

Victoria Home Prices See Double-Digit Increases in Fourth Quarter of 2017

Eroding affordability pushing first-time homebuyers to reevaluate expectations

VICTORIA, January 10, 2018 – According to the Royal LePage House Price Survey¹ released today, the aggregate price of a home in Victoria witnessed significant growth in the fourth quarter of 2017, rising 18.4 per cent year-over-year to \$664,382.

When broken out by housing type, the median price of a two-storey home increased 12.3 per cent year-over-year to \$865,380 in the fourth quarter, while the median price of a bungalow climbed 20.7 per cent year-over-year to \$725,372. During the same period, the median price of a condominium increased 24.1 per cent year-over-year to \$487,406.

“We are seeing record low housing supply in Victoria,” said Bill Ethier, president and managing broker, Royal LePage Coast Capital Realty. “A shortage of listings and ever-increasing demand across all housing segments in Greater Victoria is placing a lot of upward pressure on home prices. As a result, we’re seeing movement to the western communities up to 45 minutes outside of Victoria, where there is improved affordability due to new construction of houses in smaller surrounding communities.”

Ethier also notes that decreased affordability has forced first-time buyers to reevaluate expectations about what they can afford.

“The majority of first-time buyers need to build real estate equity before finding the home of their dreams,” continued Ethier. “There are many rungs on the ladder: to build equity in a relatively expensive region like Victoria, new home buyers often need to move from a small condo to a larger one, and then to a house further from the city, until they have enough equity to buy their ideal property.”

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.”

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.

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 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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