



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 SUDBURY

↓ 2%

AVERAGE RESIDENTIAL
SALE PRICE

\$243,396

The average price for a detached home decreased from approximately \$249,000 in the first quarter of 2015 to approximately \$243,000 in 2016. This was due to higher demand from first-time buyers, resulting in more sales of entry-level homes.

At the end of March, there were seven months of inventory; however, that is expected to decrease as the weather warms and the spring market gets into full swing. In spite of high inventory, well-priced properties in good neighbourhoods receive multiple offers.

FIRST-TIME BUYERS

First-time buyers continued to drive the housing market in Sudbury during the first three months of the year. With low interest rates and the availability of affordable options, many young couples and families can enter the market. These buyers typically purchase a single-family home in the \$160,000 to \$220,000 range.

CONDO MARKET

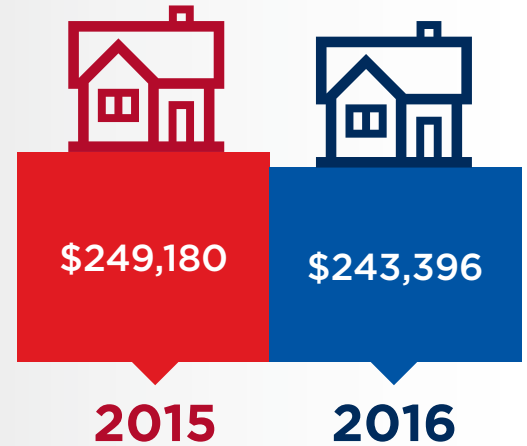
Sudbury's condo market is small; there were three sales in the first quarter of 2016. Detached and townhouse-style condos are more popular than apartment-style, and appeal primarily to downsizers who are driven by the convenience of a low-maintenance home. With good affordability and availability in detached homes, there is not significant demand for condominiums from first-time buyers.

LUXURY HOMES

The upper end of the market has remained fairly stable. There were 23 sales of homes over \$500,000 during the first three months of the year, compared with 26 sales in the same period last year. Most homes in this segment of the market are new construction. Buyers in the luxury market are typically local move-up buyers or professionals relocating from other cities. Mining sector employees are less active in this market than in the past, due to the lower price of nickel, Sudbury's main commodity.

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

- There are several new infrastructure projects underway, including a new school of architecture and significant expansions to Laurentian University, which are expected to provide jobs in the region
- Inventory is expected to decline in the coming months as Sudbury's spring market is often delayed by a later spring

BARRIE & DISTRICT

↑14% AVERAGE RESIDENTIAL
SALE PRICE
\$401,801

Affordability and lifestyle, alongside low interest rates, continue to fuel the real estate market in Barrie and its surrounding area. Sales activity in the region is up 27 per cent in the first quarter of 2016 compared to the same quarter of 2015. Much of the surge can be attributed to buyers who work in Toronto but want a large home with easy access to nature and outdoor activities such as skiing and water activities.

As a result of the commuter population increase, the local economy has also seen a considerable lift as new development initiatives are underway while more restaurants and professional services emerge to meet the demand of the growing population. Prices in the region vary greatly by neighbourhood and it is important to use a local real estate agent who understands the market to avoid overpaying and ensuring the property meets the buyer's expectations.

FIRST-TIME BUYERS

Despite continued low interest rates, local first-time buyers are finding it difficult to enter the region's housing market. Real estate agents are witnessing an increasing trend of younger buyers getting financial help from their parents.

CONDO MARKET

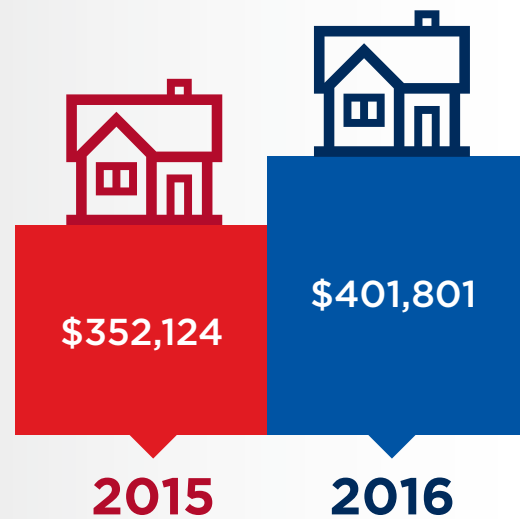
The average price of a condominium rose 13 per cent to \$251,404 in the first quarter of 2016. This property type is in demand from various groups including retirees, investors looking to rent out property and first-time buyers because of its accessible price point. While condo inventory is not a large component of the local real estate market, there are significant new developments as both Mady projects are back online and a second tower is under construction at Quarry Ridge.

LUXURY HOMES

Typical luxury listings sell for over \$500,000. While market activity is up for this property type, some of this activity can be attributed to more homes falling into this category as prices continue to appreciate. Typical luxury buyers are move-up buyers selling property in the city and upgrading to the surrounding areas. The new expansion of Royal Victoria Regional Health Centre's cancer wing and retirement centre has created demand for luxury properties from senior medical professionals.

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

- An increase in GO Train frequency as well as low gas prices are expected to continue demand from Toronto buyers
- With less than 21 days of inventory on the market, price appreciation is expected to continue in the region
- RE/MAX is increasing its 2016 housing market outlook forecast for the Barrie & District region. The average residential sale price is expected to increase seven per cent compared to 2015



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%