

Housing values up by average 264% in 25 years: survey

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Globe and Mail Update

Residential housing values have increased by an average of 264 per cent in the last 25 years in Canada — rising from \$72,061 in 1981 to an estimated \$277,000 in 2006, according to a Re/Max real estate survey released Wednesday.

The buying power of baby boomers — who are purchasing homes for themselves and their kids — and a steady influx of new Canadians seeking to put down roots have fuelled demand and pushed up prices, said Re/Max.

“Residential housing values in virtually all major Canadian centres have posted significant gains since 1981, with almost half reporting double-digit appreciation annually. Leading the charge is Barrie, Ont., with an exceptional 372 per cent increase in average price (\$51,665 to \$244,000) over the 25-year period,” the firm reported.

Despite the cyclical nature of the business, an analysis of 17 housing markets across the country found that price appreciation topped 240 per cent in seven areas: Barrie (372 per cent), St. Catharines (329 per cent), Hamilton-Burlington (325 per cent), Ottawa (297 per cent), Greater Toronto Area (290 per cent), Greater Vancouver Area and Halifax-Dartmouth (242 per cent increase), the firm reported.

“Conventional wisdom used to be that real estate was a relatively safe, long-term investment that typically appreciates at a rate of five per cent annually,” says Michael Polzler, the firm's executive vice-president and regional director in Ontario and Atlantic Canada.

“These statistics clearly tell a different tale. In the top 10 markets, real estate values rose at least eight per cent or more on an annual basis. Even the worst performing market in the country experienced an increase of close to six per cent annually since 1981.”

A number of factors have contributed to the appreciation in values across the country: a 25-per cent increase in Canada's population, greater economic diversity in regional markets, and immigration, Re/Max reported.

“Approximately 250,000 new Canadians arrive annually and we know from experience that many will buy a home within five years of immigrating. Job opportunities have also prompted in-migration across the country as purchasers from more rural communities seek employment in major metropolitan areas,” Mr. Polzler said.

Baby boomers have also been a powerful force behind housing demand, particularly in the higher-end neighbourhoods where sales have surged in recent years, said Elton Ash, the firm's regional vice-president for Western Canada.

“Boomers have demonstrated their buying intentions through the purchase of primary residences, recreational and retirement properties and even in financially assisting their children — the next generation of homebuyers — thereby stimulating the first-time segment as well,” Mr. Ash said.

Victoria reported a 229 per cent increase, London experienced an upswing of 228 per cent, Calgary was up 227 per cent, and Kelowna rounded out the top 10 at 211 per cent, Re/Max reported.

“Thanks to economic diversity, today's housing markets are more insulated than in the past. Alberta's pro-business stance, for example, has served to attract major corporations to the province in recent years. Saskatchewan's economic base has shifted from agriculture to natural resources virtually overnight.

“In Ottawa, an economy once solely dependent on the one major employer in the area, the evolution of high-tech has played a substantial role in the overall health of the residential real estate market,” the firm said.