

Kelowna Home Prices See Healthy Increase in Second Quarter of 2016

Economic growth in region attracts homebuyers

KELOWNA, July 13, 2016 – The Royal LePage House Price Survey¹ and Market Survey Forecast today revealed healthy increases in the price across housing types surveyed in Kelowna. In the second quarter of 2016, the aggregate² house price in the region rose 4.1 per cent year-over-year to \$505,309.

When broken out by housing type, the median price of a two-storey home jumped 5.7 per cent year-over-year to \$585,254. During the same period, the median price of a condominium climbed 4.3 per cent to \$319,959, and the median price of a bungalow in the region rose 1.7 per cent to \$473,595.

“Kelowna continues to enjoy a seller’s market across housing types, driven by both local buyers as well as those from British Columbia’s Lower Mainland who have sold their homes for a premium,” said Francis Braam, owner and managing broker, Royal LePage Kelowna. “Economic growth from information technology, communications and tourism sectors combined with an abundance of scenic beauty and recreational options make this region very attractive to homebuyers.”

Braam anticipates ongoing strength in Kelowna’s residential housing market for the remainder of 2016 as inventory remains low relative to demand.

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

¹ Powered by Brookfield RPS

² Aggregate prices are calculated via a weighted average of the median values of homes for reported property types in the regions surveyed

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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