

## CANADIAN REAL ESTATE MARKET OVERVIEW



The following are key points, insights, and data on the Canadian real estate market, courtesy of Coldwell Banker Canada and Andy Puthon, president of Coldwell Banker Canada Operations ULC. For more information on the Canadian market, visit [www.coldwellbanker.ca](http://www.coldwellbanker.ca).

Canada has been enjoying a strong, stable real estate market for some years, with near historic low interest rates. According to the latest industry forecast from the Canadian Real Estate Association (CREA), the resale housing market trends that defined 2015 have intensified this year.

### Market Reaches New Heights in 2016

National sales activity and average prices reached new heights in the first half of 2016 amid a growing supply shortage of single family homes in the provinces of British Columbia (BC) and Ontario. This was particularly true in BC's Lower Mainland, as well as in the Greater Toronto Area (GTA) and surrounding area of Southern Ontario. According to CREA, little change in either national sales activity or average home price is expected next year, as the market holds steady overall.

The Canadian real estate market has been increasingly characterized by regional disparities.

Although it is interesting to note trends in the national picture, the Canadian market has been increasingly characterized by regional disparities in recent years. A major factor is the impact of the oil shock on provinces with energy-based economies such as Alberta, Saskatchewan, and Newfoundland & Labrador. This year's wildfires and the unprecedented evacuation of the Fort McMurray area presents yet another significant impact on Alberta's economy.

Another important regional development was recently announced in British Columbia. In July, new legislation was introduced by BC's provincial government to tax foreign buyers of homes in Metro Vancouver. This was designed to curb speculative buying in response to a growing affordability crisis in the region's housing market. The new 15% tax, which went into effect in August, applies to the sale of all residential properties within 22 communities in Metro Vancouver and applies to buyers

who are not Canadian citizens or permanent residents. Since this was a surprise move by the provincial government and only applies to one metropolitan market, its impact cannot be predicted at this early stage. This and other regional disparities underscore the importance of dealing with a local real estate professional.

### Highlights of the CREA National Forecast for 2016

- National sales activity is forecast to rise by 6.1% to 536,499 units in 2016, representing a new annual record, in part contributed by population growth.
- BC forecasts the largest annual sales increase at 20%
- Demand remains high in Ontario, but will be constrained by lack of inventory.
- The national average price forecast has been revised upward to \$490,700, a 10.8% increase over last year.



CANADIAN REAL ESTATE MARKET OVERVIEW

**Highlights of the CREA National Forecast for 2017**

- National sales activity is forecast to remain virtually unchanged from this year, forecast at 537,500 units in 2017.
- The national average price is forecast to remain stable next year at \$491,100.
- Slower national price growth next year reflects an expected slowdown in BC and Ontario.

**Interest Rates Hold at Near Record Low**

Meanwhile, most regions of Canada are expected to be positively impacted from low interest rates. In its scheduled update on September 7, 2016, The Bank of Canada held interest rates steady at a near record low. The Bank's overnight rate remains at ½ of a percent, a level that has been unchanged since the last interest rate reduction in July of 2015. According to the Bank's Monetary Report, Canadian economic growth is projected to accelerate from 1.3% this year, to 2.2% in 2017.

Interest rates hold steady at a near record low.

**Migration Continues to Fuel Housing Demand**

So, while no one has a crystal ball, industry forecasts are generally positive and there are strong fundamentals in place that are expected to continue to support the housing market. Canada has the highest per capita immigration rate in the world and continues to welcome near record numbers of immigrants who need housing.

**Market Conditions Vary**

The most important thing to bear in mind is that, although real estate activity is forecast nationally, it is transacted locally. Market conditions can vary dramatically from city to city, or between neighbourhoods, and even on the same street. Rapidly-changing economic news, and the current regional market disparities, make it all the more important to consult a local real estate professional.

