

**RE/MAX**

ONTARIO-ATLANTIC CANADA INC.

For immediate release

## **Condominiums achieve unprecedented favour among Canadian homebuyers, says RE/MAX**

*Double-digit sales gains reported in most major markets in 2007*

**Mississauga, ON (November 14, 2007)** -- After more than three decades of slow but steady growth, the condominium concept has finally clicked with Canadian homeowners. The lifestyle has proven to be a solid investment in housing markets across the country, chalking up some of the most impressive gains in residential real estate in 2007, according to the RE/MAX Condominium Report released today.

Their universal appeal is substantiated, with every market reporting increased momentum in condominium sales volume over 2006 levels. In fact, 80 per cent of markets surveyed reported double-digit gains in sales year-over-year, with 53 per cent reporting increases over 20 per cent. The greatest growth was experienced in Canada's small to mid-sized markets. Leading the country, in terms of percentage increase in sales so far this year, are Kitchener-Waterloo (+59%), Regina (+57%), St. John's (+54%), and Saskatoon (+33%).

"Deteriorating affordability levels in major Canadian centres have led to the resurrection of the condominium lifestyle in recent years," says Michael Polzler, Executive Vice President, Regional Director, RE/MAX Ontario-Atlantic Canada. "Condominiums are clearly the answer to the skyrocketing cost of land and shelter that has all but eradicated the dream of homeownership for many first-time buyers."

While price appreciation on freehold properties, in particular, was the primary factor in the upswing, the strong desire among baby boomers to lead an active, carefree lifestyle has also driven the concept to unprecedented popularity. The RE/MAX Condominium Report identified Greater Vancouver as the strongest market in the country – where close to 60 per cent of all residential sales now involve a condominium. Condominium presence is also on the rise in centres such as Toronto, Edmonton, Calgary, Regina, Ottawa, and Hamilton-Burlington, where condos now represent 20 to 30 per cent of all MLS sales.

"The white picket fence, sprawling green lawn and tidy urban bungalow has become an unattainable ideal for many first-time buyers—especially in the West," says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. "By necessity, condominiums have become the only practical means to homeownership for a growing segment of the population. Today's entry-level purchasers aspire to manageable mortgage payments, sunset city views, and the non-stop action and amenities of central core living, all packed into 600 to 800 sq. ft. The momentum of the market in recent decades has redefined the home buying process."

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## RE/MAX Condominium Report 2007...2

Condominium values were also up from coast-to-coast in 2007, with all major markets reporting an increase in average price. Thirty-three per cent of cities surveyed reported double-digit price appreciation. The most dramatic hikes were seen in Western Canada's red-hot housing markets, led by Saskatoon (+24%), Calgary (+22%), Edmonton (+19%), Kelowna (+16 % for town homes, +12% for apartments), Vancouver (+14 % for town homes, +11% for apartments), and Victoria (+9% for town homes, +12% for apartments).

At the top end of the market, condominium ownership has been equated with lifestyle. Throughout 2007, aging baby boomers fuelled demand for luxury condominium units. Upper-end activity was reported to be on the rise in all markets examined, with the greatest appreciation occurring in Edmonton (+154 %), Greater Toronto (+98 %), Victoria (+85 %), Winnipeg (+58%), Vancouver (+49%) and Kitchener-Waterloo (+39%). The maintenance-free factor, the ability to travel and to enjoy the best the city has to offer—from restaurants to recreation—were cited in overall condominium appeal.

"In years past, there seemed to be a ceiling in terms of what buyers were willing to pay for this type of product," says Polzler. "Widespread acceptance has seen that philosophy tossed out the window. In the upper-end especially, buyers have demonstrated a willingness to set new benchmarks, and in some cases, are spending more than what a detached home might cost. Multiple offers, once unheard of, have become a reality in some centres."

New benchmarks for the most expensive apartment-style condominium units ever sold through MLS have been reported in several cities in 2007, including Vancouver (\$18 million), Calgary (\$3.7 million), Edmonton (\$2.3 million), Winnipeg (\$1.25 million), and Kitchener-Waterloo (\$670,000).

Given solid demand through all price ranges, it comes as no surprise that investors have been very active in the majority of markets surveyed, hoping to snap up a piece of the pie while demand remains at peak levels. Yet, with a growing number looking for a quick return on investment, swelling inventory levels have become a serious concern in several markets, most notably in Calgary and Edmonton, and to a much lesser extent, Kelowna.

"The impact of speculation, especially in Canada's largest condominium markets, has yet to be determined, but concerns for the future are relevant," says Ash. "In downtown Vancouver, an estimated 50 per cent of sales activity is attributed to investors, whereas as much as 60-85 per cent of new condominiums sales in Toronto's downtown core reportedly involved investors in 2007. This is a major factor that could influence prices in years to come."

For now, a number of market fundamentals point to increased growth in sales, prices and demand well into 2008. These include vibrant economies, Canada's aging population, rising prices, and higher levels of immigration, to name a few.

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## RE/MAX Condominium Report 2007...3

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

Eva Blay/Charlene McAdam/Kim Kofman  
Point Blank Communications  
416.781.3911

### Market Leaders by Percentage Increase in Unit Sales

Market	Year-over-Year % Increase in Unit Sales	2006			2007		
		Apts	Towns	Combined	Apts	Towns	Combined
Kitchener-Waterloo	59%			581			925
Regina	57%			348			545
St. John's	54%			63			97
Saskatoon	33%			1008			1340
Kelowna	30%	796	463	1259	1029	605	1634
Halifax-Dartmouth*	23%			612			752
Winnipeg	21%			939			1140
Edmonton**	18%			5202			6133
Greater Toronto	14%			21950			25072
Victoria	12%	1744	575	2319	1883	717	2600
Ottawa	11%			2283			2527
Hamilton-Burlington	10%			2216			2447
Greater Vancouver	7%	13297	5594	18891	14279	5942	20221
London-St. Thomas**	6.5%			1546			1647
Calgary	1%			7260			7350
*Jan. - Oct. 15th							
**Jan. to Sept.							

Source: Local Real Estate Boards, RE/MAX -- All figures are year-to-date Jan 1st - Oct. 31 unless otherwise indicated.



## Ontario

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### Greater Toronto Area

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Unprecedented demand for condominium apartments and town homes buoyed solid year-over-year appreciation in both sales and price in the Greater Toronto Area (GTA) in 2007. Condominium sales have climbed 14 per cent to 25,072 units, up from 21,950 one year ago—and now represent approximately one in every three homes sold (30.5 per cent) in the GTA. The upward trend has been particularly evident in the downtown core, where double-digit increases in condominium values occurred for the first time in the last decade. 2007 also marked the first year that resale condominium apartments and town homes in the downtown core experienced bidding wars, especially on product priced between \$300,000 to \$400,000. Low inventory levels have been in large part responsible for the upswing, with well-priced listings generating multiple offers. Demand has outpaced supply of condominium apartments and town homes in many core neighbourhoods throughout the year.

In Cabbagetown, for example, the sales-to-listings ratio for town homes has been well over 100 per cent. The upper-end of the market has been particularly vibrant, with 126 sales reported over the \$1 million mark so far this year, up close to 97 per cent from 64 sales one year earlier. New condominium product has been extremely well-received, with line-ups at sales centres the norm for most of 2007. The most successful launches—1 Bloor, Festival Tower, L Tower and Pier 27—were also the priciest at price per square foot from \$600—\$1,000. Most new projects are in the \$450 dollar per square foot range. Across the GTA, condominium units priced between \$200,000 and \$300,000 were most popular, with 43 per cent of apartment sales and 48 per cent of town home sales occurring in this price range. Affordability continued to draw first-time buyers to condominium ownership this year. Close to 32 per cent of apartment and 28 per cent of town home sales occurred under the \$200,000 price point. Entry-level purchasers lead the charge for condominium product in 2007, stimulating sales of apartments and town homes from Scarborough to Mississauga. Demand for town homes continued to escalate, especially in areas such as Liberty Village,



where more and more young families have discovered the advantages of downtown living. Developers have also responded to growing demand from aging baby boomers for larger units situated in blue-chip neighbourhoods. The impact is best illustrated in the Yorkville area where units in several condominium buildings under construction now start at a cool \$1 million. Investors have also jumped into the fray, now representing a sizable segment of the downtown market. In fact, an estimated 60 to 85 per cent of sales in new condominium developments involved investors this year, up from 30 to 50 per cent in 2006. The condominium lifestyle has gained considerable momentum in recent years and the market still has room to grow. Further price appreciation is anticipated in the year ahead, with the most substantial increases forecast for the downtown core. Given a continuation of current economic fundamentals, sales of both apartment and town house units are also expected to climb, rising by three to five per cent by year-end 2008.

## Hamilton–Burlington

Solid economic performance served to bolster condominium sales in Hamilton-Burlington this year. Two thousand, four hundred and forty-seven condominium units changed hands during the first 10 months of the year, a 10 per cent increase over sales reported in 2006. Average price climbed in tandem, rising 7.4 per cent to \$204,877 from \$190,838 one year ago. Condominiums now represent 25 per cent of residential sales or one in every four homes sold. Most popular with today's purchasers are apartment/bungalow style condominiums and town homes at the \$200,000 price point. The vast majority of condominium sales occurred in the \$205,000 range this year—including 998 apartment/bungalow style condominiums and 1,106 town houses. Condominiums remain a popular choice with both first-time buyers seeking affordable housing alternatives and empty

nesters looking to downsize. Sought-after areas include Burlington, Stoney Creek and the Hamilton Mountain. An ample supply of condominiums exists in Hamilton-Burlington—5,655 units compared to 5,090 in 2006. Low interest rates and new condominium construction are coaxing many renters into the housing market this year. The upper-end of the market, priced at \$400,000 plus, is active with 68 sales this year compared to 46 in the previous year. A new luxury development on Hamilton Mountain, overlooking the city, has prices starting at \$750,000.

## Kitchener–Waterloo

Limited inventory levels are driving up the cost of condominium living in Kitchener-Waterloo this year. Demand for condominium product has prompted a double-digit increase in unit sales year-to-date, with 925 units changing hands during the first 10 months of the year, up from 581 during the same period one year ago. Of the 925 condominium sales year-to-date, 344 were apartments and/or loft style and 581 were town houses. Average price climbed five per cent to \$162,690, more than \$8,000 ahead of the 2006 figure. The greatest amount of activity is experienced in the \$85,000 to \$200,000 price range. There were 764 unit sales in this segment—83 per cent of the total condominium sales year-to-date. First-time buyers continue to drive demand for condominiums, although more experienced buyers looking to downsize and free up some equity are also quite active. The upper-end of the market is thriving, with a 39 per cent increase in sales year-to-date. Year-to-date, there have been 32 sales exceeding \$300,000. The highest reported condominium unit sale to date was priced at \$670,000, setting a new record in Kitchener-Waterloo. Location is a significant factor in the upper-end of the market, as affluent buyers are willing to wait for the right location to become available. Luxury rental apartments are being converted into condominiums, allowing their occupants to buy rather than rent.



A limited supply of condominiums listed for sale is placing serious upward pressure on condominium values. The highest number of reported sales is in Kitchener's South West area, as this has the largest concentration of available units. To keep up with demand, there are a number of projects on the horizon including loft and rental conversions, as well as new developments. Vacancy rates in Kitchener-Waterloo are up from last year, hovering at four per cent. Supply of rental units, as a result, has increased while the cost of renting has decreased. Rental prices for three-bedroom units, for example, have declined by an average of \$128 per month. Many of those former tenants have moved into home ownership. Kitchener-Waterloo's increase in detached housing prices, as well as low interest rates, are expected to buoy condominium sales in for the remainder of the year and well into 2008.

## London–St. Thomas

Strong demand for condominium apartments and town homes in London-St. Thomas pushed year-to-date sales 6.5 per cent ahead of last year's levels. During the first three quarters of the year, 1,647 condominium units changed hands, up from 1,546 in 2006. Average price appreciated five per cent to \$145,515, an increase of approximately \$7,700 over 2006 figures. Representing about 28 per cent of total residential sales in London-St. Thomas, the condominium lifestyle had broad appeal this year. While empty nesters and retirees were, in large part, responsible for sales in the top-end of the market, affordability made condominium living a popular option with first-time buyers. Low interest rates were also a major factor throughout the year, prompting many renters to buy into home ownership. Demand was most evident for town homes with an average price of \$135,000 in the North, South, and East London. There was also an upswing in demand for both attached and detached one-storey condominiums (with yards), starting at \$250,000,

offering all the amenities of the condominium lifestyle. Inventory levels are currently on par with last year's levels, hovering at about 450 units. The upper-end of the market has remained stable. In 2007, there were 19 condominium sales over \$350,000, slightly above the 17 sales in 2006. Condominiums in this price range can be found in areas such as Downtown, Byron, Masonville and Highpark.

## Ottawa

The consumer appetite for all things condominium continues to grow in the nation's capital, prompting an 11 per cent increase in unit sales in the first nine months of the year. More than 2,500 condominiums changed hands year-to-date, up from 2,283 during the same period in 2006. Average price has followed suit, climbing close to six per cent to \$197,206. The condominium lifestyle has quietly gained acceptance over the past two decades and the concept itself has matured. The majority of purchasers seeking condominium apartments and town homes today are local, although there are some out-of-province and international buyers in the marketplace. Demand is strongest at the \$125,000 to \$199,999 price point—where 64 per cent of condominium sales have taken place so far this year. One-level apartment units are exceptionally popular in the city, with sales up 15.8 per cent over one year ago (1,078 vs. 931). First-time buyers have been a major force in the marketplace, driving demand for both one-level apartments, as well as town house units. Some sales of smaller apartments can also be attributed to buyers who own homes in the suburbs but work downtown, choosing to acquire small "pied-a-terre" units for convenience. Affordability has been a factor, with most purchasers able to buy into home ownership for less than the cost of a rental. The upper-end of the market has also seen incredible upward momentum, with sales over \$500,000 now accounting for over three per cent of the condominium market. Many purchasers in this segment are affluent baby



boomers, making lateral moves or downsizing from homes in suburban areas to the coveted downtown area—including Centretown, Golden Triangle, and Centreville. New high-rise condominiums are currently under construction throughout the core, with developers concentrating on luxurious units at higher price points. Although current demand in the upper-end is limited, it is anticipated to increase as the baby boom generation makes its way through the lifecycle. As a result, condominium values are expected to escalate in coming years, especially in the top-end of the market. Given current low inventory levels (down 20 per cent to 642 units from 2006), the forecast for condominium apartments and town homes sales is solid for the remainder of the year and into 2008.

## **Nova Scotia**

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### **Halifax–Dartmouth**

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Condominiums have proven to be a serious front-runner in the Halifax–Dartmouth housing market in 2007, with year-to-date sales up 23 per cent over one year ago (752 vs. 612). Statistics for apartment and town home condominiums indicate unit sales have outpaced overall residential sales, which are up 13 per cent from January 1 to October 15 (compared to the same period in 2006). Despite the increase in sales, an adequate supply of condominiums exists in the marketplace. Pricing, availability, and lifestyle continue to be the major factors influencing condominium sales, especially at the \$200,000 to \$250,000 price point. Virtually all areas of the city have experienced a high level of activity, from the Peninsula itself to points south, west, and north, as well as Clayton Park west through to Bedford. First-time buyers have driven sales in the \$150,000 to \$175,000 range for much of the year, even though there are a number of projects priced less expen-

sively that would be more cost effective than renting. In fact, Halifax–Dartmouth is one of few areas in the country where purchasers can still buy a two-bedroom condominium for under \$100,000. Empty nesters and retirees are also active in the market, expressing interest in a number of condominium communities now cropping up that offer semi-detached and town homes (with yards) priced from \$200,000 to \$250,000. Some conversions are underway, especially in areas like Dartmouth, where Southwest Properties has bought commercial/industrial land of the soon to close Moirs Chocolate Factory. Suggestions for the future development of the location, which is ideally situated close to the community college and the ferry link to Halifax, include a high-rise condominium apartment. Luxury condominium sales, priced over \$300,000, continue at a healthy pace, slightly ahead of last year's levels. The recently approved \$700 million Deep Panuke gas project off the southern tip of Nova Scotia is expected to further bolster residential real estate activity in Halifax–Dartmouth. The project, which starts production in three years, will generate \$400 million in royalties for the province. That announcement, combined with solid economic fundamentals and low interest rates, should allow for the continuation of steady momentum in the coming year.

## **Newfoundland and Labrador**

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

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The condominium lifestyle is quietly gaining momentum in St. John's and surrounding areas with demand growing in leaps and bounds this year. While representing only a small fraction of overall sales in St. John's and Mount Pearl, the market has seen a 54 per cent increase in unit sales to date—97 units changed hands in 2007 versus 63 units at the