



househunting.ca

House price gains moderate

John Morrissy, Canwest News Service

OTTAWA - Strong local economies, high immigration levels and low interest rates helped the Canadian real estate market post a first quarter of moderating price gains in 2008, Royal LePage said in its latest house-price survey.

The greatest advances made in smaller cities with relatively affordable housing and resource-based economies, the report said.

"The country has returned to an environment characterized by moderate house-price increases," said Phil Soper, president and chief executive, Royal LePage Real Estate Services. Such conditions, he added, are "more sustainable in the long term than the sharp price increases recently experienced."

Soper said Royal LePage expects the market to continue to soften as slowing in the U.S. economy spills into Canada, but to be counterbalanced as interest rate cuts and tax stimulus measures there take hold.

Nationally, the value of detached bungalows grew 8.3 per cent on an annualized basis to \$336,834, standard two-story properties were up 7.1 per cent to \$400,647, and standard condominiums rose 6.9 per cent.

Although global demand for Canada's natural resources has slowed, the strongest real estate markets have been in smaller cities in exporting regions where homes are more affordable than in the rest of the country, the study said. Saskatoon posted year-over-year increases as high as 66 per cent, and areas in Newfoundland posted gains of 20 per cent or more.

Atlantic Canada is benefiting from oil-expansion projects, Saskatchewan from gold, diamond and uranium mining, as well as agriculture, and Winnipeg from grain prices and the farming industry.

Once hot Alberta will continue to cool, and Soper predicts Edmonton will have the softest market in the country, with prices having slipped recently after two years off blistering gains and not expected to advance at all in 2008.

Average house prices in Toronto and Montreal actually rose, despite declines in Canada's manufacturing heartland of Quebec and Ontario. And despite a snow-filled winter in Central Canada that discouraged home sellers, Soper does not expect a surge of spring listings to depress prices.

Interprovincial immigration flows were contributed to the market's stable performance, Royal LePage said. In Saskatchewan, for instance, its prosperous economy is retaining those considering leaving, while a more affordable cost of living attracts skilled workers from Alberta.

<http://www.househunting.ca/buying-homes/story.html?id=0a133fe5-dbce-4ebb-a44d-44cd78ccaed1>