

Housing costs show no sign of reduction: study

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The cost of buying a house in Canada continues to soar, according to a national real estate survey.

Based on data culled from 78 communities across the country, realtor Century 21 Canada released its 2005 National Housing Price Survey on Thursday.

The unflagging 30-year strength of the housing market is unprecedented, the study found, and it shows no significant sign of changing in the near future.

“I have never seen a market this strong, for so long, in so many markets across the country,” Century 21 Canada president Don Lawby said in a statement. “Furthermore, I can see nothing on the horizon that will change market direction.”

Even the prospect of interest rate hikes later this year isn't enough to dampen Lawby's outlook.

Rates may rise, he said, but they'll likely remain attractive to both existing homeowners as well as new buyers.

“The economy continues to prosper and grow. More and more people can demonstrate to lenders that their jobs are stable and that they can qualify for mortgage payments – and so the number of buyers continues to increase.”

Comparing house prices in 2004 to those recorded in 1999, the study found that prices are up across the country. But the biggest hike was in the Ottawa community of Gloucester, where a home cost 97 per cent more last year than it did five years earlier.

“Overall, Ottawa has done incredibly well. There's not a neighborhood that has suffered. Every neighborhood's gone up quite dramatically,” said Pierre de Varennes, of Royal LePage Real Estate.

Following close behind were two other communities in the capital region – west Ottawa and Kincardine – where prices rose by 86 per cent and 67 per cent respectively.

In terms of overall housing markets, the study said Alberta is leading the country. Crediting the province's flourishing energy sector, tax structure and attraction as a site for corporate headquarters, the study says Alberta will continue to lead through 2005.

In fact, the most expensive neighbourhood for a typical three-or-four bedroom home was in south central Alberta, reported CTV's David Akin. He found one home there listed for \$748,000.

"Calgary's got a lot of head offices," said Marilyn Jones of the Calgary Real Estate Board. "I think it's second largest in Canada to Toronto for the number of head offices... There's a lot of money in Calgary."

Akin reported, however, that hot as the housing market has been in most parts of Canada, experts say it's about to cool down.

"And that could mean that while your home might be worth more, it might take you longer to sell it."

Other highlights from the study:

- The rising loonie is not expected to reverse Ontario's strong market, though increases in 2005 could be less than 2004.
- Alberta, Manitoba and Saskatchewan can expect to benefit the most should the U.S. border be reopened to live Canadian cattle.
- As new construction slows, "this reduced supply of new homes will drive more purchasers to existing homes."

With a report from CTV's David Akin