



Atlantic Canada Market Trends Report 2008

RE/MAX

Nova Scotia

Halifax — Dartmouth

Unusually bad winter weather conditions, combined with low inventory levels, hampered residential real estate activity in Halifax/Dartmouth during the first quarter of 2008. While sales dropped 15 per cent in the first quarter, compared to the same period one year ago, the trend reversed in April with a two per cent upswing in the number of homes sold. Average price continued to climb, up 7.5 per cent year-to-date, rising from \$208,070 in 2007 to \$223,660 in 2008. Inventory remains a challenge in the lower-end of the market, with properties priced at \$150,000 and less especially tight. Demand outpaces supply for properties under \$250,000, a fact best illustrated by the 46 per cent of homes currently listed for sale in this category, yet sales at this price point are considerably higher at 70 per cent. More housing product is available over the \$250,000 price point. First-time buyers in particular are feeling

the squeeze, forced to ante up to realize homeownership. Zero down programs and longer amortization periods are helping to offset rising housing values. The most popular areas for starter properties are mid-town Dartmouth, Forest Hills, Woodlawn, Lower Sackville, and suburban communities such as Enfield and Elmsdale. Condominiums are a viable alternative for many first-time buyers, with a good selection of properties listed for sale in various price ranges. Sales in the upper-end of the market are brisk, with sales over \$350,000 up 26 per cent over one year ago (135 units vs. 107 units). While local buyers are responsible for the vast majority of sales, there has been a noted increase in the number of purchasers from Western Canada. Market conditions are balanced at present (for properties over \$250,000), however, a serious influx of new listings may tip the market in favour of the buyer in coming months. Demand for multi-unit income properties, which have been extremely popular with small investors in recent years, is starting to wane. Management and upkeep have proven to be more of an issue than originally thought. Halifax-Dartmouth's economic performance remains stable, bolstered by the prospect of new capital projects and the



viability of offshore oil. The regional centre continues to experience strong movement within the Department of National Defense, with transfers in and out of the area. Tourism, however, has softened due to a strong Canadian dollar and an economic slowdown south of the border. Given a continuation of healthy economic factors, the market is expected to experience a three to four per cent increase in average price, while sales will taper from near-record levels reported in 2007.

Pictou County, Antigonish, New Glasgow

Affordability and selection continue to attract purchasers to residential real estate in Pictou County. Although overall sales are down nine per cent from 2007 levels, demand is strong for starter product and upper-end homes. First-time buyers are especially active, seeking single-detached properties such as bungalows and storey-and-a-half homes. Housing values have moderated somewhat in the past year, with average price now hovering at \$176,450. Many purchasers moving into the area are taking advantage of larger lot sizes and lower property taxes outside town limits. As economic prospects remain positive and new opportunities continue to bolster employment levels, the housing market is expected to remain stable. By year-end, home sales are forecast to match 2007 levels, while prices may moderate.

South Shore (Lunenburg, Queen's, Shelburne Counties)

After a record-breaking 2007, residential real estate activity has moderated on Nova Scotia's South Shore. The number of homes sold in the first quarter of 2008 fell 12 per cent, but showed signs of improvement in April. Average price, however, continues to climb, up about 20.5 per cent to \$144,354 over the same period in 2007. While impressive, the 20 per cent increase is most likely reflective of a greater number of sales in the upper-

end of the market. Inventory levels are ample in the \$250,000 plus price range, but are scarce in the \$125,000 to \$200,000 price bracket. As a result, first-time buyers are facing some very real obstacles in terms of realizing homeownership. Most entry-level purchasers are seeking semi-detached homes priced at \$150,000. Those willing to invest a little sweat equity may be able to buy a 'project home' that needs work, priced from \$120,000 to \$130,000. More stringent lending policies have deterred some first-timers from entering the housing market. Purchasers must still meet certain criteria to qualify for a mortgage, despite the proliferation of zero/low down payment plans and longer amortization periods. Transfers into the South Shore from the service sector, including the RCMP and medical staff, are helping prop-up sales activity—with the vast majority of sales priced from \$175,000 to \$250,000. Properties that are close to town—within 10 to 15 minutes—are most coveted by purchasers. Foreign investors are driving demand for product in the top-end of the market, priced over \$250,000. British and German purchasers are finding real estate on the South Shore good value for the dollar. Western Canadians have also discovered the beauty of the area and are snapping-up product, particularly waterfront. Americans, who were at one point a significant force in the local market, have virtually disappeared from the landscape. A strong Canadian dollar and the recession south of the border have served to stifle that segment of the market. Empty-nesters and retirees throughout the province are drawn to the South Shore. The area is popular with the 50-plus crowd, many of whom are downsizing to smaller homes or rental accommodations. Some are buying seasonal recreational properties on the water for use in the late Spring, Summer, and early Fall. Although economically sound, residential real estate is transitioning in the South Shore. Activity is expected to return to more normal levels in 2008, with sales on par with last year's levels and price slightly ahead. Purchasers have adopted a wait-and-see attitude toward housing in recent months. Although committed, value-conscious homebuyers are prepared to hold out until the right property comes along. The urgency that existed in the market one year ago has subsided.



Truro

Major growth and development has prompted strong demand for residential real estate in Truro. After a slower than average start to the year, the Spring market finally kicked into gear in April. Truro's proximity to major city centres, such as Halifax-Dartmouth, Charlottetown and Moncton continue to attract purchasers to the area. Housing remains affordable, with the year-to-date average price at \$140,241. New listings are up 33 per cent with 208 homes currently listed for sale, compared to 156 during the same period last year. Capital expenditures in the form of distribution centres, a hospital, and two elementary schools, have served to bolster consumer confidence. First-time buyers are driving the market, with properties in the Valley and Bible Hill neighbourhoods most sought-after. Detached homes are most coveted with today's real estate consumers, with styles in the area ranging from split-levels to bungalows priced from \$100,000. Luxury condominium units, starting at \$240,000, have become increasingly popular with retirees. Europeans and Western Canadians have also been very active in the local market, driving demand for new properties at the edge of town and waterfront off Northumberland Road. A new deal to lease Debert's former Orenda aircraft facility to a television production company, combined with unemployment levels at a 30-year low, should boost home-buying activity in Truro for the remainder of the year, with average price and sales volumes forecast to rise by year-end.

Bridgetown, Digby, Greenwood, Middleton, and Annapolis Royal

Despite harsh winter weather conditions, residential real estate activity continued at a healthy clip throughout the first quarter of 2008. Sales were ahead of last year's levels, while average price was down slightly, hovering at \$147,998. Although the traditional Spring market kicked into high gear in April, the anticipated influx of listings failed to materialize. Entry-level product priced under \$100,000 was in short supply, particularly in

Bridgetown. While local buyers are relatively active, in-migration from Western Canadian provinces—such as Alberta and British Columbia—is fuelling housing activity in the Annapolis Valley. Western buyers are seeking second residences located on the water or acreage parcels in more rural communities. Few American buyers are present in the marketplace, in large part due to the strength of the Canadian dollar and soft economic conditions south of the border. DND activity has contributed to solid home-buying activity in Greenwood, where sales have climbed from 107 during Q1 2007 to 113 units in 2008. The Greenwood area is trending toward being a buyer's market, with lots of properties for purchasers to choose from. The average price in Greenwood currently sits at \$146,000, up from approximately \$142,000 one year ago. Economic performance in the area remains constant, with no dark clouds on the horizon. Rising fuel prices, however, may be cause for concern down the road, especially in the Annapolis Valley where heating costs for larger homes can present some problems. By year-end, residential unit sales and average price are expected to experience modest increases.

Kentville

Purchasers from Western Canada and Europe are fuelling home-buying activity in Kentville and the surrounding areas in 2008. Unit sales so far this year are ahead of 2007 levels, while average price, at \$150,000, has experienced a moderate increase year-to-date. Although there are variations from community to community, residential real estate markets in the Eastern End of the Valley are more balanced this year. Average price appreciation soared in 2004 and 2005, but has since tapered to single-digit increases. The area's subdivisions are particularly attractive to young families, ranging in age from the mid-30s to the mid-40s. Many detached homes are situated on one-acre lots, starting from \$250,000. Hobby farms have also garnered attention, with 10-20 acre properties selling from \$200,000 to \$250,000. The upper-end of the market has also seen an upswing in sales, particularly in the \$400,000 to \$500,000 price point. Economically, the area is a regional centre so there is a certain amount of stability that comes with that designation. Michelin is one of the largest employers. Given a continuation of current economic fundamentals, Kentville and the surrounding areas is forecast to experience healthy housing activity in the coming year, characterized by a modest increase in both sales and price figures.



Newfoundland and Labrador

St. John's

An economic engine firing on all cylinders has driven residential real estate activity in Newfoundland-Labrador to new heights. Home sales in the first quarter of 2008 climbed just over 14 per cent, rising from 624 units—and a buyer's market—one year ago, to 713 units, and a seller's market. Average price followed suit, with year-to-date values rising close to 14 per cent to \$156,953, up from \$138,167 in 2007. The momentum is even greater in St. John's, where average price now approaches \$190,000. Not since a very short-lived period in 2004 has the city seen the level of consumer confidence that exists in the marketplace today. Fuelled by export growth—in the form of crude oil—Newfoundland-Labrador's GDP growth led the country in 2007 at a substantial 13.4 per cent. Newfoundland-Labrador has reported the largest single-decade turnaround in GDP per capita in one decade—a first in Canadian history. Out-migration has been stemmed and population growth is expected for the first time in 15 years. Premier Danny Williams has promised that the province will be a “have” within the next 11 months. Prosperity has fuelled a spending spree that includes housing, retail, and auto sales. Inventory levels are tight and multiple offers are commonplace on homes across the board. First-time buyers are entering the market en masse, taking advantage of zero and low down payment plans and longer amortization periods. Equity gains have also played a role, prompting serious move-up activity. Home sales priced in excess of \$350,000 are brisk. Investment is a growing segment of the real estate market, spurred by purchasers from Western Canada. Lower interest rates are expected to stimulate even greater activity in the marketplace. There are \$10 billion in capital works projects on the table and the pressure is only starting to build. Natural resources are the key to success and the future has never looked brighter for St. John's. Real estate will follow in lock-step, with sales and prices exceeding 2007 levels by double-digits at year-end 2008.

Grand Falls–Windsor

A healthy mix of first-time buyers, retirees and investors are fuelling the demand for residential real estate in Grand-Falls-Windsor. Overall sales in Q1 2008 are up over 2007 levels. Average price has also experienced a slight increase in the first quarter of 2008, compared to the same period one year ago. The majority of sales have occurred under the \$200,000 price point this year. Inventory levels are relatively tight, with product in the \$130,000 to \$160,000 range particularly scarce. An influx of new listings is expected in coming weeks. The upper-end of the market remains quite healthy, attracting investors from surrounding communities. Strong economic fundamentals have kept sales activity consistent year-after-year and consumer confidence high. More balanced market conditions are expected by year-end, with housing sales and average price on par with 2007 levels.

Corner Brook

Residential real estate activity has been solid in Corner Brook so far this year, with housing sales up 11 per cent over 2007 levels. High demand has driven average price up nine per cent year-to-date, to \$130,776, an increase of close to \$12,000 from \$118,907 one year ago. Prices have risen in response to tight inventory levels. One hundred and ninety-five homes are currently listed for sale in the Western Newfoundland area, with a serious shortage of property priced between \$140,000 to \$200,000. First-time buyers remain a driving force in the market, fuelling demand for both resale product and new construction. Bungalows and detached homes with in-law suites are very popular. Out-of-town purchasers are also active in the marketplace, with many originally from Newfoundland coming back to retire. A new trend that has developed is for workers in Alberta to buy property in the rural part of Corner Brook, near the airport, and commute to work, two weeks at a time, to avoid the pricey Alberta market. Consumer confidence remains high, in large part due to strong economic performance. The provincial government's budget surplus has been funneled back into the economy, supporting mining, oil exploration, construction, hospitals, and education sectors, and stabilizing employment overall. Given a continuation of



economic fundamentals, the residential housing market in Corner Brook is expected to thrive in the months ahead, ending the year with sales and prices up significantly over 2007 near-record levels.

New Brunswick

Moncton, Shediac

Housing activity in Moncton and the surrounding areas is slowly gaining momentum after one of the worst winter seasons on record in terms of snowfall. Sales during the first quarter of the year were down approximately 13 per cent from 2007 levels, while average price climbed six per cent to \$160,000. The number of homes sold in April, however, marked a turning point, with sales up five per cent over the previous year. While inventory has been low, an influx of new listings came on-stream in April. First-time buyers are exceptionally active in the marketplace, fuelling demand for semi-detached homes starting at \$125,000 to \$135,000 in North Moncton and Dieppe. Detached homes in the area are also sought-after, priced at \$150,000 plus. The top-end of the market, homes priced in excess of \$300,000, continues to experience strong activity. Baby boomers and Generation X young executives are driving demand for upscale product, with some purchasers in this segment of the market commuting to jobs in Fort McMurray, Alberta. Waterfront properties are extremely popular so far this year, especially with buyers from Western Canada and Europe. Prices for homes situated on the water's edge have climbed significantly year-over-year, with values escalating from \$275,000 to \$300,000 one year ago to close to \$400,000 today. Moncton's population is growing, thanks in large part to in-migration from other areas of the province and the country. Given current economic fundamentals, the city's residential real estate market is positioned for further growth. Housing sales are forecast to climb five to seven per cent ahead of 2007 record levels, while it's anticipated that average price will follow suit, appreciating five to seven per cent by year-end 2008.

Fredericton

Poor weather conditions seriously affected residential housing sales in Fredericton during the first quarter of the year. The much-anticipated Spring thaw proved to be an even greater hindrance, with the St. John's River flooding its banks, shutting down power and halting activity in the central core of the city in April. However, despite mother nature's best efforts to wreak havoc, housing activity has bounced back, with the traditional Spring market finally emerging—just a little later than expected. Sales in the first quarter of the year were down about 25 per cent, while year-to-date average price rose approximately eight per cent to \$155,840. As weather conditions settle, demand for properties in Fredericton and the surrounding areas is climbing. Inventory is down from levels reported one year ago, with less than 900 homes currently listed for sale. Properties priced from \$145,000–\$170,000 are particularly rare, leaving first-time buyers scrambling for entry-level product. The vast majority of listings are priced at \$200,000 and up, with sales in the top end of the market occurring at a steady pace. The communities of Lincoln, Oromocto, and Naskwaaksis continue to be most sought-after, with purchasers seeking two-storey homes with attached/detached garages. Move-up activity in Fredericton is brisk, as existing homeowners cash in on equity gains realized in recent years. Empty-nesters and retirees are also an active segment of the market, with many downsizing into garden homes and condominiums. Although few condominium projects are currently underway, the popularity of the concept is gaining ground, especially with young singles from outlying areas. Starting at \$114,000, condominium units represent the first step to homeownership and can sometimes be cheaper than renting. Solid economic performance and strong consumer confidence levels, fuelled by job security, have contributed to the overall well-being of the housing market in Fredericton. While sales are expected to end the year on par with last year's levels, average price is forecast to moderate, with appreciation closer to two-to-three per cent by year-end 2008.



Woodstock

As one of the fastest growing communities in Atlantic Canada, residential real estate in Woodstock continues to thrive. Solid economic performance is bolstered by the trucking industry and close proximity to the U.S. border. Home sales are steady, despite harsh weather conditions in the first quarter of 2008. While listings in the upper-end are up over last year, a shortage of homes exists at the \$100,000 price point. Demand for properties priced between \$125,000 and \$165,000 is brisk, with bungalows and detached homes with garages selling fast. Most buyers favour neighbourhoods in the Park Area, where prices range from \$130,000 to \$250,000, and Bull Road priced from \$120,000 to 180,000. Another popular location is just outside the town limits, where lot sizes are larger and property taxes lower. Overall, the housing market in Woodstock is expected to remain healthy due to stable economic fundamentals, high consumer confidence levels and steady demand.

Sackville

After one of the worst Canadian winters on record, the residential real estate market in Sackville is back on track for a healthy, albeit belated, Spring market. Despite some first quarter softening in sales volumes, average price, now hovering at \$125,000, continues to rise. Downtown Sackville remains a popular choice for purchasers, with prices starting at \$130,000. First-time buyers are a major force in the market, driving demand for bungalows and storey-and-a-half homes. A greater influx of listings is expected in the coming weeks as the Spring market kicks into high gear. Retiring baby boomers and out-of-town purchasers from Western Canada are also active in the market, snapping up summer homes. With interest rates predicted to drop in the months ahead, more and more purchasers are expected to enter the market. Given the availability of affordable housing and a stable employment picture, the Sackville market is expected to experience a solid 2008, with sales and average price on par or slightly ahead of last year's levels.

Saint John

Healthy price appreciation in recent years continues to stimulate home-buying activity in Saint John as existing homeowners move to cash in on equity gains. Average price has climbed approximately eight per cent to \$155,000 in the first quarter of 2008, up from \$142,000 during the same period one year ago. Although sales have softened slightly from record levels set in Q1 of last year, dollar volumes remain on par with 2007. Inclement weather has played a role in diminished sales activity to date, as has the provincial election, as well as a marked decline in the supply of homes listed for sale. Entry-level properties in particular—priced from \$120,000 to \$250,000—are in high demand and short supply. Multiple offers are commonplace and prices in the lower-end are under pressure. As a result, many first-time buyers are compromising to realize homeownership—making good use of zero down programs and longer amortization periods. Condominium units are expected to be popular, as several new projects are soon to be underway and all current locations are full. In fact, speculation has emerged in the marketplace as small investors—banking on tight vacancy rates and solid appreciation—seek multi-unit properties. A more balanced supply of homes exists over the \$250,000 price point, where the trade-up market is making their moves. Quispamsis, Rothesay, and Milledgeville are experiencing strong demand. From an economic standpoint, Saint John is ideally positioned for the future. L & G, Pointe Le Preau, the new refinery—capital investment including the construction of four new hotels and a waterfront development—as well as in-migration from other areas of the province and country continue to bolster consumer confidence to new levels. Job security has translated into solid real estate activity. With interest rates expected to remain reasonable in the foreseeable future, sales are forecast to maintain healthy levels—maybe moderate somewhat from last year's record pace—while average price continues its ascent.



Campbellton, Grand Falls

After a slow start, residential real estate activity in Campbellton and Grand Falls has gained momentum. First quarter sales figures were off last year's levels by approximately 33 per cent in Grand Falls and 8.3 per cent in Campbellton, but April marked a turning point, with home-buying activity on the upswing. Average price, at \$115,000, is on par with levels reported last year. First-time buyers continue to be the driving force in the market. Most are seeking quality properties priced between \$80,000 to \$100,000 in Grand Falls and the surrounding areas. Limited availability is prompting a growing number to up the ante and buy more expensive homes. Bungalows are a popular choice with many entry-level purchasers, with prices starting at \$130,000 in peripheral areas. Demand is especially strong for properties situated in Grand Falls' central core, with most homes starting from \$150,000 to \$200,000. RCMP and other corporate transfers from out-of-province tend to choose the central core because of its resale potential. In Campbellton, active listings are up two per cent with a good selection of properties listed for sale. Country homes in close proximity to town are most coveted because of their lower property tax base. Despite some mill closures in the area, real estate market conditions remain stable. By year-end, home sales and average price are expected to match 2007 levels.

Bathurst, Tracadie–Sheila

More than 20 snowstorms and 13 ft. of snow deterred residential home-buying activity during the first quarter of the year. Sales were 33 per cent off levels reported in 2007, with the number of homes sold in April lower than last year. The Spring market has finally arrived, yet inventory levels are low, especially under the \$100,000 price point. First-time buyers continue to be a driving force in the market, spurring demand for three-bedroom bungalows with acreage just outside Bathurst starting at \$100,000. An influx of purchasers from all over Canada is stimulating demand for waterfront property in the Bathurst area and the Acadian Peninsula. Natural resource-based Bathurst continues to enjoy economic prosperity, with ore mining going full-throttle. Housing sales in the area are expected to remain stable, with average price climbing over 2007 levels by year-end 2008.

Prince Edward Island

Charlottetown, Summerside

Demand from retirees and baby boomers are fuelling residential real estate activity in Prince Edward Island. While housing activity was down slightly in the first quarter due to inclement weather conditions, the market is expected to experience a major upswing in coming weeks. Low inventory levels have created tight market conditions, with a serious shortage in bungalows priced from \$140,000 to \$160,000. Bungalows are extremely sought-after, especially for first-time buyers. The trend towards retirement purchases continues, with an influx of buyers from Western Canada. Many cannot retire in Alberta due to overpriced product in their marketplace and are opting for recreational property in Summerside and Charlottetown. Waterfront properties are most desired, yet listings are few and far between. Some of the most affordable real estate in Canada can be found in Prince Edward Island. Year-to-date average price continues to climb at a steady pace, climbing to \$131,294 in the first quarter of 2008, compared to \$129,542 in the same period one year ago. Strong economic performances, in large part due to the aerospace industry, health care, and IT sector in Summerside, and financial services and biotechnology sectors in Charlottetown, have served to bolster consumer confidence. There are growing concerns over the impact of rising fuel prices on the market overall. By year-end, average price is forecast to climb, with predictions for a 10 per cent increase over the next three years. Given Prince Edward Island's desirable lifestyle and stable economy, momentum is expected to continue, with sales up moderately in 2008.

RE/MAX *Atlantic Canada*

Market Trends Report 2008

NATIONAL CONTACTS

RE/MAX Ontario-Atlantic Canada Point Blank Communications	Christine Martysiewicz Eva Blay/Melissa Lucas	905-542-2400 416-781-3911
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LOCAL CONTACTS

Market	Contact	Office	Phone
NOVA SCOTIA			
Halifax-Dartmouth	Al Demings	RE/MAX Nova	902-468-3400
Pictou County, Antigonish, New Glasgow	Diane MacNeil	RE/MAX Newstyle	902-755-3030
South Shore (Lunenburg, Queen's, Shelburne Counties)	Jack Robar	RE/MAX South Shore	902-521-1082
Truro	Sharon Corcoran	RE/MAX Fairlane	902-893-7500
Bridgetown, Digby, Greenwood, Middletown, Annapolis Royal	Bruce Hutchinson	RE/MAX Banner Real Estate	902-665-2770
Kentville	Donna Conrad	RE/MAX Banner Real Estate	902-679-1937
NEWFOUNDLAND AND LABRADOR			
St. John's	Jim Burton	RE/MAX Plus Realty	709-738-7587
Grand Falls-Windsor	Robert McDonald	RE/MAX Central	709-489-3500
Corner Brook	Jim Butt	RE/MAX Realty Professionals	709-634-9400
NEW BRUNSWICK			
Moncton, Shediac	Chris Constantine	RE/MAX Quality	506-384-3300
Fredericton	Shawna Roy	RE/MAX Group Four	506-452-9888
Woodstock	Colleen Laskey	RE/MAX Group Four	506-325-9057
Sackville	Anna Abbott	RE/MAX Sackville Realty 2000	506-364-0032
Saint John	Gordon Breau	RE/MAX Professionals Saint John	506-634-8200
Campbellton, Grand Falls	France Pelletier	RE/MAX Residex	506-473-6060
Bathurst, Tracadie-Sheila	Mona Payne	RE/MAX Bathurst	506-546-7777
PRINCE EDWARD ISLAND			
Charlottetown, Summerside	Darlene Arsenault	RE/MAX Habourside	902-888-3600