

## New report says Winnipeg housing market in good shape entering 2009

A new report by Royal LePage said Winnipeg's housing market will buck the national trend and experience a moderate price increase in 2009, with home prices rising an average of four per cent to \$204,900.

Despite the rise in the average home price, the report said Winnipeg has one of the more affordable housing markets in Canada, which is well below the projected national average of \$295,000 for 2009.

"I am pleased to say our December results were in line with previous Decembers and give us some optimism going into 2009," said Darlene Clare, president of WinnipegREALTORS®. "Even though multiple offers have dropped off substantially in the last quarter, there were still 27 per cent of house sales selling for above or at list price."

Canada's resale real estate market should see only modest price and unit sales corrections take place across the country during 2009, according to the Royal LePage *2009 Market Survey Forecast*.

National average house prices and the number of homes sold is expected to decline this year.

Nationally, average house prices are forecast to dip by three per cent from last year to \$295,000, while transac-

tions are projected to fall to 416,000 unit sales in 2009, a 3.5 per cent decline.

In spite of this cooling trend, price and activity gains are anticipated in some provinces.

The report said emotional reaction to recent economic and political instability did much to dampen consumer confidence during the latter part of 2008, causing a marked slowdown in house sales activity. However, as a more rational understanding of the issues gains ground, together with a wide range of announced corrective measures, consumer confidence is anticipated to recover, prompting real estate activity to pick up once again in the latter half of 2009.

Furthermore, Canada in 2009 enjoys a stronger economic foundation than most countries and that should temper the housing market correction. The combination of low inflation, reasonable employment levels and improving housing affordability, driven in part by low mortgage rates, are anticipated to stimulate demand in the coming months.

"While Canada's housing market is anticipated to continue to move through a period of adjustment over the next six months, we should expect modestly lower home prices, not a U.S.-style collapse, which was brought on

by a structural failure of the entire American credit system," said Phil Soper, president and chief executive of Royal LePage Real Estate Services.

"Most consumers are not aware that nationally, Canadian housing market activity peaked in 2007 and has been adjusting lower since. We are well into this inevitable cyclical correction.

"While a grey cloud hangs over some markets, the sky is not falling. In recent years, Canada has been a difficult place in which to be a purchaser of real estate, particularly for first-time buyers. When real estate markets correct, inventory levels rise, providing buyers with choice instead of frustrating bidding wars.

"In 2009, appropriately-priced homes will still sell for fair value," Soper added.

The housing market is expected to perform quite differently from region to region across the country. In many mid-sized cities where home prices remain below the national average, such as Regina and Winnipeg, prices are expected to increase moderately through 2009, as homeownership remains particularly affordable.

According to the report, Canadians have been confused and justifiably skeptical of the efforts of the world's central banks and govern-

ments to combat the global economic crisis. There is broad belief, however, that Canada's financial house is in better shape than many peer countries, particularly the U.S.

While the federal and most provincial governments have been slow to implement economic stimulus packages, they enjoy broad public support in principle. Together with the actions taken by the Bank of Canada, the positive impact on consumer confidence stemming from infrastructure spending announcements and other stimulus programs is expected to be significant.

"We believe that the Canadian economy will struggle early in 2009," said Soper, "but that conditions will progress continually throughout the year. Improving credit markets, the stimulative impact from a weaker Canadian dollar, together with the implementation of large fiscal stimulus initiatives, set the stage for a return to growth in the second half of 2009."