

St. John's House Price Gains Mask Softening Real Estate Market

Price reductions in the upper end of the market spur sales and lift median home prices

ST. JOHN'S, July 10, 2018 – The aggregate price of a home in St. John's saw a 6.9 per cent year-over-year increase in the second quarter of 2018, rising to \$347,154, according to the Royal LePage House Price Survey¹ and Market Survey Forecast released today.

When broken out by housing type, the median price of a two-storey home increased 10.5 per cent year-over-year to \$398,043 in the second quarter. Over the same period, the median price of a bungalow increased 3.7 per cent to \$308,642.

“Prices have come down considerably in the upper-end of the market and those sales are skewing overall price appreciation,” said Glenn Larkin, salesperson, Royal LePage Professionals. “We had more sales above the \$600,000 mark than typical this quarter and some of those properties had been reduced around 20 per cent. It's a great time for homeowners who are looking to move-up into a more desirable property.”

Larkin added that weaker than typical home sales in the general real estate market further amplified the spike in higher-end home sales' impact on price appreciation.

Looking ahead to the third quarter of 2018, St. John's is expected to maintain its current level of demand resulting in low sales and minimal price appreciation.

“Overall, we are seeing low consumer confidence as the region waits to see how the economy and real estate market will absorb the expected job loss from completed capital projects,” Larkin added. “However, for those looking to buy, it is an excellent time to get in the market. Not only do buyers have a strong voice in negotiations, the inventory selection is excellent.”

Nationally, price appreciation slowed across Canada in the second quarter of 2018, marked primarily by softness in the Greater Toronto Area (GTA), where many regions have witnessed year-over-year price declines.

“It was a spring market that never blossomed,” said Phil Soper, president and CEO, Royal LePage. “As anticipated in our original 2018 forecast, the new federal mortgage stress-test measures slowed the market to a standstill in much of the country, as some families adjusted their expectations in a world with lower borrowing capacity, and others not impacted by the OSFI regulations moved to the sidelines, adopting a ‘wait and see what happens to home prices’ approach.”

The Royal LePage National House Price Composite, compiled from proprietary property data in 63 of the nation's largest real estate markets, showed that the price of a home in Canada increased 2.0 per cent year-over-year to \$613,968 in the second quarter of 2018. When broken out by housing type, the median price of a two-storey home rose 0.8 per cent year-over-year to

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.

\$720,504, while the median price of a bungalow climbed 1.8 per cent to \$512,979. At a national level, condominiums posted a significantly higher rate of appreciation when compared to the detached segment, rising 8.1 per cent year-over-year to \$435,421. Looking ahead, Royal LePage is projecting an uptick in home price appreciation in the third quarter and forecasts that the aggregate price of a home in Canada will increase 1.9 per cent over the next three months.

“The market has begun to absorb and adjust to the new realities; we expect an uptick in sales volumes and prices during the second half of 2018,” Soper continued. “The fundamentals have not changed. The economy is strong and unemployment is very low. We face shortages in our major cities, with many more people looking for homes than the market has available for purchase or rent. Upward pressure on prices will likely return to most markets this quarter.”

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 63 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 almost 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.

For further information, please contact:

Catherine Snider
Kaiser Lachance Communications
647-725-2520 ext. 212
catherine.snider@kaiserlachance.com