

Greater Toronto Area Sees Double-digit Home Price Growth in the Fourth Quarter of 2016

Constrained housing inventory levels give further rise to fierce home price appreciation

Double-digit price increases expected to continue in 2017

TORONTO, January 12, 2017 – The Royal LePage House Price Survey¹ and Market Survey Forecast released today showed double-digit growth in the prices of homes across the Greater Toronto Area (GTA). In the fourth quarter of 2016, the aggregate² price of a home in the region rose 16.1 per cent to \$720,761 year-over-year.

When broken down by housing type, the median price of a two-storey home and bungalow in the GTA climbed 17.5 per cent and 19.1 per cent year-over-year in the fourth quarter to \$846,536 and \$728,779, respectively. Condominiums within the region also appreciated at a healthy pace, rising 6.6 per cent to \$388,699 over the same period of time.

During the quarter, the strongest growth continued to come from outside of the downtown core, with all GTA sub-regions outpacing home price appreciation in the City of Toronto. Critically low inventory levels coupled with a significant influx of international and domestic interest placed an unprecedented level of pressure on many of these markets, causing prices to reach new heights.

“Since pulling ahead as Canada’s hottest market this quarter, speculators and prospective homeowners have increasingly begun to look to the Greater Toronto Area in search of real estate,” said Dianne Usher, senior vice president, Johnston and Daniel, a division of Royal LePage. “The region’s strong economy has attracted interest from many Canadians and Americans in search of stability and employment, imposing further demand on stretched inventory levels in suburban areas across the GTA and intensifying an already incredibly high priced, competitive environment.”

Recently, increases in competition and price have begun to force prospective homeowners to find affordable real estate outside of the Greater Toronto Area, while others are opting to wait on the sidelines for price increases to slow – choosing to rent or renovate – further fueling inventory shortages across the region.

Looking ahead to 2017, Royal LePage forecasts that the aggregate house price in the Greater Toronto Area will increase by 10.0 per cent to \$793,000.

“The Greater Toronto Area will continue to see strong, albeit more gradual double-digit growth in 2017,” added Usher. “While many believe that we may be reaching a breaking point in the region, factors driving the market will likely remain unchanged in the new year. Demand will

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

continue to feast upon supply with interest rates and supportive economic conditions continuing to spur competition within the marketplace, ratcheting up prices and intensifying inventory shortages across the region.”

Greater Toronto Area Market Summaries

Toronto home prices continued their double-digit ascent during the fourth quarter of 2016, with the region experiencing a 12.4 per cent year-over-year increase to \$720,029. Increased interest in the market and rapid appreciation has led many to vie for condominiums due to their relative affordability and close proximity to major urban areas, creating a highly competitive environment where multiple offer situations are now the norm.

Just outside of the core, buyers continued to look east to **Scarborough** during the fourth quarter in search of relative value. The aggregate price of a home within the region climbed 15.9 per cent year-over-year to \$607,053, as low interest rates and increased demand stemming from new entrants placed further strain on the strong sellers’ market.

Prices soared in the York Region, with **Richmond Hill** experiencing the second largest gains in appreciation nationwide. During the fourth quarter, the aggregate price of a home in the area leapt 30.1 per cent year-over-year to \$1,138,826, as domestic and international purchasers continued to enter the market and gobble up any inventory available in order to be closer to their families. Homes in **Vaughan** have also appreciated significantly over the same period, rising 19.9 per cent year-over-year to \$927,371.

An extreme lack of inventory has caused many to aggressively bid on housing in **Markham**, leading the aggregate house price within the region to jump 18.4 per cent year-over-year to \$916,157 in the fourth quarter of 2016. International interest continues to flow into the market, fueling competition and driving home prices higher.

Brampton witnessed significant house price appreciation in the fourth quarter of 2016, with the region’s aggregate house price rising 17.6 per cent year-over-year to \$610,429. Due to the region’s affordability and close proximity to Toronto, prospective homeowners from across Canada have begun to enter the market in order to lay roots and work within the downtown core. The introduction of stricter lending policies also placed great strain on inventory, as first-time buyers have increasingly flocked to the region after being shut out of other areas, putting upward pressure on pricing.

In the fourth quarter, home prices across **Mississauga** increased 14.2 per cent year-over-year to an aggregate price of \$639,117. Strong sales activity has eaten much of the available inventory across the region, causing the market to heat up. As a result, multiple offer situations continue to arise, pushing prices higher.

The aggregate price of a home in **Milton** climbed 13.5 per cent year-over-year to \$642,708 in the fourth quarter. Stricter mortgage regulations drove a greater number of millennials into this traditionally younger market in search of relatively affordable property, intensifying housing demand within the region.

Inventory shortages in **Oakville** drove home prices higher throughout the fourth quarter, causing the region's aggregate price to climb 17.6 per cent year-over-year to \$922,348. Strong demand for all property types has created a highly competitive environment within the region where well-priced properties sell within days of being listed.

During the fourth quarter, buyers continued to clamor over property in the Durham Region due to its relative affordability and value. **Oshawa** and **Whitby** were witness to some of the strongest appreciation across the GTA, with the aggregate house price surging 26.9 per cent and 21.3 per cent year-over-year to \$471,957 and \$610,658, respectively. **Pickering** and **Ajax** also saw a notable uptick, as aggregate prices rose by 17.4 per cent and 17.5 per cent to \$640,966 and \$607,188 year-over-year, respectively.

Regional Pricing Data

Market	Two-Storeys			Bungalows			Condominiums			Aggregate		
	Q4 2015	Q4 2016	Year-Over-Year % Change	Q4 2015	Q4 2016	Year-Over-Year % Change	Q4 2015	Q4 2016	Year-Over-Year % Change	Q4 2015	Q4 2016	Year-Over-Year % Change
Greater Toronto Area	\$720,608	\$846,536	17.5%	\$611,975	\$728,779	19.1%	\$364,661	\$388,699	6.6%	\$620,744	\$720,761	16.1%
Toronto	\$895,119	\$1,023,051	14.3%	\$669,281	\$783,533	17.1%	\$398,632	\$422,650	6.0%	\$640,754	\$720,029	12.4%
Scarborough	\$626,726	\$731,296	16.7%	\$586,090	\$688,283	17.4%	\$262,310	\$284,047	8.3%	\$523,942	\$607,053	15.9%
Richmond Hill	\$939,339	\$1,225,975	30.5%	\$834,289	\$1,114,515	33.6%	\$332,122	\$361,985	9.0%	\$875,579	\$1,138,826	30.1%
Vaughan	\$831,447	\$1,001,900	20.5%	\$881,104	\$1,109,560	25.9%	\$374,258	\$401,728	7.3%	\$773,146	\$927,371	19.9%
Markham	\$830,139	\$985,391	18.7%	\$836,914	\$1,054,974	26.1%	\$344,751	\$368,497	6.9%	\$773,615	\$916,157	18.4%
Brampton	\$539,418	\$634,549	17.6%	\$449,397	\$534,937	19.0%	\$252,284	\$282,753	12.1%	\$519,202	\$610,429	17.6%
Mississauga	\$645,551	\$737,805	14.3%	\$569,134	\$690,261	21.3%	\$282,351	\$305,621	8.2%	\$559,446	\$639,117	14.2%
Milton	\$581,600	\$660,371	13.5%	\$550,892	\$644,616	17.0%	\$335,712	\$354,225	5.5%	\$566,498	\$642,708	13.5%
Oakville	\$835,236	\$984,634	17.9%	\$678,808	\$806,871	18.9%				\$784,642	\$922,348	17.6%
Ajax	\$529,441	\$622,865	17.6%	\$434,573	\$514,064	18.3%	\$274,837	\$293,305	6.7%	\$516,684	\$607,188	17.5%
Pickering	\$568,589	\$670,183	17.9%	\$526,712	\$611,105	16.0%	\$284,148	\$311,385	9.6%	\$546,039	\$640,966	17.4%
Oshawa	\$388,089	\$498,650	28.5%	\$344,585	\$424,164	23.1%	\$196,028	\$233,517	19.1%	\$371,815	\$471,957	26.9%
Whitby	\$511,627	\$624,345	22.0%	\$491,898	\$581,005	18.1%	\$312,522	\$349,221	11.7%	\$503,367	\$610,658	21.3%

*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 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

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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