

Low inventory levels put upward pressure on Fredericton home prices

Stress tests beginning to affect second-time home buyers despite region's affordability

FREDERICTON, October 10, 2019 – The Royal LePage House Price Survey¹ released today showed moderate growth in Fredericton, with median home prices increasing 3.2 per cent year-over-year in the third quarter of 2019 to an aggregate price of \$260,975.

When broken out by housing type, the median price of a bungalow rose significantly, increasing 8.9 per cent year-over-year in the third quarter to a median price of \$246,356. Meanwhile, the median price of a two-storey home decreased 2.1 per cent year-over-year to \$287,511.

“Home prices are increasing in Fredericton as low inventory levels put upward pressure on prices,” said Lincoln Thompson, broker and owner, Royal LePage Gardiner Realty. “While the region is quite affordable when compared to other areas in the country, first-time home buyers continue to feel the negative impact of the mortgage stress tests. We are also witnessing the stress test affect buyers who are trying to upgrade to a larger home but do not qualify for a bigger mortgage.”

Thomson added that Fredericton's burgeoning cybersecurity sector is bolstering the local economy and will bring hundreds of new jobs for new and existing residents over the next year.

“Our healthy local economy is supportive of home price growth, but we expect home prices to remain stable for the rest of the year,” said Thompson.

Nationally, the aggregate price of a home in Canada has continued to post steady year-over-year gains during the third quarter of 2019 as the real estate market sustained its recovery from the significant downturn of 2018 and early 2019, following the introduction of the federal mortgage stress test.

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 median price of a home in Canada increased 1.4 per cent year-over-year to \$630,335 in the third quarter of 2019. Looking to the fourth quarter of 2019, Royal LePage forecasts that the aggregate price of a home in Canada will rise 1.5 per cent year-over-year to \$632,226, which is a 0.3 per cent increase compared to the third quarter of 2019. The 2019 fourth quarter forecast is dependent on consistent economic conditions and no new housing policy changes.

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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

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 Royal LePage House Price Survey are based on the Royal LePage Canadian Real Estate Market 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

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