



For immediate release

After a slow start, demand for luxury homes is regaining momentum in most major centres, says RE/MAX

Six Canadian markets set records for upper-end sales in the first quarter

Laval, QC (April 30, 2013) – The advent of the traditional spring market is serving to narrow the year-over-year gap for luxury home sales in most major Canadian centres, despite more muted activity in January and February, according to a report released today by RE/MAX.

Eight out of the 16 residential housing markets examined in the RE/MAX Upper End Report were on par or ahead of year-ago levels, as of March 31st, while records were set for first-quarter sales in six markets. By far the strongest appreciation occurred in Calgary, where the number of luxury homes sold was up close to 50 per cent, compared to the same period in 2012. Edmonton secured second place with a 41 per cent increase in high-end sales, followed by Regina (10 per cent), Saskatoon (six per cent), Winnipeg (five per cent), London-St. Thomas (five per cent), and Québec City (three per cent). Demand for luxury product also remained solid in Hamilton-Burlington during the first three months of the year, with sales on par with peak 2012 levels. For the second consecutive year, Greater Toronto secured the top spot for the greatest number of upper-end sales in the first quarter.

“Luxury sales remain strong when examined in a historical context,” says Sylvain Dansereau, Executive Vice President, RE/MAX Québec. “We may not be setting records to the extent that we saw in 2012, but solid demand and confidence continue to underpin the upper end segment—best illustrated by the new benchmarks set in more than one third of all markets examined.”

The top end represented a greater percentage of overall residential sales in many markets in Q1 2013 in comparison to Q1 2012. In some cases, the upper-end is still outperforming the overall market in terms of percentage increases in unit sales. Affluent purchasers remained committed to homeownership, with many taking advantage of historically attractive interest rates, and in some instances, lower housing values, to make their moves. Equity gains have also factored into the equation, given substantial increases in housing values over the past decade.

“While the pace has eased, most markets are performing in line with the next best year on record—this is particularly the case in the Greater Vancouver Area,” says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. Clearly, demand has returned to more sustainable levels, and we suspect that’s where it will remain going forward.”

The RE/MAX Upper End Report 2013 also found sales of upscale homes in at least 12 of the 16 major centres are expected to match or exceed the previous year by year-end. Given the stranglehold weather has had on real estate markets during the first quarter, pent-up demand should play a role in the months ahead.

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The only exceptions are Montréal, Kitchener-Waterloo, Vancouver and Victoria, where a number of factors are contributing to delayed improvement in the upper end. These include economic concerns, diminished demand, and higher inventory levels. The upcoming election in British Columbia has also prompted some homebuyers to put their purchasing decisions on hold.

Overall sales in the upper-end should return to more normal levels of activity in the days and months ahead, as buyer intentions rise. According to a recent report by RNR Market Research, the volume of Canadian High Net Worth Individuals (HNWI)—typically those with investable assets of \$1 million or more—rose by 7.7 per cent in 2012. The segment is forecast to grow by 29 per cent, reaching 544,000, by 2017.

“Momentum is clearly starting to build,” says Gurinder Sandhu, Executive Vice President and Regional Director, RE/MAX Ontario-Atlantic Canada. “A growing number of purchasers are moving off the sidelines and into the market—even in centres that reported a dip in first-quarter sales. All the indicators are pointing to a traditional spring market poised for considerable growth.”

UPPER-END RESIDENTIAL SALES 2013 - January 1 to March 31								
Market	Price Point	Sales '08	Sales '09	Sales '10	Sales '11	Sales '12	Sales '13	% +/-
St. John's	\$500,000	4	6	17	18	16	14	-13%
Halifax-Dartmouth	\$500,000	23	24	39	52	66	49	-26%
Québec City	\$500,000	18	24	47	39	59	61	3%
Greater Montréal	\$750,000	111	92	187	195	251	214	-15%
Ottawa	\$750,000	37	17	48	73	86	70	-19%
Greater Toronto	\$1.5 million	157	66	259	277	412	366	-11%
Hamilton-Burlington	\$750,000	38	15	46	54	67	67	0%
Kitchener-Waterloo	\$750,000	n/a	n/a	n/a	18	25	20	-20%
London-St. Thomas	\$500,000	25	16	36	30	43	45	5%
Winnipeg	\$500,000	16	9	23	68	58	61	5%
Regina	\$500,000	n/a	n/a	16	32	50	55	10%
Saskatoon	\$500,000	n/a	n/a	n/a	67	65	69	6%
Edmonton	\$750,000	52	22	53	49	51	72	41%
Calgary	\$1 million	86	35	67	106	115	172	50%
Greater Vancouver	\$2 million	187	80	250	550	404	287	-29%
Victoria	\$1 million	58	20	75	53	56	34	-39%

Source: RE/MAX, Local Real Estate Boards

Highlights:

- ❖ Local buyers are still the predominant force at the upper end, yet foreign investors continue to have an impact on the market.
- ❖ Demand has tapered from peak levels reported in years past – particularly in the Greater Vancouver Area—but international buyers from Asia, Russia, and the Middle East are expected to play a role in the market in years to come. The relative stability of Canada, coupled with its sound banking practices, remain the impetus for many foreign buyers.

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- ❖ Improvement to the country's housing stock is unprecedented. Infill and renovations continue in most markets, propping up average values across the board.
- ❖ The country's most expensive upper-end sales in the first quarter—an \$18.6 million single-family estate and a 5,700 sq. ft. condominium at \$8 million—were both located in Vancouver's Westside.
- ❖ The most expensive property currently listed for sale in Canada can be found on Marine Drive in West Vancouver. It is listed at \$28.888 million. The country's priciest condominium is located in the Cordova area of Vancouver's Westside. The asking price is \$28.8 million.

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