



MLS® home sales forecast revised

OTTAWA – May 14th, 2009 – A Spring housing market that was more active than anticipated has prompted a change to the MLS® home sales forecast issued by The Canadian Real Estate Association for the rest of 2009, and for 2010.

National home sales activity is forecast to be down 14.7 per cent to 370,500 units in 2009. This is slightly less than the reduction in activity predicted in CREA's forecast issued last February. The forecast decline in annual activity was trimmed to reflect a stronger than expected rebound in activity in British Columbia and Ontario in the first quarter of 2009. Forecast declines in annual activity were reduced for these provinces. They were also shaved for Manitoba, Quebec, New Brunswick, and Prince Edward Island to reflect stabilizing trends in sales activity in these provinces.

National MLS® home sales activity is forecast to rebound by 7.2 per cent to 397,000 units in 2010. This is a slightly weaker rebound than predicted in CREA's previous forecast. The revision reflects recently downgraded forecasts for economic growth next year. The rebound in activity in 2010 is forecast to be biggest in British Columbia and Alberta.

New listings on MLS® systems in British Columbia, Alberta and Ontario are forecast to continue easing following the peak reached last year. New listings are also expected to shrink in Saskatchewan, Quebec, New Brunswick, and Nova Scotia. Fewer new listings will further stabilize the resale housing market as sales activity draws down inventories.

The national MLS® average home price is forecast to decrease 5.2 per cent in 2009, led by average price declines in British Columbia and Alberta. By contrast, the average home price is forecast to rise in Manitoba (4.3 per cent), Prince Edward Island (4.2 per cent) and Newfoundland & Labrador (10.9 per cent). CREA's previous forecast predicted a decline in the national average price of eight per cent in 2009.

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 3.6 per cent in 2009, and hold steady in 2010. CREA's previous forecast predicted the weighted national average price for MLS® homes sales would decline by 6.4 per cent.

"Monthly resale housing activity improved as the first quarter progressed, entering the second quarter on a rising trend and closing in on levels last seen before it fell sharply late last year," said CREA Chief Economist Gregory Klump. "It will take time for housing inventories to be drawn down enough to put new home construction on a stronger footing, but the balance between resale housing supply and demand is improving in a number of major markets. The national average price has begun to rebound from the recent low reached in January, and is forecast to begin rising modestly above year-ago levels in the fourth quarter of 2009."

CREA MLS® Residential Market Forecast:

| MLS® residential unit sales forecast | 2008 | 2008 Annual percentage change | 2009 Forecast | 2009 Annual percentage change | 2010 Forecast | 2010 Annual percentage change |
|---|---------|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|
| Canada | 434,477 | -17.1 | 370,500 | -14.7 | 397,000 | 7.2 |
| British Columbia | 68,923 | -33.0 | 56,000 | -18.7 | 64,500 | 15.2 |
| Alberta | 56,399 | -21.0 | 42,450 | -24.7 | 48,100 | 13.3 |
| Saskatchewan | 10,203 | -15.4 | 8,700 | -14.7 | 9,100 | 4.6 |
| Manitoba | 13,525 | -2.9 | 12,800 | -5.4 | 13,500 | 5.5 |
| Ontario | 181,001 | -15.2 | 158,100 | -12.7 | 167,200 | 5.8 |
| Quebec | 79,402 | -4.9 | 70,850 | -10.8 | 72,000 | 1.6 |
| New Brunswick | 7,555 | -7.4 | 6,400 | -15.3 | 6,600 | 3.1 |
| Nova Scotia | 10,874 | -8.3 | 9,000 | -17.2 | 9,550 | 6.1 |
| Prince Edward Island | 1,413 | -20.1 | 1,500 | 6.2 | 1,550 | 3.3 |
| Newfoundland | 4,695 | 5.0 | 4,250 | -9.5 | 4,350 | 2.4 |

| MLS® residential average price forecast | 2008 | 2008 Annual percentage change | 2009 Forecast | 2009 Annual percentage change | 2010 Forecast | 2010 Annual percentage change |
|--|---------|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|
| Canada | 303,594 | -0.7 | 287,700 | -5.2 | 292,600 | 1.7 |
| British Columbia | 454,599 | 3.5 | 423,300 | -6.9 | 430,700 | 1.7 |
| Alberta | 352,857 | -0.9 | 321,900 | -8.8 | 318,300 | -1.1 |
| Saskatchewan | 224,586 | 28.8 | 220,900 | -1.6 | 218,400 | -1.1 |
| Manitoba | 190,296 | 12.5 | 198,400 | 4.3 | 202,600 | 2.1 |
| Ontario | 302,354 | 0.9 | 291,200 | -3.7 | 293,300 | 0.7 |
| Quebec | 210,775 | 3.9 | 212,300 | 0.7 | 214,100 | 0.8 |
| New Brunswick | 145,762 | 6.7 | 147,200 | 1.0 | 147,900 | 0.5 |
| Nova Scotia | 189,902 | 4.9 | 188,600 | -0.7 | 189,600 | 0.5 |
| Prince Edward Island | 139,944 | 4.9 | 145,800 | 4.2 | 150,300 | 3.1 |
| Newfoundland | 178,477 | 19.6 | 198,000 | 10.9 | 200,600 | 1.3 |

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