

## ***CREA Updates and Extends Resale Housing Forecast***

Ottawa, ON, March 17, 2014

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 2014, and extended the outlook to 2015.

National resale housing activity has started 2014 at lower levels, compared to previous years. This in part reflects payback for stronger levels of activity recorded last summer and fall when buyers with pre-approved mortgage financing advanced home purchases before their lower pre-approved rates expired. It also likely reflects the deferral of some activity due to what has been an exceptionally tough winter in many parts of the country.

Taking this into consideration, and with mortgage rates having edged lower, home sales are expected to trend higher heading into the spring, and be further supported over the second half of 2014 by a widely anticipated pick-up in Canadian economic growth.

"I expect fixed mortgage rates will edge marginally higher in the second half of 2014 as evidence confirms an anticipated pick-up in economic growth," said Gregory Klump, CREA's Chief Economist. "Marginally higher mortgage rates are likely to counterbalance the lift provided by stronger economic and continuing job growth, and restrain the momentum for sales activity."

On balance, the combination of these two opposing factors is expected to most benefit housing markets where sales are currently weak but prices remain more affordable. Sales in relatively less affordable housing markets are likely to be more sensitive to higher fixed mortgage rates, whether from the standpoint of higher monthly mortgage payments or qualification for mortgage financing based on the posted five-year rate.

"The national forecast reflects a combination of recent and projected real estate market trends that can be very different depending on their location 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 forecast to reach 463,700 units in 2014, representing an increase of 1.3 per cent from 2013. This would place sales in line with their 10-year average, and hold national activity to within fairly short reach of the 450,000 mark for the seventh straight year (Chart A).

British Columbia is forecast to post the largest year-over-year increase in activity (8.3 per cent), and make the biggest contribution to the increase in national sales activity. The increase in 2014 sales activity reflects slow sales for the province in early 2013 and a replay of that weakness is not expected this year. Annual changes in activity in other provinces are forecast to range between plus and minus three per cent in 2014 with the exception of a slightly larger decline in Nova Scotia.

In 2015, national activity is forecast to edge up a further 1.2 per cent to 469,400 units. Affordability is expected to restrain activity in Canada's most expensive markets, with annual sales forecast to decline marginally in British Columbia, and hold just below 200,000 units in Ontario for the fourth consecutive year. Alberta is the notable exception, where it is anticipated that strong economic and job growth combined with supportive demographic trends will result in strengthening annual sales activity.

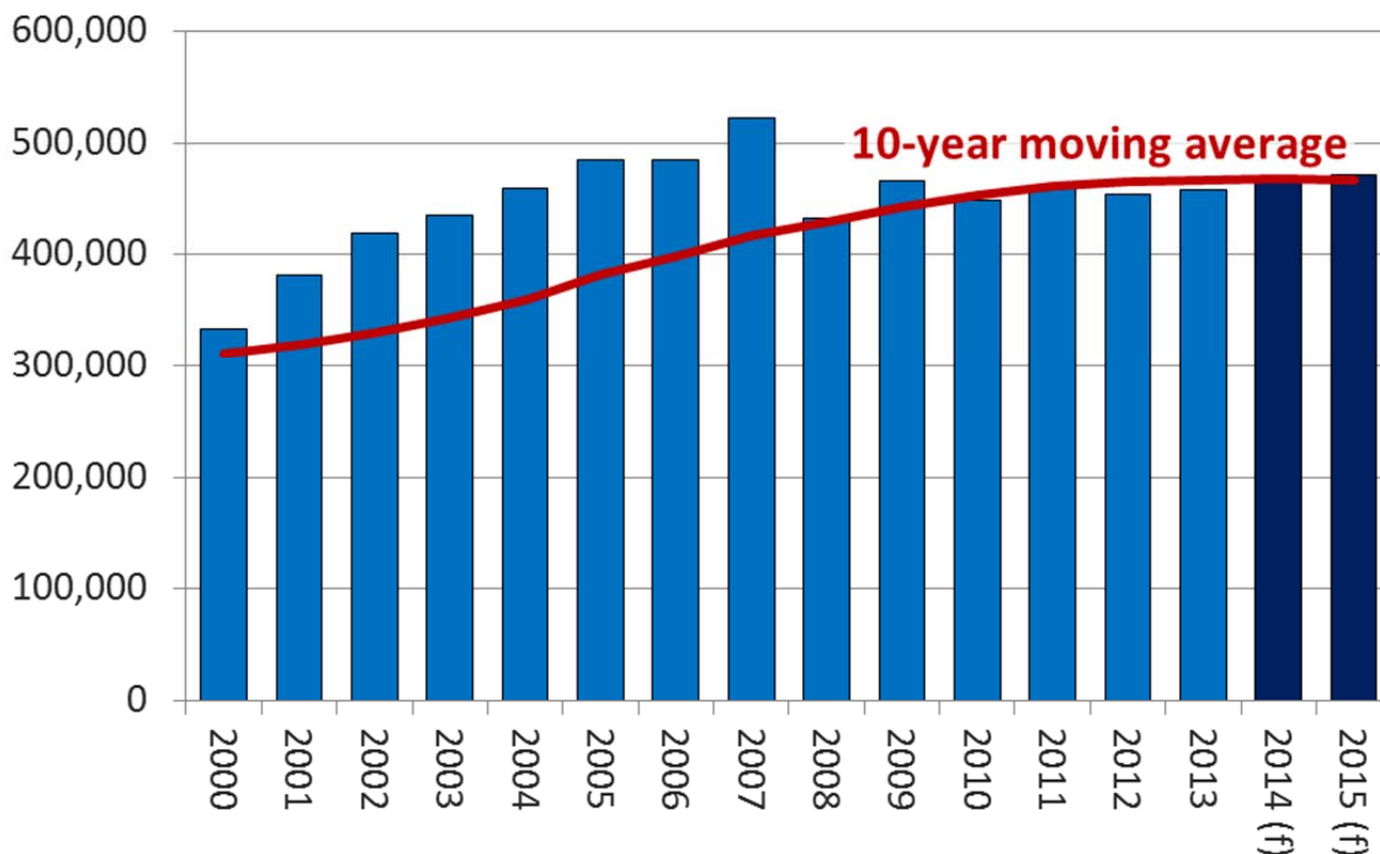
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Average prices have remained firm and continue to reflect a rise in the share of national sales among some of Canada's most active and expensive markets compared to last year. Additionally, prices have been heating up in some markets, particularly in Calgary and Toronto where single family properties are in short supply.

The national average home price is forecast to rise by 3.8 per cent to \$397,000 in 2014, with similar sized gains in British Columbia, Alberta, and Ontario. Modest changes in average prices are forecast for all other provinces this year.

The national average price is forecast to rise a further 1.1 per cent in 2015 to \$401,400. Alberta is forecast to post the biggest rise in average price in 2015 (2.5 per cent), followed closely by Manitoba (+2.0 per cent). Prices in Saskatchewan, Ontario, and Newfoundland and Labrador are forecast to grow by about one per cent in 2015, with other provinces managing gains of close to one-half of a percentage point.

## Sales Activity Historical and Forecast



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## CREA Residential Market Forecast:

| Sales activity forecast | 2013    | 2013 Annual percentage change | 2014 Projected | 2014 Annual percentage change | 2015 Forecast | 2015 Annual percentage change |
|-------------------------|---------|-------------------------------|----------------|-------------------------------|---------------|-------------------------------|
| Canada                  | 457,804 | 0.8                           | 463,700        | 1.3                           | 469,400       | 1.2                           |
| British Columbia        | 72,936  | 7.8                           | 79,000         | 8.3                           | 78,800        | -0.3                          |
| Alberta                 | 66,080  | 9.5                           | 66,600         | 0.8                           | 69,200        | 3.9                           |
| Saskatchewan            | 13,535  | -2.5                          | 13,340         | -1.4                          | 13,560        | 1.6                           |
| Manitoba                | 13,735  | -1.3                          | 13,860         | 0.9                           | 13,940        | 0.6                           |
| Ontario                 | 198,675 | 0.5                           | 197,100        | -0.8                          | 199,000       | 1.0                           |
| Quebec                  | 71,246  | -7.9                          | 72,750         | 2.1                           | 73,500        | 1.0                           |
| New Brunswick           | 6,282   | -1.9                          | 6,110          | -2.7                          | 6,150         | 0.7                           |
| Nova Scotia             | 9,151   | -12.3                         | 8,820          | -3.6                          | 9,100         | 3.2                           |
| Prince Edward Island    | 1,425   | -11.7                         | 1,435          | 0.7                           | 1,450         | 1.0                           |
| Newfoundland            | 4,303   | -7.5                          | 4,210          | -2.2                          | 4,340         | 3.1                           |

| Average price forecast | 2013    | 2013 Annual percentage change | 2014 Projected | 2014 Annual percentage change | 2015 Forecast | 2015 Annual percentage change |
|------------------------|---------|-------------------------------|----------------|-------------------------------|---------------|-------------------------------|
| Canada                 | 382,568 | 5.3                           | 397,000        | 3.8                           | 401,400       | 1.1                           |
| British Columbia       | 537,414 | 4.4                           | 558,100        | 3.8                           | 561,700       | 0.6                           |
| Alberta                | 380,969 | 4.9                           | 396,000        | 3.9                           | 406,000       | 2.5                           |
| Saskatchewan           | 288,698 | 4.8                           | 295,100        | 2.2                           | 298,300       | 1.1                           |
| Manitoba               | 260,849 | 5.3                           | 266,200        | 2.1                           | 271,500       | 2.0                           |
| Ontario                | 402,547 | 4.7                           | 418,400        | 3.9                           | 423,800       | 1.3                           |
| Quebec*                | 267,673 | 1.4                           | 270,200        | 0.9                           | 271,200       | 0.4                           |
| New Brunswick          | 162,652 | 1.0                           | 163,400        | 0.5                           | 164,000       | 0.4                           |
| Nova Scotia            | 217,192 | -1.5                          | 215,700        | -0.7                          | 217,000       | 0.6                           |
| Prince Edward Island   | 156,108 | 2.5                           | 157,900        | 1.1                           | 158,700       | 0.5                           |
| Newfoundland           | 283,101 | 5.3                           | 282,200        | -0.3                          | 285,100       | 1.0                           |



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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.fcig.ca/immobilier-statistiques-definitions.php>*

## **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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