



RE/MAX

Atlantic Canada

MARKET TRENDS REPORT

2005

Prince Edward Island

CHARLOTTETOWN

Despite relatively solid economic fundamentals, demand for residential housing has softened somewhat in Prince Edward Island's provincial capital. The number of homes sold overall in Prince Edward Island during January to August of this year (888 units) dipped slightly from 2004 levels. Average price, on the other hand, experienced an increase of just over six per cent, rising from \$108,268 to \$115,088 this year. The traditional fall market – September, October, and November – has yet to materialize. Several factors have contributed to lukewarm housing sales this year. First-time buyers are less active in the marketplace, creating an

oversupply of entry-level homes in Charlottetown. In fact, inventory levels are up close to nine per cent in the province. Concerns over rising oil prices have also served to discourage some purchasers from homeownership, although there are those who are looking to make the move from more rural areas to the urban centre to save on energy costs. Finally, the recent implementation of the one per cent real estate tax may have placed a damper on sales activity. Two areas of strength in Charlottetown's residential real estate market in 2005 have been the upper-end and the waterfront. Both have shown remarkable resilience in the city's sluggish housing market with sales over \$200,000 holding steady.

SUMMERSIDE

Unprecedented demand for oceanfront properties in rustic Summerside has bolstered housing market activity so far this year. Unlike neighbouring Charlottetown, sales are up approximately 10 per cent year-to-date, while average price



has experienced a moderate three per cent rise to \$120,000. Inventory levels are low, particularly in entry-level categories priced from \$75,000 to \$100,000, and multiple offers are occurring. Yet, first-time buyers remain undaunted, with some willing to spend a little more to get into the market now while others are willing to wait for the ideal property. Out-of-province purchasers from Ontario and the U.S. are also quite active in the marketplace, with many obtaining permanent resident status. The local economy is vibrant, with low interest rates stimulating consumer confidence levels. The natural beauty of the area has served to draw North American purchasers. Tourists who visit often want to come back to live here. The upper-end of the market, as a result, has seen tremendous growth in recent years. The western part of the island is most coveted by upscale purchasers.

Nova Scotia

BRIDGETOWN, ANNAPOLIS ROYAL AND DIGBY

Strong consumer confidence levels and a stable local economy have contributed to brisk housing activity in Nova Scotia's Annapolis Valley West. Sales are up nearly 23 per cent over 2004 levels year-to-date, with 140 units sold from January to August of this year in the Bridgetown, Annapolis Royal and Digby areas. First-time purchasers continue to be the primary driver, fueling demand for entry-level homes priced under \$100,000. Also contributing to the heated momentum is an increase in the number of out-of-province purchasers buying second homes. These purchasers, who now comprise the second most influential segment of the market, are directly responsible for the ongoing strength in the upper end. A significant increase in inventory levels—up approximately 30 per cent year-over-year—has been a positive development, allowing purchasers the luxury of time and choice in a thriving market. The rise in listings has helped to stem a double-digit average price increase—average price rose 8.5 per cent year-to-date over the same period in 2004. It now hovers at \$93,500, up from \$86,200 one year ago. With solid economic fundamentals in place,

the market should continue to experience steady growth for the remainder of the year.

MIDDLETON, GREENWOOD— ANNAPOLIS VALLEY CENTRAL

Residential housing values continue to climb in leaps and bounds within the 60-mile radius referred to as Annapolis Valley Central in Nova Scotia. Average price in the area has jumped close to 20 per cent to \$130,000 year-to-date January – August 2005, when compared to the same period one year ago. Move-up buyers are extremely active in the market, fueling demand for upper-end homes priced in excess of \$150,000. Limited inventory levels, particularly in Middleton, are placing additional pressure on prices in the area. Home sales in the Annapolis Valley are slightly off last year's pace, with 322 units reportedly sold so far this year. A fairly good selection of properties exists in Greenwood and East of Middleton. Demand for homes under \$150,000 has been stable across the board. First-time buyers have been leading the charge, spurred by the latest quarter point hike in interest rates. Entry-level homes in the Annapolis Valley are among the most affordable in the province, with a modest three-bedroom bungalow starting as low as \$60,000. Rising energy costs have tempered activity somewhat in recent weeks.

BRIDGEWATER

The powerful Canadian dollar has impacted foreign investment in Bridgewater this year. Potential homebuyers from both the United States and overseas have been discouraged by rising housing values and the reduced strength of the American greenback. The number of homes sold in the area has dipped nearly seven per cent year-to-date (September), with 780 homes changing hands so far versus 837 one year earlier. Average price, while showing a rise year-over-year, has been skewed by more sales in the upper-end of the market—particularly those involving raw oceanfront land. When these are factored out, average price in the area has actually remained on par with 2004 levels. Offsetting the decline in out-of-province purchasers is the first-time buyer segment of the market, despite a shortage



of inventory in the \$80,000 to \$120,000 price range. Retirees and baby boomers are also quite active, driving an increase in upscale sales in the area. Demand for raw oceanfront, priced from \$150,000 to \$200,000, continues to outpace supply. Limited inventory levels are creating upward pressure on pricing, but purchasers have yet to show any resistance. New home construction has been steady throughout the year, although higher prices may prompt some buyers to reconsider more affordably-priced resale housing in the months ahead. Concerns over the rising cost of homeownership and the lack of adult lifestyle accommodation have driven some retirees to look at other options.

HALIFAX-DARTMOUTH

Halifax-Dartmouth's robust residential housing market came to a virtual standstill for two weeks in September when faced with the triple threat of Hurricane Katrina, Hurricane Rita and rising energy costs. The local real estate market has since rebounded with sales gaining momentum each and every day. The number of homes that have changed hands year-to-date has increased 12.5 per cent, rising from just over 4,000 sales between January to August 2004 to close to 4,587 units so far this year. Average price has also risen in tandem, with values hovering at close to \$190,000, up 7.5 per cent from one year ago. Inventory levels are up by 30 per cent in Halifax-Dartmouth, but have still not returned to the industry norm. Rapidly rising house prices in recent years have prompted many first-time buyers to adjust their expectations. As a result, there has been a serious shift in attitude toward the condominium lifestyle. Sales of resale condominium product specifically have gained intense momentum – a fact not gone unnoticed by local investors. Entry-level condominium units now start at \$90,000, up significantly from \$50,000 a few years back. Move-up buyers are also a force to be reckoned with in today's marketplace, stimulating demand for properties in all segments of the market, including the vibrant upper-end. A continuation of strong economic fundamentals should ensure steady upward momentum through the remainder of the year and into 2006.

TRURO

After a 17-year hiatus, the condominium lifestyle is making a grand comeback in Truro, Nova Scotia. The first of several new condominium projects is now under construction, offering 22 units starting at \$157,000 in a market where average price hovers at \$95,000. Nearly all the apartments have sold, including some priced in excess of \$240,000. Empty-nesters who are downsizing from larger homes in the area have been driving this segment of the market to a large extent. The housing market overall has seen tremendous strength year-over-year, with multiple offers now occurring on properties across the board. Sales of homes are up close to 12 per cent to 560 units so far this year, compared to 501 sales January to August 2004. Average price has appreciated almost five per cent to \$95,796 in 2005, an increase of approximately \$4,000 over last year. The number of homes listed for sale has fallen one per cent to 1,376 in 2005. Tighter inventory levels may place some upward pressure on prices, but most first-time buyers in the area will find homeownership within reach. An upbeat economic outlook is in large part responsible for growing consumer confidence levels. Located midway between Halifax and Moncton, Truro has much to look forward to in the years ahead. In addition to existing industry, non-residential construction in the shape of a new mall at the power centre will serve to further bolster the economy in the immediate future.

PICTOU COUNTY

The momentum continues to increase steadily in Pictou County's real estate market—with the towns of Westville, Trenton, New Glasgow, Pictou and Thorburn reporting strong housing sales. In fact, the county is expected to mark another record year in 2005, with the number of homes sold on MLS up 7.5 per cent from January to August of this year, compared to the same period one year ago (257 sales vs. 239). The local economic picture continues to be favourable—with one of the area's major employers, the steel mill, running at full tilt throughout the year. While locals in all segments of the market—from first-time to upper-end buyers—are setting the unprecedented pace, there has been a noted increase in the number of out-of-



area purchasers who are taking up permanent residence in Pictou County. Oceanfront properties continue to draw attention, with lots priced from an affordable \$50,000 for two acres. The west side of New Glasgow has also been very active—sales of homes priced from \$150,000 to over \$300,000 are brisk. A developing trend in the marketplace is the shift in demand to out-of-town or fringe properties that offer larger lots, more privacy and lower taxes. First-time buyers are still entering the market en masse, undaunted by the threat of higher interest rates. Slowing this segment of the market, to some extent, is a significant shortage of entry-level homes priced from \$80,000 to \$100,000. Bungalows are in tight supply and some first-time purchasers find themselves competing with aging baby boomers for these sought-after properties. Despite this, average price in the area has fallen slightly from 2004 levels, due mainly to an increased number of sales in the lower price ranges. However, lack of development in Pictou County may serve to put pressure on resale housing values in the future. County by-laws are making new construction too cost-restrictive for builders, despite the fact that demand exists to support considerable growth in the area. Rising fuel prices represent the only dark cloud on the horizon in the short-term, and while it has some sitting on the fence, homeownership remains a very attractive option for most.

New Brunswick

MONCTON

Demand for housing remains at an all-time high in Moncton, with the city on track to mark another record year in residential real estate in 2005. Year-to-date unit sales have reached 1,692—up nearly 8.5 per cent over January to August of 2004. Buoyed by healthy retail, manufacturing and service sectors, consumer confidence remains high. Purchasers continue to express their sense of security through the investment in real estate. Particularly strong is the move-up segment of the market, with brisk sales reported in the north end areas of Dieppe and Riverview. A growing influx of new residents has also been positive for the resale market—out-of-province purchasers now account

for a significant share of sales activity. Many are attracted to the increasing number of well-paying bilingual jobs in the city and the relative affordability when compared to other areas of the country. Balanced conditions currently characterize the market, as inventory levels have steadily rebounded since 2004 resulting in an adequate supply of product across the board. Average price, however, continues its upward climb, reaching \$123,681 year-to-date—up 8.6 per cent over the same period one year ago.

SACKVILLE

Low interest rates have helped stimulate housing activity in Sackville, New Brunswick this year, prompting both first-time and move-up buyers to enter the market. A good selection of homes is available for sale in the area. Most vendors are realizing close to list price. The number of homes sold to date is on par with 2004 levels. The exception is the upper-end of the market, where sales have softened somewhat from last year's pace.

SAINT JOHN

Housing sales throughout the province are on a tear and Saint John is no exception with a 17.7 per cent increase year-to-date (1,164 units between January to August). A solid local economic outlook—bolstered by relatively low mortgage rates and announcements regarding LNG and Point Lepeau—has consumers jumping into the market. Increased inventory levels have served to moderate average price appreciation, up a modest 2.2 per cent over year-to-date 2004 levels to \$118,400. Entry-level housing is the only segment of the market experiencing a slight supply crunch. Yet despite this, more sales have been recorded in the lower end of the market, with first-time purchasers now the driving force behind activity. There continues to be a growing number of first-time buyers skipping entry-level product and opting for homes priced in the mid-range. The recent trends in housing have been toward one-level living (fuelled by boomers) and the move to newer product—10 years old or less. Listings in newer subdivisions are moving quickly. The increase in harbour traffic has resulted in more out-of-province purchasers settling in the Saint John area.



Immigration has also been a boon, with household formation among new Canadians happening at a quicker pace than ever before. Rising fuel prices are expected to put the brakes on sales activity throughout the remainder of the year as some potential purchasers are concerned with the mounting cost of homeownership.

NORTHERN NEW BRUNSWICK

BATHURST

Leading Atlantic Canada in terms of percentage appreciation in unit sales is Northern New Brunswick with a substantial 27 per cent increase year-to-date, compared to the same period in 2004. Yet sales in Bathurst, while still very active, are off from last year's record pace, with 61 homes changing hands to date compared to 69 one year earlier. First-time buyers, retirees and those returning home from other areas of the country are driving demand. Product priced from \$80,000 to \$110,000 is most sought-after, with the majority of purchasers seeking turnkey properties less than 10 years of age. Although some buyers are willing to compromise and renovate, the property must be priced to sell. There has been a growing trend toward year-round oceanfront living, with an increasing number of purchasers looking for properties offering water frontage. As a result, this type of product continues to experience serious upward pressure on pricing. Lots on the ocean now start from \$100,000, while oceanfront homes sell from \$200,000. Given this trend, sales in the upper end of the market are also up over last year. Price appreciation overall has been more moderate due to relatively balanced market conditions. Average price is now at \$67,055, an increase of 1.4 per cent over 2004 levels (January to August).

MIRAMICHI

Strong momentum continues to characterize the real estate market in Miramichi this year. Seventy-one homes changed hands so far in 2005, compared to 59 during the same period one year ago—a significant 20 per cent increase. First-time and move-up buyers have accounted for the lion's share of activity, driving demand for split-entry and bungalow-style

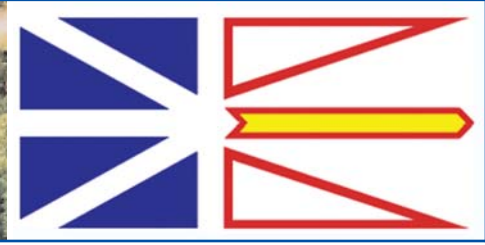
product priced from \$80,000 to \$120,000. Even a strike at the mill—one of the areas major employers—since December 26th, has yet to put a damper on homebuying activity. Interest rates, low by historical standards, continue to be the number one catalyst for those making their moves. Many are trading in their home equity to move up to larger or more expensive housing. With year-to-date average price hovering at \$81,600, real estate in the Miramichi area is still considered very affordable. Given that appeal, Miramichi continues to see a growing number of out-of-town and out-of-province purchasers. With the market continuing to fire on all cylinders, further price appreciation is expected in 2006, as sales remain steady.

GRAND FALLS

Consumer confidence has sparked strong demand for housing in Grand Falls, with year-to-date sales up 18 per cent over the same period in 2004 (107 units vs. 90 units). Inventory remains tight, with less than 100 homes currently listed for sale. Both first-time and move-up buyers are active in the marketplace, driving activity in the \$80,000 to \$125,000 price range. Many first-timers are foregoing the move to entry-level housing and opting for slightly more expensive accommodations. Bungalows are most sought after by first-time buyers, retirees, and empty nesters. Given tight market conditions, a sense of urgency has emerged in the marketplace. Purchasers are moving quickly to secure their ideal home. An influx of large, big box retail and other commercial developments to the area has bolstered the local economy, allowing many families to add second incomes through increased employment opportunities. Duplexes have recently been introduced to the housing market in Grand Falls and have been well received by first-time buyers looking for an alternative to single-detached homes. With the area on track to set a new record for sales in 2005, the momentum should continue well into the new year. Year-to-date average price now approaches \$135,000, up eight per cent from 2004 levels.

EDMUNDSTON

Tight housing market conditions have given way to more balanced activity in Edmundston this year. Purchasers are



now taking more time to make housing decisions and the number of days on market has increased. First-time buyers continue to lead the charge, fueling demand for newer homes that are less than 20 years old. While many young families are willing to compromise on their housing purchases, most are still seeking out turnkey properties. Trade-up activity to larger bungalow product has resulted in slower turnover for traditional, one-and-a-half-storey homes. While activity remains healthy, with sales up 14 per cent over last year (142 units have changed hands so far in 2005), momentum has slowed in recent months. The area has experienced a number of layoffs and although that fact in itself has not had a significant impact on the resale market to date, there are concerns that it could affect buying activity in the long run. Year-to-date average price has increased 22 per cent so far this year, now at \$110,000, up from \$90,000 during the same period in 2004.

FREDERICTON

Improved market conditions, with listings up slightly over 2004 levels, have resulted in more moderate price appreciation in the Fredericton area so far this year. Average price has now reached \$145,700, up just four per cent over one year ago. Activity remains strong throughout the city, with year-to-date sales rising five per cent—1,290 sales have been recorded in 2005. The momentum could be stronger, although a shortage of product priced between \$100,000 and \$150,000 has some buyers waiting in the wings. In fact, properties at that price point that are in good condition and priced properly are snapped up quickly. Condominiums have become very popular in Fredericton and are selling at a brisk pace. A great deal of new development is underway and more projects are planned for the future. Two years ago, this type of product was virtually non-existent. Condominiums now account for an ever-growing share of sales. New product offers a good alternative to first-time buyers, boomers and retirees, priced from \$119,000 to \$150,000. Recent hurricanes in the Southern U.S. may impact the price of new home construction due to an anticipated rise in the cost of building materials. As such, the resale sector could benefit as some buyers refuse to ante up. At present, consumer confidence remains high and the

employment outlook is positive, with a very stable economic picture overall. These factors, combined with continued favourable interest rates, should result in a vibrant housing market well into 2006.

Newfoundland

ST. JOHN'S, MOUNT PEARL, CONCEPTION BAY

An influx of new listings in St. John's tight market is expected to help ease upward pressure on housing values. To date, average price has climbed just over seven per cent to \$141,227, up from \$131,685 one year ago. Sales, on the other hand, are on par with last year's hectic pace, with more than 2,000 homes sold so far this year. New properties, such as bungalows priced between \$140,000 and \$159,900 are tight, with those that are listed for sale quickly snapped up by retirees and empty nesters. The demand for this type of product has sparked an increase in the number of adult-living subdivisions to be started in 2006. This segment of the market has also been instrumental in propping up second home sales in the province. First-time buyers, however, continue to be the engine driving the residential housing market in St. John's, Mount Pearl, and Conception Bay. Move-up buyers are also quite active, fueling activity for homes in St. John's East End—Clovelly Trails Subdivision—offering executive, two-storey homes priced from \$175,000 to \$300,000. Increased sales in the upper-end of the market have contributed to higher average price appreciation, despite more sales in the lower end of the market. Condominium sales in the area have kept up with last year's levels, although most first-time buyers, boomers, and retirees still prefer freehold living. Stable housing activity is forecast for the remainder of the year based on solid economic fundamentals, such as low interest rates and steady employment growth. Although concerns over rising oil prices have prompted some purchasers to investigate energy alternatives such as electric heat pumps, home sales continue to occur at a healthy rate.



REGIONAL CONTACTS

Christine Martysiewicz RE/MAX Ontario-Atlantic Canada 905-542-2400
 Eva Blay/Charlene McAdam Point Blank Communications 416-781-3911

LOCAL CONTACTS

Market	Contact	Office	Telephone
PRINCE EDWARD ISLAND			
Charlottetown	Don Martin	RE/MAX Charlottetown Realty	902-892-2000
Summerside	Darlene Arsenault	RE/MAX Harbourside Realty Ltd.	902-888-3600
NOVA SCOTIA			
Bridgetown, Annapolis Royal & Digby	Bruce Hutchinson	RE/MAX Banner Real Estate	902-665-2770
Middleton, Greenwood	Bryson Crowell	RE/MAX Banner Real Estate	902-825-6666
Bridgewater (South Shore)	John Dibbin	RE/MAX South Shore (1989) Ltd.	902-543-8882
Halifax-Dartmouth	Al Demings	RE/MAX Nova	902-468-3400
Truro	Sharon Corcoran	RE/MAX Fairlane Realty Inc.	902-893-7500
Pictou County	Diane MacNeil	RE/MAX Newstyle Realty Ltd.	902-755-3030
NEW BRUNSWICK			
Moncton	Carolyn Robichaud	RE/MAX Quality Real Estate Inc.	506-384-3300
Sackville	Anna Abbott	RE/MAX Sackville Realty 2000 Ltd.	506-364-0032
Saint John	Gordon Breau	RE/MAX Professionals Saint John Inc.	506-634-8200
Bathurst	Mona Payne-McCarthy	RE/MAX Bathurst Realty (1995) Ltd.	506-546-7777
Miramichi	Annette Comeau	RE/MAX 3000 Ltd/Ltee	506-624-2500
Grand Falls	France Pelletier	RE/MAX Residex Inc.	506-473-6060
Edmundston	France Pelletier	RE/MAX Residex Inc.	506-473-6060
Fredericton	Claire Saunderson	RE/MAX Group Four Realty Ltd.	506-452-9888
NEWFOUNDLAND			
St. John's, Mount Pearl & Conception Bay	Jim Burton, FRI, MVA	RE/MAX Plus Realty Inc.	709-738-7587