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First-timers driving activity, says Re/Max

Entry-level purchasers are the engine driving that's home-buying activity in almost every major centre in Canada, says a report by Re/Max.

The report found that improved affordability is prompting many first-time buyers to get off the fence, out of rental units, and into the real estate market. While a sense of caution still prevails, more and more first-timers are finding it hard to pass up the chance to become homeowners, says Re/Max. Increased inventory and longer days on market coupled with the lowest lending rates ever are presenting opportunities that have not been seen in almost a decade.

"While the current economic crisis has caused some first-time buyers to either take it slowly or apply the brakes, home ownership remains a top priority for those who are able to take advantage of reduced carrying costs, rock bottom interest rates and lower house prices," says Michael Polzler, executive vice-president and regional director, Re/Max Ontario-Atlantic Canada. "Affordability has greatly improved and buyers are firmly in the drivers' seat in just about every market we surveyed. The new reality is that home ownership remains well within reach for most first-time buyers."

The flurry of activity in the lower end may also serve to kick-start sales in the mid-to-upper end of the market, which have been relatively sluggish in recent months, says Re/Max. While inventory and days on market was up virtually across the board, several markets reported tighter conditions in the lower end of the market, where demand and buyer activity remains healthy, it says.

Elton Ash, regional executive vice-president, Re/Max of Western Canada, says: "First-time buyers seem more acclimatized to economic factors, even though the barrage of bad news continues to flow. Those who are secure in their jobs, have accumulated good down payments, and have acceptable credit ratings are continuing to venture forward, undeterred by tighter lending criteria."

According to the report, buyers are clearly in control in most Canadian markets. Of the 32 markets surveyed, 22 (69 per cent) remain firmly in buyers' market territory. These include Vancouver, Surrey, Port Coquitlam, Chilliwack, Kelowna, Victoria, Edmonton, Calgary, Saskatoon, Regina, Ottawa, Peterborough, London-St. Thomas, Niagara Falls, Mississauga, Metro Toronto, Northern GTA, Kingston, Windsor, Hamilton-Burlington, Barrie and Halifax-Dartmouth. Ten (31 per cent) report more balanced conditions: Winnipeg, Kitchener-Waterloo, Sudbury, North Bay, St. Catharines, Saint John, Moncton, Fredericton, St. John's and Charlottetown.

Forty per cent of markets offered single-detached homes priced under \$200,000, including Charlottetown, Saint John, Moncton, Peterborough, Niagara Falls, St. Catharines, Windsor, Fredericton, Halifax-Dartmouth, London, North Bay, Kingston, Saskatoon and Winnipeg. More than two-thirds (71 per cent) offered condominiums starting under \$200,000, (Moncton, Fredericton, Halifax-Dartmouth, Sudbury, North Bay, Peterborough, Mississauga, Burlington, Niagara Falls, St. Catharines, Kitchener-Waterloo, London, Windsor, Surrey, Chilliwack, Victoria, Kelowna, Edmonton, Saskatoon, Regina and Winnipeg).

The most affordable markets for detached homes, based on starting prices are: Moncton (\$115,000), Charlottetown (\$120,000) and Saint John (\$130,000) in Eastern Canada; Windsor (\$75,000), Niagara Falls (\$119,000) and St. Catharines (\$125,000) in Ontario; Winnipeg (\$185,000), Saskatoon (\$190,000) and Regina (\$210,000) in Western Canada.

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