



2015 SPRING MARKET TRENDS REPORT

RE/MAX[®]



NATIONAL SUMMARY

Low inventory in Vancouver and Toronto continue to drive prices as buyers find themselves in competition over the low supply of single-family homes. The average residential sale price in Toronto and Vancouver at the end of the first quarter grew 8 per cent and 7 per cent, rising to \$594,827 and \$874,869, respectively. In both markets, first-time buyers find themselves in competition with downsizers and investors with more resources to outbid. Condominiums are the only affordable option for many local residents looking to enter the market. Condominium buyers are attracted to more than just affordability: Buyers—especially Millennials—are attracted to a more urban, car-free lifestyle in the heart of the city. Vancouver's condominium inventory is also low, although higher than freehold properties.

The 2015 average residential sale price in Toronto and Vancouver was projected to increase by 4 per cent and 3 per cent, respectively. The 2015 price projection for Toronto has been revised to 7 per cent and 6 per cent in Vancouver, resulting in a revised national forecast of 3 per cent.

Regions outside of Vancouver and Toronto, such as Victoria, Hamilton-Burlington and Barrie have all reported an increase in spillover effect from Canada's highest priced regions. The three regions posted first quarter price gains of 2 per cent, 8 per cent and 6 per cent, respectively.

Another interesting trend that was reported in many Canadian housing markets such as Winnipeg, Saskatoon and Halifax is the increase of single buyers. This is also evident in Toronto's condo market. Typically, these buyers are young and motivated to get into the property market and create the lifestyle they are working hard to establish. This marks a shift in life milestones as previously home ownership often came after marriage.

As RE/MAX commented in December 2014, oil price volatility takes considerable time to show effect in house pricing. Calgary posted a modest first quarter 2 per cent decline in average residential sale price compared to the same quarter in 2014, while Edmonton posted a 2 per cent increase. However, market activity is down in both Calgary and Edmonton, while inventory is high.

Not all provinces have been negatively impacted by lower oil prices. Provinces with minor exposure to the oil industry and can benefit from the low cost of energy are poised to perform well, most notably Ontario and British Columbia. In addition, the average Canadian has more money in their pocket by saving at the pump.

Another oil economy, St. John's, witnessed a 6 per cent year-over-year increase in sales in the first quarter of 2015 compared to the same quarter last year. However, the average residential sale price has decreased 4 per cent over the same period. In contrast, St. John's upper-end market is proving resilient as activity remains healthy and quality listings are in demand.

In Ottawa, residential sales were up 2 per cent year-over-year, while the average residential sale price rose 1 per cent. Since the federal election is not until the fall, the usual market pause that would result is not expected to impact the spring and summer buying season.

Canada's housing market is expected to continue benefitting from record low interest rates for the remainder of the year motivating new buyers into the market and mitigating effects from modest economic growth and oil price volatility. Immigration will also continue to have a positive effect on both the Canadian economy as well as its housing markets. Canada is expected to welcome 260,000 to 285,000 new permanent residents in 2015.

SAINT JOHN



5% Average Residential Sale Price \$167,000

Saint John had a very harsh winter, with massive snowfalls causing several closure days throughout the city. Despite this, sales were up 14 per cent year-over-year in the first quarter of 2015. Many first-time buyers who had been bidding their time took advantage of the low interest rates and good availability of affordable product on the market.

- Demand is strong, particularly among first-time buyers
- Inventory is fairly high but is moving faster than last year
- Condominiums are not a significant factor in this market, but garden homes are becoming an increasingly popular option for retirement
- There were fewer upper-end market sales, but those that sold were the higher-priced properties



FUTURE TRENDS

- Saint John is in a buyer's market, and while inventory is expected to level off somewhat, buyer's market conditions are expected to prevail throughout 2015
- A new \$7.5 million barge terminal that will begin construction this spring and proposed waterfront redevelopment are spurring optimism in the region, as is the Energy East Pipeline project, slated to begin in 2020
- The recent cancellation of a credit aimed at encouraging recent university grads to remain in the province, as well as a cut in teaching jobs, is expected to negatively impact employment
- RE/MAX's 2015 average residential sale price expectation is unchanged for Saint John at 1 per cent

CONDO MARKET

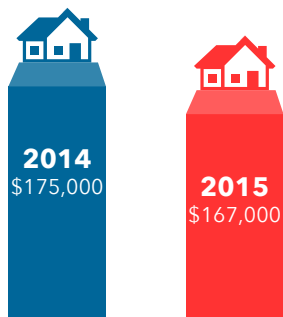
Condos are not a significant factor in this market, as many buyers prefer detached homes with yards, and these types of properties are quite affordable. However, garden homes are becoming an increasingly popular option for retirees, for whom home ownership without maintenance is appealing.

While the majority of first-time buyers are couples, increasingly single individuals and single parents are choosing to buy. New rental properties in Saint John are relatively expensive, and with affordable house prices and low interest rates, buying is a practical option for many.

UPPER-END MARKET

In the upper-end market, there were fewer sales in the first quarter of 2015 than in the same period the previous year, which was likely due to a lack of high-end inventory on the market. However, the properties that did sell were those in the upper range. In 2015, seven upper-end homes sold at an average price of \$505,000, while in the same period last year, 20 homes sold at an average price of \$425,000. The upper-end market in this region starts at \$350,000.

AVERAGE RESIDENTIAL SALE PRICE (Q1, Year Over Year)



FIRST-TIME BUYERS

Activity in the first-time buyers' market picked up in early spring, as potential buyers who had been watching the market for a while took advantage of the lower interest rates and took the plunge. These buyers typically choose bungalows or split-levels in the \$140,000 to \$200,000 range. Continued activity is expected throughout the year, though a lack of availability of entry-level homes could slow sales by the fall if high demand continues.

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.

HALIFAX & DARTMOUTH



2% Average Residential Sale Price \$271,677

Buyers are coming back to Halifax's housing market as prices stabilize signaling a shift from a buyer's market to a balanced market. The largest demographic driving demand is young families purchasing for more space and to live in family-friendly neighbourhoods.

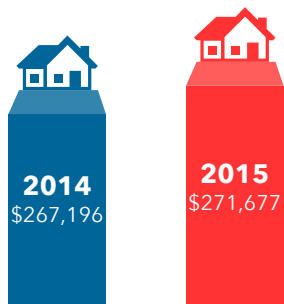
- Sales were flat year-to-date compared to the same period last year
- Inventory in the first quarter decreased by 4 percent compared to last year as sales increased
- Condo market witnessed a shift in demand as Millennials drove sales for downtown condos
- Upper-end market activity is increasing as confidence returns to luxury market
- Demand in north end strong as investors are looking for rental units for workers who are anticipated to create demand in the region



FUTURE TRENDS

- New demand in the north end will continue as employment grows from the nearby Irving shipbuilding project and residential areas flourish with new restaurants, more small businesses, and high quality eco-friendly condos
- Overall demand in the region is expected to grow modestly as a result of upgraded consumer confidence, readiness of first-time buyers, and from new jobs created by shipbuilding activities and off-shore investment
- RE/MAX's 2015 average residential price expectations for Halifax & Dartmouth remains unchanged at just under 1 per cent increase

AVERAGE RESIDENTIAL SALE PRICE (Q1, Year Over Year)



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CONDO MARKET

Millennials, searching for an urban car-free lifestyle, are driving condo sales in Halifax and their purchases are revitalizing the downtown core. This is a recent shift away from retirees who long drove condo sales. Millennials are most attracted to smaller units ranging from 700 square feet to 1,100 that are close to work and easy to maintain.

FIRST-TIME BUYERS

Many first-time buyers, who had been watching the market waiting for prices to stabilize and adjusting to new lending criteria, have been making purchases

this spring. The typical first-time buyer is between 23 and 30 years old and likely purchasing as a couple. However, single first-time buyers have become a growing demographic and female first-time buyers are increasingly common, often seeking a condo or a townhome.

UPPER-END MARKET

After modest price depreciation and low sales activity in previous years, activity in the upper-end market has begun to increase as confident buyers take advantage of excellent selection and value. Homes priced over a million in the south end are selling well.

ST. JOHN'S



4% Average Residential Sale Price **\$299,415**

St. John's housing market had a brisk first quarter resulting in a 6 per cent increase in sales compared to the same period last year. Oil's price volatility has slightly decreased consumer confidence. However, the region has made very significant price gains during the past ten years and off-shore oil companies like Hibernia are still hiring. The region's population, income levels and employment levels are stable.

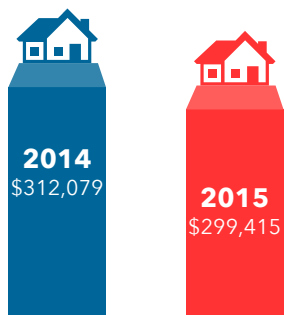
- *Low interest rates and excellent selection of inventory are benefiting buyers*
- *Retirees are increasingly selling their houses and moving into rentals to release equity in their home*
- *Buyer activity among parents purchasing property for their university-age children is high*



FUTURE TRENDS

- Region is expected to stay in a buyer's market throughout the remainder of 2015
- As oil prices stabilize, St. John's housing market is also expected to stabilize
- Although the lower Canadian dollar has greatly enhanced American tourism to the area, the favourable exchange rate is not expected to draw US buyers to the region
- Potential provincial budget cuts, which are expected after the federal budget, are creating uncertainty in local market confidence
- RE/MAX's 2015 average residential price expectation for St. John's is unchanged and expected to remain flat

AVERAGE RESIDENTIAL SALE PRICE (Q1, Year Over Year)



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CONDO MARKET

Entry-level condominiums have been popular with downsizers. Currently, there is ample supply offering excellent selection. Development projects, built to meet the demand caused by the oil industry, have resulted in high condo inventory. Building has been scaled back, reducing the number of new specs from 12 to 4.

FIRST-TIME BUYERS

First-time buyers represent 50 per cent of the region's market activity. A growing trend for first-time buyers in the region is buying in suburban areas that offer

more space. A popular location is Conception Bay South, where young buyers can get a home for \$240,000 if they are willing to do the 15 to 20 minute daily commute into the city.

UPPER-END MARKET

The upper-end market is fairly active showing a modest year-over-year decrease in inventory. Quality listings are in demand as potential luxury buyers are proving resilient while other housing types are firmly in a buyer's market. Low interest rates and stable professional employment are both significant drivers of demand.