

For immediate release

## **Recovery underway in key Canadian markets ends buyer dominance in resale housing, says RE/MAX**

**Kelowna, BC. (July 13, 2009)** – Pent-up demand for residential housing has bolstered sales in Canada’s major markets—a clear signal that the housing sector has shifted into recovery mode, says RE/MAX.

More balanced market conditions have emerged, effectively ending the stronghold that buyers had on the market over the past six to eight months. Canada’s largest markets, Toronto and Vancouver, led the charge—with June sales among the highest in history for both local real estate boards. Close to 11,000 properties changed hands in Toronto, up 27 per cent over one year ago, setting a new record for sales in the month of June. The figure was just slightly off the all-time peak of 11,146 units. Residential sales in Greater Vancouver increased 75.6 per cent over one year ago, to 4,259 units, just short of the record breaking 4,333 sales, which occurred in June 2005. Overall, major markets began to recover in March, posting escalating sales in April, May and June. The impetus is expected to continue throughout the remainder of 2009, with most centres now forecasting year-end sales on par or ahead of 2008 levels.

“While sales are the leading indicator, there are other clear signals that recovery is indeed underway,” says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. “Renewed consumer confidence, albeit cautious, has been key, supported by improved economic news. In addition, we’ve seen sale price-to-list price ratios climb across the country, rising as high as 105 per cent in some communities. Vendor incentives have also come off the table, both for resale and new housing stock.”

The recent surge in resale activity can be attributed to three key factors—pent-up demand, low interest rates, and greater affordability. The combination—in conjunction with declining inventory levels—has created heated market conditions in hot pocket neighbourhoods, prompting a resurgence in multiple offers in June. Average prices are holding steady or climbing, days on market are down, and inventory levels continue to tighten, especially at entry-level price points.

“The strength of the market, amid the most significant global recession in recent history once again underscores its relevance to the nation’s economic engine,” says Michael Polzler, Executive Vice President, RE/MAX Ontario-Atlantic Canada. “Canadians believe in homeownership --a fact best illustrated by the purchasers who ventured forward in recent months and snapped up some of the best real estate deals this market has seen in years. Those who chose to sit it out on the sidelines are now facing a market in transition, characterized by the threat of rising interest rates, low inventory levels, and upward pressure on housing values.”

Although the current pace may be unsustainable, all markers point to greater stability in the market, leading to healthier activity in the long run, with inventory levels a key variable influencing pent-up demand.

Residential MLS Sales*	Jan-09	Y-Y % change	Feb-09	Y-Y % change	Mar-09	Y-Y % change	Apr-09	Y-Y % change	May-09	Y-Y % change	Jun-09	Y-Y % change
Greater Vancouver	771	-58.6%	1,494	-46.3%	2,310	-24.3%	3,002	-9.3%	3,569	16.4%	4,259	75.8%
Calgary	928	-49.0%	1,392	-36.6%	1,797	-24.3%	2,217	-8.1%	2,624	11.3%	3,047	28.0%
Edmonton	730	-40.6%	1,076	-16.6%	1,380	-11.4%	1,843	1.1%	2,161	18.7%	2,552	16.8%
Regina	170	-32.0%	232	-20.3%	277	-18.0%	331	-20.4%	387	8.7%	387	24.0%
Toronto	2,670	-47.4%	4,116	-31.6%	6,171	-6.9%	8,107	-7.5%	9,589	1.9%	10,956	27.0%
Ottawa	535	-19.4%	798	-20.3%	1,170	6.6%	1,608	1.8%	1,890	4.0%	1,895	12.5%
Halifax-Dartmouth	228	-37.9%	347	-26.6%	438	-18.9%	554	-26.0%	673	-17.6%	805	6.2%
Newfoundland & Labrador	176	-25.4%	197	-17.2%	250	4.6%	259	-15.9%	316	-8.7%	354	0.8%
Canada	16,343	-40.9%	25,373	-31.0%	35,225	-13.7%	43,473	-11.8%	49,521	-0.8%	n/a	n/a

\*Source: Canadian Real Estate Association, Local Real Estate Boards

## Market by market overview:

### Greater Vancouver Area

Growing consumer confidence levels have prompted a serious upswing in home buying activity in the Greater Vancouver Area, with sales in June (4,259) the second highest on record for the local real estate board. From White Rock to Vancouver, radiating out to the Fraser Valley, bidding wars are breaking out on well-priced product. In Kitsilano, an estimated 50 per cent of housing is selling in multiple offers. Low interest rates and increased affordability – average price is still significantly lower than one year ago – have served to stimulate market activity. Inventory levels have been on the decline in recent months, placing greater upward pressure on values. First-time buyers are driving freehold housing sales at the \$600,000 price point, while those looking at more affordable alternatives are considering condominiums starting at substantially less. Balanced market conditions prevail overall. Pent-up demand has also been building, with local purchasers and international investors both active in the market. The upcoming Olympics, and the completion of the much anticipated Canada Line this Fall are expected to further bolster the cautious optimism characteristic of the Greater Vancouver market at present. Home buying activity, as a result, is forecast to continue at a healthy pace for the remainder of the year, with year-end sales slightly ahead of 2008 levels.

### Calgary

Balanced conditions have returned to Calgary's resale housing market. Strengthening momentum—residential sales at over 3,000 units were up in double-digit territory in June—has already begun to place upward pressure on prices in the entry level. With increasing competition among first-time buyers, the supply of starter homes is tightening. Buyers who moved in spite of doom and gloom forecasts in the Fall, Winter, and early Spring realized considerable savings, while those who hesitated are discovering it has cost them. Multiple offers are re-emerging in a few choice neighbourhoods on well-priced product, although there are still a few good deals to be had in the mid-range. Prices on the whole, however, are stabilizing. Signs of a transitionally stronger market include rising sales-to-new listings ratios, shorter days on market, and fewer incentives from vendors/builders. Activity is expected to remain better than average this summer, as those who paused over the past six months dive back in before interest rates rise. Momentum will continue to build into the fall, with overall 2009 sales edging slightly ahead of 2008 levels by year-end.

## **Edmonton**

The residential resale market is springing back to life in Edmonton, with sales setting a new record for the month (June) and the third best month for unit sales in MLS history. While activity has been steadily improving in the second quarter, the heated momentum has yet to put any serious pressure on average price, which, although rebounding, remains down year-over-year. The market has shifted, moving from buyer's territory to more balanced conditions, prompted by the recent flurry in home buying and the slow return to more traditional inventory levels. Stability will characterize Edmonton's housing sector going forward, with low interest rates, rising consumer confidence levels and affordability the impetus behind healthy demand. The frenzied climate of previous upswings will be conspicuously absent. While multiple offers have re-emerged—particularly in the \$300,000 to \$450,000 price point—they will continue to be the exception rather than the rule, driving sales price close to, but not typically over, asking price. Demand is expected to remain strong in the months ahead, bolstered by looming interest rate hikes and glimmers of positive news on the economic horizon, as consumers regain a cautious optimism.

## **Regina**

Positive economic performance continues to bolster home buying activity in Regina. Despite a 10 per cent decline in year-to-date sales (1,778 vs. 1,977 units) from levels reported January to June 2008, the gap is narrowing as purchasers move to take advantage of low interest rates and greater affordability. Sales in May and June were up in double-digit territory over one year ago and momentum is building. First-time buyers remain the most active segment of the market, sparking sales under \$275,000. Inventory levels have been responsible for the steady upward pressure on housing values in the lower-end of the market. Limited supply of starter product in Regina has most properties in good condition, in desirable communities, moving quickly – some in multiple offers. The top-end of the market has also seen some bounce back, with sales between \$400,000 and \$450,000 up about 25 per cent over one year ago.

Condominium sales, however, have softened year-over-year, with an oversupply of product currently listed for sale. Although conditions currently favour the buyer, the market is transitioning. More balanced conditions are expected to emerge in the months ahead. Given a continuation of current economic fundamentals, the number of homes sold in Regina by year-end is expected to match 2008 levels.

## **Greater Toronto Area**

Pent-up demand for residential housing continues to fuel home buying activity across the Greater Toronto Area. The number of homes sold in June – at 10,955 -- came close to the historic record of 11,146 units set in May 2007, while pressure on average price is sending housing values higher than one year ago. Although balanced market conditions prevail, there are those communities that have clearly transitioned into sellers markets. Inventory is key, with the number of properties currently listed for sale down approximately 30 per cent from 2008 levels. Over the past six weeks, momentum has been

building, with demand strongest for homes priced between \$300,000 and \$600,000. Multiple offers are once again commonplace, especially in the city's coveted hot pocket neighbourhoods. Affordability – in terms of low interest rates and housing values – has been the impetus for first-time buyers. Luxury home sales have also experienced solid demand in recent months, with 291 homes changing hands over the \$1 million price point in June – a new record. The threat of higher interest rates and home prices are expected to stimulate a flurry of home-buying activity in the months ahead. By year-end, sales are forecast to exceed 2008 levels.

### **Ottawa**

Solid economic fundamentals in the nation's capital continue to prop up housing activity. Year-to-date sales for January to June are slightly ahead of 2008 levels, with the number of properties sold in June (1,895) up 12.5 per cent over one year ago – the third consecutive record setting month. Pent-up demand has been a major factor, with purchasers who put their home buying decisions on hold during the late fall and early winter now entering the market en masse. As a result, the balanced market that prevailed in recent months is now shifting in favour of the seller. Multiple offers are occurring on desirable properties in virtually every price range. Inventory levels, which peaked in April, are now falling. With less product on the market, certain segments are experiencing serious shortages—in fact, single family homes priced between \$275,000 to \$375,000 are few and far between. In the past four to six weeks, the upper-end has also started to rebound as all segments of the market work in tandem. While the threat of an upcoming election will have some impact on the market, healthy sales activity is expected to continue throughout the remainder of the year, with sales ahead of 2008 levels.

### **Halifax-Dartmouth**

Improved purchasing power, combined with the threat of rising interest rates, effectively spurred fence-sitters back into the resale housing market in June, halting the trend of double-digit declines in sales. The number of homes sold was up five per cent to 805 units in June 2009, compared to one year ago.

Despite the increased momentum, buyers remain firmly in the driver's seat, benefiting from increased inventory and negotiating muscle, as motivated vendors adjust pricing to position their homes more competitively. Although sales remain down year-over-year, the gap is narrowing. Affordability and the stability of Halifax-Dartmouth's relocation market continue to prop up activity, and first-time buyers remain the driving force. Opportunity exists for purchasers in the mid-to-upper price ranges, where demand and conditions have generally been softer. Consumer confidence is strengthening once again. With the upswing expected to extend into the fall, more balanced market conditions are forecast to emerge, and Halifax-Dartmouth may once again find itself a market in transition.

## St. John's

Strong consumer confidence, buoyed by a vibrant local economy and a healthy employment picture, has kept St. John's real estate engine moving at a steady clip. With billions of dollars in capital works projects planned or underway, in-migration remains positive and demand for resale housing continues to be solid. Improving inventory levels have shifted the market slightly into buyers territory, giving purchasers the necessary traction to make their moves. The threat of interest rate hikes has further stimulated home buying activity, pushing fence-sitters off the sidelines and into action. Residential sales in June 2009 (354 units) are slightly ahead of June 2008 (351 units) figures. The year-to-date average price recorded a 24 per cent increase to \$211,221, compared to \$170,500 for the same time period last year, bolstered by greater momentum in the mid-range. Corporate transfers have been a significant stimulus. Entry-level homes, priced between \$100,000 and \$200,000, are being snapped up at an unprecedented pace given the sharp upswing in pricing. Listing inventory levels are higher and the upper-end continues to move well, supported by the relocation market. Inventory will be a key factor influencing St. John's housing sector in the months ahead. The pace is expected to continue, with sales rounding out the year at or ahead of 2007 levels, but below record numbers reported in 2008.

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