

## TORONTO REAL ESTATE PRICES SHOW MODERATE GROWTH IN FINAL QUARTER OF 2013

*Disequilibrium of the supply and demand of detached homes pushes prices upward*

**TORONTO, January 9, 2014** – The Royal LePage House Price Survey and Market Survey Forecast released today showed modest year-over-year growth in prices for all housing types surveyed in Toronto.

Standard two-storey homes saw an increase of 2.7 per cent to \$686,250, while detached bungalows increased 3.9 per cent to \$580,151. Over the same timeframe standard condominium prices remained relatively flat, increasing by 1.0 per cent to \$360,272.

“The upward pressure on detached homes reflects the intense demand for these properties combined with a dwindling supply of homes with a backyard and decent lot size within the city,” said Gino Romanese, Senior Vice President, Royal LePage. “Good detached properties, particularly bungalows, are a vanishing breed in Toronto. As the city continues to become denser and the availability of these properties is further constrained, it is likely that we’ll see further price appreciation in these types of properties.”

According to Romanese other than in-fill redevelopment projects or narrow lot configurations, chances of building a bungalow or a standard two-storey home in Toronto are becoming remote.

Romanese noted that the Toronto condo market has largely defied the “sky is falling” predictions, as there was slight year-over-year price appreciation in this segment. “The one per cent increase in average price of Toronto condos reflects a good balance of supply and demand in this market.”

Looking ahead to 2014, Royal LePage forecasts that prices will rise by 3.9 per cent in the Toronto market, while unit sales will increase by 0.9 per cent.

“While home prices will appreciate in the broader Toronto market, one area where price increases are expected to be smaller is at the higher end of the standard two-storey market, where

some houses are nearing the \$1 million mark. This is not only is a psychological threshold but also the amount where financing becomes more difficult,” explained Romanese.

“Interest rates should continue to be low, allowing for a healthy spring market. For the year ahead, employment levels in Toronto and the status of the recovery in the U.S. could also have an influence on the Canadian economy, and by extension the residential real estate market, so we will be monitoring both,” added Romanese.

Nationally, in the same quarter, the average price of a home in Canada increased between 1.2 per cent and 3.8 per cent in the fourth quarter.

The survey showed year-over-year average price increases in the fourth quarter of 2013 of 3.6 per cent to \$418,282 for standard two-storey homes and 3.8 per cent to \$380,710 for detached bungalows, while the average price of a standard condominium rose 1.2 per cent to \$246,530. Prices are expected to maintain healthy momentum into 2014, with Royal LePage projecting a 3.7 per cent increase nationally from 2013 and a shift to a seller’s market in the first portion of the year in a number of regions.

“A few short months ago, the country’s housing market emerged from a year-long correctional cycle of dramatically slowed sales volumes. Later 2013 was marked by a transition to buoyant sales volumes and above average price growth,” said Phil Soper, president and chief executive of Royal LePage. “In the absence of some calamitous event or material increase in mortgage financing costs, we expect this positive momentum to characterize 2014. In fact, we expect a market tipped decidedly in favour of sellers for the first half of the year, after which we project a shift to a more balanced market.”

“We predict continued upward pressure on home prices as we move towards the all-important spring market. In addition to normal demand, housing prices in Canada this year will be influenced by buyers who put off purchase plans in the very soft spring of 2013,” continued Soper. “Talk of a ‘soft landing’ for Canada’s real estate market in the new year is misguided. We expect no landing, no slowdown, and no correction in the near-term. Conditions are ripe for as strong a market as we saw in the post-recessionary rebound of the last decade.”

## **About the Royal LePage House Price Survey**

The Royal LePage House Price Survey 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 90 communities across the country. A complete database of past and present surveys is available on the Royal LePage website at [www.royallepage.ca](http://www.royallepage.ca). Current figures will be updated following the complete tabulation of the data for the fourth quarter of 2013. A printable version of the fourth quarter 2013 survey will be available online on February 6, 2014. Housing values in the Royal LePage House Price 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.

## **About Royal LePage**

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of nearly 15,000 real estate professionals in over 600 locations nationwide. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women's and children's shelters and educational programs aimed at ending domestic violence. Royal LePage is a Brookfield Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE.

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