

Home Prices in St. John's See Moderate Decline in Fourth Quarter of 2017

Lack of certainty in job market reduces consumer confidence and instills wait-and-see approach for homebuyers

ST. JOHN'S, January 10, 2018– The Royal LePage House Price Survey¹ released today revealed a moderate decline in the aggregate price of a home in St. John's in the fourth quarter of 2017, decreasing 2.0 per cent year-over-year to \$327,438.

When broken out by housing type, the median price of a two-storey home and bungalow decreased 4.6 per cent and 0.3 per cent year-over-year to \$358,675 and \$303,898, respectively.

“Some of the major projects in St. John's, such as the Long Harbour and Hebron Project, are winding down, causing uncertainty in the job market and in turn, real estate in the region,” said Glenn Larkin, sales representative, Royal LePage Professionals 2000. “We have seen out-migration of people from St. John's seeking employment in regions like Alberta and Quebec, which has reduced our labour force and demand for homes. This, coupled with the recently implemented Office of the Superintendent of Financial Institutions financing stress test and the tentative agreements between the Newfoundland and Labrador government and unionized workers, is also causing uncertainty and a relatively slow local housing market.”

Nationally, Canada's residential real estate market saw strong, but slowing year-over-year price growth in the fourth quarter of 2017. The Royal LePage National House Price Composite, compiled from proprietary property data in 53 of the nation's largest real estate markets, showed that the price of a home in Canada increased 10.8 per cent year-over-year to \$626,042 over the three-month period. When broken out by housing type, the median price of a two-storey home rose 11.1 per cent year-over-year to \$741,924, and the median price of a bungalow climbed 7.1 per cent to \$522,963. During the same period, the median price of a condominium appreciated faster than any other housing type studied, rising 14.3 per cent to \$420,823 on a year-over-year basis.

“To prospective homeowners in our largest cities, condominiums represent the last bastion of affordability,” said Phil Soper, president and CEO, Royal LePage. “This is especially true for first-time buyers whose purchasing power has been reduced by tightening mortgage regulations.”

In line with Royal LePage's previous [Market Survey Forecast](#), Royal LePage predicts that the price of a home in Canada will increase 4.9 per cent by the end of 2018. Looking ahead, the company anticipates that the new OSFI stress test will slow the housing market in the first half of 2018, as buyers adjust their expectations and many market participants take a “wait and see” approach.

“The unsustainably high rates of home price appreciation witnessed in recent years in B.C. and Ontario were dangerous to the stability of not only the housing market, but to the broader

¹ Aggregate prices are calculated using a weighted average of the median values of all housing types collected. Data is provided by RPS Real Property Solutions.

economy itself,” continued Soper. “Policy measures like the OSFI stress test will quell runaway housing inflation to an extent. However, we do foresee an upswing in demand in the latter portion of the year, as prospective buyers adjust to the new realities. To put it another way, the demand is still there.”

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, RPS Real Property Solutions, 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 close to 18,000 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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