



For immediate release

Western prosperity boosts residential real estate markets in Atlantic Canada, says RE/MAX

Mississauga, Ontario (May 26, 2008) -- Alberta's red-hot economy is fuelling demand for residential real estate in Nova Scotia, PEI, New Brunswick, and Newfoundland this year, according to a report released today by RE/MAX Ontario-Atlantic Canada.

"Strong economic performance in Western Canada continues to spillover into other parts of the country," says Michael Polzler, Executive Vice President and Regional Director, RE/MAX Ontario-Atlantic Canada. "A serious influx of Western Canadian purchasers has bolstered housing sales in every Atlantic province. Tremendous job opportunities available in Alberta that allow commuting to and from the East Coast have served to further strengthen home-buying activity in the region. Last, but certainly not least, after living in Western Canada for many years, more and more Maritimers are returning home."

The RE/MAX Atlantic Canada Market Trends Report found that in-migration from Western Canada has played a major role in stimulating home-buying activity in key regional centres. While most purchases were made with retirement in mind, investment in residential real estate was also a factor driving sales. The wealth effect has also contributed to a bounce back in sales after one of the worst winters on record. In fact, 82 per cent of markets surveyed in Atlantic Canada saw a reversal of trends in April. While Newfoundland-Labrador led the way with a 27 per cent increase in unit sales in April 2008, Saint John, New Brunswick was a close second at 18 per cent.

First-time buyers are a major force in most Atlantic markets surveyed, driving demand for residential properties priced at approximately \$100,000 plus. Inventory in virtually every market is tight at the entry-level price point. The top-end of the market -- priced in excess of \$250,000-\$300,000 in most areas -- has also been brisk. Although this segment represents a small percentage of total residential sales, the number of executive homes sold this year has climbed in almost every centre. Waterfront properties, in particular, have benefited from the increase in Western Canadian and European purchasers.

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“The upswing in average price has been a boon to existing homeowners across the region,” says Polzler. “Most major markets in Atlantic Canada reported an increase in housing values year-over-year. There are, however, some concerns that the hike in demand for residential real estate will lead to higher property taxes and assessments for local residents.”

Newfoundland-Labrador (St. John’s, Corner Brook, Grand Falls) currently leads the region overall in terms of percentage increases in both unit sales and average price, with the number of homes sold up close to 18 per cent year-to-date and average price up almost 15 per cent, compared to the same period one year ago. Two thousand and seven was the first and only year since Newfoundland joined Confederation in 1949 that the province led the country in economic performance. GDP growth soared to 13.4 per cent due to mining and oil development, according to Statistics Canada.

“Housing performance in Newfoundland has been nothing short of remarkable,” says Polzler. “There are \$10 billion in capital works projects on the table and the pressure in the real estate market is only starting to build. By year-end 2008, housing sales and values are expected to climb by double-digits, leading not only the region, but the country, in terms of percentage increase.”

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