

SASKATOON HOUSE PRICES SHOW MIXED RESULTS IN THE FOURTH QUARTER

Strong economy and labour market lead to record year for the number of area homes sold

SASKATOON, January 14, 2015 – The Royal LePage House Price Survey and Market Survey Forecast released today showed mixed year-over-year results in the major housing types surveyed in Saskatoon.

The market saw strong year-over-year price appreciation as standard two-storey homes increased 5.9 per cent to \$401,750, and condominiums increased 4.0 per cent to \$275,333. Meanwhile the prices for detached bungalows decreased 2.2 per cent to \$359,000.

“This will be a record year in Saskatoon for the number of units sold, and the second year in a row where we have seen activity well above historical averages,” said Norm Fisher, broker and owner, Royal LePage Vidorra. “The market as a whole has been clipping along with very strong demand, largely based on a robust local economy and positive employment picture.”

“Demand for two-storey homes has been especially strong in Saskatoon, including quite a few newly built properties, which is partially responsible for the significant increase in average prices in that category,” added Fisher.

Royal LePage is forecasting stable prices as demand for homes eases. “After two very strong years where we saw buoyant activity and moderate price appreciation, we expect that Saskatoon’s housing market will revert to historical averages in 2015. We have ended the year with a high level of inventory available, which suggests a competitive environment for sellers in the year ahead.”

Fisher expects that the price of oil and interest rates will have an influence on the housing sector in 2015. “A prolonged depression in oil prices or a spike in interest rates are the biggest threats to the real estate market in the year ahead, as they could hurt the overall economy and labour market or affect the affordability of homes,” Fisher said.

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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