

## Greater Vancouver Home Price Appreciation Continues to Outpace the Country in the Third Quarter of 2016

*More balanced market forecasted due to cyclical cooling, taxation and regulation*

**Vancouver, October 13, 2016** – The Royal LePage House Price Survey<sup>1</sup> released today showed significant price growth across Greater Vancouver. In the third quarter of 2016, the aggregate<sup>2</sup> home price surged 30.6 per cent year-over-year to \$1,194,653.

When broken out by housing type, the median price of a two-storey and bungalow in Greater Vancouver rose 33.5 per cent and 33.4 per cent year-over-year to \$1,578,601 and \$1,288,520, respectively. Condominiums also saw significant appreciation in the third quarter, climbing 14.9 per cent to \$528,388 year-over-year.

Home prices continued to surge across Greater Vancouver for the better part of the third quarter despite the new 15 per cent property transfer surtax on purchases made by foreign nationals in August, which introduced a considerable amount of uncertainty into the market. Although the market had already begun to show signs of cyclical cooling since the beginning of the year, and may regress further due to government intervention, severely low inventory levels and a staggering amount of demand continued to drive much of the price appreciation within the region. Vancouver, West Vancouver, and Richmond all experienced significant leaps in aggregate home prices in the third quarter, with year-over-year increases of 34.1 per cent, 39.6 per cent and 34.3 per cent, respectively.

"Despite sales activity continuing to trail off during the quarter, price appreciation remains remarkably strong in Greater Vancouver," said Randy Ryalls, General Manager, Royal LePage Sterling Realty. "Much of the momentum experienced at the beginning of the year has continued to fuel the market, with quality listings still receiving a considerable amount of attention from buyers. This may continue to change in the coming months however, as prices tend to lag sales activity. We could very well be headed for a more balanced market with both foreign and domestic interest beginning to normalize due to steep home price appreciation, general uncertainty, high taxation and tightened mortgage regulations."

Effects of the implementation of a retroactive property transfer tax applied to foreign buyers in Greater Vancouver have already been felt across the region, particularly in the two-storey and bungalow market segments where homebuyers and speculators alike have begun to take a wait-and-see approach to the market. Home prices have begun to trail off by as much as 10 to 15 per cent during the latter half of September, and interest from foreign buyers has quickly dropped off. Stricter mortgage rules set to launch on October 17<sup>th</sup> may also further stoke the fires of a possible government-fueled housing correction within Canada's hottest market, as stringent debt service ratios force many first-time and would-be homeowners to the sidelines.

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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 for reported property types in the regions surveyed

## Greater Vancouver Market Summaries

In the third quarter of 2016, the aggregate price of a home in the city of **Vancouver** rose 34.1 per cent year-over-year to \$1,464,507. All property types saw significant appreciation, with the median prices of bungalows and two-storey homes surging by an astounding 36.2 per cent and 39.2 per cent year-over-year, respectively. Condos continued to attract many buyers within the region due to their relative affordability, causing many purchasers to enter into multiple offer situations in an attempt to stay inside the core.

In **West Vancouver**, the aggregate price of a home skyrocketed during the third quarter, rising by 39.6 per cent year-over-year to \$3,411,578. Severely low inventory levels in the two-storey market segment caused prices to spike by more than 40 per cent as buyers vied for the few remaining detached homes available. Many potential purchasers enamored with the region also looked upwards to condominiums for relative affordability, resulting in a nation-leading 20.1 per cent year-over-year increase in the category.

Just beyond the downtown core, home prices in **North Vancouver** climbed significantly in the third quarter, rising 27.3 per cent year-over-year to \$1,319,272. Prices for bungalows continued to surge, increasing by 29.4 per cent to \$1,506,161 as limited inventory and a desire to be near the downtown core gave rise to a high-priced, competitive environment.

Aggregate home prices in **Richmond** rose by more than a third of their value, leaping by 34.3 per cent year-over-year to \$1,070,145 within the third quarter of 2016. Vancouver's home price trends continued to influence the region during the quarter, placing further pressure on already low inventory levels. As a result, the median price of bungalows and two-storey properties rose by 38.8 per cent and 39.9 per cent year-over-year, respectively.

In **Burnaby**, the aggregate house price rose 24.9 per cent year-over-year to \$994,518, as strong demand in the lower end of the market propelled prices upward. While the new foreign buyer tax has caused many to look towards other markets across Canada, Greater Vancouver's booming film and technology sectors have brought many would-be commuters to Burnaby due to the region's relative affordability. This has caused significant price appreciation in the two-storey and bungalow market segments, which climbed 27.7 per cent and 34.4 per cent year-over-year, respectively.

Properties in **Coquitlam** continued to appreciate in the third quarter, rising 26.4 per cent year-over-year to an aggregate price of \$945,260. Despite a growing amount of inventory coming onto the market, low interest rates continue to draw many purchasers into the market, spiking demand and maintaining the levels of appreciation witnessed within the region for more than a year. While some wait in the hopes of seeing prices correct, many first-time buyers have continued to flock to the city, deciding to capitalize on Coquitlam's less expensive condominium market.

While prices in **Surrey** are appreciating at a significant rate, sales activity, and speculative interest have begun to wane within the region. During the third quarter, the aggregate price of a home rose 21.9 per cent year-over-year to \$763,410, as many still ventured into the region, albeit at a slower pace, due to its station as the most affordable market in Greater Vancouver.

Finally, **Langley** saw the aggregate price of a home appreciate by 25.0 per cent year-over-year to \$763,642 in the third quarter of 2016. Current home valuations across Greater Vancouver have led many buyers into the region in an effort to stretch their dollar and save for retirement. As a result, the region's bungalow market segment experienced a substantial increase in appreciation over the quarter, jumping 27.2 per cent to \$681,878, this year over last.

## Regional Pricing Data

Market	Two-Storeys			Bungalows			Condominiums			Aggregate		
	Q3 2015	Q3 2016	Year-Over-Year % Change	Q3 2015	Q3 2016	Year-Over-Year % Change	Q3 2015	Q3 2016	Year-Over-Year % Change	Q3 2015	Q3 2016	Year-Over-Year % Change
Greater Vancouver	\$1,182,309	\$1,578,601	33.5%	\$965,979	\$1,288,520	33.4%	\$459,788	\$528,388	14.9%	\$914,705	\$1,194,653	30.6%
Vancouver	\$1,882,707	\$2,620,732	39.2%	\$1,087,827	\$1,481,223	36.2%	\$535,009	\$641,000	19.8%	\$1,091,817	\$1,464,507	34.1%
North Vancouver	\$1,276,416	\$1,644,619	28.8%	\$1,163,884	\$1,506,161	29.4%	\$429,005	\$476,710	11.1%	\$1,036,550	\$1,319,272	27.3%
West Vancouver	\$2,746,622	\$3,905,308	42.2%	\$2,191,428	\$2,941,881	34.2%	\$974,758	\$1,171,069	20.1%	\$2,444,371	\$3,411,578	39.6%
Surrey	\$702,203	\$850,650	21.1%	\$571,632	\$750,807	31.3%	\$233,812	\$244,540	4.6%	\$626,365	\$763,410	21.9%
Richmond	\$1,044,484	\$1,461,161	39.9%	\$965,908	\$1,340,507	38.8%	\$392,671	\$429,799	9.5%	\$797,119	\$1,070,145	34.3%
Langley	\$664,949	\$827,175	24.4%	\$536,171	\$681,878	27.2%	\$211,028	\$228,796	8.4%	\$610,974	\$763,642	25.0%
Coquitlam	\$882,261	\$1,141,244	29.4%	\$764,574	\$960,283	25.6%	\$331,380	\$347,310	4.8%	\$748,103	\$945,260	26.4%
Burnaby	\$1,141,310	\$1,457,817	27.7%	\$1,019,884	\$1,370,315	34.4%	\$411,714	\$431,254	4.7%	\$796,447	\$994,518	24.9%

\*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 grow in the third quarter of 2016, posting a 12.0 per cent year-over-year aggregate house price increase to \$545,414. The price of a two-storey home rose 13.7 per cent year-over-year to \$649,635, and the price of a bungalow increased 11.0 per cent to \$459,481. During the same period, the price of a condominium increased 5.8 per cent to \$360,679.

“Across Canada, our real estate markets remain healthy, with home values showing modest to strong (yet rational) price appreciation in almost every Canadian city,” said Phil Soper, president and chief executive officer, Royal LePage. “Even in the hardest hit oil patch regions, prices have held up well, with small single-digit declines, year-over-year.”

On October 3, 2016, Federal Finance Minister Bill Morneau announced new measures specifically designed to cool the country's housing market and curtail foreign buying activity. These measures are meant to bring consistency to mortgage insurance rules by standardizing eligibility for high- and low-ratio insured mortgages, expanding stress tests, and improving tax fairness by removing the ability of non-residents to claim capital gain exemptions, which are only applicable to properties identified as principal residences.

“Consumer confidence suffered a direct hit when the federal government introduced new, more restrictive regulations in early October,” said Soper. “While it is too early to say definitively, it

appears Canadian homebuyers are adjusting quickly, and that fears of a hard correction were unwarranted. While the changes are significant, major lenders may already be using similar criteria when writing mortgages in sensitive regions like Alberta and B.C., so the additional drag on the market resulting from the new legislation won't be as great as it appears on the surface.”

### **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 17,000 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.

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

*For further information, please contact:*

Michael Jesus  
Kaiser Lachance Communications  
647-725.2520 ext. 234  
[michael.jesus@kaiserlachance.com](mailto:michael.jesus@kaiserlachance.com)