

Century 21 Canada survey finds housing prices remain strong, stable across country

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TORONTO - A national survey by Century 21 Canada brokers suggests the Canadian house market has definitely cooled but hasn't suffered the big collapses that have been experienced in some parts of the United States.

In its 2008 Spring National House Price Survey released Wednesday, the real estate franchisor looked at typical homes in 198 neighbourhoods within 66 cities across Canada.

It found that prices over the past year increased in 167 neighbourhoods, remained flat in nine neighbourhoods and declined in 21 neighbourhoods.

The survey, based on multiple listings and sold and current listings data, defined a typical home as the type of home that occurs most frequently in any given neighbourhood.

The results, said Don Lawby, Century 21 president, "reflect the solid foundations of Canada's housing markets versus the boom-bust excesses of the U.S. housing market."

The strong, stable housing prices, Lawby said in an interview, are being underpinned by "strong" consumer spending across Canada.

Lawby said he spent several weeks crossing the country talking to hundreds of realtors and found that "housing sales are easing in most communities as the economic growth rate slows."

But, he said, prices "are strong and stable nearly everywhere."

On Tuesday, the Canadian Real Estate Association, in an update to an earlier survey, reported that sales of existing homes fell by 6.8 per cent in the first three months of the year compared to a robust fourth quarter in 2007.

CREA attributed the decline to fewer sales in Toronto, which accounts for about 20 per cent of all existing home sales in Canada.

Activity also softened in British Columbia but remained strong in other markets, with new quarterly records for seasonally adjusted sales set in Newfoundland and Labrador and Saskatchewan. On a seasonally adjusted basis, 117,000 units sold during the first quarter.

At the same time, the number of new listings reached a record level, the association said. On a seasonally adjusted basis, new residential listings rose 5.5 per cent over the last quarter of 2007 to 223,400 units, with new listings surging in Alberta and B.C.

Year over year, residential average prices climbed 6.4 per cent to \$312,580 in the first quarter - the smallest such rise since the fourth quarter of 2001, CREA said.

The housing market in Canada, said Lawby, is based on "conservative lending practices and regulations, strong banks and Canadians' pride of ownership and diligence at building equity in their homes."

These characteristics, he said, "will sustain our housing market as Canada's economic growth rate slows" throughout the year.

Lawby said while he is "not pessimistic, I'm not exuberant about the housing market either."

"We're going to be off of last year probably seven to eight per cent in units," he said "Prices will be up maybe by the cost of living plus two to three per cent, but not much more than that."

People who have looked at real estate as double digit-price increases, "I don't think we're going to see that this year," except maybe in Saskatchewan and Manitoba.

But those two provinces are small markets, that are being driven by very good economies, high commodity prices, and no housing inventory, said Lawby.

According to the survey, prices for typical homes have increased over the past year as much as 57 per cent to \$330,000 for a modest 1,192-square-foot bungalow in the Whitmore Park neighbourhood in Regina.

Other strong markets include Winnipeg where prices have increased between 19 and 34 per cent, and St. John's, NL, where prices in the east and west parts of the city have risen between nine and 19 per cent.

Lawby said during a recent visit to Asia he found that the economies there are continuing to move along.

"They are buying a lot of resources out of Canada" which should continue to fuel growth in Western Canada and even Ontario, and keep the job and housing markets humming, he said. "It's going to continue to bode well."

Even in the U.S. the housing market is looking up especially in Florida , Arizona, Nevada and California, said Lawby

"There's some buyers at the table, in many cases it buyers from outside of the United States that are coming in and making investments," said Lawby.

"People are starting to say 'at least I'm seeing on my books and the real estate industry some closings coming, some buyers there.' And they hadn't been seeing that."

Lawby said that "unless something very dramatic happens, money gets spent" on the housing market. He also said people from abroad are coming into Canada and buying up real estate. There is a flight of capital to places that people feel safe.

"We get lots of investment from Russia, Iran, China, Hong Kong, Singapore where they feel this is a safe place."

People from overseas generally buy property in Vancouver, Toronto, Calgary and Montreal helping those markets, said Lawby.

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