

TORONTO HOME PRICES RISE STEEPLY IN FOURTH QUARTER OF 2014

Detached properties coveted by buyers and developers seeing double-digit price appreciation

TORONTO, January 14, 2015 – The Royal LePage House Price Survey and Market Survey Forecast released today showed substantial year-over-year growth in prices for all housing types surveyed in Toronto.

The detached bungalow category surged in the fourth quarter, with average prices increasing 11.6 per cent year-over-year to \$647,535. Standard two-storey homes also appreciated markedly, increasing 8.6 per cent to \$745,062. During the same period, average prices for standard condominiums increased 6.9 per cent to \$384,680.

“The Toronto market was one of the hottest in the country during the final quarter of 2014, as prospective buyers vied for properties in an environment of acutely constrained inventory,” said Gino Romanese, Senior Vice President, Royal LePage. “Good detached properties, particularly bungalows, were in high demand. Contractors, in particular, looked to scoop up post-war properties to upgrade to fit the needs and desires of today’s buyer.”

According to Romanese, there was significant demand for condominiums as many frustrated buyers looked to that segment as a viable option with a good variety of inventory to choose from – both new condominiums and resale units.

Romanese noted there was not a December slowdown in 2014 and multiple-offer situations were witnessed right up to December 23. “During the quarter there were often multiple offers, especially for desirable and well-priced properties. We expect this will continue into 2015, but with less intensity as more inventory is expected to come onto the market in the coming months.”

Looking to the year ahead, Royal LePage forecasts that prices will rise by 4.5 per cent in the Toronto market, with price increases predicted in all housing categories.

“The social and economic factors that have influenced the Toronto market in recent years remain unchanged, so it is reasonable to expect we will see continued price appreciation in Toronto and surrounding areas in 2015,” said Romanese.

“Condo developers are starting to build homes that are family-friendly, with more amenities and square footage. As these units come onto the market, they may offer some reprieve for frustrated young couples or families who have been unable to crack the detached property market,” added Romanese.

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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