



News Release / Communiqué

The Canadian Real Estate Association L'Association canadienne de l'immeuble

MLS® home sales to decline further in 2009, rebound in 2010

OTTAWA – February 9th, 2009 – National MLS® home sales activity is expected to decline in 2009 before rebounding in 2010, according to a new residential housing forecast prepared by The Canadian Real Estate Association.

National MLS® home sales activity declined 17.1 per cent in 2008, and MLS® sales activity is forecast to fall an additional 16.9 per cent to 360,900 units in 2009. This would be the lowest level for national sales activity since the year 2000. Sales activity is expected to decline from levels set in 2008 in every province, led by declines in British Columbia, Alberta and Ontario.

National MLS® home sales activity is forecast to rebound by 9.9 per cent to 396,600 units in 2010, marked by an acceleration in activity in the second half of that year. The rebound in activity in 2010 is forecast to be biggest in British Columbia and Alberta.

New listings on the MLS® systems of real estate Boards in Canada have been trending steadily lower since peaking in the second quarter of 2008, and that trend is forecast to continue. It is that combination of rebounding sales activity and fewer new listings that will stabilize the MLS® resale housing market in 2010.

“We are caught in a cycle where consumer confidence has been eroded because of job losses, and consumer confidence is an essential ingredient for housing sales activity,” says the President of The Canadian Real Estate Association, Calvin Lindberg of Vancouver. “And housing activity helps creates jobs.”

“The essential selling ingredients in today’s market are realistic pricing, marketing, and preparation. There are potential buyers making inquiries, but the barrage of economic news makes them much more cautious than before.”

The MLS® sales forecast developed by CREA Chief Economist Gregory Klump shows that fewer transactions in some of Canada’s more expensive housing markets, combined with reduced asking prices, will continue to put downward pressure on average MLS® sale prices.

The national MLS® average home price is forecast to decline eight per cent in 2009, with prices down most in Western provinces and Ontario. By contrast, the average home price in Newfoundland & Labrador is forecast to rise 4.8 percent in 2009. Prices are forecast to stabilize in 2010, with annual price increases of one per cent or less in five provinces.

The price trend is similar but less dramatic for the weighted national MLS® average price, which compensates for changes in provincial sales activity by taking into account provincial proportions of privately owned housing stock. The weighted national MLS® average price is forecast to decline 6.4 per cent in 2009, and hold steady in 2010.

“Increasingly cautious homebuyers and mortgage lenders means that active listings will take longer to sell in 2009 compared to previous years,” said CREA Chief Economist Gregory Klump.

“The national housing market is recalibrating due to weak sales activity,” said Klump. “Supply will take time to adjust to lower demand, but sellers unwilling to accept offers below their expectations will remove their home from the market,” he added. “Fewer active listings reduces buyer choice, and in time puts a floor under prices,” CREA’s Chief Economist added.

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CREA MLS® Residential Market Forecast:

MLS® residential unit sales forecast	2008 units	2008 Annual percentage change	2009 units Forecast	2009 Annual percentage change	2010 units Forecast	2010 Annual percentage change
Canada	434,477	-17.1	360,900	-16.9	396,600	9.9
British Columbia	68,923	-33.0	55,700	-19.2	71,500	28.4
Alberta	56,399	-21.0	45,650	-19.1	52,600	15.2
Saskatchewan	10,203	-15.4	8,900	-12.8	9,500	6.7
Manitoba	13,525	-2.9	12,650	-6.5	13,550	7.1
Ontario	181,001	-15.2	146,400	-19.1	152,700	4.3
Quebec	79,402	-4.9	69,100	-13.0	73,000	5.6
New Brunswick	7,555	-7.4	6,900	-8.7	7,250	5.1
Nova Scotia	10,874	-8.3	9,350	-14.0	10,000	7.0
Prince Edward Island	1,413	-20.1	1,350	-4.5	1,450	7.4
Newfoundland	4,695	5.0	4,350	-7.3	4,600	5.7

MLS® residential average price forecast	2008 price	2008 Annual percentage change	2009 Forecast price	2009 Annual percentage change	2010 Forecast price	2010 Annual percentage change
Canada	303,594	-0.7	279,400	-8.0	282,400	1.1
British Columbia	454,599	3.5	406,300	-10.6	404,000	-0.6
Alberta	352,857	-0.9	321,500	-8.9	318,000	-1.1
Saskatchewan	224,586	28.8	213,400	-5.0	211,300	-1.0
Manitoba	190,296	12.5	189,800	-0.3	194,500	2.5
Ontario	302,354	0.9	279,100	-7.7	276,300	-1.0
Quebec	210,775	3.9	210,600	-0.1	212,700	1.0
New Brunswick	145,762	6.7	145,800	0.0	146,500	0.5
Nova Scotia	189,902	4.9	189,700	-0.1	190,500	0.4
Prince Edward Island	139,944	4.9	139,800	-0.1	140,200	0.3
Newfoundland	178,477	19.6	187,000	4.8	188,000	0.5