

REAL ESTATE

Montreal sees largest price growth in Canada: Royal LePage

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Luxury home values in the majority of regions across Canada; Image credit: CNW Group, Royal LePage

By BRIELLE JAEKEL

Despite economic upheaval in Canada due to new government regulations, the country's luxury market is showing strong growth for this year.

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Thanks to a new stress test from the Office of the Superintendent of Financial Institutions in Canada, the start to 2018 was uncertain for luxury real estate. But the desirability of various locations attracted enough luxury buyers to drive demand and prices, according to Royal LePage's Spring Luxury Market Release.

"Home prices in Canada's luxury real estate market have remained remarkably resilient when you consider the economic headwinds that serial government interventions have created," said Phil Soper, president and CEO of Royal LePage, Toronto. "The resilience of home values reflects the strong aspirations of luxury buyers to reside and work in cities that are consistently ranked among the most desirable on the planet."

Canada gains and losses

Greater Montreal is seeing greater buying demand in detached-luxury homes, as prices are positioned for a greater value. However, luxury condos have only grown 3.9 percent due to excess inventory.

Luxury condos in Calgary are also seeing issues, with a year-over-year decline.



Montreal, QC home for sale; Image credit: Royal LePage

In the Greater Toronto area, high-priced condos are seeing the most price gains. But due to government policies, the overall luxury home market remains flat.

GTA luxury real estate and the Vancouver area are also not seeing growth, with significant declines likely due to government measures, affecting foreign and domestic buyers.

Greater Vancouver will likely see future declines the rest of the year into the first four months of 2019.

As well as the stress test, the British Columbia area is seeing new policies regarding foreign and domestic buyers and a tax jump on homes priced more than \$3 million.

Ontario's 16-Point Fair Housing Plan has hampered GTA prices with a non-resident property tax.

Greater Montreal has seen the most significant year-over-year price jump for luxury detached homes, followed by Ottawa and Vancouver. The cities saw growths of 9.1 percent, 6.3 percent and 5.2 percent, respectively.



Knight Frank listing in Vancouver

Montreal's prices rose to \$1.57 million within the first four months of 2018.

Luxury condos throughout Canada are likely to continue growing throughout the rest of the year, except for Calgary. These units are expected to grow 3 percent in Greater Montreal and Ottawa, but GTA will see the largest growth at 8 percent in the first four months of next year.

Other market insights

After a slow-down in overall growth, sales of expensive homes in the popular Manhattan borough of New York grew significantly in the four weeks leading up to April.

More sales were recorded in these weeks than in previous months and of those recorded sales, the average sales price increased from \$1.9 million per home to \$2.1 million. For luxury condos, that average price was even higher at \$2.8 million ([see more](#)).

Prime real estate in urban areas around the globe rose by 4.8 percent in the first quarter, but Seoul dramatically jumped ahead at 25 percent thanks to Gangnam's disregard for price growth control policies.

According to Knight Frank's Prime Global Cities Index for Q1 2018, New York prices have only grown 1 percent in the last year until March, but this could change soon. Stockholm, Taipei and St Petersburg saw the steepest declines this

past year at 8.4 percent, 7.4 percent and 4 percent, respectively ([see more](#)).

"Somewhat unusual in historical terms, and reflecting an important demographic shift happening across North America, appreciation in the luxury condominium market is outpacing the traditional target for large value residential property investment: the detached house," Royal LePage's Mr. Soper said. "Baby boomers are finally exiting their large family homes, and luxury condos, with their low maintenance lifestyles, are the favored destination.

"Contrary to popular belief, wealthy homebuyers are price sensitive too," he said. "They didn't reach the point in their lives where they have the capacity to acquire high-value real estate without being financially astute.

"Luxury condominiums represent value in today's market."

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