

Hot real estate market great for sellers

With conditions perfect, prices for all types of housing are higher virtually across Canada

By ERIC BEAUCHESNE

OTTAWA — It's been a seller's market for homes this year, driving prices sharply higher, according to an analysis by a major real estate firm, which is forecasting a hot market until mid-year at least.

Intense demand and low supply created extreme market conditions, which caused a hike in the average house price in the first quarter over the first quarter of 2001, Royal LePage says.

Heightened activity was rampant, as low interest rates and mild winter weather encouraged buyers into the market, it said.

The unexpected spree resulted in demand often out-pacing supply, leading to hot bidding for homes, it said.

In the 80 markets surveyed, 94.7 per cent of detached bungalows, 93.4 per cent of standard two-storey homes and 91.8 per cent of standard condominiums increased in value from the first quarter of last year, it said.

The average value of a detached bungalow rose 8.06 per cent to \$208,773, a standard two-storey home 8.5 per cent to

\$233,962 and a standard condo 10.4 per cent to \$135,795.

"Sellers are in an advantageous position," it stated. "The outlook for second quarter is expected to be similar to the robust activity experienced in first quarter as mortgage rates are expected to remain at attractive levels, although inventory should be slightly replenished, thereby alleviating some demand."

Ted Carmichael, an economist at J.P. Morgan Canada, noted housing prices are rising at their fastest pace since 1991.

Although the increase in prices is still only half the pace of the late 1980s' boom, that boom turned to a near decade-long bust.

"The 1990s were not a good decade for housing," said Carmichael, noting that it took until mid-1999 for housing prices to return to their 1989 levels.

The analysis is a continuation of the upbeat economic reports by both Canadian and U.S. economies.

In the U.S., the commerce department reported that construction activity increased in February for the third consecu-

tive month.

In March, U.S. manufacturing activity increased for the second straight month, suggesting the recovery in that key but still depressed sector is continuing.

"Today's numbers add to the mounting evidence the manufacturing sector is well along the recovery trail," said TD Bank economist Sheryl King.

In Canada, a breakdown of the analysis showed strong demand and a shortage of available homes fuelled a rise in average property prices in Vancouver. The average price of a two-storey home increased by 11.5 per cent to \$383,000, a bungalow by 4.1 per cent to \$336,857 and of a condominium by 8.2 per cent to \$166,929.

Sales closed in on highs in Victoria, pushing the price of a two-storey home rose higher by 4.8 per cent to \$260,000, a condo by 10.4 per cent to \$127,000 and a bungalow by 6.2 per cent to \$240,000.

Atlantic Canada experienced low inventories and high demand in the first three months. The average price of a detached bungalow increased 4.8 per cent to \$115,667, a two-storey home 3.8 per cent to \$152,850 and a condominium 6.7 per cent to \$106,011.



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Marty Pospischil of Dexter Properties listed this house on West 13th in March and sold it in two days, for above asking price.

A shortage of supply, short listing periods, and bidding action contributed to price increases in Montreal. Prices for a two-storey home increased 8.8 per cent to \$235,750, a bungalow six per cent to \$150,167, and a condominium 6.2 per cent to \$127,800.

Low inventory caused property values to increase in Ottawa, where the price of a two-storey home increased 9.5 per cent to \$212,240, of a bungalow 8.6 per cent to \$194,166, and a condominium 17 per cent to \$122,641.

Strong demand in Toronto boosted prices for condos by 11.8 per cent to \$186,900, for bungalows by 9.9 per cent to \$312,392 and for two-storey homes by 8.9 per cent to \$327,624.

In Winnipeg, the price of a bungalow increased six per cent to \$134,429, a standard two-storey home 5.8 per cent to \$126,750, and a condominium 5.5 per cent to \$67,500.

Buyers in Calgary entered the market early this year, resulting in the price of a bungalow to rise 7.6 per cent to \$195,967, a standard two-storey property by 6.3 per cent to \$205,033.

However, the average price of a condo decreased 0.4 per cent to \$115,100.

In Edmonton, the price of a bungalow rose 16.6 per cent to \$154,143, a two-storey home 15.1 per cent to \$170,286, and a condominium 17.9 per cent to \$105,667.