

London Home Prices Experience Significant Growth in the Third Quarter of 2016

Low interest rates fuel active market and shortage of listings

LONDON, October 13, 2016 – The Royal LePage House Price Survey¹ released today showed significant year-over-year home price increases across housing types surveyed in London. During the third quarter of 2016, the aggregate² price of a home in the region increased 8.8 per cent year-over-year to \$294,387.

When broken out by housing type, the median price of a two-storey home increased 8.7 per cent year-over-year to \$321,786, while the median price of a bungalow rose 5.2 per cent to \$251,576.

“Low interest rates have been very impactful in keeping our market active and as a result, our listing inventory down,” said Peter Meyer, owner and broker of record, Royal LePage Triland Realty. “First-time buyers are looking to purchase a home in our region due to its affordability factor. We’re increasingly seeing parents of university students purchasing homes for their children, where in the past they would have opted to rent.”

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.”

¹ Powered by Brookfield RPS

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

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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