2015

HOUSING MARKET OUTLOOK REPORT

RE/MAX®

CANADIAN OVERVIEW

Most regions posted modest gains in average residential sale price, despite increased inventory in many of Canada's housing markets. Residential property markets in Toronto, Vancouver and their surrounding areas, as well as Calgary and Edmonton continued to see prices and sales rise. The greater areas of Vancouver and Toronto saw inventory of single-family houses remain at a record low, while demand continued to climb. Prices in these markets are expected to continue to increase in 2015, by approximately three per cent in the Greater Vancouver Area and four per cent in the Greater Toronto Area. Healthy gains are also anticipated in Kelowna (7%), Victoria (4%), Windsor (5%) and Moncton (6%).

Outside of B.C., Alberta and some areas of Southern Ontario, higher inventory levels was a significant trend characterizing much of the Canadian housing market in 2014. In some markets, the long, cold winter and late start to the spring season created a build-up of listings on the market, which continued to have an impact throughout the year, but also resulted in higher than usual activity in the fall as buyers came back to the market. In many cities in Canada, notably St. John's, Quebec City, Ottawa and Halifax, increased construction over the past several years contributed to an increase of inventory. However, with construction of new buildings winding down, inventory levels are expected to balance within the next couple of years without having a notable impact on property prices.

With an increased supply of inventory on the market going into the new year, the average sale price is expected to remain stable or rise modestly in most cities in 2015. Montreal (1%), Quebec City (1.5%), Ottawa (1.6%) and Sudbury (1.6%) are expecting a modest rise in average residential sale price, while little change in prices is expected in Winnipeg, Saskatoon and St. John's.

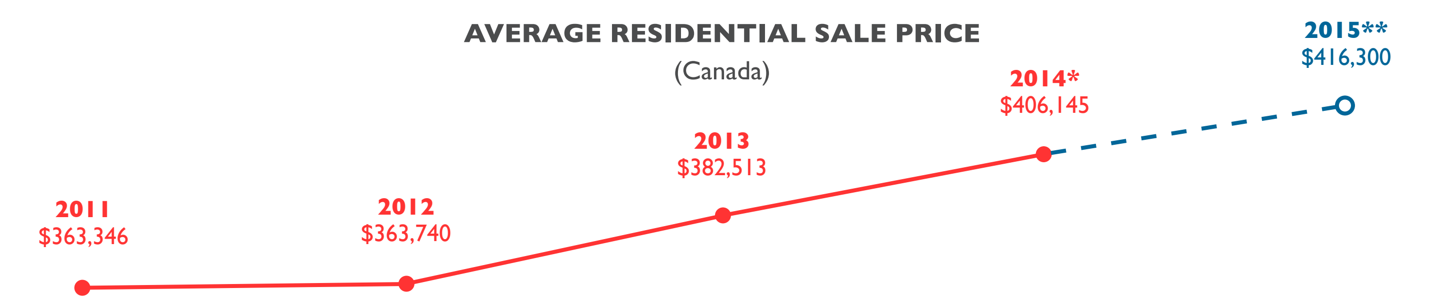
Condominiums continued to grow their

share of the market in many regions. In Toronto and Vancouver, higher prices and limited inventory for single-family homes mean that condominiums are becoming a practical choice for many young buyers looking to enter the market. In Montreal, Kingston, Burlington, and Victoria, condos are increasingly attracting Baby Boomers looking for affordability and amenities within walking distance.

Many first-time buyers continued to feel the impact of the Canada Mortgage and Housing Corporation's tightened lending criteria, which were revised in 2012. The new mortgage lending regulations have delayed the entry of first-time buyers into the market in many regions, thus slowing down the rest of the market. Regina and Saskatoon were exceptions; well-paying jobs and a good availability of affordable options meant that young buyers were typically able to qualify for a mortgage for their choice of home in these markets. The new mortgage rules will likely have less of an effect in the coming year as buyers adapt to the new regulations and make the necessary changes to meet the criteria.

The historically low interest rates of the past several years have helped sustain demand, and have mitigated the impact of the tightened lending criteria. The Bank of Canada has hinted at a rate increase in late 2015, and some experts have speculated that the increase could come as early as May. An interest rate hike could potentially result in a spike in buying activity, as buyers rush to secure their mortgage before the increase comes into effect. Overall, a rate increase is not anticipated to have a dramatic effect on the real estate market, as it would likely be minor and rates would continue to be low.

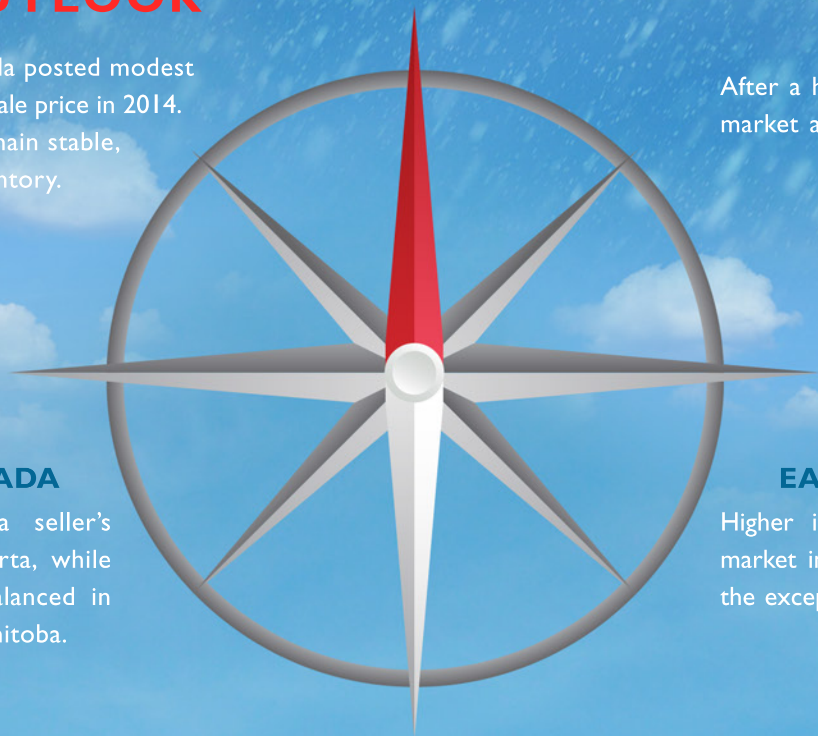
The economic outlook for Canada in 2015 is stable. The Bank of Canada has projected GDP to grow by approximately 2.5 per cent, a rate that is roughly on par with 2014's growth. Small increases in employment rates and wages are anticipated as well. Canada expects to welcome between 260,000 and 285,000 new permanent residents in 2015, which should positively impact the residential real estate market.



*August Year-to-Date **Forecast - Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

RE/MAX HOUSING MARKET OUTLOOK

Most regions across Canada posted modest gains in average residential sale price in 2014. Prices are expected to remain stable, despite an increase in inventory.



After a harsh winter and late spring, market activity picked up in the late summer and fall.

WESTERN CANADA

High demand created a seller's market in B.C. and Alberta, while the market was more balanced in Saskatchewan and Manitoba.

EASTERN CANADA

Higher inventory created a buyer's market in many regions. Toronto was the exception with low inventory and high demand.

ECONOMIC OUTLOOK

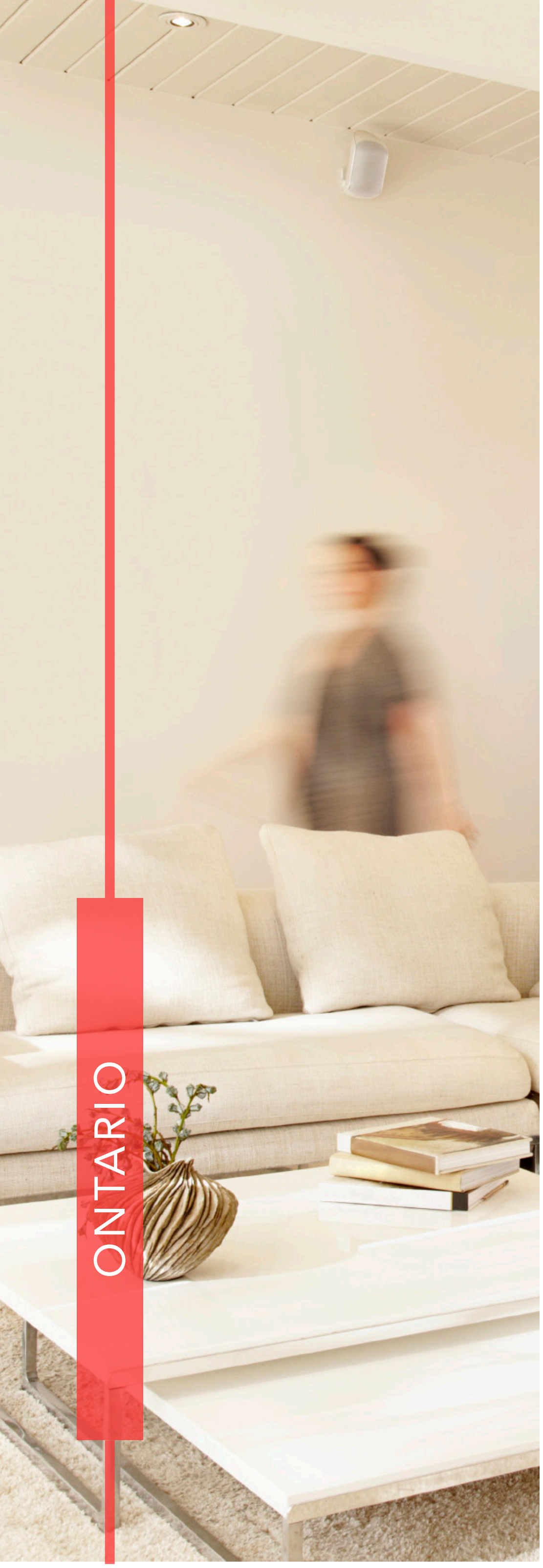
Low interest rates, GDP growth and immigration continue to drive demand.

The Bank of Canada has projected GDP to grow by approximately 2.5 per cent, a rate that is roughly on par with 2014's growth.

Canada expects to welcome between 260,000 to 285,000 new permanent residents in 2015.

PROJECTIONS FOR 2015

Increase in average residential sale price



HAMILTON-BURLINGTON

The major trend characterizing Hamilton's real estate market in 2014 was an influx of buyers from the Greater Toronto Area looking to the city for more affordable single-family homes. This increase of activity in the Hamilton real estate market has spurred development, particularly in the city's historic downtown. The average residential sale price in Hamilton in 2014 is an estimated $319,300, and it is expected to increase by approximately three per cent in 2015.

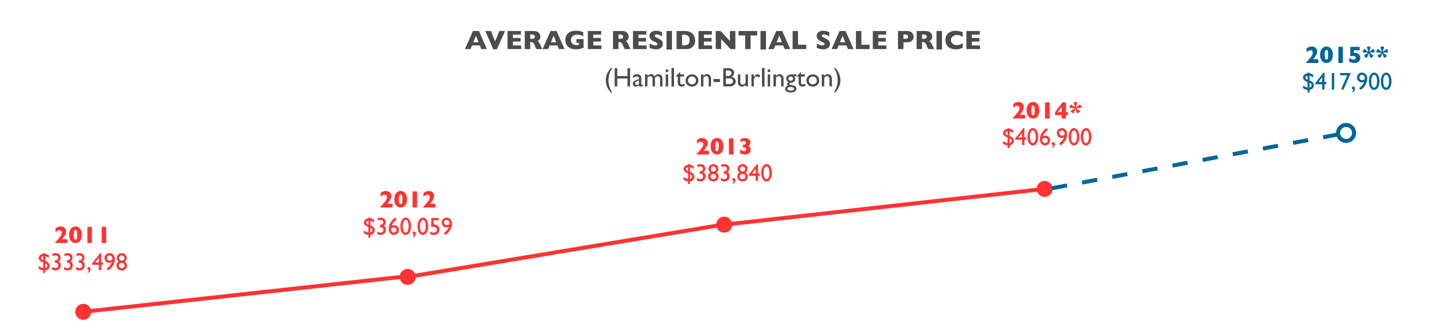
In neighbouring Burlington, situated to the east of Hamilton, demand for condos downtown and on the waterfront has greatly increased. The average number of days on market for these units has been steadily decreasing over the past three to five years, and new projects coming onto the market are renewing interest. Downtown Burlington's vibrant mix of shopping, restaurants, and culture is drawing buyers, particularly Baby Boomers, to condo units in the area. The average residential sale price was approximately $512,500 in 2014, and is anticipated to increase by approximately two per cent next year.

Burlington, with its closer proximity to the Greater Toronto Area, is typically the more expensive of the two cities. However, in October 2014, the average sale price in Ancaster, an area of Hamilton, was $541,922 – higher than in Burlington in the same period ($539,363), which has never happened in the past.

Demand was very high in 2014 for properties in Hamilton Mountain, and multiple offers were common. Its older homes and vibrant communities make it a desirable destination for buyers from the GTA looking to get more space for their money. The increase of buyers from the GTA is a key driver of demand in Hamilton and this is expected to continue to represent an increasing market segment in the coming year. The luxury market, particularly those properties priced between $750,000 and $1 million, was brisk in 2014, with sales up approximately 30 per cent year-over-year.

The overall outlook for the region is bright. Health care is the region's largest sector, and a newly-opened hospital should continue to bring new jobs to the area. There was a five per cent increase of full-time jobs in Hamilton in 2014, which should have a positive impact on the housing market. The overall average residential sale price in the Hamilton-Burlington region was approximately $406,900 in 2014, an increase from the previous year, and it is expected to rise between two and three per cent in 2015.

Most of the region was a seller's market in 2014, and 2015 should likely see the region move into a balanced market, especially for upper-end properties.



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ST. CATHARINES

Due to an extended winter and a shorter than usual spring in 2014, St. Catharines experienced its usual spring activity in early fall. Throughout 2014, sales increased by approximately two per cent. This coincided with an increase in the average residential sale price to an estimated $269,800 in 2014 from $258,595 in 2013, an increase of 4.3 per cent. The increase in sales activity and slight increase in value resulted in an 11.4 per cent decrease in average days on the market.

In 2014, there were several major investments in the St. Catharines region. Most recently, the General Motors plant sold to developers expecting to use the 54 acres for mixed use, potentially including research, industrial and residential development. St. Catharines has drawn other significant investments including the Meridian Centre, Niagara Outlet Mall (Canada's largest open-air shopping mall), the continued expansion of the Niagara Health System, and a new downtown campus of Brock University.

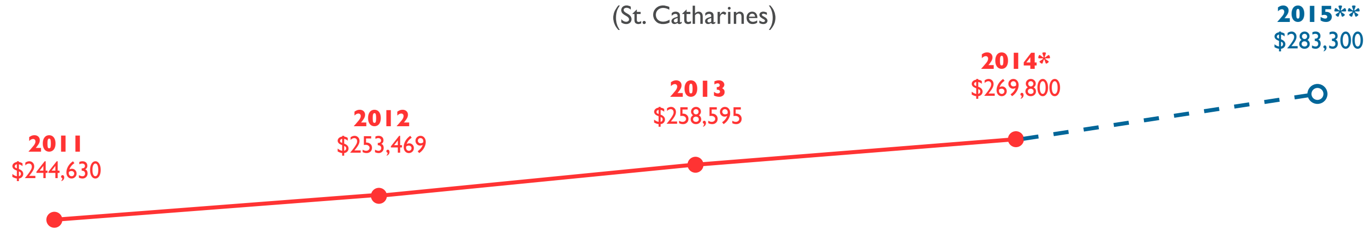
Good health-care resources, combined with affordable property values, are encouraging retirees from Mississauga and Toronto to pursue residential properties in St. Catharines. Additionally, postsecondary institution expansion has brought an influx of students. Demand from students looking for rentals has drawn the attention of out-of-town investors looking to develop residential rental properties in the area.

In the condominium market, high fees have encouraged buyers to pursue home ownership for similar prices. The condominium market remains stable, but not growing. On the other hand, the upper-end market is rapidly growing as out-of-town investors recognize the value of St. Catharines' real estate. Over the past year, St Catharines has seen a substantial increase in homes priced over $1 million, and an increase of 22 per cent in homes priced between $500,000 and $900,000. The upper-end market is expected to continue growing throughout 2015.

Inventory is projected to decrease in 2015, lowering the average number of days on the market. As in 2014, homes priced appropriately between $250,000 and $300,000 should continue to command the most attention by buyers.

AVERAGE RESIDENTIAL SALE PRICE

(St. Catharines)



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