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## High Second Quarter House Prices Conceal Early Signs of a Moderating Market

### Slower price appreciation expected in the second half of 2011; National average house price forecast to end the year 7.7 per cent higher than 2010

**TORONTO, July 7, 2011** - Canada's residential real estate market saw sizable year-over-year price increases in the second quarter of 2011, but high house prices are concealing early signs of a moderating market, according to the Royal LePage House Price Survey and Market Survey Forecast released today. The market has seen its near-term peak in house price appreciation, and a slower second half of the year is expected. Still, by the end of 2011, the national average house price is expected to be 7.7 per cent higher than it was at the end of 2010.

Average house prices in Canada continued to rise in the second quarter across housing types surveyed. The national average price of a detached bungalow rose 7.5 per cent year-over-year to \$356,625; the price of a standard two-storey home rose 6.1 per cent to \$390,163; and the price of a standard condominium rose 3.5 per cent to \$238,064.

While prices continued their recent climb, signs of moderation are appearing, and vary from region to region. In the Atlantic provinces, markets that had recently enjoyed unusually high price appreciation such as Halifax and St. John's are still seeing gains, although smaller than those in recent quarters. In Montreal, additional inventory coming on the market has provided home buyers with more choice and opportunities for negotiation. Home prices in Calgary declined modestly as the market continues to adjust after the Alberta housing boom experienced in the middle of the previous decade. The Vancouver market continues its rally, with the average price of detached bungalows and standard two-storey homes both over \$1 million and seeing double digit year-over-year gains, though the average price for a standard condominium saw a very modest increase of 2.5 per cent.

"In many of Canada's regional markets, we saw house prices appreciate at a significantly faster rate than wages and salaries, and this trend cannot continue indefinitely," observed Phil Soper, president and chief executive, Royal LePage Real Estate Services. "We expect price gains to moderate considerably in the latter half of 2011, which should reduce the stress associated with purchasing a new home," Soper said. "Vancouver, and specifically certain neighbourhoods in the lower mainland of British Columbia, remains an anomaly, as investment from outside of the country continues to support higher price levels."

While price appreciation and housing activity are expected to slow during the second half of 2011, the strong start will support a 2011 national average house price forecast at end of year 7.7 per cent higher than the close of 2010. Sales volume is forecast to decrease marginally by 2.0 per cent over the same period. Year-over-year prices should appreciate modestly in 2011's third quarter as most Canadian housing markets cooled during the same period in 2010. Similarly, this year's final quarter should display a flat year-over-year price performance when compared to an unusually strong fourth quarter of 2010.

"While the global economy struggles to find its footing, here in Canada we are seeing indicators of a return to long-term norms," noted Soper. "There is an expectation of continuing improvement in employment levels across the country and accompanying strength in wages and salaries, which should

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provide support for the housing market. Looking ahead to 2012, signs are pointing to stability for Canadian home owners and new buyers. We believe we are past the period of peak house price appreciation.”

## REGIONAL MARKET SUMMARIES

The residential real estate in market in **Halifax** saw healthy year-over-year price gains across all three housing types surveyed. Strong local economy coupled with low interest rates has driven demand in the region. At the end of 2011, average house prices in Halifax are forecast to be 3.3 per cent higher than 2010.

Detached bungalows and two-storey houses in **Montreal** posted strong year-over-year gains – higher than 7 per cent in the second quarter, while standard condominiums rose modestly by 1.9 per cent. At the end of 2011, average house prices in Montreal are forecast to be 7.0 per cent higher than 2010.

**Ottawa's** housing market posted healthy year-over-year price appreciation across all housing types surveyed. An average standard two-storey home rose 5.2 per cent year-over-year to \$371,500. Despite modestly rising inventory, at the end of 2011, average house prices in Ottawa are forecast to be 5.0 per cent higher than 2010.

**Toronto's** seller's market witnessed strong year-over-year price appreciation. Price gains ranged from 4.7 per cent to 6.1 for the housing types surveyed. Low inventory coupled with low interest rates continue to drive real estate prices. Lack of inventory was cited as the main reason for reduced market activity.

Confidence in the local economy has brought optimism to the **Winnipeg** market and is reflected in the real estate market's performance. Detached bungalows rose 7.5 per cent to \$281,125, while condominiums rose 6.6 per cent. At the end of 2011, average house prices in Winnipeg are forecast to be 6.0 per cent higher than 2010.

The largest year-over-year gain was seen in **Regina**, where standard two-storey homes jumped 15.6 per cent. Detached bungalows also posted a strong 11 per cent gain. Regina's limited inventory has not been able to keep up with the demand created by the booming local job market. At the end of 2011, average house prices in Regina are forecast to be 12.4 per cent higher than 2010.

**Calgary** witnessed moderate year-over-year price declines as it continues to adjust from the boom experienced in the middle of the previous decade. Edmonton, posted modest gains for standard two-storey homes and standard condominiums, while detached bungalows posted a moderate year-over-year decrease. At the end of 2011, average house prices in Calgary are forecast to increase 3.8 per cent while Edmonton house prices are expected to decrease moderately by 1.2 per cent compared to 2010.

**Vancouver** experienced some of Canada's largest year-over-year price increases with detached bungalows rising 14.1 per cent and standard two-storey homes rising 12.0 per cent. Average prices for standard condominiums stabilized rising 2.5 per cent. At the end of 2011, average house prices in Vancouver are forecast to be 15.4 per cent higher than 2010. Unit sales in Vancouver, during 2011, are expected to be 6.0 per cent higher than 2010 indicating strong market activity.

Royal LePage's quarterly House Price Survey shows the annual change of prices for key housing segments in select national markets. [Click here to view the chart](#).

### About the Royal LePage House Price Survey

The Royal LePage House Price Survey is the largest, most comprehensive study of its kind in Canada, with information on seven types of housing in over 250 neighbourhoods from coast to coast. This release references an abbreviated version of the survey which highlights house price trends for the three most common types of housing in Canada in 90 communities across the country. A complete database of past and present surveys is available on the Royal LePage website at [www.royallepage.ca](http://www.royallepage.ca). Current figures will be updated following the complete tabulation of the data for the second quarter 2011. A printable version of the second quarter 2011 survey will be available online on August 5th, 2011.

Housing values in the Royal LePage House Price Survey are Royal LePage opinions of fair market value in each location, based on local data and market knowledge provided by Royal LePage residential real estate experts.

[Canadian Housing Trends - Royal LePage Q2 2011 Market Survey Forecast](#)

[Royal LePage Q2 2011 House Price Survey - Data Chart](#)

### 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 14,000 real estate professionals in over 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 & 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 more information visit [www.royallepage.ca](http://www.royallepage.ca) or refer to [Our Company](#).

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