



First-Time Buyers Report 2011

British Columbia

Greater Vancouver

Robust demand for residential real estate in Greater Vancouver in 2011 has pushed housing sales and values well ahead of 2010 levels. Both first-time and move-up buyers are leading the charge, especially in areas like Richmond and Vancouver Westside, where sales have been particularly brisk. Close to 5,000 homes have changed hands to date, up approximately 12 per cent over the same period one year ago. Average price now hovers at a record \$780,000. Erosion in affordability levels has been significant in recent years, yet first-time buyers continue to enter the market, explaining the 44 per cent of freehold and condominium properties selling under the \$500,000 threshold so far this year. Many entry-level purchasers are compromising on their housing choices, scaling back on expectations, sacrificing quality or size to realize homeownership. Some are moving further east or south of the city to communities that stretch the dollar a little further. Langley, Surrey and Cloverdale offer new or newer



Cloverdale – \$512,000

homes on smaller lots, with prices starting from \$500,000 to \$550,000. Revitalization efforts in Surrey are also attracting young families. The rapid transit system has seriously contributed to an upswing in activity in suburban communities by reducing the commute into Vancouver proper by about a half an hour. Those craving the city life—including single men and women—are considering the numerous condominium projects within the core, where a one-bedroom in an older, refurbished rental apartment or brand new studio apartment will start at \$250,000 and a well-appointed, 700 to 800 sq. ft. condo with stainless steel appliances will move for \$500,000. Inventory levels, while up overall, are limited in the lower end. Just 1,500 detached homes and town houses are currently listed for sale under \$500,000, while a more ample supply of condominiums—approximately 3,800—are available. Momentum is expected to build in Greater Vancouver heading into the traditionally busy spring market. Improved economic performance, greater job security, and increased consumer confidence levels should continue to buoy home-buying activity throughout the remainder of the year.

Victoria

First-time buyer activity was healthy out of the gate in 2011 and continues to build, despite market momentum that is more moderate overall. Close to 830 properties changed hands to the end of February, compared with 1,039 during the same period one year ago. Softer values and a good selection of available product helped buoy entry-level sales early in the year, but prices have since firmed up, now virtually on par with 2010 levels. The majority of first-time buyers are spurring demand under \$325,000. Just over 220 sales have been recorded under that threshold so far this year, comprising 26 per cent of market activity—the same percentage as in 2010. The bulk of those sales—73 per cent—were condominiums. Those looking to get their foot in the door to homeownership will find an adequate supply of condominiums and town homes listed for sale, but inventory remains tight for single-family homes priced under \$325,000—only 62 such properties had been listed at the end of February. Those that can be found usually require considerable renovation. For most entry-level purchasers in Victoria, the detached home remains out of reach, with typical starting prices now ranging between \$450,000 to \$500,000. As a result, affordability is the number one factor driving growth in the condominium sector, with units starting from \$200,000 for a 400 to 500 sq. ft. apartment in the downtown core. Yet, the lion's share of first-time buyers are anteing up \$300,000 plus for larger suites, boasting 800 to 1,100 sq. ft. While the vast majority of condominiums are situated in the downtown core, builders have sought to capitalize on the strengthening demand among first-time buyers for affordable product, offering new suburban condominiums starting from \$230,000 for 600 sq. ft. This option provides a little more bang for the buck, but adds a 20-minute commute.

Downtown, however, continues to be most sought-after, particularly among young professionals. Alternatives have emerged in the detached segment, as well. Developers have successfully introduced small-lot subdivisions in the suburb of Langford, where a 1,300 sq. ft. home on a 33 x 60 ft. lot starts from just \$360,000.

While there's little yard to speak of, the neighbourhoods have been designed with plenty of green space, park trails, and recreational areas sought-after by young families. Those seeking out detached homes are laying down roots in areas such as Langford, Colwood, View Royal and Sooke. Despite the necessity of being budget-



Sooke Centre – \$320,000

conscious, location has become very important to first-time buyers, with most willing to pay a little more for the right locale. Consumer confidence remains solid and demand is expected to be steady as the spring market gets underway, with new financing restrictions forecast to have little impact overall. Prices should edge up slightly, but an improving economic and employment picture, combined with historically low interest rates, will continue to prop up demand in the entry-level segment.

Kelowna

Buyer's market conditions have contributed to an upswing in home-buying activity in Kelowna, with first-time purchasers taking advantage of pricing, selection, and historically low interest rates. Thirty per cent of year-to-date (February) sales (130 properties out of 418) took place under \$260,000, indicating that there are adequate options for buyers on tight budgets—condominiums among the most popular. Nearly 80 condominiums have changed hands so far this year in Kelowna

under the \$260,000 price point. However, very few options exist under the same threshold in the single-family category, with just 39 homes currently listed for sale—most of which can be described as handyman specials. Those opting for condominiums will find 151 one-bedroom units currently listed for sale, with an average asking price of \$255,000, typically averaging 800 sq. ft. Apartment-style units can start as low as \$200,000 in older areas of the city that are being revitalized. While affordability is an issue for some, a growing number of first-time purchasers are spending amounts closer to average price, typically between \$350,000 and \$400,000. Residential average price currently hovers at \$390,000. Popular are starter homes located in established communities, including Glen Rosa, Rutland, and North Glenmore on the peripherals, as well as Central Kelowna. Starter product can run the gamut from newer construction to older, renovated homes. Buyers that can afford it are choosing to ante up to secure the best location possible for the dollar, while those on a strict budget will look to the peripherals—a reasonable trade-off, placing suburban homeowners just twenty minutes from Kelowna proper. The greatest opportunity that exists at present for entry-level buyers are prices that remain off year-ago levels. Housing values have been relatively flat over the past six months, but the gap is now closing



West Kelowna – \$254,900

and prices are expected to resume a modest upward trajectory heading into the spring market. Employment is also on the rise, now just slightly off the national average. Continued improvement is expected, which will also bode well for real estate in the weeks and months ahead. While a very small percentage of first-time homebuyers moved to get into the housing market ahead of new financing restrictions on March 18th, the effects of the implementation were negligible overall.

Alberta

Edmonton

First-time buyers remain most active in Edmonton's residential real estate market, with many taking advantage of softer housing values and low interest rates. Undeterred by recent changes to lending criteria, entry-level purchasers are driving

activity in and around the average price of \$357,249 for single-family homes and \$227,925 for condominiums. Approximately 21 per cent of sales—358 homes—have occurred under the \$210,000 price point to date. While only six per cent are single-family homes, the remaining 94 per cent are condominium apartments and town homes. In fact, 53 per cent of the 521 condominiums sold so far this year fell into the under \$210,000 category. Condominiums have been an increasingly popular choice with purchasers in Edmonton, starting as low as \$160,000 for older, refurbished units ranging in size from 800 to 850 sq. ft. to newer walk-ups priced from \$200,000. While smaller, single-family homes can be purchased for just over \$200,000 in some of the city's older, established communities, most first-time buyers are prepared to spend more for a freehold property. Many are choosing the best location that they can afford for their hard-earned dollars in the city's peripheral areas. Choices are numerous, but few fire sales exist—even foreclosures are selling at fair market value. Inventory levels are balanced at present, although they are expected to build, particularly between \$210,000 and \$350,000, in the days and

Cost to Finance an Average-Priced Home*

Market	YTD Average Price	Five Per Cent Downpayment	Amount Financed	Monthly Carrying Costs**	Income Required**
Greater Vancouver	\$780,819	\$39,041	\$741,778	\$3,479	\$130,460
Victoria	\$489,113	\$24,456	\$464,657	\$2,179	\$81,722
Kelowna***	\$390,462	\$19,523	\$370,939	\$1,740	\$65,239
Edmonton	\$313,242	\$15,662	\$297,580	\$1,396	\$52,337
Calgary Metro***	\$410,664	\$20,533	\$390,131	\$1,830	\$68,614
Regina	\$266,701	\$13,335	\$253,366	\$1,188	\$44,561
Saskatoon	\$292,463	\$14,623	\$277,840	\$1,303	\$48,865
Winnipeg	\$228,822	\$11,441	\$217,381	\$1,020	\$38,232
Ottawa	\$334,357	\$16,718	\$317,639	\$1,490	\$55,865
Greater Toronto***	\$442,978	\$22,149	\$420,829	\$1,974	\$74,013
Hamilton-Burlington	\$329,305	\$16,465	\$312,840	\$1,467	\$55,021
Kitchener-Waterloo***	\$283,844	\$14,192	\$269,652	\$1,265	\$47,425
London-St. Thomas***	\$226,709	\$11,335	\$215,374	\$1,010	\$37,879
Québec City***	\$239,329	\$11,966	\$227,363	\$1,066	\$39,987
Island of Montréal***	\$354,549	\$17,727	\$336,822	\$1,580	\$59,238
Moncton	\$153,028	\$7,651	\$145,377	\$682	\$25,568
Halifax-Dartmouth	\$257,355	\$12,868	\$244,487	\$1,147	\$42,999
Prince Edward Island	\$142,218	\$7,111	\$135,107	\$634	\$23,762
St. John's***	\$255,512	\$12,776	\$242,736	\$1,138	\$42,691

*Represents Gross Debt Ratio of 32 per cent, five-year closed fixed-rate mortgage at 3.89 per cent, and a 30-year amortization period based on February 2011 year-to-date average price. Income required does not take into account property tax, heat or mortgage insurance.

**Carrying Costs and Income Data Calculated by: Miles Kulik, Verico MHC Mortgage Services

Average Price Sources: Canadian Real Estate Association

Local Real Estate Boards***

weeks ahead. Homeownership remains well within reach of most first-time buyers in Edmonton. Demand is heating up after one of the worst winters on record. As purchasers thaw, so too will the residential real estate market. From an economic standpoint, performance continues to improve. The price per barrel of oil hovers just over \$100 and that's sparking renewed activity in the oil patch. Recent announcements—such as the plan to move forward on the \$5 billion upgrader project in Redwater, a decision that will create 12,000 construction jobs and 1,200 to 1,500 permanent jobs over the next five years—have provided a tremendous boost to consumer confidence in the area. Unemployment levels are also dropping in the city, with more and more help wanted signs appearing in store windows. With interest rates forecast to remain fairly attractive, home-buying activity is expected to continue to rebound, while prices remain stable, edging up slightly over the remainder of the year.



Edmonton – \$209,000

Calgary Metro

First-time buyers have re-entered Calgary Metro's resale housing market with a renewed sense of confidence. A good selection of properties listed for sale at all price points has kept homeownership well within reach for most. Year-to-date, 32 per cent of all sales occurred under \$300,000 in Calgary Metro. Average price in the metro area now hovers at \$410,000. The strength of the entry-level segment is good news for the spring market, as sales of starter homes are expected to have a domino effect, prompting greater move-up activity in the weeks and months ahead. In the overall market, the number of homes sold in Greater Calgary is slightly below 2010 levels, with 3,199 properties changing hands as of February 28 versus the 3,297 sales reported during the same period one year earlier. Rising consumer confidence levels, buyer's market conditions, ample inventory and low interest rates continue to be the primary impetus among buyers, especially now that prices have resumed upward growth. Those who held off in late 2010 have finally jumped back into the fold. Nowhere is that more evident than in the single-family home category in Calgary Metro—ahead 200 sales year-to-date vs. the same period in 2010. Market conditions have played a role, allowing some first-time homebuyers to snap up older bungalows and split-level homes, as opposed to condominiums. As a result, condo

sales have fallen, but still remain the most popular choice among first-time buyers. With one-bedroom units starting from as low as \$74,000 in the southeast and northeast ends of Calgary, there's product for even the most budget-minded consumer. The typical first-time buyer will spend closer to \$200,000 for a 500-800 sq. ft. starter condo in the downtown core. For \$265,000, buyers have much more choice, with a good selection of older or new condominium product, ranging from apartment-style units, conversions, or side-by-sides, offering 800 to 1,000 sq. ft. For the same price, a purchaser might snap up a half-duplex, although they are rare at this price point. While some detached starter product is available for less, most first-time buyers are now spending between \$270,000 and \$350,000 in the city's northeast and southeast ends—in neighbourhoods such as Martindale or Abbeydale—for a two-storey, entry-level home, offering 1,100 to 1,200 sq. ft. of living space. Even at this price level, it's not without compromise. Many homes listed at this threshold have no garage and are situated on a narrow lot. Another popular location among first-time purchasers is Calgary northcentral—although here, a starter home will typically sport slightly less square footage. Detached homes are also available in Calgary south and south-central for under \$350,000. While affordability is a concern, some buyers are spending beyond the average price threshold, willing to ante up or sacrifice square footage rather than location. Overall, the majority of entry-level buyers are in their 20s and 30s. A growing number are singles, opting to get into the market earlier in life and build equity. With consumer confidence finally gaining momentum, an improving oil and gas sector and a brightening economy, demand for housing is set to rise this spring, while average price makes modest gains.

Saskatchewan

Regina

In-migration continues to place pressure on Regina's housing market, with demand for homes exceeding supply in most areas of the city. Year-to-date sales are up slightly, rising to 454 units in 2011, while average price hovers at \$266,701, up five per cent from the same period one year ago. New listings were down three per cent in February, with supply limited under the \$300,000 price point. Although one in every four homes sold is priced under \$175,000, most of the single-family product is scooped up by investors and rented. As a result, first-time buyers are faced with fewer choices in the lower end of the market. Condominiums offer an affordable alternative, starting

at \$230,000 for a 1,300 sq. ft. unit with a single-attached garage, but those entry-level buyers intent on owning a single-family home in the city will have to move closer to average price to realize ownership. An 800 sq. ft. bungalow typically starts at \$275,000 in the northwest, in an older, established area like Sherwood and Normanview. More affluent first-time buyers are considering properties in the city's south end, hovering at \$350,000 for a 1,600 sq. ft. home. Gentrification is occurring to some extent in some of the city's older neighbourhoods, including the General Hospital area, but the process is happening one block at a time. Sixty-one single-family properties are currently listed for sale between \$275,000 and \$350,000, while 65 condominiums are priced under \$200,000. Unlike past years, buyers in today's market are typically looking for turnkey properties. After closing costs, there is usually little money left for renovation or upgrades. Homeownership, however, continues to resonate with purchasers in Regina and the trend is expected to continue as the province leads the country in economic growth. With five-year mortgage rates available as low as four per cent, the carrying costs are not that significantly different than renting in the city.



Glen Elm Park – \$179,900

Saskatoon

Low interest rates and improved inventory levels have contributed to a serious upswing in home-buying activity in Saskatoon this year. Close to 480 homes have changed hands from January 1 to February 28, a 15 per cent increase over the 413 sales reported during the same period in 2010. Average price has followed in lock step, with year-to-date values climbing four per cent to \$292,463. First-time buyers, including young couples and singles, are in large part behind the push for homeownership, driving sales of entry-level homes across districts one through five. While affordability is a growing concern, most purchasers have incomes that easily support their housing choices. Many are choosing post-war homes—priced in



Mayfair – \$209,900

and around \$300,000—built on tree-lined streets in some of the older, established areas of the city such as City Park, Nutana, Avalon, Buena Vista and Exhibition. An ample supply of homes is currently listed for sale in Saskatoon, although fewer freehold properties are available in the lower end of the market. To date, one in five sales in Saskatoon has occurred under the \$200,000 price point, with approximately 41 per cent involving a condominium apartment or town home. Rising inventory levels in the condominium market have led to a slight softening in values—presenting an opportunity for first-time buyers on a tight budget. The price of a two-bedroom condominium in a concrete building now starts at \$180,000—and carries much like an apartment rental. Given improved economic performance, low unemployment levels, and renewed consumer confidence, Saskatoon's residential housing market is poised for stronger than expected growth in 2011. First-time buyers will play a major role in the overall health of the market, spurring move-up activity, until all segments are operating in tandem.

Manitoba

Winnipeg

First-time purchasers have been strong out of the gate in 2011, snapping up affordably-priced properties across the board. Year-to-date (February), 1,255 properties have changed hands in Winnipeg, up 11 per cent from 2010. Most entry-level purchasers are spending close to average price for the right property, with the greatest activity between \$150,000 to \$250,000, where inventory is tight and multiple offers are relatively commonplace. Yet, approximately 20 per cent of all residential sales year-to-date occurred under \$150,000—a sign that homeownership remains a reasonable goal for most. Despite rising prices—the average now hovers at \$228,822, up seven per cent from one year ago—affordability remains favourable in Winnipeg. Detached homes can start as low as \$50,000, but starter properties are typically priced from \$140,000 to \$150,000 for an older, 600 to 700 sq. ft. bungalow or a one-and-a-half-storey home, requiring renovation, in the inner city. Average first-time buyers, however, are spending closer to \$200,000 for properties in good condition in established, family-oriented neighbourhoods such as Transcona, Saint James and Seven Oaks. Other popular neighbourhoods for those seeking detached homes include Riverview, St. Vital, Crescent Wood, Crestview and East Kildonan. Condominiums provide an even lower entry-point, priced from \$30,000

to \$40,000, but the typical entry-level price is closer to \$85,000 for a small apartment just outside the core in areas such as west end Winnipeg or Elmwood. Yet, even in the condo segment, purchasers are spending more, with most paying between \$120,000 and \$130,000 plus



for renovated units in sought-after pockets including Osborne Village, Little Italy and Fort Rouge. Inventory remains among the greatest challenge for those entering the market—perhaps more so than price—with homes now selling in 26 days on average—three days less than one year ago. Condos are moving even quicker, within 24 days of being listed. While supply is slowly improving, it has not been enough to ease market conditions. Whether buyers go urban or suburban, there is one common denominator—all are seeking more bang for their buck. Younger families are heading to Winnipeg’s peripherals, while couples, singles and young professionals look to condominiums in the areas adjacent to and in the downtown core. While today’s buyers are spending more on average than one year ago—over average price in some cases—most are firm in the decision not to spend at the top end of their budgets, relative to income. Given their prudence, affordability levels and interest rates, very few buyers have needed to rush in ahead of the change in lending criteria. If any impetus is buoying demand, it is interest rates, as many are keen to get in while mortgage rates remain at historic lows. That trend will continue into the spring, and momentum is expected to remain solid and steady.

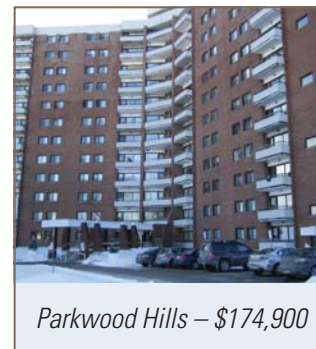
Ontario

Ottawa

Home-buying activity is ramping up in Ottawa as both first and move-up buyers enter the market in anticipation of a strong spring. While sales are slightly off 2010 levels (1,613 vs. 1,748), average price has climbed six per cent to \$358,441 for residential properties, while condominium values remained virtually on par at \$251,154, compared to the same period one year ago. Supply, however, is well ahead of 2010 levels, with two exceptions—freehold properties under the \$240,000 threshold and condominiums under \$175,000. Of the 110 single-family homes currently listed for sale in the Ottawa-

Carlton area under \$240,000, 35 are mobile homes, 68 are rural/suburban, and just seven are located in urban areas. Just 69 condominiums, mainly apartment units, are available for sale under \$175,000. Compromise is clearly a necessity for the first time buyer in the nation’s capital. Condominiums have played an increasingly important role for those on a tight budget, providing an affordable alternative to freehold living. Newer apartment units starting at \$190,000 in downtown Ottawa, ranging in size from 700 to 900 sq. ft., have been especially popular among younger buyers, particularly those who are single and work in the core. Condominium projects underway in popular areas like Westboro are also appealing to first-time buyers who wish to be close to shops and amenities. Young families intent on owning a single-detached home may be able to find a small ‘war-time’ bungalow in an area like Carlington priced at \$220,000—but listings are few and far between. Most will have to spend closer to \$300,000 and more, most often in the suburbs—to realize homeownership. Some entry-level purchasers are getting creative in their pursuit, seeking income-producing properties like duplexes in hot pocket areas such as Little Italy. The

move to multi-unit residential allows them to live in one-half of their investment, and rent out the other half, covering a significant portion of their mortgage payment. While not everyone wants to be a landlord, this product tends to move quickly when listed, often selling in multiple offers. Despite rising



housing values, first-time buyers in Ottawa still believe in homeownership, and as such, most are prepared to make sacrifices to own a home. As economic conditions continue to improve and consumer confidence levels climb, look to this segment of the market to fuel home-buying activity in the days and months ahead.

Greater Toronto Area

First-time purchasers, working in tandem with move-up buyers, have bolstered home-buying activity in the Greater Toronto Area so far this year. While the 10,518 sales recorded to date are 14 per cent off the 12,176 reported during the same period one year ago, the strength of the market overall has been hampered by limited inventory levels. In February alone, new listings were off by nine per cent and active listings were down by one per cent. As a result, 14 key districts in the east, west, and centre core experienced sales to list ratios of 100 per cent

or more. Days on market have fallen to 27 in February, down from 36 one month earlier. Average price continues to climb, up five per cent in February, and five per cent year-to-date, now hovering at \$442,978. For buyers entering the market for the first time, freehold opportunities in the city are few and far between under the \$300,000 price point, about two-thirds of average price. Condominiums have become the first step to homeownership in the GTA, with approximately 63 per cent (1,927 units) selling under the \$300,000 threshold, compared to freehold properties at 37 per cent (1,128 units).

C01, bordered by Lake Ontario to the south, Yonge St. to the east, Dufferin St. to the west, and Bloor St. to the north, home to Toronto's condominium boom, is the hub of new and resale activity in the GTA. Just 77 resale apartment and town house units are currently listed for sale under \$275,000 in the



King West, Queen West
\$319,900

district, which has prompted competitive offers in recent weeks. King St. West and Liberty Village attract the lion's share of first-time buyers, many of whom are young, single, and work in the downtown core. To the east, the Distillery District (Corktown) is gaining traction with entry-level purchasers who are drawn to product and price. Buyers on a tighter budget can reduce the cost of owning a condominium apartment by foregoing the parking spot, which could add as much as \$40,000 to the final price tag. Young families seeking affordable freehold properties may find older homes in neighbourhoods like East York, Leslieville, parts of Scarborough, Humewood, Weston, New Toronto, Mimico, and Longbranch, starting at \$400,000. Although greater value can be realized in the city's suburban communities, some first-time purchasers are digging deep to live in central core neighbourhoods, especially those located on the subway line. It appears that today's real estate purchasers are prepared to make sacrifices to realize homeownership, much like previous generations. Many now come to the table with a reasonable down payment—with a little help from their parents—and realistic expectations. As such, recent changes to mortgage rules have not deterred purchasers in the GTA. Given an improving economic picture and the threat of higher interest rates, home-buying activity is expected to continue unabated throughout the remainder of the year.

Hamilton – Burlington

Home-buying activity is on the upswing in the Hamilton-Burlington area, as sales close in on last year's heated levels. One thousand, seven hundred, and forty-three homes changed hands so far this year, 34 units off near-record levels reported in 2010. Inventory is down from year ago levels, placing some upward pressure on values. First-time buyers continue to represent the lion's share of the market, with 18 per cent of freehold sales and 43 per cent of condos selling for under \$215,000. While single-family properties are top of mind with entry-level purchasers, particularly in the Hamilton area, affordability is a growing concern. Purchasers will have to spend significantly more to buy a freehold in Burlington, which now starts between \$275,000 and \$325,000. In neighbouring Hamilton, a similar property costs \$175,000 to \$220,000. Those on a tighter budget in the Burlington area are now looking at condominium apartments in the northeast, starting at about \$199,000 for an older, one-bedroom unit. While Hamilton offers well-priced housing product, especially in the northwest, where a three-bedroom semi with 10 ft. ceilings will start at \$150,000, purchasers looking for greater bang for the buck are considering peripheral areas like Beamsville and Bimbrook. While there are fewer amenities available in these locations, these first-time buyers are willing to sacrifice locale for newer product—realizing homeownership on their own terms. Bricks and mortar continue to resonate with younger purchasers across the Hamilton-Burlington area, although some may find that recent changes to mortgage rules have hampered their ability to enter the market. Innovative new mortgage products such as Rent to Own and Right to Own offered in the Hamilton-Burlington area are expected to help some potential purchasers bridge the gap. Sellers have also stepped up to the plate, helping out with closing costs in some unique instances. Having weathered the recession, residential housing in Hamilton-Burlington is expected to stabilize, experiencing healthy, balanced market conditions for the remainder of the year, which should bode well for both first-time and move-up purchasers.

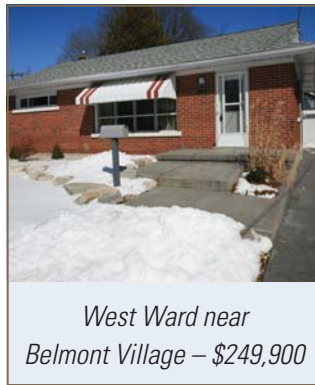


Central Mountain Area
\$214,900

Kitchener – Waterloo

Affordability and a solid belief in homeownership continue to be the primary impetus driving first-time homebuyers into the housing market in Kitchener-Waterloo. Most entry-level buyers are active under the \$200,000 price point, accounting for 19 per cent of all sales, up from 18 per cent one year ago (168 vs. 169 in 2010). Although the average price of a home is approaching \$285,000, some rookie homebuyers are anteing up more, spending as much as \$300,000 on a first home, rather than compromise on location. The budget of most, however, seems to top out around \$250,000. Given a hold on new construction in the townships, demand currently favours urban/core living. Yet, affordable product is available throughout the city, with new or newer construction considered most desirable. Those seeking detached homes can snap up a 1,200 to 1,300 sq. ft. side-split bungalow starting from \$250,000 to \$280,000, in older, established areas such as Forest Heights, Stanley Park, Heritage Park, Pioneer Park, Downtown Kitchener or in Waterloo's Lincoln or Lakeshore Villages. Those on a tighter budget—looking to spend approximately two-thirds of average price or \$190,000—are embracing the condominium lifestyle, purchasing new 600-700 sq. ft. suites in the Highland Rd. or Glasgow St. areas of Kitchener. Resale offers slightly more elbow room, with 10-to-15-year-old units in areas such as Pioneer Park or Heritage Park offering 800 sq. ft. of living space. Town homes are also an option, although very limited in supply, with less than 40 units currently for sale. The average list price of a town home now hovers around \$245,000, although rarely, a unit may be had from \$190,000 near Fairview Mall. Starting prices hover at \$170,000 to \$180,000

for a 400 to 500 sq. ft. new apartment-style condo, while resale product is available from \$160,000. The most popular areas among entry-level buyers include southeast and southwest Kitchener. With balanced conditions in place, the greatest opportunity for first-time buyers continues to be selection—perhaps the best available in years. In general, buyers can take their time making decisions, although most listings will sell within 30 days if priced correctly. Multiple offers, while rare, are still occurring on well-located, well-priced, quality properties. Inventory is expected to remain adequate throughout 2011, while prices—and interest rates—are expected to remain on the upswing—a fact that has some savvy



*West Ward near
Belmont Village – \$249,900*

first-time buyers making their moves sooner rather than later. Most continue to enter the market with at least a 10 per cent down payment, a fact that has made new financing guidelines a non-issue. Kitchener-Waterloo's diversified economy and well-paying, high-tech jobs have buoyed the entry-level segment to date and the outlook remains positive through to year-end.

London – St. Thomas

First-time buyers remain an active component of London-St. Thomas' real estate market, accounting for approximately half of all transactions year-to-date (February). With an average price of nearly \$227,000, affordability plays a significant role. Nearly 30 per cent of all sales have occurred under two-thirds of average price (approximately \$150,000). Yet, a detached home can be had from \$100,000, making the goal of homeownership attainable for most purchasers. Consumer confidence remains high as a result and demand is steady. To date, activity has been particularly strong between \$150,000 and \$250,000. While the supply of detached homes remains balanced, opportunity exists for those buying condominiums and semi-detached homes, particularly those priced under \$180,000, given an abundance of product listed for sale. A one-bedroom, 700 sq. ft. apartment-style unit in an older building now starts at \$70,000, while new apartment or town home product is typically priced at \$120,000 and up. Some first-time buyers are breathing life into older product, particularly in the city's east end (downtown), where small, detached homes—built before 1950—purchased from \$100,000, are undergoing renovation. Most buyers, however, are seeking turnkey, updated properties that require little investment beyond the sticker price. The appeal is obvious, given that many older homes in London-St. Thomas were built with knob and tube or aluminum wiring that costs significant money to upgrade. The issue continues to cause some deals to fall apart on home inspection. Vendors of such homes have also been resistant to price adjustments, which is causing some of the city's older stock to linger on the market. On the flip side, homes that are in tip-top shape are seeing greater competition in recent weeks, with multiple offers—although still the exception—on the rise in London-St. Thomas. A growing number of dual-income couples are foregoing the typical starter home. Instead, they are spending \$200,000 to \$250,000 or more to snap up three or four-bedroom homes with double-car garages in newer subdivisions located in the city's northwest or southeast end. Sales in this price range now account for 20 per cent of all MLS activity. While most are buying in areas of London-St. Thomas where the dollar stretches the furthest, others are anteing



East End – \$149,900

up for their choice location. Some purchasers accelerated their home-buying intentions, choosing to move ahead of the March 18th deadline that saw the maximum amortization period shortened from 35 years to 30. Given London's affordable price points, there's no question that it can make a difference in the size

and quality of home purchased. The push hasn't been substantial and demand is expected to remain stable throughout the spring. Interest rates continue to be the impetus driving buyer demand. Many parents are encouraging the decision to purchase now as a prime opportunity—even kicking in cash to make it happen. Understandable, since the memory of double-digit financing remains fresh among the previous generation's first-time buyers. Overall, homebuying activity is expected to be solid in the weeks and months ahead. Year-to-date, sales remain just nine per cent off year-ago levels (980 units vs. 1,077), an indication that the market remains quite healthy, particularly considering the strength out of the gate in 2010.

Québec

Québec City

Québec City's housing market remains exceptionally active, with the number of homes sold year-to-date just six per cent off 2010's healthy pace. Demand among first-time buyers continues to be strong, particularly given the city's favourable affordability and solid employment levels. The average price of a single-family detached home now hovers at \$250,000, up 11 per cent from \$226,000 one year ago, but still very attainable. The city's condominium stock—with an average list price under \$200,000, opens the door to homeownership even further, now accounting for nearly 25 per cent of all MLS sales. Just over 250 resale homes sold under two-thirds of the average price (under \$150,000) year-to-date (February), representing 21 per cent of market activity. Yet, the bulk of entry-level buyers purchased homes priced between \$175,000 and \$200,000, with detached properties still most sought-after. This would typically secure an older two-bedroom, two-storey home that requires renovation on the outskirts of Québec City, roughly a 25-minute commute from the downtown core. Condominiums can be had for significantly less, starting at \$120,000 to \$130,000 for a refurb-

ished 800 sq. ft., one-bedroom unit in the city centre. The most popular neighbourhoods among first-time purchasers include the suburban areas of Levis, Charlesbourg and Limoilou, where homeownership can usually be realized for at or under average price. The vast majority of today's buyers are willing to sacrifice location to get the greatest bang for their purchasing buck.

However, some select entry-level buyers are anteing up substantially more—foregoing typical starter product in favour of newer homes, priced between \$250,000 and \$300,000, in established communities such as Cap-Rouge, Ste-Foy, and St-Augustin-de-Desmaures. Dual-income couples

comprise the vast majority of Québec City homebuyers, with very few singles in the marketplace. New financing criteria has had little impact on the local market, although there has been an upswing in activity reported in recent weeks—credited to improving weather conditions and strengthening consumer confidence. With an ample selection of product available for sale at all price ranges and increasing demand, a solid spring market is forecast.



Stoneham – \$159,000

Island of Montréal

While first-time home buyers face challenges in terms of affordability and inventory on the Island of Montréal, the vast majority are adjusting expectations and moving forward—a fact best illustrated by the current strength of the residential housing market. Year-to-date (February), 836 single-family homes have changed hands through MLS on the Island of Montréal. Of those sales, only 27 represented detached homes priced under \$190,000. Entry-level product in the single-family category is exceedingly scarce. In fact, only 89 single-family homes priced under \$250,000 are listed for sale on the entire Island. While single-family prices start from \$149,000, many of the properties are located in tired, older neighbourhoods or require considerable renovation. As such, entry-level buyers are turning to condominiums to realize the dream of homeownership. To date, 1,238 condominiums have sold, of which only 285 moved under \$190,000. Selection, while very tight for the budget conscious, is slightly better in the condo segment, with 483 listings available under \$170,000—151 are brand new construction. Prices now start from \$68,500 for a walk-up, older bachelor unit. There are currently 337 one-bedroom units listed for sale under \$170,000 with an average asking price of



Mercier-Hochelaga-Maisonneuve
\$219,900

\$149,950. As the statistics demonstrate, one has limited choice at the lowest end of the price spectrum, and that's the primary reason most entry-level purchasers are increasing their budget. The lion's share are spending \$250,000 to \$300,000 for a starter home, which typically buys a small town house or a bungalow built in the 1940s to 1970s in areas such as Dorval. On the condominium side, the same price will give buyers title to an 800 to 900 sq. ft., brand new apartment-style condominium. Those wanting newer single-family product—constructed in the 1980s to 1990s—will spend \$300,000 plus. Purchasers seeking more bang for their buck must look to the peripheral communities on the fringes of the Island or just outside the Island, where prices tend to be approximately 20 to 30 per cent less. Popular areas include Vaudreuil-Soulanges, Mascouche, Terrebonne, Repentigny, Lachenaie, and municipalities of Montréal Sud, all around just 20 to 25 minutes away from the bridges to Montréal. These areas provide excellent value for first-time purchasers. Inventory levels are expected to improve with the spring market, but demand is forecast to edge up in tandem. As a result, prices will remain on the upswing. Year-to-date average price now hovers at \$354,549 on the Island of Montréal and \$290,725 in Greater Montréal, both up five per cent from one year ago. Rising values will continue to support the progressive trend that has been evident throughout January and February—buyers have been spending more, on average, with each passing week. This was notable in both the single-family and condominium categories. Multiple offers have been the exception, but continue to occur with greater frequency on well-priced starter homes in good locations. While sales are down marginally—3.5 per cent year-to-date—on the Island (2,520 units vs. 2,612 units), a solid spring market is forecast, as buyers continue to invest in homeownership ahead of expected interest rate hikes later this year.

New Brunswick

Moncton

With a good selection of product—and something for every budget—homeownership in Moncton remains attainable for most first-time buyers. In many cases, owning compares to renting, so it's no surprise that entry-level purchasers continue to drive momentum in Moncton's residential housing market.



Downtown – \$115,900

Year-to-date real estate activity is well ahead of the 10-year average (256 units)—by nearly 30 per cent, in fact—with sales reaching 332 units at the end of February. Boasting one of the highest affordability levels in the country, with an average price now hovering near \$155,000, purchasers in Moncton are well-positioned, particularly given today's rock-bottom interest rates. Most making their first foray into real estate are now spending between \$120,000 and \$150,000, and some are anteing up to \$250,000 to secure location. While properties can be had for well under \$100,000, the vast majority under that price point tend to be seasonal properties or mini-homes. Sales under \$120,000 account for just



North End – \$114,900

14 per cent of all MLS sales. Budget-minded individuals may look to condominiums, a small but growing option in Moncton, with prices starting from \$103,000. Yet, unlike other major centres such as Vancouver, Toronto, Montréal and Calgary, condominium buyers in this Maritime city won't have to compromise much elbow room for price, with

the typical entry-level unit offering 900 to 1,000 sq. ft. Younger buyers have been drawn to the condominium lifestyle in growing numbers. The condominium segment now accounts for approximately 10 per cent of all sales activity, with first-time buyers behind an estimated 50 per cent of those sales. Detached homes, however, still comprise the vast majority of the market. A 1,200 sq. ft., three-bedroom bungalow now starts from \$150,000 in the city's north peripheral, as well as Dieppe and Riverview. Within Moncton

proper, entry-level purchasers are driving demand in neighbourhoods such as Evergreen Park, close to schools and amenities. With balanced market conditions currently in place, most entry-level purchasers are seeking the greatest bang for their buck, more willing to compromise on location than price. Today's first-time buyers are also very prudent, setting their budgets and sticking to them, perhaps one reason—along with Moncton's exceptional affordability levels—that recent changes to financing guidelines had little impact. Overall, a solid spring market is forecast. Housing sales will continue at a healthy clip, while average price is expected to further appreciate.

Nova Scotia

Halifax – Dartmouth

Affordability continues to be the impetus driving home-buying activity in Halifax-Dartmouth, despite a four per cent increase in year-to-date average price. As of February 28, values in Halifax-Dartmouth hovered at \$257,355, while the number of homes sold so far this year experienced some softening, falling from 727 units during the first two months of 2010 to 663 units. Although inventory levels are adequate overall, there is a shortage of product under the \$170,000 price point. Four hundred properties are currently listed for sale under \$170,000, representative of just 14 per cent of total active listings. Yet, approximately 22 per cent of detached homes and 38 per cent of condominiums have been sold under the \$170,000 price point in 2011. This segment—clearly first-time buyer's territory—is popular with those on a tight budget. Fortunately, Halifax-Dartmouth offers up some of the most affordable real estate in the country. Detached properties can be found in Dartmouth and Sackville, starting at \$170,000, while freehold town homes and semi-detached product in reasonable condition can be picked up in the Eastern Passage for as low as \$140,000. Condominiums are also an option, priced from



\$110,000 for a 600 sq. ft., one-bedroom, in an area like Nantucket. While prices are attractive, many buyers still find they have to compromise. Most want to buy as much house as they can afford—that's turnkey—in a desired location. However, if the numbers don't work for them, they are more than prepared to hold off on their purchase. Opportunities certainly exist in the market for those purchasers willing to invest a little sweat equity, but most first-time buyers are reluctant to deal with 'fixer-uppers.' At the other end of the spectrum, young professionals entering the market for the first time—many with a down payment of five to 10 per cent and a good income—are stretching a little further, buying up single-detached homes from \$250,000 to \$300,000. While inclement weather impacted home-buying activity early in the year, a healthy spring market is expected, with first-time purchasers setting the pace.

Prince Edward Island

Summerside

With an average price of \$150,000, most first-time buyers in Summerside, Prince Edward Island have little problem realizing homeownership. Carrying more like rent than a mortgage, entry-level purchasers have a variety of housing options—all freehold—including a three-bedroom bungalow on a third of an acre on the city's outskirts or a half-duplex within city limits. While creative purchasers are looking at income-producing product that will allow them to own one unit and rent out another, others are considering two-storey homes in some of the most desirable subdivisions in Summerside priced at \$250,000. With over 300 homes currently listed for sale, a good selection of properties is available for the discriminating purchaser. Today's first-time buyers are young couples with at least five per cent down, who tend to opt for a conventional five-year, closed term, amortized over a 25-year period. As a result, the recent changes to the mortgage rules have had little impact in the province. To date, 57 properties have changed hands in Summerside, while 123 sales have been reported on the Island overall, up three per cent over 2010 levels. A continuation of current economic fundamentals is expected to ensure yet another year of stability in residential real estate in the province.

Newfoundland & Labrador

St. John's

Demand for housing in St. John's remains healthy, particularly among first-time buyers, despite a decline in year-to-date sales. Buyer's market conditions and the best choice of product in years have buoyed the entry-level segment, along with wage gains, economic growth and rising consumer confidence levels. Affordability continues to be favourable, with increased earnings offsetting the more moderate price growth of late. Most young homebuyers are now active from \$200,000 to \$250,000. Those buying new construction will have to ante up more—typically between \$230,000 and \$280,000 to start—as the price of new construction has risen at a greater rate. Those on a tight budget will find that homes listed below \$200,000 are few and far between and tend to sell for close to full price, if listed at fair market value. Some even generate a rare multiple offer. To illustrate the supply issue, only 34 homes have sold year-to-date under \$175,000, accounting for just 10 per cent of all sales, and only 39 listings under that price point are currently available. Given that, buyers at the lowest end of the price spectrum will have to act more quickly. The housing mix in St. John's continues to favour the single-detached



*Conception Bay South
\$169,900*

home, particularly in the first-time buyer segment. Of the 34 homes sold under \$175,000, only three were condominiums. Entry-level condominium product remains limited in St. John's, as builders continue to focus on the mid-range—units priced between \$250,000 and \$350,000. While condominiums are gaining traction with younger buyers, they remain only a small portion of entry-level sales. Condominiums now start from \$165,000 to \$175,000 for an older, 650 to 750 sq. ft. walk-up unit on Thorburn Rd., Dalton Ave., and in Pleasantville. With the current oversupply of homes listed for sale in St. John's, buyers remain in the driver's seat. That, along with historically low interest rates, continues to serve as a significant impetus. Detached homes can be found from \$169,000 for an older bungalow requiring work, located on the peripherals. Older homes are most popular. Most sought-after are properties priced between \$210,000 and \$250,000 in established neighbourhoods such as Cowan Heights, Mount Pearl and Paradise. Most buyers are realizing their choice location, with little need to compromise. Those that must choose are opting to spend a little more, if necessary. Solid demand among first-time purchasers is expected to carry over in to the spring market, with new financing criteria expected to have little impact. In fact, look to sales in the entry-level segment to prompt greater activity in the move-up range in the months ahead. February year-to-date sales were 11 per cent off year-ago levels, with 359 sales recorded, while average price continued its ascent at \$255,512, up just over five per cent.

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