



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.

WINDSOR- ESSEX

↑ 11%

AVERAGE RESIDENTIAL
SALE PRICE
\$211,211

A welcomed trend for the region is that younger workers are returning to the region from out west as the local economy is benefitting from a renewed consumer confidence and a falling unemployment rate that recently fell below the national average.

While real estate sales activity is up year-over-year in Windsor's core, activity in the surrounding areas has been exceptionally brisk. The region witnessed a 19 per cent increase in residential sales during the first quarter of 2016 compared to the same period last year. On average, one in three properties are attracting multiple offers with single-family properties in the \$150,000 to \$250,000 range at times seeing \$30,000 to \$60,000 over asking. These properties are often well-priced homes in desirable neighbourhoods.

FIRST-TIME BUYERS

Unlike some regions in Southwestern Ontario that are closer to Toronto, first-time buyers in Windsor-Essex still have a robust supply of affordable inventory. Alongside renewed consumer confidence and healthy job prospects, low interest rates are making Windsor-Essex a very attractive place for young families to live.

CONDO MARKET

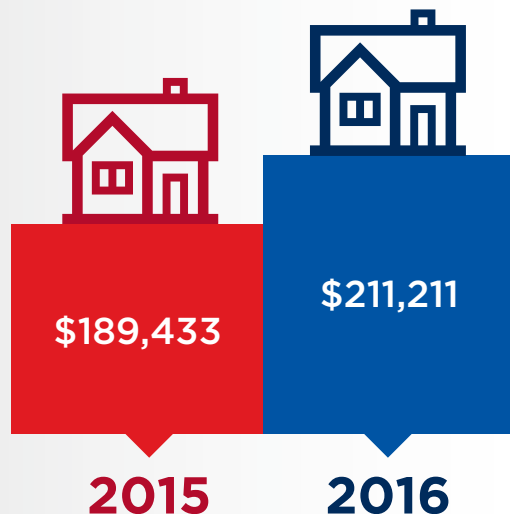
The region's condo market has not seen any new developments this year. Competing demand for townhouses has limited the demand for apartment-style strata properties. Typical townhouse buyers are retirees who are looking for one floor ranch style properties with low maintenance fees. Popular pockets for townhouses are located in Tecumseh and Kingsville.

LUXURY HOMES

March's sales activity in the luxury market was up modestly compared to last year with sales above \$420,000 making up over six per cent of the market. Typical buyers are often move-up buyers with a dual income taking advantage of continued low interest rates.

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

- Consumer confidence is expected to remain high as more medium-sized companies move into the region and construction continues for the new bridge
- While the Canadian dollar is still low, the local economy is expected to benefit from a healthy manufacturing sector

LONDON- ST. THOMAS

↑ 6%

AVERAGE RESIDENTIAL
SALE PRICE
\$271,920

The spring market got off to a busy start in London-St. Thomas, and sales were up 10 per cent year-over-year in the first quarter of 2016. With inventory down from previous years and increased demand, multiple offers have become more common in the London market. The average residential sale price rose six per cent year-over-year in the first quarter of 2016 to \$271,920.

Move-in ready, single-family homes listed at market value are seeing a lot of activity, particularly those located in established family neighbourhoods. The most active price range is \$250,000 to \$350,000, which includes both first-time and move-up buyers.

London has a growing tech sector, which is continuing to add jobs and attract new residents to the region.

FIRST-TIME BUYERS

First-time buyers are the primary drivers of demand in the London-St. Thomas housing market. While some first-time buyers choose condominiums, the relative affordability of the region coupled with low interest rates mean many of these buyers can get into a single-family home. A popular option is bungalows built between the 1950s and 1970s that may require minor renovation and typically sell for under \$200,000 depending on location.

CONDO MARKET

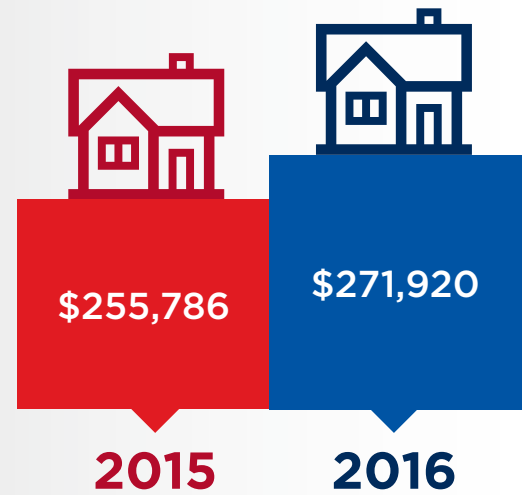
Several new developments have been built in the London area in the past few years, and demand for these units are strong. In the first quarter of the year, active listings were down and unit sales were up over the same period in 2015. New high rise developments appeal to young professionals, as well as retirees. Detached condos – small, single-floor units on individual lots within a gated community – are popular with downsizers.

LUXURY HOMES

Sales at the upper end of the market were very active during the first few months of the year. There were 115 homes sold for \$500,000 or more between January and March, compared with 82 during the same period in 2015. A typical property in this price range is a two-storey, four-bedroom home built within the past 10 years.

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 tech sector, including a growing gaming industry, is continuing to grow, creating well-paying jobs in the region
- An urban renewal project, including a public transit system currently in the planning phase, is expected to revitalize the city core
- Continued low interest rates and stable employment are expected to keep housing demand strong

KITCHENER -WATERLOO

↑ 6%

AVERAGE RESIDENTIAL
SALE PRICE
\$371,733

The real estate market has had an active start in the Kitchener-Waterloo region. Sales were up 23.9 per cent in the first quarter of 2016 compared to the same period in 2015. The area is continuing to see a surge in buyers who are selling properties in Toronto, which have appreciated greatly in recent years, to upgrade to larger homes at a lower price in the Kitchener-Waterloo region. The average residential sale price rose six per cent year-over-year in the first quarter of 2016 to \$371,733 while days on market decreased from the previous year.

Properties under \$450,000 are attracting multiple offers and often selling within hours of being listed. In addition to the surge of buyers relocating from Toronto, the region has also seen an increase in investors eager to take advantage of the potential real estate price appreciation that is expected from the region's five year transportation plan connecting the area to Cambridge.

The low Canadian dollar has reinvigorated the local auto manufacturing sector while the University of Waterloo continues to be a core driver in the local economy. Its internationally recognized engineering program has recently grown by 15 per cent.

FIRST-TIME BUYERS

Low interest rates continue to attract first-time buyers, however, once they begin their search many are becoming increasingly frustrated as multiple offers and the quick pace of sales becomes a new reality. With little time to make decisions, it is highly recommend that potential buyers do their homework and work with an experienced local real estate agent.

CONDO MARKET

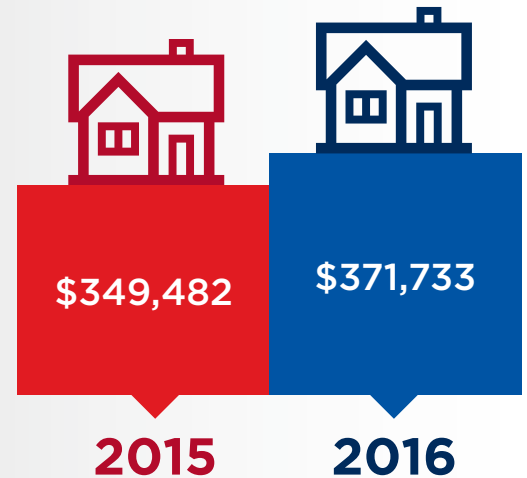
Condos and townhouses are seeing a lot of activity as the low price point is attractive to both first-time buyers and investors. While March's year-over-year sales of strata properties have witnessed an impressive increase of 26.4 per cent, the demand has not been reflected in price appreciation. Ongoing construction of condo style apartments built for students has created a robust inventory and is putting downward pressure on rental values.

LUXURY HOMES

Interestingly, Toronto buyers relocating to the region are having a minimal effect on Kitchener-Waterloo's luxury market as this buyer group is typically looking at properties less than \$700,000. Typically selling for 1 million and above, the region's luxury market buyer is often a very well-established professional at the University of Waterloo or in the auto manufacturing sector.

AVERAGE RESIDENTIAL SALE PRICE

(Q1, Year-Over-Year)



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FUTURE TRENDS

- Regional transportation initiatives are expected to continue to draw demand in the area
- Demand from buyers relocating from Toronto is expected to continue
- RE/MAX is increasing its 2016 housing market outlook forecast for the Kitchener-Waterloo region. The average residential sale price is expected to increase six 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%