

HOUSE PRICE INCREASES FORECAST TO CONTINUE THROUGH TO YEAR'S END FOR MOST CANADIAN CITIES

– Despite easing rates of appreciation, average house prices set to rise by 3.5 per cent nationally by year's end–

TORONTO, July 17, 2008 – Canada's real estate market is poised to maintain the momentum gained from a solid second quarter through to the end of 2008, with Regina set to experience the greatest rise in house prices. While home prices are expected to appreciate in all but two major markets during the year, activity levels across the country are expected to decline from 2007's record-setting pace, as pent-up demand is satisfied and some buyers retreat to the sidelines in the face of increasing economic uncertainty, according to a House Price Survey and Market Survey Forecast report released today by Royal LePage Real Estate Services.

During the second quarter, average house prices rose across most of the country with rates of appreciation easing from the dramatic spikes that were observed in 2006 and 2007. Continued robust demand led to strong double-digit gains in Saskatchewan, Winnipeg and St. John's; while a surge in inventory caused Alberta's white-hot market to record the country's only major-market price decreases.

"Canada's resale housing market proved resilient in the second quarter. In fact, we have been pleasantly surprised that strong fundamentals, such as enduringly positive employment numbers and reasonable mortgage rates, have countered increasingly pessimistic consumer sentiment, based primarily on the American housing recession," said Phil Soper, president and chief executive officer, Royal LePage Real Estate Services.

Added Soper: "After several years characterized by a persistent shortage of listings, home buyers have felt the pressure of bidding wars and take-it-or-leave-it counter offers ease during 2008; home sellers have had to come to grips with the longer time it is taking to sell properties, but can take comfort in a market that continues to support reasonable price increases. Our research indicates that all markets will continue to perform well, albeit at a tempered pace."

The national average house price is forecast to rise by 3.5 per cent, to \$318,000 by the year's end. Home sale transactions are projected to decrease by 11.5 per cent to 461,000 unit sales by the end of 2008.

(more)

Examining figures from the second quarter, the highest average price appreciation occurred in detached bungalows, which rose by 5.6 per cent to \$351,587, followed by standard two-storey properties, which rose to \$418,943 (5.2%), and standard condominiums, which increased to \$248,408 (3.9%), year-over-year.

An extreme inventory shortage has helped pressure prices upwards in the mid-west, while excess supply loosened markets in the previously frenzied Alberta.

While Saskatchewan's cities recorded the country's highest price gains, Winnipeg followed closely behind. Growth in agricultural sectors, and subsequently high levels of immigration required housing that simply could not be met by current levels of inventory. The inevitable result of a booming economy was observed as the markets held strongly in the sellers' favor as house prices skyrocketed in both Saskatchewan and Manitoba.

Despite some mild price erosion during the second quarter in both Calgary and Edmonton, these markets remain strong. Although prices have come down from where they were last year – one of the best years on record – current house prices are far higher than they were three years ago, before energy-rich Alberta experienced its boom. Relative to the rest of the country, Calgary and Edmonton are still home to some of Canada's most expensive real estate.

Montreal, Toronto and Ottawa all experienced strong second quarters, and are poised to continue to see prices appreciate. In all three cities, listings rose during the second quarter, compared to the same period last year. The increase in inventory has translated into fewer, albeit still occurring, multiple offer situations. Homes priced appropriately had listing periods that often lasted one to two weeks during the second quarter; a relatively short period of time by historical standards.

Echoing the trend of the past few months, St. John's has become the economic bright spot of Atlantic Canada. With various new oil projects underway, and others to begin shortly, St. John's is experiencing housing market conditions typically only seen in major metropolitan cities. Skyrocketing house prices and multiple offer situations have quickly swung the city into a sellers' market. Strong demand in the country's eastern provinces has led to many Atlantic cities recording double-digit price increases.

REGIONAL MARKET SUMMARIES

In **Halifax**, strong buyer demand combined with the city's low inventory levels created an abundance of activity during the second quarter leading to many multiple offer situations. Buyer demand was strong during the second quarter with all types of buyers drawn to the market. Looking ahead prices are anticipated to increase, while unit sales are expected to decline.

St. John's had a phenomenal second quarter, characterized by an abundance of buyer activity, with multiple offer situations and bidding wars becoming the norm. With various new oil projects underway, and others set to begin shortly, the strong economy in St. John's has boosted consumer confidence across the city. High buyer demand led to double-digit price increases in all housing types during the second quarter. These strong conditions are anticipated to continue over the next six months.

The housing market in **Moncton** experienced a healthy second quarter, with moderate house price appreciation expected to continue throughout the year. The job market in Moncton is very healthy – in-migration of Moncton natives returning from out west will continue to create activity in the real estate market with prices increasing slightly to year's end.

First time buyers helped boost activity in **Saint John**, showing a preference for homes priced between \$150,000 and \$250,000. Workers returning from the oil fields in Alberta also entered the high-end real estate market leading to strong activity levels in this housing type during the second quarter.

Charlottetown saw a return to a more balanced market during the second quarter – with an increase in inventory coming on stream, ultimately positioning the market in favour of the buyer. The stable housing market in Charlottetown is anticipated to continue through to the end of the year.

In **Fredericton**, the housing market experienced more balanced market conditions during the second-quarter with activity in the condo market tempering from where it was several months ago, as more of this property type was listed on the market. Fredericton's real estate market is anticipated to remain robust for buyers and sellers alike well into the next year.

Montreal's housing market experienced moderate growth during the second quarter, with average house prices inching upwards by high single-digits. Healthy employment rates and the relatively low cost of borrowing money continues to bolster buyer demand, and will help maintain the strength of the market into the second half of the year.

Toronto's real estate market is anticipated to see healthy price appreciations throughout the remainder of 2008. The market is expected to mirror the second quarter's conditions of rising average house prices, which were bolstered largely by healthy buyer demand. During the second quarter, all housing types received considerable buyer attention, with the city's upper end properties doing extremely well. A heightened awareness of the environment, as well as rising prices at the gas pumps, have contributed to an influx of purchasers relocating to the city's core, placing properties near public transit at a premium.

The outlook for **Ottawa's** resale housing market is optimistic, with average prices anticipated to rise and market activity to remain steady, through to the end of 2008. Bolstered by the combination of a robust and unwavering local economy, and high consumer confidence, Ottawa's real estate market maintained its title as the country's most stable market during the second quarter.

In **Winnipeg**, limited new and resale housing inventory continued to tighten the city's real estate market, and will do so for the remainder of 2008. The limited supply of housing throughout the city had a dramatic impact on average house prices, which, for all housing types surveyed during the second quarter, experienced double-digit year-over-year increases. Inventory levels were tightened throughout Winnipeg due to an influx of provincial in-migration, during the second quarter.

Prosperity in both **Regina** and **Saskatoon** – generated by surging commodity prices and market speculation – continued to fuel interest in residential real estate throughout the province. In Regina, all housing types continued to demonstrate their resilience in the second quarter, as even a five fold spike in inventory levels could not dampen price appreciation. As a result, average house prices continued to demonstrate substantial year-over-year gains. Similar to Regina, second quarter house prices in Saskatoon continued to climb at an exceptional, yet slightly slower rate than that of Regina's. Market conditions appeared slightly more balanced in the second quarter, when compared to activity in recent months. Look ahead; listing inventory will rise, resulting in a slight period of stabilization.

Calgary's resale housing market moderated in the second quarter of 2008 – a trend that is expected to continue throughout the latter half of the year. After a period of substantial growth in new housing development and skyrocketing average house prices, Calgary's real estate market took a collective exhale during what is typically one of the market's busiest periods. Signs of a market in the latter stages of a hurried boom are evident in Calgary, primarily in the city's inventory surplus; inventory levels throughout the city will soon return to healthier levels as more speculators move east in search of new real estate development opportunities, while principle-asset homeowners hold onto their existing property until market conditions once again pick-up steam.

Inventory levels – which increased substantially in the last 12 months – also led to a softening of **Edmonton's** housing market during the second quarter. The spike in the city's housing inventory can be largely attributed to new housing construction and market speculation, which, in recent years, have both been rampant. The high inventory levels will dwindle into the second half of the year, and as affordability improves, subsequent market conditions will continue to normalize.

In **Vancouver**, a spike in inventory during the second quarter simmered the heat in the long-standing hot market, resulting in single-digit average house prices increases for most areas examined, when compared to this time past year. Despite the increase in listing volumes, buyer's interest remained strong and it is anticipated that much of the inventory will be absorbed over the next few quarters, leading to low single digit price appreciations through to the year's end.

Victoria's housing market continued to experience average price increases during the second quarter, compared to the same period last year. While average house prices continued to increase, the pace has definitely tempered from the frenetic pace observed in previous quarters. Victoria is experiencing a more normal and healthier real estate market.

Survey of Canadian House Prices Second Quarter 2008 Average House Prices

Market	Detached Bungalows			Standard Two Storey			Standard Condominium		
	Q2 2008 Average	Q2 2007 Average	Bungalow % Change	Q2 2008 Average	Q2 2007 Average	2 Storey % Change	Q2 2008 Average	Q2 2007 Average	Condo % Change
Halifax	\$200,000	\$197,667	1.2%	\$271,667	\$227,000	19.7%	\$154,500	\$145,000	6.6%
Charlottetown	\$156,000	\$147,000	6.1%	\$185,000	\$180,000	2.8%	\$120,000	\$100,000	20.0%
Moncton	\$164,000	\$142,000	15.5%	\$132,000	\$133,000	-0.8%			
Fredericton	\$162,000	\$155,000	4.5%	\$197,000	\$190,000	3.7%	\$126,000	\$130,000	-3.1%
Saint John	\$202,364	\$168,500	20.1%	\$285,179	\$226,500	25.9%	\$119,191		
St. John's	\$181,000	\$147,000	23.1%	\$249,333	\$206,667	20.6%	\$193,333	\$153,333	26.1%
Atlantic	\$177,561	\$159,528	11.3%	\$220,030	\$193,861	13.5%	\$142,605	\$132,083	8.0%
Montreal	\$234,352	\$220,106	6.5%	\$336,443	\$320,946	4.8%	\$204,942	\$195,717	4.7%
Ottawa	\$316,167	\$303,083	4.3%	\$315,750	\$299,667	5.4%	\$203,667	\$191,667	6.3%
Toronto	\$436,782	\$400,025	9.2%	\$564,228	\$534,325	5.6%	\$311,026	\$284,237	9.4%
Winnipeg	\$233,800	\$207,750	12.5%	\$257,800	\$226,714	13.7%	\$144,614	\$117,260	23.3%
Regina	\$278,850	\$204,000	36.7%	\$254,000	\$181,917	39.6%	\$190,000	\$118,300	60.6%
Saskatoon	\$340,375	\$281,250	21.0%	\$388,000	\$305,000	27.2%	\$236,000	\$205,000	15.1%
Calgary	\$438,122	\$459,889	-4.7%	\$437,744	\$465,678	-6.0%	\$285,033	\$300,078	-5.0%
Edmonton	\$320,000	\$374,143	-14.5%	\$348,571	\$397,857	-12.4%	\$226,000	\$263,333	-14.2%
Vancouver	\$857,500	\$787,750	8.9%	\$953,250	\$875,750	8.8%	\$455,750	\$419,250	8.7%
Victoria	\$450,000	\$382,000	17.8%	\$470,000	\$414,000	13.5%	\$295,000	\$260,000	13.5%
National	\$351,587	\$333,044	5.6%	\$418,943	\$398,322	5.2%	\$248,408	\$239,179	3.9%

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, and current figures will be updated following the end of the second quarter. A printable version of the second quarter 2008 survey will be available online on August 15, 2008.

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 14,000 agents and sales representatives in 600 locations across Canada. Royal LePage is managed by Brookfield Real Estate Services, and is part of a brand family that includes Royal LePage, Johnston and Daniel, Realty World and La Capitale. An affiliated company, Brookfield Real Estate Services Fund, is a TSX listed income trust, trading under the symbol "BRE.UN."

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- 30 -

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