



Friday » August
11 » 2006

On paper, Calgary price rises make us look good But StatsCan's index may not reflect real West Coast prices, officials say

CanWest News Service; with Vancouver Sun

Friday, August 11, 2006

Increases in new home prices in Vancouver and Victoria during June were almost reasonable compared to other cities across the country, according to Statistics Canada's new housing price index.

Vancouver and Victoria saw the price of a new house rise only 0.2 per cent in June from May, with a year-over-year increase of 5.2 per cent in Vancouver and 5.4-per-cent rise in Victoria.

While prices rose an average of 1.4 per cent across Canada in June, in Calgary they roared ahead by 6.9 per cent. That means that during the past year, Calgary prices have rocketed almost 50 per cent, and Edmonton follows at 28.1 per cent.

House prices in Winnipeg, Saskatoon, Regina, Halifax and Quebec also outpaced B.C. cities, according to the Statistics Canada report.

"Those are the highest for year-to-year for both Calgary and Edmonton," said Leon Comeau, a spokesman with Statistics Canada's Prices Division.

But the unexpected results may be due to the methodology.

The index asks builders of single-family dwellings and townhomes to supply representative house prices, Comeau said. But the builders who participate are mostly large-tract builders who are more likely to construct subdivisions, which are rare in Vancouver, rather than single-family houses, he said.

Cameron Muir, a market analyst with Canada Mortgage and Housing Corp., said the apparently low price increases in StatsCan's index were not indicative of what was happening locally.

"It's hard to believe that when we see construction costs going up 10 or 12 per cent per year that the actual new home price index is indicating that it's half that," Muir said. "And I think it might be a function of Statistics Canada's methodology, but in actuality any builder or developer you talk to will say that costs and prices are rising much more rapidly than that index may suggest.

"It tends not to be representative of actual home prices in Vancouver and Victoria," Muir added.

Elsewhere, monthly price gains in Saskatoon were 1.6 per cent, Regina 1.2 per cent and Winnipeg 0.5 per cent.

Other noteworthy gains in June were in Hamilton, Ont. (0.7 per cent) and in nearby St. Catharines/Niagara (0.6 per cent). Increases were also tallied in Halifax, Montreal, Quebec, Toronto, Oshawa, Kitchener, and Windsor.

In the past 12 months, the cost of new housing has risen 9.1 per cent in Winnipeg, 8.5 per cent in Saskatoon, 7.9 per cent in Regina, 6.9 per cent in Halifax, and 6.5 per cent in Montreal.

The report cited a number of factors driving up prices, led by a continued strong demand and the rising cost of construction materials and labour.

However, Calgary and Edmonton were identified in the report as having the added pressures of rising lot values, due mainly to land shortages, and prolonged construction times.

Of 15 metropolitan areas showing increases, the price of land rose in 12.

© The Vancouver Sun 2006

CLOSE WINDOW

Copyright © 2006 CanWest Interactive, a division of [CanWest MediaWorks Publications, Inc.](#) All rights reserved.