Luxury housing sales surge forward
in most major Canadian centres in 2012, says RE/MAX

New records set in just over 60 per cent of markets in the first quarter

Laval, QC (May 16, 2012) – The Canadian appetite for all things luxury continues to fuel demand for high-end housing, with first quarter 2012 sales well ahead of 2011 figures for the same period in most markets across the country, according to a report released today by RE/MAX.

The Upper-End Report found that 81 per cent (13) of the 16 major Canadian centres examined—including Greater Montreal, Quebec City, Victoria, Edmonton, Calgary, Regina, Saskatoon, London-St. Thomas, Kitchener-Waterloo, Hamilton-Burlington, Greater Toronto, Ottawa, and Halifax-Dartmouth—posted an increase in homebuying activity, with the vast majority reporting double-digit appreciation. Records were set for upper-end sales in ten markets in Quebec, Saskatchewan, Ontario, Nova Scotia—including Greater Montreal and Quebec City.

"The strength of the upper-end is underpinned by solid fundamentals," says Sylvain Dansereau, Executive Vice President, RE/MAX Quebec. "Most markets remain largely balanced across the board, with stable or modest price growth forecast in the luxury segment. Inventory levels have played a role in some multiple offer activity, with shortages notable in Montreal, throughout Ontario, and Winnipeg. While selection may be adequate in other markets, the demand and competition for quality stands out. Buyers at this price level are very discriminating. They are raising the bar nationwide, altering the Canadian housing landscape in the process."

The greatest percentage increase was reported in Regina, where first quarter sales of luxury homes priced over $500,000 climbed 56 per cent year-over year (50 units vs. 32 units). Quebec City placed second, posting a 50 per cent (48 units vs. 32 units) upswing in activity, while Toronto followed closely with a 49 per cent gain (412 units vs. 277 units). The mid-sized markets of London-St. Thomas (43 per cent) and Kitchener-Waterloo (39 per cent) rounded out the Top Five—demonstrating that upper-end enthusiasm is not exclusive to Canada's larger centres.

"Canadians recognize and appreciate the stability of real estate," says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. "Given volatility in other areas, housing has emerged as a blue-chip asset among the country's most affluent individuals. The capital gains exempt status ups the appeal, particularly as we see ongoing fluctuations in stocks and uncertainty in Europe. All the variables have come together to support an upper-end market firing on all cylinders."

The report also noted that although the top end of the market represents only a small proportion of overall residential sales, when measured in terms of dollar volume, luxury sales are a much larger part of the equation. As such, the strong momentum out of the gate speaks to the overall confidence in real estate. Several factors have worked in tandem to fuel the surge in demand for high-end properties in 2012, among them:

- **Equity Gains –** Price appreciation has been a serious catalyst fueling move-up activity in major Canadian markets in the past decade, providing current homeowners with the financial wherewithal to make more significant moves. In fact, from 2000 to 2010, average price gains in major Canadian markets ranged from a low of 68 per cent in London-St. Thomas to a high of 173 per cent in Regina. The same factor has pushed an increasing share of homes into upper-end price points.

- **Stock market volatility –** Recent volatility in the stock markets, particularly the TSX, has once again shifted the focus to bricks and mortar. Investors continue to feel the pressure of serious headwinds (Economic signals from China appear worrisome and the fragile U.S. recovery continues be dogged by weakness in the labour markets. Rising borrowing costs have threatened Spain, while austerity measures have fallen short in the U.K. Push back continues in France and the Netherlands). With equity markets quick to react to signs of stress, some are opting to shift money elsewhere.

- **Immigration –** Immigration has played a key role in bolstering Canada's population of High Net Worth (HNW) Individuals. A recent BMO Harris Private Banking study showed that Canadians of foreign decent account for almost one-third of all high net worth wealth throughout Canada and that almost all (96 per cent) keep the bulk of their wealth in Canada. In 2010, Canada admitted roughly 154,000 business and investor immigrants who reportedly inject $2 billion into the Canadian economy each year.

- **Changing Fortunes –** Economic tides have turned in provinces like Saskatchewan, Newfoundland and Nova Scotia—contributing to the upswing in upper-end home sales. For markets like Saskatoon, Regina and St. John's, million-dollar home sales used to be a rare phenomenon. With changing fortunes, these markets are playing catch up, building high-end homes where there once were few.

- **Rebound in global wealth –** The number of high net worth individuals (HNWI), along with their overall financial wealth, increased once again in 2010, surpassing the 2007 pre-crisis peak in nearly every region, according the the Capgemini/Merrill Lynch World Wealth Report 2011. While North America is still home to the greatest portion of HNWI, the population of HNWI in Asia-Pacific is now the second-largest in the world, unseating Europe's long-held position. The segment of ultra-high net worth individuals is also on the upswing. The rising ranks of the world's rich have driven up demand for luxury products.

"While the ranks of the rich expand in both population and wealth, their impact on the Canadian residential landscape is undeniable," says Michael Polzler, Executive Vice President, RE/MAX Ontario-Atlantic Canada. "Their confidence abounds from coast-to-coast, irrespective of price point. Starting prices range from a low of $500,000 in markets like St. John's and Halifax-Dartmouth to a high of $2 million in Greater Vancouver, and affluent homebuyers are still prepared to up the ante—choosing to further renovate or altogether teardown and custom build to suit their needs."

Highlights:

- Infill and teardowns continue unabated across the country, changing the Canadian landscape.
- Canadian upper-end homes are redefining luxury. When it comes to bells and whistles, toys and technology, the features homeowners are incorporating into their residences are becoming decidedly more progressive.
- While financing is not a huge concern for those spending multi-millions, purchasers at entry-level price points are ensuring peace of mind by locking in on five-year money.
- Canadian upper-end communities are an increasing reflection of Canada's diverse multicultural and ethnic mosaic.
- Luxury condominiums continue to account for growing percentage of upper-end sales, with most rivaling the grandeur of single-family product. Case in point—units located in Greater Vancouver's Westside and in Toronto's Yorkville area, listed at $28.8 and $28 million respectively.
- Greater Vancouver's Westside is also home to the most expensive properties listed and sold in Canada this year. The priciest sale, $19.8 million, occurred in Point Grey for a 10,700 sq. ft. home with ocean and mountain views. A $31.9 million palatial historic home in Shaughnessy sports the highest sticker price.

UPPER-END RESIDENTIAL SALES - January 1 to March 31

Market	Price Point	Sales '07	Sales '08	Sales '09	Sales '10	Sales '11	Sales '12	% +/-
Greater Vancouver	$2 million	97	181	80	261	573	393	-31%
- Vancouver Westside	$3 million	20	38	11	64	144	89	-38%
- West Vancouver	$2 million	31	63	20	45	111	86	-22.5%
- White Rock/South Surrey	$1.3 million	26	24	17	37	102	57	-44%
Victoria	$1 million	45	58	20	75	53	56	6%
Edmonton	$750,000	n/a	52	22	53	49	51	4%
Calgary	$1 million	124	86	35	67	106	115	8.5%
Regina	$500,000	n/a	n/a	n/a	16	32	50	56%
Saskatoon	$500,000	n/a	n/a	n/a	n/a	67	81	21%
Winnipeg	$500,000	6	16	9	23	68	58	-15%
London-St. Thomas	$500,000	27	25	16	36	30	43	43%
Kitchener-Waterloo	$750,000	n/a	n/a	n/a	n/a	18	25	39%
Hamilton-Burlington	$750,000	32	38	15	46	54	67	24%
Greater Toronto	$1.5 million	157	157	66	259	277	412	49%
- Central Core	$2 million	52	41	23	81	89	112	26%
- West End	$1.5 million	15	9	3	21	21	18	-14%
- Mississauga	$1.5 million	9	15	6	24	8	30	275%
- Oakville	$1.5 million	n/a	24	6	18	24	31	29%
- Vaughan/Markham/Richmond Hill	$1.5 million	n/a	n/a	n/a	n/a	35	54	54%
Ottawa	$750,000	22	37	17	48	73	86	18%
Quebec City	$500,000	19	15	20	34	32	48	50%
Greater Montréal	$750 000	109	115	94	194	197	261	32.5%
- Montréal Island	$1 million	38	50	25	73	79	84	6%
Halifax-Dartmouth	$500,000	22	23	24	39	52	66	27%
St. John's	$500,000	1	4	6	17	18	16	-11%

Source: RE/MAX, Local Real Estate Boards

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