

2016

HOUSING MARKET OUTLOOK

RE/MAX®



NATIONAL SUMMARY

HIGH DEMAND AND LOW SUPPLY CONTINUED TO CHARACTERIZE VANCOUVER'S AND TORONTO'S HOUSING MARKETS THROUGHOUT 2015 AS COMPETITION FROM BUYERS OVER THE LIMITED INVENTORY OF SINGLE-FAMILY HOMES PUSHED PRICES HIGHER.

The average residential sale price increased 17 per cent in Greater Vancouver and 10 per cent in the Greater Toronto Area, to approximately \$947,350 and \$622,150, respectively. As demand shows no signs of waning, these markets are expected to continue to see price appreciation in 2016, of seven per cent in Greater Vancouver and five per cent in the Greater Toronto Area.

In these competitive markets, sellers want to ensure they maximize the value of their homes, while buyers look for guidance during the fast-paced bidding process. In a recent Leger survey conducted for RE/MAX, 70 per cent of homeowners agreed REALTORS® provide value when buying or selling a home.

Regions outside of Canada's highest-priced cities reported a spillover effect from the price increases in Greater Vancouver and the Greater Toronto Area continuing a trend that RE/MAX reported this spring. There were significant year-over-year price increases in Victoria (13%), Fraser Valley (10%), Hamilton-Burlington (12%) and Barrie (8%).

New Canadians and foreign investors continued to be an important demographic of buyers in Toronto, Vancouver and Montreal. Attracted to Canada's stable economy and low Canadian dollar, this trend is expected to continue through 2016.

In Alberta, a year after the sudden drop in oil prices, housing markets in Calgary and Edmonton showed slower activity but haven't experienced significant price adjustments. The average residential sale price in Calgary saw a five per cent decrease, due primarily to a larger

proportion of sales at the lower end of the market. In Edmonton, the average price increased by two per cent despite more inventory on the market. An ongoing \$5 billion development project in downtown Edmonton has stimulated the local economy and helped to keep employment levels up, mitigating the impact of oil industry layoffs. As buyers in these markets continue to feel uncertain, the average sale price is expected to decrease in 2016, by 3.5 per cent in Edmonton and four per cent in Calgary.

Outside of B.C. and Southern Ontario, high inventory continued to be a significant factor affecting the markets in many cities, including Saskatoon, Regina, Montreal, Quebec City, Halifax and St. John's. This is primarily due to a period of increased construction. Though new construction slowed down in most of these cities, it will take some time for the market to absorb the product.

RE/MAX 2016 average residential sale price expectation for Canada is an increase of 2.5 per cent as Canadians continue to see home ownership as an important milestone as well as a good investment.



91% OF CANADIANS SAY THAT HOME OWNERSHIP IS PART OF THE CANADIAN DREAM



MORE THAN TWO-THIRDS OF CANADIANS SAY THAT 10% OR MORE OF THE PRICE OF A HOME IS A GOOD DOWN PAYMENT



71% OF HOMEOWNERS AGREE THAT WHEN BUYING OR SELLING A HOME, REALTORS® PROVIDE VALUE



NEW BRUNSWICK
SAINT JOHN

↓ **2%**

**2015 AVERAGE
RESIDENTIAL
SALE PRICE
\$174,800**

**HIGH INVENTORY KEPT SAINT JOHN
IN A BUYER'S MARKET IN 2015.**

The average residential sale price decreased two per cent year-over-year, from \$178,440 in 2014 to approximately \$174,800 in 2015. Sales increased six per cent year-over-year: there were 1,666 sales between January and October of 2015, compared to 1,568 during the same period in 2014. There were 13 months of inventory on the market at the end of October and listings averaged 115 days on market. Inventory and days on market are expected to remain unchanged in 2016.

Single-family homes in the \$240,000 to \$350,000 range were in highest demand. In 2015, sales of properties in this range increased by 16 per cent, driven by move-up buyers with two incomes who are secure in their jobs and feel confident in the market. While there are some foreign buyers in Saint John, primarily parents who purchase homes for their children to live in while attending university, this activity declined last year.



FUTURE TRENDS

- Although construction of the Energy East Pipeline has been postponed to 2018 to 2020, it is expected a set date will be announced in 2016; this is expected to positively affect home sales
- The job market is expected to stabilize; call centers are expanding and there is discussion of a new fertilizer plant
- The RE/MAX 2016 average residential sale price expectation for Saint John is an increase of three per cent

FIRST-TIME BUYERS

The first-time buyer market in Saint John was slower last year, with move-up buyers being the primary buyer demographic. Some first-time buyers, while actively attending open houses and working with realtors, have been hesitant to enter the real estate market due to instability in the job market. Those who do enter the market tend to purchase bungalows or split-levels in the \$140,000 to \$200,000 range typically after scrutinizing the market for best value.

CONDO MARKET

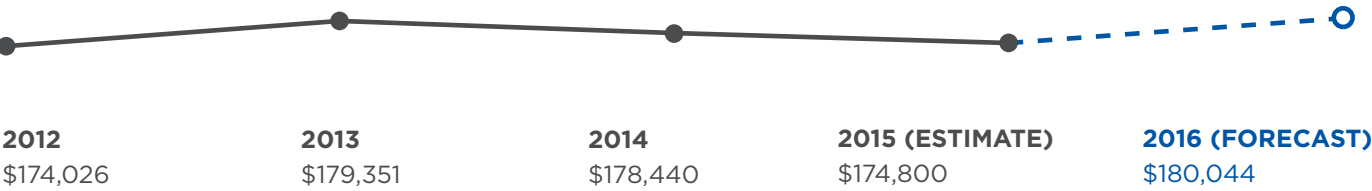
While the majority of Saint John residents still prefer detached homes with yards, there is a gradual shift towards condos as older buyers begin to recognize the convenience condo living can afford. Several newer buildings continue to attract buyers in the \$140,000 to \$ 180,000 range, while units in a large development

on the harbour sell for \$200,000 to 300,000. A few thirty-unit buildings went into bankruptcy, which has caused some older, one-bedroom condos in need of work to sell for \$40,000 to \$50,000. Condo sales are projected to remain stable in 2016.

LUXURY HOMES

The upper-end market in Saint John has remained stable. There were 21 sales of homes priced \$500,000 and above between January and October, compared with 23 during the same period in 2014. As residents move away for employment or retire and downsize, well-priced high-end homes are coming to market, which are considered both a good value and a good investment. This may indicate an emerging trend, as the baby boomers become empty-nesters and start to look for homes that suit their retirement.

AVERAGE RESIDENTIAL SALE PRICE (SAINT JOHN)



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.



NOVA SCOTIA

HALIFAX- DARTMOUTH

↑ 2%

2015 AVERAGE
RESIDENTIAL
SALE PRICE
\$278,950

THE HALIFAX-DARTMOUTH HOUSING MARKET REMAINED STABLE in 2015. The average residential sale price is approximately \$278,950, up slightly from \$273,917 in 2014. Halifax- Dartmouth is currently a buyer's market, with approximately 14.5 months of inventory on the market. Properties in the \$250,000 to \$300,000 range have seen the most activity, with demand from both first-time and move-up buyers.

An increase of approximately 1.5 per cent is expected for both the number of sales and the average selling price in 2016. The low oil prices may encourage the local workforce to stay in Nova Scotia rather than move west for employment, and encourage those who already left to move back home.



FUTURE TRENDS

- Layoffs in the oil industry are expected to encourage former residents to return from Alberta
- Continued progress with the Irving Shipbuilding process should continue to provide optimism with future employment
- The RE/MAX 2016 average residential sale price expectation for Halifax-Dartmouth is an increase of 1.5 per cent

FIRST-TIME BUYERS

This year saw an increase of first-time buyers, as interest rates remained low and the effect of CMHC's tightened lending rules diminished as buyers adjusted.

As millennials enter the housing market, first-time buyers are expected to play a bigger role in the market. Millennial buyers tend to choose properties that are more representative of what you'd see in a larger city: smaller, more centrally located units in walking distance from work. This is a shift from what had been the typical first home in the suburbs.

CONDO MARKET

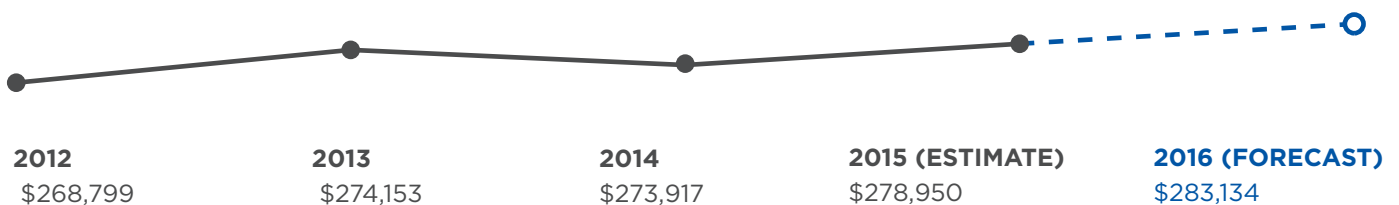
The condominium market in Halifax-Dartmouth, which makes up 10 per cent of the real estate market, was steady in 2015. In the downtown core there are currently six to eight condo projects underway, and sales for these units are expected to be healthy.

A number of high-quality, affordable apartment buildings have recently come on the rental market, and they may have a negative impact on the condo resale market. These new rentals offer similar finishes and amenities to a condo, and with reasonable rents, may decrease the incentive to buy.

LUXURY HOMES

The luxury market has remained stable and has been largely unaffected by the rest of the market. Beautiful older homes in traditionally desirable areas in the South End, Purcell's Cove and Bedford continue to attract buyers in the luxury home segment. It is common to see extensive renovations and retrofitting of older Victorian homes that are characteristic of the area.

AVERAGE RESIDENTIAL SALE PRICE (HALIFAX)



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.



PEI
CHARLOTTETOWN

↓ **1%**

**2015 AVERAGE
RESIDENTIAL
SALE PRICE
\$218,612**

**CHARLOTTETOWN'S HOUSING MARKET
HAS BEEN UNDERGOING AN ADJUSTMENT**

over the past several years after experiencing atypical price increases in 2010. The average residential sale price declined one per cent year-over-year, from \$219,867 in 2014 to approximately \$218,612. Inventory was high; at the end of October there were 21 months of inventory on the market.

As many PEI residents travel west for employment, the uncertainty in the oil market has had an impact on Charlottetown's real estate market. Residents were more conservative with their money last year—a trend that may continue until oil prices stabilize.

Foreign buyers, a majority of whom are from China, represented an important buyer type last year. Move-up buyers drove demand as well, primarily purchasing resale homes in the \$200,000 range.



FUTURE TRENDS

- A recently introduced tax on new home construction caused new home sales to decrease in 2014; heading into 2016, it is anticipated most buyers will continue to choose resale properties over new builds
- An expansive resort project is currently underway in Summerside; if successful, it may supply a boost to the overall economy, including the housing market
- The RE/MAX 2016 average residential sale price expectation for Charlottetown is an increase of two per cent

FIRST-TIME BUYERS

Many first-time buyers who had been sitting on the sidelines were able to enter the market last year due to historically low interest rates. First-time buyers were a significant driver of demand, particularly in Charlottetown's condo market.

CONDO MARKET

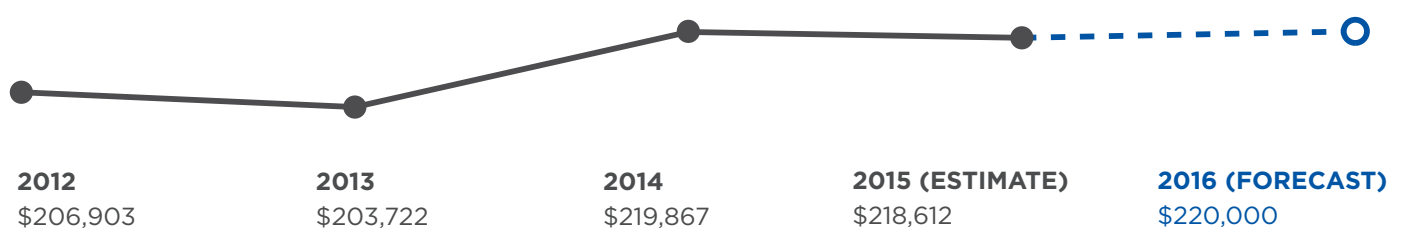
Charlottetown's condo market is growing, with new builds being either targeted toward first-time buyers in the \$100,000 to \$130,000 price range, or geared towards seniors and priced at

\$350,000 and above. Heading into 2016, sales are expected to increase in the higher-end of the market, while remaining stable in the lower end.

LUXURY HOMES

The luxury market in Charlottetown is small, with approximately 20 to 25 high-end properties changing hands each year. No changes to this segment of the market are anticipated next year.

AVERAGE RESIDENTIAL SALE PRICE (CHARLOTTETOWN)



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.

NEWFOUNDLAND
ST. JOHN'S

↓ **3%**

**2015 AVERAGE
RESIDENTIAL
SALE PRICE
\$297,300**



THE AVERAGE RESIDENTIAL SALE PRICE IN THE ST. JOHN'S METRO AREA declined by approximately two per cent year-over-year to an estimated \$297,300. Sales increased moderately: there were 833 sales between January and October of 2015, compared to 793 during the same period last year. There was a good selection of inventory on the market in 2015, and properties averaged 70 days on market. Similarly high inventory levels

are expected next year, and may cause prices to soften somewhat.

Buyers looking to purchase first homes in the \$270,000 to \$330,000 range drove the market, followed by move-up buyers purchasing in the \$350,000 to \$400,000 range. Foreign buyers are fairly new to the St. John's real estate market, and are anticipated to play a growing role over the next several years.



FUTURE TRENDS

- As oil prices stabilize, the St. John's housing market is expected to stabilize as well
- A number of oil projects are anticipated to begin in 2017 or 2018, which could have an impact on the market as early as next year
- The RE/MAX 2016 average residential sale price expectation for St. John's is a decrease of two per cent

FIRST-TIME BUYERS

In October, the government of Newfoundland and Labrador introduced the Downpayment Assistance Program, which provides first-time homebuyers with low-to-moderate incomes the opportunity to qualify for downpayment loan assistance to purchase a home. The new program, combined with continued low interest rates, is expected to increase the number of first-time buyers next year. This is anticipated to increase demand for entry-level homes, encouraging their current owners to sell and move up.

CONDO MARKET

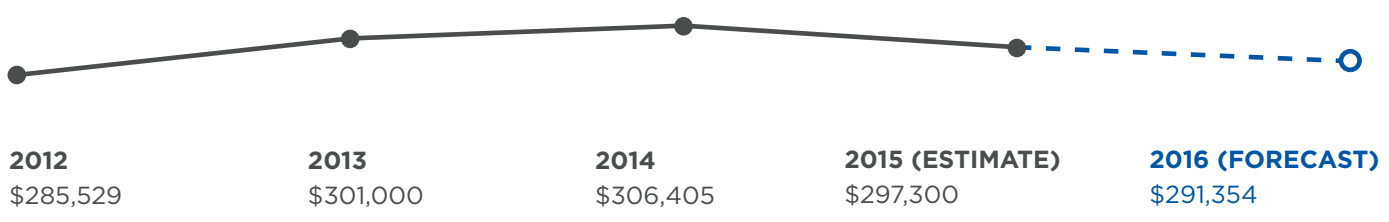
There is high inventory in the St. John's condo market, as

many new developments were built to meet demand from the oil industry, which has since been scaled back. A good selection of entry-level units appeals to first-time buyers and downsizers.

LUXURY HOMES

The luxury home market was slower in 2015, due to the decline in oil prices and cutbacks in the industry. There were 25 sales in the \$750,000 to \$1 million range between January and October 2015, compared to 41 during the same period in 2014. Although demand has decreased, prices in the luxury market are expected to remain stable in 2016.

AVERAGE RESIDENTIAL SALE PRICE (ST. JOHN'S METRO AREA)



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.