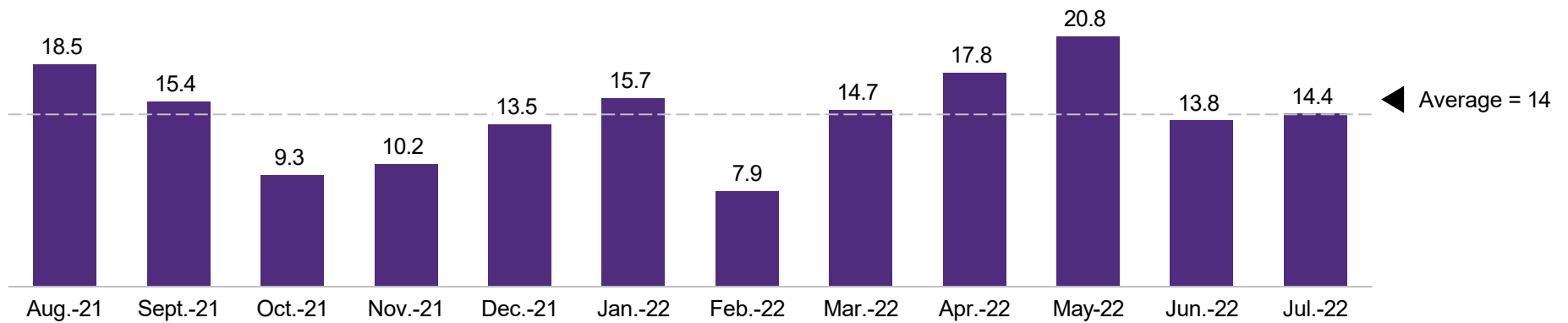
Sources: CMHC, RCGT analysis

Average duration of rental housing construction

Appendices

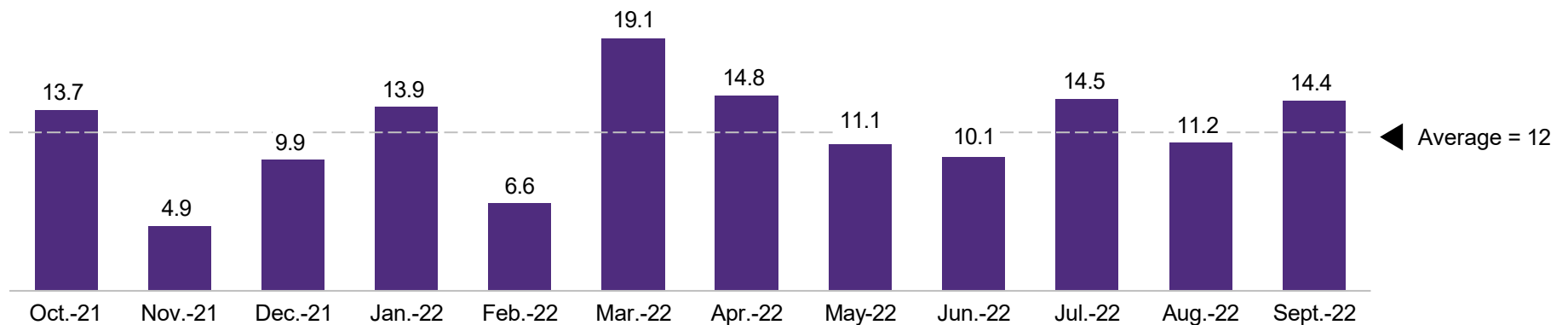
Average duration of rental housing construction

Montreal CMA, August 2021 to July 2022, by number of months



Average duration of rental housing construction

Quebec City CMA, October 2021 to September 2022, by number of months



Sources: CMHC, RCGT analysis



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