



2016 **SPRING MARKET** **TRENDS** REPORT





NATIONAL SUMMARY

Vancouver and Toronto continued to see significant price appreciation in the first quarter of the year. Greater Vancouver's average residential sale price in the first quarter of 2016 compared with the same period in 2015 rose 24 per cent, while single-family homes in the city of Vancouver crossed the \$2 million threshold. In the Greater Toronto Area, the average residential sale price during the first quarter rose 14 per cent to \$675,492.

The competition in both Vancouver and Toronto among buyers has discouraged sellers from listing their properties, thus further reducing inventory. While sellers know their homes would be quick to sell, many are reluctant to become buyers themselves and enter the highly competitive market. Also, some potential sellers are hesitant to list their homes believing that home prices could appreciate further. However, not all Canadians can wait out the housing market as many are relying on their homes as a source of retirement income. According to a recent RE/MAX poll conducted by Leger, 56 per cent of Canadians 55-64 who are considering selling their homes are doing so to release equity for retirement.

Outside of Vancouver and Toronto, surrounding regions continue to experience a spillover effect as buyers move farther out in search of affordable single-family homes. This has led to significant price appreciation in regions such as Victoria (+10%), Hamilton-Burlington (+10%) and Barrie (+14%). The population growth in these regions, driven by housing demand, is growing local economies as restaurants, shops and services expand.

In Canadian cities that have experienced an economic slowdown due to the low price of oil, two factors have been mitigating the short-term economic effects. Calgary, for example, has a diversified economy after years of population growth, while Edmonton and St. John's are benefiting from numerous capital projects in the region including infrastructure investments and continued investments from the oil industry.

Other areas of the country have benefited from the return of workers who had left for employment opportunities in the West. Regions that for years have seen many of their young working population look to Alberta for employment have started to see that trend reverse. In Atlantic Canada, young people from outside the urban centres who would have moved west several years ago are now going to cities such as Halifax, which is having a positive effect on those economies.

This trend is notable in Southern Ontario, where manufacturing cities are able to provide good employment opportunities as a result of the low Canadian dollar. Windsor, which once had one of the highest unemployment rates in Canada, is now trending below the national average.

In Canadian housing markets where prices have softened, construction has also slowed to align with decreased demand. This is expected to stabilize prices as population growth catches up to inventory levels. Canada is on track to welcome approximately 300,000 new permanent residents this year: the highest number since 1913.

GREATER TORONTO AREA

↑14%

AVERAGE RESIDENTIAL
SALE PRICE
\$675,492

High demand and low inventory for single-family homes continued to be the dominant theme in Toronto's housing market in the first quarter of the year. As city planning shifts toward density and away from urban sprawl, the supply of ground-oriented homes is increasingly limited. Current owners are reluctant to sell as they are hesitant to become buyers themselves in a competitive market, and with rising home values, many are holding on for further price appreciation.

Move-up buyers, moving either from a condo to a detached home or from a smaller house to a larger one, are the most active market segment. The most in-demand property types are detached homes priced up to \$1.5 million in the 416 area code, and up to \$1 million in the 905 area code

FIRST-TIME BUYERS

First-time buyers often enter Toronto's real estate market by purchasing a condo in the downtown core. Rising prices for single-family homes coupled with longer commute times as the population grows have contributed to more demand from young buyers for downtown condos. Price appreciation throughout the market has put single-family homes in the City of Toronto out of reach for most first-time buyers; those who do purchase them often do so with help from family.

First-time buyers looking for a single-family home can find more affordability an hour's drive from the city's core in the Greater Toronto Area. Many of these buyers look to Brampton in the West or Durham in the East for a greater selection of homes in their price range.

CONDO MARKET

Toronto's condo market continued to experience strong demand from first-time buyers and downsizers. The highest demand is for condos with good access to public transportation, in both the new build and resale markets. As the price gap between condos and single-family homes grows, developers are adding two-and three-bedroom units to meet demand from families.

Toronto's condo market is seeing high investor demand, as low vacancy and high rents allow owners to profit on their investment.

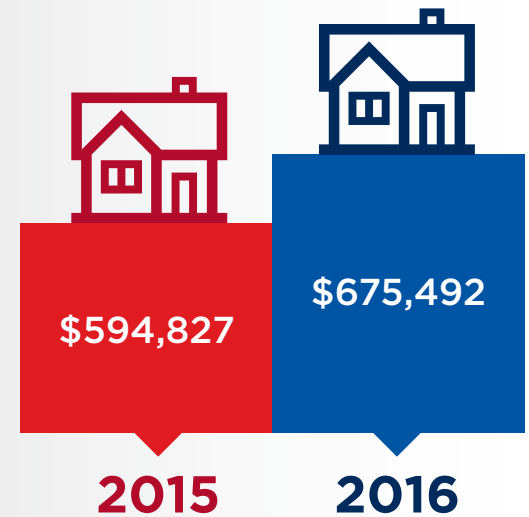
LUXURY HOMES

The luxury market has grown substantially in recent years, as price appreciation throughout the market has allowed buyers to build up enough equity to move up to a luxury home. Whereas a few years ago it was common for a high-end home to remain on the market for a year, these properties now sell quickly.

The most significant change in the luxury market is the increased demand for high-end condos. This demand is driven by downsizers looking to shift to a more downtown lifestyle with easy access to dining and amenities. There is a shortage of supply in the high-end condo market, and new developments have sold out quickly.

AVERAGE RESIDENTIAL SALE PRICE

(Q1, Year-Over-Year)



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.

FUTURE TRENDS

- Approximately a quarter of Canada's immigrants settle in the GTA, and immigration to the city is expected to keep demand high
- Price appreciation in Toronto's core is expected to sustain demand for surrounding regions



ONTARIO - GTA



OAKVILLE

↑20%

Oakville's housing market was very active to start the year, with sales increasing by 11 per cent in the first quarter year-over-year. Single-family detached homes in the upscale town west of Toronto were in high demand, as move-up buyers look for bigger homes to accommodate growing families. The average sale price rose from \$832,780 in the first quarter of 2015, to \$1,001,334 in 2016.

Rising prices across the GTA have resulted in more homes being sold for over \$1.5 million in Oakville, the entry level price of the suburb's luxury market. This has resulted in a 94 per cent increase in sales in the luxury segment between January and March year-over-year. Foreign buyers are increasingly attracted to good elementary and high schools in Oakville and have played a larger role in the luxury market in the first quarter of 2016.

First-time buyers represent a small segment of the housing market and are typically looking for condos starting at \$300,000. Increasingly, first-time buyers in Oakville are assisted financially by their parents.

ONTARIO - GTA



BRAMPTON

↑16%

Brampton has historically been more affordable than other areas of Peel Region, but is starting to catch up as demand increases. Average price and sales activity increased year-over-year in the first quarter at a rate that outpaced the GTA average: Brampton's average residential sale price rose 16 per cent and unit sales rose 26 per cent. Multiple offer scenarios have become more frequent, particularly in the lower end of the market and average days on market has dropped to 15.

First-time buyers are increasingly prioritizing location and condition over square footage. Whereas previously first-time buyers would look for the largest home available within their price range even if needed some upgrading, buyers are now looking for move-in ready properties near transportation and amenities. Downtown Brampton's growing condo market appeals to millennial buyers.

Unlike many of Toronto's suburbs, Brampton still has room to grow and new development is expected to bring more inventory onto the market. Improvements to public transportation and the potential development of a new highway are expected to increase the region's appeal.



DURHAM

↑13%

There was high demand for affordable properties in the first quarter of the year, as prices throughout the GTA continued to increase. Most properties under \$500,000 sold with multiple offers and many with significantly higher sales prices than list prices. Offers without conditions have become common as competition increases. The average residential sale price in Durham Region rose 13 per cent to \$475,317 in the first quarter of the year, up from \$419,866 in the same period last year.

Among first-time buyers in Durham, demand is high for any property under \$300,000. These buyers are typically under 30 and receive help with their downpayment from family. Move-up buyers are an important segment of the market; however, with lower inventory than in the past, many are wary of selling before buying. This has led to some reduction in activity in the mid-range of the market.

The expansion of Highway 407, slated to open in June, is expected to further drive demand in Durham Region as more areas open up to commuters. High immigration to the area is also expected to keep demand strong.



Consumer confidence is high among
CANADIANS 18-34



78.5%

agree owning a home they love is attainable



81.6%

agree finding a good job in their field is attainable



68.2%

agree saving for a downpayment is a priority

MILLENNIAL FIRST-TIME BUYERS

CANADA'S EMERGING BUYER GROUP

In late March, RE/MAX measured attitudes and trends among Canadians with a focus on millennials – our newest buyer group. The results were very insightful with two significant key findings. Not only are millennials optimistic about their future, they are demonstrating themselves to be financially responsible, understanding the importance of a downpayment while keeping other financial priorities top of mind such as saving for their retirement.

The poll, conducted by Leger found that 78.5 per cent of Canadians 18-34 agree that owning a home they love is attainable. This was true in all provinces as Canadians overwhelmingly agree that homeownership is attainable, despite price appreciation in cities like Toronto and Vancouver.

Of course, home ownership optimism and confidence in employment go hand-in-hand. So it became less surprising that the survey also found that 81.6 per cent of Canadians 18-34 agree that finding a good job in their field is attainable, demonstrating overall optimism about their future.

While millennials are optimistic about homeownership, many do expect help in order to make their dreams a reality. Of Canadians 18-34 who are considering buying a home, 37 per cent expect help with their downpayment from a family member or friend. Of those who are expecting help, 60 per cent anticipate that it will come from their parents. Unsurprisingly given the higher home prices in these regions, prospective buyers in all age demographics in British Columbia are most likely to expect help, followed by those in Ontario. When we reached out to our national network, we found this to be true for not just Toronto and Vancouver, but their surrounding regions as well, which have also seen real estate prices appreciate greatly over the past few years. As many parents have watched their own real estate investments appreciate in value, many are in a position to help their millennial children finance their properties.

Our survey found that for many young Canadians, homeownership is an important milestone they are actively working toward. 68.2 per cent of Canadians aged 18-34 agree that saving for a downpayment is a priority and 78.4 per cent agree that saving for retirement is a priority. So while Canadians continue to value and aspire to homeownership, they are not doing so at the expense of other financial considerations, such as retirement savings.

The survey, conducted by Leger, surveyed 1,516 Canadians between Monday, March 28, and Thursday, March, 31, 2016.

DATA TABLE

MARKET	AVERAGE RESIDENTIAL SALE PRICE		YOY%
	2015	2016	
VICTORIA	\$495,137	\$543,564	+10%
GREATER VANCOUVER	\$893,180	\$1,103,586	+24%
FRASER VALLEY	\$549,065	\$719,992	+31%
KELOWNA	\$413,978	\$447,308	+8%
EDMONTON	\$367,648	\$364,334	-1%
CALGARY	\$466,451	\$467,748	0%
REGINA	\$308,355	\$311,952	+1%
SASKATOON	\$351,866	\$347,387	-1%
WINNIPEG	\$273,906	\$300,011	+10%
LONDON-ST. THOMAS	\$255,786	\$271,920	+6%
KITCHENER-WATERLOO	\$349,482	\$371,733	+6%
HAMILTON-BURLINGTON	\$443,803	\$486,008	+10%
GREATER TORONTO AREA	\$594,827	\$675,492	+14%
OTTAWA	\$357,006	\$361,623	+1%
GREATER SUDBURY	\$249,180	\$243,396	-2%
BARRIE & DISTRICT	\$352,124	\$401,801	+14%
WINDSOR-ESSEX	\$189,433	\$211,211	+11%
KINGSTON & AREA	\$295,576	\$286,967	-3%
SAINT JOHN	\$167,925	\$163,218	-3%
HALIFAX-DARTMOUTH	\$277,565	\$289,425	+4%
CHARLOTTETOWN	\$210,318	\$223,321	+6%
GREATER ST. JOHN'S	\$293,740	\$282,054	-4%