

TORONTO HOUSING MARKET SURGES DURING FIRST QUARTER OF 2015

City bucks national trend of moderating price appreciation due to high demand and lack of inventory

TORONTO, April 15, 2015 – The Royal LePage House Price Survey released today showed sizable year-over-year price appreciation in the first quarter for all housing types in Toronto.

The average price for detached bungalows jumped 10.2 per cent year-over-year to \$655,669, which was followed closely by standard two-storey homes, which were up 9.2 per cent to \$803,794. Standard condominiums also experienced strong price growth during the quarter, increasing 7.0 per cent to an average price of \$395,584.

“The momentum we saw in the Toronto residential real estate market last year has carried over into the first quarter of 2015,” said Gino Romanese, Senior Vice President, Royal LePage. “Competition for homes in Toronto, particularly bungalows and standard two-storey homes, is fierce. Buyers looking to redevelop these properties have become more prominent in recent quarters, putting additional upward pressure on prices and frequently causing bidding wars.”

Romanese says that inventory remains a major issue in Toronto, where the healthy flow of properties onto the market cannot satisfy the demands of would-be homebuyers.

“In the condominium sector there are lots of buildings that are about to come onto the market in the next few quarters. The additional supply will help moderate price increases, but it is unlikely we will see any sort of price retrenchment,” he added.

According to Romanese, Toronto is seeing a bump in migration into the city as Torontonians return from, and immigrants decide against moving to, Calgary. “The recent struggles in Calgary due to low oil prices have made Toronto an even more appealing destination, which makes competition for homes here even more intense.”

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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