

CREA Updates Resale Housing Forecast

Ottawa, ON, December 16, 2013

The Canadian Real Estate Association (CREA) has updated its forecast for home sales activity via the Multiple Listing Service® (MLS®) Systems of Canadian real estate Boards and Associations in 2013 and 2014.

Stronger than expected activity through summer and early autumn was widely thought to reflect the transient influence of buyers with pre-approved mortgage financing making purchases before their lower pre-approved rates expired. A drop-off in sales during the fourth quarter to date further suggests this was indeed the case.

Although monthly sales volatility has increased in recent years, particularly surrounding changes to mortgage rules, national activity on an annual basis has remained remarkably stable. For the sixth consecutive year, annual sales in 2013 will remain within short reach of 450,000 units (Chart A).

Activity and prices have remained slightly stronger than expected in Western Canada. By comparison, the sales and pricing environment has generally been softer in Eastern Canada.

“Real estate market trends and outlooks can be very different depending on the region and community due to many local factors,” said Laura Leyser, CREA President. “For that reason, buyers and sellers should talk to their REALTOR® about the housing market outlook where they live or might like to.”

Sales are projected to reach 458,200 units for the year. This represents an increase of eight tenths of one per cent from last year.

Sales projections have been revised slightly upward for British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. Previously, British Columbia and Alberta were the only provinces where forecast annual sales for 2013 were expected to top 2012 levels. Ontario sales are now also projected to increase marginally.

In 2014, national activity is forecast to climb to 475,000 units (+3.7 per cent). Most of the increase reflects the weak start to 2013, which is not expected to recur in early 2014.

British Columbia is still forecast to post the strongest sales increase in 2014 (+8.4 per cent), reflecting the return to of activity to more normal levels compared to a weak start to the year in 2013. Most other provinces are forecast to post gains in the range between two and four per cent.

Average prices have remained firmer than expected, in large part due to a rise in the share of national sales among more active and pricier markets as compared to last year.

The national average home price is projected to rise by 5.2 per cent to \$382,200 in 2013, with similar gains in the Prairie provinces, Ontario, and Newfoundland and Labrador. Smaller gains are projected in other provinces.

“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.”

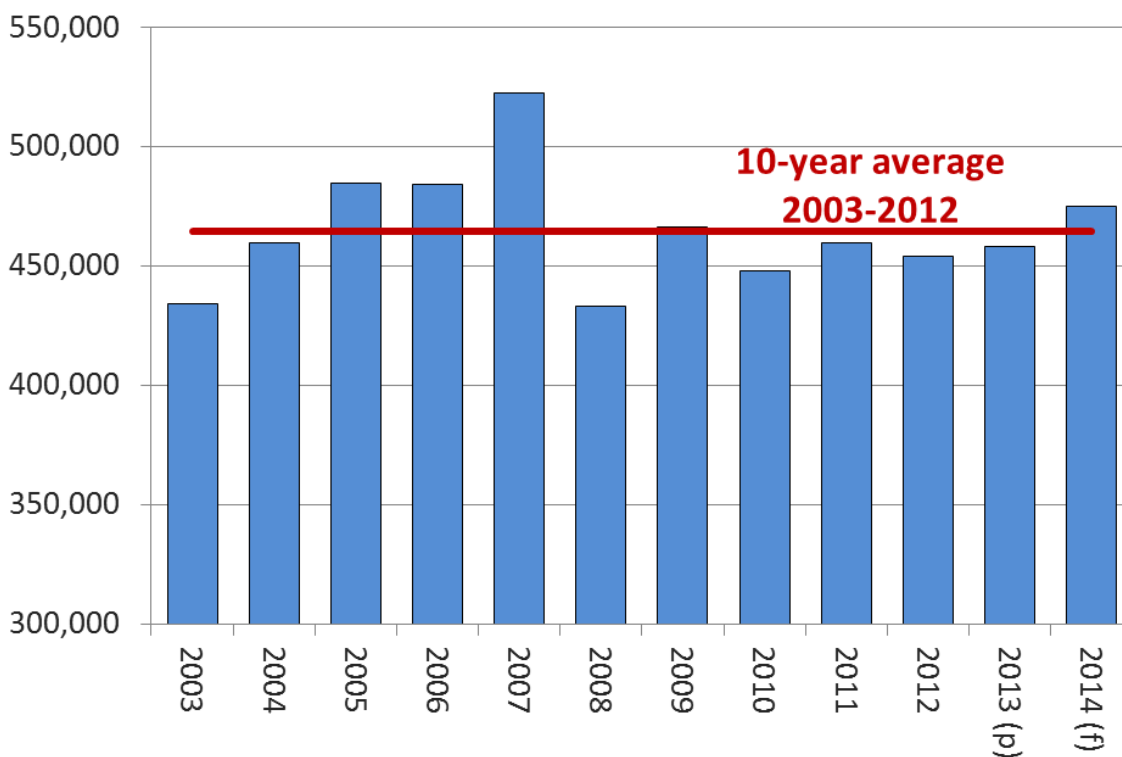
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The national average price is forecast to rise a further 2.5 per cent in 2014 to \$391,100. As with sales activity, much of the increase reflects prices that were still being skewed lower in the first quarter of 2013 after having softened in late 2012.

Alberta is forecast to post the biggest rise in average price in 2014 (3.4 per cent), with gains in Saskatchewan, Manitoba, and Newfoundland and Labrador running just ahead of overall consumer price inflation, and the average price increase in Ontario running just below it.

Chart A:

Sales Activity: Historical and Forecast



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CREA Residential Market Forecast:

Sales activity forecast	2012	2012 Annual percentage change	2013 Projected	2013 Annual percentage change	2014 Forecast	2014 Annual percentage change
Canada	454,461	-1.2	458,200	0.8	475,000	3.7
British Columbia	67,637	-11.8	72,400	7.0	78,500	8.4
Alberta	60,369	12.3	66,300	9.8	68,600	3.5
Saskatchewan ¹	13,886	5.7	13,600	-2.1	14,320	5.3
Manitoba	14,008	0.5	13,760	-1.8	14,060	2.2
Ontario	197,620	-2.1	198,400	0.4	204,300	3.0
Quebec	77,379	0.3	72,100	-6.8	73,450	1.9
New Brunswick	6,403	-3.0	6,250	-2.4	6,310	1.0
Nova Scotia	10,437	1.2	9,100	-12.8	9,200	1.1
Prince Edward Island ²	1,614	6.1	1,470	-8.9	1,365	-7.1
Newfoundland	4,650	3.8	4,390	-5.6	4,490	2.3

Average price forecast	2012	2012 Annual percentage change	2013 Projected	2013 Annual percentage change	2014 Forecast	2014 Annual percentage change
Canada	363,399	0.1	382,200	5.2	391,100	2.3
British Columbia	514,836	-8.3	535,700	4.1	549,000	2.5
Alberta	363,208	2.8	381,100	4.9	393,900	3.4
Saskatchewan	275,490	6.2	289,500	5.1	295,800	2.2
Manitoba	246,318	5.0	258,600	5.0	264,000	2.1
Ontario	384,455	4.9	403,100	4.8	410,600	1.9
Quebec*	264,110	3.9	267,600	1.3	267,800	0.1
New Brunswick	161,116	0.4	162,700	1.0	162,200	-0.3
Nova Scotia	220,413	3.7	217,500	-1.3	219,100	0.7
Prince Edward Island	152,250	1.8	156,600	2.9	158,300	1.1
Newfoundland	268,776	6.8	282,500	5.1	288,800	2.2



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** Provincial weighted average price for Quebec does not affect unweighted national average price calculations. Information on Quebec's weighted average price calculation can be found at: <http://www.fcq.ca/immobilier-statistiques-definitions.php>*

¹ The sales territory covered by the Saskatoon Region Association of REALTORS® has been expanded. Data revisions were possible back to January 2011. Part of the 2011 annual percentage increase in sales reflects that change.

² Effective January 1, 2012, the Prince Edward Island Real Estate Association began reporting sales at the point when non-title conditions had been satisfied in the Agreement of Purchase & Sale. Previously, sales were reported at the point of closing. As such, data before and after January 1, 2012 are not directly comparable.

About The Canadian Real Estate Association

The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade associations, representing more than 100,000 real estate Brokers/agents and salespeople working through more than 100 real estate Boards and Associations.



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