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Housing sales high on edges: Average sale rises 11.9%

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Byline: Peter Koven
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Canadians selling their homes received record prices last month, with the average home sold in Vancouver topping half a million dollars for the first time on record, and Halifax prices soaring almost 50% year-over-year.

According to data from the Canadian Real Estate Association, the average selling price of a home in April was \$297,609. That's 11.9% higher than April of 2005, and it's the fourth straight month in which the year-over-year increase was greater than 10%.

"The market remains tight enough to support additional price increases," said Gregory Klump, CREA's chief economist. "When you can negotiate a conventional mortgage at less than 6%, it's very supportive for the housing market, especially when incomes are rising."

Selling prices appreciated to records in almost all of Canada's major cities. But the biggest gains were in the West and East. In booming Calgary, for example, the average price jumped 37.1% year-over-year to almost \$342,000. And in Vancouver, it rose 21.8%.

But those numbers paled in comparison to Halifax. The average selling price in Halifax soared 48.1% higher to almost \$280,000. That's more expensive than anywhere in Canada except Toronto, Vancouver and Calgary.

"In the past few months, we've had a number of high-end sales," said Dennis Richards, president-elect of the Nova Scotia Association of Realtors.

"Last year, the market was flatter. There wasn't a lot of activity in what we consider our high-end market. When you're looking at stats, it doesn't take a lot of those sales to throw the market out of whack."

Mr. Richards defines the high-end market as sales above \$350,000. He said there has been strong demand recently for upscale condominiums from young, working couples. That's inflating the numbers. The condos are largely in older and more traditional parts of the city.

But even after those purchases are stripped out, Mr. Richards said Halifax prices are appreciating at a brisk pace.

"The market prices are up 10% to 12% on average. That's a healthy market. If those trends continue, sellers are very happy, and buyers are a little more reluctant to jump on the bandwagon."

CREA also reported yesterday that existing home sales fell 3.2% in April from March, to a seasonally-adjusted level of 27,746 units. That was largely due to lower sales activity in Toronto and Vancouver,

which offset increases in Montreal and several other markets. For the full year, CREA still expects sales to climb another 1% to 488,160 units.

Meanwhile, new listings dropped 0.9% in April to a total of 45,654. CREA believes there aren't enough new listings to meet forecasted demand in a lot of Canada's urban areas. As a result, it predicts prices will continue to rise throughout 2006 and 2007.

pkoven@nationalpost.com

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