



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

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# NATIONAL SUMMARY

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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.

# HAMILTON- BURLINGTON

**↑10%** AVERAGE RESIDENTIAL  
SALE PRICE  
**\$486,008**

Hamilton-Burlington has continued to see record activity, as buyers from the Greater Toronto Area look farther out to find affordable single-family homes.

High demand has led to a year-round market in Hamilton; there were nine consecutive record-breaking sales months in 2015. Whereas typically inventory from December carries into January, high sales in December 2015 led to lower inventory in the new year. At the end of March, inventory was down approximately 15 per cent, while sales were up. There were 1,422 sales in the first three months of 2016, compared with 1,334 during the same period last year.

## FIRST-TIME BUYERS

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The first-time buyer market in Hamilton is driven by buyers from the Greater Toronto Area purchasing single-family homes in the \$250,000 to \$450,000 range. These buyers typically bypass the entry-level condo or townhouse, either saving more and entering the market later or receiving help from their parents with the downpayment in order to purchase a detached home. Highest demand is for post-war bungalows on the West Mountain. First-time buyers who are native to Hamilton are increasingly looking to Caledonia and the Niagara region for more affordability.

## CONDO MARKET

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The condo market in Hamilton is small and primarily a resale market. Several developments began pre-sales at the same time, spreading out consumer demand and making it more difficult for any individual project from reaching the minimum sales to begin construction. In Burlington, the condo market appeals primarily to downsizers looking to remain in the area after selling larger homes.

## LUXURY HOMES

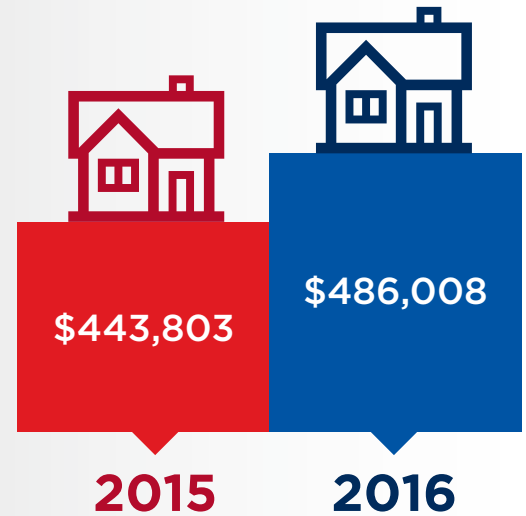
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Hamilton-Burlington experienced stronger demand for high-end properties in the first quarter of 2016. There were 56 sales of properties over \$1 million, compared with 39 sales during the same period last year. The upper-end market is driven primarily by local move-up buyers.

## AVERAGE RESIDENTIAL SALE PRICE

(Q1, Year-Over-Year)

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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

- A recently announced joint venture between IBM and Hamilton Health Sciences to establish a new centre focused on healthcare innovation is expected to bring highly-paid technical jobs to downtown Hamilton
- The low Canadian dollar is expected to continue to have a positive impact on Hamilton's manufacturing sector
- A shortage of land for development has hindered growth in the past several years; a possible expansion of Hamilton's boundaries is being considered to address this challenge





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%