2015

HOUSING MARKET OUTLOOK REPORT

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.

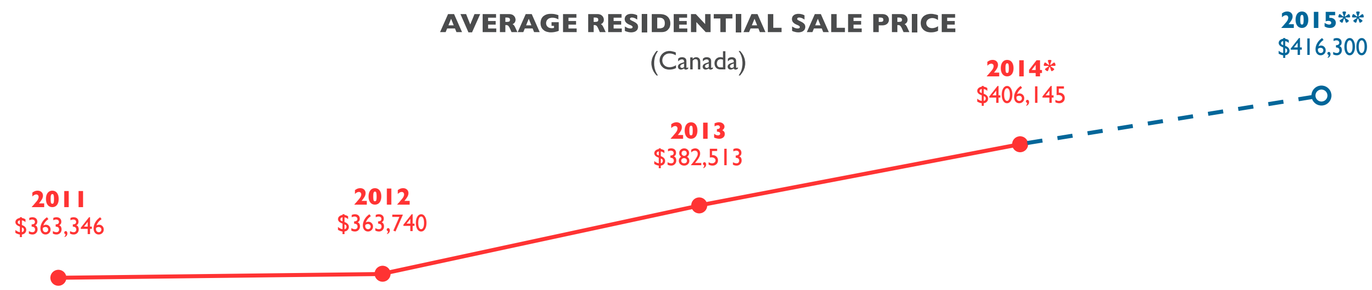
Condominiums continued to grow their

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

MONCTON 6%

EDMONTON 4%

TORONTO 4%

VANCOUVER 3%

CALGARY 3%

WINDSOR-ESSEX

Windsor-Essex's fall housing market recovered by the end of 2014 from a long winter and delayed spring. Increasing consumer confidence from buyers and sellers buoyed the housing market as it returned to its norm after a slow year. Year-over-year sales data indicated that the market remained stable, as sales in 2014 were very similar to 2013. The average residential sale price in Windsor-Essex County increased five per cent in 2014, rising to approximately $192,200 from $183,518 in 2013.

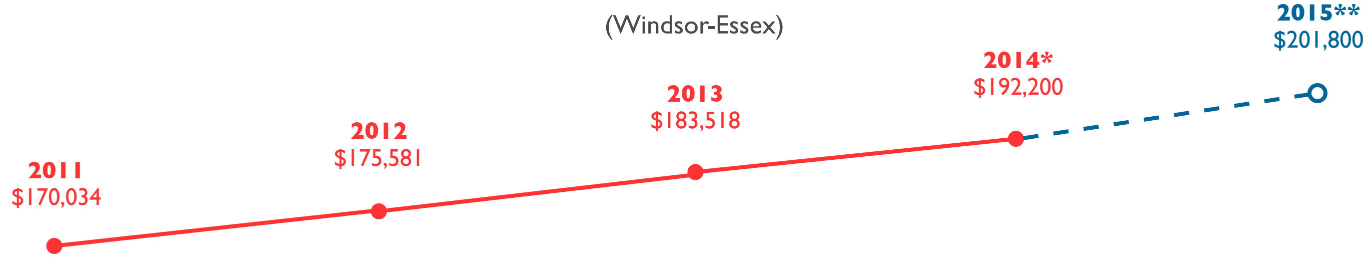
There was a slight inventory shortage in 2014, and the housing market in the coming year is expected to experience a similar shortage. However, if demand for new homes continues to grow, pressure should be taken off of the resale market, motivating more resale properties to come on the market. Windsor-Essex is slowly recovering from a larger inventory shortage in 2013 and it is expected to require another year to fully balance.

First-time buyer activity has increased due to favourable interest rates. Affordability in the region is good for this demographic and increased affordability because of low interest rates mean that first-time buyers can purchase homes with higher value than the lower range. As such, the greatest market activity is in properties resting near the average price range in Windsor-Essex, between $100,000 and $200,000.

Consistency and balance should characterize Windsor-Essex's housing market throughout 2015. Property values are expected to increase roughly five per cent in 2015. New homes continue to earn market share and often come with much higher price tags. In fact, compared to previous years, the market has seen more homes selling in higher price ranges. Upper-end properties are selling more quickly and easily in Windsor-Essex than they ever have before. Twenty-five homes listed at $400,000 and above have sold to date in 2014, much more than in previous years. Many attribute this to a broadly-accepted positive sentiment both buyers and sellers have towards the market. A strong economy, favourable interest rates and encouraging industry expansion in Windsor-Essex have put the market on the rebound and are motivating buyers and sellers to engage with the market.

AVERAGE RESIDENTIAL SALE PRICE

(Windsor-Essex)



**Estimate **Forecast - Source: Historical values are sourced from CREA or Local Board statistics.*
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LONDON-ST. THOMAS

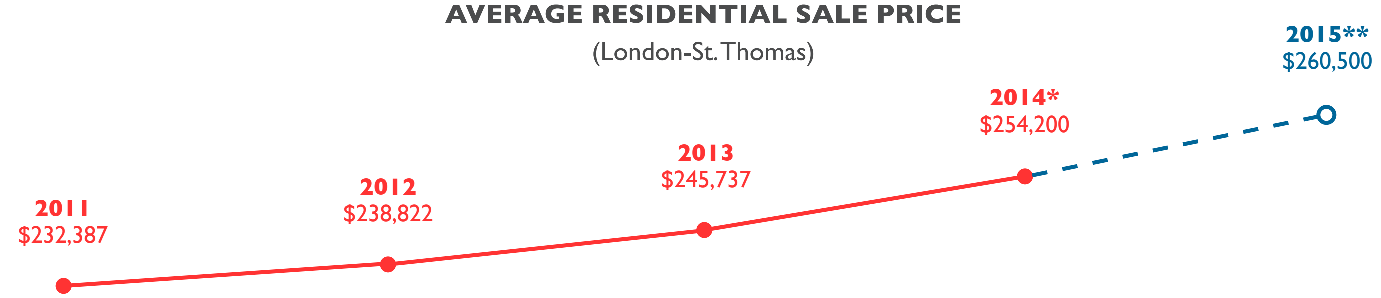
Residential property sales in Ontario's London-St. Thomas area remained stable throughout 2014. A fall surge of market activity made up for a slow spring due to a longer than expected winter. By the end of October, sales exceeded last year's benchmark. In fact, October 2014 saw more market activity than any previous October since 2007. The average residential sale price in London-St. Thomas increased a modest 3.4 per cent in the past year, rising to $254,200 from $245,737. With 7,474 units already sold by the end of October, compared to 6,947 in 2013, the market is expected to even out with approximately 8,300 sales by the end of the year.

The economic outlook of London-St. Thomas has been increasingly positive, making sellers optimistic when approaching the housing market. London experienced greater industrial investment in the previous year, partly due to a lower Canadian dollar compared to the U.S. dollar across the border. Additionally, interest rates have stayed relatively low since 2008 and are continuing to encourage activity in London's balanced market. A slowly strengthening U.S. economy, affordable housing, and market optimism have all positively impacted the residential housing market. With London's stable economy, move-up buyers and first-time homebuyers continue to increase their share of market activity. The majority of transactions involving this group occurs in the $200,000-$300,000 range, which is the most popular range for housing sales.

The London-St. Thomas residential housing market is expected to maintain its stability throughout 2015, with a modest average price increase of two to three per cent anticipated. This would bring the average residential property price in London-St. Thomas to approximately $260,500. If the unemployment rate continues to decrease in London-St. Thomas, and interest rates stay low, the area is expected to maintain its balanced market. London-St. Thomas continues to draw the attention of buyers from cities such as Toronto, who are drawn to the area for its affordable housing. These buyers are expected to further explore London's housing market throughout 2015.

AVERAGE RESIDENTIAL SALE PRICE

(London-St. Thomas)



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KITCHENER-WATERLOO

The residential real estate market in Kitchener-Waterloo was very active through 2014 and is expected to remain healthy in 2015. The average residential sale price for a single family dwelling rose to an estimated $336,900 in 2014, an increase of approximately 4 per cent over the previous year. Residential unit sales increased by approximately three per cent in 2014 and are expected to increase by approximately two per cent in 2015, with a one per cent increase in unit sales.

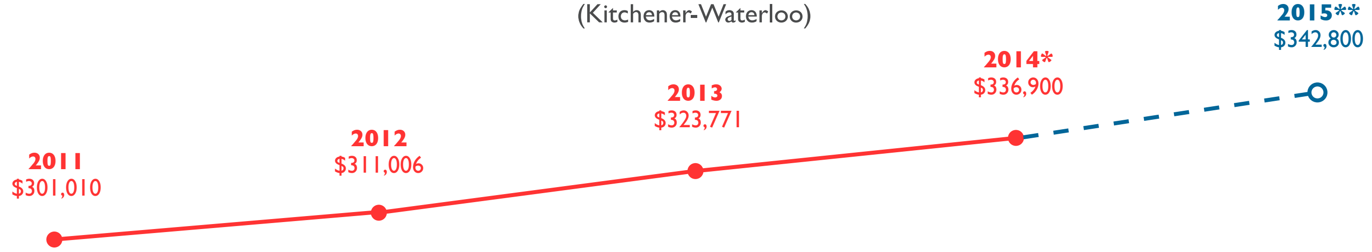
Kitchener-Waterloo's transformation into a high-tech hub began more than a decade ago. While BlackBerry, once a global technology powerhouse, put the region on the map, the dozens if not hundreds of established and emerging technology companies more than picked up the slack when BlackBerry's fortunes turned a number of years ago. In addition, there is an established insurance industry in Kitchener-Waterloo, which also helps diversify the local economy. Well-paying jobs and well-educated workers should continue to drive the real estate market.

Kitchener-Waterloo is in a balanced market. While multiple offer scenarios present themselves occasionally, there is usually a good selection of listings for buyers. Recent municipal elections saw new mayors for both cities, both of whom support the construction of a new planned light rail line. This has already boosted real estate prices around the corridor through which the line is expected to run. In addition, Google is expected to move into new facilities in Kitchener in 2015, bringing new, well-paying jobs.

Kitchener-Waterloo is home to two universities and one college creating a significant demand for student housing each year. While student housing historically spilled into established residential neighbourhoods, purpose-built developments are being planned to accommodate students. Parts of the Northdale area near the University of Waterloo, for example, are being redeveloped complete with high-rise buildings. While there is a sense that the condominium market may slow down in the near term, condos should represent a growing share of the market, particularly around the light rail corridor.

AVERAGE RESIDENTIAL SALE PRICE

(Kitchener-Waterloo)



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