



The Canadian Real Estate Association

News Release

CREA Updates Resale Housing Forecast

Ottawa, ON, March 15, 2016

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 for 2016 and extended it to include 2017.

CREA's recent forecasts anticipated that housing activity would rebalance in 2016, with cooling activity and smaller price gains in British Columbia and Ontario, resulting in slower national price growth. However, many of the defining themes among Canadian housing markets last year have persisted, and in some cases intensified, in early 2016. Interest rate are now also widely expected to remain low for longer, with administered lending rates beginning to rise no earlier than the second half of 2017.

Canadian resale housing market trends this year are expected to resemble those apparent in 2015, with very tight supply leading to strong price gains in British Columbia and Ontario – particularly in the Lower Mainland and in and around the Greater Toronto Area. Price gains in these regions are expected to continue to stand in sharp contrast to moderate price declines among housing markets whose prospects are closely tied to oil and other natural resource prices. In line with the prevailing forecast for stronger Canadian economic growth beginning in the second half of 2016, Canadian home sales activity is now expected to rebalance in 2017.

Nationally, sales activity is forecast to rise by one per cent to 511,400 units in 2016. The annual increase continues to reflect significant regional variations in housing market trends (Chart A).

British Columbia is again forecast to post the largest annual increase in activity (+11.8 per cent), with Alberta expected the record the largest annual sales decline (-18.7 per cent). A lack of supply is expected to hold activity in check in Ontario in 2016 (+0.3 per cent) despite the continuation of very strong demand.

Elsewhere, modest sales gains in Manitoba (+3.4 per cent), Quebec (+3.4 per cent), New Brunswick (+1.2 per cent), Nova Scotia (+1.1 per cent) and Prince Edward Island (+3.3 per cent) are forecast for 2016, reflecting expected improvements in these province's economic prospects.

By contrast, sales activity in 2016 is forecast to ease in Saskatchewan Newfoundland and Labrador, two of Canada's major oil producing provinces, by 3.7 per cent and 4.5 per cent respectively.

With prices continuing to push higher in British Columbia and Ontario and sales in these expensive real estate markets hitting record highs, CREA's forecast for national average price has been revised upward to \$478,100 in 2016, representing an annual increase of eight per cent.

British Columbia is forecast to be the only province where average home prices rise materially faster (+10.0 per cent) than the national average, reflecting an increasing proportion of sales above \$1 million. The rise in Ontario's average price (+8.2 per cent) is forecast to be roughly in line with the national increase.

Elsewhere, average prices in 2016 are forecast to rise by 2.1 per cent in Manitoba, 1.6 per cent in Quebec, and 1.1 per cent in both Nova Scotia and Prince Edward Island.

Average prices are forecast recede in Alberta (-2.5 per cent), Saskatchewan (-2.4 per cent), New Brunswick (-0.4 per cent) and Newfoundland and Labrador (-1.4 per cent).

In 2017, national sales are forecast to number 513,400 units. This is little changed (+0.4 per cent) from forecast levels for 2016, as activity in B.C. and Ontario comes off the boil due to deteriorating affordability while confidence begins to recover in provinces hardest hit by weak prices for oil and other natural resources.

Consumer confidence is anticipated to strengthen and begin drawing homebuyers off the sidelines in Alberta, Saskatchewan and Newfoundland and Labrador as their economic prospects improve. This is anticipated to contribute to a modest rebound in sales activity in these provinces in 2017.

British Columbia is the only province forecast to post an annual decline in home sales in 2017, reflecting a combination of a growing shortage of single family homes available for sale and deteriorating affordability. Even so, activity is expected to continue trending near record levels. Ontario is forecast to see sales level off in 2017.

Sales activity is forecast to continue to push higher in Manitoba, Quebec, and Nova Scotia in 2017, reflecting the prevailing forecast for improving economic prospects in these provinces. Sales in Prince Edward Island are also forecast to improve as the province continues to benefit from a lower Canadian dollar.

The national average price is forecast to edge higher by 1.1 per cent to \$482,500 in 2017, with modest price gains near or below inflation among provinces.

Slower national average price growth in 2017 reflects weaker price gains in British Columbia and Ontario. Price trends in these provinces reflect an anticipated slowdown in luxury sales activity, a continuing supply shortage of relatively more affordable low rise family homes and an anticipated increase in relatively more affordable condo unit sales as a proportion of total sales activity. In other provinces, an ample supply of listings relative to demand will continue to keep price gains in check.

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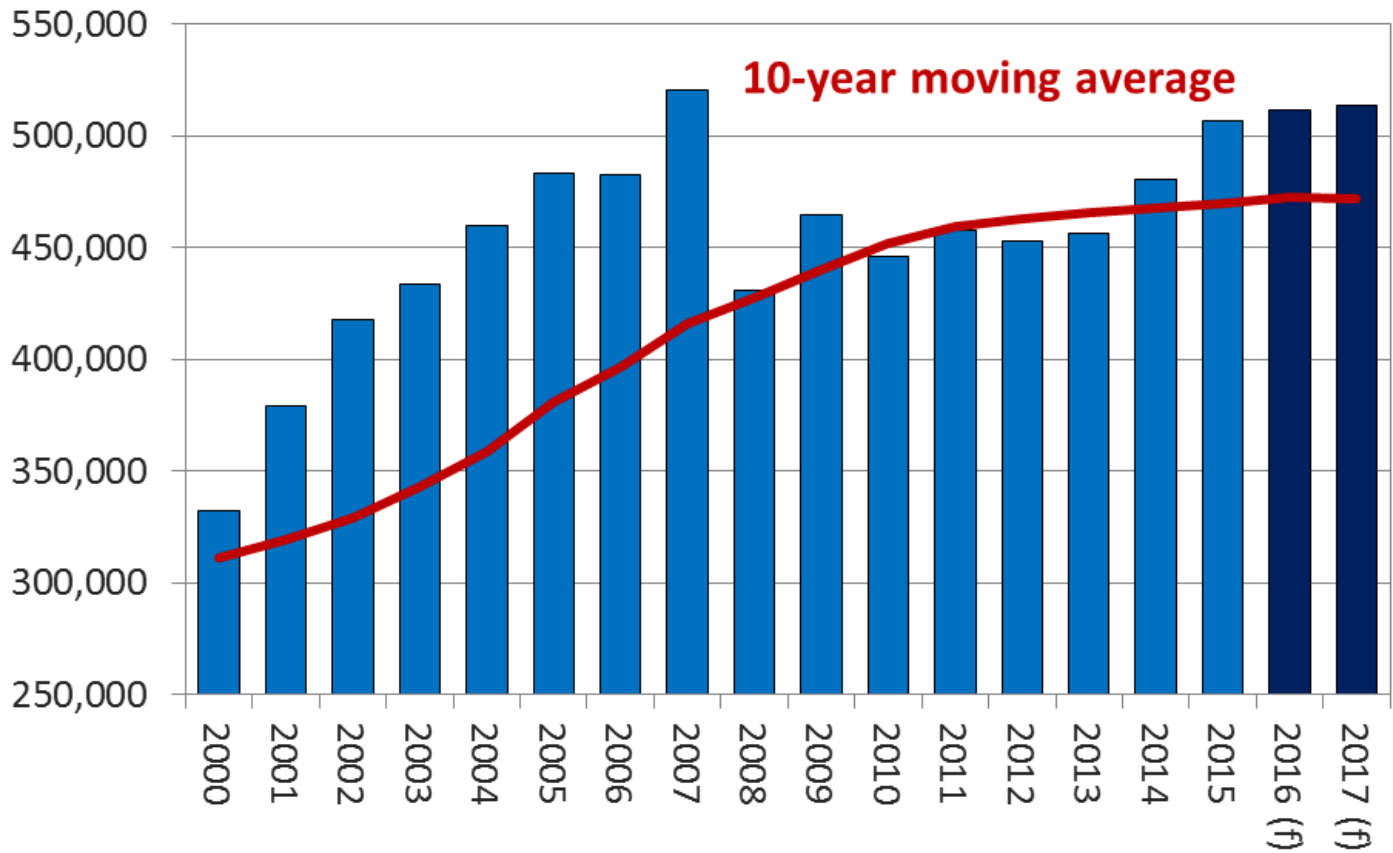
About The Canadian Real Estate Association

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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Sales Activity Historical and Forecast



CREA Residential Market Forecast:

Sales activity forecast	2015	2015 Annual percentage change	2016 Forecast	2016 Annual percentage change	2017 Forecast	2017 Annual percentage change
Canada	506,410	5.4	511,400	1.0	513,400	0.4
British Columbia	102,517	22.0	114,600	11.8	113,000	-1.4
Alberta	56,477	-21.3	45,900	-18.7	48,000	4.6
Saskatchewan	12,374	-10.7	11,920	-3.7	12,160	2.0
Manitoba	14,021	1.7	14,500	3.4	14,700	1.4
Ontario	224,560	9.5	225,200	0.3	225,200	0.0
Quebec	74,172	5.0	77,000	3.8	77,750	1.0
New Brunswick	6,682	6.5	6,760	1.2	6,770	0.1
Nova Scotia	9,190	2.8	9,290	1.1	9,420	1.4
Prince Edward Island	1,665	20.7	1,720	3.3	1,820	5.8
Newfoundland	4,251	3.7	4,060	-4.5	4,080	0.5

Average price forecast	2015	2015 Annual percentage change	2016 Forecast	2016 Annual percentage change	2017 Forecast	2017 Annual percentage change
Canada	442,877	8.5	478,100	8.0	483,500	1.1
British Columbia	636,627	12.0	700,500	10.0	710,200	1.4
Alberta	393,138	-1.9	383,300	-2.5	389,100	1.5
Saskatchewan	296,983	-0.5	290,000	-2.4	291,200	0.4
Manitoba	270,375	1.5	276,100	2.1	283,000	2.5
Ontario	465,194	7.8	503,500	8.2	510,900	1.5
Quebec*	275,593	1.6	279,900	1.6	285,400	2.0
New Brunswick	160,400	-0.9	159,700	-0.4	161,000	0.8
Nova Scotia	219,688	2.2	222,100	1.1	225,500	1.5
Prince Edward Island	163,533	-0.2	165,300	1.1	168,300	1.8
Newfoundland	275,579	-2.9	271,800	-1.4	272,100	0.1

* 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>