

## New-rich biggest buyers of luxury homes

LORI MCLEOD  
GLOBE AND MAIL UPDATE  
MAY 15, 2007 AT 3:30 PM EDT

Have dreams of living in a house where you can practice your putt in the backyard, swim in a private lake or run naked through a main floor the length of a football field?

Sales of such ritzy digs have risen in Canada due to strong economic conditions, an influx of foreign buyers and the robust energy markets, according to a report from Royal LePage Real Estate Services.

What's more, most of the buyers appear to be the nouveau riche who have earned their homes using old-fashioned elbow grease rather than old-money families.

Of high-end homeowners who shed light on their financial success for Royal LePage, 91 per cent cited hard work, ambition and a higher education, while just 4 per cent said they were born into the right family.

### Photogallery

- Luxury homes across Canada



Strong economic conditions, consumer confidence and the accumulation of wealth of the baby boom generation have made luxury homes accessible to a greater number of Canadians, said Phil Soper, chief executive officer of Royal LePage Real Estate Services. Strong sales to first-time home buyers have also created a way for those at the mid-portion of the market to sell and move up.

“This whole decade has been pushing people up through the funnel to the most expensive real estate in the country,” Mr. Soper said.

This year luxury home sales hit their highest first-quarter level in the current real estate market expansion, which has been going on for seven years compared with the usual three- to five-year cycle.

Luxury home sales have risen in Canadian cities including Ottawa, Toronto, Calgary, Edmonton, Toronto, Montreal and Winnipeg. Halifax was the only city of the eight included in the study in which luxury home sales dropped, compared with 2006.

Sales were up most notably in Alberta, where the oil boom created the dual effect of luring senior executives from other places and increasing the wealth of the province's residents. This led to a 71 per cent jump in high-end home sales in Edmonton, and a 38 per cent increase in Calgary, the report said.

In Edmonton, 12 homes valued at \$950,000 or more were bought in the first three months of the year compared with seven last year, and in Calgary 130 luxury homes valued at \$1-million or more were purchased compared with 94 in the first quarter of 2006.

In Toronto, Vancouver, Montreal and Calgary a luxury home is classified as having a value no less than four times the average residential sales price or \$1-million, and in other markets a home's listing price must be three times greater than the residential average to qualify.

In markets such as Alberta, where house prices have soared, home buyers are also being squeezed into the higher end of the market.

“Edmonton has experienced the highest price appreciation of any major city, and that's especially acute at the high end,” Mr. Soper said.

Despite the increase in prices, the wealthy are still using Canadian real estate as an investment and a means of diversifying their assets, Mr. Soper said. Of the 250 high-net-worth individuals surveyed for Royal LePage, one quarter said they owned more than one home, with 2 per cent owning more than five properties. High-net-worth Canadians are defined as individuals with a primary residence valued at \$500,000 or more, and other assets with a value of at least \$250,000.

A number of foreign buyers are also purchasing Canadian real estate, such as condos in Toronto and Vancouver, due to the country's strong economic conditions and relative value of real estate here, Mr. Soper said.

An example of Canada's affordability was shown last week, when no Canadian cities turned up on a list of the priciest 30 places in the world to buy residential real estate.

London topped the charts for the world's most expensive home prices, with Monaco, New York, Hong Kong, Tokyo, Cannes, St Tropez, Sydney, Paris and Rome rounding out the top ten, according to The Wealth Report, released by real estate agency Knight Frank and Citi Private Bank.

#### SPONSORED LINKS

**Download Free Futures Trading Research & Guides**

Stay Up To Date With Market Activity & Trends. Become an Educated Investor Today.

[www.InvestBrite.com](http://www.InvestBrite.com)

**Download Free Investment Software Research+Guides**

Stay Up To Date With Market Activity & Trends. Learn About Investment Software

[www.InvestBrite.com](http://www.InvestBrite.com)

**Download Free Foreign Exchange Research & Guides**

Stay Up To Date With Market Activity & Trends. Become an Educated Investor

[www.InvestBrite.com](http://www.InvestBrite.com)

**Download Free Options Research & Guides**

Stay Up To Date With Market Activity & Trends. Become an Educated Investor Today.

[www.InvestBrite.com](http://www.InvestBrite.com)

**Earn 15% Yearly W/ Private Medical Investments**

Invest W/ Expert Run Mobile Imaging Centers Using GE Technology. Earnings Paid Monthly, \$25K Min.

[www.MobileImagingSystems.com](http://www.MobileImagingSystems.com)

**[Buy a link Now](#)**

© Copyright 2007 CTVglobemedia Publishing Inc. All Rights Reserved.

**CTVglobemedia**

globeandmail.com and The Globe and Mail are divisions of CTVglobemedia Publishing Inc., 444 Front St. W., Toronto, ON Canada M5V 2S9  
Phillip Crawley, Publisher