

Upswing in Greater Toronto Area House Prices Continue in Final Quarter of 2015

Several suburban areas outpace downtown core with double digit price appreciation

TORONTO, January 13, 2016 – The Royal LePage House Price Survey¹ and Market Survey Forecast² released today showed continued strength in the housing market in the Greater Toronto Area (GTA) with significant increases in the year-over-year prices of homes in all 10 regions surveyed. The 2015 fourth quarter aggregate³ price of a home in the GTA rose 8.6 per cent over the previous year to \$605,898.

The median price for a two-storey home in the GTA rose 9.7 per cent year-over-year to \$715,525, followed closely by bungalows which increased 7.8 per cent to \$596,842. Condominiums also saw healthy price growth during the quarter, increasing 3.7 per cent to a median price of \$361,809.

The strongest growth during the quarter was found outside the downtown core, in the suburban areas that surround the city. Mississauga and Brampton to the west, Vaughan and Markham to the north and Whitby to the east all saw aggregate prices surge more than 10 per cent year-over-year.

“In the GTA the market remains strong across housing types and geographies, with significant growth in the home prices throughout the region,” said Gino Romanese, senior vice president, Royal LePage. “A strong economy and continued inflow of workers into the area, combined with a prolonged shortage of homes for sale, have created a market where high, single-digit price appreciation remains the norm.

In many parts of the GTA, there is a divergence in the pace of price growth between detached homes and condominiums, with the former outpacing the latter by a healthy margin. The persistent supply shortage of two-storey homes and bungalows has kept the market tipped markedly in favour of sellers.”

Looking ahead to 2016, Royal LePage forecasts that prices will continue to rise, predicting 5.5 per cent year-over-year growth in the Toronto market, with price increases in all housing categories.

“We expect to see another year of healthy price appreciation in 2016 – although at a slightly diminished pace when compared to 2015 – as the dynamics driving the GTA market right now seem unlikely to change in the short-term,” added Romanese. “Demand will continue to be high

¹ Powered by Brookfield RPS

² The Royal LePage Market Survey Forecast provides projections for aggregate national and regional house prices at 2016 year-end close (fourth quarter 2016 close)

³ Aggregate prices are calculated via a weighted average of the median values of homes for reported property types in the regions surveyed

as migrants from other parts of the country and from around the world are attracted to the city, while listings are expected to lag demand.”

Greater Toronto Area Market Summaries

The allure of shorter commutes and urban living continues to bring many would-be home buyers to central Toronto with Canada’s financial capital remaining the top destination for migrants from within and outside of the country. In the fourth quarter of 2015, **Toronto** saw strong year-over-year aggregate price growth during the fourth quarter, rising 7.2 per cent to \$624,923.

On Toronto’s east side, **Scarborough’s** moderately more affordable homes have seen upward pressure in the fourth quarter as more buyers venture out of the core. Increased demand contributed to a healthy 9.1 per cent year-over-year aggregate price increase to \$500,330.

In York Region, north of Toronto, **Richmond Hill** experienced more moderate price growth than the GTA as a whole in the fourth quarter, but the aggregate price still increased a healthy 6.0 per cent year-over-year to \$814,599. The market in the fourth quarter was fairly balanced, with all three major housing types surveyed – two-storeys, bungalows and condominiums – seeing growth within a single percentage point of the aggregate growth rate. This balance diverged from many other GTA neighbourhoods, where detached homes markedly outpaced condominiums.

Vaughan saw among the highest growth in the GTA during the fourth quarter, with the aggregate price leaping 11.4 per cent to \$747,236, year-over-year. The remarkable amount of migration into the area in recent years has turned Vaughan into one of Ontario’s fastest growing cities. A shortage of listings combined with the growing population explains the surge in aggregate price in recent quarters.

The fourth quarter also saw prices jump significantly in **Markham**, where the aggregate price increased 11.0 per cent year-over-year to \$771,452. According to Royal LePage real estate experts from the area, there has been a sharp increase in interest in Markham from overseas buyers, many of whom view recent depreciation of the Canadian dollar as an opportunity to purchase high quality real estate at a discount. A sizeable decrease in available inventory combined with additional buyers flocking to the area has fuelled the current red hot market in Markham.

The strongest price appreciation in the GTA during the quarter was found in **Brampton**, where the aggregate price surged 11.4 per cent year-over-year to \$513,092. According to area Royal LePage real estate experts, the lack of listings on the market drove prices upwards, in conjunction with a sentiment among buyers that the current low interest rate environment makes now an attractive time to buy, exacerbating the shortage of homes for sale.

A seller’s market is firmly in place in **Mississauga**, where the aggregate price increased 10.8 per cent year-over-year to \$552,673. The double digit pace of price appreciation has been fueled by a disconnect between supply and demand in the area, with too many buyers fighting for the limited listings available. According to Royal LePage experts in Mississauga, younger homebuyers, frustrated and potentially priced out of the central Toronto market, are setting their sights on Mississauga as an attractive alternative.

Milton has transformed from a small commuter town to one of the fastest growing communities in Canada. Home prices have appreciated steadily as young people have flocked to the area. The fourth quarter continued this trend of strong growth, with the aggregate home price increasing 8.4 per cent year-over-year to \$552,156.

Homes in **Oakville** continued to be in high demand as a result of the city's strong reputation, infrastructure and proximity to Toronto. The market, one of the country's most expensive, saw the aggregate price of a home increase 5.5 per cent to \$776,345 year-over-year. Oakville continues to be an active market, with unit sales in the region up more than 10 per cent compared to same period last year, according to Royal LePage real estate experts in the region.

High prices for homes in central Toronto have also encouraged many homebuyers to venture east into the Durham Region, where homes are more affordable and access to downtown Toronto is readily available through numerous transit options. This additional demand from buyers led to sharp price increases across the region in the fourth quarter. **Whitby** saw Durham's strongest price appreciation, with the aggregate price jumping 11.4 per cent year-over-year to \$489,093. **Pickering**, the westernmost commuter town in Durham, saw strong growth during the quarter, with the aggregate price rising 8.9 per cent to \$534,649. **Ajax** and **Oshawa** witnessed steady aggregate price increases of 7.4 and 7.8 per cent to \$509,694 and \$361,825, respectively.

Market	Bungalows				Two-Storeys				Condominiums				Aggregate			
	Q4 2015	Q3 2015	Q4 2014	Year-Over-Year % Change	Q4 2015	Q3 2015	Q4 2014	Year-Over-Year % Change	Q4 2015	Q3 2015	Q4 2014	Year-Over-Year % Change	Q4 2015	Q3 2015	Q4 2014	Year-Over-Year % Change
Greater Toronto Area	\$596,842	\$588,776	\$553,797	7.8%	\$715,525	\$731,601	\$652,383	9.7%	\$361,809	\$358,271	\$348,913	3.7%	\$605,898	\$612,261	\$557,663	8.6%
Toronto	\$666,406	\$662,617	\$620,483	7.4%	\$910,363	\$961,656	\$835,804	8.9%	\$393,426	\$390,456	\$381,259	3.2%	\$624,923	\$639,970	\$583,023	7.2%
Scarborough	\$580,734	\$574,989	\$521,948	11.3%	\$616,398	\$627,336	\$570,808	8.0%	\$260,604	\$270,332	\$244,772	6.5%	\$500,330	\$504,991	\$458,762	9.1%
Richmond Hill	\$713,683	\$748,087	\$668,804	6.7%	\$880,932	\$963,561	\$832,312	5.8%	\$327,526	\$328,482	\$306,099	7.0%	\$814,599	\$884,802	\$768,568	6.0%
Vaughan	\$729,053	\$700,529	\$684,357	6.5%	\$815,755	\$842,173	\$730,876	11.6%	\$384,458	\$364,802	\$344,024	11.8%	\$747,236	\$762,428	\$670,567	11.4%
Markham	\$806,454	\$812,797	\$790,732	2.0%	\$830,798	\$819,800	\$744,860	11.5%	\$370,643	\$337,025	\$337,635	9.8%	\$771,452	\$757,849	\$695,019	11.0%
Brampton	\$449,093	\$442,657	\$413,180	8.7%	\$534,392	\$537,420	\$478,312	11.7%	\$247,995	\$242,623	\$235,827	5.2%	\$513,092	\$514,747	\$460,485	11.4%
Mississauga	\$540,608	\$497,187	\$500,282	8.1%	\$644,297	\$638,738	\$576,051	11.8%	\$283,087	\$271,726	\$273,330	3.6%	\$552,673	\$539,909	\$498,702	10.8%
Milton	\$473,100	\$479,959	\$466,730	1.4%	\$578,754	\$566,692	\$531,241	8.9%	\$310,043	\$314,294	\$299,029	3.7%	\$552,156	\$541,902	\$509,370	8.4%
Oakville	\$646,122	\$653,908	\$641,834	0.7%	\$829,840	\$812,998	\$779,681	6.4%	\$354,003	\$404,598	\$412,996	-14.3%	\$776,345	\$763,765	\$736,149	5.5%
Ajax	\$423,258	\$421,500	\$401,391	5.4%	\$524,214	\$541,073	\$487,921	7.4%	\$253,179	\$254,938	\$237,146	6.8%	\$509,694	\$524,710	\$474,725	7.4%
Pickering	\$526,091	\$483,998	\$457,788	14.9%	\$558,045	\$572,426	\$514,120	8.5%	\$277,506	\$287,888	\$289,043	-4.0%	\$534,649	\$540,896	\$490,961	8.9%
Oshawa	\$333,371	\$339,185	\$311,592	7.0%	\$380,352	\$381,210	\$351,142	8.3%	\$192,635	\$193,522	\$191,913	0.4%	\$361,825	\$364,366	\$335,571	7.8%
Whitby	\$485,424	\$448,396	\$433,301	12.0%	\$497,305	\$485,011	\$445,487	11.6%	\$277,807	\$274,254	\$282,018	-1.5%	\$489,093	\$473,400	\$438,876	11.4%

Nationally, Canada's residential real estate market showed strong growth in the fourth quarter of 2015, led by hot Vancouver and Toronto markets. Looking forward to 2016, Royal LePage expects continued price increases in most markets, but not at the pace that has been the recent norm. Instead, the national real estate market is expected to slow later this year, principally due

to the effects of a dampened economy in Western Canada and eroding affordability in Toronto and Vancouver.

The price of a home in Canada increased 6.5 per cent year-over-year to \$500,688 in the fourth quarter. The price of a two-storey home rose 7.7 per cent year-over-year to \$610,134, and the price of a bungalow increased 5.4 per cent to \$420,082. During the same period, the price of a condominium increased 3.1 per cent to \$341,448. Looking ahead to 2016, Royal LePage forecasts that the median price of a home in Canada will increase at 4.1 per cent for the full year when compared to 2015.

In 2016, Royal LePage expects the price of residential real estate in Canada to be more heavily influenced by macroeconomic factors than by housing-specific variables such as tighter regulation in the mortgage industry. The Bank of Canada is expected to keep its overnight rate steady through the all-important spring market, extending the prolonged period of exceptionally low borrowing rates. While the new Federal Minister of Finance kicked off his appointment with a hike to 10% in the minimum down payment required for the portion of mortgage insurance over \$500,000, Royal LePage expects this change to have a marginal effect on the overall market.

About the Royal LePage House Price Survey

The Royal LePage House Price Survey provides information on the three most common types of housing in Canada, in 53 of the nation's largest real estate markets. Housing values in the House Price Survey are based on the Royal LePage National House Price Composite, produced quarterly through the use of company data in addition to data and analytics from its sister company, Brookfield RPS, the trusted source for residential real estate intelligence and analytics in Canada. Commentary on housing and forecast values are provided by Royal LePage residential real estate experts, based on their opinions and market knowledge.

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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