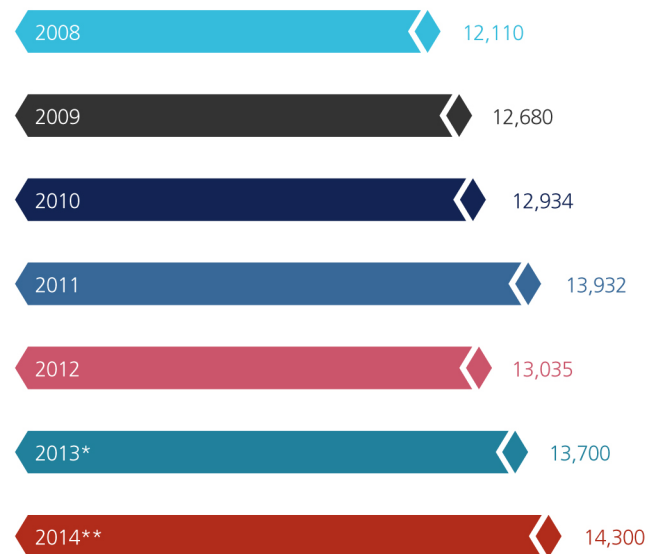


HOUSING MARKET OUTLOOK 2014

Hamilton - Burlington

Residential real estate is expected to post a strong performance in Hamilton-Burlington in 2013. Demand remained solid across the board throughout much of the year, although inventory proved a challenge, particularly at the entry-level price points. With sellers firmly in the driver's seat, the market experienced persistent upward pressure on pricing. In fact, Hamilton-Burlington is expected to post the highest house price appreciation in the nation in 2013, with resale values rising 7.5 per cent to \$387,000 by year end. The unit sales picture is equally vibrant, with Hamilton-Burlington on pace to mark its second-best year on record. Approximately 13,700 sales are forecast to change hands in 2013, an increase of five per cent—also distinguishing the city as one of the top-performing markets for sales growth. Affordability remained front and centre, as Hamilton-Burlington continued to attract purchasers from the Greater Toronto Area. From the entry-level to the upper-end, buyers were enticed by value in this community that remains on the rise. Northwest and East Hamilton have become very popular with young, budget-conscious buyers, while Northeast Burlington and Hamilton Mountain also proved a solid draw. Regardless of the neighbourhood, entry-level homes—at varying price points—were most active. For example, in the east end of Hamilton Mountain, starter product, priced from \$180,000 to \$225,000, was sought after and moved quickly, while in move-up areas such as West Burlington and Aldershot, for example, momentum was brisk between \$425,000 and \$500,000. Preferences vary, with purchasers favouring either brand new product or looking to older, established neighbourhoods that offer greater character. Renovations continued unabated, with plenty of money poured into older product. This trend is expected to gain momentum in 2014, with additions already commonplace. Revitalization and renewal continues to bring new amenities to Downtown Hamilton, as well as older pockets throughout the city, creating a trendy, up-and-coming vibe. The success of locations such as James St. and Locke St. continue to be a case in point. Boomers and millennials are competing for choice condominiums in the core. The condominium sector has out-performed in Hamilton-Burlington this year, with sales appreciation stronger than in other housing segments.

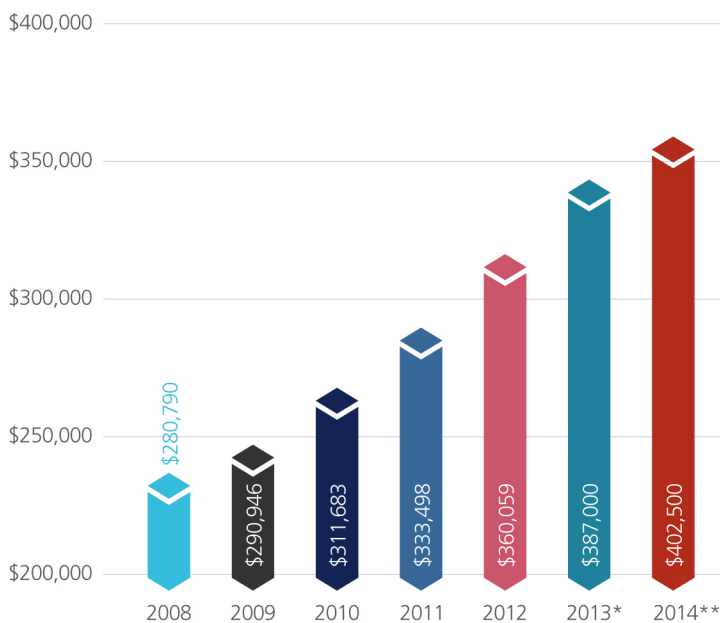
Hamilton-Burlington
Residential Unit Sales 2008-2014



*Estimate **Forecast

Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Hamilton-Burlington
Residential Average Price 2008-2014



*Estimate **Forecast

Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Inventory in this segment is starting to improve, which has bolstered sales, as a greater number of newer units—now on their second or third owner—finally make their way to market. Investors remain very active, vying for choice product, sometimes in multiple offers. The upper end of the market has experienced an upswing, with sales running moderately ahead of year-ago levels.

While GDP growth in Hamilton is expected to be modest this year—coming in at just under 1.5 per cent—confidence in the city continues to boom. Prospects in the city, as well as in neighbouring Burlington, should strengthen in the year ahead, driven by strong building activity. The construction sector remains a bright spot, with building permits on track to set another new record in 2013. More than \$1.175 billion in building permits was issued in the first three quarters of 2013 alone. Spillover should continue into next year. The fact that 57 per cent of building permits were issued for commercial, industrial and institutional projects is a positive reflection of the area's increasing economic diversification. The outlook is favourable, with virtually all segments of Hamilton-Burlington's economy expected to gain traction. The manufacturing segment, which has experienced some softness, should rise in tandem with ongoing U.S. recovery and with the opening of the new Maple Leaf Food plant. Housing starts, while off year-ago levels, will rise again in 2014. The job market is expected to remain relatively stable. Unemployment is anticipated to fall back slightly from current levels. In-migration and population growth will continue to bolster homebuying intentions.

HOUSING MARKET OUTLOOK 2014

The tangibility of real estate remains attractive in the current climate, and perhaps even more so in Hamilton-Burlington. In 2013, Hamilton was named once again as a top investment market in both Ontario and Canada. There's no question that those making their moves—along with key industry watchers—are confident in the direction and potential of Hamilton-Burlington. The city's push for higher density has been well-received. Currently, there are approximately 25 high-rise residential projects underway or planned. With exciting products being developed near coveted transit hubs, including the GO station, the condominium market is expected to gain ground again in 2014. Seller's conditions will remain in place in the single-family segment. However, some areas of the city—such as Waterdown and Southwest Burlington—may see prices moderate slightly more than the overall market, given exceptional returns in recent years. While these areas level off, the trend will give rise to established, mature neighbourhoods, such as the northwest and the southwest. On the heels of a solid year, the upper end should edge up once again. Hamilton- Burlington is forecast to set a new record for annual home sales in 2014, with 14,300 units expected to change hands, an increase of 4.5 per cent. Average price should ease from 2013's exceptional pace, but still exceed national house price appreciation, as values climb four per cent to push past the \$400,000 threshold (\$402,500).

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