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Canadian House Price Rally Extended as Low Rates and Relatively Stable Domestic Economy Brace Confidence

Softening seen in some regions but suggestions of impending US-style correction unfounded, according to Royal LePage

TORONTO, October 5, 2011 – The Royal LePage House Price Survey released today showed the average price of a home in Canada increased between 5.7 and 7.8 per cent in the third quarter of 2011, compared to the previous year. The strength of home price appreciation in the third quarter defied expectations as very low interest rates buoyed consumer confidence in a comparatively stable Canadian economy. Year-over-year gains appear deceptively strong in comparison to a weak third quarter of 2010.

“The strength in Canada’s national housing market conceals signs of predictable softening in some regions,” said Phil Soper, president and chief executive of Royal LePage Real Estate Services. “The third quarter saw a return to a normal seasonal business cycle as price appreciation slowed in many areas – with some average values even falling slightly – after the busy spring trading season. A broader slowdown is expected in the months ahead but fears of a US-style correction are completely unfounded.”

In the third quarter of 2011, the national average price of a detached bungalow rose 7.8 per cent year-over-year to \$349,974, while standard two-storey homes rose 7.7 per cent to \$388,218 and standard condominiums rose 5.7 per cent to \$239,300.

“To best provide Canadians with an accurate look at the housing market, Royal LePage uses year-over-year comparisons as the housing market follows a seasonal pattern. It is important to note that our 2011 third quarter results benefit greatly by going head-to-head with what was by far the previous year’s weakest period,” continued Soper.

Sustained demand from foreign buyers helped drive prices up in the country’s largest markets as Vancouver’s standard two-storey homes rose 16.9 per cent year-over-year to \$1,142,500 while detached bungalows in Toronto climbed 9.4 per cent to \$518,433.

Conversely, while the volume of homes trading hands has increased in Alberta, house prices in the province remained soft with detached bungalows in Calgary falling 1.0 per cent in the third quarter. Similarly, detached bungalows and standard two-storey homes in Victoria fell 2.0 and 1.1 per cent respectively.

“Canadian home owners have turned a deaf ear to the negative economic situation shaking housing markets in Europe and the United States,” added Soper. “A resilient domestic economy coupled with the stimulative effect of ultra low interest rates has extended the post-recession bounce in house prices, but there is evidence of over-shooting in some markets. Although some commentators are predicting that the sky will fall on the Canadian housing market in a US-style implosion, we lack the structural conditions that precipitated the housing crash in the United States six years ago.”

REGIONAL MARKET SUMMARIES

In Atlantic Canada, while other major markets remained relatively flat year-over-year, **Halifax** posted healthy gains in all three housing types surveyed with standard condominiums increasing 10.4 per cent. Similarly, standard condominiums in **Saint John** also witnessed an increase of 10.4 per cent. This is attributable to sales of higher-end waterfront listings.

Continued confidence in **Montreal**’s residential real estate market remained strong as year-over-year prices for standard two-storey homes rose 4.4 per cent to \$367,500 while standard condominiums rose 7.6 per cent to \$236,333.

Healthy price appreciation was witnessed in all three housing types surveyed in **Ottawa**, as standard two-storey homes rose on average 8.4 per cent. Standard condominiums and detached bungalows increased 7.9 per cent and 7.0 per cent respectively.

2011 Press Releases

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Toronto witnessed impressive price gains across all three housing types surveyed due to a lack of supply. Standard two-storey homes increased 7.6 per cent year-over-year and detached bungalows 9.4 per cent over the same period. Standard condominiums increased a healthy but more modest 6.0 per cent as demand was more easily met with a higher level of inventory.

Population growth is fueling **Winnipeg's** healthy price appreciation as standard condominiums increased 6.4 per cent, detached bungalows increased 5.1 per cent and standard two-storey homes increased 4.4 per cent.

Both **Calgary** and **Edmonton** remained relatively flat year-over-year except for standard condominiums, which increased 3.2 per cent and 3.9 per cent respectively. Two storey-homes in Edmonton also posted a gain of 3.8 per cent.

Vancouver's traditional housing types performed exceptionally well as detached bungalows rose 17.0 per cent year-over-year and standard two-storey homes rose 16.9 per cent. Condominiums in the city increased a more modest, but healthy, 5.1 per cent due to higher inventory.

Royal LePage's quarterly House Price Survey shows the annual change of prices for key housing segments in select national markets.

[Click here to download 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 Web site at www.royallepage.ca. Current figures will be updated following the complete tabulation of the data for the third quarter 2011. A printable version of the third quarter 2011 survey will be available online on November 4th, 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.

[Royal LePage Q3 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.

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