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Market may get even hotter

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The housing market in Regina will continue to see strong demand, constrained supply and consequently higher prices this year and the next, according to Canada Mortgage and Housing Corporation (CMHC).

The forecast released Tuesday suggests that despite rising rent and housing prices in 2007 and 2008, demand for rental and ownership housing will be on the rise.

CMHC foresees the average cost of new housing increasing almost 13 per cent in 2007, with the resale housing market on track for record-breaking price gains of 7.7 per cent in 2007 and 10 per cent in 2008.

"What we're seeing is the product of a strong economy and high consumer confidence," said Paul Caton, senior market analyst at CMHC.

"There is rising employment all over the province, but most particularly in Regina and Saskatoon, and that is resulting in an increase in the demand for housing of all types -- not just new housing construction, but also the resale markets and rental housing."

As unprecedented as gains in the average cost of resale housing may be, Gord Archibald, executive officer of the Association of Regina Realtors, estimates that it might be even higher. Archibald estimated price increases of closer to 10 to 15 per cent due to the higher number of properties under \$40,000 being sold that drove the average down.

Last year, at the end of April, the average price of a property in Sherwood Estates in northwest Regina was \$114,000. This year, the average price is \$141,000.

Not only are houses selling for more, but they are also selling faster than ever. Last year, a house in north Regina took 18 days to sell in the month of April. This year, it took six days. In southeast Regina, houses on average sold in 10 days, compared with 34 days last year in the same period.

"This is unparalleled, really, for at least 30 years," Archibald said. "It's frustrating for buyers. They're finding that they're getting involved in competitive bids with other buyers. Some of them have to go through eight or nine offers on different properties before they actually get a home."

The new home market is experiencing a similar surge of buyers. Many homebuilders are finding that they cannot keep up with the demand, resulting in many companies suspending sales.

"The demand is unbelievably up. It's not up a bit -- we can handle a bit of demand. It's off the wall," said Tom Shepherd, senior vice-president of Regina land and housing operations at Dundee Developments. "We can't fulfill the demand because we are sold out until August of 2008. We would like to build more ... but there's just not enough tradespeople around to fulfill them."

Amidst the frustrations brought on by the burgeoning housing market, the rising prices and demand for housing in the city are indicative of a healthy economy, said Caton.

"It shows the confidence of the people that are operating within that economy," he added. "What we're seeing is rising demand in the face of increasing prices, so that's an indicator of strength."

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