# Housing market set to return to more normal levels of activity after summer lull, says RE/MAX

*Market for luxury homes remains brisk, in spite of soft summer*

Residential real estate markets across Canada are set to return to more normal levels of activity after a brief summer pause, but most are unlikely to exceed robust sales posted in the final half of 2009, according to a report released today by RE/MAX.

The RE/MAX Market Trends Report Fall 2010, highlighting trends and developments in 19 major centres, found year-to-date sales (January to August) ahead of 2009 levels in 11 markets (58 per cent). Prices were up year-over-year in all cities, with five experiencing double-digit gains in 2010 (Vancouver and St. John's up 16 per cent, Sudbury up 13 per cent, and Winnipeg and the Greater Toronto Area up 11 per cent). Balanced conditions prevailed in most markets (79 per cent), with St. John's, Kelowna and Calgary declaring a firm buyer's market. By far the most interesting statistic reported was the significant upswing in upper-end sales in both smaller and larger centres between January and August of this year, led by Sudbury at a 193 per cent increase, Kelowna with a 163 per cent increase, Kitchener-Waterloo at 145 per cent, and Winnipeg at 104 per cent. Last but not least, despite a lot of hype, the threat of higher interest rates, tighter lending policies and the introduction of the Harmonized Sales Tax (HST) in Ontario and British Columbia had a nominal impact on the market. Economic uncertainty played a much greater role on softer housing conditions over the summer months.

Conditions are firming up, although comparisons are difficult. 2009 defied logic in terms of residential housing activity. It was the best of times, it was the worst of times. We cleaned up in the first quarter of 2010 because housing activity during the same period one year earlier was dismal. We're now comparing the second half of the year to 2009 and falling short of expectations. Looking at the big picture however, the market remains healthy.

**UPPER-END SALES BY MARKET - YEAR-TO-DATE (AUGUST**

| Market | 2010 | 2009 | % +/- | Price Point | Market | 2010 | 2009 | % +/- | Price Point |
|---|---|---|---|---|---|---|---|---|---|
| St. John's | 48 | 30 | 60.0% | $500,000 | Ottawa | 820 | 579 | 41.6% | $500,000 |
| Halifax-Dartmouth | 355 | 277 | 28.2% | $400,000 | Winnipeg | 188 | 92 | 104.4% | $500,000 |
| Saint John | 58 | 39 | 48.7% | $350,000 | Regina | 91 | 53 | 71.7% | $500,000 |
| Greater Montreal | 144 | 120 | 20.0% | $1,000,000 | Saskatoon | 31 | 18 | 72.2% | $750,000 |
| London-St. Thomas | 234 | 151 | 55.0% | $500,000 | Edmonton | 240 | 190 | 26.3% | $700,000 |
| Barrie | 131 | 88 | 48.9% | $500,000 | Calgary | 242 | 194 | 24.7% | $1,000,000 |
| Greater Toronto | 2,135 | 1,401 | 52.4% | $1,000,000 | Greater Vancouver | 1,356 | 940 | 44.3% | $1,500,000 |
| Hamilton | 53 | 36 | 47.2% | $750,000 | Victoria | 172 | 134 | 28.4% | $1,000,000 |
| Kitchener-Waterloo | 54 | 22 | 145.5% | $750,000 | Kelowna | 29 | 11 | 63.6% | $1,000,000 |
| Sudbury | 44 | 15 | 193.3% | $500,000-$750,000 | | | | | |

Source: Local Real Estate Boards, RE/MAX

With the diminished risk of a W recession occurring, rebounding commodity and equity markets, and more positive economic data emerging daily, the outlook for the residential housing market has vastly improved over the past three months. Yet, markets are expected to record softer sales activity in the final quarter of the year, in comparison to the same period in 2009. Upper end activity is forecast to remain strong.

If anything demonstrates the underlying health of the national housing picture, it's the surge in sales of luxury properties this year. We know from experience that this segment of the market is usually the first to show pressure cracks when a market is softening—that has certainly not been the case this year, even during the summer slowdown. Average price has also been a major indicator of market stability.

So far this year, every major centre has reported an increase in average price. Inventory levels are also an important part of the equation and the influx of listings that experienced in late 2008 have failed to materialize – a factor the will provide stability in the marketplace moving forward. In fact, in some markets, new listings are down year over year.

As overall economic performance improves, so too will housing activity. Expect business as usual as real estate markets across the country head into more balanced territory in the months ahead. The urgency characteristic of earlier this year has subsided. An ample supply of homes exists across the board. Housing values are holding steady. Interest rates remain attractive. History will show sound market fundamentals supported another healthy year of residential real estate activity in 2010.

Highlights:

- All markets reported a surge of 20 per cent or more in upper end home sales. Sixty-eight per cent of markets saw upscale home sales climb in excess of 40 per cent, while 21 per cent boasted triple-digit gains.
- Sudbury led the country in sales appreciation, rising a significant 17 per cent year-to-date (1,876 units in 2010 vs. 1,599 in 2009).
- While virtually all markets reported softened activity over the summer months, Winnipeg, MB saw 32 per cent of all homes sell in multiple offers in August.
- Montreal was the sole market still experiencing seller's market conditions, while Greater Toronto and Winnipeg were balanced, slightly favouring the seller.
- First-time buyers led the charge in 58 per cent of markets, while move-up purchasers dominated in 21 per cent of markets. The remainder reported all segments working in tandem.
- Buyers were decidedly taking more time to make their decisions in recent months, with many delaying their home-buying intentions. It is expected that many purchasers sitting on the fence will make their way back into the market on the heels of more positive economic news.

**RESIDENTIAL AVERAGE PRICE BY MARKET - YEAR-TO-DATE (AUG.)**

| Market | 2010 | 2009 | % +/- |
|---|---|---|---|
| St. John's | $249,263 | $214,916 | 16.0% |
| Halifax-Dartmouth | $252,220 | $237,886 | 6.0% |
| Saint John | $180,000 | $176,000 | 2.3% |
| Greater Montreal | $288,923 | $266,125 | 8.7% |
| London-St. Thomas | $227,794 | $212,795 | 7.0% |
| Barrie | $265,455 | $250,401 | 6.0% |
| Greater Toronto | $430,055 | $385,978 | 11.4% |
| Hamilton-Burlington | $303,030 | $291,775 | 3.9% |
| Kitchener-Waterloo | $300,774 | $280,600 | 7.2% |
| Sudbury | $228,000 | $202,000 | 12.9% |
| Ottawa | $326,666 | $301,072 | 8.5% |
| Winnipeg | $242,000 | $218,000 | 11.0% |
| Regina | $265,140 | $246,559 | 7.5% |
| Saskatoon | $292,323 | $278,193 | 5.1% |
| Edmonton | $332,789 | $320,289 | 3.9% |
| Calgary (Metro) | $411,233 | $388,302 | 5.9% |
| Greater Vancouver | $667,227 | $574,061 | 16.2% |
| Victoria | $495,993 | $457,698 | 8.4% |
| Kelowna | $418,598 | $392,370 | 6.7% |

Source: Local Real Estate Boards, RE/MAX

**RESIDENTIAL UNIT SALES BY MARKET - YEAR-TO-DATE (AUG.)**

| Market | 2010 | 2009 | % +/- |
|---|---|---|---|
| St. John's | 2,291 | 2,183 | 5.0% |
| Halifax-Dartmouth | 4,224 | 4,186 | 0.9% |
| Saint John | 1,436 | 1,550 | -7.4% |
| Greater Montreal | 31,209 | 28,945 | 7.8% |
| London-St. Thomas | 5,985 | 5,688 | 5.2% |
| Barrie | 1,916 | 2,048 | -6.5% |
| Greater Toronto | 62,930 | 58,421 | 7.7% |
| Hamilton-Burlington | 9,259 | 8,612 | 7.5% |
| Kitchener-Waterloo | 4,616 | 4,371 | 5.6% |
| Sudbury | 1,876 | 1,599 | 17.3% |
| Ottawa | 10,747 | 10,721 | 0.2% |
| Winnipeg | 8,620 | 8,663 | -0.5% |
| Regina | 2,628 | 2,659 | -1.2% |
| Saskatoon | 2,527 | 2,696 | -6.3% |
| Edmonton | 11,773 | 13,694 | -14.0% |
| Calgary (Metro) | 12,511 | 14,317 | -12.6% |
| Greater Vancouver | 22,022 | 23,158 | -4.9% |
| Victoria | 4,856 | 5,521 | -12.0% |
| Kelowna | 2,728 | 2,523 | 8.1% |

Source: Local Real Estate Boards, RE/MAX

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