



HOUSING MARKET OUTLOOK

2018



NATIONAL SUMMARY

This past year saw the single-family detached home and condo markets diverge on distinctly different paths in Canada's two highest-priced real estate markets, Greater Vancouver and the Greater Toronto Area (GTA). The trend is expected to continue into 2018 as a mix of relative affordability for condo units and price appreciation for detached homes in recent years, combined with government policy changes in both markets, has helped push an influx of buyers toward condo ownership.

In Greater Vancouver, demand for condos continues to outpace supply, resulting in the average price of a condo rising an estimated 16 per cent year-over-year, from \$553,604 in 2016 to \$643,778 in 2017. The GTA's condo market also saw price appreciation of 22 per cent in 2017, as the average sale price for a condo rose to an estimated \$523,437, up from \$429,241 in 2016. The significant condo price appreciation was not matched in the single-family detached home market, as prices were roughly stable year-over-year in Greater Vancouver and up a relatively more modest eight per cent in the GTA in 2017.

According to a survey conducted by Leger on behalf of RE/MAX, the appetite for home ownership remains strong with roughly half of Canadians (48 per cent) considering the purchase of a home in the next five years. Of those who are considering purchasing a home, the top three reasons for doing so are to upgrade their current home, to purchase a starter home as a means of entering the housing market and to upsize from their current home to accommodate a change in family make-up. The survey also found that access to outdoor spaces was a key factor for many Canadians when considering purchasing a home, with 87 per cent agreeing that access to green space was important to them and 82 per cent agreeing that having a backyard was important.

In order to find a balance between the home features they're looking for and affordability, many buyers are continuing to look at real estate markets outside of the country's largest urban centres. These move-over buyers

leaving the GTA and Greater Vancouver have contributed to increased demand and considerable year-over-year average price increases in Kelowna (nine per cent), London-St. Thomas (18 per cent), Hamilton-Burlington (15 per cent), Barrie (19 per cent), Durham Region (19 per cent), Niagara (23 per cent), Kingston (eight per cent), and Ottawa (nine per cent).

Much of the activity in regional markets across Ontario was fuelled by price appreciation in Toronto during the first four months of the year prior to the introduction of the provincial government's *Fair Housing Plan*. The 16-point plan introduced a 15 per cent non-resident speculation tax, which slowed demand from overseas buyers in the upper-end of the market. The policy changes as a whole curtailed activity significantly for single-family detached homes throughout the GTA in the short-term.

The new OSFI mortgage qualification rules that come into effect on January 1, 2018 also impacted housing market activity toward the end of this year and are expected to slow activity in real estate markets across Canada in the first part of 2018. This fall, a number of regions including Fraser Valley, Edmonton, Regina, Winnipeg, Mississauga and Oakville experienced increased demand from buyers looking to purchase homes before the new stress test regulations take effect.

It is expected that the new mortgage stress test will slow activity across Canada during first few months of 2018 and at the end of November 2017, the Bank of Canada

predicted that the new regulations could disqualify up to 10 per cent of prospective home buyers who have down payments of 20 per cent or more. The regions expected to feel the greatest impact of decreased buyer purchasing power are Victoria, Greater Vancouver, Kelowna, North Bay, London-St. Thomas, Barrie, Hamilton-Burlington, the GTA, Durham Region, Kingston, Ottawa, Halifax and St. John's.

As oil prices continue to stabilize, both Calgary and Edmonton have experienced modest average residential sale price increases in 2017. In Calgary, the average residential sale price rose by approximately two per cent, to \$487,931 up from \$478,100 in 2016. Buyers and sellers remain relatively tentative, but the city's ongoing evolution into a major tech and distribution hub, as seen with Amazon's recent announcement that Calgary will house one of the company's key distribution centres, is expected to increase confidence in the real estate market moving forward. In Edmonton, sales rose by an estimated five per cent year-over-year, from \$357,916 to \$375,788 in 2017, with a variety of new infrastructure projects, including construction on the Valley Line expansion of the LRT system, expected to contribute to increased activity in the coming years.

The RE/MAX 2018 average residential sale price expectation for Canada is an increase of 2.5 per cent as the desire for home ownership remains strong, particularly among Canadian millennials.

WINDSOR-ESSEX

ONTARIO

↑ 17%

AVERAGE RESIDENTIAL
SALE PRICE CHANGE

2016
\$225,906

2017
\$263,302

FIRST-TIME BUYERS



Typical first-time
buyer demographic:



YOUNG FAMILIES

Typical price range:

\$150,000-\$250,000

Typical property
type purchased by
first-time buyers:



**SINGLE-FAMILY
DETACHED
HOMES**

CONDO MARKET



Typical condo
buyer demographic:

**Windsor-Essex's condo
market features limited
activity as single-family
detached homes and
townhomes continue
to be the most sought
after property types.**

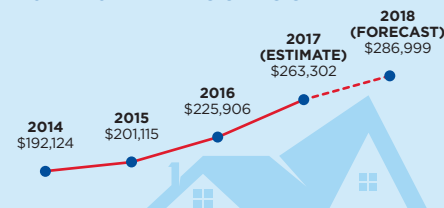
“ Low inventory
levels as a result
of strong demand
have led to
a seller's market. ”

FUTURE TRENDS



- The RE/MAX 2018 average residential sale price expectation for Windsor-Essex is an increase of approximately 9 per cent
- The region is expecting significant snowfall this winter which could have a calming effect on the market and allow for a slight increase in inventory levels leading into the spring

AVERAGE RESIDENTIAL SALE PRICE 2014-2017 AND OUTLOOK



MOVE-UP BUYERS

will drive demand in 2018



SELLER'S MARKET

A strong local economy in Windsor-Essex, coupled with nearby Detroit's own ongoing economic turnaround, contributed to an active residential real estate market in 2017. Low inventory levels as a result of strong demand have led to a seller's market in the region and this is expected to continue into 2018. Windsor-Essex's luxury market is expected to experience continued strong growth in 2018

as well, with new-home construction projects in high demand, particularly amongst move-up buyers. Retirees and downsizers are an active segment of the market, often looking for townhomes or one-story detached homes, and are attracted to the region due to its affordability and typically mild winter weather.

Source: Historical values are sourced from CREA or local board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

2018 HOUSING
MARKET OUTLOOK

RE/MAX

LONDON-ST. THOMAS

ONTARIO

↑ 18%
AVERAGE RESIDENTIAL
SALE PRICE CHANGE

2016
\$279,057

2017
\$330,497

FIRST-TIME BUYERS



Typical first-time
buyer demographic:



YOUNG COUPLES

Typical price range:

\$300,000-\$400,000

Typical property
type purchased by
first-time buyers:



**SINGLE-FAMILY
DETACHED
HOMES**

CONDO MARKET



Typical condo
buyer demographic:



**SINGLE
MILLENNIALS**

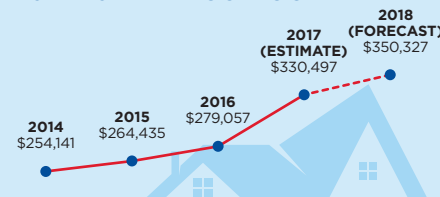
“ First-time buyers
are expected to
continue to
drive demand in
London-St. Thomas
in 2018. ”

FUTURE TRENDS



- The RE/MAX 2018 average residential sale price expectation for London-St. Thomas is an increase of approximately 6 per cent
- London-St. Thomas' luxury market saw a slight decrease in activity towards the end of 2017, a trend that may continue into 2018 as a result of the new OSFI mortgage regulations coming into effect January 1, 2018

AVERAGE RESIDENTIAL SALE PRICE 2014-2017 AND OUTLOOK



FIRST-TIME BUYERS
will drive demand in 2018



SELLER'S MARKET

Activity in London-St. Thomas was brisk in 2017, with first-time buyers and move-over buyers from the Greater Toronto Area attracted to the relative affordability of the region. Supply has not kept pace with demand and there are currently less than two months of inventory on the market. The OSFI qualification rules that come

into effect January 1, 2018, may allow inventory levels to build slightly moving forward as buyers adjust to the regulations. First-time buyers are expected to continue to drive demand in London-St. Thomas in 2018, and typically look to enter the market by purchasing a property between \$300,000 and \$400,000.

Source: Historical values are sourced from CREA or local board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

**2018 HOUSING
MARKET OUTLOOK**

RE/MAX®

KITCHENER-WATERLOO

ONTARIO

↑ 22%
AVERAGE RESIDENTIAL
SALE PRICE CHANGE

2016
\$386,909

2017
\$470,965

FIRST-TIME BUYERS



Typical first-time
buyer demographic:



YOUNG COUPLES

Typical price range:

\$300,000-\$450,000

Typical property
type purchased by
first-time buyers:



TOWNHOMES

CONDO MARKET



Typical condo
buyer demographic:



SINGLE MILLENNIALS

Average sale price for condos:



Average
price change: ↑ 18%

FUTURE TRENDS



- The RE/MAX 2018 average residential sale price expectation for Kitchener-Waterloo is an increase of approximately 6 per cent
- The new LRT system that is expected to open in 2018, and continued growth of the tech sector are anticipated to drive demand and lead to strong activity in Kitchener-Waterloo next year

AVERAGE RESIDENTIAL SALE PRICE 2014-2017 AND OUTLOOK



FIRST-TIME BUYERS
will drive demand in 2018



SELLER'S MARKET

The continued low Canadian dollar combined with strong post-secondary education institutions in the region have helped attract tech companies to Kitchener-Waterloo in recent years and helped drive demand for residential real estate. Demand is expected to remain high in 2018, particularly from first-time buyers, and with

only two months of inventory currently available and many listings receiving multiple offers, the market is expected to remain a seller's market for the foreseeable future. New condo development projects entering the market in 2018 are expected to be highly sought after, especially amongst first-time, single, millennial buyers.

Source: Historical values are sourced from CREA or local board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

**2018 HOUSING
MARKET OUTLOOK**

RE/MAX®

HAMILTON-BURLINGTON

ONTARIO

↑15%
AVERAGE RESIDENTIAL
SALE PRICE CHANGE

2016 \$497,055
2017 \$573,594

FIRST-TIME BUYERS



Typical first-time
buyer demographic:



**SINGLE MILLENNIALS
& YOUNG COUPLES**

Typical price range:

\$300,000-\$350,000

Typical property
type purchased by
first-time buyers:



**SINGLE-FAMILY
DETACHED
HOMES**

CONDO MARKET



Typical condo
buyer demographic:



**SINGLE MILLENNIALS
& RETIREES**

Average sale price for condos:



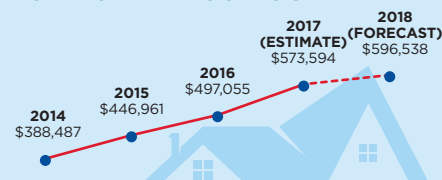
Average
price change: ↑12%

FUTURE TRENDS



- The RE/MAX 2018 average residential sale price expectation for Hamilton-Burlington is an increase of approximately 4 per cent
- Activity in Hamilton-Burlington is anticipated to be brisk in 2018 as both first-time buyers and retirees are expected to drive demand and in turn, create opportunities throughout the market for move-up buyers

AVERAGE RESIDENTIAL SALE PRICE 2014-2017 AND OUTLOOK



FIRST-TIME BUYERS & RETIREES

will drive demand in 2018



BALANCED MARKET

Activity was brisk in 2017 in Hamilton-Burlington as a strong local economy, relative affordability compared to the GTA and proximity to the amenities on offer in both Niagara and Toronto continue to attract buyers to the region. The OSFI mortgage qualification changes that come into effect in 2018 also motivated move-over buyers to leave the GTA and look for more affordable options in Hamilton-Burlington

in the fall, particularly in the region's upper-end market and entry level markets, and this is expected to continue in 2018. The condo market is also expected to experience strong activity in the new year from both single retirees and first-time buyers, while new-build townhomes are also in high demand.

Source: Historical values are sourced from CREA or local board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

2018 HOUSING
MARKET OUTLOOK

RE/MAX