

## St. John's Housing Prices Soften in the Second Quarter of 2016

*Energy sector weakness and Fort McMurray fires create employment issues for Newfoundlanders accustomed to travelling west for work*

**ST. JOHN'S , July 13, 2016** – The aggregate<sup>1</sup> house price in St. John's fell slightly in the second quarter of 2016, showing a modest decline of 1.5 per cent year-over-year to \$336,131 according to the Royal LePage House Price Survey<sup>2</sup> and Market Survey Forecast released today.

When broken out by housing type, the median price of a two-storey home decreased 0.9 per cent year-over-year to \$378,618 in the second quarter. The median price of a bungalow in the region remained relatively flat, slipping 1.0 per cent to \$311,971. During the same period, condominium prices fell 8.8 per cent to a median price of \$282,678.

“Homebuyers are feeling the pressure of a struggling economy,” said Glenn Larkin, sales representative, Royal LePage Professionals 2000. “We have some large construction projects winding down recently and the Fort McMurray fires had an added impact on employment for many Newfoundland residents who would normally travel out west for work. As a result of these employment challenges people are hesitant to buy or undergo planned construction or renovation projects.”

Larkin forecasts home prices will continue to soften for the remainder of 2016 and cites new austerity measures including direct and indirect taxes on individuals and businesses as a challenge in the province. He feels these taxes could ultimately cause economic activity to continue to fall, and by extension place further downward pressure on home prices.

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.

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<sup>1</sup> Aggregate prices are calculated via a weighted average of the median values of homes for reported property types in the region surveyed

<sup>2</sup> Powered by Brookfield RPS

“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.

For more information visit: [www.royallepage.ca](http://www.royallepage.ca).

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