



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.

SAINT JOHN

↓ 3%

AVERAGE RESIDENTIAL
SALE PRICE
\$163,218

Similar to last spring, all price ranges have been active in Saint John. There has been a 3.5 per cent increase in sales and this is attributed to some buyers looking to close sales before the land transfer tax increases from .5 per cent to 1 per cent on April 1, 2016. While resale inventory is down modestly compared to the same quarter last year (-5.2%), there is still a robust selection for buyers. Move-up buyers are especially interested in upgrading their properties taking advantage of selection and value.

Houses in good condition, located in established family neighbourhoods in the \$180,000 to \$220,000 range are in highest demand by first- and second-time buyers. Low interest rates, milder weather and an increase in foreign buyers are expected to keep demand high throughout the spring and summer.

FIRST-TIME BUYERS

First-time buyers in the region are taking advantage of excellent selection and low interest rates. While most are committed to buying, they often look at many properties before making a purchase. As financing has become more difficult in recent years, many are looking to their parents for help with their downpayment.

CONDO MARKET

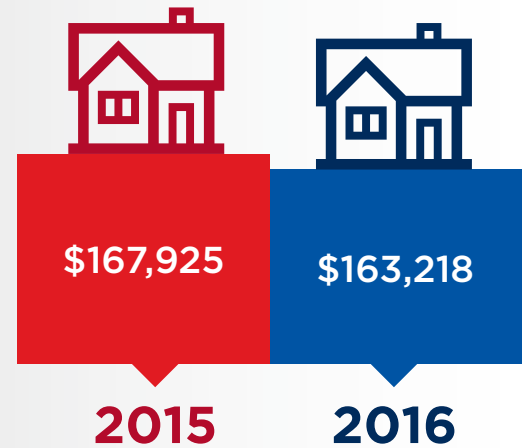
While the condo market is relatively small compared to other cities, it has grown modestly with new developments in the region. In addition, there have been a few apartments that have been converted into condos.

LUXURY HOMES

Luxury property in Saint John sells for over \$400,000. Typically these properties are newer builds on the water or with a water view. Sales activity in the first quarter of 2016 is the same as the same period last year with 11 sales in the region.

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

- The increase in HST from 13 per cent to 15 per cent on new builds may spur the resale market as new builds become more expensive
- If approved, the proposed Energy East pipeline is expected to be a boon for the local economy and real estate sector



NOVA SCOTIA

HALIFAX- DARTMOUTH

↑ 4%

AVERAGE RESIDENTIAL
SALE PRICE
\$289,425

After an exceptionally cold and snowy winter last year, the market was off to a much more active start in 2016. The spring market started earlier, and price and sales were up year-over-year in the first three months of 2016. Decreasing inventory is trending to more of a balanced market compared to a distinct buyer's market in 2015.

The Halifax-Dartmouth area has seen modest population gains, mainly migration from other parts of Nova Scotia. Those who in the past may have gone west for employment are increasingly choosing to move to Halifax, while Nova Scotians who moved to Alberta for work in the oil sector are returning home. This increase in population, coupled with stronger employment numbers, are spurring optimism in the region.

FIRST-TIME BUYERS

The first-time buyer market was active in the first quarter of the year, driven primarily by buyers in their 20s and 30s, many of whom are newly employed in stable jobs or who have returned to the city after having worked in other parts of the country.

These buyers tend to value convenience over square footage, and are drawn to homes in the downtown core in walking or transit distance to work and amenities. First-time buyers typically choose an older detached home around \$275,000 that is in need of a renovation, or a move-in ready condo in the \$250,000 to \$300,000 range.

CONDO MARKET

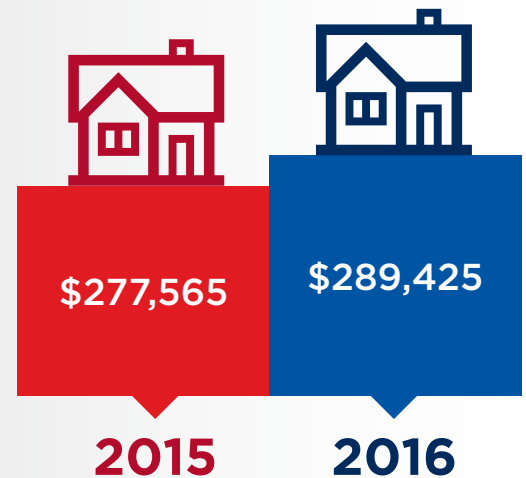
Several new condominium developments are currently being constructed in the city core, appealing primarily to first-time buyers. Demand is particularly strong in the \$250,000 to \$300,000 range. On the Dartmouth side of the harbour, condo developments at King's Wharf have created a resurgence of the Dartmouth waterfront. However, several high-quality, purpose-built rental developments have recently been constructed in Halifax creating competition for the condo market.

LUXURY HOMES

The upper end of the Halifax market has remained stable. Demand is highest for older Victorian-style homes and waterfront properties in the traditional high-end neighbourhoods on the Halifax Peninsula. While there is demand for good properties at the higher end of the luxury market, demand is weaker for homes in the \$450,000 to \$500,000 range.

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

- The decline in the oil industry is expected to bring skilled workers back to Halifax, which may start to have an impact on the housing market in the next year or two
- The low Canadian dollar is expected to continue to have a positive impact on Halifax's main exports
- Continued progress with the Irving Shipbuilding process is prompting optimism for the manufacturing sector





PRINCE EDWARD ISLAND

CHARLOTTETOWN

↑ 6%

AVERAGE RESIDENTIAL
SALE PRICE
\$223,321

Sales activity in Charlottetown was very brisk in the first quarter of 2016 increasing 69 per cent compared to the same period in 2015. This year's mild winter has contributed to a surge in sales compared to heavy snowfall last year. However, when compared to 2014, sales activity is still up over 60 per cent. Despite ample inventory, sellers are well aware of the value of their homes and are firm on the asking price. The majority of homes sell within 94 to 97 per cent of the list price.

While foreign buyers are showing some interest in the area, newcomers to the region are more likely to be buyers relocating from Toronto and Vancouver. These buyers are looking to release equity in their current homes, which have greatly appreciated in recent years, and take advantage of Charlottetown's good schools and safe, vibrant neighbourhoods.

FIRST-TIME BUYERS

First-time buyers are typically young professionals under 35 looking for single-family homes between \$100,000 and \$150,000 in Stratford and downtown Charlottetown.

CONDO MARKET

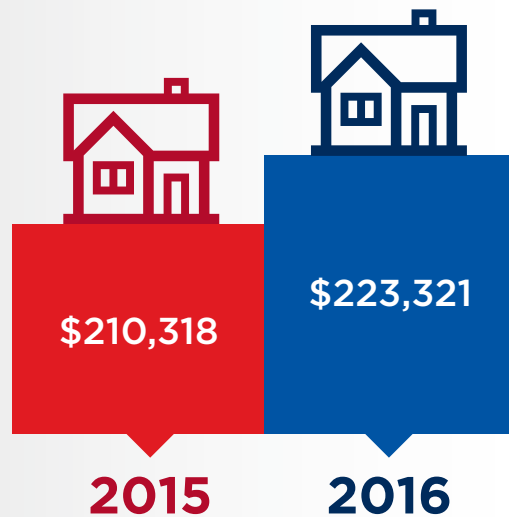
The average sale price of a condominium in Charlottetown was \$143,545 in the first quarter of 2016. Buyers looking for condominiums in the region will find most of the selection in low and mid-rise buildings in the city-centre.

LUXURY HOMES

Charlottetown's luxury properties sell for over \$500,000 and are often located on the waterfront. These properties are usually large estates located outside of the city.

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

- The Prince Edward Island Provincial Nominee Program, which provides incentives to businesses, is expected to continue to drive newcomers to the area and stimulate the economy
- RE/MAX is increasing its 2016 housing market outlook forecast for Charlottetown. The average residential sale price is expected to increase 8 per cent compared to 2015

GREATER ST. JOHN'S AREA

↓ 4%

AVERAGE RESIDENTIAL
SALE PRICE

\$282,054

Taking advantage of continued historically low interest rates, first-time buyers fueled sales in the Greater St. Johns region in the first quarter of 2016. This buyer group makes up approximately 60 per cent of the regional housing market activity. Despite the lower price of oil, the Greater St. John's Area has seen seven consecutive months of decreased inventory and average days on market also fell to 69 days in the first quarter of 2016 compared to 74 in 2015.

As a result of lower inventory, single detached housing starts in the province are slightly up.

FIRST-TIME BUYERS

First-time buyers in the Greater St. John's area are often young professionals with dual income and no children looking at properties priced between \$250,000 and \$300,000. The suburbs are currently a popular choice as these neighbourhoods offer new homes starting at \$250,000 and often boast new schools and recreation facilities as well as shopping with only a 15 minute drive to the city. Typically, first-time buyers outgrow their first homes within five to ten years as their families and incomes grow.

CONDO MARKET

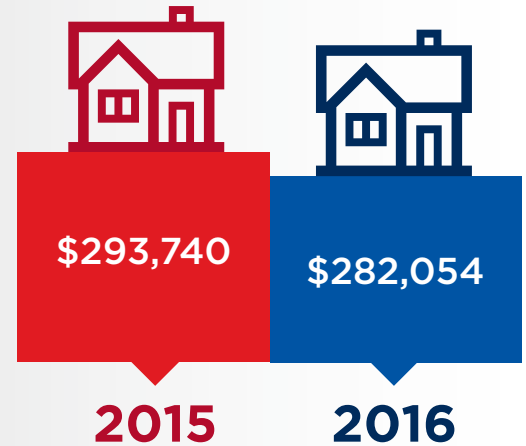
With only five per cent of sales in the region attributed to condo sales, the condo market is relatively small. Demand is largely from first-time buyers looking to live in the heart of the city at an attractive price point or empty-nesters downsizing to free up equity and simplify their lives. Condos priced correctly and in the heart of the city see the most demand.

LUXURY HOMES

A typical luxury property in the Greater St. Johns region starts at approximately \$500,000 and buyers are often employed in the oil industry. While inventory has increased compared to last year, unique properties with a lot of amenities are still attracting interest. Luxury sales in the region are flat compared to last year.

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

- Employment from major capital works projects under construction, such as Hebron and Muskrat Falls, is expected to continue to mitigate the short term economic effects of the low price of oil
- Large oil companies are continuing to explore and invest in the area. The Henry Goodrich drill rig is returning to Newfoundland's offshore under a new two year contract and a consortium of oil companies committed \$1.2 billion to exploration spending off Newfoundland & Labrador's coast.



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.

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

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% |