

Canadian home prices forecast to end year 13.5% higher than 2020 as waning affordability and modestly improving supply begin to slow the pace of future increases

First quarter regional highlights:

- Addressing chronically low inventory critical in solving nation's housing affordability crisis
- Aggregate price of a home in Canada rose 14.1% year-over-year in the first quarter of the year
- 67% of the 64 markets surveyed posted double digit year-over-year aggregate home price gains
- Montreal's aggregate home price forecast to increase 16% year-over-year; the highest in Canada among forecasted regions

TORONTO, April 13, 2021
—According to the Royal LePage House Price Survey released today, the aggregate^[1] price of a home in Canada increased 14.1 per cent year-over-year to \$749,165 in the first quarter of 2021, as strong demand continues to outpace supply in virtually every market



across the country. More than two thirds of the regions surveyed (67%) saw year-over-year double-digit aggregate price gains, driven largely by the single-family property segment. Seventy-seven per cent of regions surveyed reported median price appreciation of standard two-storey homes of ten per cent or more.

The Royal LePage National House Price Composite is compiled from proprietary property data, nationally and in 64 of the nation's largest real estate markets. When broken out by housing type, the median price of a standard two-storey home rose 15.9 per cent year-over-year to \$894,140, while the median price of a bungalow increased 14.1 per cent to \$628,341, and the median price of a condominium increased 2.0 per cent year-over-year to \$509,364. Price data, which includes both

resale and new build, is provided by Royal LePage's sister company RPS Real Property Solutions, a leading Canadian real estate valuation company.

"2020 was a year like no other in Canadian real estate, with its unprecedented demand for homes, and month after month of record-setting sales and price appreciation," said Phil Soper, president and CEO of Royal LePage. "The usual winter slowdown was non-existent, and that momentum was carried forward through the first quarter of 2021."

Forecast

Royal LePage is forecasting that the aggregate price of a home in Canada will increase 13.5 per cent to \$805,000 in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

A return to pre-pandemic levels of immigration; the vaccine rollout's impact on economic stability and confidence in the labour market; and, continued low interest rates are supportive of home price growth through 2021. The Canadian government plans to welcome 401,000 new permanent residents in 2021^[2]. While home prices in Canada's largest urban areas continue to appreciate, growth in secondary cities is outpacing that of major centres.

"The winter of '20/'21 was one of the most imbalanced real estate markets in our country's history, with so many people wishing to improve their living conditions, and a pandemic-driven shortage of homes for sale," said Soper. "We expect this extreme seller's market to moderate as the year progresses. Some buyers will step away from the market in the face of sharply higher prices, and the supply of new listings should improve as people feel more confident that the health crisis is under control.

"It is important to note that the surge in housing demand over the past year was organic – buyers looking for family homes to live in. With borders closed, foreign investment was near non-existent, and speculative investment was very low. Yet new Canadians are beginning to arrive once more, and investors are regaining confidence and returning to the market. This should sustain the current real estate boom well into 2022," continued Soper. "This will be especially supportive of the condominium segment in our large urban centres."

Housing supply crisis

There is emerging consensus that Canada has nowhere near the housing supply necessary to provide shelter for our growing population now and over the decade ahead. Widespread housing shortages will drive prices higher, pushing home ownership out of reach for many.

“Fewer young Canadians will own their home in the future, and rental rates will climb rapidly, if we drag our heels in adopting public policy aimed at improving the speed of housing development and underlying regulatory costs of bringing on new projects,” said Soper.

Condominiums

The median price of a condominium rose 14.7 per cent year-over-year in the first quarter of 2021 in the Greater Montreal Area, and 7.8 per cent in the Montreal core. The median price of a condominium in the City of Vancouver increased 5.2 per cent year-over-year compared to 2.3 per cent in the greater region during the same period. Comparatively, the median price of a condominium in the Greater Toronto Area increased slightly by 1.2 per cent year-over-year in the first quarter, while prices in the city centre decreased 0.6 per cent.

“A sweeping transfer of ownership occurred when renters left the major cities. Investors sold their condo units, making way for first-time buyers poised to take advantage of low mortgage rates. The timing of it all resulted in a significant boost in sales without having a huge impact on prices,” noted Soper.

Geographical shift: affordability and larger homes

“During the first wave of the pandemic, we saw a massive shift from urban centres to small towns and suburban neighbourhoods. Across the country, the revival of these secondary cities has become a driving force of the market, attracting buyers of all ages,” said Soper.

Windsor, Ontario, posted the highest year-over-year aggregate price growth in the country at 30.2 per cent in the first quarter of 2021. Elsewhere in the province, Oshawa, Pickering, Barrie, the Kitchener and Niagara regions, and London posted aggregate price increases of 25.2 per cent, 23.3 per cent, 22.6 per cent, 21.5 per cent, 21.4 per cent, and 20.2 per cent, respectively. During the same period in Quebec, Montreal’s Northshore, Sherbrooke and Gatineau reported aggregate price increases of 24.0 per cent, 20.6 per cent and 20.0 per cent, respectively. In Halifax, Nova Scotia, the aggregate price of a home increased 18.1 per cent year-over-year in the first quarter. And, in Surrey, B.C., and Kelowna, the aggregate price of a home rose 15.6 per cent and 14.3 per cent, respectively, for the same period.

Royal LePage House Price Survey Chart: rlp.ca/house-prices-Q1-2021 <<https://rlp.ca/house-prices-Q1-2021>>

Royal LePage Forecast Chart: rlp.ca/market-forecast-Q1-2021 <<https://rlp.ca/market-forecast-Q1-2021>>

REGIONAL SUMMARIES

Greater Toronto Area

The aggregate price of a home in the Greater Toronto Area (GTA) increased 13.1 per cent year-over-year to \$989,961 in the first quarter of 2021. Broken out by housing type, the median price of a two-storey home increased 13.6 per cent to \$1,164,894, while the median price of a bungalow increased 15.3 per cent to \$982,120, and the median price of a condominium increased 1.2 per cent to \$598,819 during the same period.

In the city of Toronto, the aggregate price of a home increased 7.4 per cent year-over-year to \$984,709 in the first quarter of 2021. During the same period, the median price of a two-storey home increased 11.8 per cent to \$1,550,577, while the median price of a bungalow increased 14.7 per cent to \$1,061,534, and the median price of a condominium dipped slightly by 0.6 per cent to \$637,551.

“There is a persistent momentum in the market that continues to put upward pressure on prices,” said Debra Harris, senior vice president, Royal LePage Real Estate Services Ltd. “Without an extended surge of inventory, that momentum is unlikely to relent. Homeowners who want to move are reluctant to list their homes before they buy because they are concerned there won’t be anything available, and the cycle continues.”

Harris added that sellers would feel more confident about securing their next home if the number of days on market were longer.

“Typically, we measure absorption – how long it would take to run out of inventory – in months. At the moment, we have an absorption rate in the GTA of about three and a half weeks. The number of new listings added each month is lower than the pace of sales, and that gap continues to widen,” said Harris.

The anticipated return of immigrants and a more typical volume of students, both local and international, in the fall is expected to boost condo sales in Toronto and the surrounding areas, added Harris. She expects we will begin to see an indication of that demand by the middle of the second quarter.

Royal LePage is forecasting that the aggregate price of a home in the Greater Toronto Area will increase 11.0 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

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Greater Montreal Area

The aggregate price of a home in the Greater Montreal Area increased 19.7 per cent year-over-year to \$534,026 in the first quarter of 2021. Broken out by housing type, the median price of a two-storey home increased 21.5 per cent to \$681,768, while the median price of a bungalow increased 20.2 per cent to \$420,699, and the median price of a condominium increased 14.7 per cent to \$398,705 during the same period.

In the city of Montreal, the aggregate price of a home increased 11.1 per cent year-over-year to \$635,907 in the first quarter of 2021. During the same period, the median price of a two-storey home increased 15.7 per cent to \$888,021, while the median price of a bungalow increased 12.3 per cent to \$594,437, and the median price of a condominium increased 7.8 per cent to \$455,433.

“One year after the start of the pandemic, residential demand has continued to grow in Greater Montreal and the number of single-family homes for sale on the market today is approximately half of the inventory we had before the pandemic,” said Dominic St-Pierre, vice-president and general manager, Royal LePage Quebec. “Multiple-offer scenarios continued to dictate market conditions in the first quarter, driven by the worsening supply of inventory and persistent buyer demand. Similar to what the Toronto area has been experiencing for years, Montreal is now also feeling the impact of chronically low supply.

“Remote work has made it possible for some buyers to save money and make a plan to purchase a home,” St-Pierre continued. “Although we believe that the price increase will gradually subside as public health measures are relaxed, buyers who waited, especially first-time buyers, could be priced out of the market, as we do not foresee price softening in the medium term.”

Royal LePage is forecasting that the aggregate price of a home in the Greater Montreal Area will increase 16.0 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

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Greater Vancouver

The aggregate price of a home in Greater Vancouver increased 9.5 per cent year-over-year to \$1,163,276 in the first quarter of 2021. Broken out by housing type, the median price of a two-storey home increased 12.1 per cent to \$1,545,705, while the median price of a bungalow increased 12.0 per cent to \$1,325,006, and the median price of a condominium increased 2.3 per cent to \$652,923 during the same period.

In the city of Vancouver, the aggregate price of a home increased 7.0 per cent year-over-year to \$1,271,363 in the first quarter of 2021. During the same period, the median price of a two-storey home increased 9.9 per cent to \$2,218,099, while the median price of a bungalow increased 10.7 per cent to \$1,563,971, and the median price of a condominium increased 5.2 per cent to \$782,979.

“The market is remarkably busy right now. March was a record-breaking month for our brokerage,” said Randy Ryalls, general manager, Royal LePage Sterling Realty. “Almost every property is receiving multiple offers, and the sales to listings ratio is more than double what we’d typically see in a balanced market. That being said, we are starting to see an increase in supply come on the market. Hopefully that can continue.”

Ryalls noted that the expected influx of spring inventory has been coming on the market but is being quickly absorbed.

“Demand is still outpacing supply in Greater Vancouver, in the suburbs as well as in the downtown core. But if we see a similar lift in inventory in April and May as we had in March, and if sales remain roughly the same, we may see some modest relief sooner than later,” added Ryalls.

Royal LePage is forecasting that the aggregate price of a home in Greater Vancouver will increase 13.0 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

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Ottawa

The aggregate price of a home in Ottawa increased 16.1 per cent year-over-year to \$589,240 in the first quarter of 2021.

Broken out by housing type, the median price of a two-storey home increased 18.6 per cent to \$630,961 in the first quarter of 2021, while the median price of a bungalow increased 15.1 per cent to \$604,931, and the median price of a condominium increased 5.2 per cent to \$385,040 during the same period.

“Ottawa has a strong housing market bolstered by stable, healthy household incomes,” said John Rogan, broker of record, Royal LePage Performance Realty. “We are continuing to see very low inventory across all housing types; about forty per cent less than this time last year. Unless interest rates increase dramatically, I don’t anticipate the supply will be able to catch up with the growing demand.”

Rogan added that in this type of market, the potential for borrowing costs to increase is enough to motivate buyers to act quickly. Low inventory remains a driving factor.

“Many local homeowners are reluctant to sell because the current market is so competitive. This is contributing to the supply shortage in Ottawa, along with continued migration from Toronto and huge pressure from first-time buyers,” said Rogan.

Royal LePage is forecasting that the aggregate price of a home in Ottawa will increase 14.0 per cent in the fourth quarter of 2021, compared to the same quarter last year. This figure remains in line with Royal LePage’s previous forecast, released in December, 2020.

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Calgary

The aggregate price of a home in Calgary increased 5.2 per cent year-over-year to \$481,694 in the first quarter of 2021.

Broken out by housing type, the median price of a two-storey home increased 5.4 per cent to \$530,912 in the first quarter of 2021, and the median price of a bungalow increased 4.0 per cent to \$507,957. Meanwhile, the median price of a condominium decreased 1.6 per cent to \$243,902 during the same period.

“After years of economic uncertainty in the province of Alberta, real estate in Calgary was entering a balanced market heading into 2020,” said Corinne Lyall, broker and owner, Royal LePage

Benchmark. “While the pandemic has certainly had an impact on real estate nationwide, Calgary’s housing market has experienced less fluctuation than other major cities in Canada.”

Lyall added that low borrowing costs and an increase in savings over the last year have allowed first-time buyers to purchase starter homes, which in turn has allowed move-up buyers to become more active in the market. Like elsewhere across Canada, housing inventory remains low which has created seller’s market conditions in most segments, with the exception of condominiums.

“The condo market is still experiencing the effects of over-development from the time of the oil boom, and then the fall-out of the economy following the 2008 and 2014 recessions. The anticipated return of international students in numbers seen in pre-COVID years, as well as a boost in immigration, is expected to fill many of those rental units, but it may be some time before that impacts condo sales,” said Lyall.

Royal LePage is forecasting that the aggregate price of a home in Calgary will increase 4.5 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

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Edmonton

The aggregate price of a home in Edmonton increased 5.0 per cent year-over-year to \$379,461 in the first quarter of 2021.

Broken out by housing type, the median price of a two-storey home increased 4.1 per cent to \$443,460 in the first quarter of 2021, and the median price of a bungalow increased 8.7 per cent to \$366,101. Meanwhile, the median price of a condominium decreased 3.4 per cent to \$196,641 during the same period.

“First-time buyers are quite active in the Edmonton market, many of them taking advantage of low interest rates and extra savings since the onset of the pandemic,” said Tom Shearer, broker and owner, Royal LePage Noralta Real Estate. “Young professionals with employment stability continue to drive the market while the ability to work and study remotely have created an opportunity to move to more affordable suburbs. Their willingness to expand their geographical searches gives them great buying power.”

Shearer noted the supply shortage has created a sense of scarcity in the market. The lack of inventory can put unwanted pressure on buyers, who worry they will miss out if they don't close a deal right away.

"I wouldn't be surprised if the typical brisk spring market extends into summer this year. Sellers who are holding out for more people to be vaccinated will become part of the summer demand when they look for their new homes," said Shearer.

Multiple-offer scenarios are taking place on approximately forty per cent of transactions, added Shearer.

Royal LePage is forecasting that the aggregate price of a home in Edmonton will increase 4.0 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

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Halifax

The aggregate price of a home in Halifax increased 18.1 per cent year-over-year to \$391,408 in the first quarter of 2021.

Broken out by housing type, the median price of a two-storey home increased 17.4 per cent to \$413,660 in the first quarter of 2021, while the median price of a bungalow increased 22.2 per cent to \$343,604, and the median price of a condominium increased 13.2 per cent to \$335,484 during the same period.

"It's a very exciting time in Atlantic Canada. The region has become a top destination among out-of-province buyers over the past year, particularly those from Ontario," said Matt Honsberger, broker and owner, Royal LePage Atlantic.

The spring market will likely see a boost in supply, as sellers become more confident in their ability to purchase after selling, noted Honsberger. Although, it will not likely be enough to satisfy growing demand.

“Currently, the real estate market is incredibly competitive. Demand from first-time buyers is overwhelming very low inventory. We anticipate a wave of new immigrants and students to return to the region once vaccinations are more broadly accessible,” added Honsberger. “Sales volumes are at least keeping up with new listings each month, if not outpacing them. That momentum is likely to continue.”

Royal LePage is forecasting that the aggregate price of a home in Halifax will increase 9.0 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

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Winnipeg

The aggregate price of a home in Winnipeg increased 12.3 per cent year-over-year to \$334,901 in the first quarter of 2021.

Broken out by housing type, the median price of a two-storey home increased 13.7 per cent to \$367,179 in the first quarter of 2021, while the median price of a bungalow increased 11.3 per cent to \$322,188, and the median price of a condominium increased 7.9 per cent to \$235,908 during the same period.

“Across all housing types and at all different price points, multiple-offer scenarios and selling over asking have become commonplace,” said Michael Froese, broker and manager, Royal LePage Prime Real Estate. “We are seeing double-digit price gains, which was unusual for Winnipeg real estate, until recently.”

Froese expects the second quarter will be similar to the first, with continued strong demand from first-time buyers and move-up buyers taking advantage of low borrowing rates.

“Inventory cannot enter the market fast enough. Since the start of the year, sales are up almost fifty per cent, and listings are down 43 per cent. This demand is expected to remain a long-term trend, especially with the expected return of immigrants and students in the fall,” Froese added.

Royal LePage is forecasting that the aggregate price of a home in Winnipeg will increase 8.5 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast,

released in December, 2020, has been revised upward to reflect the current state of the market.

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Regina

The aggregate price of a home in Regina increased 5.5 per cent year-over-year to \$336,791 in the first quarter of 2021.

Broken out by housing type, the median price of a two-storey home increased 4.3 per cent to \$415,982 in the first quarter of 2021, while the median price of a bungalow increased 8.3 per cent to \$310,212, and the median price of a condominium increased 12.0 per cent to \$227,774 during the same period.

“Prior to the start of the pandemic, Regina was experiencing a buyer’s market for some time,” said Mike Duggleby, broker and owner, Royal LePage Regina Realty. “Consistent demand has now depleted inventory and upward price pressure is favouring sellers.”

Duggleby noted that many properties are selling above the asking price in multiple-offer scenarios, due to strong competition in the market.

“The competitiveness we’re seeing can be difficult for buyers, especially for first-time homebuyers who can be priced out of multiple-offer scenarios. The strong, steady demand is likely to continue. As the vaccine rollout progresses, we may see a boost in supply, although it is unlikely to be enough to satisfy growing demand,” Duggleby added.

Royal LePage is forecasting that the aggregate price of a home in Regina will increase 6.5 per cent in the fourth quarter of 2021, compared to the same quarter last year. The previous forecast, released in December, 2020, has been revised upward to reflect the current state of the market.

Royal LePage Home Price Data:

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About the Royal LePage House Price Survey

The Royal LePage House Price Survey provides information on the three most common types of housing, nationally and in 64 of the nation's largest real estate markets. Housing values in the Royal LePage House Price Survey are based on the Royal LePage Canadian Real Estate Market Composite, produced quarterly through the use of 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 housing and forecast values are provided by Royal LePage residential real estate experts, based on their opinions and market knowledge.

About Royal LePage

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of over 18,000 real estate professionals in over 600 locations nationwide. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women's and children's shelters and educational programs aimed at ending domestic violence. Royal LePage is a Bridgemarq Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE. For more information, please visit [www.royalpage.ca <http://www.royalpage.ca/>](http://www.royalpage.ca).

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^[1]Aggregate prices are calculated using a weighted average of the median values of all housing types collected. Data is provided by RPS Real Property Solutions and includes both resale and new build.

[2] *Government of Canada, <https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2021-2023.html>*

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