

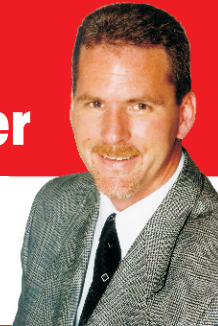
# Real Estate Monthly



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## Results of Royal LePage's Latest Urban versus Suburban Price Survey

When it comes to laying down roots, the proverbial debate of 'the city versus the suburbs' is likely to get a little more heated, as the majority of house prices in both Canada's major urban and suburban neighbourhoods were found to have nearly doubled over the past 10 years, with urban dwellings appreciating slightly more than their suburban counterparts, according to the **Urban vs. Suburban Survey** just released by Royal LePage Real Estate Services. The country's most impressive gains were seen in Edmonton where the price of condominiums in urban and suburban areas more than tripled and quadrupled respectively.

Of the 32 urban and 26 suburban markets examined across Canada, the national average price of a standard two-storey home in an urban neighbourhood appreciated by 129.2 percent to \$522,999 over the past decade; while the same property type in the suburbs appreciated by 110.1 percent to \$334,380. The national average price of a bungalow in urban Canada appreciated by 122.3 percent to \$371,059, while the price of its suburban counterpart rose by 115.2 percent to \$318,346 over

the past 10 years. The last decade saw the national average price of an urban condominium increase by 131.5 percent to \$284,312, while the price of the same property in the suburbs pressured upwards by 103.7 percent to \$212,323.

"A look back at the last 10 years in Canadian real estate growth reveals that, typically, home prices in urban markets have grown faster than those in the suburbs, with both areas showing impressive appreciation,"

said Phil Soper, president and chief executive, Royal LePage Real Estate Services. "This decade has provided Canadians with the historically longest housing market expansionary cycle in the nation's history. It is no surprise that house prices have increased as much as they have;

strong demand for amenities and limited supply in city centres have spiked prices upwards in urban areas, while affordability and spacious yards continue to attract buyers to the suburbs. It really comes down to a lifestyle choice."

In general, homes in Ottawa's urban areas boast a higher price tag due to buyer demand for a house close to work. Young professionals and empty nesters alike dominated activity, opting for an urban address and shorter commute times.

**Call today for regional market highlights and to learn how they will affect you!**

### Focus on Ottawa Home Sales

Housing sales recovered in May, as realtors sold more single-family homes, after months of declines or weak growth, according to the Ottawa Real Estate Board (OREB).

OREB's members sold 1,900 residential units in total last month, up by 2.6 percent from a year earlier.

"Just when you think condos are going to drive the market forever, freehold properties make a comeback. We saw the most growth over last May in the two-storey detached and three-storey row unit categories, though apartment-style condos are holding steady," said OREB's President.

The average price of all residential properties continued to climb, rising by 7.4 percent year-over-year to \$296,373.

**Call today for real estate advice and information!**

## Renovation Spending Up by \$2 Billion in 2007

An estimated 1.5 million households in 10 major Canadian centres surveyed indicated that they completed renovations last year that cost an average of more than \$12,800, according to the Renovation and Home Purchase Survey recently released by Canada Mortgage and Housing Corporation (CMHC).

“Close to \$19.7 billion was spent on renovations in 2007 across the 10 major centres surveyed, an increase of more than \$2 billion compared to 2006,” said CMHC’s Chief Economist. “As well, when Canadian homeowners in these 10 centres surveyed were asked about their plans for this year, 40 percent indicated that they intend to spend \$1,000 or more on renovations by the end of 2008.”

The *Renovation and Home Purchase Survey* reports on actual renovation expenditures made in the previous year, as well as intentions to buy or renovate a home in 2008 in the following 10 major centres: St. John's, Halifax, Québec, Montréal, Ottawa, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. The survey enables all market participants to benefit from timely information on renovation market trends.

Close to half — 46 percent — of households reported that the cost of renovations was in line with what they had budgeted, while 37 percent went over their planned budget for the renovation. More than a quarter — 26 percent — of households that undertook a renovation project hired a contractor for a portion of the work, up slightly from 24 percent that undertook renovations in 2006. “Do-it-yourselfers” accounted for 31 percent of renovators in 2007, down slightly from 34 percent in 2006. However, many households — 41 percent — chose to contract out the entire renovation project.

The main reason given by households for renovating in 2007 was to update, add value or to prepare to sell — 59 percent. Some 27 percent of respondents stated that the main reason for renovating was that their home needed repairs. The top three renovations completed last year were: remodelling rooms — 31 percent — painting or

wallpapering — 27 percent — and hard surface flooring and wall-to-wall carpeting — 26 percent.

On the home purchasing front, 6 percent of households across the 10 major centres surveyed intend to purchase a home that will be used as a primary residence in 2008. This is down from 8 percent in 2007. Forty-two percent of households that stated that they intend to purchase a home in 2008 are first-time buyers. This percentage is identical to the share of actual first-time homebuyers in 2007. The majority of first-time buyers are between the ages of 25 and 34, with a household income between \$40,000 and \$60,000 annually.

### Methodology

The *Renovation and Home Purchase Survey* was conducted in March of 2008 and focused on homeowner households who completed renovations on their primary residence in 2007. Similarly, the survey identified homeowner households who identified that they had commenced renovations of \$1,000 or more in 2008 or planned to commence renovations of \$1,000 or more in 2008 as *intenders*, which were further divided into three categories — those having very high confidence that they will renovate their home in 2008, those having

high confidence that they will renovate their home in 2008, and those having low confidence that they will renovate their home in 2008. Those that have already started renovations are classified as having a very high intention of renovating. Similar criteria were used to identify 2007 and 2008 home purchasers.

The *Renovation and Home Purchase Survey* was conducted on a random sample of households in each metropolitan area by using a list of geographically stratified telephone numbers. The actual number of households telephoned varied by centre. The sample size was set to get profile characteristics for 400 purchase intenders, 800 renovating households and 1,200 households who intend to renovate. The actual sample size was determined based on the centre’s expected response rate and the incidence rate of the four characteristics of interest.

