



# PURCHASING POWER

Report and Outlook 2022 | 2023

# MAP OF THE QUÉBEC CITY CMA



## THE PUBLICATION: REPORT AND OUTLOOK

Each year, Québec International's Economic Studies team sheds light on various important economic indicators in a publication called "Report and Outlook." In addition to analyzing data from the previous year, our economists consider the current context and predictions to form a solid idea of the changes to expect in the coming months. Québec International is pleased to unveil the Purchasing Power section of this document, which looks at the evolution of salaries, the cost of living and the financial health of the population.

## NOTE TO READERS

This study was produced by Québec International's Department of Economic Studies and Strategic Monitoring. The professionals on this team have a mandate to ensure the availability of quality economic information. They monitor changes in the economic and business environment at the regional, national and international levels and carry out various types of research and analysis to identify opportunities, guide development strategies and define actions to be taken in support of regional economic growth. For more information on Québec International's services, please visit our website at [www.quebecinternational.ca](http://www.quebecinternational.ca).

## PURCHASING POWER HIGHLIGHTS

Strong inflation accompanied by increased salaries



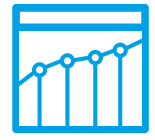
**\$58,835**  
average annual  
salary  
(+5.1%)



**\$32.25**  
average hourly  
wage  
(+5.5%)



**\$37,429**  
personal disposable  
income per capita  
(+3.5%)



**6.3%**  
inflation  
rate  
(+80.3%)

Lowest average rent and second-lowest price for a house



**\$370,008**  
Price of a single-family  
house  
2<sup>nd</sup> most affordable  
(+13.2%)



**\$976/month**  
Average monthly rent  
Most affordable (+3.3%)



**\$19.08B**  
Retail sales  
Drop of -0.4%

The number of bankruptcies dropped for the 4<sup>th</sup> year in a row



**753**  
bankruptcies  
Drop of 17%  
in one year







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## Summary

This report presents an analysis of the purchasing power and the financial situation of households in the Québec City census metropolitan area (CMA) in 2022. The increased inflation has impacted household finances in 2022, decreasing their purchasing power despite an increase in salaries and personal disposable income per capita.

Despite this situation, the number of bankruptcies dropped by 17% in 2022, down for the fourth year in a row. The consumption, adjusted for inflation, fell slightly by 0.4%. The real estate market continued the trend started in 2021, with the prices of single-family houses growing by 13.2%. Meanwhile, the average monthly rent for a two-bedroom apartment increased by 3.3%.

Nevertheless, the average price of a single-family house (\$370,008) in the Québec City CMA remains one of the lowest among major Canadian CMAs, while the average rent for a two-bedroom apartment is the most affordable.

Projections by the Bank of Canada show that consumers continue to expect high inflation over the next five years, while the Conference Board of Canada expects inflation to slow down starting as soon as next year. Projections also show that salaries are likely to continue to grow in the coming years.

## INCREASED AVERAGE ANNUAL SALARY

Salaries increased in all major Canadian CMAs in 2022. In the Québec City CMA, the average annual salary reached \$58,835, a 5.4% yearly increase. This increase continues the trend started in 2021 (+4.7%), which at the time was the highest among the main Canadian CMAs.

**Table 1 – Profile of the average annual salary in the eight major Canadian CMAs in 2022**

	Average annual salary (\$)		Variation (%) (sort key)
Geography	2021	2022	2021-2022
Toronto	64,639	68,923	6.6
Vancouver	60,446	64,274	6.3
Montréal	55,276	58,729	6.3
Winnipeg	53,067	56,302	6.1
Calgary	67,272	71,350	6.1
<b>Québec City</b>	<b>55,823</b>	<b>58,835</b>	<b>5.4</b>
Edmonton	65,094	68,405	5.1
Ottawa	68,781	71,685	4.2

Sources: The Conference Board of Canada, and Québec International, 2023.

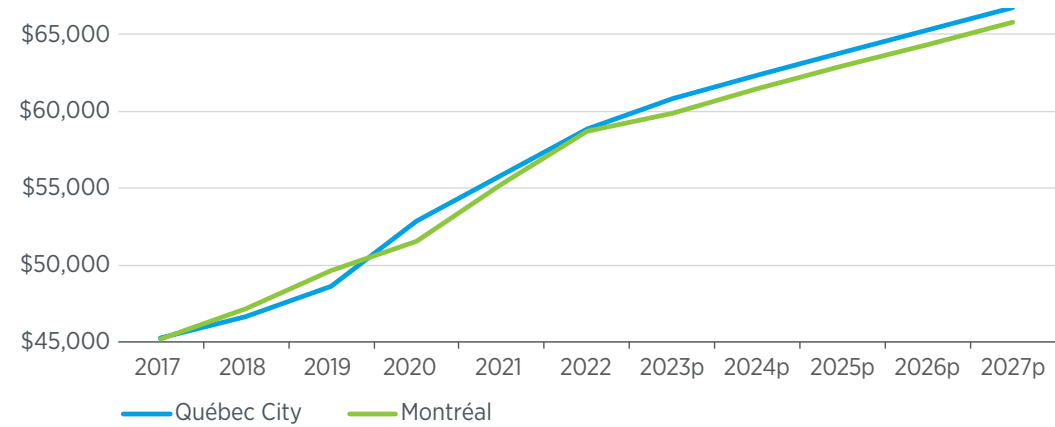
These high salary increases in all major CMAs reflect the labour market tensions in 2022. Concerns surrounding labour scarcity increased in 2022, and labour needs continued to grow throughout the year. The unemployment rate remained at a historic low (2.9%) in 2022. The average annual salary was slightly higher in the Québec City region than in Montréal last year (\$58,835 in Québec City and \$58,729 in Montréal).



## Projections show that salaries will continue to grow ...

Five-year forecasts show that average annual salaries in both regions are likely to continue to increase. The Québec City and Montréal CMAs should register an average annual growth of 2.6% and 2.3% over the next five years, respectively. Projections also suggest that average annual salaries in the Québec City CMA will remain higher than in Montréal over the same horizon.

Graph 1 – Evolution of average annual salaries in the two largest CMAs in the province of Quebec from 2017 to 2027p



Sources: The Conference Board of Canada, and Québec International, 2023.

## INCREASED AVERAGE HOURLY WAGE

In 2022, average hourly wages grew in every major Canadian CMAs, except Edmonton (-1.6%). It reached \$32.25 in the Québec City CMA, a 5.5% increase. This is the second-highest growth among major Canadian CMAs.

Table 2– Profile of the average hourly wage in the eight major Canadian CMAs in 2022

Geography	Average annual salary (\$)		Variation (%) (sort key)
	2021	2022	2021-2022
Montréal	30.05	31.74	5.6
Québec City	30.57	32.25	5.5
Vancouver	31.79	33.48	5.3
Toronto	32.66	34.16	4.6
Winnipeg	27.80	29.04	4.5
Calgary	34.69	36.00	3.8
Ottawa	33.22	33.96	2.2
Edmonton	33.46	32.92	-1.6

Sources: Statistics Canada, and Québec International, 2023.

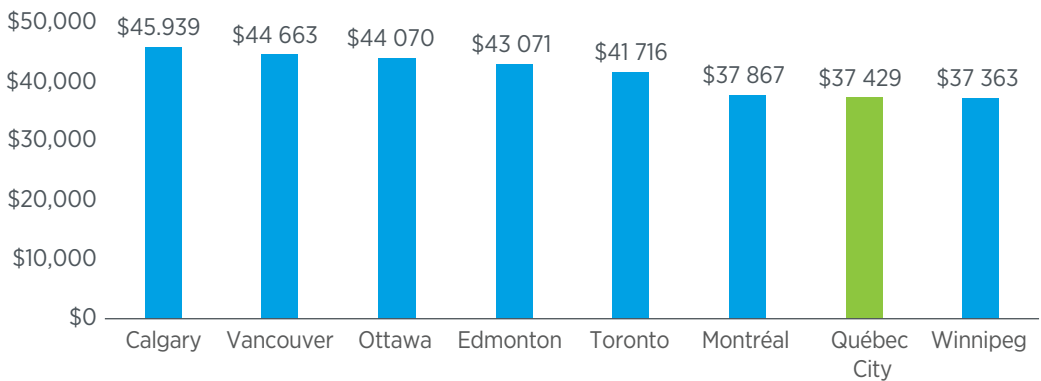




## PERSONAL DISPOSABLE INCOME PER CAPITA

The personal disposable income per capita (PDIPC) increased in all major Canadian CMAs in 2022, reaching \$37,429 in the Québec City CMA. This is the second-lowest PDIPC among major Canadian CMAs.

**Graph 2 – Personal disposable income per capita in the eight major Canadian CMAs in 2022**

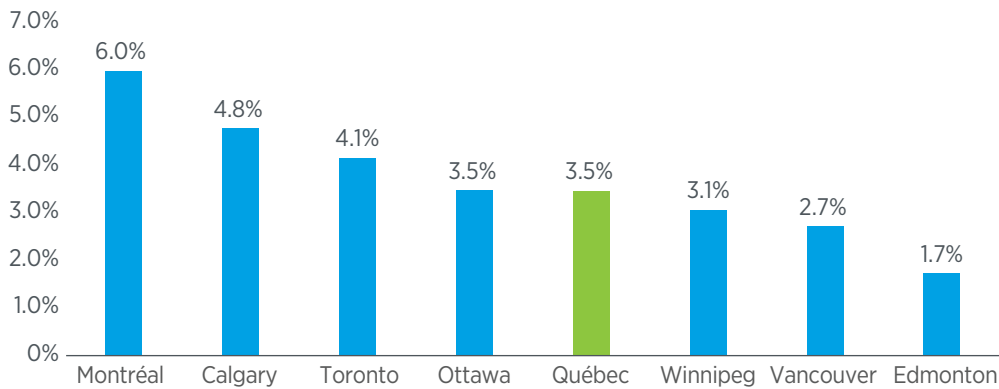


Sources: The Conference Board of Canada, and Québec International, 2023.

## A significant increase in the PDIPC in the Québec City CMA in 2022 ...

The PDIPC grew by 3.5% in the Québec City CMA in 2022. This increase is significantly higher than in 2021, which was only 0.3%.

**Graph 3 – Variation in the PDIPC in the eight major Canadian CMAs in 2022**



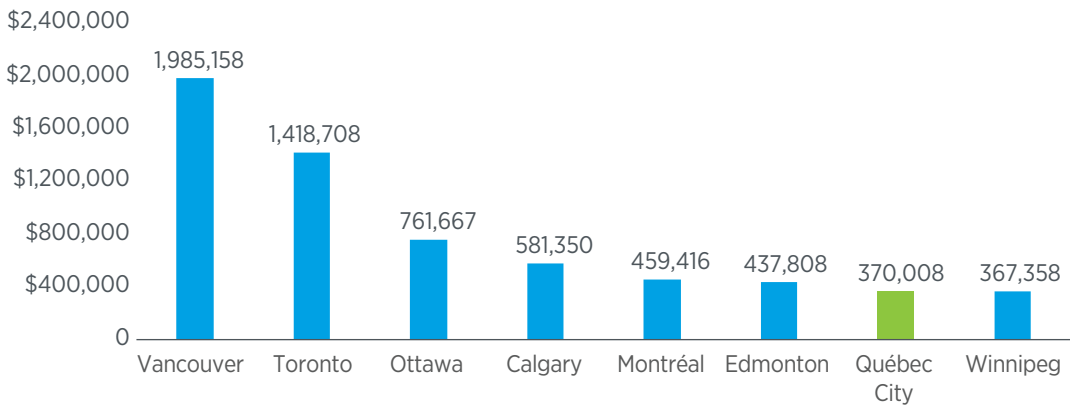
Sources: The Conference Board of Canada, and Québec International, 2023.

## HOUSING MARKET

In 2022, the average price of a single-family house was \$370,008 in the Québec City CMA. This is the second-most affordable price among the major Canadian CMAs. For comparison, the average price of a single-family house was 24% higher in Montréal and twice as high in Ottawa.



Graph 4 – Average price of a single-family house in the eight major Canadian CMAs in 2022

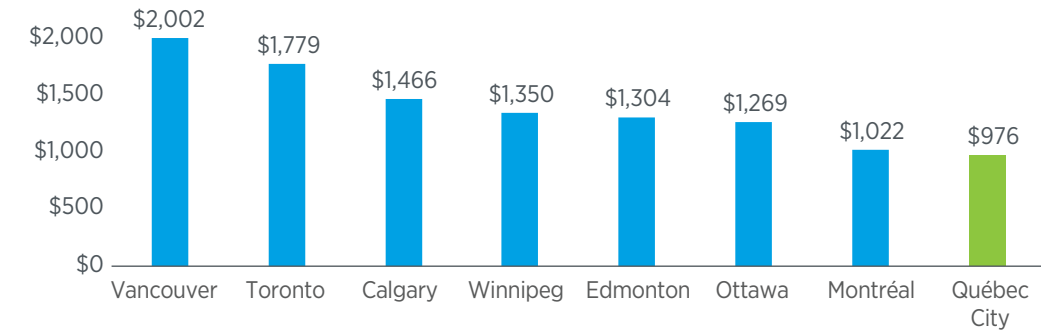


Sources: Canada Mortgage and Housing Corporation (CMHC), and Québec International, 2023.

The Québec City CMA has the most affordable average rent ...

In 2022, the average price of a two-bedroom apartment stood at \$976 in the Québec City CMA. This makes Québec City the region with the lowest average rent among Canada’s major CMAs for that category.

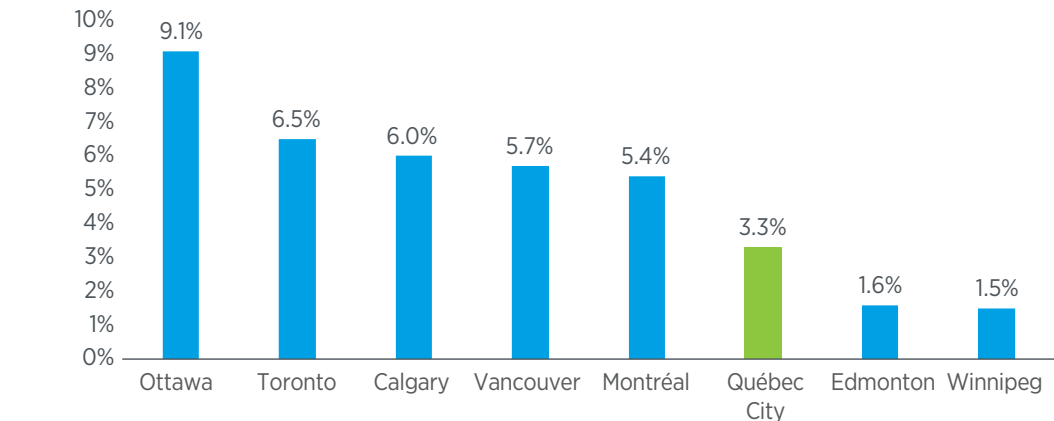
Graph 5 – Average two-bedroom apartment rent in the eight major Canadian CMAs in 2022



Sources: Canada Mortgage and Housing Corporation (CMHC), and Québec International, 2023.

The Québec City CMA also recorded one of the lowest rises in the average rent in 2022, with a 3.3% increase. The region had the third-lowest variation among its Canadian counterparts. This increase is significantly lower than in 2021, which had seen the average rent for a two-bedroom apartment rise by 5.0%.

Graph 6 – Variation in average rent for a two-bedroom apartment in the eight major Canadian CMAs in 2022



Sources: Canada Mortgage and Housing Corporation (CMHC), and Québec International, 2023.

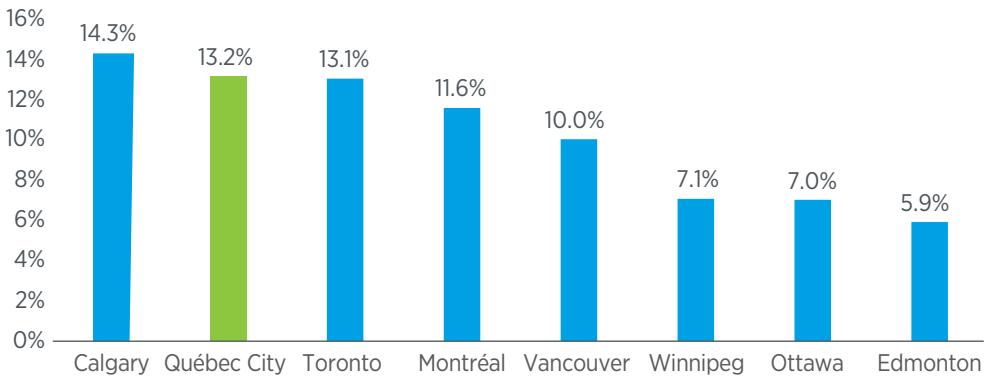




## Stronger variation in the average price of a single-family house compared to most other Canadian CMAs ...

With a 13.2% surge in the average price of single-family houses, Québec City had the second-highest increase among Canada's eight major CMAs. This is explained in part by the drop in the number of available dwelling units. With a vacancy rate of 1.5% in 2022, there are fewer units available in the Québec City CMA. This means that housing scarcity is a reality and a major concern for many households. The number of absorbed units decreased, going down from 2,381 in 2021 to 2,068 in 2022, a total drop of 13,2%

**Graph 7 – Variation in the average price of a single-family house in the eight major Canadian CMAs in 2022**



Sources: Canada Mortgage and Housing Corporation (CMHC), and Québec International, 2023.

## Concerns surrounding available housing ...

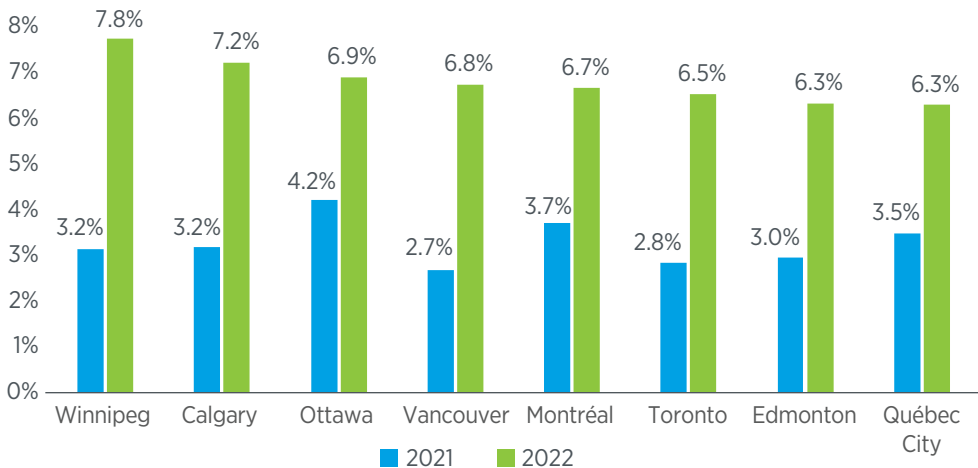
According to the 2021 census, the Québec City CMA had around 839,300 residents living in 411,415 private dwelling units, 51% of which were classified as “apartments,” against 49% classified as “houses.” Out of all these units, 94% (387,954) were permanently occupied, and 6% (23,461) were temporarily occupied (either unoccupied, temporarily occupied or occupied by foreign residents).

The vacancy rate stood at 1.5% in the Québec City CMA in 2022. This is a drop of one percentage point compared to the previous year. This clearly shows that there were fewer available units compared to 2021. By highlighting the proportion of unoccupied units in relation to the total number of units from the 2021 census in the CMA, we can see that there were only 6,171 dwelling units available in 2022. We can also see that there are urgent housing needs in the region.

## OVERALL INFLATION

In 2022, soaring prices were a widespread phenomenon in the main Canadian CMAs. In the Québec City region, the inflation rate almost doubled (from 3.5% in 2021 to 6.3% in 2022), but remained the lowest among the country's eight main CMAs in 2022.

**Graph 8 – Inflation rates in the eight major Canadian CMAs in 2021 and 2022**



Sources: Conference Board of Canada, and Québec International, 2023.



# A look at prices for certain products in the province of Quebec in 2022

In 2022, rising prices had an impact on the purchasing power of Quebec households. Overall inflation in the province was 6.7%. This was reflected in higher prices for a number of products and product groups, as shown below for the price of certain essential goods.

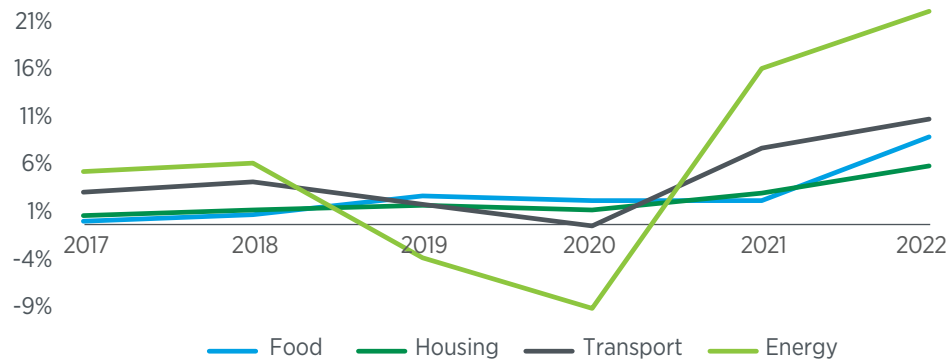
**Food:** Food prices rose by 9.2% in 2022, 2.5 percentage points more than overall inflation in the province of Quebec. Compared with last year, the cost of the main component, i.e. food bought in shops, rose the most (9.6%). This is the biggest rise in food costs in Quebec since 1981.

**Housing:** Housing costs grew by 6.1%, contributing to the increase in the cost of living in 2022. Compared with last year, this represents an increase of 2.8 percentage points.

**Transport:** Prices also soared here, with costs increasing by 11% in 2022. This is 4.3 percentage points higher than overall inflation.

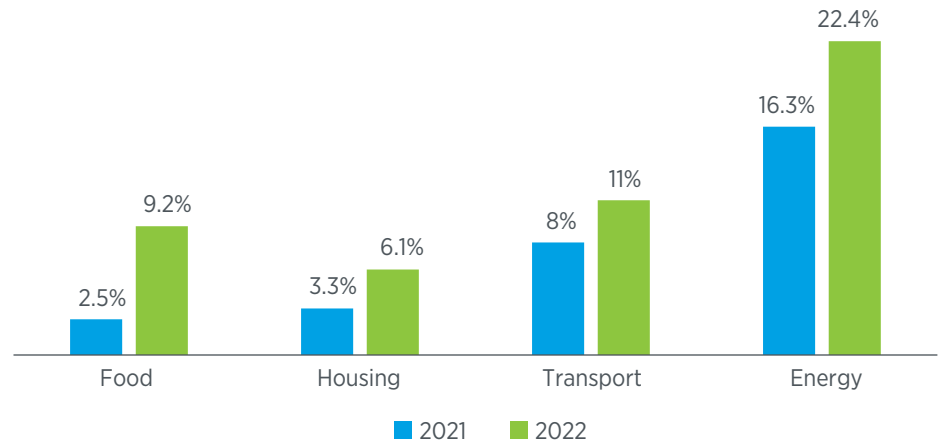
**Energy:** Energy, considered by many to be the main culprit behind the rise in prices in 2022, saw an increase of 22.4%. Admittedly, this is a very significant increase, but it does not alone explain the surge in prices in 2022.

Graph 9 – Inflation trends for certain products in the province of Quebec from 2017 to 2022



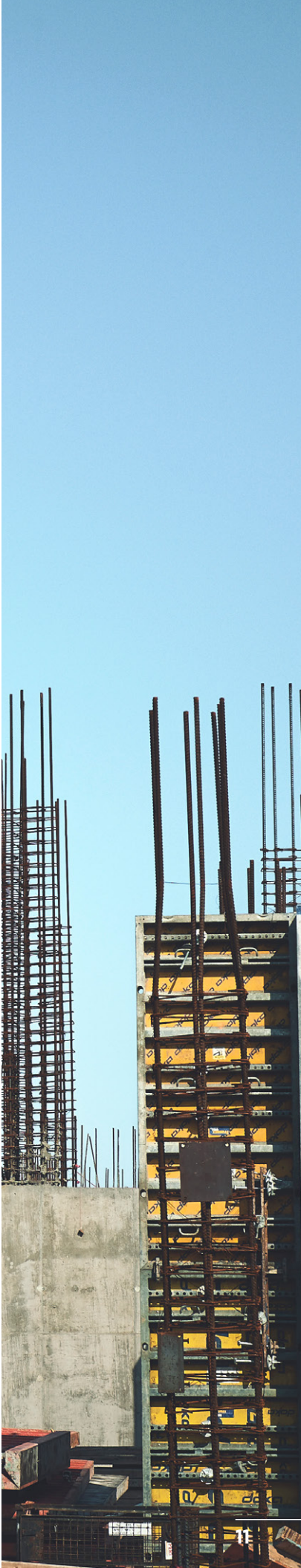
Sources: Statistics Canada, Institut de la statistique du Québec (ISQ), and Québec International, 2023.

Graph 10 – Inflation of certain products in the province of Quebec in 2021 and 2022



Sources: Statistics Canada, Institut de la statistique du Québec (ISQ), and Québec International, 2023.

The data analyzed shows that the prices of several essential products have risen significantly in the province of Quebec. Data from the Institut de la statistique du Québec (ISQ) shows that the inflation rate excluding energy remains at around 5.5% in Quebec. This is well above the Bank of Canada's target of 2%. Moreover, inflation is 5.1% without factoring food and energy into the calculation. This means that inflation in 2022 is not entirely dependent on the rise in prices of certain products alone. To understand the sources of the phenomenon, we need to consider other factors that are more difficult to grasp.



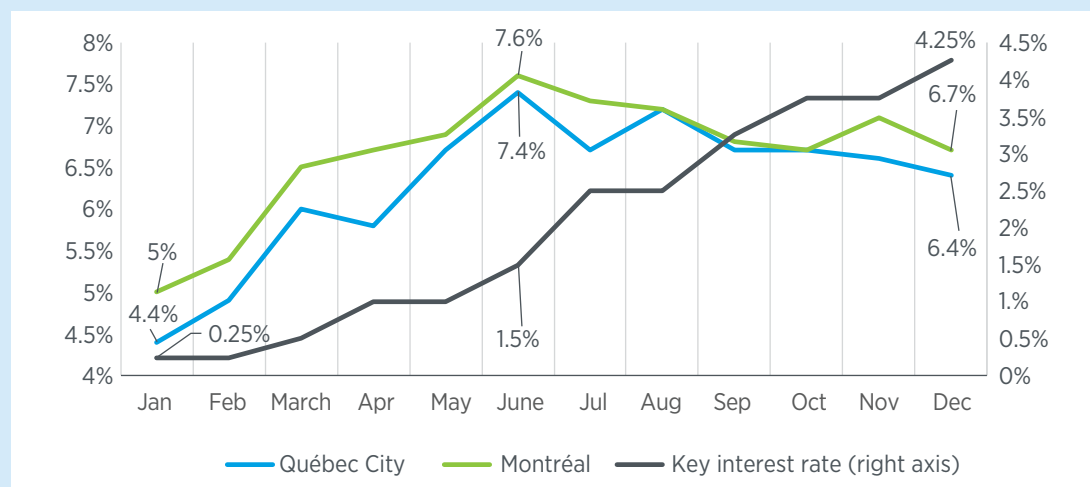


### Box 1 – A year marked by an increase in the key interest rate

The key interest rate is the Bank of Canada's main tool for controlling inflation. In 2022, the Bank of Canada raised its rate eight times, from 0.25% at the start of the year to 4.25% in December.

Analysis of Statistics Canada's monthly Consumer Price Index (CPI) data coincides with a slowdown in price increases in the Québec City CMA. The CPI rose during the first two quarters, then stabilized before trending downwards at the end of the year.

**Graph 11 – Monthly CPI and key interest rate trends in the two largest CMAs in the province of Quebec in 2022**



Sources: Statistics Canada, Institut de la statistique du Québec (ISQ), and Québec International, 2023.

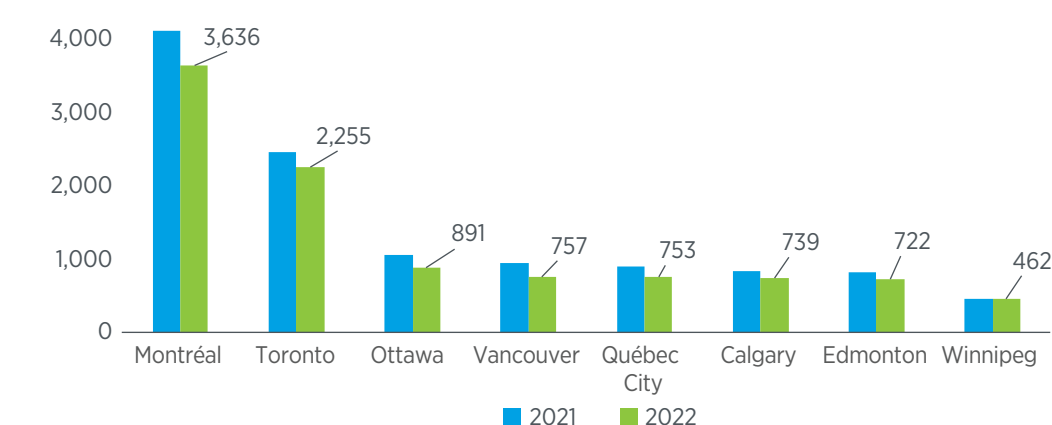
## A LOOK AT THE SITUATION WITH HOUSEHOLD FINANCES

In 2022, inflation adversely affected the wallets of many households. The cost of basic necessities rose. As a result, the proportion of income spent on food, housing and transport increased to offset rising prices.

### Consumer bankruptcies on the decline ...

In 2022, the number of consumer bankruptcies stood at 753 in the Québec City CMA, down 17% on the previous year. This decline follows on from those recorded in recent years. As a result, since 2019 we have seen a gradual fall in consumer bankruptcies, from 1,951 to 753 between 2019 and 2022. This represents 61% fewer bankruptcies in four years.

**Graph 12 – Consumer bankruptcies in the eight major Canadian CMAs in 2021 and 2022**



Sources : Bureau du surintendant des faillites et Québec international, 2023





# STATE OF CONSUMPTION

Despite the rise in the cost of living in 2022, consumption remained stable in the eight major Canadian CMAs. When inflation is factored into the calculation of changes in retail sales, household consumption in the Québec City CMA fell slightly by 0.40% year-over-year. The data thus testifies to the tension generated by rising prices on the consumer market.

Table 3 – Profile of retail sales in the eight major Canadian CMAs in 2022

	Retail sales (B\$)		Variation (%) adjusted for inflation
Geography	2021	2022	2021-2022
Québec City	18.03	19.08	-0.40%
Montréal	72.91	80.17	3.08%
Ottawa	25.78	28.58	3.70%
Toronto	101.04	117.72	9.84%
Winnipeg	14.95	16.41	1.85%
Edmonton	32.33	34.13	-0.74%
Calgary	31.63	34.58	1.97%
Vancouver	46.10	48.32	-1.80%

Sources: Conference Board of Canada, and Québec International, 2023.

## OUTLOOK

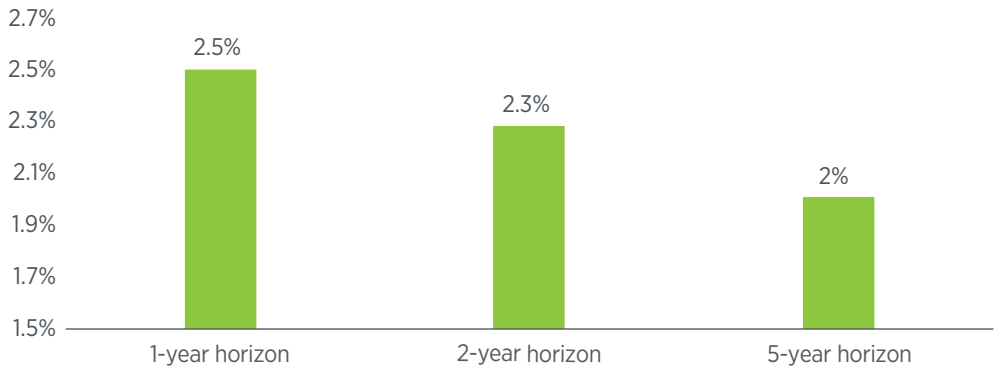
### High inflation expectations in 2023 ...

Forecast from the Bank of Canada and the Conference Board of Canada points to lower inflation levels in the coming years. Inflation is likely to be the highest source of concern for many households. In its [Canadian Survey of Consumer Expectations](#), the Bank of Canada revealed that households continue to expect high inflation in the short and medium terms. This is testimony to their concerns surrounding the rising cost of living in recent years. A number of reasons have been suggested to support this view:

- Supply chain disruptions
- Russia’s war in Ukraine
- High energy prices
- Labour shortages

All these factors will likely contribute to maintaining a high inflation rate in the short and medium terms.

Graph 13 – Average consumer inflation expectations in Canada in 2022



Sources: Bank of Canada, and Québec International, 2023.





## Salaries expected to increase ...

The Conference Board of Canada expects worker compensation to increase over the next five years. Given the inflation situation which is likely to persist, salary increases allow households to cope with the price increases. An average annual increase of 2.6% is expected in the Québec City CMA over the next five years. Labour scarcity, which is also likely to persist, is another factor that could contribute to rising salaries.

## CONCLUSION

Despite having one of the highest average annual salaries, the Québec City CMA was harshly hit by inflation, which affected not only the food basket but also the real-estate market in 2022. The paragraphs below highlight a number of important points that can be made from these results.

## Housing needs have become a reality ...

Although the region maintained one of the lowest average prices for a single-family house, data shows that Québec City is among the CMAs that had the highest real-estate price hikes. The 13.2% rise in the price of a single-family dwelling placed the region behind Vancouver but before Montréal, Toronto, Ottawa, Calgary (to name but a few) in terms of price variation.

In the rental market, the CMA had the lowest average rent in 2022, before Montréal, Winnipeg, Edmonton, Calgary and others. However, this advantage is undermined by the availability of housing and the lack of variety to meet the needs of the different types of households. The housing vacancy rate stood at 1.5% in the CMA in 2022, one of the lowest rates among the eight major CMAs.

Due to this, despite prices still being relatively affordable for both residential and rental units, the region's real estate market was marked by scarcity in 2022. This could even be called a tight market considering the soaring prices, the especially low vacancy rate and the drop in the number of units completed (13%). This scarcity, combined with inflation, led to a significant decline in house sales (26%) in the fourth quarter of 2022.

While the region's labour market forces economic stakeholders to focus on attracting skilled workers, it is essential to reflect on a more proactive housing policy in the short term to better welcome new workers who could help mitigate labour shortages and reduce the number of vacant positions.

## Increased salaries combined with a low unemployment rate ...

The annual unemployment rate of 2.9%, along with labour scarcity, put pressure on salaries in 2022. This is shown by the fact that the region broke several records in each quarter of 2022 in terms of the number of vacant positions ([Vacant positions Q2-2022](#)). The region's labour market was tense throughout the year as labour needs persisted.

These labour market conditions could extend the inflationary climate that has a strong impact on the food basket, energy and real estate.

### Preparation

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