

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



ONTARIO
KINGSTON

 **4%**

**2015 AVERAGE
RESIDENTIAL
SALE PRICE
\$299,000**

THE AVERAGE RESIDENTIAL SALE PRICE FOR A DETACHED HOME IN KINGSTON

ROSE four per cent year-over-year, to approximately \$299,000 from \$287,291 in 2014. High inventory kept Kingston in a buyer's market throughout 2015, but demand fuelled by low interest rates resulted in an increase in sales: there were 3,325 sales between January and October of 2015, compared to 3,114 during the same period last year.

Demand was strongest for detached homes in the \$260,000 to \$349,000 range. Heading into 2016, move-up buyers, retirees, and first-time buyers are

expected to continue to drive demand in the market, and a moderate increase in overall sales volume is anticipated.

In recent years, Kingston's military base, an important employer in the area, has seen a decline in military transfers. In 2016, relocations are anticipated to increase, providing a boost to the housing market. While Kingston's popularity among retiree buyers has been steadily increasing, move-up buyers remain the primary drivers of demand, representing a majority of home sales.



FUTURE TRENDS

- Kingston is a growing magnet for baby boomers and retirees, and it's anticipated the city's affordable prices and attractive properties will continue to attract this demographic
- The RE/MAX 2016 average residential sale price expectation for Kingston is an increase of two per cent

FIRST-TIME BUYERS

First-time buyers in Kingston are typically millennials looking for an affordable entry point into the market. Low interest rates have given these buyers an incentive to purchase in the last few years, a trend which is expected to continue into 2016.

CONDO MARKET

The condo market in Kingston is fairly small, representing approximately seven per cent of all residential sales. Last year, a new supply of rental condo units came on the market, appealing to many seniors looking to downsize to a

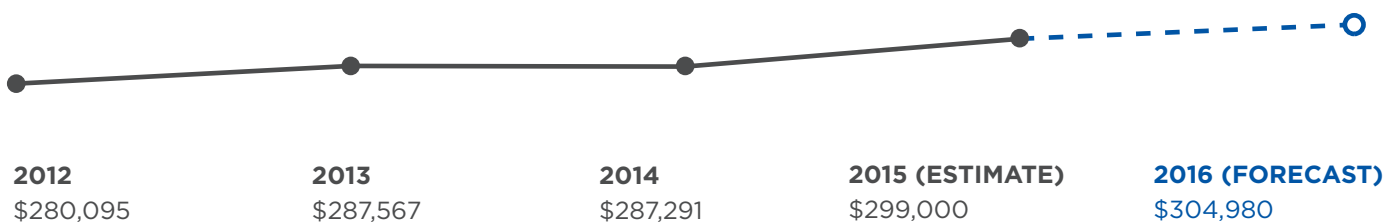
low-maintenance home. This is leading some seniors to sell their homes and move into the rental market.

Due to low inventory in Kingston's condominium market, prices are expected to increase next year.

LUXURY HOMES

Kingston's luxury market is expected to continue to grow steadily in 2016. Home sales over \$1 million more than doubled from 2014 to 2015: there were 21 sales between January and October 2015, compared to 12 in the same period in 2014.

AVERAGE RESIDENTIAL SALE PRICE (KINGSTON)



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.



ONTARIO
OTTAWA

 **2%**

**2015 AVERAGE
RESIDENTIAL
SALE PRICE
\$368,950**

**ALTHOUGH FEDERAL ELECTIONS
TYPICALLY AFFECT OTTAWA'S HOUSING
MARKET,**

the city experienced a busy fall and maintained a balanced market that was reflective of sales activity throughout the year. The average sale price for a detached home rose 1.7 per cent year-over-year, to approximately \$368,950 from \$362,868. Sales were stable: there were 12,974 sales between January and October, up from 12,394 during the same period in 2014. Single-family

homes priced between \$300,000 and \$400,000 were in highest demand.

Although the recent election had little impact on sales this fall, it is expected the major shift in government will affect the market as government officials move in and out of Ottawa. The city's robust technology sector is also expected to continue to grow, which would lead to an influx of new employees looking for housing.



FUTURE TRENDS

- Homes located along or within walking distance of the completed sections of Ottawa's Light Rail Transit line will see prices increase due to their close proximity to public transit
- More suburban neighbourhoods, such as Carlton Place, will see their values increase as work on the 417 highway continues and makes commuting into the city more efficient and accessible
- RE/MAX's 2016 average residential sale price expectation for Ottawa is an increase of two per cent

FIRST-TIME BUYERS

Millennial buyers are increasingly entering Ottawa's real estate market by purchasing newly-built condos in the city centre. These buyers often choose walkable neighbourhoods with good amenities over square footage.

CONDO MARKET

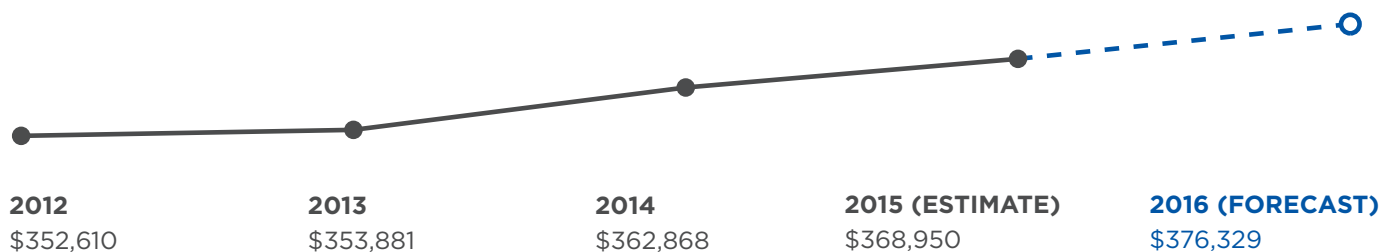
The last several years have seen a lot of new construction in Ottawa's condo market, which has led to an influx in inventory and stable prices. Although there are still several projects in construction, some of developments have been cancelled or delayed to due high inventory. Despite the competition, the first phase of buildings being developed in the Domtar Lands went on the market in October, and experienced robust sales due to a prime location and green initiatives that appealed to buyers.

Demand for condos is driven primarily by millennials looking to enter the housing market, baby boomers downsizing, and in some cases, foreign buyers looking to purchase property for their children to live in while attending university or college.

LUXURY HOMES

Luxury homes have been steadily gaining momentum over the past few years. Sales in the \$750,000 to \$1 million range have been especially brisk, and have increased by seven per cent year-over-year. Whereas five years ago sales over \$1 million were rare in Ottawa, there were 321 properties sold in that range between January and October in 2015, compared to 283 in 2014. This momentum is expected to continue into 2016.

AVERAGE RESIDENTIAL SALE PRICE (OTTAWA)



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.