

Nanaimo, B.C., Canada

BRIAN BUFFINI'S REAL ESTATE REPORT



CANADA EDITION
1ST BIENNIAL 2023



Today's buyers and sellers face unique challenges, and it's up to trusted real estate professionals to guide you through them. To help with this mission, I produce the Brian Buffini Real Estate Report. This serves as a guide to provide relevant information to help you understand what's going on in your region and at the national level. Dive in and learn all you need to know about the current state of the market.

It's a Good Life!®



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State of the Real Estate Market

Over the past two years, Canadian home prices and home sales set record highs. As mortgage rates level off and home sales slow down, home prices are moderating.

Number of Transactions in 2022
610,700
-36% Year-Over-Year
(Not Seasonally Adjusted)



Home Prices
\$644,643
-9.9% Year-Over-Year
(Average - Not Seasonally Adjusted)



Excluding Greater Vancouver and Greater Toronto Area from these calculations cuts more than \$125,000 from the national average price.



New Homes

Builds:

200,678
-3%

Year-Over-Year

Completions:

162,570
-2.6%

Year-Over-Year

Inventory Continues to Remain Tight

Many provinces are seeing a lack of inventory, for both its current population and for the expected million-plus immigrants the government hopes to attract to the workforce over the next three years.

Mortgage Stats

The Bank of Canada has increased interest rates over the past six months in an effort to curb inflation. That move has pushed more buyers who cannot afford those rates out of the real estate market. Many potential buyers are choosing to wait and see if rates stabilize and home prices go down.



Rates*

2-Year
Fixed Rate:
5.9%

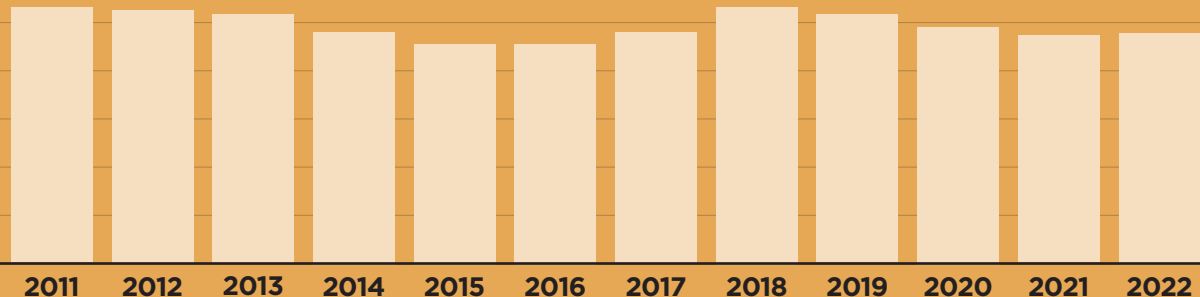
5-Year
Fixed Rate:
5.72%

5-Year
Variable Rate:
5.78%

Average Fixed-Rate Mortgage for a Five-Year Term

The 5-year fixed mortgage rate is the most popular rate in Canada. Here is a historical perspective:

5.35% 5.26% 5.22% 4.84% 4.66% 4.66% 4.78% 5.27% 5.25% 4.90% 4.79% 4.84%*



*As of November 2022



Mortgage Stress Test Protects Buyers

The mortgage stress test regulations were created by the Canadian government to protect buyers from obtaining a mortgage they can't afford. These regulations pertain to a consumer who is applying for a new mortgage or refinancing their current mortgage with a federally regulated lender.

Qualifying rate for uninsured mortgages (less than 20% down):

5.25% or two percentage points above their contracted rate, whichever is higher. Passing the stress test should allow most homeowners the ability to absorb higher mortgage payments. The default rate on home mortgages is also very low.

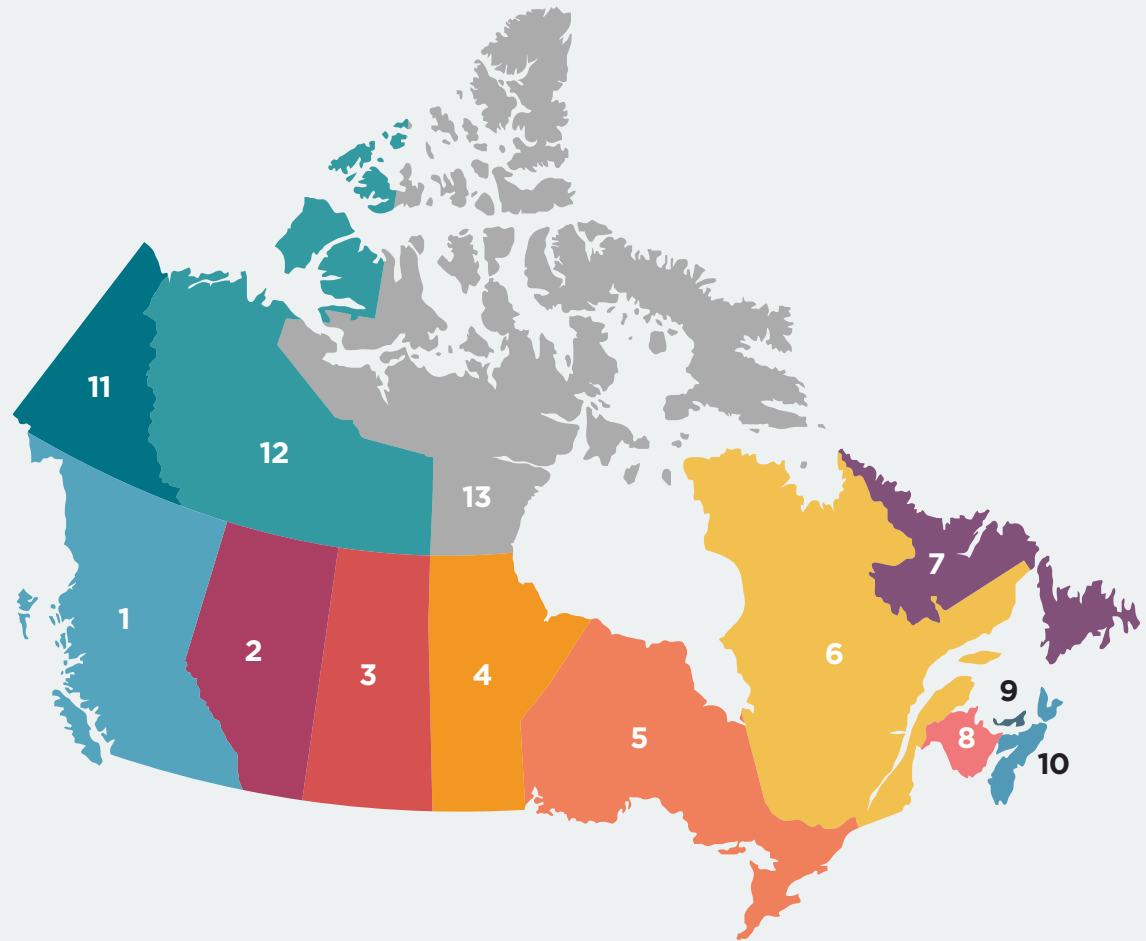
Borrower Credit is Strong

- 89% of current borrowers and 85% of new borrowers have a 700+ credit score.
- Credit scores stayed strong from 89% and 86% in 2021, respectively.
- Existing Mortgage Holder's Average Credit Score: 767
- New Mortgage Holder's Average Credit Score: 752

Home Prices in Your Area

Year-Over-Year

Most provinces are expected to see a drop in sales and prices. Saskatchewan, Newfoundland & Labrador and Manitoba are expected to see a slight price increases.



Average Price by Province*

1 British Columbia: \$927,205 (-3.7%)	6 Quebec: \$475,577 (+1.2%)	10 Nova Scotia: \$374,900 (+9.9%)
2 Alberta: \$430,964 (+1.9%)	7 Newfoundland & Labrador : \$281,600 (+6.7%)	11 Yukon: \$519,035 (-4.3%)
3 Saskatchewan: \$324,900 (+3%)	8 New Brunswick: \$274,000 (+11.8%)	12 Northwest Territories: \$491,227 (+36.4%)
4 Manitoba: \$332,200 (-4%)	9 Prince Edward Island: \$362,900 (+11.6%)	13 Nunavut: No data available
5 Ontario: \$835,090 (-8.5%)		

*Not seasonally adjusted

State of the Buyer

A survey found nearly 44% of those who were considering buying a home have put their plans on hold.

The Impact of Immigration

The Canadian government has set a goal of attracting over 1 million new permanent residents over the next three years in response to labour shortages. The need for all of these people to find housing puts a “strong floor” under the housing market.

2023	2024	2025
465,000	485,000	500,000
New Residents	New Residents	New Residents



The Impact of Millennials

68% of non-homeowner millennials say owning a home is important. Four million (51%) say they hope to purchase a home within the next five years. Canada’s millennial cohort (approximately 32 years old) is reaching its peak. They are starting families and wish to buy single family attached homes. Many millennials believe now is the time to buy before rates increase and inventory becomes more strained.

Population Increasing Across the Country

Every province has seen a growth in population since the 2016 census, according to 2022 data. The provinces in terms of most populated are: Ontario, Quebec, British Columbia, Alberta, Manitoba, Saskatchewan, Nova Scotia, New Brunswick, Newfoundland & Labrador, Prince Edward Island, Northwest Territories, Yukon and Nunavut.

Most immigrants settle in large urban centres, like greater Toronto and Vancouver.



State of the Seller

The Impact of Rising Rates on Potential Sellers

Rising mortgage rates also affect those who currently own a home. Many are delaying selling their homes as they wait to see how the market reacts in 2023.

The rate increase also affects homeowners with variable rate mortgages as they will see a higher share of their monthly payment go towards the interest on their loan instead of the principal.

Renovations have the potential to increase a property's value:

- Kitchens by 20%.
- Bathrooms by 16%.
- Basement space by 15%.
- Landscaping/outdoor improvements by 10%.



An estimated \$260 billion in variable rate mortgages and an estimated \$130 billion in fixed-rate mortgages will be affected by rising mortgage rates.



Why I Work by Referral



Relationships are more important than transactions.

My business is built on relationships, so I work to provide my clients with outstanding service and care both during and long after a transaction.

You control my business.

Your referrals are the foundation of my business, so I aim to exceed your expectations every step of the way.

Service that continues after the sale.

I am devoted to serving your needs even after the sale is complete. If you need a referral for a contractor, helpful advice or an agent for your friend or family member, I am here to help.

“There is no lead more powerful than one referred from someone you know — someone who knows you, trusts you and will put their name to you.”

BRIAN BUFFINI,

Founder & Chairman of Buffini & Company