



REAL ESTATE NEWS

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CANADA'S HOUSING MARKET STRONGER THAN EXPECTED THIS YEAR & WILL BE STRONGER IN 2014: CREA

OTTAWA — Sales of previously owned Canadian homes are turning out slightly better than expected overall, and 2014 will be even stronger, according to a new projection from the country's largest real estate association.

The Canadian Real Estate Association's 2013 sales projections have been increased slightly upward in Ontario and the four western provinces and that prices have been generally firmer than expected.

"Most housing markets are well balanced, including many large urban centres," said Gregory Klump, CREA's chief economist.

"Housing price gains are always stronger in places where supply is tight relative to demand, such as we're seeing in Calgary and in parts of southern Ontario including the low rise market in Toronto.

"Prospects for price appreciation will be limited in parts of Quebec and some areas in the Maritimes, where competition among sellers has increased."

Nationally, CREA is projecting 458,200 homes will be sold through its members this year — eight-tenths of a per cent more than in 2012.

CREA also anticipates next year will be even stronger, with 475,000 homes nationally.

The updated numbers are slightly ahead of a forecast in September by the association that predicted 449,900 homes sold this year and 465,600 in 2014.

CREA said Monday the 2013 projected national average price is \$382,200, a

5.2% increase from last year. The projected national average price for 2014 is \$391,100, a 2.5% increase from this year.

Alberta is forecast to post the biggest increase in average price in 2014 with a gain of 3.4%, with gains in Saskatchewan, Manitoba, and Newfoundland and Labrador running just ahead of overall inflation, and the average price increase in Ontario running just below it.

CREA says November's home sales dipped slightly from October but were up substantially from the same month last year, when the industry was going through a soft patch attributed to changes in federal rules for mortgage lenders and borrowers.

Home sales edged 0.1% lower from October on a seasonally adjusted basis. Actual activity was 5.9% above November 2012 levels.

The national average sale price rose 9.8% on a year-over-year basis in November while the MLS Home Price Index, which CREA says is a better indicator, rose 4.1% year-over-year in November.



OTTAWA REMAINS STABLE IN 2013, DEVOID OF LARGE FLUCTUATIONS

Members of the Ottawa Real Estate Board (OREB) sold 610 residential properties in December 2013 compared with 615 in December 2012, a decrease of less than one percent. There were 891 home sales in November 2013.

The total number of homes sold through the Board's MLS® system in 2013 was 13,873, compared with 14,326 in 2012, a decrease of 3.2 per cent. The average sale price for residential properties, including condominiums, sold in 2013 was \$357,348, an increase of 1.6 per cent over 2012.

"Looking back at the 2013 market, home sales in the first part of the year were, for the most part down, in comparison to the year before" said OREB's President. "The introduction of tighter mortgage rules in July 2012 largely affected the market well into 2013. However, as the year progressed the market began to pick back up, and then leveled out in November and December. Impending mortgage rate increases may have caused the increase in the second half of 2013, as many first-time home buyers jumped into the market in advance of these increases", he added.

The average sale price for a condominium-class property was \$245,349, a decrease of 5.1 percent over December 2012. The average sale price of a residential-class property was \$369,543, an increase of 3.0 percent over December 2012.

"Although, the government succeeded in its plan to "cool down" the market over the past year and a half, Ottawa remains steady and balanced, devoid of large fluctuations in resale activity," the President added. "We are truly fortunate to live and work in such a stable market area, and it seems buyers and sellers agree that Ottawa remains a great place to call home."

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REAL ESTATE NEWS

WOMEN THE NEW 'WILDCARD' IN THE CONDO MARKET

A report from Canada Mortgage and Housing Corp. shows women are a growing powerhouse in the Canadian condominium market. Among people who live alone, women made up 65% of owner occupants in 2011.

The female factor is even more prevalent among older women with 76% of those 55 and older living alone women. Among lone-parents, women make up 84% of condominium owners.

The condominium market shows few signs of slowing down. CMHC said that November new construction reached 194,014 on a seasonally adjusted annualized basis, well above the number we need based on demographics. Multiples, which includes high-rise condominium units, made up 111,036 of the figure.

Growth in owner-occupied condominiums has exploded over the last three decades, according to the CMHC report. In 1981, there were 171,000 owner-occupied condo units but that figure grew to 1,154,000 by 2011.

Benjamin Tal, deputy chief economist with CIBC World Markets, agrees that women may be the unknown wildcard in determining whether the condominium market can continue its explosive growth.

"One point we've made when we've said this market is crazy is people need to look at demographics in a different way," says Mr. Tal. "People buy a house now and don't marry. Sure there's the divorce rate being high but many young people in their 30s are not married but busy with careers and buying a home because they have the means. This is a new wave of demand that hasn't been there before."



What hasn't really taken hold, based on the survey, is families considering condominiums. The largest chunk of condo owners are one person households at 42%, followed by couples without children at 28%.

Mr. Tal's prediction is that in time we will see more families moving into condominiums, it's just too early to see it any statistics.

"This will be the thing of the future. We are maybe five, six or 10 years from that," he says.

The condo phenomenon remains mostly a story for Canada's two most expensive markets with 51% of all new condo starts in 2012 happening in Toronto and Vancouver. Investors continue to drive both markets with 23% of condo apartment units in Toronto rented in 2012 and 26% in Vancouver.

Overall, there seems to be little question that the condominium is going to become a major part of the housing stock in Canada. CMHC noted that in 1981 only 3.3% of homeowners lived in a condo. That percentage grew to 12.6% in 2011.

CONDO OWNERS: BY THE NUMBERS

- 19% Percentage of condominium owners under the age of 35; 29% were seniors 65 or older.
- 65% Percentage of women among condo owner-occupants who live alone.
- 2.5 Average number of people in a household size in 2011, down from 3.5 people in 1971.
- 12.6% Percentage of Canadian homeowners who lived in a condo in 2011.
- 42% Percentage of condo owners that are one-person households
- 35.1% Percentage of Vancouver homeowners who live in a condo, the highest in the country.
- 71% Among Canadians with a mortgage, the percentage of people with more than 25% equity.
- 7% Percentage of people with less than 10% down.
- 31% The percentage of Canadians with a mortgage in arrears, as of June, 2013.

