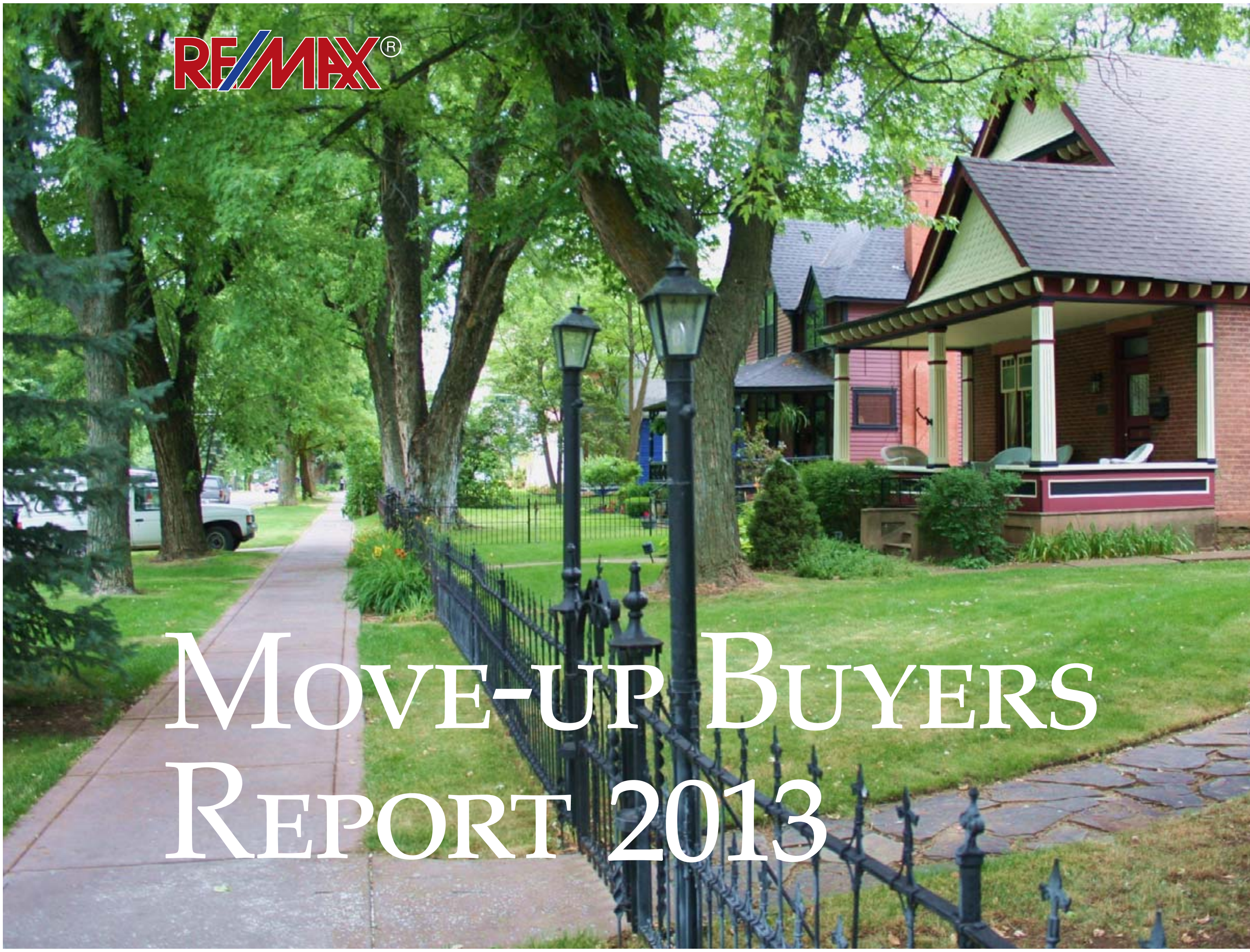



# British Columbia

## Greater Vancouver Area

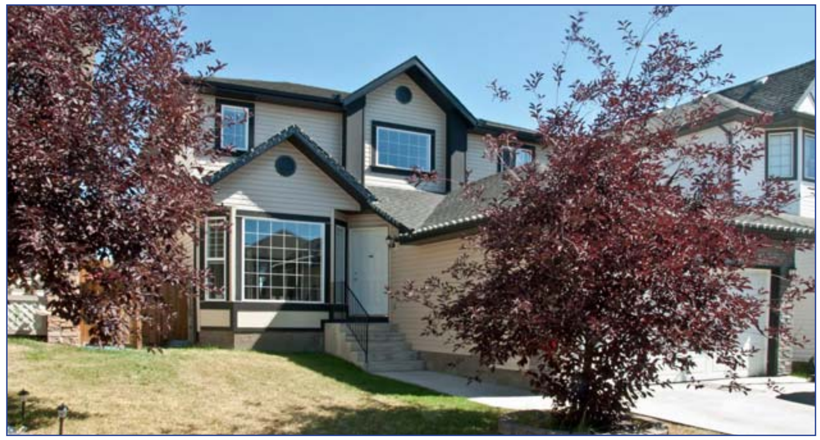
10-year appreciation—142 per cent (9.25 per cent annually)
Five-year appreciation—28 per cent (5.05 per cent annually)

Despite a six per cent decline in the average price of a home in the Greater Vancouver Area last year, equity gains realized over the past decade remain amongst the highest in the country. Values rose 142 per cent, from $301,473 at year-end 2002, to a peak of $785,000 before settling at $730,063 in 2012. Representing a compounded increase of 9.25 per cent annually, only Regina, Saskatoon, Winnipeg, and St. John's saw greater return on investment in the 10-year period. Existing homeowners in the Greater Vancouver Area are, as a result, ideally positioned to take advantage of opportunities within the real estate market this year, but their trek back into the market is expected to be cautious. First-time buyers—hard hit from both an affordability standpoint and tighter mortgage financing rules—will likely play a supporting role in coming months as more experienced, move-up purchasers fuel demand. The greatest activity is likely to occur in the $550,000 to $950,000 price range—clear move-up buyer territory—accounting for approximately 29 per cent (7,176) of all sales last year. A further breakdown shows single-detached homes represented 60.5 per cent (4,348) of sales within the $550,000 to $950,000 price point, attached properties at 20 per cent (1,454), and condominium apartments at 19 per cent (1,374). At the low end of the scale, a fairly healthy selection of apartment units can be found, as well as a moderate number of attached properties. Those willing to ante up will find single-detached product in suburban communities such as Richmond, Surrey and Langley starting at $600,000. Affordability has been a driver, especially in recent years. There has been some migration outwards from core areas as purchasers seek greater bang for their buck. Many are willing to commute to realize cost-savings, particularly on single-detached homes. Within Vancouver proper, communities such as Marpole and Cambie offer attached product from $750,000 to $950,000, while smaller detached homes can be found in the Vancouver East area of Victoria starting at just over $600,000. Inventory levels, however, have declined over one year ago. As economic performance improves in the province, and in the Greater Vancouver Area, an upswing in homebuying activity is expected. Favourable market conditions—in terms of historically low interest rate levels and softer housing values—should bolster move-up activity as purchasers take advantage of the narrower spread between their current home and the trade-up property they are considering.

## Victoria

**10-year appreciation**—100 per cent (7.16 per cent annually)
**Five-year appreciation**—4 per cent (0.73 per cent annually)

Move-up buyers are expected to lead the charge for residential housing in Victoria in 2013, taking advantage of serious equity gains and stable prices to make more substantial moves. Favourable financing rates have allowed many to make the leap to a bigger home or better neighbourhood, while locking in at rock-bottom 10-year rates. While prices are holding relatively static, sales in January got off to a slow start—in keeping with the trend toward moderation, which became evident in the third and final quarters of 2012. More recent homeowners, who bought in the past five years, have pulled back—along with cautious first-time buyers—given softer equity gains experienced since 2007. However, a more significant share of the move-up segment remains well-positioned, with 10-year appreciation of nearly 100 per cent (just over seven per cent compounded annually). The bulk of move-up sales typically occur between $500,000 to $600,000. Last year, sales in this category accounted for approximately 12 per cent of total market activity. Seven hundred and nine homes changed hands in 2012 (involving 667 single-family homes and 42 condominiums) vs. 829 transactions in 2011. Demand is greatest for single-family homes in Victoria, capturing 94 per cent of sales in 2012, compared to condominiums at six per cent, within the $500,000 to $600,000 move-up price range. While conditions have softened in terms of activity, some sellers continue to test the market, despite the city's rising inventory levels. Overpriced properties are stagnating, while those offered at fair market value are being snapped up by serious purchasers. Just over 300 listings are currently available at the popular $500,000 to $600,000 move-up price point throughout the city. Yet, with considerable disparity



in buyer-seller mindsets, true inventory (at fair market value) may be less lofty, particularly in prime pockets. The most popular areas remain perennial favourites, including Saanich East, Saanich West, Victoria West and Langford. Location remains key, with family-friendly neighbourhoods most sought-after. Most move-up purchasers are willing to renovate to secure an ideal neighbourhood. With buyer's market conditions now in place, purchasers are recognizing a new window of opportunity. Most are taking their time with decisions, cautious in their approach. A greater number of offers are being presented subject to the sale of an existing property or on financing. Potential does exist for conditions to change quickly, however, if expectations are adjusted and as demand picks up with the traditionally busier spring market. Overall, the forecast remains unchanged, with calls for a slight increase in sales year-over-year, while prices remain flat. Based on present indicators, 2013 is shaping up to be an ideal climate to support the trade-up market.

## Kelowna

**10-year appreciation**—95 per cent (6.92 per cent annually)
**Five-year appreciation**— -2.5 per cent (-0.5 per cent annually)

Improving consumer confidence continues to prop up sales in the move-up segment of Kelowna's real estate market. With unit sales finishing 2012 on the positive side—up over four per cent—it's expected that momentum will remain steady in 2013. Move-up buyers have demonstrated a strong presence, accounting for 1,238 sales last year, ranging from $400,000 to $1 million. This represents a modest increase over 2011 figures, when 1,209 transactions were recorded within the same price range. The continuation of buyer's market conditions—with an abundance of product from which to choose—combined with historically low interest rates has proven prime motivational factors. Kelowna's residential real estate market has experienced solid appreciation over the past 10 years, providing trade-up buyers with the financial means to make more substantial moves. Average price in the city has climbed 95 per cent since

2002 (from $204,828 to $400,027), representing a 6.92 per cent compounded annual rate of return. Clearly, those who have held on for the long term are very well positioned. Little equity has been amassed over the past five-year period, however, but this has not hampered intentions in all cases, given that lifestyle—including growing families—continues to play an important role. Some purchasers also recognize that opportunity exists, given prices that have yet to return to pre-recession levels. Out-of-town purchasers have been slowly returning to the Kelowna market, after a prolonged absence, helping to bolster mid-level sales. Rising prices south of the border—by as much as 40 per cent—have prompted these buyers to take a second look at Canadian real estate. With move-up product to be found in virtually every pocket of the city, activity is widespread, although the perennial favourites still stand out, including areas such as Glenmore and Rutland at the lower-end of the move-up range and Mission and Dilworth at the top end. Overall, buyers tend to trend toward more urban areas, seeking out turnkey product. Single-family homes top the list, but condominiums continue to comprise approximately 15 per cent of sales in the move-up segment. With listings slowly, but steadily, falling in line with more traditional levels (typically around 3,800 units), it's expected that more balanced conditions could emerge in the second half of 2013—somewhat diminishing the ability to negotiate. Couple that with an improving first-time buyer segment, already showing initial signs of resurgence, and the possibility exists for a modest upswing in momentum once again. As a result, those with the ability to move now may capitalize on the most favourable conditions of 2013—a fact that has not escaped Kelowna's growing contingent of trade-up purchasers.

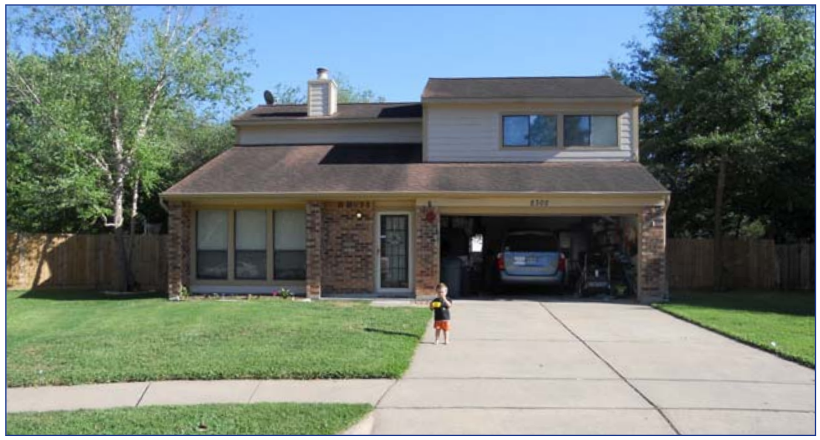
# Alberta

## Edmonton

**10-year appreciation**—123 per cent (8.33 per cent annually)

**Five-year appreciation**— -1 per cent ( -0.26 per cent annually)

Move-up buyers have stepped to the forefront in Edmonton, spurred on by equity gains, a low interest-rate environment and a solid local economy. Stable pricing has also been a factor—creating the perfect storm to entice homeowners to trade-up. Favourable financing has allowed some to maintain a similar mortgage while moving into a larger home or better neighbourhood. Others—who've made gains in employment/salary—are going both bigger and more expensive. Timing is everything. As experienced purchasers, most realize that the same move would likely cost more down the road. As a result, confidence is strong, bolstered by the run-up in price growth over the past decade, when the average Edmonton



homeowner saw a compound annual growth rate of 8.3 per cent (as average price climbed from $150,165 in 2002 to $334,318 in 2012). The market remains active, with the bulk of move-up sales occurring between the $400,000 and $500,000 price point. Last year, 2,660 sales were recorded in that range, with single-family homes accounting for the lion's share of sales (2,519), while just 141 transactions involved condominiums. Overall, that represents a 22 per cent increase in move-up activity compared to 2011, when just 2,185 homes sold between $400,000 and $500,000. Migration, in-migration and immigration have contributed, with the population of the Edmonton CMA increasing by 12.1 per cent from 2006 to 2012—stronger than the provincial growth rate of 10.8 per cent and double Canada's population growth rate at just 5.9 per cent. While buying intentions have increased among existing homeowners, inventory is a little light in the move-up segment. At present, 604 listings (532 single-family homes and 72 condos) are available in the most active move-up price range, representing just 2.5 months of inventory. Multiple offers, however, remain rare in Edmonton. Homes that are priced right are commanding close to list value, with average days on market hovering just under 60. Newer product is most sought-after, with seasoned buyers seeking out detached homes primarily in periphery subdivisions in Edmonton, as well as the immediately neighbouring communities like St. Albert, Sherwood Park, Spruce Grove, and Stony Plain—to name a few. On the whole, condo enthusiasts are attracted to newer townhomes in more recently built subdivisions or to the prestige of upscale units located on the south shore of the River, especially Saskatchewan Drive. While the outlook remains positive, the pull-back among first-time buyers has impacted the mindset in the trade-up market. Some sellers have expressed worry that fewer buyers at the lower end could hamper their move-up intentions. The concern has resulted in a greater number of transactions being subject to the sale of an existing home, yet, most deals are moving forward. The spring market should bring an increased selection of inventory. It could also bring greater competition, as first-time buyers who deferred their purchases since mid-2012 begin to re-enter the market, further enhancing the ability of current homeowners to trade-up.

## Calgary

**10-year appreciation**—108 per cent (7.59 per cent annually)
**Five-year appreciation**— -1 per cent ( -0.2 per cent annually)

Calgary's residential housing market is poised for expansion in 2013, with move-up buyers set to lead the charge. Low interest rates and a slow but steady increase in average price have provided the impetus, with purchasers finding the current climate ideal for trading up to a larger home and/or better neighbourhood, or laterally, to a downtown condominium. While equity gains have been limited over the past five-year period, those who purchased within the last decade have realized solid appreciation. From 2002 to 2012, housing values in the city increased 108 per cent (rising from just over $198,000 to $412, 315)—or 7.6 per cent annually (compounded). Last year, the bulk of move-up activity in the city of Calgary occurred in the $450,000 to $550,000 price range for single-family homes and the $300,000 to $450,000 price point for condominiums. Representing approximately 21 per cent of total sales, 2,836 single-family detached homes were sold between $450,000 and $550,000 and 1,776 condominiums priced at $300,000 to $450.000—both figures were up from 2011 when 2,206 single-detached homes and 1,477 condominiums changed hands—and accounted for 20 per cent of total sales. Virtually all four quadrants of the city of Calgary offer move-up product priced from $450,000 to $550,000, with the greatest value found in the northeast section of the city where single-detached homes can start as low as $350,000. Outlying communities such as Airdrie, Cochrane, and Okotoks have also experienced an upswing in activity, as younger move-up buyers with families seek out well-priced, single-detached product, ranging from $385,000 to $425,000. Move-up purchasers with larger budgets are typically drawn to blue-chip neighbourhoods within the inner core, where single-detached homes can be bought from $900,000 and beltline condominium villas cost as much as $750,000. While move-up buyers run the gamut, affordability continues to be top of mind. Purchasers are ever cognizant of changing market conditions and continue to approach homeownership with cautious optimism. Yet, with inventory off last year's levels, it's unlikely that any price adjustments will occur in the coming months. Just 600 homes and close to 300 condominiums are currently listed for sale—figures that are expected to climb with the advent of the traditional spring market. A supply shortage, however, particularly in sought-after neighbourhoods, could place serious upward pressure on pricing once again. The strong economic fundamentals at play in Calgary and the province overall, will likely buoy the residential real estate market in 2013. While more experienced, move-up buyers are forecast to dominate homebuying activity this year, the first-time buyer won't sit still for long. Pent-up demand—combined with a tight rental market—could spark renewed interest by year-end.

# Saskatchewan

## Regina

**10-year appreciation**—199 per cent (11.57 per cent annually)
**Five-year appreciation**—82 per cent (12.7 per cent annually)

Regina's explosive economic growth has fueled home sales in the city's residential real estate market—making it the top performer in terms of overall average price appreciation in Canada over the past decade. Housing values in the city climbed from $100,751 in 2002 to $301,145 in 2012—representing a 199 per cent increase and providing an annual rate of return at 11.57 per cent. Growth over the past five years has been even more impressive, appreciating at a rate of 12.7 per cent annually. The impact of the upswing is evident in virtually all segments of the market—particularly the top-end where five sales occurred over the $1 million benchmark alone in 2012. Close to 4,000 homes changed hands last year, a sign of things to come in a province with newfound wealth and prosperity. Move-up buyers accounted for much of the activity, especially at the $350,000 to $500,000 price point where close to one in four (917) sales occurred last year. Double-digit increases were reported in each $50,000 increment between $350,000 and $500,000, with the greatest uptick noted in the $500,000 to $750,000 price range at 56 per cent. Given the projected stretch of economic prosperity ahead from both a provincial and municipal standpoint—thanks to a booming resource sector—the trend is expected to continue in the city's housing market. Equity gains should serve to fuel demand yet again in 2013. Young families with children, in particular, will lead the charge for single-detached homes close to schools and amenities. Areas such as Windsor Park, Hazel Grove, and Lakeridge will prove most popular, while Harbour Landing, the Creeks, and Greens on Gardiner will also entice move-up activity. Suburban markets such as White City and Emerald Park are also expected to gain momentum with budget-conscious move-up purchasers. Historically low interest rates will also stimulate homebuying activity in the coming year, especially as purchasers move to get in ahead of higher rates expected in 2014. Today's move-up buyers are better positioned than ever before, given price appreciation in recent years. Many are pre-approved before they begin their search for a new home, and most still err on the side of caution. While the trade-up market is moving at a steady clip, first-time buyers have scaled back in response to diminished affordability and tighter mortgage financing rules. Regina's housing market is expected to heat up in coming months, despite a slower than usual start to the year. Inventory levels are low compared to one year ago, with just under 150 single-family homes, and 45 condominiums, listed for sale between $350,000 and $500,000. More homes are expected to come on-stream in the days and weeks ahead in conjunction with the arrival of spring.

## Saskatoon

**10-year appreciation**—165 per cent (10.25 per cent annually)

**Five-year appreciation**—36 per cent (6.3 per cent annually)

Equity gains have been the primary driver behind solid move-up activity in Saskatoon in 2012, along with exceptionally low interest rates. From 2002 to 2012, Saskatoon recorded exceptional appreciation of 165 per cent or 10.25 per cent compounded annually—the second-best performance in the country behind neighbouring Regina. Five-year rates of return were also among the best in Canada, with the average homeowner realizing a 36 per cent return or 6.3 per cent compounded annually. Saskatoon's solid economic engine—driven by a rich natural resource base—and low unemployment have helped to prop up the move-up segment. Solid double-income levels and quality jobs have given current owners the confidence to make the leap. In 2012, 1,464 homes changed hands within the strongest move-up price point of $300,000 to $400,000—an seven per cent increase over the 1,369 units recorded in 2011. Healthy momentum has been somewhat hampered by a severe shortage of inventory, pushing some move-up buyers to the sidelines until conditions improve. Currently, move-up product represents less than one in every five listings. Exacerbating the supply issue is a disconnect between buyers and sellers, with a fair share of properties that remain overpriced. Move-up buyers have been hesitant to move forward, as a result, concerned that if they sell, they won't be able to find the right home themselves. Listings are particularly tight in prime move-up neighbourhoods.

Those who have made the leap to a larger home or better neighbourhood have typically spent between $300,000 and $400,000 in family-friendly communities with good schools. Most are seeking to move into homes with a greater number of bedrooms and—due to the nature of Saskatoon's winters—an attached garage. Turnkey product is in greatest demand—but given inventory levels, buyers presently do not have the luxury of choice. By far, the greatest move-up activity is taking place in established neighbourhoods, where homes are 10 to 15 years old. Areas such as Nutana, Mount Royal, and Richmond Heights are particularly popular. While detached homes remain most coveted among move-up purchasers—accounting for the vast majority of sales—a growing number of trade-up buyers at the lower end are considering townhomes or condominiums. Townhomes, in particular, offer a low-maintenance lifestyle and good value, priced from $275,000 to $325,000. Given the strong fundamentals in place to support continued trade-up activity, conditions are expected to improve along with the spring market. In the meantime, pent-up demand for quality, trade-up product is building. Opportunity does exist, given low financing rates and the substantial equity homeowners have realized. However, listings will be the wild card in coming weeks—particularly with supply so restricted at the prime move-up price point. For conditions to improve, some price reductions will need to occur. The good news is that is starting to happen, as sellers slowly adjust to a more moderate real estate climate. As such, optimism exists that move-up momentum is poised to increase.

# Manitoba

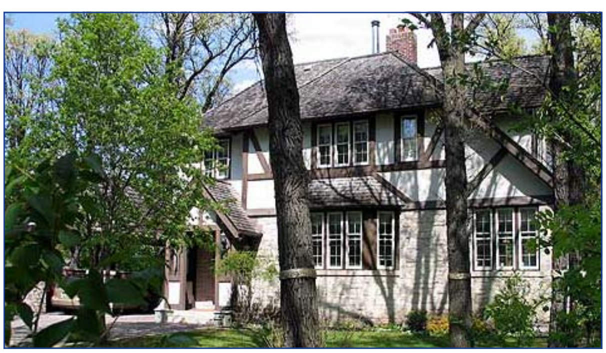
## Winnipeg

**10-year appreciation**—160 per cent (10.03 per cent annually)

**Five-year appreciation**—50 per cent (8.39 per cent annually)

Homebuying activity gained serious traction in Winnipeg, with near-record sales reported in January. Six hundred and sixteen homes changed hands, making it the second best January in the Winnipeg Real Estate Board's 110-year history. Demand yet again outpaced supply—particularly of move-up product—a trend that continues unabated in the city. A healthy spring market is forecast with the hope that inventory will rise in coming weeks. The move-up segment is expected to remain a considerable force throughout 2013, driving transactions in the sought-after $300,000 to $450,000 price point. Activity among trade-up buyers should mirror or slightly exceed figures recorded in 2012, when 1,884 single-family homes and 204 condominiums changed hands at that level. Move-up activity has been steadily trending upward, demonstrated by a 15 per cent increase in transactions within the $300,000 to $450,000 price range in 2012 over 2011.

Several factors have played a role, none more substantial that the city's exceptionally strong equity gains over the past 10-year period. From 2002 to 2012, average price has climbed from $98,054 to $255,058, representing a 160 per cent increase or a compounded annual rate of return of 10 per cent—only outdone by Saskatchewan's Regina and Saskatoon. The five-year rate of appreciation is slightly more tempered but no less remarkable, with an 8.4 per cent return compounded annually. Winnipeg now places second in the country in terms of five-year gains. Other factors supporting solid move-up activity include low interest rates, pent-up demand—seller's market conditions and tight inventory have been a perennial challenge for several consecutive years—as well as immigration. Currently, just 186 freehold homes and 53 condominiums are available through the MLS®. Product is moving quickly, but buyers remain grounded and more prudent than in years past. The key for those looking to trade up remains setting the correct price on their existing homes. While supply remains short, the current crop of buyers is more sensitive to pricing—and sellers looking to test the market will risk stagnation. More conditional offers are being presented—most contingent on financing—but the bulk of deals are moving to completion. Most experienced buyers are seeking out newer product/neighbourhoods on the periphery of the city or in outlying areas within a half-hour drive of the core. Waverly West is most sought-after, while areas such as Harbourview South, Kildonan Meadows and Amber Trails also remain popular. Those interested in the top end of the move-up range might snap up a 2,000 sq. ft. home built 20 years ago in Linden Woods for $450,000. It is possible to buy a 1,000 sq. ft. home on a 50 ft. X 100 ft. lot for $300,000 in areas such as Crescentwood, Bright Oaks, North Kildonan, and St. James. Regardless of housing choices, enthusiasm is unlikely to waver in Winnipeg in 2013. In fact, the period between moves has actually shortened among move-up purchasers—now four to five years as opposed to five to 10—no doubt the effect of significant equity gains. With a stable job market and a low unemployment rate in Winnipeg, buyers are keen on upsizing or relocating to better neighbourhoods, secure that homeownership in the city represents a solid investment—now and in the future.



# Ontario

## Ottawa

**10-year appreciation**—76 per cent (5.8 per cent annually)
**Five-year appreciation**—29 per cent (5.28 per cent annually)

While economic fundamentals remain sound in the nation's capital, changes to mortgage financing rules have altered the real estate landscape slightly, with more experienced purchasers expected to move to the forefront in 2013. Move-up buyers—who have been a market driver for many years—gained solid momentum in the third and fourth quarter of 2012 in large part due to strong equity gains and today's low interest rate environment. Since 2002, average price in Ottawa has increased 76 per cent, rising from just over $200,000 to $352,610 by year-end 2012. Representing a compounded increase of approximately 5.8 per cent annually, purchasers—particularly those in the market for the second time round—are reinvesting their profits, purchasing larger homes, and/or moving to better neighbourhoods. The bulk of move-up activity exists between $350,000 and $600,000, with demand greatest in sought-after communities such as Barrhaven, Kanata, Orleans and Westboro. Last year, 34 per cent of sales (4,872 units) occurred within the move-up price range, with freehold units accounting for almost 92 per cent (4,475 units) of homes sold, compared to condominiums at eight per cent (397 units). To date, empty-nesters have been responsible for the upswing in activity in Ottawa's urban core, while younger purchasers have been fuelling demand for properties in the suburbs. Typically those that offer top quality schools and amenities are most popular, although neighbourhoods that have a distinctive cachet are also favoured. Beaverbrook in Kanata and Stonebridge in Barrhaven have both experienced upward trending as a result. Empty-nesters are making lateral moves and or/downsizing. Augmenting Ottawa's move-up market are corporate transfers and the international community—both segments that have contributed to sales in the $350,000 to $600,000 price range. Pent-up demand should play a role in market activity in the months ahead, with changes to lending rules dampening ability, but not necessarily the desire to own a home. As more dollars are saved and expectations are adjusted, there may be a flurry of homebuying activity in the market come spring. Inventory levels remain on par with last year, with almost 1,700 units currently listed for sale between $350,000 and $600,000.

## Greater Toronto Area

**10-year appreciation**—81 per cent (6.09 per cent annually)

**Five-year appreciation**—32 per cent (5.74 per cent annually)

Serious equity gains remain the strongest catalyst in the Greater Toronto Area, prompting healthy homebuying activity in trade-up neighbourhoods from Scarborough to Mississauga and all points north. Last year, sales of move-up product—identified as single-family dwellings priced from $500,000 to $700,000—were up eight per cent over the previous year—and represented 20 per cent (17,218) of the market. In 2011, 15,855 sales occurred at that price point, accounting for 18 per cent of overall homebuying activity. The level of activity in the move-up segment is expected to increase in the year ahead as first-time buyers take a backseat to more experienced move-up purchasers. Supported by higher downpayments—as a result of solid price appreciation in recent years—and augmented by today's low interest rate environment, the timing is ideal for many to trade-up to larger homes and better neighbourhoods, or make lateral moves to condominium product in the downtown core. To illustrate, homeowners who bought homes in 2002 at an average price of $275,231 typically sold in 2012 for an average of $497,298—a percentage increase of 81 per cent over the past decade—representing an annually compounded rate of return at 6.09 per cent. Even those buyers that purchased just five years ago have realized a 32 per cent increase on their original investment. Singles, semi-detached, and towns/row houses have been most popular with move-up buyers, with almost 90 per cent of sales in the price range involving a freehold home. Just 10 per cent of sales involved a condominium at that price point. Inventory levels remain a challenge within Toronto proper—with fewer than 300 single-detached homes currently listed for sale in the $500,000 to $700,000 price range from Victoria Park to Islington, north to Steeles Ave. While the arrival of the traditional spring market should prompt an influx of new product to the marketplace, the number of homebuyers is also expected to climb. On the other hand, supply in peripheral areas—the 905 suburban markets—has increased, allowing purchasers the luxury of time and choice. Property types in markets like Thornhill, Maple, Richmond Hill, Markham, Brampton, Mississauga, Whitby and Ajax run the gamut, with both older and newer product available from $500,000 to $700.000. Not surprisingly, purchasers in outlying areas tend to prefer turnkey properties requiring little or no renovation whereas buyers in more established areas within Toronto proper are more willing to undertake renovations to improve accommodations. Given the city's solid economic footing and positive employment picture, demand for residential real estate is expected to continue at a healthy pace throughout 2013, with sales on par with last year's levels.

## Hamilton—Burlington

**10-year appreciation**—96 per cent (6.98 per cent annually)

**Five-year appreciation**—34 per cent (6.02 per cent annually)

Supported by serious upward appreciation over the past decade, value-conscious homebuyers continue to drive demand for move-up product in the Hamilton-Burlington Area. The greatest trade-up activity is occurring between the $275,000 to $375,000 price point in Hamilton and from $450,000 to $600,000 in Burlington. Last year, sales in that segment of the market represented 26 per cent (1,773 units) and 23 per cent (705 units) respectively. The figures are expected to increase this year as more experienced buyers move to take advantage of lower interest rates and equity gains. Average price in Hamilton-Burlington has almost doubled in the past decade, rising from $183,442 in 2002 to $360,059 in 2012, for an annual compounded rate of return of close to seven per cent. In Burlington, trade-up purchasers are looking to the northwest quadrant of the city where older homes on larger, well-treed lots represent good value. Many move-up buyers are willing to undertake renovations, such as updating kitchens and bathrooms, in order to realize ownership in these established areas. As a result, sales in the northwest were up 86 per cent in 2012, compared to one year earlier. Those willing to spend closer to $600,000 are choosing mid-southeast communities in Burlington, south of the QEW. In Hamilton, move-up purchasers are leaving cookie-cutter subdivisions in favour of Stoney Creek Mountain, Southeast and East Mountain priced from $275,000 to $375,000. Older, established communities that are amenity-rich are particularly coveted, especially upscale Dundas where prices range from $450,000 to $550,000 for move-up product. Single-detached homes remain most coveted, accounting for 90 per cent of sales in both areas—with condominiums a smaller presence at just 10 per cent. Offering some of the most affordable housing in Southwestern Ontario, inventory is expected to be tight this spring in Hamilton-Burlington. Just over 300 properties are currently listed for sale in Hamilton, while under 100 are available in Burlington at the move-up price points. Hamilton continues to evolve, with economic diversification key to the city's growth. Revitalization is underway, breathing new life into the city's core areas. Big box centres dot the peripheral. As the city continues to expand, more and more purchasers are drawn from surrounding communities, including the 416 area code. The outlook for the major centre is promising in a year that is expected to be tempered by moderation.

## Kitchener—Waterloo

**10-year appreciation**—76 per cent (5.81 per cent annually)
**Five-year appreciation**—25 per cent (4.51 per cent annually)

Although the real estate market was slightly slower heading out of the gate in 2013, confidence among homebuyers in Kitchener-Waterloo is starting to improve. The move-up segment of the market remains a driving force, with just over 50 per cent of sales occurring between the $250,000 and $400,000 price point. Last year, 3,108 homes changed hands in the trade-up category ($250,000 to $400,000), a seven per cent increase compared to just 2,898 in 2011. A good selection of product and stable pricing, coupled with solid equity gains, is enabling buyers to trade up to larger homes or better neighbourhoods. Since 2002, average price in Kitchener-Waterloo has climbed nearly 76 per cent (from $177,559 to $312,419), providing a 5.8 per cent compounded annual return on investment. Gains have also held up well in the shorter term, with the five-year compounded annual return hovering at 4.5 per cent. As a result, many buyers are trading up sooner than in years past, with the typical cycle now closer to five years, as opposed to seven to 10. All in all, buyers feel secure in homeownership and continue to make their moves. The peripherals are attracting a considerable portion of purchasers, enticed by newer product and larger lot sizes. In fact, buyers are now expanding their search parameters to include areas such as New Hamburg and Baden, just 15 minutes outside of the city. Most move-up purchasers are seeking the typical three-bedroom, two-bathroom, single-family home with an upgraded kitchen. Eastbridge and Laurelwood remain most coveted, followed by the Fisher Hallman area on the west side of Kitchener, as well as Zeller's Drive and Chicopee. Single-family homes now comprise the vast majority of sales in the $250,000 to $400,000 price category, given that very little new condominium product is coming on-stream and most new completions won't wrap up until at least 2014. Yet, some activity is still occurring in that segment of the market. Particularly attractive are addresses like 1 Victoria, across from the train station and proposed new transit hub, where units typically command $350,000 plus. Good demand exists in uptown areas surrounding the proposed LRT rail line in both Kitchener and Waterloo. Balanced conditions are expected to persist throughout 2013, and while inventory has been building in recent weeks, demand is expected to notch up in tandem with the spring market. Some multiple offers have already been recorded in older, established neighbourhoods, most notably on competitively-priced older, 1,200 sq. ft. bungalows requiring renovation. Overall, stability is expected in Kitchener-Waterloo's housing market in 2013, as tech-sector uncertainty dissipates and out-migration of youth slows. As a result, move-up activity will remain solid in the months ahead—comparable to or slightly better than 2012 levels.

## London—St. Thomas

**10-year appreciation**—69 per cent (5.38 per cent annually)
**Five-year appreciation**—19 per cent (3.58 per cent annually)

Residential real estate activity was off to a good start in London-St. Thomas in 2013, with home sales falling just short of last year's healthy levels. Momentum is expected to build in coming months as move-up purchasers take advantage of low interest rates and equity gains to make the transition to larger homes and/or better neighbourhoods. Over the past decade, average price has appreciated 69 per cent, rising from $142,745 in 2002 to $241,160 in 2012, representing an annual rate of return of 5.4 per cent. While appreciation has slowed over the past five years, the rate of return remains ahead of inflation, sitting at 3.6 per cent annually since 2007. Sales in the trade-up segment—priced between $250,000 and $350,000—have been solid in recent years, with residential freehold product most sought after in London-St.Thomas. In 2012, 1,276 single family homes changed hands in that range, a four and a half per cent increase over the previous year. However, demand for condominiums at the same price point softened, with just 168 sales compared to 188 in 2011. Overall balanced market conditions exist, with supply currently meeting demand. Fewer than 400 single-detached homes are listed in London-St. Thomas between $250,000 and $350,000 at present, while 65 condominiums are on the market. Popular trade-up neighbourhoods are primarily situated on London's west side—from north to south—as well as the northeast quadrant, near the airport. Newer housing product, in addition to parks, trails, and amenities such as shopping and restaurants can be found in the west end, making it a perennial favourite with the trade-up market.

Most purchasers at the $250,000 to $350,000 price point are looking for turnkey homes, requiring little work. While the vast majority of purchasers are locals, there has been an influx of buyers from areas west of Toronto, especially Kitchener-Waterloo. Job opportunities within London's IT industry—as well as the lower price point—may be behind the push for housing in the city. Sound economic fundamentals are expected to continue to support homebuying activity in London-St. Thomas moving forward. Housing sales are forecast to climb just over two per cent by year-end, while values escalate one per cent to $242,000 in 2013.

# New Brunswick

## Saint John

10-year average price gain—62 per cent (4.96 per cent annually)
Five-year average price gain—12 per cent (2.27 per cent annually)

Buyer's conditions are prompting move-up homebuyers in Saint John to take advantage of opportunities that exist in the marketplace. An excellent level of supply, stable pricing and favourable lending conditions have been the primary impetus to date. In fact, the period of ownership between moves appears to have shortened, with many making the transition to their next home within five years or less. Affordability has played a considerable role, particularly as one's dollar stretches a bit further in the current market. Activity remains strongest in the $200,000 to $275,000 price range, where 262 sales took place in 2012 versus 247 in 2011—a six per cent increase. Unlike first-time buyers who've been impacted by new lending rules—and who remain a little more cautious—move-up buyers are confident in the market, assured by experience and—for those who have owned a home for some time—healthy equity gains. Average price in the city of Saint John has risen 62 per cent since 2002 (from approximately $103,500 to $168,000), resulting in a compounded annual rate of return of five per cent. Those who bought more recently—in 2007 before the latest recession—have less wherewithal, having seen prices escalate by 12 per cent or 2.3 per cent per year on a compounded basis. Yet, even those sporting more modest returns have not had their enthusiasm dampened, secure in the belief that today's prices will not last. This stands in sharp contrast to the first-time buyer segment that is actively looking, but continues to pass up properties in the hope that there will be better deals down the road. Unfortunately, many will be disappointed—a fact recognized by the move-up set, for whom experience has been a great teacher. The lion's share of move-up purchasers are seeking out freehold properties—most detached—with renovated homes most coveted. Large lots and garages are also highly sought after. The typical move has allowed buyers to gain 200 to 500 sq. ft. of living space on average and/or locate to a more desirable neighbourhood. Despite conditions that lean in favour of the buyer, some multiple offers have been reported in the prime move-up areas of Quispamsis and Rothesay. The east side and Millidgeville have also been popular. Generally, the peripherals are preferred, offering communities with newer product and a lower tax rate. Turnkey is the preference, but most don't mind committing to some upgrading. Move-up buyers will remain well-positioned in the months ahead, although the current window of opportunity is not expected to last. More balanced conditions are expected to take shape by the second or third quarter. First-time buyers who deferred their purchases have slowly been re-entering the market, but there's no question that activity in 2013 will continue to be dominated by those trading up.

# Nova Scotia

## Halifax—Dartmouth

10-year appreciation—82 per cent (6.17 per cent annually)
Five-year appreciation—25 per cent (4.59 per cent annually)

While inclement weather contributed to softer housing sales in Halifax-Dartmouth this January, pent-up demand is expected to bolster homebuying activity in the months ahead. Fueled by substantial equity gains and favourable interest rates, move-up buyers will lead the charge for product typically priced from $350,000 to $500,000. This segment of the market has seen substantial growth year-over-year—with 2012 sales up almost 12 per cent over 2011 levels (857 units vs. 767 units)—and should continue to expand over the next 12 to 24 months as first-time buyers are sidelined by tighter mortgage lending rules. From 2002 to 2012, average price in Halifax-Dartmouth increased 82 per cent from $148,737 to $270,742—or 6.17 per cent compounded annually. While appreciation has been less pronounced over the past five years—hovering at 4.6 per cent per annum—there's no question that homeowners in Halifax-Dartmouth have had an opportunity to both pay down their mortgages while riding the upswing. The trade-up market, as a result, now represents the fastest growing segment of activity in the city. Approximately 90 per cent of move-up buyers are choosing single-detached homes, with 10 per cent opting for condominiums. Resale product has gained serious traction with the move-up segment at the expense of new construction, a fact best illustrated by the softening in sales of new homes priced between $250,000 to $350,000. Higher values are likely responsible, with prices up around eight per cent over last year's figures. A good selection of homes is available between $350,000 and $500,000, with just over 700 freehold properties and close to 100 condominiums currently listed for sale. Choice neighbourhoods with the move-up crowd include Bedford/Bedford South and nearby Hammonds Plains. Dartmouth's Russell Lake West, Montebello Estates and Keystone Village are popular as well. The urban lifestyle also has a following, drawing trade-up purchasers to the Peninsula, where neighbourhoods in the west and north end offer older product in established areas priced from $350,000 to $500,000. Despite requiring some work, urban buyers are prepared to undertake some renovations. Their investment in location will typically appreciate at a greater rate than homes in peripheral areas. Positive economic developments should buoy homebuying activity moving forward. It's likely the worst of the European crisis has been averted and the U.S. is back on its feet, providing the backdrop for the brightest global outlook in recent years.

# Newfoundland & Labrador

## St. John's

10-year appreciation—149 per cent (9.56 per cent annually)
Four-year appreciation—52 per cent (11.08 per cent annually)

The move-up segment in St. John's gained considerable momentum in 2012, with activity in the $350,000 to $600,000 range climbing close to 20 per cent over 2011 levels. Just over 750 units changed hands in the move-up market last year. One year earlier, just 637 homes were sold at that price level. Above average equity gains, continued provincial and local economic prosperity, as well as historically low interest rates have been the primary catalysts driving demand. Combine that with an excellent supply of inventory and buyer's market conditions, and it's clear that St. John's purchasers are benefitting from a very favourable move-up climate. The ability to trade up is virtually unsurpassed in the city. Appreciation has played a significant role. Average price in St. John's climbed 149 per cent from 2002 to 2012 (increasing from $114,626 to

$285,529 in 2012) or 9.56 per cent compounded annually. More remarkable is that recent buyers have fared even better on an annual basis. Over the past four years, the compounded annual return hovers at just over 11 per cent. The wherewithal of the city's move-up set has also been bolstered by solid income growth. Dual-income families have been on the rise, with an increase in quality employment opportunities. Population growth and in-migration has also swelled the ranks of the move-up segment, as serious capital projects bring in a growing number of professionals and specialized skilled labour. Given those fundamentals, it's no surprise that St. John's contingent of trade-up buyers is poised to rise again in 2013, with unit sales in the $350,000 to $600,000 range forecast to approach 800 units. Further job growth will bode well, as the province is expected to add 70,000 new jobs—many in and around the St. John's area—before 2020. Most sought-after move-up communities include the Clovelly Trails area in the city's east end, as well as Southlands in the west. The preference trends toward new or newer product, as buyer's purchasing patterns lean in favour of urban living, excellent amenities and turnkey product. Most are willing to pay a premium for coveted neighbourhoods—given the confidence that these areas will hold up better over time (particularly in terms of demand and growth potential). In fact, some pockets in prime neighbourhoods are experiencing micro seller's markets, despite overall buyer's market conditions in the city of St. John's. A growing number of homeowners are trading in their first homes in suburbs such as Paradise and making the move closer to the heart of the city. Bungalows priced from $400,000 are popular, offering three bedrooms, 1,200 sq. ft. of living space a garage and small recreation room. In most areas, buyers have the luxury of choice and time, but well-maintained product that is priced right continues to be snapped up quickly. Greater negotiating power exists in older established areas, where price reductions are still occurring. Current market conditions have created unique prospects for some. A small but growing number of move-up purchasers are opting to buy a bigger home, but are choosing to hold onto their first home and rent it out, given the city's very low vacancy rate. Clearly, opportunity does exist, and purchasers remain optimistic that they're positioning themselves even more favourably for the future.

# Move-up Buyers Report 2013

## NATIONAL CONTACTS

| | | |
|---|---|---|
| RE/MAX of Western Canada | Jackie Ostash | 250-860-3628 |
| RE/MAX Ontario-Atlantic Canada | Christine Martysiewicz | 905-542-2400 |
| Point Blank Communications | Eva Blay/Charlene McAdam | 416-781-3911 |

## LOCAL CONTACTS

| Market | Contact | Office | Phone |
|---|---|---|---|
| **BRITISH COLUMBIA** | | | |
| Greater Vancouver Area | Richard Laurendeau | RE/MAX Westcoast | 604-273-2828 |
| Victoria | Wayne Schrader | RE/MAX Camosun | 250-744-3301 |
| Kelowna | Cliff Shillington | RE/MAX Kelowna | 250-717-5000 |
| **ALBERTA** | | | |
| Edmonton | Bill Briggs | RE/MAX Real Estate | 780-488-4000 |
| Calgary | Lowell Martens | RE/MAX Real Estate (Mountain View) | 403-247-5171 |
| **SASKATCHEWAN** | | | |
| Regina | Rob Nisbett | RE/MAX Crown Real Estate | 306-789-7666 |
| Saskatoon | Larry Stewart | RE/MAX Saskatoon | 306-242-6000 |
| **MANITOBA** | | | |
| Winnipeg | Cliff King | RE/MAX Executive Realty | 204-987-9808 |
| **ONTARIO** | | | |
| Ottawa | Geoff McGowan | RE/MAX Affilliates | 613-216-1755 |
| Greater Toronto Area | Neil Henderson | RE/MAX Realtron | 905-764-6000 |
| Hamilton—Burlington | Conrad Zurini | RE/MAX Escarpment | 905-575-5478 |
| Kitchener—Waterloo | Adrian Baas | RE/MAX Twin City | 519-885-0200 |
| London—St. Thomas | Roger Guindon | RE/MAX Centre City | 519-667-1800 |
| **NEW BRUNSWICK** | | | |
| Saint John | Gordon Breau | RE/MAX Professionals | 506-634-8200 |
| **NOVA SCOTIA** | | | |
| Halifax—Dartmouth | Al Demings | RE/MAX Nova | 902-468-3400 |
| **NEWFOUNDLAND & LABRADOR** | | | |
| St. John's | Jim Burton | RE/MAX Plus | 709-738-7587 |