

Victoria Sees Healthy Home Price Gains in the Second Quarter of 2016

Low inventory and strong demand driving a seller's market for detached homes

VICTORIA, July 13, 2016 – The aggregate¹ house price in Victoria showed healthy growth in the second quarter of 2016, rising 5.3 per cent year-over-year to \$510,470, according to the Royal LePage House Price Survey² and Market Survey Forecast.

When broken out by housing type, the median price of a two-storey home increased a significant 19.4 per cent to \$736,856 year-over-year in the second quarter. During the same period, the median price of a bungalow slipped 0.9 per cent to \$500,279, and the price of a median price of condominium fell 5.2 per cent to \$360,067.

“Low inventory of detached homes continues to put upward pressure on prices while our condominium listings have continued to sit on the market. Strong demand from purchasers from British Columbia’s Lower Mainland is driving prices of two-storey family homes higher than we’ve ever seen, creating a clear seller’s market in the region,” said Bill Ethier, president and managing broker, Royal LePage Coast Capital Realty. “Victoria continues to benefit from low interest rates and, thanks to the low Canadian dollar, a very strong tourism industry.”

According to the Conference Board of Canada, British Columbia is anticipated to have one of the fastest growing economies in 2016 and cites Victoria among one of the top ten metropolitan economies. The strong provincial economy is expected to cause an inflow of households from other provinces, particularly from Alberta.

Looking ahead to the remainder of 2016, Ethier predicts home prices in Victoria will continue to trend higher as demand for two-storey homes continues from buyers moving into the market.

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.

¹ Aggregate prices are calculated via a weighted average of the median values of homes for reported property types in the regions surveyed

² 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.

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