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House prices set to surge

OUTLOOK: Surge of activity expected after Olympics slowdown

Vancouver's average house price should rise by 7.2 per cent this year following substantial increases at the end of 2009, according to Royal LePage's latest house price survey.

Bill Binnie, owner of Royal LePage North shore, predicts that house prices will move higher on renewed optimism among consumers and the Vancouver market's large cross section of buyers.

"This January might be busier than we've seen previously," Binnie said Thursday. "We expect a slowdown during the Olympic Games in February, followed by a surge in activity in the spring."

The year-over-year price of standard condos in Vancouver rose 11.8 per cent to an average of \$452,750 in the fourth quarter, Royal LePage said.

Detached bungalows in Vancouver changed hands for an average of \$828,750 in the fourth quarter, up 11.4 per cent from a year earlier.

And Vancouver's standard two-storey homes climbed 9.6 per cent year over year to an average of \$917,500 in the quarter.

"There is a lot of confidence in the market from buyers and sellers," said Chris Simmons, owner of Royal LePage Sunshine Coast.

"We saw a lot of activity before Christmas, which is unusual."

Nationally, residential real estate has moved back into a seller's market and will remain "unusually strong" through the first half of 2010 as economic conditions improve and low interest rates spur demand, according to Royal LePage.

"The Canadian real estate market enters 2010 with considerable momentum from an unusually strong finish to the previous year," Royal LePage Real Estate Services president-CEO Phil Soper said.



Standard two-storey homes in Vancouver, like this one up for sale in January, 2009 on Prior Street, climbed to an average of \$917,000 late last year and are expected to edge up a further seven per cent this year. RIC ERNST — PNG FILES

"The stimulus effect of low borrowing costs has contributed to a sharp rise in demand that has driven activity levels to new highs. This demand, coupled with a typical seasonal under-supply of homes for sale, should cause home prices to continue to appreciate significantly during the early months of the year."

The report comes hard on the heels of several others that show the market continuing to gather steam.

Soper said the market's apparent froth should ease in the second half of 2010 as supply of listed homes increases and higher interest rates temper rising home prices.

After falling in late 2008 and early 2009, house prices in Canada appreciated in late 2009.

In the last quarter of 2009, the average price of detached bungalows rose six per cent to \$315,055 compared with the same quarter in 2008.

The price of standard two-storey homes rose 5.2 per cent to \$353,026, and the price of a standard condominium rose 6.4 per cent to \$205,756.

The survey, which includes information on seven types of housing in more than 250 Canadian neighbourhoods, suggested regions that saw the biggest declines during the recession are now showing marked gains, including Vancouver and Toronto.

— Canwest News Service

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