



ROYAL LEPAGE REAL ESTATE SERVICES

Attention Business/News Editors:

Canada's housing market remains strong as 2006 closes, house prices forecast to increase by 6.5 per cent in 2007

-Commodity-rich Western provinces continue to report highest rise in average house prices-

TORONTO, Dec. 14 /CNW/ - Canada's resale housing market will finish the year on strong and stable footing as average house prices increased, year-over-year, in almost all markets examined. This healthy activity is expected to continue into 2007. Throughout 2006, regional variances were evident, with substantial double-digit gains reported in the West, while Ontario, Quebec and Atlantic Canada reported more modest gains, according to a year-end report released today by Royal LePage Real Estate Services.

Of the 83 markets examined across the country, the average price of a standard condominium experienced the greatest appreciation rising by 16.8 per cent to \$218,015, followed by a detached bungalow, which increased by 16.2 per cent to \$304,271, and a standard two-storey property, which rose by 13.4 per cent to \$366,839, year-over-year.

Canada's healthy and stable fourth quarter real estate market is bolstered by the combination of solid economic fundamentals including low unemployment rates across the country, higher incomes, and strong consumer confidence. Moderate interest rates have also led to an increase in market activity over the past several months, as new buyers continued to enter the real estate market.

"Canadians' passion for real estate remained steadfast throughout the year with home ownership reaching record levels during 2006. However, the frenzied nationwide sellers' market that characterized the first half of this decade finally began to moderate to more normal levels. House prices still rose across Canada, but at a measured pace, and the number of homes available for sale rose to the more comfortable levels indicative of a healthy, balanced market," said Phil Soper, president and chief executive, Royal LePage Real Estate Services. "Looking ahead to 2007, our plucky housing market should soldier on, with prices rising comfortably, as key economic fundamentals underpin positive consumer confidence."

In 2007, Canada's housing market is poised for continued, yet moderate growth with average house prices forecast to rise by 6.5 per cent to \$293,000, according to the 2007 Royal LePage Market Survey Forecast. The number of property transactions is expected to decrease by 3.0 percent to 468,000 units sold.

It is expected that home prices will appreciate in the mid-single digits across much of Canada during 2007. The commodity-based Western provinces will see higher levels of activity than in the rest of the country, as limited inventory and high demand continues to characterize the market. However, the rate of price appreciation in the West will temper dramatically from the unsustainable increases seen during 2006.

"The huge leap in Alberta house prices during 2006, and particularly those experienced in Calgary, was simply unsustainable for any extended length

of time," said Phil Soper. "In a single year, Calgarians moved from enjoying some of the most affordable housing in metropolitan Canada, to membership in the 'most costly' club, previously the exclusive domain of Toronto and Vancouver. Those stratospheric price increases should return to earth in 2007."

Consistent with the past three quarters of 2006, the fourth quarter recorded the highest average price appreciations in all housing types surveyed, in Calgary and Edmonton. High in-migration due to employment opportunities in the oil and gas industry and related support sectors resulted in seller's market conditions in Alberta. Winnipeg reported strong double-digit average price appreciation during the fourth quarter due to unseasonably warm fall weather and tight inventory. In British Columbia, strong consumer confidence, affordable interest rates, and favourable economic conditions fuelled home buying activity pressuring average house prices to rise substantially.

In Central and Atlantic Canada, balanced conditions characterized the fourth quarter market, with prices appreciating at a more modest pace.

In Toronto and Ottawa, prices increased at approximately the same pace, quarter-over-quarter. The upward pressure on house prices in Toronto eased slightly during the fourth quarter due to an increase in listings, and the frenzied conditions and frequent multiple offers which characterized the market during 2005 were no longer widespread. Ottawa's economy is one of the most stable in the country, and as a result, the city's housing market has not experienced the same peaks and valleys as experienced in many other major cities. Ottawa's market experienced a slight seasonal slowdown in buying activity during the fourth quarter; however, activity was balanced across all purchaser groups.

Montreal experienced modest growth and balanced conditions as a result of fewer purchasers in the market leading to greater inventory and longer listing periods. In Atlantic Canada, average property prices appreciated at a modest pace as a result of a recent flurry of new development and a steady flow of out-migration.

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REGIONAL SUMMARIES

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In Halifax, the activity that characterized the first three quarters of 2006 returned to more balanced, healthy conditions. Single professionals and young couples continued to be the most active purchasers during the fourth quarter. As a result of the more moderate housing market, multiple offer situations were increasingly rare.

After five years of substantial house price increases and seller's market conditions, the pendulum has swung in favour of the buyer in Moncton. The city's housing market was characterized by longer listing periods, pricing more reflective of actual value and fewer multiple offer situations, resulting in more moderate price increases.

In Saint John, three significant energy projects and their impending economic impact is driving consumer confidence, positioning the fourth quarter as a good time for both buyers and sellers to participate in the market. Recent media coverage naming Saint John as the third most attractive city to live in, and citing the city's low cost of living, recent drop in unemployment and impending natural resource boom, have contributed to the city's healthy housing market.

In Charlottetown, a shift in the amount of available inventory, partnered with longer listing periods, slowed average house price increases in the fourth quarter. Several new retail developments and the provincial

government's renewed focus on job creation has resulted in increased opportunities and confidence for some residents, making the prospect of buying higher priced properties more attainable.

Price appreciation continued to slow in St. John's, as properties priced over \$160,000 showed virtually no activity in the fourth quarter of 2006, largely due to an oversupply of new construction properties. Long awaited announcements on natural resource projects and lower-than-expected crab prices weighed heavily on consumer confidence, resulting in frustration from sellers due to longer than expected listing periods.

Strong consumer confidence and low interest rates contributed to balanced conditions and moderate price increases in Montreal's housing market in the fourth quarter. Inventory has increased in Montreal, as there are slightly fewer purchasers when compared to the same period last year and with more properties to choose from, sellers had to be cognizant to price their homes appropriately to avoid long listing periods. Sellers have also had to become more accommodating with conditional offers, as multiple offer situations are not occurring at the same frequency compared to the same period last year.

Ottawa's housing market continued to exhibit balanced conditions in the fourth quarter. The core of downtown Ottawa remained a sought-after area for its easy access to the city's amenities, while the suburbs saw a slight upswing in activity, as some buyers favoured areas such as Kanata, Barhaven and Orleans. Ottawa's market experienced a slight seasonal slowdown in buying activity during the fourth quarter; however, activity was balanced across all purchaser groups.

Fuelled by a vibrant economy and strong consumer confidence, Toronto's housing market sustained robust activity levels in the fourth quarter. Sellers have had to be mindful to not over-price their properties, as buyers have been passing over homes that are unreasonably priced. Conversely, homes that show well and are priced accurately have continued to sell quickly.

Winnipeg's housing market will finish the year on a strong note, due in part to unseasonably mild weather conditions, which has boded well for builders, as construction projects have not experienced the typical weather-related slowdown. Similarly, prospective purchasers remain active.

In Regina, demand for all types of housing remained strong during the fourth quarter, as affordable interest rates and strong consumer confidence continued to drive buyers into the market, placing pressure on already tight inventory levels.

Saskatoon has experienced an increase in in-migration, and inventory has not been able to satiate demand, which has resulted in continued double-digit increases in average house prices.

The combination of Calgary's steadfast economy, high employment rates and the continually-active oil sands continue to fuel the city's hot real estate market prompting average house prices to rise by double-digits in the fourth quarter.

A sustained shortage of inventory resulted in average house prices in Edmonton rising at record rates in the fourth quarter. Quality listings continued to move quickly through the system in the city, resulting in multiple offer situations and houses continuing to sell above asking price in many cases. The growth in the condo market has outpaced growth in the single-family home sector this quarter - a direct result of the fact that the single-family home is no longer in most purchasers' price range.

A marginal increase in Vancouver's housing inventory has shifted the city's market from the frenetic pace that dominated the housing scene during the first three quarters of 2006 towards more balanced conditions in the fourth quarter. Prospective purchasers currently entering the market are more astute and savvy than ever when it comes to making a property purchase. They have done their homework and are familiar with realistic prices and terms.

Halifax	199,333	199,000	0.2%
Charlottetown	175,000	170,000	2.9%
Moncton	130,000	122,000	6.6%
Saint John	-	-	N/A
St. John's	196,667	202,333	-2.8%
Atlantic	175,250	173,333	1.1%
Montreal	319,573	309,117	3.4%
Ottawa	287,000	275,500	4.2%
Toronto	480,455	458,827	4.7%
Winnipeg	202,438	179,339	12.9%
Regina	146,500	142,125	3.1%
Saskatoon	205,000	181,000	13.3%
Calgary	425,644	282,989	50.4%
Edmonton	325,714	214,857	51.6%
Vancouver	803,500	703,750	14.2%
Victoria	417,000	394,000	5.8%
National	366,839	323,585	13.4%

Standard Condominium

Market	Q4 2006 Average	Q4 2005 Average	Condo % Change
Halifax	142,500	113,000	26.1%
Charlottetown	98,000	98,000	0.0%
Moncton	-	-	N/A
Saint John	-	-	N/A
St. John's	146,333	145,667	0.5%
Atlantic	128,944	118,889	8.5%
Montreal	195,156	185,959	4.9%
Ottawa	182,750	174,000	5.0%

Toronto	255,345	241,772	5.6%
Winnipeg	101,450	91,665	10.7%
Regina	96,500	94,500	2.1%
Saskatoon	124,000	107,500	15.3%
Calgary	259,400	165,067	57.1%
Edmonton	212,500	135,000	57.4%
Vancouver	386,000	322,000	19.9%
Victoria	238,000	221,000	7.7%
National	218,015	186,707	16.8%

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Average house prices are based on an average of all sub-markets examined in the area, except for the smaller markets of Charlottetown, Moncton, Saint John and Victoria.

The Royal LePage Survey of Canadian House Prices is the largest, most comprehensive study of its kind in Canada, with information on seven types of housing in over 250 neighbourhoods from coast to coast. This release references an abbreviated version of the survey, which highlights house price trends for the three most common types of housing in Canada in 80 communities across the country. A complete database of past and present surveys is available on the Royal LePage Web site at www.royalpage.ca, and current figures will be updated following the end of the fourth quarter. A printable version of the fourth quarter 2006 survey will be available online on February 15, 2007.

Housing values in the Royal LePage Survey are Royal LePage opinions of fair market value in each location, based on local data and market knowledge provided by Royal LePage residential real estate experts. Historical data is available for some areas back to the early 1970s.

About Royal LePage

Royal LePage is Canada's leading provider of franchise services to residential real estate brokerages, with a network of over 12,600 agents and sales representatives in 600 locations across Canada operating under the Royal LePage, Johnston and Daniel, and Realty World brand names. Royal LePage manages the Royal LePage Franchise Services Fund, a TSX listed income trust, trading under the symbol "RSF.UN".

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