

Toronto's luxury condo prices forecast to surpass Montreal's hot luxury market in 2020, according to Royal LePage

- Greater Montreal Area posts highest appreciation in Canada for both luxury houses (8.5%) and condos (8.3%); Greater Toronto Area luxury condos also post significant price gains (7.0%)
- Limited inventory and high demand will continue to fuel luxury home price growth as Royal LePage forecasts continued price appreciation across GMA and GTA luxury markets
- Greater Ottawa luxury housing market posts healthy gains in balanced market for houses (2.7%) and condos (2.2%) as new build prices push demand for resale listings
- Greater Vancouver's luxury real estate market shows signs of stabilizing despite year-over-year price decline
- Greater Calgary's luxury house market stable as luxury condo prices continue to soften

TORONTO, February 25, 2020 – According to Royal LePage, luxury home prices are on the rise in the greater regions of Montreal, Toronto and Ottawa after posting gains during the twelve-month period ending January 31, 2020. In Toronto and Montreal, limited inventory in high demand areas was a significant factor in home price appreciation. Contributing to low inventory is the lack of confidence among potential move-up buyers that they will find a suitable listing if they sell their current property.

"Luxury condominiums in Toronto saw significant price appreciation as the region's international reputation continues to grow," said Kevin Somers, Chief Operating Officer, Royal LePage Real Estate Services Ltd. "Demand has remained healthy for luxury houses in Toronto and Ottawa, however, Montreal's detached luxury home market continues to show significant upward price momentum."

In Western Canada, both the greater regions of Vancouver and Calgary showed year-over-year declines in luxury home prices.

"We are seeing encouraging signs that Vancouver's luxury market is stabilizing," said Somers. "While no near-term price increases are expected in Vancouver and Calgary's luxury markets, buyers and sellers are increasingly more confident that the market is stable."

Data analyzed in this release contains both resale and new build transactions, provided by Royal LePage's sister company, RPS Real Property Solutions, as well as company projections.

Greater Toronto Area

Over the past twelve months, the median price of a luxury house in the Greater Toronto Area rose 1.2 per cent to \$3,629,916 while the median price of a luxury condominium rose 7.0 per cent to \$2,402,650.

“Luxury buyers face the same low inventory scenario that challenges the overall residential market,” said Steven Green, sales representative, Royal LePage Partners Realty. “Some of the city’s most desirable pockets have a very low inventory of listings, which is unfortunate for sellers who want to move up in the same neighbourhood.”

Green added that high demand for condominiums reflects the range of buyers the housing type attracts. Boomers and young executives looking for low maintenance, luxury property are competing against investors and foreign buyers also seeking a low maintenance property to use as a secondary residence. However, all luxury listings, whether detached or condominium, mid- to downtown including central, east and west, are getting a lot of attention.

Over the next year, luxury houses are expected to increase by 2.5 per cent to \$3,721,000 while luxury condominiums are forecast to increase 6.0 per cent to \$2,547,000.

Greater Montreal Area

Luxury home price appreciation has remained strong in the Greater Montreal Area as inventory continues to tighten. The region saw the highest rate of year-over-year price appreciation for both luxury houses and luxury condominiums in the twelve-month period ending January 31, 2020. During this period, the median price of a luxury house in the Greater Montreal Area rose 8.5 per cent to \$1,853,513 year-over-year. The median price of a luxury apartment-style condominium rose 8.3 per cent to \$1,409,262 over the same period.

“While demand for well-established luxury neighbourhoods such as Westmount and Outremont remain steady, there has been a surge of demand for luxury properties in surrounding neighbourhoods such as Le Plateau and Griffintown,” said Marie-Yvonne Paint, Royal LePage Heritage. “Luxury homes in the West Island remain popular, which is driven by good schools and views of the water. Both features are popular among high net worth newcomers.”

A significant factor contributing to low luxury house supply in the region is a lack of confidence among sellers that they will find what they are looking for after selling their current property. Many are worried that the fast pace of price appreciation could mean that any delay in purchasing their next property could result in a loss of purchasing power while they are out of the market.

“Luxury house sales are happening quickly because buyers know there is significant competition for a limited supply of listings,” said Paint. “However, while demand continues to grow for luxury condominiums, buyers still have excellent selection and there is less pressure to move quickly when a listing becomes available.”

During the next twelve months, the median price of a luxury house is forecast to increase 5.5 per cent to \$1,955,000 while the median price of a luxury condominium is forecast to rise 5.0 per cent to \$1,480,000.

“Luxury sales in 2019 and heading into 2020 have been very brisk,” said Paint. “Buyer demand for luxury houses continues to grow but supply is not keeping pace.”

Greater Vancouver

During the twelve-month period ending January 31, 2020, the median price of a luxury house in Greater Vancouver decreased 6.7 per cent year-over-year to \$5,394,594. Luxury apartment-style condominiums decreased 4.4 per cent to \$2,411,773 over the same period.

While luxury real estate in Greater Vancouver is showing year-over-year declines in median prices for both houses and condominiums over the twelve-month period, a significant boost in luxury unit sales since October 2019 is moving the market towards stabilization. From October 1, 2019 to January 31, 2020, the median price of a luxury house in Greater Vancouver decreased 1.3 per cent year-over-year, while the median price of a condominium was relatively flat, posting a 0.2 per cent year-over-year increase.

“Vancouver’s residential real estate market is shifting towards a balanced market and this trend has been moving upward through the luxury market,” said Jason Soprovich, Royal LePage Sussex. “There is healthy demand for homes priced between \$3 to \$5 million and this segment is starting to stabilize. It will take more time for the upper-end segment to move into a balanced market but it is expected.”

Luxury home prices in the region are expected to decline modestly over the next year. The median price of a luxury house is forecast to decrease 2.0 per cent year-over-year to \$5,287,000 while the median price of a luxury condominium is expected to decrease 1.5 per cent to \$2,376,000.

“It is crucial for sellers to have the right strategy before entering the market,” said Soprovich. “To be competitive, sellers need a good marketing strategy from the start or they risk missing opportunities or, if they overprice the property, they could lose credibility.”

Soprovich added that there remain exceptional opportunities for buyers looking in West Vancouver and Vancouver West.

Greater Calgary

Over the past twelve months, the median price of a luxury house in Calgary dipped modestly by 0.8 per cent year-over-year to \$1,950,591, while the median price of a luxury apartment-style condominium decreased 2.0 per cent to \$887,011.

"We are seeing buyers who were priced out of the luxury market in previous years buy their dream home," said John Hripko, agent, Royal LePage Benchmark. "Luxury home owners are also taking this opportunity to move up in the segment. The opportunity for those trading up within the luxury segment is unprecedented."

Inventory for luxury property is not appreciably increasing and sales during the twelve-month period are steady compared to the year prior. Hripko added that luxury properties closer to city-centre have been more resilient at holding their value.

"Sellers are reluctant to put their properties on the market and sell at a loss," said Hripko. "The collective impact of this trend has minimized price decline."

Over the next year, Calgary's luxury house prices are expected to be relatively flat. The median price of a luxury house is expected to decrease by 0.5 per cent to \$1,941,000 while the median price of luxury condominium is forecast to decrease 3.0 per cent to \$860,000.

Greater Ottawa

Over the past twelve months, the median price of a luxury house in the Ottawa region rose 2.7 per cent to \$1,848,549, while the median price of a luxury apartment-style condominium rose 2.2 per cent to \$1,010,870.

"Luxury new build condo projects are selling between \$800 and \$1,000 per square foot, which is more than what is being asked in the luxury resale market. The price gap is putting upward pressure on resale luxury condo prices. Rising land acquisition and construction costs are significant contributors to increasing prices in the luxury home market," said Charles Sezlik, sales representative, Royal LePage Team Realty.

Executive-level employment in the IT sector as well as senior public sector employment are drivers of luxury demand, however, the region is also seeing growing interest from families with significant high net worth looking at property in the region due to Ottawa's overall quality of life.

Sezlik added that while the market is balanced for luxury properties below \$1.8 million, buyers looking for properties listed above \$1.8 million will find more selection and have the luxury of a little more time before making their buying decision.

"Neighbourhoods where inventory is low and demand is high for luxury homes include Westboro and the Glebe. Of course, Rockcliffe Park remains the number one destination for buyers looking for upper-end luxury homes centrally-located," said Sezlik.

Over the next year, the median price of a luxury house in Ottawa is expected to increase by 2.5 per cent to \$1,895,000, while the median price of a luxury apartment-style condominium is forecast to increase 1.5 per cent to \$1,026,000.



Royal LePage Luxury Real Estate Median Prices in Canada's Five Largest Markets

Region	Date	Luxury house	Year-over-year (%)	Luxury condominium (apartment-style)	Year-over-year (%)
GREATER TORONTO AREA	Feb 1 2020 - Jan 31 2021*	\$ 3,721,000	2.5%	\$ 2,547,000	6.0%
	Feb 1 2019 - Jan 31 2020	\$ 3,629,916	1.2%	\$ 2,402,650	7.0%
	Feb 1 2018 - Jan 31 2019	\$ 3,588,204	3.5%	\$ 2,244,940	9.0%
	Feb 1 2017 - Jan 31 2018	\$ 3,468,188		\$ 2,058,726	
GREATER MONTREAL AREA	Feb 1 2020 - Jan 31 2021*	\$ 1,955,000	5.5%	\$ 1,480,000	5.0%
	Feb 1 2019 - Jan 31 2020	\$ 1,853,513	8.5%	\$ 1,409,262	8.3%
	Feb 1 2018 - Jan 31 2019	\$ 1,708,093	7.1%	\$ 1,301,846	8.9%
	Feb 1 2017 - Jan 31 2018	\$ 1,595,343		\$ 1,195,435	
GREATER VANCOUVER	Feb 1 2020 - Jan 31 2021*	\$ 5,287,000	-2.0%	\$ 2,376,000	-1.5%
	Feb 1 2019 - Jan 31 2020	\$ 5,394,594	-6.7%	\$ 2,411,773	-4.4%
	Feb 1 2018 - Jan 31 2019	\$ 5,782,489	-1.1%	\$ 2,522,244	-6.4%
	Feb 1 2017 - Jan 31 2018	\$ 5,848,915		\$ 2,695,176	
OTTAWA	Feb 1 2020 - Jan 31 2021*	\$ 1,895,000	2.5%	\$ 1,026,000	1.5%
	Feb 1 2019 - Jan 31 2020	\$ 1,848,549	2.7%	\$ 1,010,870	2.2%
	Feb 1 2018 - Jan 31 2019	\$ 1,799,719	4.3%	\$ 989,481	2.1%
	Feb 1 2017 - Jan 31 2018	\$ 1,724,787		\$ 968,830	
GREATER CALGARY	Feb 1 2020 - Jan 31 2021*	\$ 1,941,000	-0.5%	\$ 860,000	-3.0%
	Feb 1 2019 - Jan 31 2020	\$ 1,950,591	-0.8%	\$ 887,011	-2.0%
	Feb 1 2018 - Jan 31 2019	\$ 1,965,304	0.7%	\$ 904,606	0.7%
	Feb 1 2017 - Jan 31 2018	\$ 1,951,070		\$ 898,292	

*Forecast. Data collected includes resale and new build transactions. Price data is provided by RPS Real Property Solutions.

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https://docs.rlpnetwork.com/rlp.ca/LuxuryRelease/Royal_LePage_Price_Chart_Luxury_Real_Estate_2020.pdf
(.pdf)

About the Royal LePage Carriage Trade Luxury Properties Market Release

The Royal LePage Carriage Trade Luxury Properties Luxury Market Release provides information on the two most common types of luxury housing in Canada using lower thresholds of three times the median value of each segment relative to the overall property type's median home value in that city. Real estate values use company data in addition to data and analytics from its sister company, RPS Real Property Solutions, the trusted source for residential real estate intelligence and analytics in Canada. Commentary on real estate markets are provided by Royal LePage residential luxury real estate experts, based on their opinions and market knowledge.

Lower thresholds used for detached luxury homes: Greater Toronto Area (\$3,150,070), Greater Montreal Area (\$1,322,808), Greater Vancouver (\$4,339,553), Calgary (\$1,633,178), and Ottawa (\$1,515,306). Lower thresholds used for luxury condominiums: Greater Toronto Area (\$1,681,897), Greater Montreal Area (\$1,046,065), Greater Vancouver (\$1,875,347), Calgary (\$834,169), and Ottawa (\$909,014).

For further information, please contact:

Stella Karami

Proof

skarami@getproof.com

(416) 969-2665

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