

St. John's Home Prices Rise in the Third Quarter, But Recent Weakness Persists

Region in a buyer's market as inventory rises and sales activity slows

ST. JOHN'S, October 16, 2018 – The aggregate price of a home in St. John's rose 4.7 per cent year-over-year in the third quarter of 2018, to \$342,272, 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 5.8 per cent year-over-year to \$382,420 in the third quarter. Over the same period, the median price of a bungalow increased 3.8 per cent to \$311,427.

“Prices have marched steadily upwards compared to last year, but rising interest rates and the new mortgage stress test rules have dented demand,” said Glenn Larkin, salesperson, Royal LePage Professionals. “We continue to see young people move away from the area in search of jobs, and when you combine that with the new challenges qualifying for a mortgage, St. John's has really become a buyer's market.”

Larkin added that reduced demand has led to more inventory on the market, putting additional pressure on sellers.

“Affordability in St. John's is good,” continued Larkin. “As inventory rises, there's a lot of choice for potential buyers.”

Looking ahead to the fourth quarter of 2018, St. John's is expected to remain steady, with slowing demand and relatively flat home price appreciation.

Nationally, year-over-year home prices made modest gains in many regions across Canada in the third quarter of 2018. The Royal LePage National House Price Composite², 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 2.2 per cent year-over-year to \$625,499 in the third quarter. When broken out by housing type, the median price of a two-storey home rose 1.4 per cent year-over-year to \$736,337, while the median price of a bungalow climbed 1.5 per cent to \$519,886. Condominiums continued to see the highest rate of appreciation nationally when compared to the detached segment, rising 6.7 per cent year-over-year to \$441,240.

Looking ahead, Royal LePage is projecting a further uptick in home price appreciation in the fourth quarter, forecasting a 1.5 per cent increase in the aggregate price of a home in Canada over the next three months.

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.

² Beginning in the first quarter of 2018, seven real estate markets were added to the Royal LePage National House Price Composite. The new regions are smaller markets in Ontario, Alberta, Quebec and British Columbia. Due to the relative size of the markets, any change to the Royal LePage National House Price Composite is expected to be within 0.15 per cent.

“Positive economic fundamentals, supported by a new agreement on trade, should bolster consumer confidence across Canada and stoke demand in the nation’s real estate market,” said Phil Soper, president and CEO, Royal LePage. “Dangerously overheated regions have cooled considerably this year, while home prices have remained remarkably resilient. This is the soft landing that policy makers were hoping for.”

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 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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