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E-Mail: tdp@turnerdrake.comInternet: www.turnerdrake.com**Subject:** Atlantic Canada: A Buyer's or A Seller's Market?

Comments: People buy and sell homes at (almost) any age, but generally there are two groups that dominate the real estate market: the First-Time Buyers' Group (age 25-39) and the Sellers' Group (age 65-89). For the Atlantic Provinces, Statistics Canada has noted a higher percentage share of seniors (19.8%) than children (14.6%); and the accelerating pace of deaths over births. A nascent increase in immigration is the counterbalance to these demographic trends, and by extension, those in the residential real estate market. CBC Nova Scotia recently reported a steadily growing trend of young immigrants buying high-end homes. As Buyers and Sellers battle it out for market power, what does the road ahead look like? Are more immigrants needed to drive house demand and maintain balance overall?

To find the answer, we looked at the real estate market from a population growth perspective by crunching the numbers from Statistics Canada. These population estimates are based on three important elements: birth, death and net migration. The following table shows the historic and anticipated population by age cohort with the most likely buying and selling groups highlighted in red and green respectively.

	2011	2016	2036 (L)	2036 (M)	2036 (H)
Nova Scotia					
Buyers Group (age 25-39)	174,078	157,465	136,800	142,400	147,400
Sellers Group (age 65-89)	146,194	175,380	261,800	269,600	281,800
Net Buying	27,884	- 17,915	- 125,000	- 127,200	- 134,400
Newfoundland					
Buyers Group (age 25-39)	90,960	88,390	74,900	77,800	80,800
Sellers Group (age 65-89)	79,245	97,840	144,400	150,800	157,000
Net Buying	11,715	- 9,450	- 69,500	- 73,000	- 76,200
Prince Edward Island					
Buyers Group (age 25-39)	23,320	23,590	26,300	22,900	29,800
Sellers Group (age 65-89)	21,700	26,525	42,600	42,500	46,500
Net Buying	1,620	- 2,935	- 16,300	- 19,600	- 16,700
New Brunswick					
Buyers Group (age 25-39)	133,540	125,190	127,000	117,900	137,500
Sellers Group (age 65-89)	117,810	141,830	217,800	218,200	34,900
Net Buying	15,730	- 16,640	- 90,800	- 100,300	- 97,400
Atlantic Canada					
Buyers Group (age 25-39)	421,898	394,635	365,000	361,000	395,500
Sellers Group (age 65-89)	364,949	441,575	666,600	681,100	720,200
Net Buying	56,949	- 46,940	- 301,600	- 320,100	- 324,700

Source: Statistics Canada , Population by age group projection 2036 (Low, Medium and High scenarios)

Overall in Atlantic Canada, for the First Time Buyers' Group (age 25-39), we see a decreasing projection. In 2011, there was 421,898 people in this group. This number dropped by 6.5% to 394,635 in 2016. By 2036, the year when 2011 buyers make their last mortgage payments (in theory), this group is estimated to be somewhere between 365,000 and 395,500. In contrast, we see significant growth over the years in the Sellers' Group (age 65-89). The number is expected to increase from 364,949 people in 2011 to between 666,600 and 720,200 in 2036. The net difference shown in the table above shows the aggregate balance of demographic power in the market. 2011 saw a positive balance of 56,949, suggesting a seller's market. This number, however, became negative 46,940 in 2016, and the gap is estimated to increase further to between negative 301,600 and 324,700 in 2036, suggesting a significant shift in the buyers' favour, and a significant headwind for aggregate values.

Statistics Canada projections are based on past trends, which have been low-immigration. The Atlantic region has been making a greater push to increase this source of population, with some signs of early success. This provides light in the darkness for sellers' future asset values and the municipalities that tax them, but it remains to be seen how successful this will be, given the anticipated shortfall in purchasers.