



The Canadian Real Estate Association

News Release

CREA Updates Resale Housing Forecast

Ottawa, ON, September 15, 2016

The Canadian Real Estate Association (CREA) has updated its forecast for home sales activity via the Multiple Listing Service® (MLS®) Systems of Canadian real estate Boards and Associations in 2016 and 2017.

Canadian housing market trends have largely evolved in line with previous expectations over the second quarter of 2016, with the exception of sales activity in British Columbia and Ontario.

Sales in the Lower Mainland of British Columbia have braked more abruptly than anticipated, reflecting buyer uncertainty following the introduction of the new property transfer tax on Metro Vancouver home purchases by foreign buyers. By comparison, transactions in Ontario have held steady in recent months near record levels and have yet to show signs of cooling.

Taking these factors into consideration, sales forecasts have been revised upward for Ontario and downward for British Columbia. These revisions largely offset each other at the national level.

In addition, Alberta's sales forecast has been revised upward, reflecting better than expected activity during the second quarter and decent sales momentum entering the third quarter. Even so, the current economic climate suggests Alberta sales may struggle to maintain traction over the remainder of 2016 and into 2017.

Nationally, sales activity is forecast to rise by 6.0 per cent to 535,900 units in 2016, which is little changed from CREA's previously predicted sales increase of 6.1 per cent to 536,400 units this year. This represents a new record for annual sales. However, after adjusting for population growth, sales are still expected to remain below the peak reached in 2007. (Figure A)

Among the most populous provinces, British Columbia is still forecast to post the largest annual increase in activity this year (+14.6 per cent) notwithstanding that much of its strength is in the rear-view mirror at this point.

Prince Edward Island is forecast to post the largest annual percentage increase in sales this year (+20.1 per cent). This would make it one of only four provinces to set a new annual sales record in 2016, along with British Columbia, Manitoba and Ontario.

Among provinces where housing market prospects are closely tied to the outlook for natural resource prices, Alberta is still expected to record the largest annual decline in activity in 2016 (-8.8 per cent), followed by Saskatchewan (6.1 per cent). Meanwhile, Newfoundland and Labrador is now forecast to register a small increase of 1.2 per cent due to stronger than expected sales in the second quarter.

Although housing demand remains strong among many housing markets in Ontario, a lack of supply is projected to restrain the increase in sales activity (+7.1 per cent) this year.

Elsewhere, sales are forecast to rise in Manitoba (+5.3 per cent), Quebec (+5.2 per cent), New Brunswick (+2.8 per cent) and Nova Scotia (+3.1 per cent), reflecting recent sales momentum and anticipated improvements in economic prospects in these provinces.

Year-over-year average price gains have continued to mount in Ontario and British Columbia. While having accelerated in the former, price growth showed tentative signs of moderating in the latter. As a result, the average home price forecast for Ontario has been raised further but revised lower for B.C., reflecting a bigger than anticipated decline in higher-priced single detached home sales in the Lower Mainland region.

In provinces where economic and housing market prospects are closely tied to the outlook for the oil patch and other natural resource industries, average prices appear to be stabilizing in Alberta and Saskatchewan while softening further in Newfoundland and Labrador. Average prices in other provinces are either rising modestly or remain stable, reflecting well balanced supply and demand.

The national average price is now forecast to rise by 10.1 per cent to \$487,800 in 2016, with a slightly smaller gain in British Columbia (\$695,000; +9.2 per cent) and a slightly larger gain in Ontario (\$524,600; +12.7 per cent). Elsewhere, average prices are forecast to rise by 1.6 percent in Manitoba, and by 2.1 percent in both Quebec and New Brunswick. Annual average prices in Alberta, Saskatchewan and Nova Scotia are projected to remain largely stable.

By comparison, the average price forecast for Prince Edward Island (+9.3 percent) has been raised to reflect exceptionally strong price gains in the second quarter. Newfoundland and Labrador's average price is now forecast to ease by 6.4 percent.

In 2017, national sales are forecast to number 532,900 units, representing a decline of -0.6 per cent from projected activity this year. Transactions in B.C. and Ontario are anticipated to remain strong but fall short of this year's record levels due to deteriorating affordability and a lack of supply for single family homes. British Columbia home sales are forecast to decline by 4.0 percent, while annual sales in Ontario are forecast to retreat by 1.0 percent.

Sales are also forecast to ease slightly in 2017 in New Brunswick (-0.6 percent), Nova Scotia (-2.2 per cent) and Prince Edward Island. In the case of New Brunswick and Prince Edward Island, those declines are more a story about unexpected strength in 2016. The sales forecast for Prince Edward Island in 2017 is still historically very strong, as the province's economy is expected to continue to benefit from a lower Canadian dollar.

Meanwhile, consumer confidence should start to strengthen and slowly draw homebuyers off the sidelines in Alberta, Saskatchewan and Newfoundland and Labrador as oil prices and economic prospects gradually improve. The forecast rise in Alberta's sales in 2017 also reflects slow sales activity in the first quarter of 2016, a repeat of which is not expected.

Sales activity is forecast to continue rising in Manitoba (+2.8 percent) and Quebec (+1.8 percent), reflecting further anticipated improvements for these provinces economic prospects.

The national average price is forecast to ease by 0.2 per cent to \$486,600 next year, with modest price gains near or below inflation in most provinces save for British Columbia, which is forecast to see a small decline of about two percent.

That flat profile for the national average price in 2017 along with a decline in British Columbia is reminiscent of 2012, when a more normal year for activity in Greater Vancouver followed record level sales activity at the highest end of its housing market the year before. As such, the forecast decline reflects the influence of sales activity on average price, as it did in 2012 versus 2011.

Meanwhile, an ample supply of listings relative to demand will continue to keep price gains in check in other provinces, although inventories have begun to shrink in provinces where supply had been elevated in recent years.

- 30 -

About The Canadian Real Estate Association

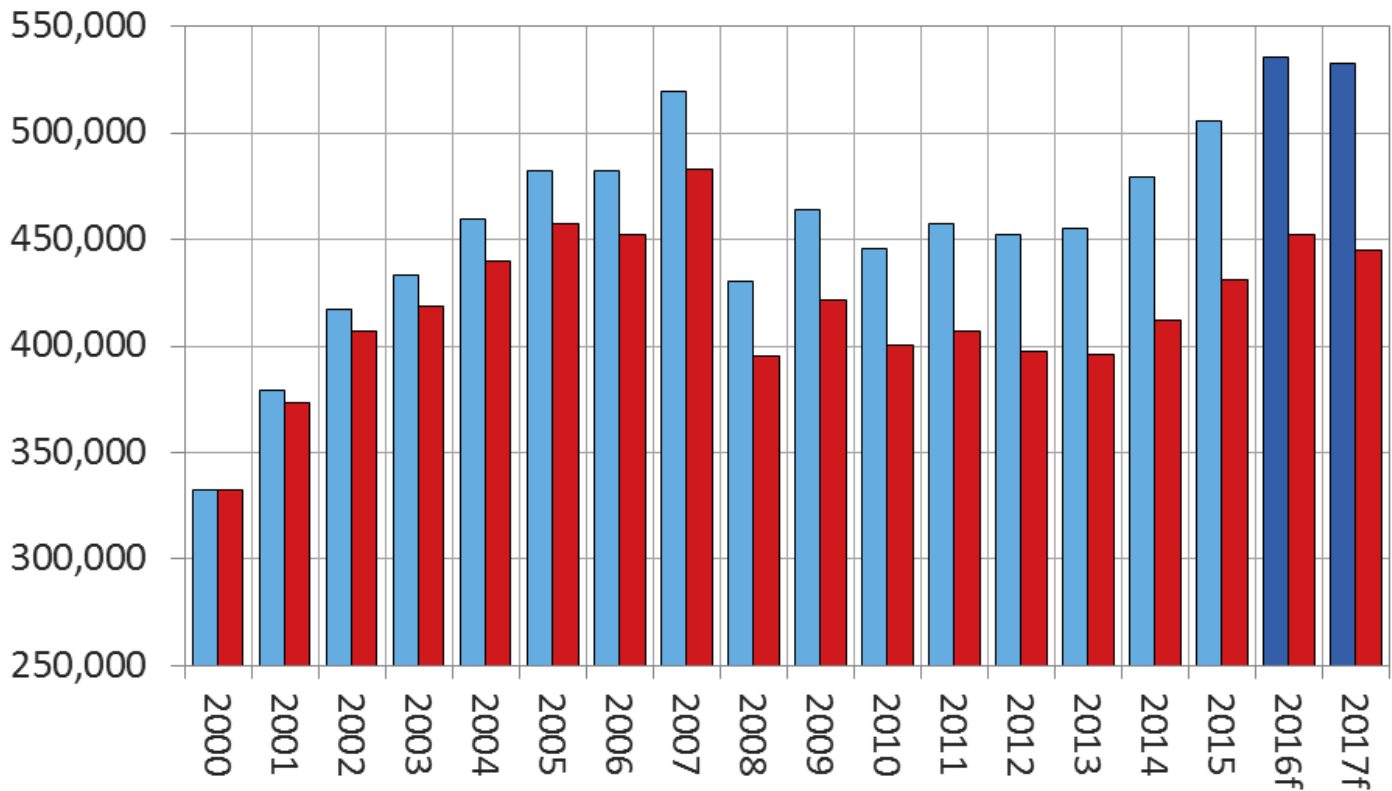
The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade associations, representing more than 111,000 real estate Brokers/agents and salespeople working through more than 100 real estate Boards and Associations.

For more information, please contact:

Pierre Leduc, Media Relations
The Canadian Real Estate Association
Tel.: 613-237-7111 or 613-884-1460
E-mail: pleduc@crea.ca

Sales activity

Historical, forecast & adjusted for population growth*



* Sales deflated by population growth since the year 2000; forecast for the latter based on Statistics Canada's M1 population forecast.

CREA Residential Market Forecast:

Sales activity forecast	2015	2015 Annual percentage change	2016 Forecast	2016 Annual percentage change	2017 Forecast	2017 Annual percentage change
Canada	505,453	5.5	535,900	6.0	532,900	-0.6
British Columbia	102,517	22.0	117,500	14.6	112,800	-4.0
Alberta	56,477	-21.3	51,500	-8.8	53,800	4.5
Saskatchewan	12,245	-10.7	11,500	-6.1	11,540	0.3
Manitoba	14,021	1.7	14,760	5.3	15,180	2.8
Ontario	223,746	9.6	239,600	7.1	237,300	-1.0
Quebec	74,126	5.0	77,950	5.2	79,350	1.8
New Brunswick	6,682	6.5	6,870	2.8	6,830	-0.6
Nova Scotia	9,222	3.2	9,510	3.1	9,300	-2.2
Prince Edward Island	1,665	20.7	2,000	20.1	1,980	-1.0
Newfoundland	4,251	3.7	4,300	1.2	4,310	0.2

Average price forecast	2015	2015 Annual percentage change	2016 Forecast	2016 Annual percentage change	2017 Forecast	2017 Annual percentage change
Canada	443,054	8.5	487,800	10.1	486,600	-0.2
British Columbia	636,627	12.0	695,000	9.2	680,000	-2.2
Alberta	393,138	-1.9	395,400	0.6	399,800	1.1
Saskatchewan	297,487	-0.3	296,900	-0.2	298,000	0.4
Manitoba	270,375	1.5	274,800	1.6	280,900	2.2
Ontario	465,574	7.8	524,600	12.7	532,300	1.5
Quebec*	275,302	1.5	281,200	2.1	286,800	2.0
New Brunswick	160,400	-0.9	163,700	2.1	165,200	0.9
Nova Scotia	219,419	2.1	218,200	-0.6	221,900	1.7
Prince Edward Island	163,533	-0.2	178,800	9.3	177,600	-0.7
Newfoundland	275,579	-2.9	258,000	-6.4	257,000	-0.4

* Provincial weighted average price for Quebec does not affect unweighted national average price calculations. Information on Quebec's weighted average price calculation can be found at: <http://www.fcq.ca/immobilier-statistiques-definitions.php>