



# BRIAN BUFFINI'S REAL ESTATE REPORT 2020



CANADA EDITION  
2<sup>ND</sup> BIENNIAL 2020





The first half of 2020 took several unexpected twists and turns. The global coronavirus pandemic shook up the economy, but the housing market is emerging on solid ground. As people began to shelter in place, their home became their castle — and for some, it became a sand castle, creating a desire to upgrade. Real estate isn't going anywhere, and as we navigate a new normal, it is up to trusted real estate professionals to lead buyers and sellers on their journeys. With so much industry information circulating in response to the pandemic's economic impact, we must take a step back, cut through the noise and recognize what is actually going on in our housing markets. To assist real estate professionals and their clients with this task, we produce Brian Buffini's Real Estate Report twice a year. This year has not been easy, but remember, this too shall pass.

*It's a Good Life!®*

*Brian Buffini*

# Table of Contents

<b>State of the Market</b> .....	<b>3</b>
<b>Mortgage Stats</b> .....	<b>4</b>
<b>Home Prices in Your Area</b> .....	<b>5</b>
<b>Homebuying and Selling</b> .....	<b>6</b>
<b>Real Estate: An Essential Service</b> .....	<b>7</b>
<b>The Magic of Homeownership</b> .....	<b>8</b>
<b>Why I Work by Referral</b> .....	<b>9</b>

# State of the Market

During the height of the COVID-19 pandemic, inventory was high compared to the small amount of sales. With buyers now re-entering the market, inventory levels are getting back into balanced territory. Still, all real estate is local, and varies depending on where you live.

## 2020 Housing Inventory

▶ January 2020  
**4.2 MONTHS' SUPPLY**

▶ April 2020  
**9 MONTHS' SUPPLY**

▶ May 2020  
**5.6 MONTHS' SUPPLY**  
(Long-term average: **5.3 months**)

## New Home Construction

Housing Starts:  
**193,453 UNITS**  
(Seasonally adjusted, Spring 2020)

Current Construction  
in Major Centres:  
**252,342 UNITS**  
(Spring 2020)

## Existing Home Sales

May 2020:  
**313,000 UNITS**

This figure was the second-lowest since early-1999 as a result of the COVID-19 pandemic slowing sales.

February 2020:  
**545,000 UNITS**

SOURCES: CREA Monthly Stats Highlights; RBC Monthly Housing Market Update May 2020; Statistics Canada; Trading Economics



# Mortgage Stats

More than half of Canadians have a mortgage, and last year, many went through the renewal process. When it comes to their payment, the average fixed mortgage rate for a five-year term experienced only a slight decrease.

## Average Fixed Mortgage Rate for a Five-Year Term

2011	5.54%
2012	5.24%
2013	5.14%
2014	4.79%
2015	4.64%
2016	4.74%
2017	4.64%
2018	5.34%
2019	5.34%
2020*	5.11% <small>*As of June 2020</small>

Private-backed mortgages remain a small part of the market

**AT 1.1%**

Mortgage flows **INCREASED 6%** due to mortgage renewals

## Tighter Lending Requirements Following COVID-19



\$180 billion - Mortgage deferrals authorized by Canada's biggest banks during the COVID-19 pandemic, around 14% of residential mortgages on the books.



The national banks have cut interest rates, while the government is helping banks replenish mortgage funds lost.

## Tighter Borrower Regulations From CMHC, July 2020



Buyers can only spend 35% of gross income on housing, and borrow up to 42% once other loans are included.



Minimum credit score for borrowers increased to 680.



Down payment must come from buyers' own resources — not credit cards or unsecured personal loans.



# Home Prices in Your Area

The Greater Toronto Area and Greater Vancouver Area skew the national average sales price, which has increased 6.5% since June 2019. However, price trends vary depending on where you live. This map shows the average price in your area and the percent change from 2019.

## Average Price by Province: (As of June 2020)

- 1 Yukon: **\$447,360 (+13.3%)**
- 2 Northwest Territories: **\$402,384 (-15.9%)**
- 3 British Columbia: **\$751,903 (+8.6%)**
- 4 Alberta: **\$382,335 (-1.9%)**
- 5 Saskatchewan: **\$286,179 (+1.9%)**
- 6 Manitoba: **\$305,761 (+1.9%)**
- 7 Ontario: **\$679,906 (+10.9%)**
- 8 Quebec: **\$369,898 (+13.1%)**
- 9 Newfoundland and Labrador: **\$227,132 (-9.8%)**
- 10 New Brunswick: **\$199,327 (+14.0%)**
- 11 Prince Edward Island: **\$254,510 (+5.8%)**
- 12 Nova Scotia: **\$286,227 (+10.1%)**

National  
Average  
Home Price:  
**\$538,831**



# Homebuying and Selling

About half of Canadian households made a move in the past five years, or plan to do so in the next five.

## First-Time Buyers in the Game

- About half of new buyers were **under the age of 35.**
- About 75% of first-time homebuyers **were families.**
- 9% of Canadian households bought their first homes **within the past five years.**

## Trend to Watch:

Buyers are favouring suburban and rural areas as well as recreational properties for the increased square footage and green space.

## Sales to New Listing Ratio

**Spring 2019:**  
**57.4%** (Balanced)

**January 2020:**  
**65.1%** (Seller's market)

**June 2020**  
**63.7%** (Seller's market)

**Long-term Average:**  
**53.5%**

## Housing Inventory



**June 2020:**  
**3.6 MONTHS' SUPPLY**  
(A 16-year low for inventory)



# Real Estate: An Essential Service

At the height of the COVID-19 pandemic, many active buyers and sellers relied on their real estate agent to provide clarity, guidance and peace of mind during an unprecedented time.

## A Changing Industry

- **Buyers are doing more home browsing online** before venturing out with their agent in person.
- Agents and their clients are **embracing digital transactions**.
- In-person showings **require heightened health, safety and sanitation measures**.

**78%  
OF BUYERS**  
used real estate  
agents in the  
past year

**56% OF  
CANADIANS**  
plan to jump back into  
the market within the  
next year



# The Magic of Homeownership

As people across the country stayed home to reduce the spread of COVID-19, homeownership became a very appealing option for renters who felt financially secure.

## It Pays To Own a Home

- The median net worth of a homeowner is nearly **37 times more than that of a renter in Canada.**
- Homeowners receive **significant tax breaks.**
- Studies show homeownership leads to **stronger families and better school performance among children in the home.**



**2/3 OF RECENT  
FIRST-TIME HOMEBUYERS**  
said their goal was to become  
a homeowner



# 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 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.

## MORE THAN 80%

of all transactions are conducted through a sphere of influence — there is an existing relationship that leads to sales.

## 90% OF BUYERS

## 8 70% OF SELLERS

would use their agent again or refer them to others.

**“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