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Why Winnipeg is one of the best places to do business in Canada

By Francesca Steele

The vibrant, multicultural city has several major developments in the pipeline, helping fuel strong demand for homes



The Esplanade Riel bridge over the Red river in Winnipeg

“Steady how she goes,” is how one economist from the Canadian Real Estate Association (CREA) describes the housing market in Winnipeg, the snowy capital of Manitoba province and a vibrant, multicultural metropolis rising up from the prairie lands of central Canada, just 62 miles from the US border.

Average prices here have risen five per cent in the past year, and 30.1 per cent between 2008 and 2013, from C\$196,940 (\$183,000) to C\$268,892 (\$250,000), according to the CREA (compared with 25.6 per cent in Vancouver during the same five-year time period, 27 per cent in Calgary and 32 per cent in Toronto).

However, local economists and agents say the recent flurry in sales and development is actually helping to balance out a market that tends to have too little supply, rather than too much. This is due in part to the rising population (at present about 780,000, up from 684,000 in 2010), as well as low costs. Two years ago, KPMG named the city the least expensive place to do business in western Canada.

“One unique feature of the Winnipeg market is that it has always had one of the tightest balances of supply to demand in the country,” says Pierre Leduc of the CREA. “If it were anywhere else, this would be a sellers’ market but in Winnipeg it seems to be the neutral or natural state of things.”

New housing projects were up 15.7 per cent year on year in the final quarter of 2013, according to Statistics Canada. No doubt this would please Mark Carney, current governor of the Bank of England and former governor of the Bank of Canada, who in May compared the housing market in the UK unfavourably to that of his home country, arguing that Canada built twice as many homes as the UK, despite having half its population.

Carney is credited with helping the Canadian economy brave the global downturn – house prices fell across the country by just 9 per cent between May 2008 and March 2009, in contrast to the US and

UK, for example, which saw falls of 54 per cent and 26 per cent from peak to trough, respectively, according to Savills.

There are some concerns that Canada's residential property market is now overheated and heading for a fall. Fitch Ratings, the New York-based rating agency, warned last year that prices could fall by up to 10 per cent over the next five years. However, it has since moderated its predictions for this year and "The Peg", as the market is known, looks like a safer bet than many others.



"I believe Winnipeg is reinventing itself, with a new airport terminal, the new Canadian Museum for Human Rights, a new football stadium at the University of Manitoba – the most impressive in the country – major hospital expansion, and a whole new industrial project called CentrePort which will set Winnipeg up as a major freight-forwarding destination," says Peter Squire, of the Winnipeg Realtors Association.

It is not just business that is helping attract people to Winnipeg. The arts are also a big draw, with a popular theatre fringe festival, symphony orchestra, opera and the Royal Winnipeg Ballet. Multicultural communities (there is a strong Ukrainian, German and Filipino presence) have created a flourishing restaurant scene as well as a sense of global presence.

These attractions have prompted a surge in interest in expensively developed resales, as well as high-end new builds, say agents. Saunas, pools and top-notch kitchens are now increasingly sought after.



A riverside property on sale for C\$2m near St Vital Park in south Winnipeg

Upmarket family homes tend to be located southwest of the city centre, in leafy riverside residential districts such as Tuxedo, Charleswood and River Heights, sandwiched between the Assiniboine river and the Red river. Upscale condos tend to be along Wellington Crescent or Waterfront Drive in downtown Winnipeg.

Cole Castelane, a local agent, is selling a five-bedroom house on South Drive just east of Tuxedo in Fort Garry, with two acres of land leading up to the river's edge, a pool, hot tub and private mooring, at a guide price of C\$2.28m.

Growing numbers of executives, entrepreneurs and professionals have been driving up demand for detached family homes over the C\$500,000 price point, according to a report in January by Re/Max Canada, a real estate firm. Some 439 "luxury" homes (those priced C\$500,000 and above) changed hands in 2013, a 26 per cent increase from 2012, and up 189 per cent on 2009.

Unlike the UK, there is a strong trend towards new homes at the upper end of the market. Waverley West, a new Winnipeg suburb approved for construction by the Manitoba government in 2005, is a good example. When first introduced, planners estimated it would take 20 to 25 years for it to complete. "The area, however, is running a full eight years ahead of estimates, as purchasers continue to favour updated, turnkey homes, with all the latest bells and whistles," says a report for Re/Max.

Things look less bright for first-time buyers, who are struggling to gain a foothold amid rising prices and tightening mortgage requirements. However, they can take comfort in reports that suggest 2014 will see a slowdown in prices. "Average price appreciation is expected to moderate this year – in light of higher inventory levels – setting the stage for another 3 per cent gain to C\$275,000," says the Re/Max report. "We were in a strong sellers' market with not enough listings to meet demand," adds Squire. "But things are changing now with much better supply. We are in a more balanced market situation."

Buying guide

- In Canada, mortgage insurance is required for any mortgages with deposits of less than 20 per cent
- Manitoba has a land transfer tax, starting at 0.5 per cent on purchases between C\$30,001 and C\$90,000, rising to 2 per cent on values of more than C\$200,000
- Temperatures in Winnipeg can reach -40C in winter and snow can last up to six months of the year

What you can get for ...

\$300,000 A three-bedroom bungalow in River Heights, or a one-bedroom condo in the historic Exchange District

\$600,000 A prestigious, new-build penthouse downtown, or a 2,000 sq ft house in rural Charleswood

\$1m-plus A four-bedroom house on Wellington Crescent in Tuxedo

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