

Victoria Housing Market Sees Steady Growth in the Fourth Quarter of 2015

Strong employment prospects in the region fuel housing demand

VICTORIA, January 13, 2016 – The Royal LePage House Price Survey¹ and Market Survey Forecast² released today showed steady growth in prices for all housing types surveyed in Victoria. During the fourth quarter of 2015, the aggregate³ price of a home in the region rose 3.5 per cent year-over-year to \$479,766.

The median price of a two-storey home in Victoria surged 7.1 per cent year-over-year to \$660,116. In the same period, the median price of a condominium rose 2.2 per cent to \$386,776, while the price of a bungalow increased 1.4 per cent to \$485,373.

“Limited supply, particularly in detached two-storey homes, is putting strong upward pressure on Victoria house prices,” said Bill Ethier, president and managing broker, Royal LePage Coast Capital Realty. “In addition, strong employment prospects are further fueling demand. The city’s growing technology and strong tourism sectors have led to an increased number of graduates opting to stay, build their careers, and ultimately purchase homes in the region.”

Looking ahead, Ethier forecasts that steady price increases in the Victoria market will continue throughout 2016. However, as a result of limited inventory, unit sales are anticipated to be relatively flat in the coming year, following dramatic increases experienced between 2014 and 2015.

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.

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

“The frenetic pace of our country’s largest housing markets should moderate throughout the year ahead,” said Phil Soper, president and chief executive officer, Royal LePage. “While most of the country will continue to see house value appreciation in 2016, we expect that the pace of price increases in the Greater Vancouver and the Greater Toronto Areas – where real estate appreciation has significantly outpaced job and wage growth – will settle to a more sustainable, single-digit price increase trajectory.”

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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