

**Threat of global recession to hinder home sales
in major Canadian housing markets in 2008 and 2009, says RE/MAX**

Recovery linked to economic stability next year

Global economic uncertainty weighed heavily on residential real estate activity in most major Canadian centres during the latter half of 2008. Although the forecast for 2009 promises more of the same, most markets are expected to weather the storm, says RE/MAX.

Housing market performance will clearly be contingent on economic performance at a local, provincial, and national level in 2009. Issues affecting the overall economy are impacting housing markets across the country and the situation is not expected to be remedied until consumer confidence is restored. If inventory levels remain stable, pent-up demand kicks into gear, and lower interest rates stimulate home-buying activity, we could see a bounce back as early as spring.

The RE/MAX Housing Market Outlook for 2009 examined residential real estate trends in 22 markets across the country and found that average price held up remarkably well in 2008, despite 13 centres reporting double-digit declines in home sales. Solid gains earlier in the year likely served to prop-up housing values at year-end. The prognosis for housing activity in the first six to nine months of 2009 is somewhat static, given continued volatility in financial markets and the threat of recession, but as stability returns, housing markets are expected to recover.

Nationally, 440,000 homes are expected to change hands in 2008, down 15 per cent from record 2007 levels. Canadian housing values are expected to hover at \$300,000, a nominal three per cent decline from last year's historic peak. By year-end 2009, unit sales should match 2008 levels, while average price is forecast to fall another two per cent to \$293,000.

Major markets are evenly split in terms of housing performance in 2009, with 11 centres forecast to match or exceed 2008 home sales and 11 expected to slide from 2008 levels. The highest percentage increase in unit sales is anticipated in Saskatoon, where the number of homes sold is forecast to climb three per cent in 2009. Housing values are expected to hold the line in 2009, with St. John's, Montreal, Kingston, London, Winnipeg, Saskatoon, and Regina posting modest gains in average price in 2009.

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Canada's real estate environment is considerably more complex than it has been in recent years. The landscape is definitely changing -- with most markets shifting into either balanced or buyer's territory. The shut out is over. Sellers no longer rule the roost. Opportunities exist for purchasers like never before, including lower interest rates, greater inventory levels, the luxury of time to make decisions, and the upper-hand at the negotiating table. Motivated vendors will need to take note of the new mindset and set their prices accordingly.

Canadian sellers are slowly adjusting to new realities. For most markets, 2008 started in balanced territory and moved into buyer's market conditions during the latter half of 2008. The year ahead will prove challenging, especially for vendors.

While the economy will dictate real estate performance next year, it's important to remember that demand still exists in the marketplace. In the midst of stock market turmoil, sold signs continue to appear on lawns across the country. With affordable lending rates and increased selection, first-time and move-up buyers with good credit may choose to play their investment strategy safe and purchase a home. The comfort of a tangible investment like real estate goes a long way in tough times.

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RE/MAX of Western Canada (1998) Inc. Housing Market Outlook 2009 Report, issued December 3, 2008.

Residential Unit Sales by Market 2004-2009								
Market	2004	2005	2006	2007	2008*	%	2009**	%
British Columbia								
Vancouver	37,972	42,222	36,479	38,978	26,000	-33	26,000	0
Victoria	7,685	7,970	7,500	8,403	6,500	-23	5,800	-11
Kelowna	5,153	6,070	5,459	6,192	3,900	-37	3,510	-10
Alberta								
Edmonton	17,652	18,634	21,984	20,427	18,900	-8	18,900	0
Calgary	26,511	31,569	33,027	32,176	22,500	-30	23,000	2
Saskatchewan								
Regina	2,785	2,730	2,953	3,957	3,450	-13	3,450	0
Saskatoon	2,999	3,246	3,430	4,446	3,600	-19	3,700	3
Manitoba								
Winnipeg***	11,447	12,087	12,304	13,079	12,900	-1	12,900	0
Ontario								
Hamilton-Burlington	13,176	13,565	13,059	13,866	12,200	-12	11,500	-6
Kitchener-Waterloo	5,931	6,147	6,115	7,031	6,600	-6	6,000	-9
London-St. Thomas	9,238	9,133	9,234	9,686	9,000	-7	9,000	0
Ottawa	13,158	13,099	13,783	14,579	13,900	-5	13,500	-3
Sudbury	2,180	2,477	2,519	2,632	2,400	-9	2,400	0
Toronto	83,501	84,145	83,084	93,193	79,000	-15	75,000	-5
Barrie and District	4,657	4,675	4,397	5,017	4,250	-15	4,250	0
St. Catharines	3,130	3,217	3,214	3,258	2,900	-11	2,900	0
Kingston	3,764	3,464	3,517	3,725	3,550	-5	3,550	0
Quebec								
Montreal	48,564	49,506	50,106	56,151	48,000	-14	43,000	-11
New Brunswick								
Saint John	1,612	1,901	1,852	2,253	2,250	0	2,200	-2
Nova Scotia								
Halifax-Dartmouth	5,516	6,698	6,462	7,261	6,500	-10	6,300	-3
PEI								
Charlottetown	1,500	1,449	1,492	1,769	1,450	-18	1,400	-4
Newfoundland and Labrador								
St. John's	3,203	3,211	3,537	4,471	4,950	11	4,700	-5
NATIONAL								
	460,790	483,789	484,027	520,747	440,000	-15	440,000	0
* Estimate **Forecast ***Total MLS								
Source: CREA, OMREB, TREB, WREB, Sudbury Real Estate Board, Ottawa Real Estate Board, RE/MAX								

Residential Average Price by Market 2004-2009								
Market	2004	2005	2006	2007	2008*	%	2009*	%
British Columbia								
Greater Vancouver	\$373,877	\$425,745	\$509,876	\$570,795	\$585,000	2	\$545,000	-7
Victoria	\$325,412	\$380,897	\$427,154	\$466,974	\$490,000	5	\$440,000	-10
Kelowna	\$287,351	\$330,378	\$349,751	\$411,095	\$420,000	2	\$378,000	-10
Alberta								
Edmonton	\$179,610	\$193,934	\$250,915	\$338,636	\$335,000	-1	\$335,000	0
Calgary	\$222,860	\$250,832	\$346,675	\$414,066	\$410,000	-1	\$410,000	0
Saskatchewan								
Regina	\$111,869	\$123,600	\$131,851	\$165,613	\$230,000	39	\$250,000	9
Saskatoon	\$132,549	\$144,787	\$160,577	\$232,754	\$289,000	24	\$296,000	2
Manitoba								
Winnipeg***	\$117,570	\$134,028	\$151,983	\$170,502	\$207,882	22	\$212,000	2
Ontario								
Hamilton-Burlington	\$215,922	\$229,753	\$248,754	\$268,857	\$279,600	4	\$268,000	-4
Kitchener-Waterloo	\$205,639	\$220,511	\$237,913	\$252,429	\$270,000	7	\$250,000	-7
London-St. Thomas	\$167,334	\$178,910	\$190,521	\$202,908	\$214,000	5	\$218,000	2
Ottawa	\$235,678	\$244,531	\$255,889	\$272,618	\$292,000	7	\$292,000	0
Sudbury	\$124,575	\$136,748	\$154,549	\$186,276	\$213,000	14	\$213,000	0
Greater Toronto	\$315,266	\$335,907	\$351,941	\$376,236	\$384,000	2	\$376,000	-2
Barrie and District	\$215,275	\$232,045	\$244,394	\$258,999	\$259,000	0	\$259,000	0
St. Catharines	\$184,503	\$196,928	\$213,032	\$217,841	\$223,000	2	\$223,000	0
Kingston	\$175,821	\$195,757	\$212,157	\$222,300	\$236,000	6	\$241,000	2
Quebec								
Montreal	\$188,289	\$203,720	\$215,659	\$229,902	\$258,000	12	\$262,000	2
New Brunswick								
Saint John	\$116,836	\$119,718	\$128,202	\$140,544	\$168,000	19.5	\$165,000	-1
Nova Scotia								
Halifax-Dartmouth	\$175,132	\$188,484	\$203,178	\$216,339	\$233,000	8	\$233,000	0
PEI								
Charlottetown	\$110,815	\$117,238	\$125,430	\$133,457	\$138,000	3	\$133,500	-3
Newfoundland and Labrador								
St. John's	\$132,993	\$141,167	\$139,542	\$149,258	\$180,000	21	\$202,000	12
National								
	\$226,337	\$249,201	\$276,883	\$307,265	\$300,000	-3	\$293,000	-2
*Estimate **Forecast ***Total MLS								
Source: CREA, OMREB, WREB, TREB, Sudbury Real Estate Board, Ottawa Real Estate Board, RE/MAX								