

TORONTO HOUSE PRICES INCREASE MARKEDLY IN SECOND QUARTER OF 2014

Buyers clamoring for limited real estate in Canada's largest city

TORONTO, July 9, 2014 – The Royal LePage House Price Survey and Market Survey Forecast released today showed significant growth in prices for all housing types surveyed in Toronto.

Standard two-storey homes saw a sizeable increase of 8.3 per cent year-over-year to \$730,806, while detached bungalows increased by 7.2 per cent to an average price of \$611,906. Standard condominium prices also saw strong growth, increasing by 5.4 per cent to \$380,453.

“There continues to be heightened demand for real estate in the core of the city, largely from immigrants coming to Canada for the first time and professionals from the 905 area looking to cut down on their commute,” said Gino Romanese, Senior Vice President, Royal LePage. “We are experiencing an extended period of insufficient supply, particularly with bungalows and two-storey homes. So long as this persists, we will continue to see upward pressure on homes in Toronto.”

According to Romanese, the shortage of detached homes is unlikely to subside as the types of homes that are most coveted – renovated bungalows and detached two-storey homes – are in short supply.

“The market saw tremendous activity during May and June because of the extended winter. We are still seeing multiple offers on attractive and competitively priced properties,” continued Romanese.

Romanese noted that the condominium market in Toronto also saw strong growth above five per cent, and suggested that purchases from investors are helping push up the average price for this housing type. “Many of these properties are being bought and held as a long-term investment, rather than being flipped and sold for a quick profit. This shows the high confidence investors have in the safety and stability of the city’s real estate,” he said.

“There is also a strong contingent of buyers who are looking to the condo market as a solution to their living needs: more attractive entry prices, closer proximity to work, high-quality amenities and, increasingly, two to three bedroom units that will support young families,” added Romanese.

Looking ahead to the end of 2014, Royal LePage forecasts that prices in Toronto will rise by 8.1 per cent over year-end 2013. “The market will be supported by the steady stream of buyers still eager to find a Toronto home. Based on the pent-up demand, we expect unit sales in the second half of this year to outpace those seen during the same timeframe in 2013.”

Romanese suggested that the prognosis for the area’s economy looks positive, which will continue to lend support to the real estate market.

Nationally, with the harsh winter now a fading memory, the average price of a home in Canada increased between 3.9 and 5.2 per cent in the second quarter of 2014. According to Royal LePage, price increases were posted across housing types, with detached bungalows seeing the highest year-over-year gains, rising 5.2 per cent to an average price of \$406,454. Meanwhile, standard two-storey homes rose 5.1 per cent year-over-year to \$440,972, while standard condominiums posted gains of 3.9 per cent to \$258,501.

"Chronic supply shortages are driving price spikes in Canada's major cities, masking otherwise moderate home price appreciation nationally," said Phil Soper, president and chief executive of Royal LePage. "While a widening affordability gap in Canada's largest urban centres is characterizing the national market Canadians read about daily, year-over-year house price increases in most regions of the country are presently tracking below the historical average."

Looking ahead at the remainder of 2014, Royal LePage is projecting that the national average house price will increase at 5.1% per cent for the full-year.

"Compared to other major forecasts, our year-beginning national outlook predicted a higher level of 2014 average price appreciation, yet supply constraints in a handful of our largest cities necessitate a revision upwards," noted Soper. "Looking ahead to 2015, we expect house prices to

track more closely to the rate of general economic growth. That is, we see price increases in Canada's largest cities moderating, just as our smaller city markets should see a lift."

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About the Royal LePage House Price Survey

The Royal LePage House Price Survey 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 90 communities across the country. A complete database of past and present surveys is available on the Royal LePage website at www.royallepage.ca. Current figures will be updated following the complete tabulation of the data for the second quarter of 2014. A printable version of the second quarter 2014 survey will be available online on August 6, 2014. Housing values in the Royal LePage House Price 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.

About Royal LePage

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of over 15,000 real estate professionals in over 600 locations nationwide. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women's and children's shelters and educational programs aimed at ending domestic violence. Royal LePage is a Brookfield Real Estate Services Inc. company, a TSX-listed corporation trading under the symbol TSX:BRE.

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