MARKET TRENDS REPORT 2010

Newfoundland & Labrador

St. John's

Driven by a robust economy and strong consumer confidence levels, solid momentum in St. John's residential housing market carried forward in 2010. Home sales climbed 37 per cent to 203 units in January, an increase of more than 50 units from one year ago, while values topped $248,000, a substantial 23 per cent upswing over the 2009 figure. Active listings, while up by approximately five per cent overall to 999, continue to fall short of demand. Entry-level product, priced from $150,000 – $250,000, is especially tight. Multiple offers are occurring as a result, leading to increased pressure on average prices, particularly in high demand communities such as Churchill Square and Clovelly Trails. First-time buyers represent the largest and most active segment of the market, followed by move-up purchasers. Sales in the top end have also been brisk, given tight inventory levels at the $500,000-plus price point. New home construction has also experienced a surge in demand, with purchasers prepared to wait 12 months for finished product. Capital works projects in the region continue to spur in-migration from other areas of the country. Help wanted signs are common in the service sector as Hebron and Hibernia kick into high gear. Rural Newfoundlanders are also heading to the provincial capital in search of job opportunities—given an unemployment rate hovering at just over eight per cent. Despite an increase in new listings, the supply of available homes in St. John's remains below the five year average. Sellers are firmly in the driver's seat, as potential home buyers make their moves in advance of an anticipated interest rate hike later in the year. A continuation of tight inventory—especially at the entry-level—will place even greater pressure on housing values. Yet, despite a 23 per cent increase in average price year-over-year, St. John's is still one of the most affordable markets in the country.

New Brunswick

Saint John

Saint John's residential housing market was off to a strong start in 2010, with January sales up significantly over levels posted last year. Momentum from the latter half of 2009 spilled into 2010, creating heated demand for resale properties at virtually every price point. The strongest segment—priced at $120,000 to $250,000—represented approximately 50 per cent of total sales in January. One hundred and twenty four properties have changed hands so far this year, up from 99 units in 2009. Average price continues to experience strong upward pressure, with values climbing 13.5 per cent to $175,800, up from $154,800 in January 2009. Strong consumer confidence levels, supported by a healthy job market, have bolstered homebuying activity in recent months. First-time buyers are particularly active, driving sales under the $150,000 price point. Although a good selection of product is currently available for sale (2,180 units vs. 2,005 units), the number of listings in the $125,000 to $170,000 price range could be higher. The move-up market is also brisk, with many purchasers making their moves in anticipation of higher interest rates down the road. New construction is well underway in the city's peripheral areas, a supplement to existing housing stock. Condominium construction is on the upswing as well, as demand for multi-unit residential product grows in Saint John. Baby boomers, in particular, are trading in larger homes for one level garden homes and/or apartment units with all the bells and whistles. Saint John's economic outlook is bright, with many areas experiencing strong growth. Close proximity to the US border has attracted new retail construction in Saint John, including the largest Costco in Atlantic Canada. The new medical school, a joint project between Dalhousie University, UNBSJ, and the Regional Hospital, will hold its first class in 2010. The $1.4 billion Point LePreau Nuclear Generating Station is undergoing refurbishment. Talk of gas fire generating plants, the petro-chemical industry, and other energy related projects in Saint John are buoying optimism in the community. It's estimated that within a five-year period, Saint John will emerge as the energy hub of Atlantic Canada. The concept is gaining traction with local residents, driving real estate sales and average prices to new heights.

Nova Scotia

Halifax – Dartmouth

Multiple offers have once again become a factor in the local marketplace, with demand for residential homes outpacing supply in Halifax-Dartmouth in January. Unit sales posted a 31 per cent increase year-over-year (299 units vs. 228 units), while inventory slipped 18.5 per cent (2,695 properties vs. 3,311 in January 2009). First-time buyers remain the driving force, with almost 60 per cent of homes sold under the $250,000 price point in January. Entry-level purchasers are waiting longer to enter the market, but make bigger moves when they finally venture in. The shortage of properties listed for sale has benefited some. Properties that stagnated only months prior are now moving well—some in multiple-offers situations. Those homes that experienced price adjustments last year suddenly have newfound appeal, as buyers look for value in the current competitive environment. The tight market is placing upward pressure on prices, particularly in the lower-end, and in the outlying suburbs such as Dartmouth, Sackville and Elmsdale. Yet, overall average price is on par with year-ago figures at $242,215. Demand is now filtering into the move-up segment, although the upper-end has been slower to respond. A good selection of product and ample opportunity still exist at the luxury price points, but not for much longer, as the market slowly begins to work in tandem once again. Given low interest rates, tightening vacancy rates and rising rents, investors are increasingly active, snapping up multi-unit residential properties, up to five units. A shortage of investment product is also prompting

ACTIVE LISTINGS BY MARKET – JANUARY			
Market	**2009**	**2010**	**% +/-**
St. John's	951	999	5%
Saint John	2005	2180	9%
Halifax-Dartmouth	3311	2695	-19%
**Hamilton-Burlington	1028	1261	17%
Ottawa	3988	2840	-30%
Kitchener-Waterloo	1323	884	-33%
*London-St. Thomas	2538	2071	-18%
Greater Toronto	20450	12052	-41%
Winnipeg	2222	1938	-13%
Regina	456	381	-16%
Saskatoon	1156	729	-37%
***Calgary	9225	6838	-26%
Edmonton	6573	4864	-26%
Kelowna	4648	4120	-11%
Victoria	2930	2061	-30%
Greater Vancouver	13996	10218	-27%

*Detached Homes **Freehold Homes ***Total MLS

Source: Local Real Estate Boards

bidding wars. However, most properties—even those in greatest demand—are selling close to or at list price. Lending criteria appears to have tightened recently, with a growing number of finance applications rejected by either the banks or the CMHC. There is speculation that this could be the new norm, prompting a more cautious mindset. An increasing number of offers are also being presented (and accepted) contingent on the sale of an existing home. Inventory will be the wild card heading into the traditional relocation season, although it typically brings more listings on stream. Confidence continues to improve and the economy is gaining strength. With positive net in-migration, major construction projects continuing at a steady clip and a local economy on the rebound, homebuying activity is expected to remain strong throughout the first half of the year, settling into a slower, steady pace in the second half of 2010. Average price will continue on an upward trajectory.

Ontario

Ottawa

After a record-breaking performance in 2009, residential housing sales in the nation's capital continue to trend upward. Seven hundred and thirteen homes changed hands in January, up 35 per cent over 2009 levels and ahead of the 650 units sold during the same period in 2008. The average price of a residential property (single-family and condominium) in Ottawa has climbed 11 per cent to $320,966 and shows no signs of abating. The supply of homes listed for sale remains low, down close to 30 per cent from January 2009 (2,840 vs. 3,988)—and new listings have fallen 12 per cent compared to one year ago. Ottawa's housing market has fully-evolved, with characteristics more typical of a Spring than a Winter market. Adding fuel to already heated conditions are concerns

over rising interest rates and the upcoming Harmonized Sales Tax (HST). More and more purchasers are entering Ottawa's housing market as a result. Virtually all price points are affected by the upswing in demand. Entry-level product such as freehold townhomes and condominiums offered at under $300,000 will sell within a day or two, if priced accurately and well-presented. Purchasers looking for product in hot pocket neighbourhoods such as Westboro are finding listings few and far between. Seller's market conditions are expected to prevail in coming months, with buyers having to act quickly to secure homeownership. Multiple offers will continue to occur on well-priced listings. Lenders are tightening up criteria, which has also prompted additional homebuying activity. Condominiums are a popular choice among first-time buyers, with many 20-something purchasers choosing units in the downtown core. Empty nesters are also downsizing into more upscale, boutique condominiums located in the urban core. Projects currently underway in Westboro and Beechwood Village will ensure that an ample supply of product is available in the future. The top end of the market has demonstrated renewed strength after a prolonged pause in 2009. Ten sales have already occurred over the $750,000 price point, compared to six one year ago. With solideconomic fundamentals in place, Ottawa's residential housing market is ideally positioned to shatter the 2009 record for sales and average price, coming in well ahead of last year's levels.

Hamilton – Burlington

The double threat of higher interest rates and a looming Harmonized Sales Tax (HST) is expected to spur a flurry of homebuying activity in Hamilton-Burlington this year. To date, the number of homes sold in January is up 58 per cent to 750 units, while average price has appreciated 10 per cent to $275,024, compared to levels reported during the same period in 2009. Momentum from the latter half of 2009 has spilled over into the New Year, with first-time buyers and move-up purchasers vying for well-priced product virtually across the board. The strongest segment of the market remains priced from $200,000 to $250,000 in Hamilton—particularly in the coveted West End—close to the McMaster Innovation Park. Neighbouring communities such as Dundas and Westdale, offering move-up homes from $400,000, have also benefitted from close proximity to the university. Multiple offers have been a factor in Hamilton, in large part due to heated demand and limited inventory in the aforementioned areas. Entry-level properties at the $350,000 – $400,000 price point are also sought-after in Burlington, with many purchasers willing to participate in bidding wars to achieve homeownership. First-time buyers are sparking sales of resale condominiums in Burlington, especially those offering a lake view. New condominium construction, however, has slowed, with some projects shelved altogether. Move-up activity in the $500,000 to $800,000 segment is brisk, with limited inventory available for sale. Freehold listings overall are up over one year ago (1,261 units vs. 1,028 units), but demand has increased steadily in recent months. Absorption rates are climbing as more buyers enter the residential marketplace in anticipation of the traditionally strong Spring market. Solid activity is expected to characterize housing sales in the coming months. Hamilton's west end, the Burlington core, Aldershot, and north east Burlington bordering Oakville will likely be most popular with purchasers looking for properties that represent good value.

Greater Toronto Area

Residential real estate activity in the Greater Toronto Area (GTA) shifted into high gear in January. Housing sales have returned to pre-recession figures, with the 4,986 homes sold in January—off peak 2007 levels by less than 200 sales. Average price appreciation continues unabated, up 19 per cent over one year ago, bringing values to $409,058. Concerns over diminished inventory —active listings are down 41 per cent from January 2009 at 12,052 units and new listings have dropped three per cent—are creating even greater urgency in the market. Active listings in January 2010 were at the lowest level on record for the month in more than a decade. The threat of higher interest rates, the looming Harmonized Sales Tax (HST), and rising housing values have all served to bolster activity. Momentum from the latter half of 2009 has spilled over into the New Year and shows no signs of letting up. First-time buyers are a major force in the market, as they vie for properties priced between $200,000 and $400,000. More than half of sales in the GTA occurred in that price bracket. Multiple offers are once again part of the landscape, with competing bids on entry-level homes now a common occurrence. It's estimated that there are as many as 10 buyers for each individual property. Hot pockets continue to fare well, but the peripheral areas—as well as Toronto's bedroom communities—are experiencing tremendous activity. The greater 'bang for the buck'—and the lower land transfer tax in the suburbs—is attracting purchasers from Metropolitan Toronto. Condominium sales have also soared in recent months, as first-time buyers focus their attention on location, location, location. Prime developments located in trendy neighbourhoods like Yonge and Eglinton are experiencing heated demand, with high-rise apartments moving in multiple offers almost daily. Units priced at the magic number—in and around $250,000 to $350,000—are virtually impossible to stock. Affordability is a key component in multi-unit residential and as long as units are coming on-stream, condominiums will represent the first step of homeownership for many. Upscale condominium sales are also brisk, with eight units moving over the $1 million price point in January alone. Baby boomers may be downsizing in square footage, but many of these moves are lateral in nature. Luxury homes sales were back with a vengeance in January—with 50 sales posted over the $1.5 million price point alone. Lawrence Park, Rosedale, Kingsway, Forest Hill, South Hill, and Hogg's Hollow continue to experience strong demand for high-end product—with prime properties moving in multiple-offer situations. Expected to further bolster demand is immigration. Over the past year, it's become increasingly obvious that immigrants are not waiting the traditional five-year period to make their moves—some are making them immediately upon arrival. Tighter lending criteria is also expected to send purchasers into the market in coming months. Looking forward, all indicators point to a heated Spring market in the Greater Toronto Area, characterized by unprecedented demand and limited supply. Average price will continue to climb unless more listing inventory comes on stream.

Kitchener – Waterloo

Consumer confidence is taking hold once again in Kitchener-Waterloo, with sales posting strong gains in January. Three hundred and three homes sold during the first month of 2010, versus just 217 one year ago, and higher than December 2009's strong showing of 258 sales. The market is quite active at all levels. First-time buyers remain the driving force, with the lion's share of activity occurring under the $250,000 price point. Momentum is ramping up from $250,000 to $350,000, as move-up buyers step up demand. There is a shortage of supply across the board, with active listing down a substantial 33 per cent. Multiple offers are now commonplace—evident at all levels of the market—and properties are selling more quickly. Buyers are starting to feel frustrated in their pursuits. Sought-after areas such as Stanley Park, Breithaupt Park, Beechwood and Eastbridge have felt the greatest pinch. Pent-up demand has been a factor, with last year's fence-sitters finally con-

fident enough to make their moves. Boosting demand has also been those eager to buy before the Harmonized Sales Tax (HST) and interest rate hikes take effect later in the year. HST has been a growing consideration. Some purchasers are now looking to freeholds and semi-detached homes versus the previously favoured condominium townhomes when it comes to affordability, given that condo fees are set to rise. Average price is on the upswing, increasing a considerable 13 per cent to $272,000 in January, up from $241,000 at the same time one year ago. Solid activity in the luxury segment has skewed average price slightly upward. Thirteen sales over $500,000—higher than average for January—were recorded versus just four last year. Activity is expected to remain brisk this Spring and throughout 2010. Listings —or lack of thereof—will continue to be the greatest variable affecting market conditions in the coming weeks and months.

London – St. Thomas

Home sales were brisk in London-St. Thomas during January, returning to more traditional levels of activity. Four hundred and seventy-two properties changed hands—a fifty-five per cent increase over the 305 units that sold in January 2009. Average price, up four per cent to $222,798 year-over-year, is on the upswing, pressed higher by rising demand and a shortage of inventory. Active listings for detached homes and condominiums were down 18 and nine per cent respectively in January. All segments of the market are working in tandem. While the multiple-offer phenomenon has not yet returned to the city, it will likely re-emerge if inventory doesn't improve as Spring approaches. Conditions are now beginning to lean towards the seller. Affordability continues to be a major catalyst in London-St. Thomas, in addition to low interest rates and the popular five per cent downpayment option. The threat of a rate hike, the looming Harmonized Sales Tax (HST), and tightening lending criteria has many first-time buyers rushing to make their moves. Builders have been working to complete as many homes as possible ahead of the HST implementation and introduction of a new municipal development assessment fee which would add $6,000 to the cost of every new property. Higher prices for new construction in the second half of the year are expected to place greater pressure on the resale market. As it is, homes are selling quickly, generally close to asking price. Single-family homes are in shortest supply, while more balanced conditions exist in the condominium and luxury segments of the market. Overall, the Spring market is expected to be quite strong, with days on market contracting, and sales and prices continuing to climb.

Manitoba

Winnipeg

Strong economic performance and soaring consumer confidence levels continue to buoy residential real estate in Winnipeg. A chronic shortage of homes listed for sale, however, is hampering activity to some extent. Active listings were down approximately 13 per cent from one year ago, while new listings were off by 10 per cent in January. As a result, the number of homes sold dipped seven per cent to 487 units, as average price ascended yet another 17 per cent to $223,695. Sellers remain firmly planted in the driver's seat, while buyers ante up across the board. Multiple offers dominate the landscape, with an estimated 35 per cent of new listings moving in competitive situations. Inventory is especially tight in the $150,000 to $250,000 price range, where entry-level purchasers are most active. Affordable housing is no doubt the catalyst in the market—Winnipeg is the only place in Canada where a home can be purchased for as low as $25,000. The threat of rising interest rates has also sent an influx of new purchasers into the market. Luxury homes sales are brisk, although few multiple offers take place in the upper price ranges. Many baby boomers are taking advantage of current market conditions to downsize—only in terms of square footage—and move into upscale new condominium units that have sprung up in the south end, River Heights, and St. Vital. Sales have, in some cases, tripled since 2001—as condo-



miniums gain in popularity with both first-time buyers and baby boomers. In January, 53 per cent of condominium sales occurred at the $150,000 to $250,000 price point. Numerous condominium projects are currently underway, which will add to existing housing stock. Apartment block conversions will also serve to provide condominium units at an entry-level price point. While listing inventory is expected to improve in coming months, tighter lending criteria is expected to force more purchasers off the fence and into the market. Solid demand, combined with limited supply, will place even greater upward pressure on the average price of a house in Winnipeg this Spring.

Saskatchewan

Saskatoon

With inventory returning to healthy levels and demand starting to gain momentum, Saskatoon's real estate market is now well on its way to a full recovery. While sales are still off year ago figures by sixteen per cent (179 units vs. 212 units), average price continues to edge up steadily, now at $270,191, just three per cent off the January 2009 mark. Balanced conditions characterize the market on the whole. Yet, with demand rising, there has been a slight tightening of supply in the single-detached category. Multiple offers have re-emerged in prime hot pockets neighbourhoods, but remain the exception by and large. First-time buyers account for the lion's share of activity, with sales in the $220,000 to $350,000 price category particularly brisk. While the market is on the upswing, opportunity still exists in some segments, notably the condominium market and the upper-end, where prices remain below peak levels and a very good selection of inventory exists. Alberta-based developers have been quick to capitalize—buying up large acreages and selling them off in five-acre parcels, priced from $110,000 to $160,000. These have been well received, with a growing trend toward rural living. Confidence is improving, but buyers remain cautious in their pursuits. Developers are equally careful, with new construction occurring on a contract basis only. Speculation is now virtually non-existent. The CMHC has also tightened qualifying criteria for insurance, with a particular focus on applications involving the minimum five per cent down payment. Affordability remains a positive and homeownership continues to be within the reach of most potential buyers. While most homes are commanding close to or full asking price—if listed at fair market value—some move-up buyers remain hesitant to enter the fold, choosing instead to hold off listing their current home until prices edge up further. Most homes values are now on par or slightly above 2008 levels, but average price continues to be skewed downward by a greater number of sales in the lower end of the market. Overall, prices will continue on the upswing in Saskatoon, with modest appreciation of three-to-five per cent expected. Average days on market have started to decline, hovering at 38 in the month of January.

Regina

Renewed optimism in Regina's residential real estate market is driving homebuying activity, with sales in January up eight per cent over one year ago. The strong start to the year has been tempered by a 16 per cent decline in listing inventory, which now hovers at a modest 381 units. Average price has responded to the upward pressure, rising 12 per cent to $238,500 in January 2010, up from $213,000 one year ago. The city's economic performance and job creation efforts have played a key role in market recovery. Consumer confidence is on the upswing and local buyers are cautiously optimistic. Purchasers are taking advantage of favourable market conditions, including record low interest rates, to achieve homeownership. Some buyers are making their moves in advance of tighter lending criteria down the road. Whatever the impetus, purchasers are once again vying for product at all price points—from entry-level product to million dollar properties. In fact, Regina

just recorded its first $1 million sale on MLS. First-time buyers continue to be a strong component, driving sales at the low end of the market. The top end has also been healthy and is expected to remain vibrant throughout 2010. Bidding wars are occurring, particularly in the coveted east end, but unlike 2008, offers are not free of conditions and homes are not selling for over list price. Upscale condominiums are also gaining acceptance as more and more boomers consider downsizing options. After years of slow and steady growth, real estate has finally proven itself to be a solid investment in Regina. Housing values continue to climb, spurred by Saskatchewan's newfound status as a have province, rich in natural resources. With a national average price of $325,000, housing values in Regina remain among the most affordable in Canada and have much room for growth in coming years.

Alberta

Edmonton

Edmonton's ever improving economy continues to bolster residential real estate activity in the city. The number of homes sold in Edmonton is up 21 per cent to 884 units, while average price has largely stabilized at $314,783. Balanced market conditions have, for the most part, re-emerged in 2010. Values, still off peak 2007 levels, have hit a plateau, as buyers take advantage of opportunities at all price points. The oversupply of listings available for sale throughout 2008 and 2009 has largely been absorbed, with inventory returning to more normal levels. Active listings now hover at 4,864, a decrease of 26 per cent from one year ago. While new listings have fallen off, the supply of homes listed for sale is adequate in most price ranges and neighbourhoods. First-time homebuyers continue to represent the lion's share of activity in the marketplace, driving sales of homes priced from $300,000 to $350,000. Multiple offers are starting to occur, but they are the exception, rather than the rule. Move-up buyers have ramped up activity as well, spurred by exceptionally low interest rates. Condominiums have been moving steadily in recent months, but supply still exceeds demand. A strong Spring market is forecast for 2010, supported by a serious upswing in consumer confidence levels. Recent announcements regarding major investments in the oil sands have tremendous potential for Edmonton's economic future. The provincial government is also co-operating with the major players in the oil industry to create a positive business climate and is expected to return to surplus budgets within three years. While there may be some skeptics in the audience, it's hard to ignore the city's growing optimism.

Calgary

An improved economic outlook, combined with record low interest rates and affordable housing, are fuelling recovery in Calgary's residential real estate market. Home sales are up considerably over one year ago, with 762 single-family homes and 376 condominiums sold, compared to 550 and 225 one year ago. Inventory has declined dramatically (down 26 per cent for Total MLS) and is now more in-line with the healthy supply of years past. The supply of detached homes is beginning to tighten, with multiple offers becoming more prevalent in hot pockets throughout the city, particularly well-priced, entry-level product. Properties that were slow to move last year are beginning to sport sold signs. Buyers remain grounded, however, with most homes selling at close to list price, but not over, even with competing bids. First-time buyers continue to drive the market, looking to take advantage of greater affordability before the window of opportunity closes. The condominium market has picked up considerably in recent weeks, with inventory also on a downward trend. Average price, while still off peak 2007 levels, continue its ascent, rising seven per cent in the single-family category to $441,217 and four per cent in the condominium category to $282,639 over January 2009 levels. There has been a notable push by purchasers to get in before predicted interest rate hikes and tighter lending criteria. To that end, buyers are being more cautious

in their pursuits, deliberately choosing not to max out debt service ratios, with a trend towards more modest pursuits that can be afforded. The market is picking up at all levels, with move-up buyers increasingly active. Demand for upper end homes was strong in January, with 12 sales over $1 million. The momentum in the luxury segment is expected to continue, as those who held off purchasing last year finally make their moves. Investors are a growing presence in Calgary's real estate market, capitalizing on low interest rates and healthy rents. Their choice of properties is varied including low-density multi-unit residential such as duplexes and triplexes, as well as starter homes and condominiums. A very active Spring market is forecast, with supply expected to improve. However, if new listings continue to decline (January new listings were down approximately seven per cent), all bets are off. Consumer confidence is steadily increasing, although optimism remains slightly guarded. The economic picture is improving, which will bode well in the coming months.

British Columbia

Greater Vancouver

The heated activity of late 2009 spilled over into Greater Vancouver's real estate market in January, with 1,923 homes changing hands—up 152 per cent over last year. While inventory showed some improvement, it still posted a 26 per cent deficit over January 2009 at 10,218 listings. That fact, combined with very healthy demand out of the gate, has created ideal conditions for bidding wars and upward pressure on pricing. While the market was dominated by first-time buyers during much of 2009, the move-up segment has re-emerged, driving sales from $600,000 to $1 million. With all segments working in tandem, multiple offers are now occurring with frequency across the board. Buyers are aggressive, more than willing to compete. Yet, despite the increased level of competition, most are demonstrating caution, given the economic realities of the still-too-fresh recession and tenuous recovery currently underway. While there are some exceptions, most homes are selling at list price and under. Existing fundamentals do point to further price growth in the months ahead, especially if the disparity between supply and demand continues to exist. The simple truth remains that for every deal closed in Greater Vancouver, approximately two to five unsuccessful purchasers jump back into the fold. The benchmark value of detached homes increased 19.5 per cent to $788,499, while condominiums increased 15 per cent to $385,487, when compared to January 2009. The benchmark price for all residential property types combined is up 17 per cent to $573,241—nearly one per cent higher than the all-time market peak in May 2008. The looming Harmonized Sales Tax (HST) and threat of interest rate hikes later in the year has added fuel to Vancouver's already robust real estate market in 2010. Rising confidence is also a considerable factor. Purchasers are more secure in their belief that the worst of the recession is over and the prospects going forward are brighter. Given the framework that's taken shape, the momentum is expected to continue unabated through the second quarter. Little relief is expected in terms of supply in the short-term. Rising prices may entice potential sellers in coming months, helping to ease the inventory crunch closer to mid-year.

Victoria

Rising consumer confidence levels have buoyed home-buying activity in Victoria this year, with sales up 69 per cent in January. Four hundred and eighteen homes have changed hands to date, compared with 247 in 2009—on par with very healthy pre-recession levels. Inventory is an issue, with listings down 24 per cent year-over-year. The entry-level is particularly heated, with multiple offers commonplace on single-family homes priced from $450,000 to $600,000. Those with a legal in-law suite, offering income potential, are 'flying off the shelves.' Tight conditions are placing upward pressure on prices, with the average value of a single-family home now at $640,000, up from $510,000 in

January 2009. All segments of the market are working in tandem, with strong activity filtering up to the luxury price points. Those that held off in 2009 are jumping back into the market with enthusiasm. In fact, 15 sales over $1 million were recorded in January, with two sales surpassing the $2 million threshold. First-time buyers, however, remain the driving force, with value top of mind. Sales in the condominium segment are moving at a healthy clip, with prices on the ascent. The average unit now commands $310,000 versus $260,000 one year previous. Tighter lending criteria, the prospect of higher interest rates and the introduction of the Harmonized Sales Tax (HST) are spurring purchasers to act sooner rather than later. Buyers are motivated, but the heightened sense of urgency reminiscent of 2006-2007 is notably absent. A robust housing market is expected throughout 2010. The supply of homes listed for sale remains the single most significant variable that will influence the direction of the market in coming months. Spring usually brings more listings on stream, which would swing the pendulum back into balanced territory, easing pressure on prices. If an adequate amount of product fails to materialize, seller's market conditions will persist in the lower to mid-price points.

Kelowna

Sales of existing homes more than doubled in Kelowna in January, demonstrating that demand has now returned to healthy, traditional levels. Two hundred and fifty-two homes changed hands so far this year, up from 114 units in 2009. Prices remain off their peak, but have climbed considerably, with the city's average now hovering at $414,787—up 22 per cent from a year ago. The average price of a single-family home has risen 17.5 per cent to $484,065. Upper-end home sales have been a factor propping up average price, with strong demand for luxury waterfront properties. A good selection of listings is available across the board, contributing to balanced market conditions. Overall, moderate gains in home values are expected in 2010. The condominium market may be the exception. Emerging oversupply could temper—or potentially stall—price growth. Condominiums posted a four per cent average price increase in January to $242,718. Properties continue to command close to the ask price when listed at fair market value. All segments of the market are now active, with move-up buyers gaining an increasing presence. First-time buyers account for the bulk of activity. Consumer confidence is on the upswing. The looming Harmonized Sales Tax (HST) is expected to be a catalyst boosting demand, now and in the second half of 2010, as higher new construction prices may place pressure on the resale market. The economic picture in Kelowna is improving. The Spring hiring season will be underway shortly, which should also help to ease the unemployment rate and enable eager purchasers.

MARKET TRENDS REPORT 2010

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