

## **Homebuying activity strong out of the gate, as a more competitive market takes shape for spring 2012, says RE/MAX**

Major Canadian real estate markets continued to show exceptional resiliency throughout the first quarter of the year, with strong demand and diminished supply setting the stage for a heated spring 2012, according to a report released by RE/MAX.

The RE/MAX Market Trends Report, highlighting sales, price, trends and developments in 15 markets across the country, found that 12 of 15 Canadian centres (80 per cent) were reporting year-to-date (January-February) sales activity ahead of last year's levels, with more than half reporting double-digit increases. Low interest rates, coupled with strong consumer confidence levels and a mild winter, played a significant role in the upswing, ushering in an early start to the spring market. Average price climbed in 14 of 15 markets (93 per cent) examined, yet appreciation was more tempered, with only three markets posting gains in excess of 10 per cent. Tighter inventory levels at entry-level price points have sparked bidding wars—particularly in Winnipeg and the Greater Toronto Area—with similar conditions starting to emerge in Saskatoon, Regina, London-St. Thomas, Hamilton-Burlington, Ottawa, St. John's, and Halifax-Dartmouth.

Given the current economic climate, the strength of the country's housing market clearly reflects the value Canadians place on homeownership. One driving factor has been the overall performance of the market over the past decade. Existing homeowners have realized substantial equity gains, especially in recent years, and many are taking advantage of the combination of historically low interest rates and equity to upgrade. Perhaps more importantly, housing has outperformed just about every other asset class – and a principle residence is capital gains exempt – a fact that's not gone unnoticed.

In terms of sales appreciation, the best performing markets heading into the traditionally busy spring season were Halifax-Dartmouth (35 per cent), Saskatoon (21 per cent), Saint John (20 per cent), Regina (16 per cent), St. John's (12.5 per cent), Greater Toronto Area (12 per cent), London-St. Thomas (11 per cent), and Edmonton (11 per cent). Only Vancouver, Kitchener-Waterloo, and Winnipeg have experienced softening in housing activity so far this year. Sales are down 16 per cent in the Greater Vancouver, 4.5 per cent in Kitchener-Waterloo, and almost on par in Winnipeg.

Housing values are escalating at a steady pace in most major markets. Yet, gains are, as predicted, much more moderate than in years past. We expect this will remain the trend moving forward—in line with the Canadian economy, as GDP growth also moves ahead at a more subdued pace. Conditions will vary locally, with some markets exceeding expectations, largely due to the fact that the significant influx of inventory expected never materialized or, in the case of Saskatchewan and Newfoundland, the local economy has shown extraordinary strength. On the whole, this is a very stable and healthy housing market in line with traditional norms, with few exceptions.

Year-to-date average price in most major centres is also on the upswing. Winnipeg, Greater Toronto and St. John's each posted a percentage increase of 10 per cent in the first two months of 2012. Values in Kitchener-Waterloo followed at nine per cent, while Regina and Saskatoon escalated six per cent.

Purchasing intentions have largely been driven by confidence in a buyer's own employment and financial picture, followed by major lifecycle events. While global uncertainties caused some to pause in recent years, purchasers will only sit on the fence so long before the need to make a move becomes a stronger impetus. That reality is starting to fuel momentum, along with the domino effect of an enthusiastic entry-level segment. First-time buyers are driving demand in both the smaller and major markets, in turn sparking strong sales activity among move-up purchasers at the higher price points. As a result, the upper-end of the market has also held up well. There's no question that the spring 2012 market will see all segments working in tandem.

#### Highlights:

- Halifax-Dartmouth's residential real estate market is firing on all cylinders thanks to the \$25 billion shipbuilding contract awarded in the last quarter of 2011. Renewed confidence has bolstered homebuying activity, with sales up 35 per cent over one year ago.
- Markets in Saskatchewan are also red-hot, with Saskatoon (21 per cent) and Regina (16 per cent) supported by strong economic fundamentals and increasing population levels in the province.
- Tight market conditions have seriously hampered sales activity in Winnipeg, but purchasers remain undaunted. In February, 44 per cent of single-family homes sales sold above list price, while 31 per cent of condominium sales sold for more than ask.
- In Greater Toronto, multiple offers are commonplace in blue-chip neighbourhoods, with an estimated 50 per cent of detached homes priced in the \$600,000 to \$900,000 price range selling for more than list price.
- The First-Time Buyer's Tax Credit and remediation of the Harmonized Sales Tax (HST) issue in British Columbia is expected to breathe new life into housing markets this spring.

RE/MAX SPRING MARKET TRENDS REPORT						
RESIDENTIAL STATISTICS (January 1 - February 29)						
Market	Unit Sales			Average Price		
	YTD 2011	YTD 2012	% +/-	YTD 2011	YTD 2012	% +/-
St. John's	359	404	12.5	\$253,879	\$278,893	10
Saint John	174	209	20	\$177,744	\$178,594	0.5
Halifax-Dartmouth	663	896	35	\$257,370	\$263,001	2
London-St. Thomas	979	1,088	11	\$226,709	\$230,624	2
Kitchener-Waterloo	869	830	-4.5	\$284,740	\$311,457	9
Hamilton-Burlington	1,736	1,855	7	\$329,722	\$347,660	5
Greater Toronto Area	10,257	11,504	12	\$442,978	\$487,254	10
Ottawa	1,617	1,693	5	\$335,716	\$349,791	4
Winnipeg	1,345	1,343	-0.2	\$219,450	\$241,115	10
Regina	392	455	16	\$274,676	\$290,006	6
Saskatoon	475	574	21	\$300,110	\$318,163	6
Calgary	2,707	2,806	4	\$410,851	\$412,300	0.4
Edmonton	1,978	2,189	11	\$311,307	\$325,041	4
Greater Vancouver Area	4,921	4,142	-16	\$786,233	\$786,695	0.1
Victoria	723	775	7	\$475,640	\$469,399	-1

Source: Local Real Estate Boards