

## UNWAVERING DEMAND SUPPORTS RISING CANADIAN HOUSE PRICES IN THIRD QUARTER

*—Saskatoon, St. John's and Saint John report extremely strong activity—*

**TORONTO**, September 27, 2007 – Canada's resale housing market remained on solid ground during the third quarter as high consumer confidence, strong employment rates and stable interest rates led to robust buyer demand prompting average house prices to rise in all major markets, year-over-year, according to a House Price Survey report released today by Royal LePage Real Estate Services.

Of the housing types surveyed, the highest average price appreciation occurred in standard condominiums, which rose to \$241,818 (+15.7%), followed by standard two-storey properties, which rose to \$407,613 (+13.4%), and detached bungalows, which increased to \$340,941 (+14.3%), year-over-year.

“Much like the Canadian dollar, the Canadian housing market is charting its own course, quite independent from the United States and its currency and housing climate. The strength of the Canadian dollar, and the fact that the country is adjusting well to its value, will continue to keep interest rates at their existing low-to-moderate levels, boding well for buyers looking to enter the market,” said Phil Soper, president and chief executive, Royal LePage Real Estate Services. “From coast-to-coast, the country's rich commodity markets have had tremendous impact on local economies, and there is no indication that this will change anytime soon.”

A wave of interest in Canada's natural resources including oil, gold, uranium and wheat swept across the country, and introduced some new cities in central and eastern Canada to the trend of significant house price appreciations in the third quarter.

Trumping Alberta's two largest cities, Saskatoon's housing market experienced the highest price appreciations in all housing types examined. Vancouver, Calgary, Edmonton, Regina and Toronto also experienced double-digit average price gains.

Added Soper: “Despite the rising house prices across the country, recent Statscan reports cite that the home ownership rate stands at its highest on record. With the combination of the cost of borrowing money remaining relatively low, the availability of longer mortgage amortization periods, and the fact that Canada's population continues to grow, it is no surprise that more and more people are entering the real estate market.”

Of note is the increasing trend of home ownership in Montreal, a city where renting historically trumps owning. While Quebec reports the lowest rate of home ownership in the country, the number of people buying houses is growing; a trend likely driven by first time buyers who, in contrast to entry buyers a decade ago, see more value in owning their own house.

While the energy rich west has reported unwavering high consumer confidence and high employment rates for the past several years, central and eastern Canada are now rising alongside their western counterparts as their local commodity industries receive increased attention.

The oil sector remained a bright spot for Alberta and continued to fuel buyer demand; however, the rate of price appreciation and the intensity of the housing market scaled back from where it was 14 months ago.

Both Saskatoon and Regina experienced a surge in demand, as levels of in-migration were high during the third quarter. Many native Saskatchewan residents returned to the province from the west, seeking more affordable housing and better work life balance.

In Central Canada, Toronto's housing market continued to set records throughout the summer, and is poised for continued activity and rising average house prices as the city continues to attract both buyers relocating to the city centre from the suburbs, and newcomers to the country.

In Atlantic Canada, the past few months have seen both Saint John and St. John's become the 'Calgarys' of the east, as several energy-related projects in New Brunswick and Newfoundland gain attention. While Halifax is not directly related to the oil industry, the city is experiencing a spill-over effect as many executives are moving to the area to be in close proximity to the oil projects.

## REGIONAL SUMMARIES

The growth of the oil and gas industry in the Atlantic region has seen many people move into **Halifax** resulting in an increase in sales of standard-two storey properties in the West End, as developers build near amenity-rich downtown. Condominiums also received a lot of attention and continue to be popular with female buyers and first time homebuyers, who want new homes that are move-in ready, with very little maintenance. Despite the strong demand in Halifax, an overall balanced market prevails.

**Moncton** has recently been cited as the fourth best Canadian city in which to do business. Stable interest rates, a strong economy and a rise in in-migration have contributed to the city's high consumer confidence, prompting a healthy, balanced market in the third quarter. The tight inventory levels have made the market more vibrant and skew slightly in favour of the seller. Standard detached bungalows experienced the largest price increases in

Moncton in the third quarter, as they have become a popular housing choice for first time buyers and homeowners downsizing from standard two-storey properties.

**Fredericton's** resale housing market continues to do well in the third quarter due to strong economic fundamentals that are driving consumer confidence. New commercial construction and the building of large chain retail stores will continue to positively impact the future housing market. Since the introduction of condominiums to the market four years ago, this property type has gained in popularity.

Considered the energy hub of the east, **Saint John** continues to see very strong growth in the resale housing market as a result of city development, including a new oil refinery, a proposed \$3.5M facelift to the waterfront, and construction of a new ferry terminal. Saint John remains a seller's market, largely due to the influx of immigration. Many people from the western provinces are moving to the area as they realize the booming job market and affordable house prices can provide a great lifestyle.

In **Fredericton**, average house prices have experienced a slight appreciation in the third quarter; while unit sales are up 17 per cent in comparison to the same period in 2006. Despite brisk activity, inventory is in good supply and is meeting the strong demand from all purchaser groups.

**Charlottetown's** housing market saw moderate growth in the third quarter and is poised to increase as new business expands the job market. A new investment management company to the city brings permanent, well-paying positions, which is a highly anticipated change for a city that normally sees seasonality in its job market. First time and move up buyers are dominating market activity and investors are purchasing properties in the form of small apartment buildings or single-family properties to rent out now and retire into later.

In **St. John's**, the economy and consumer confidence are high, due to positive outlooks in business and industry within the province. The government announced new initiatives with Hebron Ben Nevis and Husky with an expected \$22B in revenue to come into the province. Property prices are increasing and demand is outpacing supply, despite the fact that listings are up over this time last year.

The combination of a robust economy, limited inventory and unwavering demand stimulated real estate activity in **Montreal** and led to a moderate rise in average house prices. Recent corporate expansion plans made by companies such as Bombardier have led to a rise in employment levels and continued to further strengthen the economy; ultimately instilling a high consumer confidence.

**Ottawa's** resale housing market maintained its strength in the third quarter from the first half of the year as average house prices experienced steady increases and a rise in unit sales. Affordable interest rates and inflation

rates that remain in check contributed to Ottawa's ever-expanding condominium market. Demand from first-time buyers and baby boomers led to a rise in condominium sales, with the former group purchasing their first homes and the latter buying investment properties.

**Toronto's** resale housing market continued to blaze trails in the third quarter with record-breaking activity levels and average house price increases, driven primarily by a surge in buyers in the city. As one of the world's leading cities, Toronto's housing market is made up of a host of buyers. The traditional homebuyer, typically a married couple, family or single person, has morphed over the last few years. Today's buyer pool has now grown to include friends or even colleagues buying a property together as an affordable means to building equity, while satisfying their living needs. Despite the tight market in the city's core, Toronto's and the surrounding area's market is moving toward more balanced conditions.

In **Winnipeg** a shortage of inventory coupled with unwavering demand led to a healthier and stronger than expected resale housing market in the third quarter. Demand for housing in Winnipeg experienced tremendous growth as buyers from Alberta flocked east after cashing in on their home sales and purchasers from Vancouver, the United States and Europe looked for investment opportunities similar to what Calgary produced a year before. Insatiable demand has prompted over half of the listed homes to sell for asking price or more.

**Saskatoon** held the title of the country's city with the highest average price appreciation during the third quarter, with prices rising dramatically. Strong demand is holding the market in the seller's favour, and despite a slight increase in inventory, there are no signs indicating a shift in the market's condition any time soon. **Regina's** resale housing market remained vibrant through the third quarter as unprecedented buyer demand continued, and was unable to be satiated by existing inventory levels.

Average house prices in **Calgary** continued to experience double-digit gains in the third quarter. While the rate of appreciation has tempered from the pace that characterized Calgary's housing landscape one year ago, the market remains healthy. The past few months have seen a broadening of the inner city perimeter, and new emphasis placed on areas that were previously considered less desirable and too far from the city's core. The combination of the expansion to such areas, with the lingering effects of a seasonal summer slowdown in activity has led to a spike in inventory levels.

Energy-rich **Edmonton** continued to attract buyers to the resale housing market leading to double-digit price appreciations. An increase in inventory has been more than able to satiate buyer demand. Two-storey properties have seen an increase in sales from this period last year thanks to more generous living spaces that are driving move-up buyers to shift from smaller bungalow properties. The condominium market continues to grow in popularity amongst first time buyers and baby boomers.

Stronger than expected summer real estate activity characterized **Vancouver** and **Victoria's** resale housing markets, prompting prices to rise significantly during the third quarter. With the high levels of in-migration that Vancouver experiences, demand for homes in all price ranges and in all parts of the city remains high, while inventory levels remain the same as last year. A strong economy, low unemployment rates and high consumer confidence contributed to the strength of Victoria's housing market.

### Survey of Canadian Average House Prices in the Third Quarter 2007

	Detached Bungalow			Standard Two Storey			Standard Condominium		
Market	Q3 2007 Average	Q3 2006 Average	Bungalow % Change	Q3 2007 Average	Q3 2006 Average	2 Storey % Change	Q3 2007 Average	Q3 2006 Average	Condo % Change
Halifax	198,000	186,333	6.3%	238,333	191,667	24.3%	150,000	142,000	5.6%
Charlottetown	150,000	145,000	3.4%	177,000	175,000	1.1%	100,000	98,000	2.0%
Moncton	157,000	135,000	16.3%	135,000	129,000	4.7%			
Fredericton	155,000	141,200	9.8%	197,000	155,200	26.9%	130,000	126,500	2.8%
Saint John	189,000	141,200	33.9%	240,000	155,200	54.6%	129,000	117,600	9.7%
St. John's	153,667	143,667	7.0%	213,333	200,667	6.3%	160,000	146,333	9.3%
Atlantic	167,111	148,733	12.4%	200,111	167,789	19.3%	133,800	126,087	6.1%
Montreal	225,214	213,691	5.4%	334,813	321,141	4.3%	201,991	193,190	4.6%
Ottawa	305,750	290,083	5.4%	302,917	285,667	6.0%	193,750	181,083	7.0%
Toronto	405,581	378,641	7.1%	523,320	479,477	9.1%	287,039	252,088	13.9%
Winnipeg	204,950	181,579	12.9%	231,833	202,337	14.6%	120,032	105,648	13.6%
Regina	208,000	145,500	43.0%	185,500	158,000	17.4%	131,500	94,500	39.2%
Saskatoon	293,750	183,250	60.3%	323,750	199,650	62.2%	207,500	118,000	75.8%
Calgary	472,522	395,067	19.6%	476,711	405,778	17.5%	293,167	245,844	19.2%
Edmonton	370,000	286,857	29.0%	397,857	316,429	25.7%	266,667	200,433	33.0%
Vancouver	787,500	704,250	11.8%	879,000	794,000	10.7%	419,750	366,250	14.6%
Victoria	400,000	375,000	6.7%	440,000	403,000	9.2%	270,000	229,000	17.9%
National	340,941	298,368	14.3%	407,613	359,464	13.4%	241,818	209,075	15.7%

*Average house prices are based on an average of all sub-markets examined in the area, except for the smaller markets of Charlottetown, Moncton, Fredericton, Saint John and Victoria.*

The Royal LePage Survey of Canadian House Prices is the largest, most comprehensive study of its kind in Canada, with information on seven types of housing in over 250 neighbourhoods from coast to coast. This release references an abbreviated version of the survey, which highlights house price trends for the three most common types of housing in Canada in 80 communities across the country. A complete database of past and present surveys is available on the Royal LePage Web site at [www.royallepage.ca](http://www.royallepage.ca), and current figures will be updated following the end of the third quarter. A printable version of the third quarter 2007 survey will be available online on November 15, 2007.

Housing values in the Royal LePage Survey are Royal LePage opinions of fair market value in each location, based on local data and market knowledge provided by Royal LePage residential real estate experts. Historical data is available for some areas back to the early 1970s.

### **About Royal LePage**

Royal LePage is Canada's leading provider of franchise services to residential real estate brokerages, with a network of over 13,000 agents and sales representatives in 600 locations across Canada operating under the Royal LePage, Johnston and Daniel, and Realty World brand names. Royal LePage manages the Royal LePage Franchise Services Fund, a TSX listed income trust, trading under the symbol "RSF.UN". For more information visit [www.royallepage.ca](http://www.royallepage.ca).

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