

# The Canadian market for residential homes still looks positive

As residential real estate markets go, 1987 was nothing if not interesting.

According to Ozzie Jurock, President, Royal LePage Residential Real Estate Services, although there were significant variations in real estate markets across the country during the past year, almost all areas saw growth. Typical of the Canadian mosaic, housing sales and prices rose dramatically in some markets, moderately in others, while some centres experienced very little growth.

Next year, with a strong economy and moderate interest rates, home buying demand is expected to continue to be relatively strong in most areas, but considerably more stable. The stock market downturn in October is expected to have little or no impact on real estate markets next year, says Jurock.

The one common thread is that 1987 has seen some of the most volatile markets in many years, says Jurock. Typically, the spring months saw very strong sales and price increases in many centres, followed by a return to much more stable market conditions by the summer months.

"By the end of this year, the market in Canada as a whole will see an increase of housing sales in 1987 of close to nine per cent," says Jurock. "The overall average price will be up close to 16 per cent to \$110,000."

Nineteen eight-eight is expected to be a more moderate year, with fewer of the radical ups and downs experienced in 1987.

Jurock points out that stock market events like the one that occurred in October, 1987, have no direct impact on real estate markets. In 1973-74, for example, stock markets experienced major declines, but the average price of homes in Canada rose significantly. "We foresee little impact on the economy as a whole and virtually no impact on real estate sales or prices as a result of the stock market downturn in October," says Jurock.

Royal LePage forecasts a seven per cent increase in the number of residential resale housing units that will be sold next year. A six per cent increase in the average selling price is forecast for 1988 in Canada, which will bring the average price up to \$116,500.

According to Jurock, there is a danger in using such overall averages. "It's been said that all averages are wrong," he says, "because an average blurs over the more meaningful individual components that make up the average."

For example, although the average price of a home in Canada is up an estimated 16 per cent in 1987, the increases across the country have ranged from one per cent in Halifax/Dartmouth, to 30 per cent in Toronto.

Although some factors, including interest rates, affect all parts of the country, "real estate markets are primarily reflections of local conditions," says Jurock.

"Perhaps the largest single influence on residential sales and price trends is the local economy," he adds, "followed by local consumer confidence levels."

In 1988, Royal LePage is forecasting a year that is closer to the historical norm. Residential resale housing activity in Canada is expected to increase seven per cent, while the average price of homes is forecast to rise six per cent to \$116,500 by the end of 1988.

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