

RE/MAX 2015

# SPOTLIGHT ON LUXURY



THE  
**RE/MAX**  
COLLECTION®  
*Fine Homes & Luxury Properties*



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## Spotlight Summary

Sales of homes priced over \$1 million were up year-over-year in Toronto, Vancouver, Montreal and Victoria in the first seven months of the year. Calgary was the exception; sales in the \$1 million range decreased 28 per cent over the same period in 2014.

In Canada's two largest luxury markets, sales of homes \$3 million and up saw impressive gains. In the Greater Toronto Area, sales in this range increased by 119 per cent and in Greater Vancouver by 79 per cent between January 1 and July 31.

The increase of sales at the top-end of the luxury market can be attributed to two factors. One is overall price appreciation in both markets, driven by low inventory and high demand for single-family homes that has led to more homes meeting the higher dollar threshold. A second factor is high demand for luxury homes from foreign buyers in both markets.

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*In the Greater Toronto Area, sales in the \$3 million dollar and up range increased by 119 per cent and in Greater Vancouver by 79 per cent between January 1 and July 31.*

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In Calgary, a healthy 2.3 to 2.5 months' supply of inventory in the \$1 million plus range has brought a more balanced market to the city. Luxury buyers are not witnessing a notable decrease in price; however, there is less pressure for buyers during the negotiation process. With more inventory available, conditions like home inspection and financing, which were rarer when buyers were frequently in a competing offer situation, have become part of the normal negotiation process again.

RE/MAX brokers and agents reported that foreign buyers have continued to drive demand in the Vancouver and Toronto luxury markets in the first half of 2015. These buyers, primarily from China, are typically families with children who are relocating to Canada to live. They've chosen Canada for its stable economy and high quality of life, and their real estate decisions are strongly influenced by proximity to good schools.

Although foreign buyers are less active in Montreal's luxury market compared to Toronto and Vancouver, RE/MAX brokers and agents have reported a substantial increase in foreign buyers in Montreal during the first seven months of 2015. Its relative affordability, aided by the strength of the yuan compared to the Canadian dollar during this period, make the city a

good value proposition for foreign buyers.

In regions where condominiums are a significant part of the luxury market, sales of condominiums priced over \$1 million rose year-over-year. Montreal, Toronto and Vancouver all saw an increase of high-end condominium sales. While demand in the luxury freehold market was driven primarily by families, luxury condominium buyers tend to be Baby Boomers who are downsizing during retirement. These buyers tend to spend part of their time in a second home or travelling, and choose condominiums for access to luxury amenities without the maintenance required of a house.

Based on interviews with RE/MAX brokers and associates, luxury market trends seen in Canada's major markets during the first seven months of the year are expected to continue through the end of 2015.



## Greater Vancouver

Between January 1 and July 31 of this year, 572 properties sold for over \$3 million, compared to 319 during the same period in 2014 – an increase of 79 per cent.

The increase of sales at the top-end of the luxury market can be attributed to two factors. The first factor is overall price appreciation in the Vancouver market, driven by low inventory and high demand for single-family homes. This has led to more homes meeting the higher dollar threshold. The second is very high demand for luxury homes from foreign buyers.

Foreign buyers, primarily from China, tend to be families looking to live in Vancouver, viewing Canada as an economically and socially stable country in which to invest their money and raise a family. Their home-buying decisions are strongly influenced by proximity to good schools,

and newly-built houses with top-quality finishes are in highest demand. With the luxury market increasingly geared toward Chinese buyers, some agents have begun offering additional services to help these buyers settle in their new city, such as helping to secure insurance or purchase a car.

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Luxury buyers moving within Vancouver are a smaller segment of the market. These buyers tend to have lived in their previous home for several years and, having built up significant

equity, are moving up, downsizing or moving laterally, depending on their individual circumstances.

The luxury condo market attracts a more diverse range of buyers, including downsizers, younger couples and foreign buyers. While there is a good supply of inventory in the lower end of Vancouver's condo market, demand is high for luxury units. For example, units in Trump Tower, priced at \$4 to \$5 million, quickly sold out when they came on the market.

A trend reported in Vancouver's high-end housing market is an increase in buyers bypassing the MLS system and, through agents, making offers directly to homeowners. Unlike for sale by owner (FSBO) sales, sellers in these transactions are putting their trust in experienced agents to ensure they are getting the best possible price for their homes.



## Victoria

In picturesque Victoria, luxury means an ocean view and access to the shoreline. Luxury homes circumnavigate the peninsula and low bank waterfront, allowing easy water access, the most sought after amenity.

In the first seven months of the year, sales of properties over \$1 million were up 41 per cent and sales over \$2 million were up 37 per cent year-over-year. Some of this increase is due to price appreciation in all segments of Victoria's housing market.

In the condominium market, high-end properties are being constructed in Victoria's inner harbour, catering to those looking for a more urban lifestyle. Buyers in this market tend to own two or more properties or travel for part of the year and appreciate the convenience a condominium offers.

The highest-priced sale to date was a six-bedroom waterfront home located on a one-acre lot with 215 feet of shoreline. Featuring a home theatre, wine cellar, 100 feet of deck space and a gazebo, it sold for \$3.6 million.

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## Calgary

Sales of properties over \$1 million decreased 28 per cent year-over-year, as the city felt the impact of falling oil prices. While sales are down and listings are up compared to the same period last year, properties have tended to hold their price and a healthy 2.3 to 2.5 months' supply of inventory has resulted in a more balanced market.

With more inventory available, conditions like home inspection and conditional upon financing, which were rarer when buyers were frequently in a competing offer situation, have become part of the negotiation process again.

The demographic of the typical luxury buyer in Calgary has shifted over the past several months. Once driven by younger couples, often first-time homebuyers employed in the oil industry, the typical luxury buyers in today's market are families who are moving up from their previous home.

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A trend in Calgary's luxury market is for buyers to purchase properties near the city's core and then hire a builder to tear down and construct a new home. Unlike spec homes, this allows the homeowner more control over the design and location of their house. Areas like Altadore, Lake Bonavista, Kensington, Mount Royal and Eldoya are a popular for this practice; these neighbourhoods have fairly large lots yet are a walk or short drive from Calgary's downtown core.





## Greater Toronto Area

The luxury market in the Greater Toronto Area was very active during the first seven months of the year. Sales of properties over \$3 million increased 119 per cent year-over-year. The increase of sales at the top-end of the luxury market can be attributed to two factors.



One is overall price appreciation in both markets, driven by low inventory and high demand for single-family homes that has led to more homes meeting the higher dollar threshold. A second factor is high demand for luxury homes from foreign buyers in both markets.

Two demographics make up the majority of buyers in Toronto's luxury market. One is families with older children and parents with professional jobs who have built up enough equity in their previous home to upgrade. The second are families from outside of Canada, primarily China, with school-aged children. These buyers typically choose four or five-bedroom homes and are strongly influenced by proximity to good schools.



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A growing trend witnessed in Toronto's luxury housing market in the first half of the year was infill properties. Looking for the convenience of living downtown with the space and amenities available suburban areas, buyers are increasingly purchasing lots in the city centre, tearing down the existing house and building a larger, more modern one in its place.



## Lawrence Park, Forest Hill & Rosedale

Rosedale, Forest Hill and Lawrence Park are three of Toronto's most well-established luxury neighbourhoods. Located north of downtown, luxury homes in these neighbourhoods typically sell for between \$4 and \$6 million.

Buyers in these markets tend to be families with older children who have done well in their careers and with price appreciation of previous home. Foreign buyers, primarily from China, Russia and the Middle East, also drive significant demand in this market.

Larger lots on cul-de-sacs or adjacent to ravines are in high demand, as are homes near the neighbourhood's distinguished private schools. Increasingly, luxury buyers in these areas are looking for high walk scores, wanting to embrace the urban lifestyle by choosing homes within walking distance to the subway, restaurants and shopping.

## The Kingsway

Located in the former City of Etobicoke in Toronto's west end, the Kingsway is an established luxury neighbourhood which attracts buyers to its large lots, parks and ravines, and easy access to downtown. Detached homes on the Kingsway, Edenbrooke, Strath, Valecrest, Edgehill and North Drive are the most sought after by buyers.

Buyers in this market tend to be families with young children who have acquired significant equity in their previous home and are moving up from within the city. Recently renovated homes with amenities such as smart home features, hydraulic lift garages, wine cellars and swimming pools are in high demand. The most expensive property sold on the Kingsway in 2015 to date was a \$5.8 million house.



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## Oakville

An affluent suburb located between Mississauga and Hamilton on the shores of Lake Ontario, Oakville's luxury market is driven by families attracted to its larger lots, good schools and lakefront.

Buyers in Oakville tend to include a mix of younger and older families, typically moving up from within the GTA. Increasingly, foreign buyers are also driving demand in Oakville. These buyers tend to place a strong emphasis on proximity to schools when choosing a home. In Oakville's emerging condominium market, luxury townhouse-style condominiums are attracting baby boomers downsizing from larger homes in the area.

Sales in Oakville's luxury market between January and July were stable year-over-year; there were 52 sales over \$2 million in the first seven months of 2015, compared with 54 in the same period last year. Sales in the luxury market are expected to remain stable through to the end of 2015.



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*Oakville's luxury market is driven by families attracted to its larger lots, good schools and lakefront.*

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## Montreal

Sales of luxury homes in Montreal increased year-over-year between January 1 and July 31. 380 homes priced over \$1 million and 41 homes priced over \$2 million exchanged hands, compared to 307 and 29 respectively in 2014.

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*Luxury buyers in Montreal are attracted to the city's stock of beautiful older houses, which are located in more mature, centrally-located neighbourhoods.*

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Despite increased activity in the luxury market, high levels of inventory have led to softer prices. In this buyers' market, buyers are aggressively looking for a bargain and it's not uncommon to see offers well below asking price. Typical buyers in this market are dual income families with older children who are moving up from smaller houses within Montreal.

While there is a good selection of new build and resale luxury properties on the market, there tends to be stronger demand for resale properties. Luxury buyers in Montreal are attracted to the city's stock of beautiful older houses, which are located in more mature, centrally-located neighbourhoods.

Waterfront homes are especially popular, and homes located south of highway 20 in the West Island area have been in higher demand recently. Beaconsfield, an older suburb in the West Island, continues to attract affluent families to its tastefully renovated homes.

The most expensive property that sold between January and July was a restored historic home, which once belonged to Sir John Abbott. Located in Senneville, the west tip of the Island of Montreal, on the shores of The Lake of Two Mountains, the home sold for \$6.76 million.



	NUMBER OF PROPERTIES SOLD YEAR-OVER-YEAR (JANUARY 1 TO JULY 31)									HIGHEST SOLD (JANUARY 1 TO JULY 31)	
	1M+			2M+			3M+			2015	2014
	2015	2014	YOY	2015	2014	YOY	2015	2014	YOY	2015	2014
*Sample size not large enough for year-over-year comparison											
GREATER VANCOUVER	2,649	1,894	40%	1,175	793	48%	572	319	79%	\$17,550,000	\$16,600,000
Freehold	2,248	1,593	41%	1,082	726	49%	532	296	80%	\$17,550,000	\$12,280,000
Condominium	401	301	33%	93	67	39%	40	23	74%	\$7,750,000	\$16,600,000
VICTORIA	243	172	41%	37	27	37%	10	10	n/a*	\$3,600,000	\$5,388,000
Freehold	230	138	67%	36	24	50%	9	7	n/a*	\$3,000,000	\$5,388,000
Condominium	13	34	n/a*	1	3	n/a*	1	3	n/a*	\$3,600,000	\$5,000,000
CALGARY (Freehold & Condominium)	517	715	-28%	48	77	-38%	14	17	n/a*	\$3,000,000	\$3,800,000
GREATER TORONTO AREA	7,249	4,684	55%	1,098	722	52%	379	173	119%	\$9,500,000	\$11,480,000
Freehold	6,929	4,458	55%	1,042	687	52%	259	164	58%	\$9,500,000	\$11,480,000
Condominium	320	226	42%	56	35	60%	20	9	n/a*	\$5,800,000	\$5,590,000
OAKVILLE (Freehold & Condominium)	401	299	34%	52	54	-4%	10	17	n/a*	\$8,800,000	\$6,500,000
MONTREAL	380	307	24%	41	29	41%	14	9	n/a*	\$6,760,000	\$6,700,000
Freehold	309	257	20%	24	25	-4%	12	7	n/a*	\$6,760,000	\$6,700,000
Condominium	45	31	45%	3	4	n/a*	2	2	n/a*	\$3,300,000	\$4,900,000

Source: Historical values are sourced from CREA or local board statistics.

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