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**Subject:** Residential Tipping Point

**Comments:** Job creation has slowed in Nova Scotia during the past decade, resulting in reduced activity in both the resale market and new housing construction. In HRM, the determining factor for housing market is lack of demand rather than reduced supply. The number of population aged 60 years or older is increasing rapidly in the Atlantic Region, causing a decrease in average single dwelling sales. This unavoidable aging trend is accelerating a generally weakened regional housing market.

CAAMP (Canadian Association of Accredited Mortgage Professionals) recently released statistics for the numbers of homebuyers per year in Canada, by age group, and annual home-buying by province. The survey data indicates that most first-time buyers are between the ages of 25 to 34, followed by a small portion in the 35 to 59 group. Second-time buyers are also largely between the ages of 25 to 34, but also include older age groups. Subsequent buying is seen most often among those aged 50 to 59. Less than 2% of home purchases are made by buyers aged 70 years or older. In Atlantic Canada, only 35% of buyers are identified as first time buyers, which is below the national average (about 45%). This is due to out-migration of young people in the Atlantic region, which directly reduces the numbers of younger buyers. The table below shows the tipping points in HRM, for each age group. HRM reached its peak younger age population ( $\leq 34$ ) and middle age (50-59) population in 2015. Population aged 60 or older is predicted to reach its peak in year 2025.

	2015 - 2025 Population Projections HRM																	
	Baseline				Low Growth Scenario				Medium Growth Scenario				High Growth Scenario					
	2005	%	2010	%	2015	%	2020	%	2025	%	2020	%	2025	%	2020	%	2025	%
$\leq 34$ years	174,434	46%	176,148	44%	181,579	44%	180,749	42%	178,100	41%	184,072	43%	184,665	42%	187,552	43%	192,667	42%
35 to 49 years	95,069	25%	91,668	23%	85,729	21%	86,308	20%	88,423	20%	86,913	20%	89,788	20%	87,265	20%	90,789	20%
50 to 59 years	51,709	14%	57,706	15%	63,533	15%	60,786	14%	55,395	13%	60,958	14%	55,845	13%	61,130	14%	56,203	12%
60 to 69 years	30,006	8%	39,218	10%	47,605	11%	53,072	12%	57,969	13%	53,225	12%	58,324	13%	53,414	12%	58,797	13%
70 to 89 years	28,956	8%	31,238	8%	36,365	9%	45,438	11%	54,512	13%	45,748	11%	55,215	12%	46,228	11%	56,481	12%
<b>Total</b>	<b>380,174</b>	<b>100%</b>	<b>395,978</b>	<b>100%</b>	<b>414,811</b>	<b>100%</b>	<b>426,353</b>	<b>100%</b>	<b>434,309</b>	<b>100%</b>	<b>430,916</b>	<b>100%</b>	<b>443,837</b>	<b>100%</b>	<b>435,589</b>	<b>100%</b>	<b>454,937</b>	<b>100%</b>

\*  $\leq 34$ , 35-59 Major First-time & Second-time buyers; 50-59 Major Subsequent buyers;  $\geq 70$  Least potential buyers  
Source: Statistics Canada Table 051-0001

Based on the NSAR MLS<sup>®</sup> and Turner Drake in-house data, the type of home purchased most frequently in HRM is a single-detached (accounting for 71.4% of the total, or about 3,916 per year). The proportion was relatively higher for second-time buyers (64%, or 2,506 purchases per year) when compared to first-time buyers (47%, representing about 1,840 units per year). Condominium apartments accounted for a significant minority of purchases, at 12.5% of the total purchases. Purchases of a condominium apartment were most common for first-time buyers (22%), followed by subsequent buyers (17%) and second-time buyers (14%). For both semi-detached and row homes, there are about 878 purchases per year in HRM. About two-thirds of these (585) are bought by first-time buyers and the remainder are purchased by second-time and subsequent buyers.

	Residential Sales (All HRM)										
	Total	Single Detached		Semi-Detached		Row		Condominium			
		%	%	%	%	%	%	Semi-Det. & Row	Apartment		
2025 (proj.)	3,112	2,222	377	121	76	315					
2024 (proj.)	3,214	2,295	390	125	79	326					
2023 (proj.)	3,319	2,370	403	129	81	336					
2022 (proj.)	3,428	2,448	416	133	84	347					
2021 (proj.)	3,540	2,528	429	137	87	359					
2020 (proj.)	3,656	2,611	443	142	89	371					
2019 (proj.)	3,776	2,696	458	147	92	383					
2018 (proj.)	3,899	2,784	473	151	95	395					
2017 (proj.)	4,027	2,876	488	156	98	408					
2016 (proj.)	4,159	2,970	504	162	102	422					
2015	4,295	3,168	73.8%	469	10.9%	163	3.8%	84	2.0%	411	9.6%
2014	4,497	3,246	72.2%	515	11.5%	198	4.4%	112	2.5%	426	9.5%
2013	4,746	3,469	73.1%	557	11.7%	180	3.8%	94	2.0%	446	9.4%
2012	5,753	4,101	71.3%	703	12.2%	206	3.6%	144	2.5%	599	10.4%
2011	5,689	4,008	70.5%	672	11.8%	241	4.2%	137	2.4%	631	11.1%
2010	5,471	3,902	71.3%	651	11.9%	231	4.2%	132	2.4%	555	10.1%
2009	5,563	3,944	70.9%	648	11.6%	229	4.1%	172	3.1%	570	10.2%
2008	5,923	4,255	71.8%	723	12.2%	201	3.4%	156	2.6%	588	9.9%
2007	6,628	4,620	69.7%	855	12.9%	265	4.0%	160	2.4%	728	11.0%
2006	5,834	4,108	70.4%	778	13.3%	201	3.4%	151	2.6%	596	10.2%
2005	5,928	4,257	71.8%	745	12.6%	228	3.8%	133	2.2%	565	9.5%
<b>Total</b>	<b>60,327</b>	<b>43,078</b>	<b>71.4%</b>	<b>7,316</b>	<b>12.1%</b>	<b>2,343</b>	<b>3.9%</b>	<b>1,475</b>	<b>2.4%</b>	<b>6,115</b>	<b>10.1%</b>

Source: Historic: NSAR MLS<sup>®</sup> Projected: Turner Drake & Partners Ltd.

As the majority single-detached first-time buyers (age  $\leq 34$ ) and subsequent buyers (age 50-59) reach peak levels, expect single detached demand to level off and then start to decline. HRM reached its younger (age  $\leq 34$ ) and medium (age 50-59) population peaks in 2015. Housing market sales will continue to decline slowly in 2016 and in the following years. The table above reflects this trend, starting in 2014.