

Dramatic rebound characterizes Canada's luxury home segment in 2010

Luxury home sales soared in the first quarter of 2010 as affluent purchasers moved to take advantage of favourable market conditions across the country, according to a report released today by RE/MAX.

69 per cent of markets set records for best-ever first quarter sales

Mississauga, ON (April 26, 2010) – Luxury home sales soared in the first quarter of 2010 as affluent purchasers moved to take advantage of favourable market conditions across the country, according to a report released today by RE/MAX.

The RE/MAX Upper End 2010 Report, highlighting sales and trends in 13 major Canadian centres and five sub-markets, found that improved economic performance, increased personal wealth, immigration and foreign investment all contributed to a serious upswing in sales. Virtually all areas experienced double and triple-digit increases between January and March of this year over 2009 figures for the same period. Nine out of the 13 markets examined (69 per cent) shattered existing records – setting new all-time highs for first quarter activity in the upper end.

“Real estate continues to resonate with purchasers at every price point,” says Michael Polzler, Executive Vice President, RE/MAX Ontario-Atlantic Canada. “With the top end of the market shifting into high gear, every segment of the residential real estate sector is now operating in tandem. Despite the upward momentum, there are still deals to be had – especially at the higher price points—a fact that is motivating buyers to act.”

While comparisons are being made to one of the worst first quarters on record – it’s important to note that the bounce back in many areas – including Greater Vancouver, Victoria, Winnipeg, London-St. Thomas, Greater Toronto, Ottawa, Montreal (Island), Halifax-Dartmouth, and St. John’s -- exceeds record levels reported in years past. Leading in terms of percentage increase in sales is Kelowna (700 per cent), Montreal (Island) (300 per cent), Victoria (275 per cent), Greater Toronto (263 per cent), Greater Vancouver (184 per cent), Hamilton-Burlington (169 per cent), Edmonton (164 per cent), London-St. Thomas (125 per cent), and Ottawa (121 per cent).

“Recovery in the upper end has been nothing short of remarkable,” says Elton Ash, Regional Executive Vice President, RE/MAX of Western Canada. “This segment of the market was hardest hit when the recession took hold—

yet its comeback has been fast and furious. There is no doubt that mindset has changed and confidence has returned. One only has to look at the percentage increases to see the current upward trajectory.”

Economic performance has been a major driver, boosting consumer confidence levels across the board. The tangibility of bricks and mortar has also played a role in record activity – a development that began in 2008 as affluent purchasers reduced their exposure to equities and shifted their earnings into real estate holdings. Recovering stock markets – and portfolios – in the months ahead will further contribute to housing market activity.

“Luxury sales as a percentage of the market have been steadily increasing in recent years – with the exception of 2009,” says Sylvain Dansereau, Executive Vice President, RE/MAX Quebec. “With the return to economic growth, it’s expected that the number of high net worth individuals will begin to rebound, following two years of consecutive decline. This will continue to help prop up Canada’s luxury market going forward.”

Immigration and foreign investment have also had an impact on the luxury segment – and in some markets, seriously bolstered sales. Middle Eastern buyers, Mainland China investors, and Europeans—to a lesser extent—are represented in virtually every market across the country. Canada’s sound banking system, political stability, and strong dollar are attracting foreign investment – and that is spilling over into high end residential real estate.

Most active in 2010 were business executives, entrepreneurs, and professionals. Location was first and foremost among upper-end buyers, followed by a preference for newer homes or those that are turn-key (completely renovated). With the exception of Toronto, buyers could be relatively particular and take their time in making decisions as balanced conditions characterized markets across the board. Given adequate supply, prices are likely to hold steady or experience modest increases in the majority of markets in 2010.

Canada’s most expensive luxury markets are shared equally among East and West, with Greater Vancouver topping the entry-level price point for high-end homes at \$2 million, followed by \$1.5 million in Greater Toronto and Montreal (Island). Upper-end value markets were most abundant in Atlantic Canada and smaller centres in Ontario, where luxury home prices started at \$400,000 in St. John’s, \$450,000 in Halifax-Dartmouth, \$500,000 in London St. Thomas, and \$750,000 in Ottawa and Hamilton-Burlington. Winnipeg and Edmonton represented good value in the West at \$500,000 and \$850,000 respectively.

Greater Vancouver holds the title for the most expensive home sold through MLS in the first quarter. The property—an 11,600 sq. ft. home on $\frac{3}{4}$ of an acre on the city's Westside, changed hands for \$10.06 million. Other noteworthy sales include: \$7.25 million in the Greater Toronto suburb of Mississauga, \$6.25 million in Toronto's central core, \$5.75 million in Calgary, \$5.5 million in Montreal (Island), and \$5.3 million in White Rock/South Surrey. The priciest MLS listings could be found in West Vancouver (\$29.9 million), Greater Toronto (\$23 million in Bridle Path), Vancouver Westside's Shaughnessy area (\$22 million) and Victoria (\$19 million).

RE/MAX is Canada's leading real estate organization with over 17,500 sales associates situated throughout its more than 680 independently-owned and operated offices across the country. The RE/MAX franchise network, now in its 37th year, is a global real estate system operating in 80 countries. Over 6,450 independently-owned offices engage over 92,000 member sales associates who lead the industry in professional designations, experience and production while providing real estate services in residential, commercial, referral, and asset management. For more information, visit: www.paultcody.com