

Canadian Home Prices Accelerated in May

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Burlington, Ontario, June 15, 2016- Changes to federally mandated minimum down payment requirements required when purchasing a home in Canada caused home prices to spike in May even though most regional markets are seeing slowing unit sales now taking place. A new record high nationally of over \$512,000 in the month of May is on pace to continue through the summer. "When policy is revised that removes the ability of lower income Canadian's to purchase their first home , the consequence of those loss of sales from the national sales mix, is a higher average sale price than would have been published had those buyers remained active in the market," stated Ross Kay founder of Ross Kay Realty Consultants and creator of The Wealthy Homeowner? program. "If the government wants to see prices trend lower, they need to reverse their strategy and begin making changes that impact existing owners who are making the move to higher and higher priced homes in order to slow price growth down."

Canada has watched the average price of a Canadian home increase over 55% since their post recession lows of April 2009. In the last 3 years sales have shifted gradually towards the Greater Vancouver and Greater Toronto markets building to point where those cities' home provinces now account for 67% of the nation's sales. The result is Canada's housing bubble when measured through selling prices continues to grow.

"The market is now requiring more sales in a single chain of sales than has ever before has happened in history. So few first time buyers are now entering the market at the same time as rising prices combined with stalled interest rates are more constrained for even higher income earners in their prime earning years, the number of steps between that lowest price home selling and the highest prices being recorded in Luxury and Ultra-Luxury class homes has had to increase," warned Ross. "When the underpinnings of a market, being first time buyers, are removed from the market the entire balance gets out of wack and that's when the conditions are being set for an eventual market collapse. We don't see levers or fundamentals available to only 'slow' the market but rather we see a door ready to slam shut.

Vancouver and Toronto price gains spread even further from their epicenters in May with Toronto now supporting gains being recorded at the outer limits of common commuting distances.

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Ross Kay Realty Consultants

Ross Kay Realty Consultants is Canada's authority on the realty cycle and homeownership, representing clients with over 5 billion in net worth held in residential real estate.

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