

# Real Estate Outlook

## Housing prices continue to rise in many areas

Toronto—Residential housing prices in Canada reflect a wide range of regional differences that are typical of the Canadian mosaic. In cities like Toronto, Montreal and Winnipeg, price increases are setting all-time records. At the other end of the scale, the markets in centres like Ottawa and Halifax are, at best, stable.

According to the Royal LePage Survey of Canadian House Prices released recently, Toronto and southern Ontario have seen the highest house price increases in the country, often exceeding 30 per cent for many types of housing. In Alberta with higher oil prices, Edmonton and Calgary appear to be starting another comeback.

A general healthy economy, interest rates that are the lowest in over a decade, and relatively high levels of consumer confidence have combined to create strong

resale housing markets in most parts of Canada, says Ozzie Jurock, President, Royal LePage Residential Real Estate Services. Except in areas with special local influences like Ottawa and certain Atlantic communities, house prices have been increasing in direct proportion to demand.

Jurock's comments coincided with the release of the April issue of the Royal LePage Survey of Canadian House Prices. The quarterly cross-Canada study tracks the estimated selling price of six categories of housing in over 170 communities from coast to coast.

The sky appears to be the limit for house price increases in Toronto and southern Ontario as the exceptional market that characterized 1986 appears to be continuing into 1987. The upward pressure on house prices has spread to communities on the fringe of the Toron-

to commuted, like Hamilton, Barrie and Oshawa.

Jurock cautions, however, that "nothing continues upwards in a straight line forever", indicating that the large price increases in the area cannot continue indefinitely.

Montreal and Winnipeg are not far behind Toronto in terms of house price increases, although the markets in these two areas are much more reasonable. Increases in housing values in excess of 20 per cent are not uncommon in the Montreal area, while Winnipeg has seen prices rise in the 10 to 20 per cent range.

Vancouver is enjoying one of the healthiest real estate markets in years. With strong demand balanced by a relatively good supply of homes listed for sale, it has produced selling price increases in the 10 per cent range. In some parts of

the city, however, there are signs of a sellers market developing.

Ottawa, which continues to be beset by uncertainties in the federal civil service, has been relatively stable for the past year, although there are signs of a stronger residential housing market beginning to emerge.

Except for New Brunswick communities like Moncton, Saint John and Fredericton, where house price increases continue to outpace inflation, residential values in the Atlantic provinces have remained relatively stable over the past year.

Jurock notes that the lowest interest rates in 15 years have contributed to the strong housing demand, but expresses concern about the predominance of short term mortgages in the market place. With five year interest rates at 9 1/2 per cent, I would rest a lot

easier with longer term, rather than gambling on a six month or one year term, he said.

Resale housing values quoted in the Survey of Canadian House Prices represent the estimated current market value of typical homes and are compared to figures reported three months ago and a year ago. The prices cited are Royal LePage opinions of fair market value in each location based on data and market knowledge provided by Royal LePage residential real estate specialists.

Royal LePage is Canada's leading realtor, with close to 10,000 employees in over 370 residential and commercial offices in Canada, the United States and overseas.

A complimentary copy of the Survey of Canadian House Prices is available from any Royal LePage real estate office in Canada.

## Toronto's housing hikes spill over into other regions

Many communities throughout Ontario have recorded substantial increases in the selling price of residential homes, especially centres in southern and central Ontario like Hamilton, Guelph and the Barrie/Orillia area.

According to the most recent issue of the Royal LePage Survey of Canadian House Prices, released recently 10 to 20 per cent rise in selling price in the past year are typical, and increases in excess of 20 per cent are not uncommon.

"The lowest interest rates in more than a decade and the strongest provincial economy in Canada have combined to create a high level of consumer confidence in residential real estate," comments Bernie Vogt, Vice President and Divisional General Manager for Royal LePage in Eastern Ontario.

Elmar Moser, Vice President and Divisional General Manager for East Central Ontario, adds: "The

large price increases in the Toronto area appear to be spilling over into communities in areas like Durham Region, Barrie and the Oshawa-to-Kingston corridor."

Vogt and Moser made their comments with the release of the April issue of the Royal LePage Survey. The quarterly cross-Canada study tracks the estimated selling price of six categories of housing in over 170 communities from coast to coast.

In the Hamilton/Burlington area, price increases of 30 per cent or more have been recorded in the past year. In Central Hamilton the detached bungalow defined by the Royal LePage survey has risen from \$78,000 in April 1986 to a current price of \$100,000. In the Hamilton Mountain area, the same bungalow is up over 30 per cent to \$109,000 while an identical home in Burlington has increased from \$95,000 to an estimated \$140,000 in the past

year.

A luxury condominium apartment in East Hamilton has increased from \$85,000 last year to the current level of \$120,000. In Ancaster, the same unit is valued at \$126,000.

In the Barrie/Orillia area, similar price increases have been reported in the Royal LePage survey. The executive detached two storey category of housing, for example, is up 24 per cent in Barrie, to \$155,000 and almost 30 per cent higher in Orillia at \$140,000. Price increases farther north in recreational area like Bracebridge and Huntsville have been more moderate. A detached bungalow in Bracebridge is up 15 per cent since last year to \$78,000 while a bungalow in Huntsville is now valued at \$66,200, 14.1 per cent higher than in April 1986.

East of Toronto, prices in centres like Oshawa and Kingston have seen significant increases. A Standard Townhouse in Oshawa is up over 20

per cent in the past year to \$85,000 while the same unit in Kingston is up 31.7 per cent, to \$83,000. An Executive home in Kingston has risen an estimated \$30,000 since last April, to \$140,000. A similar home in Oshawa is now priced at \$170,000.

Increases in housing values in southwestern Ontario have been somewhat more moderate. In St. Catharines a detached bungalow is up 18.3 per cent to \$97,000, while standard two storey homes have risen just over four per cent to \$99,000. In London, a standard two storey home has increased 18 per cent to \$105,000 while a standard condominium apartment is 12 per cent higher at \$93,000.

In northern Ontario communities like Sault Ste Marie and Thunder Bay prices have also remained relatively stable. An executive home in the Soo is five per cent higher than it was last April at \$125,000 while the same home in Thunder Bay is up a

similar five per cent, to \$145,000. A standard condominium apartment in Thunder Bay has increased 10 per cent to \$101,000.

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## Call for changes

New financial securities arranged by Canada Mortgage and Housing Corporation must prove themselves a worthwhile investment before they will catch on, according to the vice-president of mortgage services for the largest private lending institution in the country.

Peter Carter of the Royal Bank of Canada says "the jury's still out" on Mortgage-Backed Securities (MBS) and suggests a thumbs-down verdict may be in store for the securities unless federal legislation is introduced to make them a more attractive investment.

CMHC established MBS last December with the twofold purpose of encouraging Canadians to stimulate the real estate industry through investment, and increasing the availability of longer-term mortgages by creating a pool of private funds to back them.


Under the MBS program, certified lenders arrange mortgages of at least 4 1/2 years duration, lump them together and put them up for sale. The pool of funds from MBS investors, who buy the securities in multiples of \$5,000, is put toward the purchases of the mortgages.

TOP TEN MOVIE RENTALS	
1 <sup>st</sup> Top Gun	6 <sup>th</sup> Howard The Duck
2 <sup>nd</sup> Cobra	7 <sup>th</sup> Police Academy III
3 <sup>rd</sup> Maximum Overdrive	8 <sup>th</sup> The Money Pit
4 <sup>th</sup> Manhattan Project	9 <sup>th</sup> Murphy's Law
5 <sup>th</sup> Raw Deal	10 <sup>th</sup> Delta Force

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