

THE RECORD

The Record (Waterloo Region)
Front, Thursday, February 12, 2004, p. A1

New home prices soar; Monthly hike in Waterloo Region ties for highest across Canada

ROSE SIMONE
RECORD STAFF

WATERLOO REGION - The monthly increase in the price of newly built homes in Waterloo Region outstripped that of every other Canadian city except Halifax in December, according to Statistics Canada.

The average price of a new house in this area rose 1.2 per cent from November to December, the new housing price index shows.

Other than Halifax, which saw the same price rise, that was the largest monthly increase in the country, Statistics Canada said.

The index is for the Kitchener census metropolitan area, which includes almost all of Waterloo Region.

According to Canada Mortgage and Housing Corp., the average selling price of a new, single-detached house in Waterloo Region last year was \$231,919.

The average price of new homes in this region went up 3.3 per cent in 2003 compared with the previous year, according to a Statistics Canada survey.

The survey also shows that since 1997, the average price of newly built homes in this region is up 22.1 per cent.

That rate of increase is slightly behind the price increases seen in Toronto and Hamilton since 1997, but higher than in London and Windsor.

The survey is done by asking area home builders for the selling price of their various new home models, according to Susan Morris of Statistics Canada.

The agency collects the price data for a range of models -- from townhouses to single-detached units -- and then tracks the prices from month to month, she said.

Scott Gareau, president of the Waterloo Region Home Builders Association, said the December price increase could be an anomaly. As building contractors run out of their existing stock of bricks or lumber for the year, they need to buy more supplies from a new price list, and that can cause a sudden jump.

Morris said the builders who participated in the survey reported the rising costs of both labour and materials as the reasons for the increase.

But demand also has something to do with it. "They know that the market can bear the increase and . . . it is a good market because of mortgage rates."

According to the most recent data from Canada Mortgage and Housing, the amount of new housing construction in Waterloo Region jumped more than 10 per cent this January over the same month last year.

Gareau said the traffic into new model homes is strong and people are optimistic about buying new houses.

Despite the natural pressures on builders as costs increase for labour, materials and land, "it's still a great time to buy in terms of mortgage rates and availability of homes," he said.

Tim Ingold of the Coldwell Banker Peter Benninger Realty in Kitchener said land availability in this region will be one of the factors that will push up housing prices this spring.

"There is a definite pressure on land, so lot prices are up," he said.

"We are seeing builders now having to pay \$2,000 per front foot in some neighbourhoods, whereas a year ago, they probably paid \$1,400 per front foot for those lots. So I think we will see the increases this spring."

Ingold added that while housing starts were up in Kitchener last year, they were down in Waterloo, probably because of the reduced supply of lots.

"Waterloo has less supply of readily available land," he said.

But Barry Lowry, president of the Kitchener-Waterloo Real Estate Board, said despite the pressures on prices, demand for homes will likely remain strong over the next two years.

Not only are mortgage rates at historic lows, but homes here are affordable compared with other cities, he said. "This is a fabulous place to live."