

2016

HOUSING MARKET OUTLOOK

RE/MAX®



NATIONAL SUMMARY

HIGH DEMAND AND LOW SUPPLY CONTINUED TO CHARACTERIZE VANCOUVER'S AND TORONTO'S HOUSING MARKETS THROUGHOUT 2015 AS COMPETITION FROM BUYERS OVER THE LIMITED INVENTORY OF SINGLE-FAMILY HOMES PUSHED PRICES HIGHER.

The average residential sale price increased 17 per cent in Greater Vancouver and 10 per cent in the Greater Toronto Area, to approximately \$947,350 and \$622,150, respectively. As demand shows no signs of waning, these markets are expected to continue to see price appreciation in 2016, of seven per cent in Greater Vancouver and five per cent in the Greater Toronto Area.

In these competitive markets, sellers want to ensure they maximize the value of their homes, while buyers look for guidance during the fast-paced bidding process. In a recent Leger survey conducted for RE/MAX, 70 per cent of homeowners agreed REALTORS® provide value when buying or selling a home.

Regions outside of Canada's highest-priced cities reported a spillover effect from the price increases in Greater Vancouver and the Greater Toronto Area continuing a trend that RE/MAX reported this spring. There were significant year-over-year price increases in Victoria (13%), Fraser Valley (10%), Hamilton-Burlington (12%) and Barrie (8%).

New Canadians and foreign investors continued to be an important demographic of buyers in Toronto, Vancouver and Montreal. Attracted to Canada's stable economy and low Canadian dollar, this trend is expected to continue through 2016.

In Alberta, a year after the sudden drop in oil prices, housing markets in Calgary and Edmonton showed slower activity but haven't experienced significant price adjustments. The average residential sale price in Calgary saw a five per cent decrease, due primarily to a larger

proportion of sales at the lower end of the market. In Edmonton, the average price increased by two per cent despite more inventory on the market. An ongoing \$5 billion development project in downtown Edmonton has stimulated the local economy and helped to keep employment levels up, mitigating the impact of oil industry layoffs. As buyers in these markets continue to feel uncertain, the average sale price is expected to decrease in 2016, by 3.5 per cent in Edmonton and four per cent in Calgary.

Outside of B.C. and Southern Ontario, high inventory continued to be a significant factor affecting the markets in many cities, including Saskatoon, Regina, Montreal, Quebec City, Halifax and St. John's. This is primarily due to a period of increased construction. Though new construction slowed down in most of these cities, it will take some time for the market to absorb the product.

RE/MAX 2016 average residential sale price expectation for Canada is an increase of 2.5 per cent as Canadians continue to see home ownership as an important milestone as well as a good investment.



91% OF CANADIANS SAY THAT HOME OWNERSHIP IS PART OF THE CANADIAN DREAM



MORE THAN TWO-THIRDS OF CANADIANS SAY THAT 10% OR MORE OF THE PRICE OF A HOME IS A GOOD DOWN PAYMENT



71% OF HOMEOWNERS AGREE THAT WHEN BUYING OR SELLING A HOME, REALTORS® PROVIDE VALUE



ONTARIO
**KITCHENER-
WATERLOO**

THE KITCHENER-WATERLOO MARKET IS BALANCED WITH A GOOD SUPPLY OF INVENTORY that will likely increase in 2016.

The average price for a freehold property rose 2.6 per cent year-over-year from \$330,772 in October 2014, to \$355,535 in October 2015. Sales are up: there were 4,828 sales between January and October 2015, up from 4,684 during the same period in 2014.

While sales are expected to remain stable in 2016, prices may decrease slightly due to more listings coming on the market. Key drivers of demand in

Kitchener-Waterloo are foreign buyers purchasing property for their children to live in while they attend college or university, and newcomers moving to the city for jobs in the growing technology sector.

New Hamburg and Baden, located on the outskirts of Kitchener, are becoming increasingly popular with move-up buyers and retirees. For young families, the areas offer good schools and nice properties at affordable prices, while retirees are attracted to the adult retirement villages, which feature bungalow-style homes, amenities and activities.



FIRST-TIME BUYERS

First-time buyers play an important role in Kitchener-Waterloo. Typically young couples employed in the tech sector, they often prefer condo properties in the downtown core that require little maintenance.

CONDO MARKET

A number of high-rise condominium buildings, mainly targeted at post-secondary students, are currently being constructed in the downtown core and are primarily selling to investors. Condo prices are expected to increase in 2016 as demand from first-time buyers continues.

LUXURY HOMES

The luxury market in Kitchener-Waterloo is expected to soften a little in 2016. A decline of high-income residents due to layoffs at BlackBerry has led to a less demand for luxury homes.

FUTURE TRENDS

- A new light rail transit system (LRT) and development in Kitchener-Waterloo's downtown core is expected to increase the appeal of downtown living
- The Kitchener-Waterloo housing market is expected to remain balanced in 2016
- The RE/MAX 2016 average residential sale price expectation for Kitchener-Waterloo is a one per cent decrease