

Real estate outlook lifts consumer confidence

Canadian consumer confidence surged to the highest in more than three years amid rising optimism over the outlook for real estate and the economy.

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OTTAWA — Canadian consumer confidence surged to the highest in more than three years amid rising optimism over the outlook for real estate and the economy.

The Bloomberg Nanos Confidence Index climbed to 60.0 in the week ended April 18 from 59.0 the previous period, the highest level since March 2011. Declines in measures of job security and personal finances tempered the gain.

Buyers are returning to Canada's real-estate market after one of the harshest winters in decades. Existing home sales rose at their fastest pace in seven months in March, led by transactions in Alberta, the Canadian Real Estate Association reported last week.

"The one-week gain was largely fueled by more positive perceptions on the projected future strength of the Canadian economy and the value of real estate," said Nanos Research Group Chairman Nik Nanos. "Both of these measures were up about three percentage points in one week."

Optimism about housing reached a two-year high, with the share of respondents who see higher property values over the next six months climbing to 42.2, the highest since March 2012, according to the Nanos report.

Respondents who see the economy strengthening in the next six months rose to 25.7 per cent, the greatest in more than a year, from 22.8 per cent, while those who see it weaker dropped to 16.3 per cent, the lowest since 2010.

The Bank of Canada said last week it continues to see a "gradual strengthening" of the world's 11th largest economy, even as it trimmed its forecast for growth this year to 2.3 per cent from 2.5 per cent. The country's recovery hinges on an upturn in exports and investment, the central bank said in keeping its benchmark interest rate at 1 per cent.

While warning that elevated household debts represent a "significant risk," the central bank reiterated its call for Canada's housing market to make a "soft landing."

Canada's inflation rate rebounded in March as rising energy prices triggered the biggest gain in shelter costs in more than three years, Statistics Canada reported April 17. "Inflation appears to have bottomed out and we believe that it should gradually drift higher for the rest of the year," Charles St-Arnaud, Nomura Securities International Inc. senior economist, said in a research note after the report.

Statistics Canada will report wholesale sales for the month of February on April 22, followed the day after by February retail sales. Poloz is scheduled to speak in Saskatoon, Saskatchewan on April 24.

The Nanos data are based on phone interviews with 1,000 people, using a four-week rolling average of 250 respondents. The results are accurate within 3.1 percentage points, 19 times out of 20.

Source:

http://www.thestar.com/business/real_estate/2014/04/21/real_estate_outlook_lifts_consumer_confidence.html