

CREA Updates and Extends Resale Housing Forecast

Ottawa, ON, March 13, 2015

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 for 2015 and extended it to 2016.

The further decline in oil prices since CREA's last forecast has shaken consumer confidence in the Prairies, pushing potential homebuyers to the sidelines and prompting more homeowners to put their home on the market. This has led to a rapid shift in market balance in Alberta, and to a lesser extent, Saskatchewan. Annual sales in these provinces are expected to come in well below elevated levels posted last year, with small declines in average residential prices in 2015.

Additionally, the Canadian dollar has weakened further against the U.S. dollar, mortgage rates have declined and the U.S. economy has strengthened since CREA's last forecast, which taken together are expected to benefit economic and job growth in other provinces. Accordingly, CREA has upwardly revised its forecast for sales activity for much of the rest of the country.

The balance between supply and demand continues to tighten in British Columbia and Ontario. These are the only two provinces where tight supply relative to demand is expected to result in average price gains that surpass inflation this year.

By contrast, average prices in Quebec and the Atlantic region are expected to remain relatively stable, as sales deplete elevated levels of supply.

On balance, the forecast for national sales has been revised lower, reflecting downward revisions to the outlook for sales in Alberta. National sales are now projected to reach 475,700 units in 2015, representing an annual decline of 1.1 per cent. This would place annual activity slightly above but still broadly in line with its 10-year average (Chart A).

British Columbia is projected to post the largest annual increase in activity in 2015 (+4.9 per cent) followed closely by Nova Scotia (+3.7 per cent), Quebec (+2.5 per cent), New Brunswick (+2.5 per cent), Ontario (+1.9 per cent), and Prince Edward Island (+1.4 per cent). These numbers represent upward revisions to CREA's previous forecast.

Alberta is expected to post the largest annual decline in sales this year (-19.3 per cent), though the trend for activity is expected to begin recovering from a weak start to the year as consumer confidence recovers. Sales are also forecast to decline on an annual basis in Saskatchewan (-11.2 per cent), Manitoba (-1.3 per cent), and New Brunswick (-0.4 per cent).

The national average home price is now forecast to rise by two per cent to \$416,200 in 2015. Only British Columbia (+3.4 per cent) and Ontario (+2.5 per cent) are forecast to see gains in excess of the national increase.

Prices are projected to remain largely stable elsewhere, with increases or decreases of around one per cent or less this year. The exception is Alberta, where average price is forecast to fall by 3.4 per cent, reflecting a pullback in sales for luxury properties compared to homes in more affordable price segments.



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In 2016, national sales activity is forecast to reach 482,700 units, representing an annual increase of 1.7 per cent. Much of the annual increase reflects an anticipated recovery for sales activity in Alberta and Saskatchewan in line with expected economic improvement in those provinces.

Strengthening economic prospects are expected to result in improving sales activity in other provinces where sales have struggled, keeping prices more affordable amid ample supply. Meanwhile, anticipated mortgage rate increases are expected to keep activity in check in markets where homes are already less affordable and prices have continued rising.

The national average price is forecast to rise by a further 1.9 per cent to \$424,100 in 2016. Given an ongoing shortage of supply for single family homes in and around the Greater Toronto Area, price growth in 2016 is forecast to be strongest in Ontario (+2.5 per cent) and Alberta (+2.4 per cent).

Gains of around two per cent are forecast for British Columbia and Manitoba, and around one per cent for Saskatchewan and Quebec. Average home price in the Atlantic region is forecast to hold steady in 2016.

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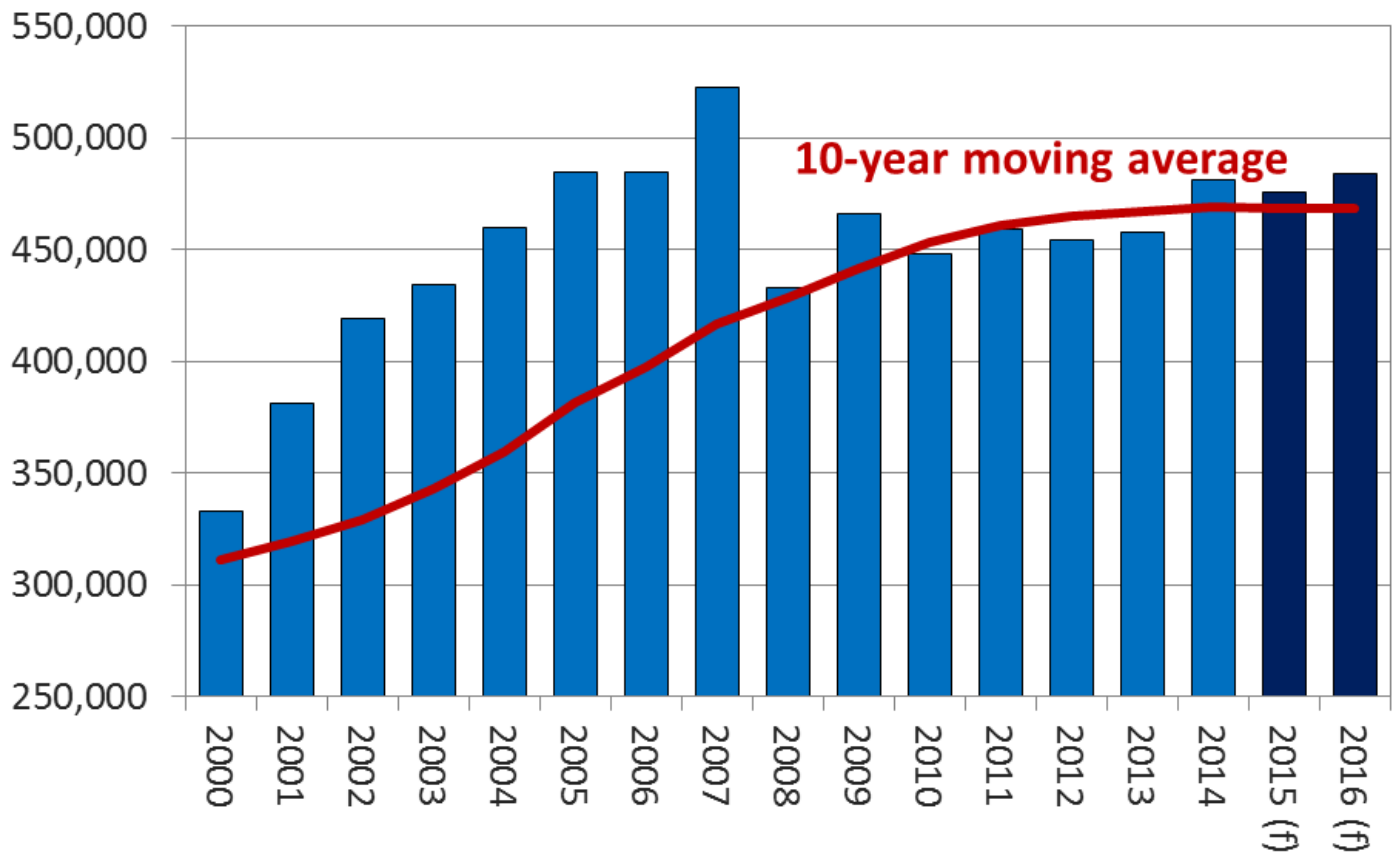
The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry trade associations, representing more than 109,000 real estate Brokers/agents and salespeople working through some 90 real estate Boards and Associations.

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Sales Activity Historical and Forecast



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CREA Residential Market Forecast:

Sales activity forecast	2014	2014 Annual percentage change	2015 Forecast	2015 Annual percentage change	2016 Forecast	2016 Annual percentage change
Canada	481,130	5.1	475,700	-1.1	483,700	1.7
British Columbia	84,049	15.2	88,200	4.9	89,000	0.9
Alberta	71,773	8.6	58,000	-19.2	61,800	6.6
Saskatchewan	13,863	2.4	12,220	-11.9	12,840	5.1
Manitoba	13,782	0.3	13,480	-2.2	13,460	-0.1
Ontario	205,972	3.7	209,900	1.9	211,300	0.7
Quebec	70,659	-0.8	72,400	2.5	73,350	1.3
New Brunswick	6,273	-0.1	6,430	2.5	6,540	1.7
Nova Scotia	8,821	-3.6	9,150	3.7	9,390	2.6
Prince Edward Island	1,380	-3.2	1,400	1.4	1,410	0.7
Newfoundland	4,100	-4.7	4,060	-1.0	4,090	0.7

Average price forecast	2013	2014 Annual percentage change	2015 Forecast	2015 Annual percentage change	2016 Forecast	2016 Annual percentage change
Canada	408,078	6.7	416,200	2.0	424,100	1.9
British Columbia	568,405	5.8	587,600	3.4	597,800	1.7
Alberta	400,590	5.2	387,600	-3.2	396,900	2.4
Saskatchewan	298,360	3.3	295,700	-0.9	298,600	1.0
Manitoba	266,329	2.1	269,100	1.0	274,500	2.0
Ontario	430,984	7.0	441,900	2.5	452,900	2.5
Quebec*	271,227	1.3	272,700	0.5	274,700	0.7
New Brunswick	161,803	-0.5	162,300	0.3	162,100	-0.1
Nova Scotia	215,279	-0.9	215,200	0.0	215,900	0.3
Prince Edward Island	163,911	5.0	161,800	-1.3	162,300	0.3
Newfoundland	283,671	0.2	282,600	-0.4	282,600	0.0

* 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>



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