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NATIONAL POST

House prices up as listings fail to satisfy demand: Records continue to fall

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The average price of a home reached an all-time of \$215,578 last month, surpassing the previous record reached in September, according to the Canadian Real Estate Association.

The seasonally adjusted value of homes sold in October also broke new ground, reaching \$8.5-billion. Dollar volumes broke records in British Columbia, Alberta, New Brunswick and Newfoundland.

"Activity remains strong and so do prices, so that [\$8.5-billion] figure is a bit of a reflection of both," said Gregory Klump, senior economist with CREA. "We've got the same factors [influencing the market] -- low mortgage rates, strong consumer confidence and job growth."

On a seasonally adjusted basis, there were 40,091 units sold in October, the second-best month this year. Sales activity is on pace to break the record set just last year.

The number of new listings hitting the market last month was the highest in a decade but not enough to satisfy demand, leading to further price increases.

British Columbia, Ontario and Quebec all hit new highs last month as the national average house price grew 12.2% from a year earlier.

Mr. Klump said year-over-year price increases are expected to stay in the double-digits, as the pace of price increases actually picks up. Prices in October jumped 2.4% from September, the largest monthly increase since February.

The last two months of 2003 are expected to continue the trend; prices for the year are expected to be about 10% above 2002's final tally.

Mr. Klump expects a small drop in activity next year and prices to rise at a slower pace. As for the so-called real estate bubble bursting, he said, "There is no bubble."

"We haven't had the price appreciation that goes with a bubble."

In its annual forecast, Royal LePage Real Estate Services predicted on Wednesday the average price of a home in Canada would climb 3.2% and sales activity would decline 1%.

This month, Canada Mortgage and Housing Corp. said the tight resale market has forced it to raise its prediction for housing starts as consumers frustrated with finding housing in the resale market turn to new homes.

CMHC also expects some softening in the resale market next year and predicts prices will rise by only 4.8% nationally.

CANADIAN HOUSING PRICES: Jan. - Oct. 2002 Jan. - Oct. 2003 % change

British Columbia	\$237,922	\$257,191	8.1%
Prairie provinces	\$150,043	\$161,512	7.6%
Alberta	\$169,416	\$182,235	7.6%
Saskatchewan	\$101,289	\$105,357	4.0%
Manitoba	\$96,548	\$106,685	10.5%
Ontario	\$209,862	\$226,195	7.8%
Quebec	\$128,050	\$148,248	15.8%
Atlantic provinces	\$115,751	\$123,325	6.5%
New Brunswick	\$100,222	\$105,933	5.7%

Nova Scotia	\$127,462	\$136,426	7.0%
P. E. I.	\$94,850	\$92,604	-2.4%
Newfoundland	\$110,998	\$119,255	7.4%
Yukon	\$136,121	\$138,803	2.0%
Northwest Territories	\$203,111	\$203,249	0.1%
Canada (actual)	\$187,276	\$205,294	9.6%

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