

# House pricing trends

*Mario Fazio - May 2021*

House prices are up 25% TO 30% across the country, with the actual national average home price reaching a record \$678,000. Ontario and BC averages hit \$860,000 to \$880,000, also new average highs.

In Sarnia-Lambton the average home price has increased 39.7% to \$491,285 from \$325,000 in January of 2020. Remember these are averages, so there have been some more extreme increases in some locations.

This is partially caused by people relocating from big over-crowded cities to smaller centers, causing increases in home values all across the country, and certainly in our area.

Provincial governments are wrestling with what to do about higher prices. And some potential buyers are seeing their dreams of home ownership fading, and becoming

beyond their reach. Talks of real estate bubbles are rampant and you can get 10 different opinions on where this is all heading.

I believe that more supply of housing is the answer to meet the need for people moving into new areas. The provincial governments and local municipalities should be working together to streamline the housing development process and create more opportunity for private developers and builders. This would provide more housing in every category and price range. Simple supply and demand principles would correct this and within short order the increasing prices should level off and stabilize.

People are wondering where this is heading and I believe that we are heading for a flattening of prices in our area. Most new people that have moved here are not dependent on economic conditions so after all the extra government money stops flowing next year, resale house prices will stabilize. Also we are still well below the national and provincial averages, and will not be affected as greatly in a potential downward price correction.

New home prices will continue to rise regardless. However, as supply chains for materials catch up with demand, and more land is made available for development, we will be back to new homes marginal annual increases in material and labor.



