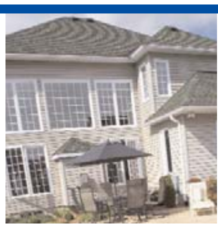
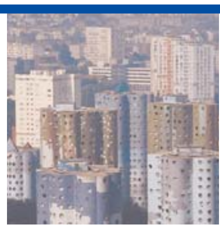
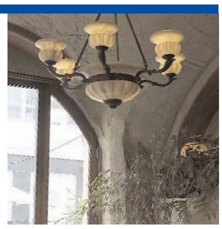
25 YEARS OF REAL ESTATE

1981-2006

NOVA SCOTIA

Halifax-Dartmouth

Slow, but steady growth has characterized the residential housing market in Halifax-Dartmouth over the past 25 years. Although the market had some flurries of activity during the 80s and early 90s, the peaks and valleys experienced in other areas of the country eluded Halifax-Dartmouth. The market, however, has since gained momentum, fuelled by positive economic performance, including corporate relocations from the oil and gas sector, a significant military presence, and solid consumer confidence levels. An increase in population sparked by softer economic conditions throughout other areas of Nova Scotia over the past quarter century has also greatly contributed to the upswing in home sales in Atlantic Canada's major regional centre. Since 1981, the population of Halifax-Dartmouth has jumped to an estimated 381,000. Housing sales reflect the upswing in population, with the number of homes sold climbing from just over 1,700 units in 1981 to approximately 6,500 units by year-end 2006. Statistics from the late 70s and early 80s fail to reflect the large

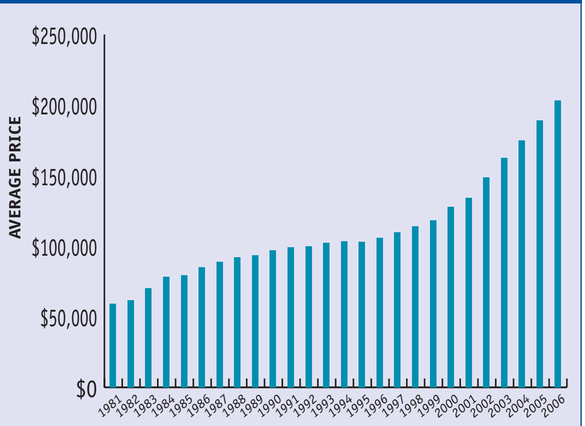
RESIDENTIAL MLS AVERAGE PRICE IN MAJOR CANADIAN CENTRES 1981 vs. 2006

MARKET	1981	2006	% GAIN
Greater Vancouver	$148,861	$509,876	242
Victoria	$121,648	$400,000	229
Kelowna*	$104,285	$323,978	211
Calgary	$106,033	$346,673	227
Edmonton	$91,438	$250,915	174
Regina	$54,915	$131,851	140
Saskatoon	$64,756	$160,577	148
Winnipeg	$52,656	$151,983	189
London	$57,989	$190,521	228
St. Catharines	$49,655	$213,032	329
Hamilton-Burlington	$58,508	$248,400	325
Greater Toronto	$90,203	$351,941	290
Barrie	$51,665	$244,000	372
Ottawa	$64,854	$257,481	297
Greater Montreal	$55,004	$215,659	292
Halifax-Dartmouth	$59,366	$203,178	242
Moncton	$44,338	$130,000	193
St. John's	$55,067	$139,300	153
National	$76,021	$276,824**	264

Source: CREA, TREB, OMREB, CREB, WREB, EREB, RE/MAX

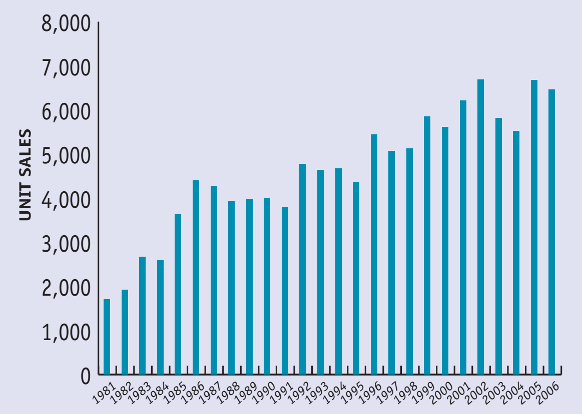
*Okanagan Mainline **Based on CREA (January - November 2006) number of private and exclusive sales that occurred during that period. Average price has climbed as well; rising 242 per cent from approximately $59,400 in 1981 to about $203,000 in 2006, (most of the appreciation took place during the past five years). Since 2002, the market has posted annual increases of between eight to 12 per cent. Substantial new home construction in Halifax-Dartmouth's peripheral areas has also served to bolster sales, although the trend has slowed in recent years as the city limits development to maximize efficiency of services. In spite of serious upward pressure on prices, housing in Halifax-Dartmouth remains affordable. First-time buyers continue to be the dominant force in the market, assisted in the early years by the government's desire to boost homeownership through The Homebuyers' Plan. Move-down activity was relatively uncommon in the early 80s, unless there were financial woes, and move-up activity was rare because of higher interest rates. That has changed today, with upsizing a huge factor in the marketplace. Older buyers are as likely to trade-up as they are to move down because of favourable carrying costs. Condominiums, a relative unknown in 1981, are now an integral part of the housing mix, offering an affordable option in some of the city's best areas. However, an oversupply exists in today's market (like 1989) and some softening in pricing is expected in 2007. The typical condominium buyer is now likelier to buy a townhome or a semi-detached priced from $150,000 to $250,000. Massive condominium projects planned for the Halifax-Dartmouth area have

Halifax-Dartmouth Residential MLS Average Price



Source : CREA, RE/MAX

Halifax-Dartmouth Residential MLS Unit Sales



Source : CREA, RE/MAX

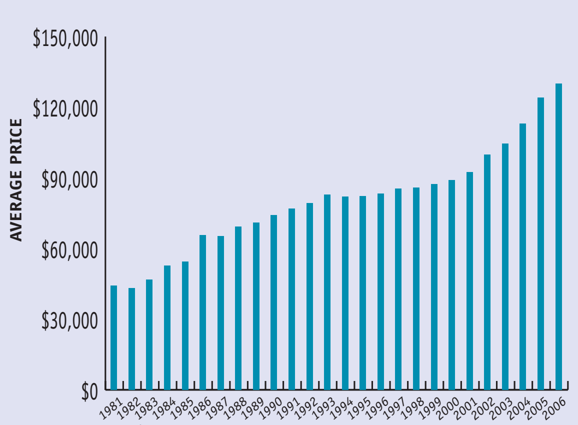
come to a standstill because of diminished demand and a surplus in supply. The same hot pockets that enjoyed strong sales in 1981 are likely to appeal to buyers in today's real estate market. Bedford and Peninsula Halifax, for instance, continue to be a popular choice with consumers. Several new hot pocket areas have also emerged in recent years, including the Hammond Plains community of Kingswood. Revitalization has occurred in some areas of Peninsula Halifax and Downtown Dartmouth over the last decade. Spring Garden Rd. has seen some tremendous changes in terms of retail and residential condominium development. The upper-end of the marketplace has really taken off in recent years, with sales over $400,000 representing just over four per cent of total sales in 2006. A continuation of solid market activity is forecast for the year ahead, with single-detached homes experiencing the greatest appreciation.

New Brunswick

Moncton

The Moncton housing market has remained relatively consistent during the past 25-year period, gaining sales and price momentum virtually every year since 1981. The resiliency can be attributed to the low cost of living and, more recently, increasing employment opportunities locally. The economic hardship of the 1980s, with the closing of several major employers, did little to hamper the resale housing market. The CN Railway closed its locomotive shop facility in the

Moncton Residential MLS Average Price



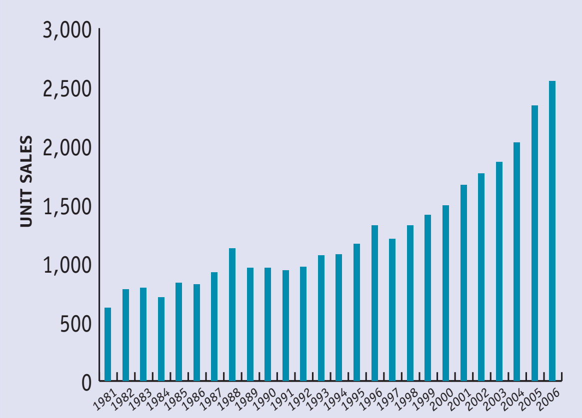
Source : CREA, RE/MAX

mid-80s, leaving thousands out of work and forcing the Federal and Provincial governments to offer economic restructuring packages to expand the Moncton economy. Diversification in the mid-1990s saw the rise of information technology, led by call centres which made use of the city's bilingual workforce. By the late 1990s, retail, manufacturing and service expansion began to occur in all sectors and within a decade of the closures, Moncton had more than made up for its employment losses. Today, Moncton's population is rising due in large part to in-migration from other areas of the province. Affordability has been a major factor enticing a growing number of purchasers to the area. The buyer demographic has changed considerably over the past 25 years. While first-time buyers are still a strong force in the marketplace, the influence of baby boomers preparing for retirement is also significant. Additionally, there has been an influx of out-of-town purchasers selling properties in other provinces, buying in Moncton, and putting extra money in the bank. In contrast, investors were a serious factor in the city in the early 80s. End-users dominate in today’s market. Sales have quadrupled since 1981, rising from 600 units to 2,550 in 2006. Average price climbed to $130,000 from just $44,338 in 1981—an average annual increase of eight per cent. Hot pocket areas of the 1980s remain popular today—the north end of the city continues to grow with new homes and schools. Condominiums and teardowns are not a factor in the marketplace, as favourable affordability levels and a vast supply of land exist. The downtown core has undergone revitalization with the conversion of older buildings into offices, restaurants, shops, theatres, hotels, and the development of a

AVERAGE CARRYING COSTS 1981 vs. 2006

MARKET	1981 AVERAGE PRICE	1981 DOWN PAYMENT	1981 PRINCIPLE	1981 CARRYING COSTS	2006 AVERAGE PRICE	2006 DOWN PAYMENT	2006 PRINCIPLE	2006 CARRYING COSTS
	18.1% INTEREST RATE				6.65% INTEREST RATE			
Greater Vancouver	$148,861	$37,215	$111,646	$1,645	$509,876	$127,469	$382,407	$2,596
Victoria	$121,648	$30,412	$91,236	$1,345	$400,000	$100,000	$300,000	$2,037
Kelowna	$104,285	$26,071	$78,214	$1,153	$323,978	$80,994	$242,984	$1,650
Calgary	$106,033	$26,508	$79,525	$1,172	$346,673	$86,668	$260,005	$1,765
Edmonton	$91,438	$22,859	$68,579	$1,010	$250,915	$62,728	$188,187	$1,278
Regina	$54,915	$13,728	$41,187	$607	$131,851	$32,962	$98,889	$671
Saskatoon	$64,756	$16,189	$48,567	$716	$160,577	$40,144	$120,433	$818
Winnipeg	$52,656	$13,164	$39,492	$582	$151,983	$37,995	$113,988	$774
London	$57,989	$14,497	$43,492	$641	$190,521	$47,630	$142,891	$970
St. Catharines	$49,655	$12,413	$37,242	$549	$213,032	$53,258	$159,774	$1,085
Hamilton-Burlington	$58,508	$14,627	$43,881	$647	$248,400	$62,100	$186,300	$1,265
Greater Toronto	$90,203	$22,550	$67,653	$997	$351,941	$87,985	$263,956	$1,792
Barrie	$51,665	$12,916	$38,749	$571	$244,289	$61,072	$183,217	$1,244
Ottawa	$64,854	$16,213	$48,641	$717	$257,481	$64,370	$193,111	$1,311
Greater Montreal	$55,004	$13,751	$41,253	$608	$215,659	$53,914	$161,745	$1,098
Halifax-Dartmouth	$59,366	$14,841	$44,525	$656	$203,178	$50,794	$152,384	$1,035
Moncton	$44,338	$11,084	$33,254	$491	$130,000	$32,500	$97,500	$662
St. John's	$55,067	$13,766	$41,301	$609	$139,300	$34,825	$104,475	$709

Based on a five-year closed mortgage, a 25-year amortization period and a 25 per cent down payment.



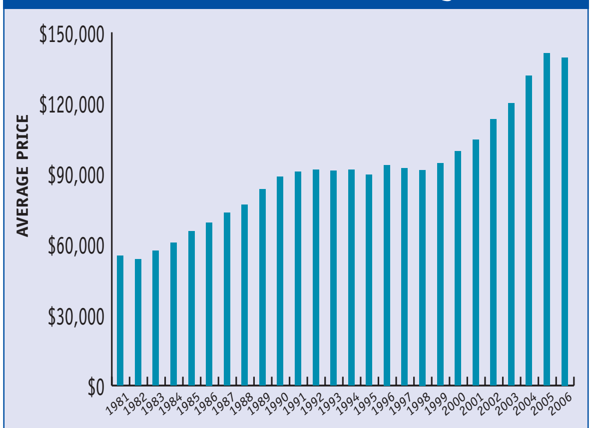
Source : CREA, RE/MAX

recreational area with multiple softball, soccer, and hockey facilities at the former CN Shops location. The upper-end of the market is active with more sales exceeding $300,000.

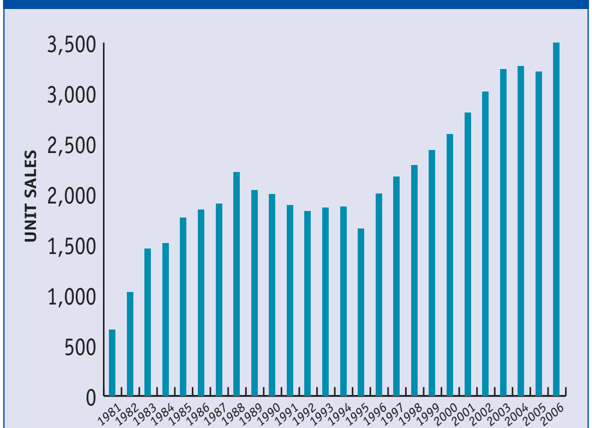
NEWFOUNDLAND

St. John's

St. John's housing market has experienced steady upward momentum over the past 25 years. In 1981, high interest rates did little to deter first-time and move-up buyers, as a total of 656 sales were recorded in the city and average price hovered around $55,000. Economic diversification has given way to growth in several sectors including forestry and mining, and that bodes well for the area, as the city's prosperity is no longer hinged on the region's fishing industry. Today, St. John's continued economic growth is tied to what lies beneath the ocean-oil and gas. Minerals are the most valuable commodity produced in the province. This booming sector has brought with it an influx of purchasers, money and jobs, contributing to a healthy resale housing market. In 1990, the real estate market took off in tandem with the development of the Hibernia Oil project which was launched in May of 1997. Since that time, there has been no looking back as additional oil projects such as Terra Nova and White Rose have made their way into the province, spurring unprecedented demand for housing. In 2006, home sales reached a record-breaking 3,500 units, while average price hovered at $139,300 - its second highest level ever. A steady rise in St. John's population has also prompted increased demand in the housing market, with positive net migration recorded every year since 1999. Many local residents in rural areas of the province have moved their way into the city-drawn by college/university, a variety of available jobs and/or close proximity to healthcare. With over 20,000 people expected to retire in the next 10 years, the majority of buyers are baby boomers. Today's market also has a strong first-time buyers segment. Several residential subdivisions in the city are seeing record growth. The condominium lifestyle, while on the rise, has yet to take a strong hold as in other areas of the country, as buyers continue to prefer bungalows and semi-detached homes offering more land and living space. There is no shortage of available land - the former Sprung Greenhouse Land (approximately 104



Source : CREA, RE/MAX



Source : CREA, RE/MAX

RESIDENTIAL MLS UNIT SALES IN MAJOR CANADIAN CENTRES 1981 vs. 2006

MARKET	1981	2006	% GAIN
Greater Vancouver	6,275	36,479	481
Victoria	2,172	7,958	266
Kelowna*	2,042	8,500	316
Calgary	11,775	32,912	179
Edmonton	7,576	21,984	190
Regina	2,620	2,953	13
Saskatoon	2,532	3,430	35
Winnipeg	5,848	12,304	110
London	3,881	9,234	138
St. Catharines	1,818	3,300	81
Hamilton-Burlington	6,576	13,640	107
Greater Toronto	29,625	83,084	180
Barrie	1,530	4,362	185
Ottawa	4,980	13,300	167
Greater Montreal	18,266	50,106	174
Halifax-Dartmouth	1,705	6,462	279
Moncton	623	2,550	309
St. John's	656	3,500	433
National	163,194	477,000**	192

Source: CREA, TREB, OMREB, CREB, WREB, EREB, RE/MAX

*Okanagan Mainline **2006 estimate

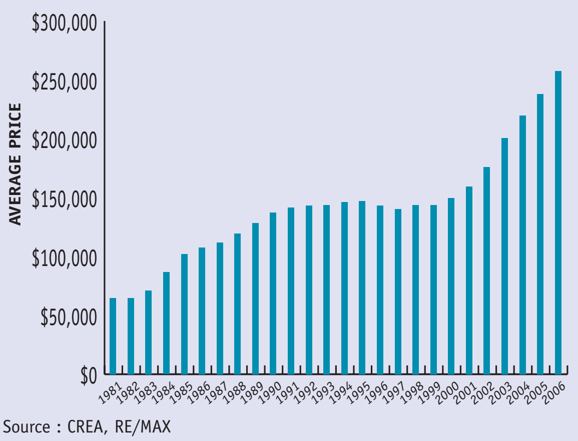
acres), once an agriculture property, has recently been released by tender by the Provincial government for a proposed 400-plus residential subdivision. The upper-end of the market is more active than ever before. Higher salaries from the oil sector have stimulated sales in upper-end housing developments like Clovelly Trails. St. John's is expected to record healthy economic growth in the coming years, as the "oceanic" industries, tourism and the real estate sector continue to flourish and the population rises.

ONTARIO

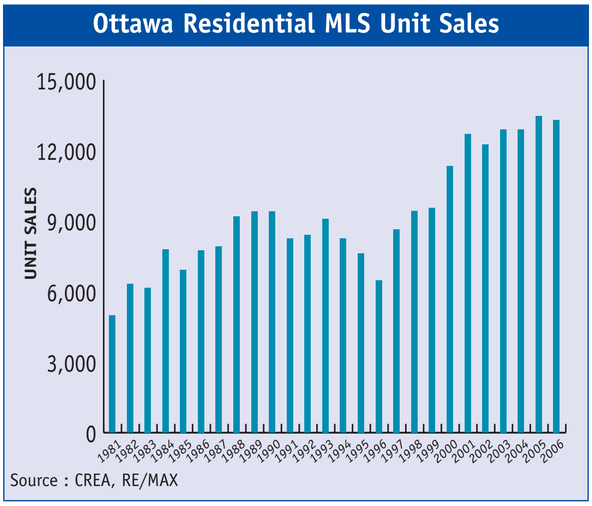
Ottawa

Despite significant fluctuations in other major centres across Canada, Ottawa's housing market has remained relatively stable over the past 25 years. Ottawa's primary employer, the Federal government, created a secure environment until the mid-1990s when it underwent a period of downsizing. During that time, the tech sector escalated, positioning Ottawa as the country's high-tech hub producing a new group of buyers, many who profited greatly until the high-tech bubble burst in 2000. An increase in government employment served to offset the impact on the economy at the time. Today, the city enjoys a very balanced and healthy economy. The Federal government remains the largest employer (100,000 employees), and after several years of sluggish sales and painful cost cutting, Ottawa's high-tech industry is bouncing back. The number of high-tech companies has climbed from 1,000 to 1,800 over the past four years. Employment growth in the capital region has

Ottawa Residential MLS Average Price



Source : CREA, RE/MAX

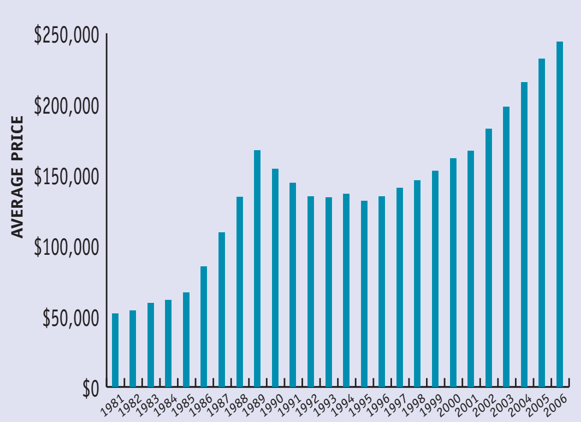


translated to a strong real estate market. In 2006, more than 13,000 homes changed hands, with the average price hovering at $258,000—nearly quadruple the 1981 figure of just over $64,800. Sales in 1981 were just over 5,000 units. In the early 1980s, the market was largely comprised of recent immigrants from overseas, as well as first-time and move-up buyers and retirees. The expanding high-tech sector of the 1990s allowed a growing number of buyers to purchase and/or trade up to larger and more expensive homes. The upper-end of the market at that time was exceptionally strong and remains so today. In 1981, older well-built homes in downtown areas such as Glebe, Ottawa South and The Golden Triangle were in high demand. Today, those hot pocket areas still attract buyers—although the boundaries have expanded to other older areas such as Westboro in the near west end of the city. Increasing demand has spurred more and more development. Ottawa's famous Greenbelt has always been a natural barrier for further expansion within the older parts of the city. Developers have therefore often turned their attention to areas outside the Greenbelt, although the National Capital Commission has permitted some limited development within. Over the past decade, affordability has also sparked demand for older, more modest, homes in areas in the west such as Bayview and the "Little Italy" area around Preston Street and Overbrooke in the near east. These areas currently offer purchasers an address close to the core at lower prices than those in Glebe, for example. These areas are undergoing revitalization and have become increasingly desirable. The upper-end of the of the housing market has been stable over the past 25 years, although the types of buyers have changed somewhat – those purchasers now include, but are not limited to, those once again prospering in the high-tech sector as well as diplomats and higher-end bureaucrats. Condominiums have played a roll in the housing market since the mid-70s but apartment condominiums were few and far between in 1981. In the mid 1970s, townhouse condominium developments appeared in several areas throughout Ottawa. At the same time the Federal government introduced "AHOP" (Assisted Home Ownership Program) program to assist buyers who might not otherwise qualify. This spurred an increase in condominium townhouse sales. At the end of the program, however, homeowners were trapped in a catch-22 situation – they were having problems making the required payments, they were facing greatly increased mortgage interest rates and they experienced serious difficulty in selling the units. As a result, many abandoned their units. What little interest there was in this product came from investors who rented out their unit(s). Many were resold within the following three years as the desire for condominium units grew and prices began to rise. Condominiums are now an important part of the Ottawa market and continue to escalate in price. A $35,000 condominium in 1981 is now worth $200,000. In the past few years, greater development of higher-end, luxury condominiums, particularly apartment units, in the general downtown area reflect the growing number of affluent buyers in Ottawa who find condominium living downtown the way to go.

Barrie

As one of Canada's fastest growing cities, Barrie has enjoyed strong upward momentum in residential housing since the 80s. Despite some volatility in the early years, the market has seen relatively consistent growth, with average price climbing 372 per cent from $51,665 in 1981 to an estimated $244,000 at year-end 2006. Barrie realized an unprecedented upswing in average price throughout the latter half of the 1980s, sparked by economic prosperity and speculation in the housing market. New housing in particular saw investors selling properties before the shovel even hit the ground. By late 1989, the party was over and housing values would soften by as much

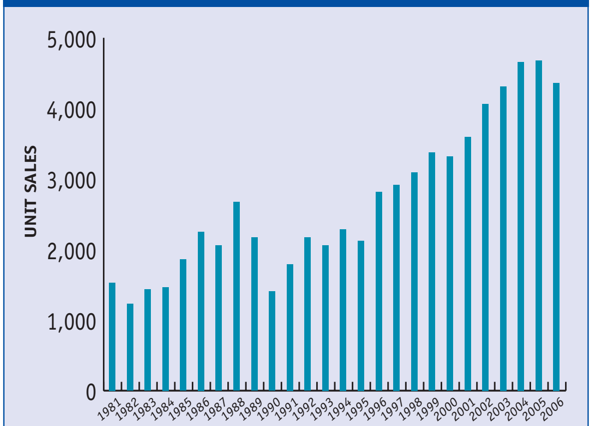
Barrie Residential MLS Average Price



Source : CREA, RE/MAX

as 25 per cent over the next six years. In 1996, cautious purchasers re-entered the market – and have not looked back. Housing activity has been surprisingly strong over the past 10 years, buoyed by record low interest rates, solid economic performance, and expanding city limits. In the 80s, growth was to the east and north while today, the city's south end is expanding. Leading the charge are commuters who work in the Greater Toronto Area seeking affordable properties within driving distance. Neighbouring Innisfil, to the south, has seen overnight development as a result, with new construction starting at an affordable $169,900. However, an oversupply of new homes has slowed price appreciation in 2006. Minor interest rate hikes in Spring 2006 slowed first-time buying activity in the $150,000 to $200,000 price point. Yet, despite a six per cent decline in unit sales volume, prices increased for the 12th consecutive year. Average days on market currently sit at 58, although overpriced listings continue to stagnate. The housing mix has remained relatively unchanged over the 25-year period, with the exception of several waterfront condominiums. The condominium lifestyle appeals to various demographic segments, including younger buyers just entering the market and empty nesters and retirees who are downsizing or making lateral moves. Condominiums have been extremely well received, with recent developments 50 per cent pre-sold before the showroom opens its doors to the public. Hot pocket areas are similar to 25 years ago, including South Barrie, the waterfront, Tollendale, and Wildwood. Some new enclaves have emerged in recent years. The Barrie waterfront will change dramatically in the future, with more high-rise and multi-unit residential planned for the area. However, the city is committed to smart growth with no obstruction of the waterfront. In the upper-end of the market, year-round waterfront properties continue to experience the greatest demand. Properties all along Kempenfelt Bay have realized huge gains as smaller cottages are demolished to make way for larger, four-season residences. Demand for recreational and specialty properties will continue to escalate. A shortage of serviced land may place renewed upward pressure on the price of new construction in 2007, thereby driving demand and prices in the resale segment. Overall average price is expected to climb four to five per cent as a result. Historically low interest rates will continue to fuel first-time homebuyer activity in 2007, despite higher rental vacancy rates.

Barrie Residential MLS Unit Sales

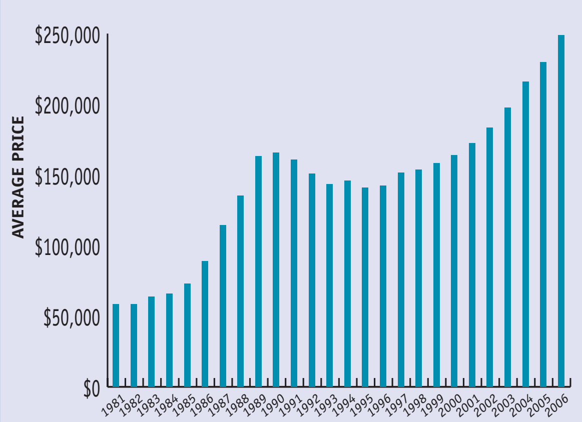


Source : CREA, RE/MAX

Hamilton-Burlington

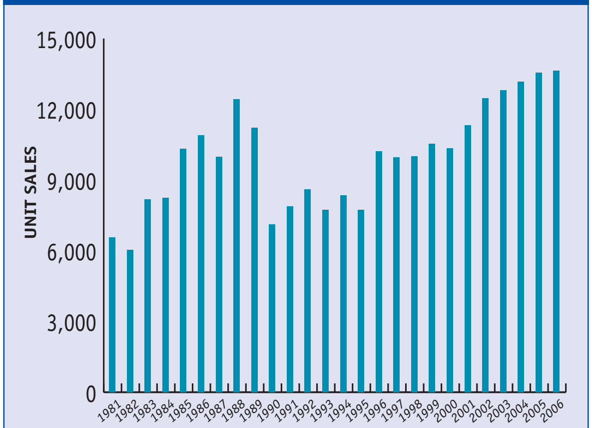
Historically low mortgage rates, solid consumer confidence and employment growth kick-started Hamilton-Burlington's residential housing market almost a decade ago. Real estate activity in the city remains healthy, with both sales and prices climbing in 2006. This is a stark contrast to the early 80s, when sales in the area barely broke 6,500 units and average price hovered at $58,500. Stelco, the city's largest employer, downsized from 14,000 employees to 8,000. Unemployment levels rose to 12.4 per cent – the highest in Canada at the time. Buyer activity

Hamilton-Burlington Residential MLS Average Price



Source : CREA, RE/MAX

Hamilton-Burlington Residential MLS Unit Sales



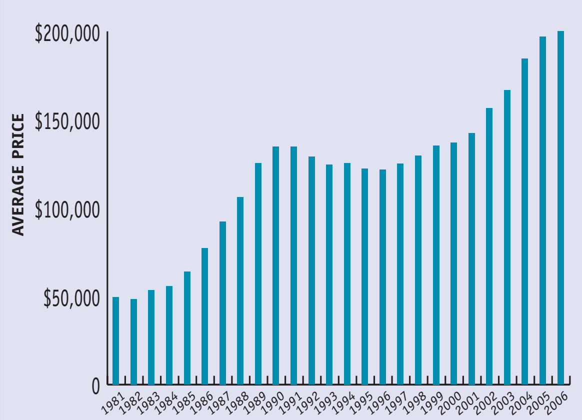
Source : CREA, RE/MAX

was stagnant and investors bowed out when the newly introduced Speculation Tax made house flipping a less lucrative financial venture. Inventory levels were high and 70 per cent of listings expired. Government assistance programs were put in place to offer affordable housing to low-income persons and families. During this time, the number of property foreclosures grew as consumers struggled with the realities of a sluggish local economy and record high interest rates. By 1994/1995, the housing market had turned a corner, as lending rates declined and consumers regained their confidence. Economic diversification has given way to further regional stability, as the health care industry has now surpassed the steel industry as the area's largest employer. Moreover, the education, government, services and technology sectors have all experienced positive growth. Despite several years of healthy price appreciation, affordability continues to be a major draw for purchasers in the Hamilton-Burlington area along with the close proximity to the GTA and the U.S. border. Residential homes in Hamilton-Burlington averaged $248,400 in 2006, whereas the Greater Toronto Area averaged over $350,000. Sales in the Hamilton-Burlington area are now soaring with more than 13,600 transactions in 2006, the second highest level on record over the past 25 years. Tighter inventory levels have resulted in a competitive resale market, as purchasers vie for quality properties. The bulk of buyers include first-time purchasers, baby boomers and an influx of recent immigrants choosing to reside in Hamilton-Burlington and commute to Toronto. Other purchasers who have recently entered the housing mix are parents of McMaster University students who prefer to pay reasonably low mortgage payments versus rent. Ancaster, Dundas, Hamilton Mountain, Stoney Creek and neighbourhoods near McMaster University (Westdale) have remained the area's most sought-after pockets. Burlington's core area continues to experience strong demand, particularly north of the lakeshore. Activity in the upper-end of the market has become quite brisk, with a healthy number of sales over the $500,000 mark in 2006. Twenty-five years ago, sales in this price range were virtually unheard of. Condominiums have emerged as a real force in the marketplace over the past decade due to the busy lifestyles of those commuting to the Greater Toronto Area and empty nesters looking for low-maintenance, single-family homes.

St. Catharines

Characterized by both highs and lows, residential real estate activity in St. Catharines was comparable to other mid-sized housing markets in Ontario throughout the 25-year period. In 1981, sales in St. Catharines and the surrounding areas barely broke 1,800 units and the average price of a home hovered at $49,600. Housing activity rebounded in 1984 and continued unabated until 1990, when concerns over the downsizing of General Motors cast a dark shadow over residential real estate. More than 4,000 automotive employees were laid off and several

St. Catharines Residential MLS Average Price



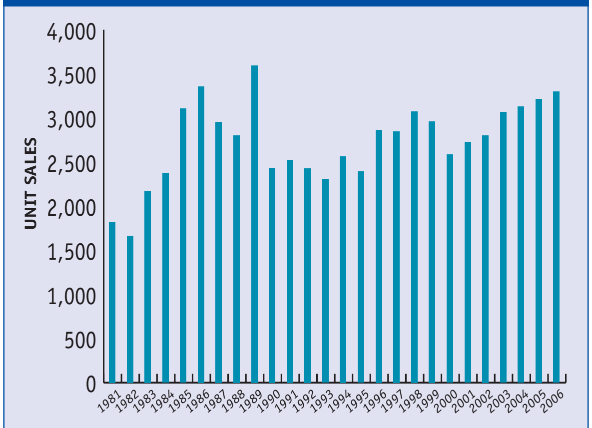
Source : CREA, RE/MAX

industry-related companies were out of business. The city's housing sector did not show signs of strength again until 2000. Over the years, St. Catharines has become less dependant on the automotive industry with the opening of two casinos in Niagara Falls, call centres, the head office of the Ministry of Transportation and 56 new wineries, along with significant growth at Brock University—the student population has nearly tripled since 1981. The resulting economic turnaround has been favourable for the city's real estate market. Unit sales have almost doubled since 1981, and average price has jumped more than 300 per cent, currently hovering at $213,000. All types of buyers are active, with newly-built homes in the west end popular. Inventory levels are adequate and there is a good supply of building land available. Developers are busy, although the city boundaries make further expansion difficult—St. Catharines is bordered by Niagara Falls, Lincoln, Lake Ontario and the Greenbelt. Affordability and proximity to the downtown core has sparked revitalization and renewed demand for inner city houses. St. Catharines upper-end market—at a virtual standstill in the early 1980s—has seen the strongest appreciation, with affluent buyers such as retirees and home-based entrepreneurs leading demand. Luxury condominiums, few and far between in the early 1980s, have become sought after by retirees.

Toronto

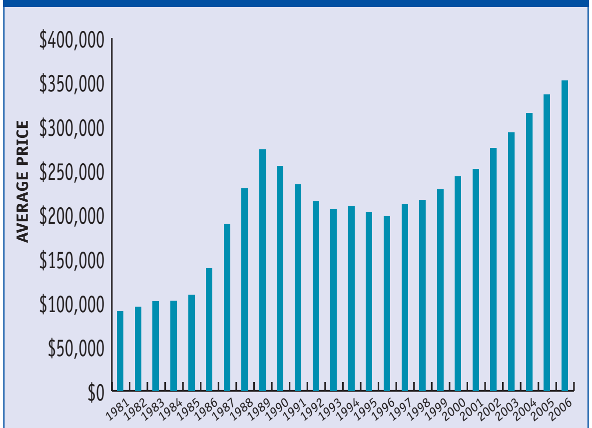
Despite all odds, including the tech meltdown, 9/11 and SARS in recent years, the Greater Toronto Area's housing market continues to outperform expectations. Sales in 2006 topped 83,000 units, falling just one per cent short of record-breaking 2005 levels. Average price continued its ascent, settling in at an all-time high of $351,941 (compared to just over $90,200 in 1981), setting overall appreciation for the 25-year period at 290 per cent. A strong economy, job security, consumer confidence and historically low interest rates have fuelled one of the strongest run-ups in recent history. From a demographic standpoint, both baby boomers and generation X continue to express their belief in homeownership by amassing property. Immigration and population growth have also contributed to the health of the residential marketplace. The city continues to expand, pushing farther north, east and west through new housing developments. In the downtown core, high-density residential in the

St. Catharines Residential MLS Unit Sales



Source : CREA, RE/MAX

Greater Toronto Residential MLS Average Price

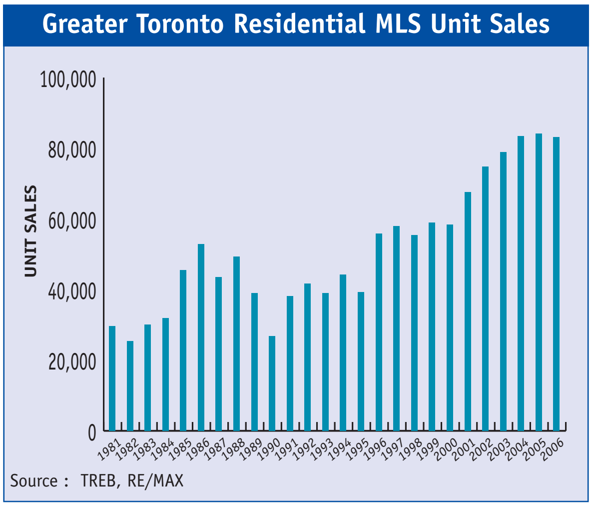


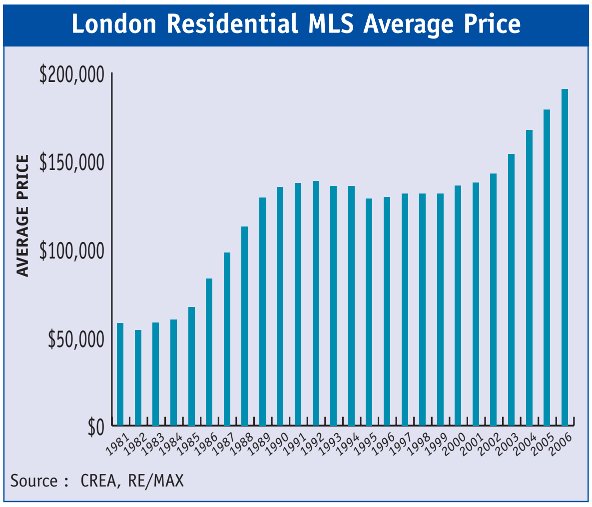
Source : TREB, RE/MAX

form of condominium apartments has provided a more affordable alternative to single and semi-detached housing. The condominium lifestyle has finally caught on with various age groups. Young professionals, empty nesters, and retirees have all fuelled extraordinary demand for condominiums in recent years. Unlike the late 1980s, when speculation was rampant and thousands of units were unloaded on an unsuspecting market, today's condominium purchasers are largely end-users. Condominium apartments and townhomes now represent approximately 30 to 35 per cent of the market, and this housing type is expected to capture an even greater piece of the pie as overall housing values increase. After a period of unprecedented appreciation between 1985 and 1989 (the average price almost tripled, rising from $109,000 to $273,000), the market experienced the first devaluation on record, giving back approximately 25 per cent over six years. By 1996, average price had bottomed out at $198,000. Slow but steady growth has occurred since that time, initially sparked by stock market gains translating into material wealth and subsequent economic prosperity. Buyers returned to real estate, albeit cautiously, mindful of the lessons learned in the 1980s. Hot pocket areas popular in 1981 continue to enjoy solid returns. In more recent years, areas like the Distillery, Leslieville, Roncesvalles, King St., and Kensington, have joined blue chip favourites such as Leaside, Bloor West Village, High Park, Cedarvale, Forest Hill, Rosedale, Yorkville, Lawrence Park, and John Ross Robertson. Luxury home sales have followed in tandem, with sales over the $1 million price point rising 19 per cent this year to close to 1,700 units. Sales over $1.5 million experienced even greater momentum in recent years, rising 24 per cent from last year's levels. Sales over the $1 million price point were virtually unheard of in 1981, with some of the most expensive neighbourhoods commanding between $500,000 and $750,000. With relatively little economic change expected in the coming year, residential sales are expected to remain healthy, slightly off peak levels reported in the last three years. Average price is expected to climb, albeit at a more moderate pace, rising five per cent by year-end 2007.

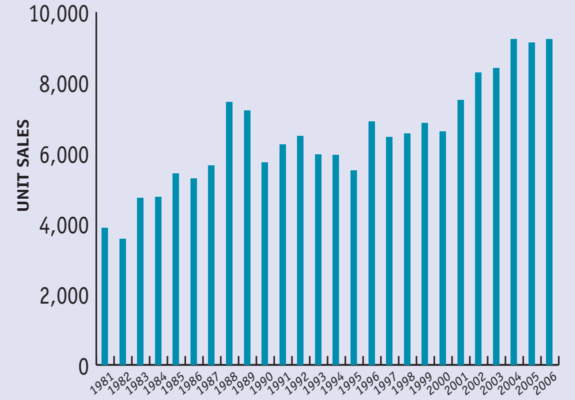
London

Low interest rates and changing demographics have had a serious impact on residential housing in London over the past 25 years. Unit sales reached an all-time high in 2006, while average price shattered last year's record at just over $190,000 – an increase of 228 per cent over 1981 levels. A strong seller's market exists across the board, fuelled by strong demand from both first-time and move-up buyers. Downsizing is also popular in the marketplace, with many older purchasers choosing the condominium lifestyle. Solid economic fundamentals, including robust consumer confidence levels, decent employment opportunities, and attractive interest rates, have rallied prospective buyers. In 1981, similar market conditions existed, with interest rates once again playing a role in





London Residential MLS Unit Sales



Source : CREA, RE/MAX

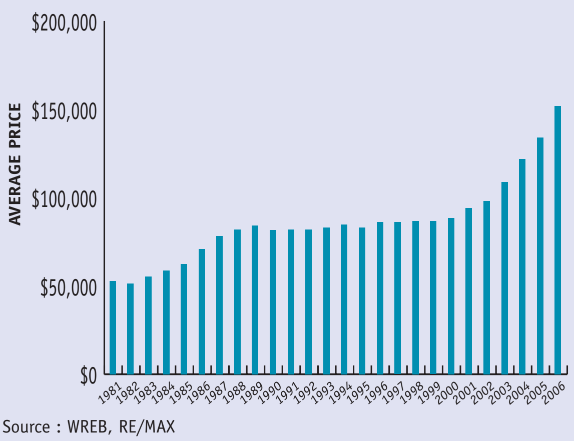
housing activity. After peaking at close to 22 per cent, interest rates finally affected housing until 1986 when the market once again gained momentum. Although prices in most major centres in Ontario softened in 1990, housing values in London bucked the trend and continued to climb until 1992. After a brief lull, the market picked-up steam once again in 1996. Some changes have occurred in the 25-year period, including a significant increase in population. The city has grown to more than 350,000. Byron and Masonville continue to be a popular choice with purchasers, although extension of these areas – Hyde Park and Westmount – have now emerged as today's hot pocket areas. Many 'old east' neighbourhoods have undergone revitalization as first-time buyers seek more affordable housing options. Investors have also entered the marketplace, renovating properties in some of these areas. London has expanded its geographic size through annexation and is expanding north and south west of the city through controlled development. The upper-end has performed well in recent years, with demand for more upscale homes on the rise. Demographics and the city's growing wealth factor are in large part responsible for the increase in luxury home sales priced between $500,000 and $700,000.

MANITOBA

Winnipeg

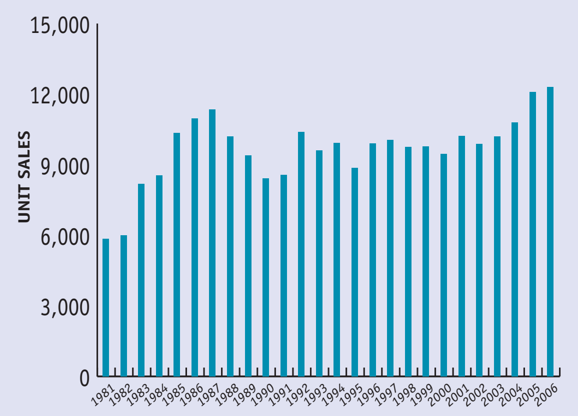
Changing lifestyles, combined with a strong local economy and historically low interest rates, transformed this static major centre into a hotbed of housing activity since 2000. The number of homes sold last year rose about two per cent to more than 12,300 units, compared to 5,800 units in 1981. With the exception of 1986-1989, market activity throughout the 1980s and 1990s was relatively flat. Average prices have increased in leaps and bounds in the last five years, averaging approximately 10 per cent annually. Tight inventory levels have played a major role in price appreciation, with multiple offers commonplace in recent years. Today, all segments of the market are working in tandem. First-time buyers, move-up buyers, empty nesters, and retirees are driving activity in virtually every price range. Affordability is a non-issue in Winnipeg, where homes have changed hands for as low as $10,000. The upper-end of the market is also making significant headway, with the city reporting its first sale over $2 million in 2006. Winnipeg has seen a 60 per cent increase in luxury home sales priced over $300,000 this year. Six sales occurred over the $1 million price point. The top end of the market now represents eight per cent of all home sales. Condominiums have also made a substantial impact on the city, with condominium appreciation now outstripping increases in single-detached housing. This segment of the market lay dormant until 2000 when it virtually came alive. Today, condominiums represent approximately nine per cent of all residential sales and that figure is rising. The skyline is now dotted with high-rise condominiums, and many new upscale projects are underway in coveted communities such

Winnipeg Residential MLS Average Price



Source : WREB, RE/MAX

Winnipeg Residential MLS Unit Sales



Source : WREB, RE/MAX

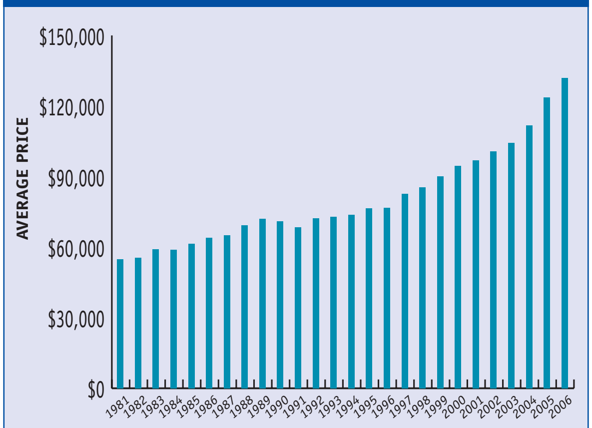
as The East Exchange District and Wellington Crescent. Hot pocket areas are consistent with those popular in 1981 – River Heights, Tuxedo, and St. Vital. However, new pockets such as Linden Woods, Whyte Ridge, and East St. Paul have emerged in recent years. A limited supply of development land exists in Winnipeg, and Waverley West represents the future wave in new construction. Groundbreaking is expected to occur in 2007 or 2008 and the community on the south west side of Winnipeg will be home to 40,000 people. Winnipeg's diverse economic base – which includes manufacturing, agriculture, services, and construction – is forecast to continue unabated in the year ahead. The housing market overall is expected to experience another solid year of activity, albeit at a less torrid pace. Price appreciation, which has hovered in the double-digit range in recent years, is expected to moderate. Purchasers may have the luxury of a little more time in terms of the decision-making process.

SASKATCHEWAN

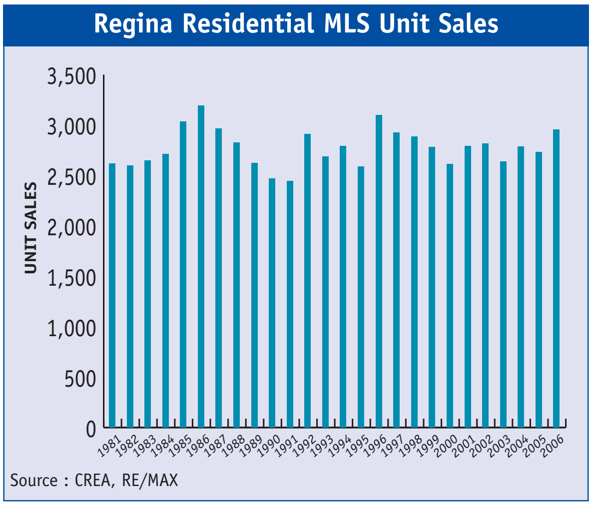
Regina

Diversification brought renewed economic prosperity for Regina's residential housing market as early as 1991. The evolution began with the relocation of Canada Life and the Farm Credit Corporation into the city in the early 1990s. Since then, Regina has followed on the heels of the province in its effort to make the transition from an agricultural-based economy to one driven by natural resources, manufacturing, technology, and pharmaceuticals. The move has paid off in terms of population growth and economic stability in recent years. Employment opportunities in Regina have attracted job seekers from rural Saskatchewan. The negative population growth the city had typically experienced has reversed itself in recent years. Professionals who traveled to British Columbia and Alberta to find jobs in the 80s and 90s are now returning home with enough equity to buy properties outright. Move-up activity, as a result, has seen a significant upswing. Demand for luxury properties, priced from $300,000, continues to spiral upward. Sales in the upper-end have climbed 53 per cent year-over-year and the trend is expected to continue. Average price in the city has climbed from $54,915 in 1981 to approximately $132,000 in 2006, an increase of 140 per cent. Unit sales in the city have remained relatively consistent throughout the 25-year period, although in recent years, inventory levels have been quite low. Condominiums now represent a significant portion of today's housing mix. Warehouse loft units, apartment buildings, and townhouses are all accepted housing types, appealing to various demographic groups, from first-time buyers to retirees. The low maintenance lifestyle resonates with empty nesters and retirees who are looking to travel, as well as with professionals and working parents who have little time for snow shoveling and lawn mowing. Wascanaview, quite possibly the hottest pocket in Regina today, did not exist in 1981. Older areas such as General Hospital, offering character homes built in the 1920s, are attracting young, upwardly mobile

Regina Residential MLS Average Price



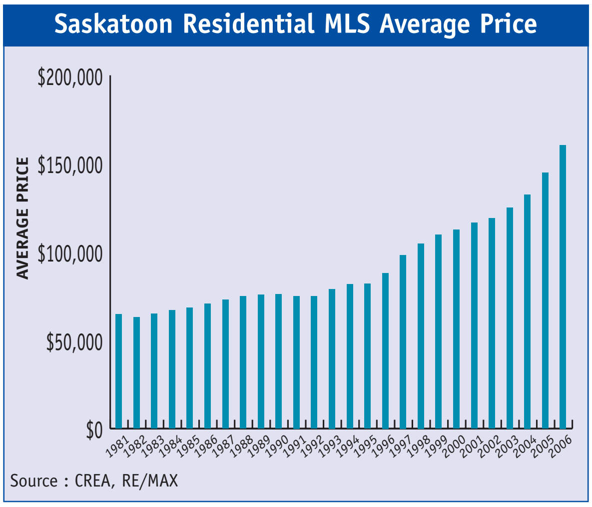
Source : CREA, RE/MAX

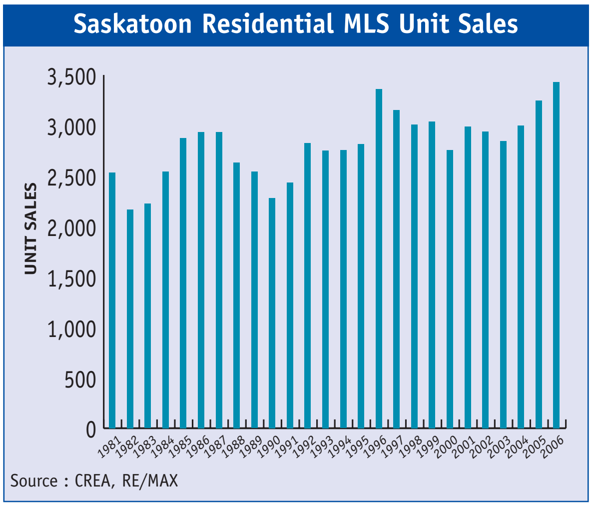


purchasers. The Crescents and Cathedral areas are also enjoying a surge in activity as first-time buyers move to revitalize these communities. With economic fundamentals now in place, the future looks bright for Regina. Residential real estate is finally providing a healthy return on investment – a fact that has not gone unnoticed by local residents.

Saskatoon

While Saskatoon's population has virtually doubled over the past 25 year period, housing activity has been relatively consistent, spiking in recent years as a result of strong economic performance. Low unemployment levels, a shortage of rental accommodations, limited inventory levels, and an influx of purchasers from Western Canada have all helped buoy Saskatoon's real estate market. As property values spiral west of Saskatchewan, former residents are returning in droves, flush with gains realized in residential real estate. The influx started about a year ago, with purchasers from Calgary, Edmonton, and Vancouver buying luxury homes for cash and still having money left over to put in the bank for their retirement years. The trend is expected to continue in the foreseeable future, although limited supply levels are starting to place upward pressure in prices in the area. Multiple offers, virtually unheard of a decade ago, are now commonplace as purchasers vie for ideal properties. New home construction is strong, with some buyers waiting close to a year to close. The surge of activity in recent years largely stems from the diversification of Saskatchewan's economic base. Once solely dependent on agriculture, Saskatchewan is now leveraging its natural resources, including potash, diamonds, uranium and mining – creating a more positive environment for business overall. The changes in economic performance have had the greatest impact on housing, with both unit sales and average price climbing substantially over year's past. First-time buyers continue to be a major force in the marketplace, although all segments of the market are working in tandem. Economic improvement has also attracted job seekers from more rural areas of the province. Homeownership continues to be attainable in Saskatoon, especially with the changes the city has experienced in its housing mix in recent years. While the first condominium project was underway in 1984, thousands of units have since come on-stream.





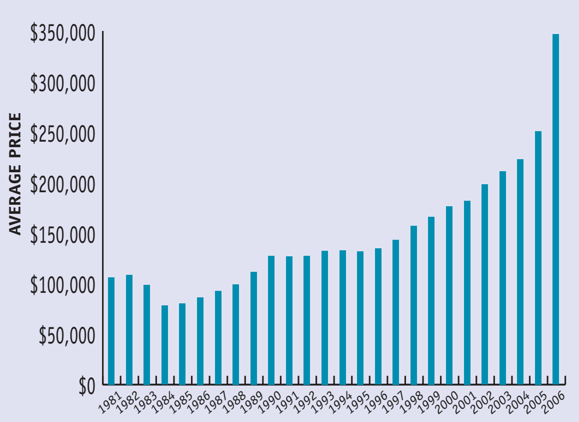
Condominiums now represent 15 per cent of all residential sales, and demand for units exists in virtually every price point. Hot pocket areas such as Lawson Heights, Erindale, Lakeview, Wildwood and College Park that were popular in 1981 remain coveted today. Newer communities such as Arbour Creek, Stonebridge, and Briarwood are also choice areas with today's consumers. Revitalization is underway in older, established areas like Avalon and Nutana. Investors are active in the marketplace, purchasing properties in Grovenor, University Heights, and Avalon, renovating and selling for a profit. Unprecedented demand exists for upper-end homes priced between $500,000 and $850,000. A limited supply of homes in this price range has prompted purchasers to create exclusive enclaves of custom-built homes – and this phenomenon is expected to continue in the year ahead.

ALBERTA

Calgary

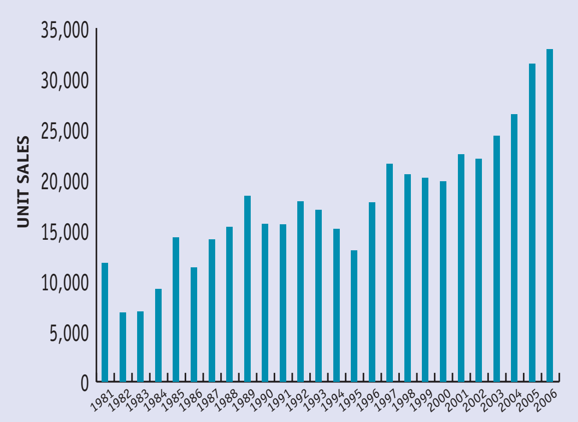
Despite a more diverse economic base than 25 years ago, Calgary's housing market remains closely linked to the oil and gas sector. Today's red-hot real estate market may be reminiscent of 1981 when close to 12,000 homes changed hands and average price hovered at $106,000, but there is no correlation. Calgary's thriving local economy was brought to an abrupt halt with the implementation of the National Energy Program in 1980. The province was deep in debt. That, combined with interest rates at 18 per cent, decimated the economic health of region and created a market rife with foreclosures. It literally took years to go through the surplus, and it was not until the late 80s that the housing market rebounded. Since then, the market, with the odd exception (1995) has continued to strengthen consistently. In 2006, the best year on record, the number of homes sold approached 33,000 and average price rose an unprecedented 38 per cent to $346,673. Solid and positive economic change has occurred in Alberta over the past 25 years. The province is debt-free today, thanks to former premier Ralph Klein. Calgary's economy has diversified to some extent, making for a healthier marketplace not so dependent on oil and gas. The provincial government's pro-business stance has also attracted many large companies to the Calgary area in recent years. In-migration and immigration continue to play an enormous role in the market, with Calgary's population now topping one million. Although average price has experienced a 227 per cent increase, affordable housing is still available in Calgary. The housing mix has changed substantially, with condominiums representing between 30 to 35 per cent of total residential sales (up from about five per cent in 1981). Condominiums now appeal to a broader range of purchasers, from first-time buyers to older, experienced empty nesters and retirees. Luxury home sales are through the roof, with 334 residential properties (including condominiums) selling for over $1 million in 2006.

Calgary Residential MLS Average Price



Source : CREA, CREB, RE/MAX

Calgary Residential MLS Unit Sales



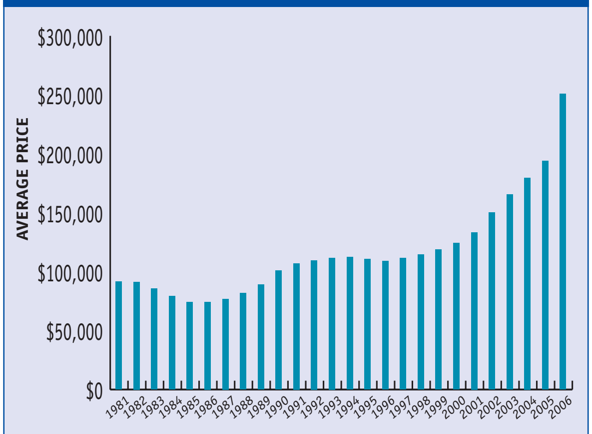
Source : CREA, CREB, RE/MAX

Just 25 years ago, Calgary celebrated the first home sale over the $100,000 benchmark. The city centre or inner core remains popular with purchasers, but there are newer outlying areas that are now considered hot pockets, including Heritage Point, Elbow Valley, and Discovery Ridge. Many of the older neighbourhoods in Calgary have also experienced positive change and revitalization, including Connaught, Victoria Park, Inglewood, old Altadore, Currie Barracks (now called Garrison Woods), Hillhurst, and Sunnyside. With the price per barrel of oil forecast to hover at $55 US throughout 2007, the future bodes well for residential real estate in Calgary. Inventory levels are expected to climb in the coming months, creating greater choice for consumers. Price increases, while still in double-digit territory, are predicted to be more moderate than last year.

Edmonton

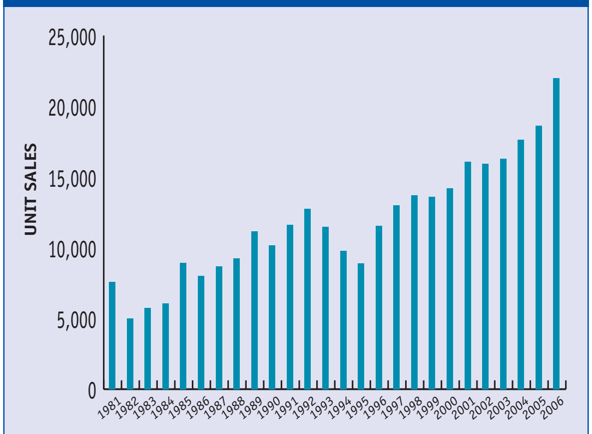
Edmonton's residential housing market has shifted into high gear in recent years, in direct correlation with province's oil-based economy. Although Edmonton's economic base has broadened since the early 1980s, the oil and gas sector continues to be responsible for the lion's share of provincial revenues. Twenty-five years ago, Alberta was in the midst of a boom market and end-users, investors, and speculators spurred housing sales and prices to new heights. The introduction of the National Energy Program virtually devastated the provincial economy overnight and threw the housing market into free fall. Homeowners simply walked away from their homes when mortgage balances exceeded their value. Edmonton's residential housing market began the long road to recovery in 1987 and with the exception of government cutbacks in 1995 and 1996, the market has shown consistent strength year after year. Today, Edmonton enjoys one of the strongest housing markets in the country. Average price has climbed from $91,438 in 1981 to just over $250,000 in 2006 – an increase of 174 per cent or approximately seven per cent annually. After last year's unprecedented 29 per cent upswing, housing prices are expected to moderate at a more realistic 10 to 15 per cent in 2007. A shortage of available listings has characterized market conditions in recent years. Further compounding the problem is a shortage of rental accommodations. Affordability is becoming an issue in the city, with many younger purchasers facing rapidly rising prices. Fortunately, condominium apartments and townhomes have helped many first-time buyers enter the market. Thirty-five per cent of residential sales are now condominiums, marking the most dramatic change in the city's housing mix. The condominium lifestyle now appeals to a broader range of purchasers, with both affordable and upscale units coming on-stream daily. The upper-end has seen tremendous growth over the past year, with 21 sales in excess of $1 million reported in 2006. The most notable increase involves single-detached and condominium properties priced from $500,000, which have risen 281 per cent year-over-year (702 units vs. 84 units). Consumers tend to prefer new construction

Edmonton Residential MLS Average Price



Source : CREA, EREB, RE/MAX

Edmonton Residential MLS Unit Sales



Source : CREA, EREB, RE/MAX

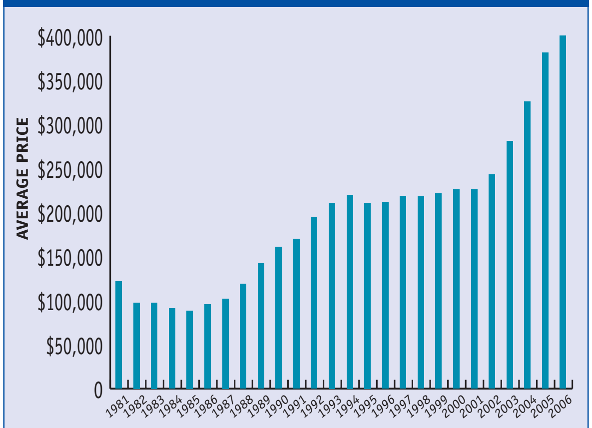
in Edmonton, and infill is an emerging phenomenon in older, established areas like Old Glenora where some purchasers are buying $300,000 properties and bulldozing them to make way for large, custom-built residences. A limited supply of serviced land and lack of infrastructure is also placing upward pressure on the price of new home construction. From an economic standpoint, Edmonton continues to chug along at a healthy pace. The population in the market area is growing in leaps and bounds, breaking through one million in 2006. An abundance of job opportunities exist in the market area, but a relatively low inventory of available and affordable accommodations could have an effect on in-migration into the city

British Columbia

Victoria

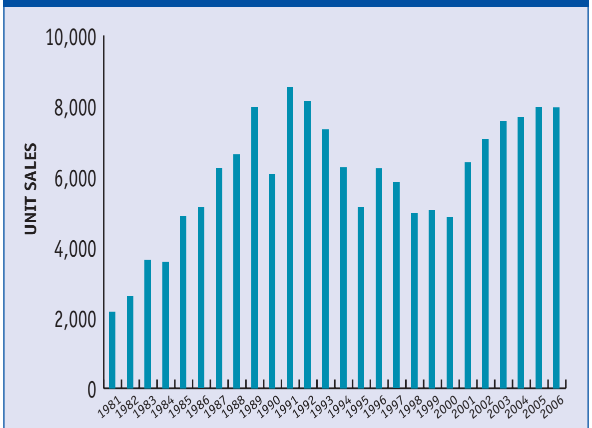
Victoria's real estate market can best be characterized by a series of peaks and valleys over the past 25 years. Interest rates as high as 21 per cent in 1981 contributed to sluggish market conditions as sales struggled to break 2,000 units, while average price hovered around the $122,000 mark. Foreclosures were a sign of the times, and fewer were making the leap to homeownership. Although the housing market saw a run up from 1985 to 1991-- as unit sales surpassed the 8,500 mark – it proved to be a false start. It was not until 2001, in tandem with a change in the political tide, that Victoria's economic engine started firing on all cylinders, resulting in a surge of real estate activity. Strong sales continue unabated and are expected to do so, as the economic picture remains vibrant. Currently, tourism is one of the top industries in Victoria, generating more than $1.2 billion in revenue—along with thousands of jobs–and will only grow as the Olympics draw near. Additionally, an infusion of $170 million in construction is planned at CFB Esquimalt, the Naval and Military Museum, as well as a $30 million airport expansion. Given the city's momentum and the positive employment outlook, unit sales have quadrupled since 1981, while average price has topped out around $400,000 – its highest level in history. Today's low interest rates, now hovering around five per cent, have helped an unprecedented number of purchasers realize homeownership. Renowned for its immaculate gardens, great charm and mild Winters, Victoria has gained attention as a premiere destination for waterfront living. Many new purchasers from across Canada and abroad are bringing considerable wealth to the city. As a result, sales in the upper-end of the market are healthy and continue to escalate. Condominiums were not a factor in the housing market 25 years ago, but currently represent close to 40 per cent of all residential sales. Downtown condominiums are most popular with first-time buyers due to affordability. In 1981, purchasers were most attracted to the central core of the city, although rising demand has contributed to an increase in prices and lack of inventory. This has given way to new housing developments on the

Victoria Residential MLS Average Price



Source : CREA, RE/MAX

Victoria Residential MLS Unit Sales



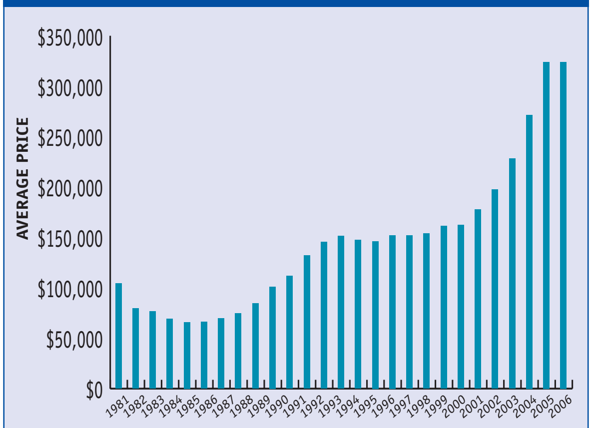
Source : CREA, RE/MAX

outskirts of Victoria. With limited land available, builders are scrambling to find suitable ground. Since the 80s, the western suburbs have been incorporated as new municipalities and neighbourhoods such as Langford, Colwood, View Royal and Highland have become a popular alternative. Victoria's housing market is forecast to continue its upswing through 2007 and solid gains are expected due to positive economic conditions. New jobs, income growth, and rising in-migration will contribute to stronger housing demand in the year ahead.

Kelowna

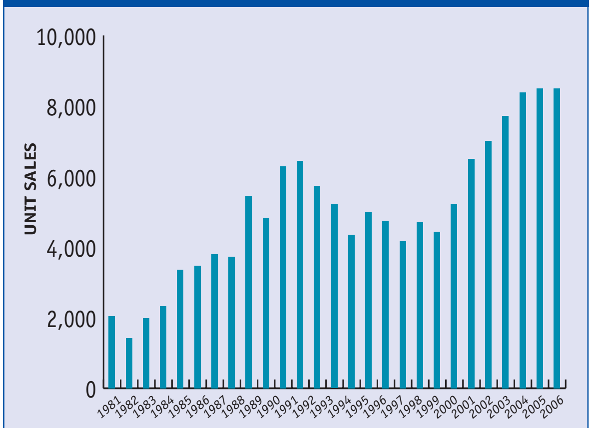
Kelowna's economy is firing on all cylinders—strong employment growth has spurred in-migration, fuelling the demand for new and resale housing. Retirees, and more recently, an influx of purchasers seeking lifestyle-oriented housing have further bolstered the already strong demand. A rising population and low interest rates have been the key drivers over the past decade. That wasn't the case in 1981 when interest rates spiralled out of control and homeowners had to renew their mortgages at over 20 per cent. The entire economy ground to a halt. Yet, unit sales still reached the 2,000 mark, while average price was nearly $105,000, but both figures fell quickly the following year. Although the city's market experienced several cyclical fluctuations over the past 20 years, overall healthy gains are evident over the 25-year period. The past six years have been unprecedented. In 2000, the real estate market took off in Kelowna, and there's been no looking back. Last year, unit sales hit the 8,500 mark—the highest level in recorded history. Average price also set a new benchmark, hovering at $323,978. Lack of available product in recent years has placed serious upward pressure on housing values—inventory currently sits between 600-800 units, a low reminiscent of 1981. The shortage was exacerbated in 2003 by the wildfires that decimated entire neighbourhoods in the city's upper-end. Population growth has increased significantly since the early 1990s creating intense demand across all segments. More recently, affluent buyers from other parts of British Columbia (68 per cent), Alberta and Ontario (25 per cent) and overseas (7 per cent) have made their way into the Kelowna housing market. Sales in the upper-end have changed dramatically since 1981. As late as the mid-1990s – the sale of a million-dollar home or farm was rare and pertained only to large acreage lots or waterfront properties. In the early 1980s, there were never more than one or two million-dollar sales per year. Today, million-dollar sales exceed 80 units annually. Affluent purchasers also fuel the recreational segment, which now accounts for 20 per cent of all sales—not a common trend in 1981. The increase in population has also been a catalyst for the local economy, prompting significant infrastructure and service enhancements. The completion of the Coquihalla Highway and the Okanagan Connector has brought the B.C. Lower Mainland into closer proximity,

Kelowna Residential MLS Average Price



Source : CREA, OMREB, RE/MAX

Kelowna Residential MLS Unit Sales

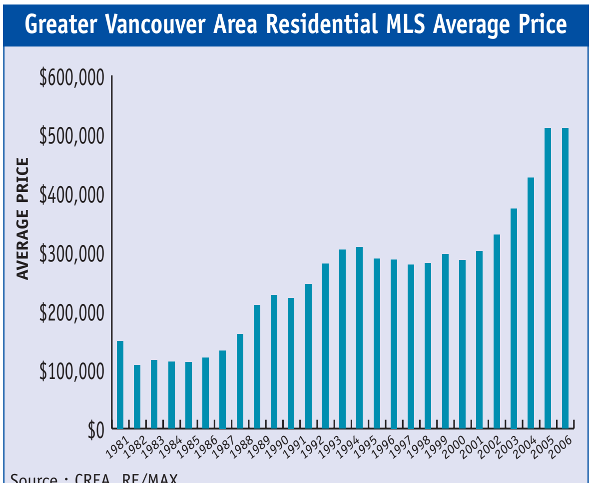


Source : CREA, OMREB, RE/MAX

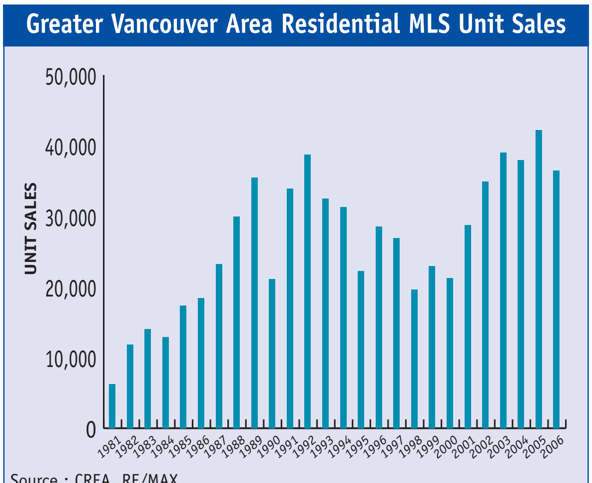
creating effortless communication and transportation for companies and individuals deciding to live in the area. The upgrading of Okanagan College to University status and the local airport to international status, as well as the expansion of hospitals, resorts, and wineries have given the city the appeal of a larger centre and housing demand has increased in tandem. The hot pocket areas of 1981 still exist today, but have expanded in size. New developments have evolved with the expansion of city services and utilities to outlying areas. A number of neighbourhoods have experienced significant change and revitalization as a result. The Kelowna area is significantly impacted by the Agricultural Land Reserve (ALR), which restricts development in many parts of the city. The restriction, particularly on level land, has forced builders to move to non-farmable sloped land in rural neighbourhoods. This has had a significant impact on land prices, resulting in increased servicing costs and higher house prices. Condominiums (apartments and townhomes) have experienced a similar upswing since the early 80s. Then, this type of product represented just 10 per cent of all sales. Today, condominiums represent approximately 35 per cent of total sales (1,500 units). The housing market is expected to continue its upward trend into 2007, as strong economic fundamentals remain in place.

Greater Vancouver Area

Greater Vancouver's housing market has experienced rapid momentum since 2000. A number of factors have influenced the market including foreign investment (Europeans, Asians, Americans), historically low interest rates, tight inventory levels, immigration and in-migration. The advent of the 2010 Olympics has also generated strong non-residential construction activity and capital expenditures. Job opportunities abound, consumer confidence levels are high, and the economic engine is firing on all cylinders. Sales hovered at 36,500 by year-end 2006 as average price for all types of residential property combined broke through the $500,000 price point. This is in stark contrast to the early 80s, when average price jumped 30 per cent in 1981 to $148,846, interest rates approached record-high levels and sales fell 50 per cent in 12 short months. A recession set in, yet the resiliency of Vancouver's market was evident, as immigration and renewed economic performance drove activity from the mid-80s until the mid-90s. Sales and prices fell off marginally thereafter, but the tide turned in 2001 with the election of the Liberal government. Since that time, the momentum has been unprecedented. Recent improvements to infrastructure and transit have made outlying communities more attractive to first-time buyers. The downtown core has also been revitalized in recent years and now attracts more



Source : CREA, RE/MAX



Source : CREA, RE/MAX

families. Today's hot pocket areas have expanded to include Downtown Vancouver and Kitsilano and the outlying communities such as Anmore, Maple Ridge and Port Coquitlam. Condominiums have emerged as the product of choice for those seeking entry-level properties. The condominium concept, introduced in 1981, has made serious headway in Vancouver. Today, some upper-end units can sell for $1 million-$10 million-plus in the city's most coveted high-rise buildings. Activity in the upper-end of the market has always been relatively consistent, but today's frenetic pace is unprecedented. In 2006, more than 908 homes changed hands in the Greater Vancouver Area over the $1.5 million price point. Given a continuation of current healthy economic fundamentals, an improved supply of homes listed for sale, and reduced pressure on pricing, the housing market should experience another solid year of real estate activity.

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