



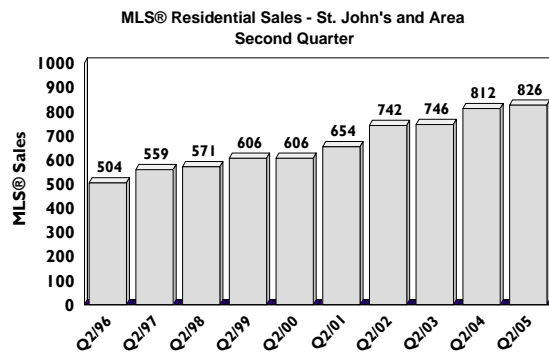
Eastern Newfoundland Real Estate Board Inc.

# MLS® Trends

## MLS® Residential Sales Edge Higher in 2<sup>nd</sup> Quarter

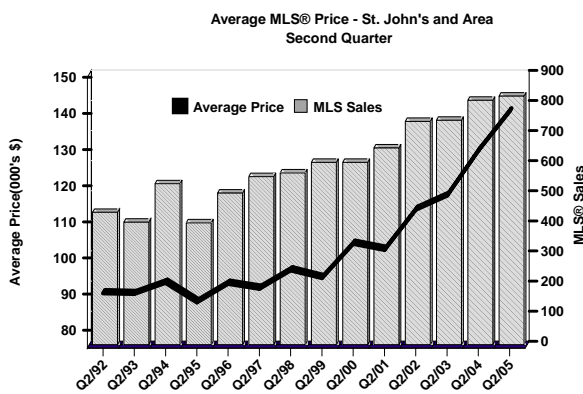
Demand for resale properties remained strong during the second quarter of 2005 as MLS® residential sales through the Eastern Newfoundland Real Estate Board edged higher. At 826 units, MLS® residential sales increased by a modest 1.7 per cent from the second quarter of 2004. When coupled with strong gains during the first three months, year-to-date MLS® residential sales have advanced 3.7 per cent to 1,273 homes. It should be noted that, while sales growth continued throughout the second quarter, the pace of growth slowed from the level achieved during the first three months of this year.

### MLS® Residential Sales Edge Higher in Second Quarter



Source: Eastern Newfoundland Real Estate Board, CMHC.

## Average MLS® Price Also Higher



Source: Eastern Newfoundland Real Estate Board, CMHC.

## Average MLS® Price Also Higher

Double digit increases in April and June more than offset a slight decline in May, as the average MLS® residential house price moved up 8.4 per cent from the second quarter of 2004 to \$140,550. While the surge in the average price is partly due to sustained demand, it is mostly a result of an increase in the sale of higher priced homes. During the second quarter, sales of homes priced between \$150,000 and \$200,000 jumped 50 per cent from the same time last year while units priced between \$200,000 and \$250,000 were 28 per cent above 2004 levels. For the first six months of 2005, the average MLS® residential house price is up 6.6 per cent to \$139,432.

MLS® - Multiple Listing Service is a registered certification mark owned by the Canadian Real Estate Association.

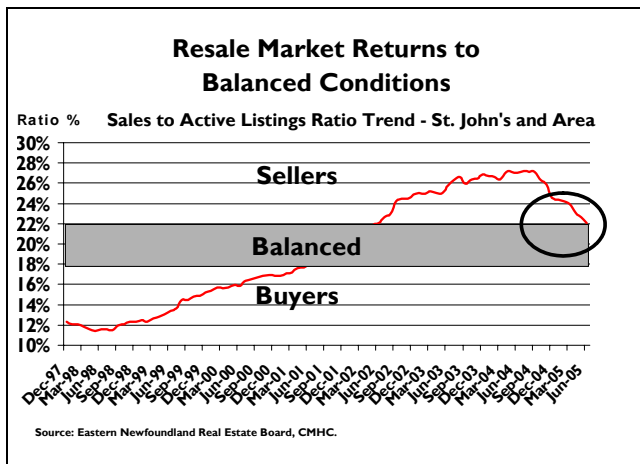
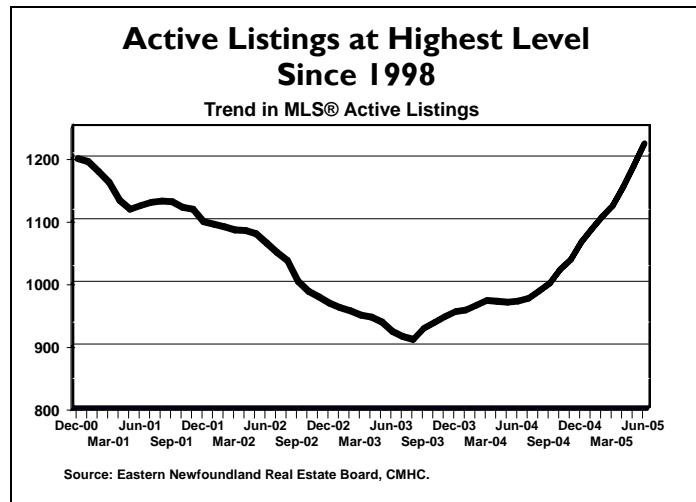


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## Supply of Active Listings at Highest Level Since 1998

The pace of growth in MLS® active residential listings picked up during the second quarter and reached their highest level for this time of year since 1998. At the end of June, total active residential listings stood at 1,441 units, representing an increase of 41.1 per cent over June of last year. Throughout 2005, total active listings have averaged 1,229 units per month. This level of supply is 34.3 per cent above the average achieved during the first half of 2004.



## Resale Market Returns to Balanced Conditions

Following three years of favouring sellers, the St. John's region's resale market moved back into balanced territory in early summer. The return to more balanced conditions is largely due to the sustained increase in the supply of homes being placed on the market for sale. As a result, listing times are getting longer and the growth in house prices is expected to ease in coming months. Demand for new homes is also being impacted as an increasing number of buyers opt to purchase more competitively priced existing dwellings.

## Interest Rates to Remain Low in 2005 and Rise Moderately in 2006

Posted mortgage rates are forecast to rise moderately in late 2005 and into 2006 as interest rates head up. However, tame inflation, a strong Canadian dollar vis-a-vis the U.S. Dollar and steady economic growth in Canada will restrain the size and speed of Canadian interest and mortgage rate increases in 2005-06. Mortgage rates are expected to remain low, rising by less than 50 basis points this year and next. One, three and five-year mortgage rates are forecast to be in the 4.50-5.50, 5.50-6.50 and 5.75-6.75 per cent ranges respectively in 2005-2006. However, rising posted rates will not necessarily lead to higher mortgage rates negotiated between borrowers and lenders.

