

# 2016

## HOUSING MARKET OUTLOOK

RE/MAX<sup>®</sup>



# 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**



ONTARIO

## GREATER TORONTO AREA

↑ 10%

2015 AVERAGE  
RESIDENTIAL  
SALE PRICE  
**\$622,150**

### THE GREATER TORONTO AREA REMAINED IN A BRISK SELLER'S MARKET

throughout 2015. The record sales year is expected to end with sales up approximately eight per cent over 2014; there were 89,071 sales between January and October 2015, compared with 81,974 during the same period the previous year. The average residential sale price in the GTA is approximately \$622,150, up 10 per cent over 2014.

Move-up buyers continued to drive the market, and single-family homes remained in high demand and low supply. The average price for a single-family home in the GTA was \$804,079 as of October 31.

The GTA's average residential sale price is expected to increase approximately five per cent in 2016, driven by continued low inventory for single-family homes and low interest rates.



## FUTURE TRENDS

- High demand and low supply of single-family homes is expected to continue to characterize the GTA market in 2016
- Low oil prices and the low Canadian dollar may stimulate manufacturing and exports, boosting Ontario's economy
- The RE/MAX 2016 average residential sale price expectation for the Greater Toronto Area is an increase of five per cent

### FIRST-TIME BUYERS

In the City of Toronto, first-time buyers typically enter the market by purchasing a condo, where they can find affordability while remaining in the city centre. Outside the city's core, first-time buyers may purchase a semi-detached or townhouse in Mississauga, or a fully-detached home in one of Brampton or Durham's more affordable neighbourhoods. As prices in the GTA rise, buyers have been looking farther out for value and affordability. Areas like Keswick, located an hour north of the city, have been increasingly in-demand from first-time and move-up buyers seeking single-family homes within their price range.

### CONDO MARKET

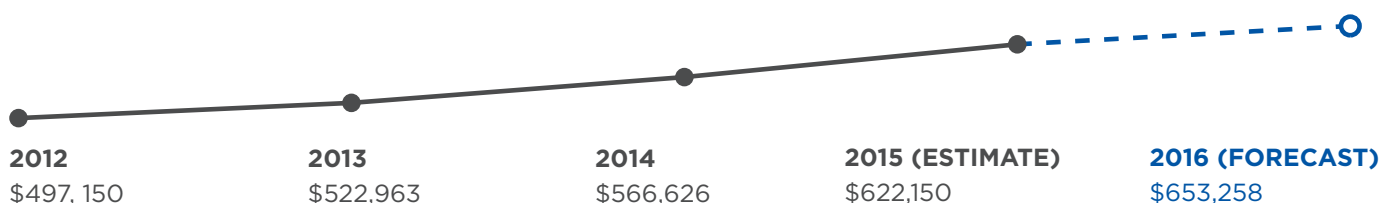
Inventory is higher in condos than in single-family homes, though new building has slowed compared to the last several years and the units on the market are being absorbed. Price

increases for single-family homes have outpaced the condo market, making it difficult for condo owners to trade up. Many of these move-up buyers have been selling their centrally-located condos and moving to single-family homes in the outer suburbs.

### LUXURY HOMES

High-end homes continued to sell well in 2015, appealing to local move-up buyers as well as foreign buyers, primarily from China and the Middle East. A number of luxury condo projects are currently under development in the city, appealing primarily to retirees and empty nesters looking to downsize without downscaling. When these projects are completed in two to three years, there may be a small boost in higher-end freehold inventory as these downsizers put their houses on the market.

### AVERAGE RESIDENTIAL SALE PRICE (GREATER TORONTO 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.



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**GREATER  
TORONTO  
AREA**

## MISSISSAUGA

In Mississauga's in-demand neighbourhoods, sellers are seeing multiple offers on homes – something that was virtually non-existent only a couple years ago. In popular Erin Mills and Lisgar, multiple offers are now commonplace. The average residential sale price in Mississauga is approximately \$545,700, up nearly eight percent from the 2014 average of \$506,818.

Move-up buyers drive Mississauga's market, typically purchasing a detached home in the \$800,000 range. First-time buyers in Mississauga are typically couples or families from Toronto or new immigrants to Canada. These buyers often purchase a townhouse or semi-detached in the \$500,000 range, or a condo in the \$300,000 to \$400,000 range.

In Mississauga's luxury market, sales were brisk and it is not uncommon for homes priced \$3 million and up to sell quickly – a significant shift from a few years ago. Luxury buyers often choose newly-built 3,500 to 5,000 square foot homes on large lots in high-end areas such as Mineola and Lorne Park.

Mississauga is feeling optimistic about its new mayor and the city's plan to make the downtown area more pedestrian-friendly. The average residential sale price is expected to increase five to six per cent in 2016.

## BRAMPTON

Brampton, a multicultural, comparatively affordable suburb in the northwest GTA, remains a popular choice with first-time and move-up buyers. The average residential sale price in 2015 was an estimated \$488,300, up approximately 10 per cent over the previous year. Sales activity was high throughout the year, and low listing inventory meant that good properties were quick to sell.

In this seller's market, many millennial buyers are living with parents or renting, sitting back and saving up until they see a good-value entry point into the market. While inventory is tight for single-family homes in many parts of the GTA, there is good selection of both freehold houses and condominiums. Younger singles and couples are choosing condos in Brampton's growing downtown for a more urban lifestyle. Other developments are geared toward retirees, such as one that offers a twice weekly bus service to local shopping destinations and other coordinated events.

Brampton's proximity to Toronto and Pearson International Airport, good highway infrastructure, family-friendly activities and amenities, and relative affordability continue to make it attractive to buyers. The City of Brampton is targeting businesses to establish offices in the city, and shift toward local employment and away from commuting is anticipated to happen over the next several years.



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## OAKVILLE

In Oakville, an upscale suburban town located west of Mississauga, sales increased approximately 18 per cent in 2015 over the previous year. Several years of low inventory had created pent up demand in the market, and when newly-constructed properties came up for sale this year, buyers were quick to pounce. The average sale price was approximately \$840,000.

Growing families moving up from smaller homes in Mississauga and other areas of the GTA drive demand in Oakville's housing market. Two-storey, four-bedroom detached houses in the \$800,000 to \$1.2 million range are in highest demand.

Luxury homes have been in higher demand this year, and days on market have decreased. There have been more foreign buyers in this segment, particularly in the \$1.6 to \$2.4 million range, considered the lower to mid-range of the luxury market.

In 2016, sales in Oakville are expected to increase by approximately 10 per cent and average residential sale price by five per cent.

## DURHAM

Durham Region, which comprises several communities including Whitby, Oshawa, Ajax and Pickering, continued to benefit from migration from Toronto due to the area's relative affordability. The past couple years have seen sales and price increases in the eastern parts of Durham, as rising prices throughout the GTA have encouraged buyers to look farther out for affordable real estate options. The average residential sale price in Durham region is approximately \$440,650.

There is high demand from first-time buyers for properties under \$300,000. Local first-time buyers tend to purchase a condo townhouse or smaller, older home in the \$240,000 to \$250,000 range. While there are some first-time buyers from Toronto, most buyers from the city are moving up from a downtown condo or small house, looking for more space in the suburbs.

New construction and an expansion of highway 407 should open up the north end of Durham, and that area is expected to become more developed in the coming years. Demand from new immigrants to Canada is expected to be an important factor as well in increasingly diverse Durham.