

CALGARY SEES SUBSTANTIAL GROWTH IN HOME PRICES IN THE FOURTH QUARTER

Recent drop in oil prices has yet to impact overall real estate market

CALGARY, January 14, 2015 – The Royal LePage House Price Survey and Market Survey Forecast released today showed significant year-over-year price appreciation across all housing types surveyed in Calgary.

The Calgary market saw healthy price increases in all categories, with average prices for detached bungalows jumping 9.1 per cent year-over-year to \$511,889 and standard two-storey homes increasing 8.5 per cent to \$500,320. Standard condominiums also experienced robust growth, rising 9.1 per cent to \$311,644.

“The Calgary market was one of the hottest in the country, with all three major housing categories seeing near double-digit price growth over this time last year,” said Ted Zaharko, broker and owner, Royal LePage Foothills. “There remains a structural imbalance between the availability of homes and number of eager homebuyers. This fundamental discrepancy between supply and demand explains why we’ve seen such aggressive price appreciation in 2014.”

“Inventory availability remains a major issue across the city, as frustrated buyers are chasing a limited number of homes. The one exception is condominiums, where new units are being built at a faster rate,” added Zaharko.

According to Zaharko fourth quarter unit sales were up over the same time last year, but down from the heightened levels seen earlier in 2014. “A seasonal slowdown at year’s end is fairly normal in Calgary, and this year was no different. But overall, 2014 has been a positive year in terms of price appreciation and units sales.”

Royal LePage forecasts that average prices for homes in Calgary will increase 2.4 per cent in 2015. “While we expect price rises may moderate in 2015, the upward trend we’ve seen over the past few years is unlikely to reverse without a meaningful increase in inventory,” said Zaharko.

“Oil is a major economic influence in Calgary, so the recent price drop is worrying. While we believe there may be some immediate term impact on the local housing market in the form of slowed appreciation, there would need to be prolonged low oil prices for any spillover into the housing market to be significant,” concluded Zaharko.

Nationally, average home prices showed modest to healthy year-over-year gains in most markets in the fourth quarter of 2014.

During the quarter, the average price of a home in Canada increased between 4.5 per cent and 6.7 per cent year-over-year. The average price of detached bungalows rose 6.7 per cent to \$406,218, while standard two-storey homes increased 6.0 per cent to \$443,379, and standard condominiums saw a 4.5 per cent increase to \$257,624. Against the backdrop of a decidedly mixed macroeconomic environment at home and abroad, Royal LePage expects home prices to increase moderately in 2015, forecasting a 2.9 per cent national increase for the year ahead.

“In the fourth quarter of 2014, real estate markets unfolded as we anticipated, with modest year-over-year price changes in most regions contrasted against continued steep price increases in Western Canada and Greater Toronto,” said Phil Soper, president and chief executive of Royal LePage. “This follows a similar trend observed in the third quarter of 2014, when we predicted the beginning of a cyclical slowing in home price appreciation, to a pace that better reflects broad economic factors.”

“For our 2015 forecast, we could not ignore the potential impact of the steep decline in the price of oil on housing markets across Canada,” continued Soper. “In the immediate term we anticipate that the natural slowing of home price appreciation we called for in the third quarter of 2014 will be delayed in Central Canada and accelerated in the West by recent developments in the energy sector. Meanwhile in Atlantic Canada, buyers should continue to have the upper hand, with home prices across the region forecast to rise below general inflation.”

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. Current figures will be updated following the complete tabulation of the data for the fourth quarter of 2014. A printable version of the fourth quarter 2014 survey will be available online on February 9, 2015. 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 16,000 real estate professionals in more than 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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