Home Prices in Edmonton Slip in the Final Quarter of 2016

Drop-off in construction of oil and gas facilities slows down housing market, but fails to dampen consumer optimism

EDMONTON, January 12, 2017 – The Royal LePage House Price Survey[1] and Market Survey Forecast released today revealed a moderate year-over-year decline in the aggregate[2] price across housing types surveyed in Edmonton. During the fourth quarter of 2016, the aggregate house price in the region dropped 2.1 per cent year-over-year to $378,247.

When broken out by housing type, the median price of a two-storey home dropped 1.8 per cent to $434,924, while the median price of a bungalow fell 2.7 per cent to $366,653. During the same period, condominiums slipped 1.9 per cent year-over-year to $238,685.

"Construction of major oil and gas facilities has turned off up north and drilling is way down, which impacts our market as we're a major service hub to those industries," said Tom Shearer, broker and owner, Royal LePage Noralta Real Estate. "Although the jobs haven't come yet, the local business community is excited about seeing more activity through our marketplace. Edmonton has a stable government economy and is a strong academic employment and healthcare hub which contributes to optimism about the future here."

Despite the economic weakness experienced elsewhere in Alberta, Edmonton's economy is expected to gradually improve as a result of the approved Kinder Morgan Trans Mountain pipeline expansion, which once completed, would allow a tripling of the amount of oil that is currently being shipped from Edmonton.

That said, Shearer anticipates that the effects of these developments could begin to unfold later in the year, causing Edmonton's housing market to grow at a slower pace.

Looking ahead to 2017, Royal LePage forecasts a year-over-year price decrease of 0.9 per cent for homes in the Edmonton region.

Nationally, Canada's residential real estate market saw significant year-over-year price appreciation in the fourth quarter of 2016, supported by considerable gains in the Greater Toronto Area (GTA) and Greater Vancouver. Looking ahead, Royal LePage expects the regional extremes in house price appreciation that characterized the national real estate market in 2016 to narrow in 2017. This trend is anticipated to be driven primarily by a price correction in the Greater Vancouver housing market, strong but moderating price appreciation in the GTA, and welcomed upward price trends in Quebec, Atlantic Canada and Alberta.

The price of a home in Canada increased 13.0 per cent year-over-year to $558,153 in the fourth quarter of 2016 – the highest year-over-year national home price increase recorded in over a

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[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

decade. The price of a two-storey home rose 14.3 per cent year-over-year to $661,730, and the price of a bungalow increased 12.5 per cent to $481,460. During the same period, the price of a condominium increased 7.4 per cent to $356,307. Looking to the year ahead, Royal LePage forecasts that the aggregate price of a home will increase 2.8 per cent in 2017 when compared to year-end, 2016.

"The disparity in home price appreciation between Canadian regions has never been greater than that seen in 2016, with rates ranging from double-digit extremes in some cities to negative growth in others," said Phil Soper, President and CEO, Royal LePage. "This economic drama put real estate at the forefront of everybody's mind last year, from the Prime Minister to the recent grad. In 2017, we anticipate a movement away from the regional extremes of real estate feast and famine – and that is a very good thing."

For the Canadian real estate market, 2016 was marked by a slew of new public policy initiatives at national, provincial and municipal levels. "While efforts to address deteriorating affordability in Ontario and B.C.'s largest metropolitan areas are well-intentioned, too many new taxes and regulations, by too many levels of government, introduced within such a short timeline and with perceivably little research and consultation, have caused confusion and triggered drops in consumer confidence, risking the long-term health of Canada's housing market," said Soper.

"Price appreciation disparities between regions have created a quandary for policymakers who have tried to tame overheated housing markets, while supporting slower ones. What our leaders have been slow to address, and what is at the heart of the matter, is the supply side of the equation in the country's hottest markets. Housing shortages have put immense upward pressure on prices," he concluded.

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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