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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 (≤ 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	%		
74,434	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%		
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	209		
1,709	14%	57,706	15%	63,533	15%	60,786	14%	55,395	13%	60,958	14%	55,845	13%	61,130	14%	56,203	129		
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	139		
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%		
30,174	100%	395,978	100%	414,811	100%	426,353	100%	434,399	100%	430,916	100%	443,837	100%	435,589	100%	454,937	100%		
irst-time &	Second-t	ime buyers;	50-59 Maj	or Subseque	ent buyer	s; ≥ 70 least po	tential buy	ers											
	4,434 5,069 1,709 0,006 8,956 0,174 rst-time 8	4,434 46% 5,069 25% 1,709 14% 0,006 8% 8,956 8% 0,174 100%	4,434 46% 176,148 5,069 25% 91,668 1,709 14% 57,706 0,006 8% 39,218 8,956 8% 31,238 0,174 100% 395,978 rst-time & Second-time buyers;	4,434 46% 176,148 44% 5,069 25% 91,668 23% 17,09 14% 57,706 15% 0,006 8% 39,218 10% 8,866 8% 31,238 8% 1,174 100% 395,978 100% stst-time & Second-time buyers; 50.59 Ma	4,434 46% 176,148 44% 181,579 5,069 25% 91,668 23% 85,729 17,09 14% 57,706 15% 63,533 10,06 8% 39,218 10% 47,605 8,956 8% 31,238 8% 36,365 10,174 100% 395,978 100% 414,811 "ststime & Second-time buyers ; 50.59 Major Subseque	4,434 46% 176,148 44% 181,579 44% 5,069 25% 91,668 23% 85,729 21% 17,09 14% 57,706 15% 63,533 15% 10,006 8% 39,218 10% 47,605 11% 89,66 8% 31,238 8% 36,365 9% 1,174 100% 395,978 100% 414,811 100% stst-time & Second-time buyers; 50-59 Major Subsequent buyers		.434 46% 176,148 44% 181,579 44% 180,749 42% 5,069 25% 91,668 23% 85,729 21% 86,308 20% 17,09 14% 57,706 15% 63,533 15% 60,786 14% 0,006 8% 39,218 10% 47,605 11% 53,072 12% 8,866 8% 31,238 8% 36,365 9% 45,438 11% 1,174 100% 395,978 100% 414,811 100% 426,353 100% rst-time & Second-time buyers; 50.59 Major Subsequent buyers; ≥ 70 least potential buy	4,434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 17,09 14% 57,706 15% 63,533 15% 60,786 14% 55,395 10,06 8% 39,218 10% 47,005 11% 53,072 12% 57,969 8,866 8% 39,218 10% 47,005 11% 53,072 12% 57,969 18,966 8% 31,238 8% 36,365 9% 45,438 11% 54,512 10,174 100% 395,978 100% 444,811 100% 426,353 100% 434,399 rst-time & Second-time buyers; 50.59 Major Subsequent buyers; 2.70 least potential buyers	4,434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 17,09 14% 57,706 15% 65,533 15% 60,766 14% 55,995 13% 0,006 8% 39,218 10% 47,605 11% 53,072 11% 57,969 13% 8,866 8% 39,218 10% 47,605 11% 53,072 11% 57,969 13% 17,074 100% 385,978 100% 414,811 100% 426,333 100% 434,399 100% 434,999 100% 414,811 100% 426,333 100% 434,399 100% 434,999 100%	4,434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 184,072 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 86,913 17,09 14% 57,706 15% 63,533 15% 60,766 14% 55,395 13% 60,968 206 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 8,966 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 13% 45,748 11% 53,072 100% 434,399 100% 45,748 10,174 100% 395,978 100% 414,811 100% 46,533 100% 434,399 100% 430,916 rst-time & Second-time buyers; 50.59 Major Subsequent buyers; 2 70 least potential buyers	4,434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 184,072 43% 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 86,913 20% 17,09 14% 57,706 15% 63,533 15% 60,766 14% 55,395 13% 60,958 14% 0,006 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 12% 8,956 8% 31,238 8% 36,365 9% 45,438 11% 54,512 13% 45,748 11% 100% 395,978 100% 444,811 100% 466,363 100% 434,999 100% 430,916 100% rst-time & Second-time buyers; 50.59 Major Subsequent buyers; 2.70 least potential buyers	4.434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 184,072 43% 184,665 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 86,913 20% 89,788 17,09 14% 57,706 15% 63,533 15% 60,786 14% 55,395 13% 60,958 14% 55,845 10,006 8% 39,218 10% 47,605 11% 53,072 12% 57,969 13% 53,225 12% 58,324 8,956 8% 31,238 88 36,365 9% 45,438 11% 55,451 13% 45,748 11% 55,215 1,774 100% 395,978 100% 444,811 100% 446,653 100% 434,399 100% 430,916 100% 443,837 rst-time & Second-time buyers; 50.59 Major Subsequent buyers; 2.70 least potential buyers	4.434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 184,072 43% 184,665 42% 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 86,913 20% 89,788 20% 17,09 14% 57,706 15% 63,533 15% 60,786 14% 55,395 13% 60,988 14% 55,845 13% 60,068 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 12% 58,324 13% 89,668 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 12% 58,324 13% 60,068 14% 12% 57,005 13% 53,025 12% 55,125 12% 51,005 12% 12% 57,000 13% 53,025 12% 55,125 12% 51,005 12% 12% 12% 12% 12% 12% 12% 12% 12% 12%	4,434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 184,072 43% 184,665 42% 187,552 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 86,913 20% 89,788 20% 87,265 17,09 14% 57,706 15% 63,533 15% 60,786 14% 55,395 13% 60,958 14% 55,845 13% 61,130 1006 8% 39,218 10% 47,605 11% 53,072 12% 57,969 13% 53,225 12% 58,324 13% 53,144 89,866 8% 31,238 8% 36,365 9% 45,438 11% 54,543 11% 55,215 12% 46,228 10,174 100% 395,978 100% 414,811 100% 426,653 100% 434,399 100% 430,916 100% 443,837 100% 436,589 rst-time & Second-time buyers; 50.59 Major Subsequent buyers; 2.70 least potential buyers	4,434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 184,072 43% 184,665 42% 187,552 43% 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 86,913 20% 89,788 20% 87,265 20% 17,709 14% 57,706 15% 63,533 15% 60,786 14% 55,395 13% 60,988 14% 55,845 13% 61,130 14% 1006 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 12% 58,324 13% 53,414 12% 1006 31,238 8% 36,365 9% 45,438 11% 54,512 13% 45,748 11% 55,215 12% 46,228 11% 11% 54,512 13% 45,748 11% 55,215 12% 46,228 11% 11% 1006 38,978 100% 414,811 100% 425,353 100% 434,399 100% 430,916 100% 433,837 100% 435,589 100% 51,5414 12% 100% 100% 100% 100% 100% 100% 100%	4,434 46% 176,148 44% 181,579 44% 180,749 42% 178,100 41% 184,072 43% 184,665 42% 187,552 43% 192,667 5,069 25% 91,668 23% 85,729 21% 86,308 20% 88,423 20% 86,913 20% 89,788 20% 87,265 20% 90,789 17,09 14% 57,706 15% 63,533 15% 60,786 14% 55,395 13% 60,958 14% 55,845 13% 61,130 14% 56,203 1006 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 12% 58,324 13% 53,414 12% 58,797 10,006 8% 39,218 10% 47,005 11% 53,072 12% 57,969 13% 53,225 12% 58,324 13% 53,414 12% 58,797 10,006 8% 39,318 8% 38,385 9% 45,438 11% 54,512 13% 45,748 11% 55,215 12% 46,228 11% 56,481 11,774 100% 395,978 100% 414,811 100% 426,353 100% 434,399 100% 430,916 100% 443,837 100% 435,589 100% 454,937 rst-time & Second-time buyers; ≥ 70 least potential buyers		

Based on the NSAR MLS® 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 firsttime 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 Det	tached	Semi-Det	tached	Row		Condominium				
								Semi-Det.	& Row	Apartr	nent	
	%		%		%		%		%		%	
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%	
Total	60,327	43,078	71.4%	7,316	12.1%	2,343	3.9%	1,475	2.4%	6,115	10.1%	

Source: Historic: NSAR MLS® Projected: Turner Drake & Partners Ltd.

As the majority single-detached first-time buyers (age ≤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 ≤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.

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