

## Prices Soar in Greater Vancouver in the Second Quarter of 2016

*Canada's hottest real estate market significantly outpaces rest of the nation*

*Quest for affordability influencing housing type choice as consumers look "up" to condominiums*

**VANCOUVER, July 13, 2016** – The Royal LePage House Price Survey<sup>1</sup> and Market Survey Forecast released today showed significant price growth across Greater Vancouver. In the second quarter of 2016, the aggregate<sup>2</sup> house price surged 24.6 per cent year-over-year to \$1,098,599.

When broken out by housing type, the median price of a bungalow in Greater Vancouver rose 28.5 per cent year-over-year to \$1,179,130, while the median price of a two-storey home climbed 26.5 per cent to \$1,446,700. Condominiums also saw strong price growth during the second quarter, increasing 11.5 per cent to \$502,531 year-over-year.

Outpacing the rest of the nation by a wide margin, home price appreciation across Greater Vancouver swelled at an incredible rate on the back of severely low inventory levels and robust demand, further stoking the fire in Canada's hottest market. Vancouver, West Vancouver, and Richmond all saw staggering leaps in aggregate prices, with year-over-year increases of 27.5 per cent, 29.7 per cent and 28.3 per cent, respectively.

“Pronounced home price increases continue in Greater Vancouver driven by low inventory and tremendous demand,” said Alan Stewart, Realtor<sup>®</sup>, Royal LePage Sussex. “Many homeowners within the region who may have considered selling their properties are holding onto their homes, as they are wary of being priced out of the market when they buy. This situation is placing added strain on inventory levels and causing prices to skyrocket further. On the flip side, properties listed for sale are being snapped up as soon as they hit the market.”

External demand brought on by foreign buyers<sup>3</sup> also influenced prices within the region during the second quarter, as many purchasers from outside our nation's borders saw Canada as an attractive investment option, in part due to our comparatively low dollar. According to a survey<sup>4</sup> of Royal LePage real estate advisors working in Greater Vancouver, 74 per cent believed that foreign ownership within the region had increased when compared to the same period last year. Yet, similar to recent preliminary data collected by the government of British Columbia which indicated that foreign ownership accounted for only a fraction of the overall market, 37 per cent of Royal LePage advisors maintained that less than 10 per cent of all purchases in Greater Vancouver were attributed to international buyers.

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<sup>1</sup> Powered by Brookfield RPS

<sup>2</sup> Aggregate prices are calculated via a weighted average of the median values of homes in the region surveyed

<sup>3</sup>“Foreign buyers” are defined as buyers who have lived outside of Canada for at least six months over the last year.

<sup>4</sup>Findings are the result of a survey of 161 Royal LePage real estate advisors working within Greater Vancouver between the dates of July 1, 2016 and July 8, 2016.

The quest for affordability in the City of Vancouver is influencing consumer housing type choice, as first-time buyers and others who simply cannot compete are not only being pushed to the fringes of the region, but also “upwards” into condominiums. Since the beginning of the year there has been an uptick in the rate of price appreciation for condominiums over 1,000 square feet, when compared to smaller units in this market. This may indicate that families being priced out of the single-family detached home market in the city of Vancouver are looking upwards to condominiums.

With all things considered, Royal LePage forecasts that the aggregate price of a home in the Greater Vancouver region will increase 27.0 per cent to \$1,206,000 by the end of 2016 when compared to year end 2015.

“We expect prices across Greater Vancouver to maintain their upward trajectory throughout the rest of the year, as many of the characteristics driving the market continue to intensify,” added Stewart. “Remarkable levels of demand, when coupled with very low interest rates, will continue to place an upward pressure on prices across Greater Vancouver.”

### **Greater Vancouver Market Summaries**

In the second quarter of 2016, the aggregate price of a home in the city of **Vancouver** rose 27.5 per cent year-over-year to \$1,330,531. All property types saw significant appreciation, with the median prices of bungalows and two-storey homes surging by an astounding 33.1 per cent and 30.7 per cent year-over-year, respectively.

In **West Vancouver**, the aggregate price of a home surpassed the \$3 million mark in the second quarter, rising 29.7 per cent year-over-year to \$3,093,776. With median prices of bungalows and two-storey homes well above the \$2 million and \$3 million dollar mark, respectively, many homebuyers entered the more affordable condominium market in order to stay within the city limits, resulting in a nation-leading 20.6 per cent year-over-year increase for this market segment.

Just beyond the downtown core, properties in **North Vancouver** experienced significant appreciation in the second quarter, with an aggregate house price increase of 19.6 per cent year-over-year to \$1,213,737. Bungalows saw the highest jump in median price, climbing 25.1 per cent to \$1,386,556 as limited listings, coupled with a general desire to be near the downtown core, gave rise to a multiple offer environment.

Home prices in **Richmond** surged 28.3 per cent year-over-year to \$972,443 within the second quarter of 2016. Continued pressure from foreign and local buyer demand resulted in a severe lack of inventory within the region, exacerbated by would-be sellers choosing to remain in their current dwellings to avoid being priced out of the market on the buy side. Consequently, in the second quarter, the median price of bungalows and two-storey properties leapt 32.0 per cent and 32.3 per cent year-over-year, respectively.

In **Burnaby**, the aggregate house price rose 23.1 per cent year-over-year to \$959,659. The continuation of low borrowing costs drove demand, which in turn propelled prices in the lower

end of the market ever-higher in the second quarter. Many buyers purchased property within the region upon the assumption that prices will not fall any time soon, and this, in turn, led to significant price appreciation in the two-storey and bungalow market segments, which climbed 27.1 per cent and 31.7 per cent year-over-year, respectively.

Properties in **Coquitlam** continued to appreciate in the second quarter, rising 22.9 per cent to an aggregate price of \$910,282. Despite a growing amount of inventory coming onto the market, a high level of demand brought on by foreign and domestic buyers continued to dwarf supply within the region, causing median prices to reach new levels. Recently, in their search for affordable housing close to the city, many first-time buyers have begun to enter the region, deciding to capitalize on Coquitlam's less expensive condominium market.

High levels of demand have continued to bolster the seller's market in **Surrey**, as many continue to look to the region for its affordability relative to other areas in Greater Vancouver. During the second quarter, the aggregate price of a home rose 17.3 per cent year-over-year to \$710,121. Shortages in supply, in part brought on by many electing to stay within their current dwellings, has contributed to a frenzied market.

Finally, **Langley**, the most affordable region within Greater Vancouver, saw significant price growth in the second quarter of 2016. When compared to the same period last year, the aggregate house within the region rose by 17.3 per cent to \$683,007. Recent high property prices in the region's core have caused some to cash in on the valuation of centrally-located homes and move to this suburban market in an effort to stretch their dollar. As a result, the region's two-storey market segment experienced a substantial increase in appreciation over the quarter, jumping up 20.7 per cent to \$758,646, this year over last.

## Regional Pricing Data

Market	Two-Storeys			Bungalows			Condominiums			Aggregate		
	Q2 2015	Q2 2016	Year-Over-Year % Change	Q2 2015	Q2 2016	Year-Over-Year % Change	Q2 2015	Q2 2016	Year-Over-Year % Change	Q2 2015	Q2 2016	Year-Over-Year % Change
Greater Vancouver	\$1,143,380	\$1,446,700	26.5%	\$917,423	\$1,179,130	28.5%	\$450,720	\$502,531	11.5%	\$881,911	\$1,098,599	24.6%
Vancouver	\$1,803,408	\$2,357,786	30.7%	\$1,007,565	\$1,340,872	33.1%	\$524,751	\$605,450	15.4%	\$1,043,236	\$1,330,531	27.5%
North Vancouver	\$1,269,322	\$1,512,966	19.2%	\$1,108,779	\$1,386,556	25.1%	\$424,725	\$437,313	3.0%	\$1,015,054	\$1,213,737	19.6%
West Vancouver	\$2,691,798	\$3,516,748	30.6%	\$2,108,395	\$2,697,621	27.9%	\$955,482	\$1,152,317	20.6%	\$2,385,815	\$3,093,776	29.7%
Surrey	\$681,734	\$796,544	16.8%	\$546,463	\$680,609	24.5%	\$232,258	\$238,124	2.5%	\$605,599	\$710,121	17.3%
Richmond	\$993,398	\$1,313,836	32.3%	\$902,474	\$1,190,816	32.0%	\$376,849	\$417,613	10.8%	\$757,874	\$972,443	28.3%
Langley	\$628,552	\$758,646	20.7%	\$534,068	\$583,763	9.3%	\$212,463	\$224,496	5.7%	\$582,434	\$683,007	17.3%
Coquitlam	\$880,033	\$1,106,541	25.7%	\$740,472	\$906,141	22.4%	\$330,039	\$335,690	1.7%	\$740,798	\$910,282	22.9%
Burnaby	\$1,107,576	\$1,407,401	27.1%	\$993,980	\$1,309,181	31.7%	\$411,003	\$422,177	2.7%	\$779,361	\$959,659	23.1%

\*Data presented in the table above may not match same period data reported previously due to subsequent market updates.

Nationally, Canada's residential real estate market continued to show strong appreciation in the second quarter of 2016, posting the highest national year-over-year gain seen in five years.

Amid continued world economic uncertainty, the historically low interest rate environment that has fueled Canada's real estate market growth in recent years – most notably in Greater Vancouver and the Greater Toronto Area (GTA) – is expected to continue longer than anticipated. This extended period of low-cost borrowing will in turn further delay the cyclical cooling of Canada's hottest real estate markets, originally forecasted for the second half of 2016.

The price of a home in Canada increased 9.2 per cent year-over-year to \$520,223 in the second quarter of 2016. During the same period, the price of a two-storey home rose 10.7 per cent year-over-year to \$619,671, the price of a bungalow increased 7.9 per cent to \$437,121, and the price of a condominium increased 4.2 per cent to \$348,189. Looking ahead to the remainder of 2016, Royal LePage forecasts that the aggregate price of a home in Canada will increase 12.4 per cent when compared to year end 2015.

“Our forecasting models, which pointed to a slowing housing market as the year progressed, included a modest increase in the cost of borrowing,” said Phil Soper, president and chief executive officer, Royal LePage. “Economic and social disruptions have rocked the world once again, introducing new risks and making it very likely that the Bank of Canada will leave interest rates as-is for now. Few industries are as rate sensitive as real estate. We don't see even a mild correction for either the Toronto or pistol-hot Vancouver markets in 2016.”

“Our call for 12.4 per cent national price appreciation in the final quarter of this calendar year as compared to the final quarter of last year, is a landmark in Canada. I believe it is the highest value put forward by any serious forecasting agency since the turn of the century,” added Soper.

### **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 16,500 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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