

CALGARY REAL ESTATE MARKET SLOWS VISIBLY IN FIRST QUARTER OF 2015

Low oil price weighs on local market and significantly curtails activity

CALGARY, April 15, 2015 – The Royal LePage House Price Survey released today showed moderate year-over-year price increases in all housing types surveyed in Calgary.

After experiencing significant year-over-year price increases throughout 2014, price appreciation in Calgary's residential real estate market slowed visibly during the first quarter. The average price for detached bungalows increased 3.8 per cent to \$498,400, while standard two-storey homes increased 1.7 per cent to \$480,656. Standard condominiums recorded moderate growth of 2.9 per cent to \$286,913.

“The most noticeable thing that has happened to our market is the number of homes exchanging hands has decreased considerably when compared to the same period last year,” said Ted Zaharko, broker and owner, Royal LePage Foothills. “Uncertainty due to depressed oil prices permeates the Calgary market right now and has severely curtailed activity, although it did tick up in March. Across the city many sellers are taking a ‘wait and see’ approach.”

“While average prices for all three housing types showed moderate year-over-year growth, they are slightly softer than we have seen in recent quarters. We are confident that prices, which are down marginally on a quarter-over-quarter basis, will hold in the current range for now,” Zaharko added.

According to Zaharko, inventory is up markedly year-over-year, a trend that started at the end of the fourth quarter. “Supply has been exceptionally tight in the last 12 months, so the properties that are making their way onto the market now are bringing inventory up to long-term historical levels,” he concluded.

Nationally, Canada's real estate market is experiencing a soft landing, characterized by slower than normal home price increases. Much higher price increases were observed in the country's two largest urban markets, which combined to send the national average values upwards, partially obscuring the broader national trend.

During the quarter, the average price of a home in Canada rose between 3.8 per cent and 6.6 per cent year-over-year in the first quarter. When broken out by housing type, the survey showed a year-over-year average price increase of 5.3 per cent to \$451,463 for standard two-storey homes,

while detached bungalows rose 6.6 per cent to \$405,895. During the same period, the average price of standard condominiums climbed 3.8 per cent to \$261,782.

The steady softening of prices in most markets across the country was first observed in the mid-year 2014 Royal LePage House Price Survey. In recent months, two unanticipated factors disrupted the natural housing price cycle: the steep decline in oil prices late in 2014 and the Bank of Canada's subsequent reaction in lowering the overnight rate early in 2015.

"Canadian home buyers, with the last decade's recession still top of mind, have been very sensitive to shifting, broad economic factors. The oil shock has been unsettling for the national economy, consumer confidence and by extension, the housing market," said Phil Soper, president and chief executive, Royal LePage. "That said, lower prices at the pump and the confidence boosting move by the central bank to lower interest rates have been supportive. With these factors combined, we have a soft-landing for housing after several years of robust expansion. We define a soft-landing as a market in which home prices are flat or increasing slightly, giving the economy and family incomes, a chance to catch up."

"On balance, we believe we will not be seeing the kind of appreciation observed over the last three years any time soon, as markets work through the current cycle and align with broader economic conditions," continued Soper. "In terms of downside risk, we do not foresee a sharp decline in home prices, particularly in today's low interest rate environment."

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 first quarter of 2015. A printable version of the first quarter 2015 survey will be available online on May 15, 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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