

## Price Reset Underway in Greater Vancouver Housing Market in the First Quarter of 2017

*Home values decline on a quarterly basis for first time since 2013, yet signs point to earlier than expected price rebound*

**Vancouver, April 18, 2017** – According to the Royal LePage House Price Survey<sup>1</sup> released today, home price appreciation across Greater Vancouver slowed considerably in the first quarter of 2017 when compared to the historic highs witnessed a year ago. While the region posted a sizable year-over-year aggregate<sup>2</sup> home price gain of 12.3 per cent to \$1,179,482, home values declined on a quarterly basis for the first time since 2013, dropping 1.9 per cent.

When broken down by housing type, the median price of a two-storey home and bungalow in Greater Vancouver climbed 10.3 per cent and 17.1 per cent year-over-year to \$1,503,146 and \$1,360,320 in the first quarter of 2017, respectively. Condominiums within the region also witnessed significant price appreciation, increasing by 14.0 per cent to \$543,136 over the same period.

While price appreciation across the region's condominium market remained positive on a quarterly basis, the detached market within Greater Vancouver witnessed a decline, with the median price of a two-storey and bungalow dropping by 3.1 per cent and 1.0 per cent quarter-over-quarter, respectively.

“House prices across Greater Vancouver may have reached a bottom in the first three months of the year,” said Randy Ryalls, general manager, Royal LePage Sterling Realty. “Following a period of astounding growth in 2016, eroding affordability coupled with the government's recent intervention had, at least momentarily, cooled the region's housing market.”

During the quarter, recent governmental policies aimed at cooling Greater Vancouver home price appreciation began to show signs of decay, as consumer confidence strengthened, particularly within lower-priced housing segments. While the number of homes trading hands has decreased markedly when compared to the same time last year, sales activity has grown in each month of the quarter, providing an indication that the market may rebound far sooner than expected.

“We are starting to see signs of a quicker-than-anticipated rebound in many regions across Greater Vancouver,” added Ryalls. “If the number of listings remains critically low during the spring market, we could very well see another round of significant price appreciation, as prospective homeowners continue to snap out of a policy-induced lull and rush back into the market.”

“The problem with government intervention in a cyclical free market like housing is that it increases the potential for market volatility, sending prices down and sharply back up again,” Ryalls continued. “As the spring market approaches we may see months of pent-up demand

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<sup>1</sup> Powered by Brookfield RPS

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

unleashed on the market, intensifying house price appreciation to pre-intervention levels."

### **Greater Vancouver Market Summaries**

In the first quarter of 2017, the aggregate price of a home in the **City of Vancouver** rose 10.1 per cent year-over-year to \$1,412,527. While all property types within the region witnessed significant growth on an annual basis, condominiums were the only market segment to surpass their previous quarter's pricing, thanks in part to their relative affordability.

In **West Vancouver**, the aggregate price of a home rose 11.7 per cent year-over-year to \$3,306,286 during the first quarter of 2017. After a surge in pricing in 2016, West Vancouver condominiums were the only market segment in Greater Vancouver to see a year-over-year decline, with the median price dropping 8.3 per cent to \$1,042,418, as the region's eroded affordability enticed buyers to look elsewhere. Together, the aggregate price in the region experienced the largest quarterly drop in home price appreciation, declining by 3.2 per cent.

Home prices in **North Vancouver** climbed significantly in the first quarter of 2017, rising 18.9 per cent year-over-year to \$1,387,141. All segments within the region saw a notable increase in home values, as inventory remained severely low and buyers clamoured to be close to the downtown core.

In **Richmond**, aggregate home prices rose by 13.4 per cent year-over-year to \$1,069,218 in the first quarter of 2017. Low inventory and a high level of demand continued to drive bungalow home values higher in the first three months of the year, with their median price rising by 26.3 per cent year-over-year to \$1,470,742.

While home values rose by 8.8 per cent year-over-year in **Burnaby**, the aggregate home price dropped back below the \$1-million threshold to \$992,837, as the region declined on a quarterly basis. Recently, declining detached home values have given many move-up buyers in the condominium segment a chance to purchase a freehold property, as the price gap between the two continues to shrink.

Aggregate home prices in **Coquitlam** increased 10.2 per cent year-over-year to \$949,498, as first-time buyers ventured into the city's lower-priced condominium market, driving the segment's median price up by 18.4 per cent year-over-year to \$416,093. During the quarter, the region's affordability and close proximity to Vancouver continued to attract buyers from across the Lower Mainland, placing a significant strain on inventory.

Despite notable year-over-year growth, **Surrey** remains the most affordable region in Greater Vancouver. The aggregate home price within the region continued to rise during the quarter, climbing 15.4 per cent year-over-year to \$763,806 as demand for property started to grow within the market thanks in part to enhanced consumer confidence.

**Langley** showed the most significant year-over year growth in Greater Vancouver during the first quarter of 2017, with the aggregate home price rising 21.2 per cent to \$794,213. Bungalows continued to drive growth in this region, with the segment's median price surging 34.5 per cent year-over-year to \$814,466.

## Regional Pricing Data

Market	Two-Storeys			Bungalows			Condominiums			Aggregate		
	Q1 2016	Q1 2017	Year-Over-Year % Change	Q1 2016	Q1 2017	Year-Over-Year % Change	Q1 2016	Q1 2017	Year-Over-Year % Change	Q1 2016	Q1 2017	Year-Over-Year % Change
Greater Vancouver	\$1,362,356	\$1,503,146	10.3%	\$1,161,640	\$1,360,320	17.1%	\$476,605	\$543,136	14.0%	\$1,050,066	\$1,179,482	12.3%
Vancouver	\$2,202,032	\$2,345,272	6.5%	\$1,304,675	\$1,501,477	15.1%	\$569,305	\$658,775	15.7%	\$1,283,100	\$1,412,527	10.1%
North Vancouver	\$1,405,938	\$1,673,966	19.1%	\$1,323,646	\$1,562,720	18.1%	\$432,162	\$525,154	21.5%	\$1,166,797	\$1,387,141	18.9%
West Vancouver	\$3,259,311	\$3,599,334	10.4%	\$2,567,315	\$3,018,036	17.6%	\$1,137,125	\$1,042,418	-8.3%	\$2,959,304	\$3,306,286	11.7%
Surrey	\$745,753	\$853,755	14.5%	\$648,524	\$800,480	23.4%	\$247,672	\$270,871	9.4%	\$661,636	\$763,806	15.4%
Richmond	\$1,238,037	\$1,401,129	13.2%	\$1,164,523	\$1,470,742	26.3%	\$431,372	\$449,424	4.2%	\$943,258	\$1,069,218	13.4%
Langley	\$730,158	\$858,084	17.5%	\$605,431	\$814,466	34.5%	\$278,397	\$287,783	3.4%	\$655,510	\$794,213	21.2%
Coquitlam	\$1,047,023	\$1,121,481	7.1%	\$922,725	\$1,073,296	16.3%	\$351,548	\$416,093	18.4%	\$861,706	\$949,498	10.2%
Burnaby	\$1,322,836	\$1,397,744	5.7%	\$1,236,681	\$1,347,795	9.0%	\$422,277	\$488,694	15.7%	\$912,429	\$992,837	8.8%

\*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 substantial price growth in the first quarter of 2017, increasing 12.6 per cent year-over-year to \$574,103. The price of a two-storey home rose 13.9 per cent year-over-year to \$681,728, and the price of a bungalow increased 11.0 per cent to \$490,018. During the same period, the price of a condominium increased 8.9 per cent to \$372,638.

While the majority of housing markets in Canada posted modest gains, price appreciation across much of Ontario significantly outpaced the rest of the country. Meanwhile, the pace of year-over-year home price appreciation in Greater Vancouver was noticeably lower than the historic highs witnessed in 2016.

“For the first time in several years, real estate markets in Vancouver and Toronto are headed in opposite directions,” said Phil Soper, President and CEO, Royal LePage. “The Vancouver market stalled, as confused consumers took to the sidelines after a series of uncoordinated moves by all three levels of government. With its housing shortage becoming more acute, Toronto easily stepped forward to assume the title of Canada's most overheated real estate market.”

Significant home price appreciation, caused by market dynamics similar to those that have driven housing activity in the Greater Toronto Area, is being seen across the entire “Golden Horseshoe” region of south-central Ontario, and as far away as Windsor and London in southwestern Ontario. In fact, the torrid pace of home price appreciation in much of Ontario contributed almost half of the national aggregate home price increase in the first quarter, with the rest of Canada appreciating by a healthy, but much lower, 6.4 per cent year-over-year when excluding all Ontario-based regions.

“The overall Canadian market is healthier in 2017 than it has been in years, yet the downside risks are greater too,” concluded Soper. “Our economy, which has recovered nicely from the 2014 oil crisis, is sadly dependent on moves by an unpredictable U.S. federal government and can be swayed by unforeseen global events, such as fallout from Europe's restructuring. Still,

housing activity is strong and prices are rising at a healthy mid-single-digit rate across the land. The trend in Alberta, Quebec and Atlantic Canada is particularly encouraging. Our concerns with the state of Canadian real estate begin and end in Toronto and Vancouver.”

### **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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