

## Upper end market a high point in August

WINNIPEG - What stood out in August was the performance of the higher end of the market where residential-detached sales above \$500,000 were up 32% over August 2016 and 7 sales eclipsed 1 million dollars in value. There were some other high end commercial sales with a motor inn and apartment complex each selling for over \$1 million.

MLS® unit sales of 1,288 were down 5% from August 2016 - the best August on record. However sales in August were up nearly 6% over the 10-year average for the month of August. As a result of the upper end market performing so well and residential-detached sales under \$300,000 down 35% from August 2016 MLS® dollar volume increased 4% to \$378 million.

Year-to-date MLS® unit sales activity is marginally ahead of 2016 with a total of 9,796 sales. Dollar volume on the other hand has risen 5% over 2016 to \$2.86 billion.

At the end of August inventory of 2,469 residential-detached properties is down 11% while condominium supply of 855 units is up 5% in comparison to the same time last year.

“August demonstrated demand and confidence in our local market remains strong by virtue of the strength of the upper end market,” said Blair Sonnichsen, president of WinnipegREALTORS®. “It also showed the higher stress test requirement on insured mortgages is preventing a number of buyers from achieving their dream of homeownership and in some instances keeping existing owners from making their next step to another home.”

He added, “With this week’s Bank of Canada interest rate increase to 1% and the federal government considering placing a new stress test on uninsured mortgages, it will make purchasing a home even more difficult for buyers.”

Simply put, the new stress test on uninsured mortgages will require low-risk borrowers to be approved at two percent above the rate offered to them by their lender.

WinnipegREALTORS® supports the Canadian Real Estate Association’s (CREA) position which is calling on the federal government to refrain from introducing any new additional measures to cool housing markets such as Winnipeg’s. When you include the most recent bank rate increase there have been nine changes to tighten mortgage finance in Canada since 2008.

As CREA states in its submission to the Office of the Superintendent of Financial Institutions (OSFI), “We do not believe it is prudent to extend the stress test to uninsured mortgages until the market has had time to absorb and analyze the impact of the compounding effect of interest rate increases and the previously announced tightening measures.”

While 2017 has been tougher on first-time buyers in particular purchasing a residential-detached property, other property types have experienced gains this year due in part to them making alternative choices. Sales of condominiums, duplexes, resort properties and single-attached have all had single-digit percentage increases over the same period in 2016. Town house sales have risen the highest percentage at 11%. It should also be noted commercial property sales are up 9%.

“You need to be talking to your REALTOR® about the options available to you in our local real estate market,” said Marina James, CEO of WinnipegREALTORS®. “REALTORS® know the market and what alternative property types may be possible if your first choice is not attainable.”

The most active price range for residential-detached sales in August was from \$250,000 to \$299,999, 20% of total sales. Another 30% of sales were evenly split percentage-wise between the \$200,000 to \$249,999 and \$300,000 to \$349,999 price ranges. The highest priced residential-detached property sold was \$1,700,000.

Condominium sales showed very similar percentage market share in the three price ranges from \$150,000 to \$299,999 with the lowest price range of \$150,000 to \$199,999 slightly ahead with 24% of total sales. The highest condo sales price was \$439,900.

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