

Hamilton House Prices Continue to Increase as Buyers Seek Affordable Alternatives to the Greater Toronto Area

Growing interest in Hamilton housing market resulting in a decline in inventory

HAMILTON, October 13, 2016 – The aggregate¹ price of a home in Hamilton saw significant growth in the third quarter of 2016, increasing by 10.3 per cent year-over-year to \$419,830, according to the Royal LePage House Price Survey² released today.

When broken out by housing type, there is a significant gap between the changes in the median price of a condominium, which decreased 6.6 per cent year-over-year to \$232,959, and the median price of a bungalow, which increased 12.4 per cent to \$385,814. Similarly, the price of a two-storey home increased during the same period by 10.0 per cent to \$438,846.

“With low interest rates and more affordable housing options in comparison to other city centres, Hamilton is drawing in more interest from potential buyers within the city and among those looking to migrate from the Greater Toronto Area,” said Joe Ferrante, broker of record, Royal LePage State Realty. “In fact, inventory dropped by nearly 15 per cent in August across all housing types as a result of the growing interest among buyers.”

Ferrante also referenced the upcoming construction of a new train station on Centennial Parkway that will continue increasing the appeal of new homebuyers that are looking to stay connected to the GTA.

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.

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

“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

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