



For immediate release

First-time buyers in major Canadian markets move to get in ahead of higher interest rates, says RE/MAX

Mississauga, ON (April 5, 2011) -- Driven by the threat of higher interest rates down the road, first-time buyers are contributing to strong upward momentum in residential housing markets across the country, according to a report released today by RE/MAX.

The RE/MAX First-Time Buyers Report, highlighting trends and developments in nineteen major Canadian centres, found that low interest rates and balanced market conditions have provided significant impetus in 2011, particularly at lower price points. Just over 30 per cent of markets are reporting sales in excess of 2010 levels as a result, while almost 70 per cent have experienced an upswing in average price. Leading the country in terms of percentage increases in the number of homes sold are Western Canadian markets, including Saskatoon (up close to 15 per cent), Greater Vancouver (up close to 12 per cent), and Winnipeg (up just over 11 per cent). With an average price hike of close to 20 per cent year-to-date (February), Greater Vancouver continues to show unprecedented strength, followed by Hamilton-Burlington (eight per cent), Quebec City (seven per cent), Winnipeg (close to seven per cent), Greater Toronto (five per cent), and Greater Montreal (five per cent).

“Despite homeownership rates approaching 70 per cent, there is clearly room for growth as entry-level buyers make their moves from coast-to-coast, undeterred by higher housing values and changes to lending criteria” says Michael Polzler, Executive Vice President, RE/MAX Ontario-Atlantic Canada. “Many purchasers intent on realizing homeownership are scaling back on expectations or are willing to sacrifice location, quality and/or size to make their dream a reality – not unlike generations before them.”

Inventory levels, while tight in several larger centres, are more balanced overall, giving first-time buyers a good selection of housing product from which to choose. Not surprisingly, condominium apartments and town homes have become the first step for many entry-level purchasers, especially in Greater Vancouver, Victoria, Kelowna, Edmonton, Calgary, London-St. Thomas, Hamilton-Burlington, Greater Toronto, the Island of Montreal, and Halifax-Dartmouth where average prices have risen unabated in recent years.

“With the Canadian economy on firmer footing overall, residential real estate is well-positioned moving into the traditionally busy spring market,” says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. “Consumer confidence is climbing in conjunction with economic performance, and concerns over a secondary recession fade with each passing day. The mood is cautiously optimistic, as first-time buyers enter the market.”

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Changes to recent financing criteria have not created the anticipated run up in activity in most markets. From a financial standpoint, most rookie home buyers remain quite prudent. Those making the leap are not doing it lightly, buying within their means. While this most recent round of policy tightening will likely have a negligible effect on demand, the message is getting across.

Affordability remains a growing concern in most markets, and—aside from first-time purchasers—no one is more in tune with that than housing planners and developers. In fact, the growing demand for reasonably-priced product is creating a shift in the country's housing mix. That trend is expected to gain traction in coming years, as builders look to create greater options for those seeking to realize homeownership. In recent years, builders have helped ease the move to homeownership by concentrating on intensification—condominium buildings with smaller suites and small-lot subdivisions offering detached, compact homes at a fraction of the cost of a traditional single-family home. On the flip side, the affordability factor is also breathing new life into tired older neighbourhoods, and that, in turn, is contributing to rising values.

As prices escalate, first-time buyers are indeed spending more—some out of necessity, but others are simply in a position to do so. Unlike in years past—a greater percentage of today's first-time buyer pool is comprised of dual-income, college or university-educated couples with solid earnings. They're spending close to average price or slightly more to secure—in most cases—a better location or a home that will grow with them. Yet, the fact remains that those on a tighter budget can get in for considerably less, with reasonable choices in every major market across the country. While some may feel discouraged by eroding affordability levels, the underlying confidence in the concept of homeownership is rising.

“While market conditions are one thing that influences first-time buyers, few things trump the fundamental belief in homeownership,” says Sylvain Dansereau, Executive Vice President, RE/MAX of Quebec. “Today's entry-level buyers are steadfast in their mindset. They know they have to live somewhere, but they simply don't want to pay someone else's mortgage. Savvy or practical, they remain a driving force. The bottom line is that the demand for entry-level product will remain steady. The role of starter homes in the marketplace is becoming ever more vital.”

RE/MAX is Canada's leading real estate organization with over 18,000 sales associates situated throughout its more than 690 independently-owned and operated offices in Canada. The RE/MAX network, now in its 38th year, is a global real estate system operating in 80 countries, with over 6,300 independently-owned offices and over 92,000 member sales associates. RE/MAX realtors lead the industry in professional designations, experience and production while providing real estate services in residential, commercial, referral, and asset management. For more information, visit: www.remax.ca.

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For more information:
Christine Martysiewicz
RE/MAX Ontario-Atlantic Canada
905.542.2400

Eva Blay/Charlene McAdam
Point Blank Communications
416.781.3911

COST TO FINANCE AN AVERAGE-PRICED HOME*					
Market	Average Price	Five Per Cent Downpayment	Amount Financed	Monthly Carrying Costs	Income Required
Greater Vancouver	\$780,819	\$39,041	\$741,778	\$3,479	\$130,460
Victoria	\$489,113	\$24,456	\$464,657	\$2,179	\$81,722
Kelowna**	\$390,462	\$19,523	\$370,939	\$1,740	\$65,239
Edmonton	\$313,242	\$15,662	\$297,580	\$1,396	\$52,337
Calgary Metro**	\$410,664	\$20,533	\$390,131	\$1,830	\$68,614
Regina	\$266,701	\$13,335	\$253,366	\$1,188	\$44,561
Saskatoon	\$292,463	\$14,623	\$277,840	\$1,303	\$48,865
Winnipeg	\$228,822	\$11,441	\$217,381	\$1,020	\$38,232
Ottawa	\$334,357	\$16,718	\$317,639	\$1,490	\$55,865
Greater Toronto**	\$442,978	\$22,149	\$420,829	\$1,974	\$74,013
Hamilton-Burlington	\$329,305	\$16,465	\$312,840	\$1,467	\$55,021
Kitchener-Waterloo**	\$283,844	\$14,192	\$269,652	\$1,265	\$47,425
London-St. Thomas**	\$226,709	\$11,335	\$215,374	\$1,010	\$37,879
Québec City**	\$239,329	\$11,966	\$227,363	\$1,066	\$39,987
Island of Montréal**	\$354,549	\$17,727	\$336,822	\$1,580	\$59,238
Moncton	\$153,028	\$7,651	\$145,377	\$682	\$25,568
Halifax-Dartmouth	\$257,355	\$12,868	\$244,487	\$1,147	\$42,999
Prince Edward Island	\$142,218	\$7,111	\$135,107	\$634	\$23,762
St. John's**	\$255,512	\$12,776	\$242,736	\$1,138	\$42,691
*Represents Gross Debt Ratio of 32 per cent, 5-year closed fixed-rate mortgage at 3.89 per cent, and a 30-year amortization period based on February 2011 year-to-date average price. Income required does not take into account property tax, heat or mortgage insurance.					
Carrying Costs and Income Data Calculated by: Miles Kulik, Verico MHC Mortgage Services					
Average Price Source: Canadian Real Estate Association, Local Real Estate Boards**					