



# *Atlantic Canada* Market Trends Report 2007



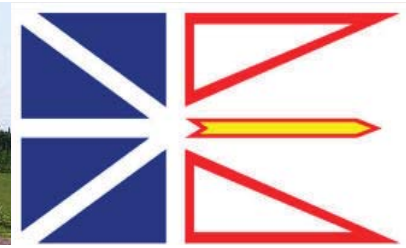
## **Newfoundland**

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### **St. John's**

Strong activity continues to characterize residential home sales in St. John's and the surrounding areas. Unit sales were up 14 per cent in the first quarter—hovering at about 625 units—compared to the same period one year ago. Average price at \$138,000 remains on par with levels reported in Q1 2006. With active listings up close to seven per cent to 2,185 units, there is a good selection of properties listed for sale. First-time buyers are a major force in the marketplace, fueling demand for resale product. Approximately 60 per cent of sales occur under the

\$150,000 price point. Bungalows, older town homes and new duplexes represent the lion's share of sales. Although homeownership is an attainable goal in St. John's, many purchasers are looking for homes offering in-law suites or registered apartments to offset carrying costs. Move-up buyers have also played a role in the recent upswing in real estate activity. Most tend to favour popular neighbourhoods near the university, like Churchill Square, where homes priced from \$180,000 to \$300,000 sell quickly. Demand for properties situated in adult-living villages has also been brisk, with newer product priced from \$140,000 to \$200,000 experiencing strong activity. Luxury home sales have surged as well. From an economic standpoint, St. John's is expected to lead the



country in GDP growth this year. Both the oil and gas and mining sectors are operating at full capacity. Consumer confidence is high and the traditional Spring housing market is expected to blossom later in the season.

## New Brunswick

### Saint John

One word can describe real estate activity in Saint John so far this year—heated. The market is firing on all cylinders with year-to-date sales up 29 per cent over the same period one year ago. From January to March, 508 homes have sold compared to 393 in 2006. Inventory remains adequate, up two per cent so far this year. Solid demand has driven average price up 15 per cent to \$155,500 year-to-date from just over \$134,000 one year ago. Sales of homes priced over \$260,000 have risen 63 per cent over 2006 levels (31 vs. 19). A strong local economy has driven momentum in the real estate market. The oil and gas sector remains vibrant. The city continues to grow through continued building activity in the residential, commercial and private sectors and healthy immigration levels. Many new Canadians are looking to become homeowners much quicker and are buying homes at the move-up price point. Quispamsis, Rothesay and Millidgeville are most popular with today's purchasers. Affordability is drawing an increasing number of first-time buyers to the East Side. Uptown is experiencing some renewal and multi-unit activity is on the upswing as a result, particularly as the waterfront becomes revitalized. Although condominiums remain a small portion of the market, new developments are typically well-received. Builders in Saint John are busy, currently focused on the \$250,000 to \$350,000 price point in Quispamsis and Rothesay and construction of new homes priced between \$150,000 and \$200,000 on the East Side. The momentum is expected to continue with solid appreciation of eight to 12 per cent expected for both unit sales and average price by year-end.

### Fredericton

Residential real estate activity has been very brisk in Fredericton during the first quarter, with sales up 21 per cent over 2006 levels. Consumer confidence remains high in large part due to a stable employment picture. Average price, however, has not followed suit. Stronger sales in the lower end of the market have contributed to a nominal decrease in average price to \$143,677. This is good news for buyers, and as affordability remains favourable, purchasers continue to enter the market en masse. Supply, down three per cent year-to-date, has not had any noticeable impact on the market. First-time buyers continue to be the driving force in Fredericton. While the majority continue to choose single-detached homes such as bungalows, the condominium market is starting to experience considerable momentum in the city. In 2004, 23 condominium units changed hands, followed by a 300 per cent increase to 92 units in 2005 and a 12 per cent jump to 103 units in 2006. Condominiums—priced from \$119,000 to \$149,000—are largely a central core phenomenon, popular among first-time buyers and executive couples. Although interest and acceptance of this type of product continues to rise, condominium sales only account for about six per cent of total residential sales at present. Popular neighbourhoods among entry-level buyers include the North Side and the North Side of the River. Up and coming areas include Cottonelle Creek and West Hills where new subdivisions are taking off. Overall, the market in Fredericton is expected to remain heated, with double-digit increases in sales expected to hold through to year-end. With an ample supply of inventory available, home prices are forecast to remain stable.



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## Moncton

Residential real estate in the Moncton area is poised to break records in both sales and price in 2007. With one of the lowest unemployment rates in the province, an expanding manufacturing sector, and a thriving local call centre industry, consumer confidence is strong. In the first quarter of 2007, the number of homes sold in Moncton rose 19 per cent to approximately 680 units, while average price appreciated three per cent to \$138,000 compared to the same period one year ago. Shrinking inventory levels, off seven per cent from those reported last year, have prompted multiple offers in preferred neighbourhoods. First-time buyers are fueling demand for homes in the Trinity Drive and Dieppe areas where a great deal of new residential development is occurring. Many first-time buyers are choosing to sacrifice overall living space for newer dwellings and this has had an impact on sales of older homes. A newly-built, semi-detached home can be purchased for \$130,000. Baby boomers are also active in the marketplace, with many moving up to larger homes in newer subdivisions, typically priced in excess of \$250,000. An oversupply of homes characterizes the upper-end of the market. Retirees are downsizing, as a growing number are spending their winters in warmer climates. Condominiums, still a small segment of the market, are gaining momentum among purchasers looking for an affordable housing alternative in the downtown core. The average price of a condominium in Moncton is around \$100,000. The housing market is expected to remain solid in the coming months, as economic prospects remain positive.

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## Sackville

Affordable, entry-level housing has prompted a steady stream of first-time buyers in Sackville so far this year. Despite a shortage of inventory overall, average price has increased by a moderate three to four per cent

year-over-year, while sales remain on par with Q1 2006 levels. Multiple offers are a rare exception in this relatively competitive market, yet most listings are commanding close to asking price. Demand for homes located in town has been very strong, especially among first-time buyers who are seeking bungalows or storey-and-a-half homes priced from \$120,000 to \$150,000. Product located near the university also remains popular. A stable employment picture and solid consumer confidence levels are expected to further bolster housing activity this Spring. Home sales are forecast to remain on par with last year or post slight gains by year-end. Tight inventory levels should place upward pressure on housing values, with average price expected to rise five to 10 per cent in 2007.

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## Bathurst

Residential real estate activity has been brisk in the Bathurst area so far this year, with sales up over the same period one year ago. The typical post-holiday slow down was non-existent in 2007, and demand continues to be strong. Prices have risen in response to tight inventory levels, with the average now hovering at \$93,000\*. With first-time buyers responsible for the lion's share of the momentum, the greatest shortage is for starter homes priced in the \$100,000 range. Many purchasers are returning to the Bathurst area after years spent in other provinces. The community is also seeing a fair share of buyers who are relocating from other cities and towns across New Brunswick. The trend can in part be attributed to the reopening of the local mine that has given a positive boost to the real estate sector. Overall, sales and price appreciation are expected to continue the upward momentum through to year-end, posting further gains over 2006 levels. The Spring market will remain strong, and as such, buyers will have to adjust expectations. Bargain properties have become a thing of the past, with purchasers now holding out for top dollar given the tight market conditions.



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## Grand Falls, Edmundston, Campbellton

After a bitterly cold winter, residential real estate activity in Grand Falls, Edmundston, and Campbellton has begun to thaw. Housing sales are up slightly over last year in Northern New Brunswick, while average price has climbed significantly. First-time buyers continue to be active in the marketplace, driving demand for properties priced from \$80,000 to \$125,000. Newer country homes in close proximity to town have also been popular with purchasers, but most will still buy older homes in town and renovate if they can afford to. Despite some economic concerns, another stable year of housing activity is forecast for Grand Falls, Edmundston, and Campbellton.

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## Miramichi

Despite concerns over the future of the mill, residential real estate activity in Miramichi and surrounding areas has been brisk during the first quarter of 2007. Housing sales have increased a substantial 47 per cent over last year, rising from 19 units during the first three months of 2006 to 28 units so far this year. While home sales under \$100,000 are on par with last year's levels, the number of homes sold over the \$100,000 price point is up a significant 300 per cent (12 vs. 3). Strong economic performance, including new commercial construction (Shopper's Drug Mart, A & W), has served to bolster consumer confidence to a large degree in Miramichi. A shortage of housing priced between \$100,000 - \$150,000 has placed some upward pressure on values. Year-over-year, average price has risen approximately eight per cent to about \$120,000. Although first-time buyers continue to be a driving force in the marketplace, empty nesters and retirees are also moving into town. Purchasers 55 years of age and older, some with roots in the area, are choosing to retire here from other parts of

the country. Waterfront properties are particularly coveted with this segment of the market and there is a shortage of available listings. Given a continuation of relatively low interest rates and current economic fundamentals, Miramichi is expected to experience another healthy year of residential real estate activity in 2007.

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## Prince Edward Island

Housing sales have experienced a significant upswing in Prince Edward Island\*\* so far this year. The number of homes sold in the first two months of the year rose close to 23 per cent to 140 units, up from 114 units during the same period in 2006. Although the traditional spring market is expected to bring an influx of new listings, the list of buyers is long. Demand for properties priced between \$80,000 and \$150,000 is greatest, particularly in Charlottetown. With inventory tight in all price ranges, quality product is being snatched up quickly. In the Summerside area however, market conditions are more balanced than in years past, giving buyers there the luxury of more time in making their housing decisions. Empty nesters are downsizing into newly-built, semi-detached homes and first-time buyers continue to seek older, semi-detached homes or bungalows. To realize homeownership, some entry-level purchasers in Charlottetown are buying mobile homes for as low as \$50,000. Stratford and Suburban Charlottetown are the area's hot pockets with several new subdivisions. Downtown Charlottetown has experienced some revitalization with two new condominium developments. New apartment and town home condominiums, priced between \$135,000 and \$175,000, are also extremely sought-after by the baby boomer segment in Charlottetown and Summerside. Out-of-town purchasers, some from as far away as Alberta, are extremely active in the recreational property market. Year-to-date average price has increased by close to five per cent to \$128,706, up about \$6,000 from



\$122,735 one year ago. Posting moderate appreciation year-over-year, Charlottetown and Summerside continue to offer some of the lowest housing prices in the country. Overall, the housing market in Prince Edward Island is expected to remain healthy going forward due to stable economic fundamentals, high consumer confidence levels and steady demand.

## Nova Scotia

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### Bridgetown, Digby, Annapolis Royal

Boomers, retirees, and international purchasers from “across the pond” are fueling demand for residential real estate in Bridgetown, Digby, and Annapolis Royal this year. Recent industry closures, a strengthening Canadian dollar, a cold, late winter, along with the decrease in tourism in recent years, have hampered sales activity, with 23 homes sold in the first quarter of the year compared to 40 one year ago. New listings are down approximately seven per cent from 2006 levels, with the crunch most pronounced for one or two-storey ‘turnkey’ homes that boast quality finishes—sought-after by the more distinguished tastes of the area’s move-up buyers. The upper-end of the market remains quite healthy—up approximately 10 per cent in the first quarter. The increase in luxury home sales has given a boost to overall housing values. Average price has recorded a double-digit increase of 14 per cent year-to-date, hovering at about \$144,000, but that figure is expected to moderate by year-end. Entry-level buyers, though fewer, are driving sales in the \$80,000 to \$100,000 price point. The Spring market is expected to be a competitive one for buyers, who will have to ante up for choice properties. Oceanfront continues to sell at a premium and infill continues to occur on undeveloped shorefront. One acre lots, if they can be had, now command \$75,000 and up.

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## Middleton, Greenwood

Low inventory levels have impacted residential real estate sales in the Greenwood/Middleton area so far this year. To date, only 67 homes have changed hands compared to 93 during the same period one year ago—a decrease of 28 per cent. Listings have fallen nearly 25 per cent from 2006 levels, with 109 posted on the MLS compared to 145 at the same time last year. The shrinking supply has driven prices up approximately five per cent from \$133,000 in 2006 to \$140,000, though multiple offers remain the exception. Demand remains consistent, with a stable employment outlook. Military transfers continue to have a significant impact on real estate activity in Greenwood/Middleton. Move-up and out-of-province purchasers—many of whom are returning home for retirement—are also driving sales. Greenwood continues to be favoured by established purchasers given the higher price points compared to neighbouring Bridgetown, Digby and Annapolis Royal. Average price in Greenwood/Middleton is currently more than 20 per cent higher than outlying areas. Sales in the upper-end of the market remain healthy. Buyers can expect to see prices continue to rise, with moderate increases forecast in coming months. Inventory levels should rebound somewhat with the arrival of Spring and the warmer weather. This is expected to result in stronger sales, bringing the overall year-end total closer to levels reported in 2006.

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## Kentville

Favourable weather conditions have played a role in the steady sales activity recorded to date in the Kentville area, bringing a wave of purchasers in January, while February was typically quieter. The momentum picked up again in March, and overall sales in Q1 2007 posted gains over 2006 levels. Inventory levels are adequate at present. Demand remains strong from the first-time buyer segment of the market, with most



seeking homes priced up to \$130,000. A growing number of buyers have demonstrated a willingness to ante up for properties that are closer to turnkey condition. The trend toward retirement purchases continues, with many boomers and retirees moving back home. Some have brought with them considerable equity from real estate sold in other provinces, and they are driving high-end sales priced over \$300,000. There has been increased demand for country properties, as the recreational lifestyle has gained in popularity. Waterfront properties continue to sell at a premium, but can start as low as \$60,000 and top out just over the \$200,000 price point. Although condominiums are not a significant factor in the Kentville area, demand is starting to emerge for this type of product, particularly from baby boomers and those looking for low maintenance living. A limited supply of condominiums currently exists, but it is expected that builders will start to accommodate this growing segment. Realistic expectations are key in today's marketplace. Overpriced properties will stagnate, yet buyers must also realize their dollar may not go quite as far, despite good affordability levels. By year-end, a two to three per cent increase in sales is expected, while average price should remain on par with 2006 figures.

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## Halifax - Dartmouth

An uncharacteristically mild winter buoyed residential housing activity to near-record levels in Halifax-Dartmouth during the first quarter of 2007. The number of homes sold increased 11 per cent to just over 1,600 units. New listings were down 10 per cent in March, creating tight market conditions, particularly in the lower-end of the market where purchasers are vying for properties priced at \$150,000 and less. First-time buyers are especially active, driven to some degree by pent-up demand, which has been building since last fall when rising fuel costs, interest rates and concerns over the housing market overall

prompted many to sit on the fence. Move-up buyers have also taken to the streets, spurring demand for luxury homes priced over \$400,000. Although the top-end of the market represents less than five per cent of total residential sales, homes priced in excess of \$400,000 have seen a 29 per cent upswing in sales so far this year (62 vs. 48 units). Condominiums continue to enjoy a good following, with an ample number of units available for sale. Average price currently hovers at \$207,800, up six per cent over the same period one year ago. Given current economic fundamentals, including several large-scale development projects including Dartmouth Crossing and the harbour clean-up, Halifax-Dartmouth is set for another solid year of residential housing activity. In fact, should momentum continue at this frenetic pace, 2007 may shatter all previous housing records.

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## Pictou County

Solid demand and low inventory levels have set the stage for a heated Spring market in Pictou County. The number of homes sold in the first quarter of the year approaches 2,000 units, a five per cent increase over the 2006 figure for the same period. Average price has risen by six per cent from \$172,690 in Q1 2006 to \$183,128 in 2007. Buyers entering the market this Spring can expect to find competitive market conditions. Although most are seeking quality properties starting at \$115,000 to \$125,000 in areas like Stellarton, Trenton, and Westville, many will have no choice but to ante up, buying properties that are priced higher due to lack of inventory. In fact, the \$130,000 to \$150,000 price range has experienced an upswing in activity to date. Most buyers are looking for as close to turnkey as their money will buy. Sales in the upper-end remain quite healthy, especially in New Glasgow's West Side. Stable employment and a solid economic forecast should have a positive impact on housing sales in Pictou County for the remainder of the year.




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## Bridgewater

After a strong start to the year, residential housing activity has settled back into a more leisurely pace in Bridgewater. Home sales in the first quarter of 2007 were on par with levels reported one year ago, while average price increased over nine per cent over Q1 2006, reaching \$117,000. First-time buyers were in large part responsible for the early surge in sales, spurring demand for entry-level product in close proximity to town. With tight inventory levels still a reality, the market may see yet another upswing in coming months. There is a growing trend among entry-level buyers to be more conservative in their purchases. As such, a limited supply of homes exists under the \$140,000 price point and product priced under \$100,000 is virtually impossible to find. Some multiple offers have already occurred on well-priced properties, but they are still a rarity in today's marketplace. An increasing number of purchasers are seeking out properties closer to town, and as a result, quality product under 30 years old and priced correctly is moving very quickly. In the top end of the market, demand for homes priced over \$275,000 has tapered in recent months. Waterfront continues to be the exception, as purchasers from other parts of the country, as well as the UK, vie for desirable properties.

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## Truro

Growing demand for residential real estate is placing serious upward pressure on average price in Truro and surrounding areas. Affordability is a huge draw to this thriving community, just an hour's drive from Halifax-Dartmouth. Housing values are significantly less in Truro, despite an 18 per cent increase that has brought the year-to-date average price to \$126,414. First-time buyers are behind the push, fueling demand for properties priced up to \$160,000. Condominiums are also gaining momentum, with yet another project planned for the downtown core.

Condominium conversions in Debert offering renovated units priced from \$70,000 have also been popular with entry-level purchasers. South End Truro has experienced strong demand that has given way to revitalization, such that it is now considered an "up and coming" coveted area. Listings priced under \$200,000 are in short supply. Limited inventory levels have hampered sales activity, given that demand outpaces supply in the area. Ninety-one homes were sold in the first quarter of 2007 on MLS, up seven per cent from the 85 units reported one year ago. Move-up buyers have contributed to the up-swing in sales as well, cashing in on equity gains in recent years and moving into larger homes or better neighbourhoods. Luxury home sales, priced from \$175,000 to \$225,000, have climbed 250 per cent this year, rising from four units in Q1 2006 to 14 year-to-date. Purchasers from other parts of the country and Europe have also been active in the local market, driving demand for retirement properties and waterfront on Northumberland Strait. Truro's strong economy has served to prop up housing activity in recent years. With solid fundamentals in place, residential real estate in Truro is forecast to continue to rattle and hum, experiencing a six to eight per cent increase in unit sales by year-end.

\*Average price for Bathurst is based on March 2007 local board statistics. Bathurst price appreciation is based on March 2007 vs. March 2006 local board statistics.

\*\*Prince Edward Island statistics are February year-to-date, as reported by CREA. All other market statistics reflect March year-to-date, as reported by CREA or local real estate boards.



# ATLANTIC CANADA MARKET TRENDS REPORT 2007

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