

Kelowna Home Prices See Double Digit Growth in the Third Quarter of 2016

Low inventory levels and increasing demand from Lower Mainland buyers is creating a dramatic seller's market

KELOWNA, October 13, 2016 – The Royal LePage House Price Survey¹ released today showed strong price increases across housing types surveyed in Kelowna. During the third quarter of 2016, the aggregate² price of a home in the region rose 10.9 per cent year-over-year to \$554,289.

When broken out by housing type, the median price of a two-storey home saw a significant increase of 13.1 per cent year-over-year to \$647,810 while bungalow prices rose 7.3 per cent to \$504,943 over the same period. Meanwhile, the median price of a condominium increased significantly by 11.1 per cent to \$339,321.

“Inventory levels across every housing category are down. Last quarter, the market was the best it has ever been – and this quarter continues to be extremely good for sellers in the under \$1 million range,” said Francis Braam, owner and managing broker, Royal LePage Kelowna. “In addition to our limited inventory, Kelowna has become increasingly attractive to buyers from Vancouver. Over the past year, the number of Vancouver buyers doubled. Many of these are younger purchasers looking for more affordability.”

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

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

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.

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