

Housing performance expected to accelerate in 2010, as economic stability returns to Canadian markets, says RE/MAX

Fifteen markets to set new records for average price in 2009

In the midst of one of the most tumultuous economic periods in recent history, residential real estate has proven to be a safe harbour, with sales and average price expected to post gains in most major Canadian cities in 2009, according to a report released by RE/MAX.

The RE/MAX Housing Market Outlook for 2010 examined residential real estate trends in 23 markets. The report found that sales are forecast to recover in almost all major centres by year-end 2009, led by an anticipated 45 per cent increase in Greater Vancouver. Two markets -- Ottawa and Quebec City -- are expected to hit historic highs in the number of homes sold. Average price should post new records in 65 per cent of markets surveyed this year. As economic performance ramps up across the country, so too will residential real estate. Eighty-three per cent of markets (19/23) are expecting sales to increase over 2009 levels while housing values are forecast to escalate in 91 per cent (21/23) of Canadian centres in 2010. The remaining markets will match 2009 levels.

Approximately 465,000 homes are expected to change hands nationally in 2009, a seven per cent increase over one year ago. Canadian housing values are forecast to close the year at \$318,000, up five per cent from \$303,594 in 2008. By year-end 2010, the number of homes sold is predicted to climb another two per cent to 475,000 units. The average price of a home is also expected to experience an uptick, rising two per cent to \$325,000 – the highest level in Canadian history.

Some of the greatest percentage gains were reported in Western Canadian markets in 2009—demonstrating the higher the peak, the lower the valley. That said, the recession barely registered on year-over-year activity in most major centres. The economic fundamentals in place going forward ideally position the ten provinces, and the sector overall, for further growth.

The upswing in residential housing values speaks volumes. By year-end 2009, average price is expected to increase in 15 of the 23 markets surveyed, led by St. John's, NF (15 per cent); Quebec City, QC (eight per cent); Regina, SK (seven per cent); Saint John, NB (six per cent); and Winnipeg, MB, Ottawa, ON, and Greater Toronto, ON (five per cent). Other noteworthy developments include shattered price benchmarks in Greater Vancouver at \$600,000; Toronto at \$400,000; Ottawa at \$300,000; and Quebec City and St. John's at \$200,000. St. John's will once again lead the country in terms of percentage increase in average price in 2010 with a projected upswing of 11 per cent. Quebec City and Regina are expected to experience escalation of six per cent, while Calgary, Kelowna, and Victoria are forecast to climb five per cent next year. Victoria, Kelowna, Edmonton and Calgary – all down marginally in 2009 – are all positioned for growth in 2010.

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2009 was without question the year of the house. Real estate not only defied industry and analysts' predictions in 2009—it's performance went well beyond the realm of expectation by boosting consumer confidence levels and ultimately kick starting the national economic engine. While low interest rates were a principle factor driving home buying activity, no one can discount the value that Canadians place in owning a home.

The major frontrunners in terms of unit sales appreciation in 2010, are all located in Western Canada, including Kelowna with an anticipated upswing of 10 per cent in housing sales; Calgary with an expected increase of eight per cent: and Victoria, which rounds out the top three with a seven per cent hike forecast for unit sales.

Canadians continue to demonstrate their commitment to homeownership – regardless of the economic climate. No where in Canada is that more evident than in Quebec. The province, with one of highest percentage of renters in the country, is well-poised for an escalation in homeownership levels as renters enter the market en masse to take advantage of ideal market conditions. Prices remain well under the national average, making ownership more attainable and leaving more room for appreciation that's been long overdue.

A number of factors will help prop up activity going forward, including improved economic conditions, continued low interest rates, rising consumer confidence and solid capital spending which will buoy employment. Inventory will once again assume the wildcard role, with any decline placing upward pressure on prices. Multiple offers will remain the exception in most markets, more commonplace on quality entry-level product which remains in tight supply.

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Residential Average Price by Market						
2007 - 2010						
Market	2007	2008	2009*	% +/-	2010**	% +/-
BRITISH COLUMBIA						
Greater Vancouver	\$570,795	\$593,767	\$600,000	1	\$618,000	3
Victoria	\$466,974	\$484,898	\$475,000	-2	\$495,000	5
Kelowna	\$410,175	\$430,755	\$417,800	-3	\$438,700	5
ALBERTA						
Edmonton	\$338,636	\$332,852	\$321,000	-4	\$330,000	3
Calgary	\$414,066	\$405,267	\$385,000	-5	\$403,000	5
SASKATCHEWAN						
Regina	\$165,613	\$229,716	\$245,000	7	\$260,000	6
Saskatoon	\$232,754	\$287,803	\$279,000	-3	\$285,000	2
MANITOBA						
Winnipeg	\$170,502	\$196,940	\$207,000	5	\$217,350	4
ONTARIO						
Hamilton-Burlington	\$268,857	\$280,790	\$289,000	3	\$300,000	4
Kitchener-Waterloo	\$248,882	\$254,771	\$260,000	2	\$267,800	3
London-St. Thomas	\$202,256	\$210,888	\$215,000	2	\$223,600	4
Ottawa	\$272,618	\$290,483	\$305,000	5	\$317,500	4
Sudbury	\$186,276	\$211,614	\$204,000	-6	\$204,000	0
Greater Toronto	\$376,236	\$379,943	\$400,000	5	\$415,000	4
Barrie and District	\$258,999	\$264,034	\$264,000	0	\$266,000	1
St. Catharines	\$217,841	\$222,104	\$224,000	1	\$226,000	1
Kingston	\$222,346	\$241,034	\$249,000	3	\$257,000	3
QUEBEC						
Montreal	\$229,902	\$258,041	\$266,000	3	\$272,000	2
Quebec City	\$177,228	\$191,119	\$206,000	8	\$218,300	6
NEW BRUNSWICK						
Saint John	\$140,544	\$158,117	\$178,000	6	\$185,800	4
NOVA SCOTIA						
Halifax-Dartmouth	\$216,339	\$232,106	\$239,000	3	\$243,000	2
PRINCE EDWARD ISLAND						
	\$142,523	150,108	\$150,000	0	\$150,000	0
NEWFOUNDLAND & LABRADOR						
St. John's	n/a	\$187,571	\$215,000	15	\$238,650	11
CANADA	\$307,265	\$303,594	\$318,000	5	\$325,000	2
* Estimate **Forecast						
Source: CREA, Local Real Estate Boards, RE/MAX						

Residential Unit Sales by Market						
2007 - 2010						
Market	2007	2008	2009*	% +/-	2010**	% +/-
BRITISH COLUMBIA						
Greater Vancouver	38,978	25,149	36,500	45	37,000	1
Victoria	8,403	6,171	7,500	21	8,000	7
Kelowna	n/a	3,773	3,900	3	4,300	10
ALBERTA						
Edmonton	20,427	17,369	20,500	18	21,000	2
Calgary	32,176	23,136	26,000	12	28,000	8
SASKATCHEWAN						
Regina	3,957	3,338	3,800	14	4,000	5
Saskatoon	4,446	3,540	3,700	4.5	3,900	5
MANITOBA						
Winnipeg	12,319	11,854	11,750	-1	12,500	6
ONTARIO						
Hamilton-Burlington	13,866	12,110	12,300	1.5	12,800	4
Kitchener-Waterloo	6,811	6,107	6,300	3	6,500	3
London-St. Thomas	9,378	8,356	8,000	-4	8,300	3
Ottawa	14,739	13,908	15,500	11	15,500	0
Sudbury	2,632	2,396	2,200	-8	2,300	4.5
Toronto	93,193	74,552	85,000	14	86,000	1
Barrie	5,017	4,058	4,200	3.5	4,200	0
St. Catharines	3,258	2,894	2,700	-7	2,850	5.5
Kingston	4,222	3,903	3,700	-5	3,800	3
QUEBEC						
Montreal	55,776	40,916	43,000	5	44,000	2
Quebec City	8,110	12,567	14,000	11	14,600	4
NEW BRUNSWICK						
Saint John	2,265	2,289	2,250	0	2,250	0
NOVA SCOTIA						
Halifax-Dartmouth	7,261	6,472	6,250	-3.5	6,600	6
PRINCE EDWARD ISLAND						
	1,480	1,205	1,000	-17	1,000	0
NEWFOUNDLAND & LABRADOR						
St. John's	n/a	3,835	3,450	-10	3,600	4
CANADA	520,747	434,477	465,000	7	475,000	2
* Estimate ** Forecast						
Source: CREA, Local Real Estate Boards, RE/MAX						