

## FREDERICTON HOME PRICES DECLINE IN SECOND QUARTER OF 2014

*Weak economic climate and oversupply in the condo market put downward pressure on prices*

**Fredericton, July 9, 2014** – The Royal LePage House Price Survey and Market Survey Forecast released today showed price declines across all housing types surveyed in Fredericton.

Standard condominium prices saw the steepest drop, falling by 8.2 per cent year-over-year to an average price of \$145,000. Detached bungalows dipped by 3.4 per cent to \$200,000, while standard two-storey home prices witnessed the smallest decline, falling 2.3 per cent to \$215,000.

“A steady stream of new condo builds has resulted in an excess of product on the market,” said Lincoln Thompson, Broker and Owner, Royal LePage Gardiner Realty. “Such high inventory levels combined with a decrease in demand driven by a poor economic outlook are contributing to the year-over-year price declines we are seeing in the Fredericton market.”

“Cutbacks in provincial spending and the completion of a number of commercial construction projects have also contributed to declines in both sales activity and prices. There are fewer jobs and more people are leaving the city than arriving,” added Thompson.

Looking ahead, Thompson forecasts that prices will see further decreases of 3 to 4 per cent for the balance of 2014, but notes that the current low interest rate environment is still very attractive for buyers, and that the upcoming provincial election may spur some increased activity before year-end.

Nationally, with the harsh winter now a fading memory, the average price of a home in Canada increased between 3.9 and 5.2 per cent in the second quarter of 2014. According to Royal LePage, price increases were posted across housing types, with detached bungalows seeing the highest year-over-year gains, rising 5.2 per cent to an average price of \$406,454. Meanwhile, standard two-storey homes rose 5.1 per cent year-over-year to \$440,972, while standard condominiums posted gains of 3.9 per cent to \$258,501.

"Chronic supply shortages are driving price spikes in Canada's major cities, masking otherwise moderate home price appreciation nationally," said Phil Soper, president and chief executive of Royal LePage. "While a widening affordability gap in Canada's largest urban centres is characterizing the national market Canadians read about daily, year-over-year house price increases in most regions of the country are presently tracking below the historical average."

Looking ahead at the remainder of 2014, Royal LePage is projecting that the national average house price will increase at 5.1% per cent for the full-year.

"Compared to other major forecasts, our year-beginning national outlook predicted a higher level of 2014 average price appreciation, yet supply constraints in a handful of our largest cities necessitate a revision upwards," noted Soper. "Looking ahead to 2015, we expect house prices to track more closely to the rate of general economic growth. That is, we see price increases in Canada's largest cities moderating, just as our smaller city markets should see a lift."

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### **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 second quarter of 2014. A printable version of the second quarter 2014 survey will be available online on August 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 over 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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