

Real Estate price forecast

Mario Fazio - November 2020

2020 is winding down and continues to be a up and down crazy year for real estate. The year started off with increasing house prices, then stalled because of the forced Covid 19 shut down. We re-started with strong pent up demand fueled by people abandoning large urban centers ,government money, and low interest rates. Shortages of material and labor for new homes and home renovations caused more increases in pricing, causing resale house prices to increase as well.

Government, bank and economic gurus are all over the map as to what is ahead in 2021 for real estate prices in Canada. Some government agencies like C.M.H.C (Canada Mortgage and Housing Corporation) are calling for a significant price drop in some areas. The top 5 Canadian bank chief economic officer forecasters greatly disagree with each other, and have conflicting forecasts. Most Economic organizations and private agencies are predicting a decline in values in most markets. They cite unsustainable price increases due to the easing of billions of dollars the government poured into the economy. Some jobs have disappeared and will not return, others businesses will re-structure with less employees, and others will fail and shut down.

Sarnia-Lambton has always been different economically, and usually charts its own course, sometimes directly opposing the rest of the country. Currently we have lower average real estate prices than just about every other region. I believe the large metro areas all across the country will experience some price declines to their sky high values, caused by more people moving away and finding homes in smaller communities like Sarnia-Lambton. Regions with great life style amenities fairly close to large metro areas will continue to attract people moving to these locations, pushing price increases there. Areas that have both strong job demand in stable industries and great life style amenities will also benefit from people moving in and pushing prices up. We are the furthest away from most major metro areas, so we will still experience people moving here, but at a much slower rate. That I believe will allow our values to stabilize . We are already below other average prices, and any increase or decrease regionally or nationally in values will not dramatically effect us as much. Regardless of the many factors that will surely come into play to effect real estate values, we will remain a stable market with moderate price increases in some of the more desirable locations.

