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First-time buyers driving force behind thriving Atlantic Canada real estate market, says RE/MAX

Halifax, NS (July 19, 2004) -- First-time buyers are entering the housing market en masse in Atlantic Canada, spurred on by low interest rates, strong consumer confidence levels, and CMHC's zero-down program, according to a report released today by RE/MAX Ontario-Atlantic Canada.

The RE/MAX Atlantic Canada Market Trends Report, highlighting sales and price activity in 20 centres and four provinces during the first six months of the year, found that home sales increased in 89 per cent of markets surveyed while average price had appreciated in 82 per cent. Low inventory levels were present in 38 per cent of markets – and that figure rose across the board when it came to entry-level properties in affordable price ranges.

Double-digit increases in housing sales were reported in the majority of markets surveyed. Northern New Brunswick led the way, posting a 40 per cent increase in year-to-date unit sales for the first six months of the year. Price escalation ranged from nearly two per cent in Summerside, PEI to a high of 13 per cent in St. John's, NF. However, six to 10 per cent appreciation was common in most markets.

“The economic engine continues to perform well in Atlantic Canada,” says Michael Polzler, Executive Vice President, RE/MAX Ontario-Atlantic Canada. “Provinces like Newfoundland, New Brunswick, and Prince Edward Island are expected to post solid GDP growth this year, slightly ahead of the Canadian average. The housing sector is clearly responding to the enthusiasm in the marketplace.”

Baby boomers, retirees, and empty nesters are also playing a role in stimulating market activity. Their contribution to the market is evidenced by a growing number of sales in the upper-end, an upswing in condominium construction, and a surge in the number of recreational properties sold. Out-of-area buyers, some of which are coming home to retire, are also having a healthy impact on housing sales in the region.

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New housing construction is helping to offset some of the shortage in resale properties in Atlantic Canada. St. John's leads the area in terms of building activity, with starts 21.9 per cent ahead of last year's levels in terms of single-family dwellings and multi-unit residential. Sales of new single-family dwellings are also up in Moncton, Fredericton, and Bathurst, New Brunswick.

"Despite strong activity in the housing market, there are no pressure cracks emerging," says Polzler. "Interest rates are expected to hold relatively steady and an increase of one or two per cent will not have a serious effect on the market. In light of the shortage of available listings, multiple offers continue to be a fairly rare occurrence in most areas. Good economic health is forecast for virtually every market surveyed for the remainder of the year."

Additional Highlights:

- The condominium lifestyle is gaining acceptance in the Atlantic Region. Condominium construction is now well underway in Halifax, Dartmouth, Bedford, Saint John, Moncton, and St. John's and surrounding area.
- CMHC's zero-down program is attracting purchasers, but most first-time buyers prefer to save up a down payment of at least five per cent before they enter the residential housing market in Atlantic Canada.
- Some of the most expensive housing in Atlantic Canada is found in the coveted Bedford area, just outside Halifax, Nova Scotia.
- Renovation is still a factor throughout the area, with some infill housing cropping up in older, established areas in major centres.
- New housing starts continue to rattle and hum in Atlantic Canada, helping to ease pent-up demand in some areas.
- Although sales are solid in the upper-end of the market, there does appear to be some buyer resistance to rising prices in Halifax. Upscale home sales have also softened in Bridgewater, where the slowdown has been attributed to growing confidence in the stock market.

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For more information, please contact:

Christine Martysiewicz
RE/MAX Ontario-Atlantic Canada
905-542-2400

Eva Blay/Charlene Quenneville
Point Blank Communications
416-781-3911