

FOR IMMEDIATE RELEASE

CONTACT:

Jigme Choerab, Manager, Economic Intelligence Unit

Turner Drake & Partners Ltd.

Tel: (902) 429-1811 Ext. 337

Fax: (902) 429-1891

Email: jchoerab@turnerdrake.com

Website: www.turnerdrake.com

WHAT GOES UP; MAY COME DOWN! PROJECTIONS FOR ATLANTIC CANADA HOME PRICES (2024 – 2030)

Atlantic Canada's housing market has been a focal point since 2021, with substantial increases in house prices prompting questions about future trends. Following unprecedented annual increases of 18.2% in 2021, 13.5% in 2022, and 11.8% in 2023, the market's future trajectory remains a hot topic. But as the effect of increased interest rates ripple through the sector, and the policy landscape around population growth continues to shift, uncertainty about the near-term future is high. Turner Drake & Partners Ltd., a premier real estate consulting firm, has conducted an in-depth analysis to project house prices in the region for the period of 2024-2030.

Turner Drake's analysis utilizes three key econometric models to forecast new home prices across Atlantic Canada.

Due to the lack of a sole source for resale house price data in Atlantic Canada, we emphasize the need for enhanced data-sharing practices among real estate associations across the Atlantic provinces. We rely on Statistics Canada price indexes for new-construction detached housing, supplemented with our internal IT platform, CompuVal® to compensate for the lack of comprehensive and publicly accessible transaction data that unfortunately continues to degrade the function of housing markets across the country.

Key Factors Influencing House Prices Utilised in This Analysis:

Some of the main indicators used in our models, which were found to have the most significant effect on new house prices in Atlantic Canada include:

- **Population Growth**
- **Median Income**
- **Construction Jobs**
- **Interest Rates and GDP**

As with all forecasts, this list of indicators is not complete and can never be 100% exhaustive. However, all three of our models explain at least 95% (R^2 – model 1: 97%; model 2: 95%; and model 3: 98%) of the variability in Statscan's new house price index since 1996, and all models were statistically significant.

Forecast (2024-2030):

- **Nova Scotia:** Halifax and surrounding areas are projected to see a decline in new home prices of approximately 10.5% in 2024. Between 2024 and 2026 prices will grow at a rate of 0.87% per year, and then will grow 0.95% per year from 2026 to 2030.
- **New Brunswick:** Moncton and Fredericton are likely to experience a more moderate decline in 2024, falling by 4.5%. Between 2024 and 2026, prices are expected to decline further by 4.6% per year. From 2026 to 2030, however, the province will see a growth in prices of 1.3% per year.
- **Prince Edward Island:** Charlottetown is forecast to have a 9.6% decrease in new home prices in 2024. The period 2024 to 2026 will see a decline in prices of 2.34% per year. A rebound is anticipated from 2027 onwards, with prices rising by 1.4% annually through 2030.
- **Newfoundland and Labrador:** St. John's and surrounding areas are expected to see a slight decline of 4.7% in 2024, followed by an annual growth of 1.9% from 2024 to 2026. A gradual growth of 0.52% per year is expected starting in 2027 and continuing through 2030.

These projections consider assumptions regarding net migration, interest rates, median income, GDP, and construction industry trends.

"Our forecasts suggest a temporary decline in house prices, breaking from the rapid and sustained escalation that the region has experienced in recent years," said Jigme Choerab, Manager of the Economic Intelligence Division at Turner Drake. "It's important to recognize the uncertainty inherent in predicting market behavior, external factors such as migration patterns, economic policies, and unforeseen events can significantly impact market dynamics and alter our projections. However, it looks like those assuming that trends of the recent past will continue should re-evaluate those expectations."

Conclusion:

Turner Drake's analysis provides a much-needed outlook for new-build housing market trends in the next few years. These results should be especially valuable to land developers and homebuilders whose decisions in the present are based on the anticipated market price for their projects at completion. However, new-construction is closely related to the rest of the housing market, and so these insights are also of value to homeowners, prospective buyers, policymakers, and municipal governments. As Atlantic Canada's housing market continues to evolve, informed decision-making based on reliable data and expert analysis is crucial for stakeholders at all levels.

For access to the full article, and its research visit: <https://www.turnerdrake.com/tdp-newsletter-vol-02-no-131/>

Turner Drake & Partners Ltd. have provided real estate property advice for almost fifty years. From their offices in Halifax, St. John's, Charlottetown and Saint John they service clients owning property across Canada.

For more information on Turner Drake's house price forecasts and real estate consulting services, please visit www.turnerdrake.com.