



For immediate release

All systems go for residential real estate activity across the country, says RE/MAX

Mississauga, Ont. (September 23, 2002) – Residential real estate activity in major Canadian centres shows no signs of abating in the Fall, according a joint report released today by RE/MAX Ontario-Atlantic Canada and RE/MAX of Western Canada.

“National housing markets continue to demonstrate strong sales activity and solid price appreciation,” says Pamela Alexander, CEO, RE/MAX Ontario-Atlantic Canada. “Despite some softening in home sales during the traditionally slower summer months, activity from Victoria, B.C. to St. John’s, Newfoundland is expected to experience a mini-surge from late September to mid-November.”

The RE/MAX Market Trends Report 2002 highlighted unit sales and average price activity in 25 markets across the country from January to August versus the same period one year ago. Kelowna, B.C. is the country’s hot pocket area, with sales up close to 40 per cent, rising to just under 3,500 units, and average price climbing 14.6 per cent to \$200,585. Kelowna edged out Ottawa, Ontario by a fraction in terms of price appreciation. Housing values in Ottawa rose 14.2 per cent to \$200,491 during the first eight months of the year, compared to 2001.

“Real estate has clearly become the investment vehicle of choice for today’s consumers,” says Elton Ash, Vice President and Regional Director, RE/MAX of Western Canada. “Spurred on by favourable interest rates and spooked by stock market volatility, consumers are hedging their bets and acquiring a blue-chip investment — real estate.”

One of the major factors contributing to the strong activity is a severe shortage of available product across the board. Virtually every housing market surveyed reported a lack of quality homes listed for sale, best underscored by a 20 per cent decline in new listings in Hamilton, Ontario. The deficiency, combined with heated demand, has resulted in a proliferation of multiple offers in major Canadian centres, including smaller housing markets like Halifax, Nova Scotia, Regina, Saskatchewan, Thunder Bay and Sudbury, Ontario.

“Although more common during the peak Spring months, bidding wars continue to break out on well-maintained homes in hot pocket areas,” says Ash. “Consumers are willing to pay a premium for location, location, location. But most are also prepared to walk when negotiations exceed their set budget. Consumers haven’t thrown caution to the wind.”

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Larger markets such as Vancouver, Calgary, Montreal, and Toronto are all experiencing double-digit increases in sales activity – ranging from 12.9 per cent in Toronto to 29.2 per cent in Vancouver. Yet, price appreciation has been held to under 10 per cent in major centres.

“Given tremendous sales activity in these markets, housing values haven’t gone through the roof,” says Alexander. “In the 1980s, consecutive double-digit price increases were the norm. In fact, in the Greater Toronto Area, price appreciated 27, 36, 21, and 19 per cent from 1986 through to 1989 respectively.”

Other highlights include:

- First-time buyers in most major centres continue to reaffirm their faith in residential real estate. Undaunted by the shortage of homes listed for sale and the bidding wars, most are taking advantage of today’s affordable interest rates.
- Strong first-time buying activity is prompting more action in the move-up market. In most markets across the country, the most severe shortages exist in the mid-to-upper price ranges.
- Multi-unit residential income properties are in high demand. Fuelled by lower borrowing costs, rising monthly rental rates, and poor stock market returns, small investors are buying-up properties across the country. The only exception is Winnipeg where rent controls are impeding this type of activity.
- New construction continues at breakneck speed. In Toronto, the Greater Toronto Home Builders Association is en-route to reporting their strongest year since opening.
- The most expensive housing market in the country is Vancouver where average price has topped \$300,000. The most active market in terms of home sales continues to be Toronto where more than 52,600 properties changed hands in the first eight months of the year.

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For more information:

Christine Martysiewicz
RE/MAX Ontario-Atlantic Canada
905.542.2400

Eva Blay
Point Blank Communications
416.781.3911