

## STABLE NATIONAL REAL ESTATE MARKET FORECAST TO ENDURE

*– Housing market sees bounce back from 'awful winter' - Royal LePage revises forecast to the positive –*

TORONTO, July 7, 2009 – Canada’s resale housing market recovered lost ground in the second quarter and is poised to stabilize for the remainder of 2009, after a very slow start to the year, according to the Royal LePage Market Survey Forecast and House Price Survey released today. As the economy begins to stabilize and consumer confidence improves, house prices are expected to appreciate slightly in much of eastern and central Canada. Greater than national average price declines are predicted for the western cities that saw the greatest price inflation earlier in the decade, including Edmonton, Calgary and Vancouver.

“Given the grim shape that Canada's real estate market was in this past winter, the turnaround we have witnessed in the second quarter is really quite remarkable. We believe this improvement represents a sustainable change across the country. While seasonally weaker conditions are to be expected in the fall, the plucky Canadian real estate market is stabilizing and a healthy level of activity is forecast for the second half of 2009,” said Phil Soper, president and chief executive officer, Royal LePage Real Estate Services.

During the second quarter, average house prices across most Canadian markets began to appreciate, recovering from the lows experienced during the winter months. Average national prices remain slightly behind those posted during the same period in 2008. Of the housing types surveyed, the price of detached bungalows declined to \$327,964 (-3.5 per cent), two storey property prices decreased to \$392,378 (-3.7 per cent), and standard condominiums price points fell slightly to \$236,612 (-4.0 per cent), year-over-year.

Soper observed, “With our industry’s busiest quarter behind us, we feel comfortable revising our 2009 forecast to the positive. When the anticipated market decline struck last winter, it was with greater speed and intensity than predicted, but the strength of the rebound was equally surprising. If general economic conditions continue to improve, as we expect they will, 2009 will be

characterized as a period of moderate housing market correction after several years of above-average price growth.”

The 2009 national average house price is forecast to decline marginally by 2.0 percent, to \$297,500 by end of year and unit sales are projected to fall slightly by 1.0 percent to 430,000.

“Improved affordability, driven by flat or lower home prices and inexpensive mortgage financing, has been the principle catalyst in this recovery. Pent up demand is also a factor in the lift we see in the second quarter numbers. For six months straddling the year's beginning, buyers stayed away from the market in an understandable, emotional reaction to very unsettled global economic conditions. Canadians appear to be stepping beyond these fears and are once again moving onto and up the home ownership ladder,” stated Soper.

In early 2009, the precipitous drop in unit sales remains the most dramatic indicator of the recession's impact on Canada's real estate market. With spring, consumers appeared ready to believe the worst was behind them and returned to the market in force, driving increased activity across each housing type. Couple this with historically low interest rates and leveling unemployment, Canada's residential real estate market got back on track during the quarter.

Undergoing an inevitable cyclical correction, price adjustments can be seen with marked variances across Canada's provinces. As expected, British Columbia and Alberta posted the most significant price modifications, as home values in those markets retreated in the wake of several mid-decade years of unsustainable price inflation, and have now evolved to a more balanced state. Prices appear to have stabilized and it is expected that these regions will continue to see improvements into 2010. In particular, the impact of lower home prices has improved affordability to the point that people are buying homes again on the West Coast, where sales activity has increased substantially.

Alternatively in Atlantic Canada, homes continue to appreciate due to strong local economies, which have helped to shelter the region somewhat from the turbulence witnessed in other provinces. As well, the region's generally moderate home prices have helped keep demand strong. Newfoundland, in particular, stands out as a region that continues to see significant home price

appreciation, as supply cannot keep up with the demand driven by vibrant and growing industries such as those in the province's oil and gas sector.

Meanwhile, home prices in Toronto declined slightly in the second quarter, reflecting the national average trend. In the early spring, it was first-time buyers who triggered the increased activity levels, now those looking to move up are also active in the market. Similar to the situation in other large cities in central Canada, the most desirable neighbourhoods experienced supply shortages, which put upward pressure on prices.

“Looking ahead to the second half of 2009, year-over-year price comparisons will likely appear increasingly more favourable. It is important to remember that the baseline for the latter half of 2008 was unusually low, particularly in the fourth quarter when the full impact of the global financial crisis was felt. Our expectation is that most Canadian regions will experience stable housing prices through into the spring of 2010,” concluded Soper.

## **REGIONAL MARKET SUMMARIES**

### **Halifax**

In Halifax, a stable economy has contributed to a healthy real estate market where average house prices increased modestly despite a slight dip in sales activity. The market is beginning to pick up following a slow first quarter. Pent up demand will see a return to a more active market in the last half of the 2009 with the anticipation of a slight boost in sales activity and average house prices growing at a leisurely pace.

### **Montreal**

The housing market in Montreal experienced a solid second quarter, with average house prices for most property types expected to increase for the remainder of 2009. Higher inventory levels resulted in balanced market conditions seeing the number of new listings equal to the number of sales. Low interest and unemployment rates will help maintain the strength of the real estate market through to the end of the year.

## **Ottawa**

Ottawa continues to remain a steady market for residential real estate, with sales activity in the second quarter coming out strong from a slow first quarter. Ranked number two among Canada's large cities for affordable real estate and coupled with low interest rates, all types of buyers were drawn to the market. House prices are expected to remain stable throughout the remainder of year with numbers slightly higher than anticipated.

## **Toronto**

In Toronto, the real estate market witnessed significant second quarter gains. The return of consumer confidence and an upswing in spring market activity brought house prices and unit sales down as buyers emerged to take advantage of affordable properties and low lending rates. As the market begins its transition from a buyer's market to a balanced market, with indications of a seller's market arising, it's anticipated that the market will stabilize by the end of year.

## **Winnipeg**

Winnipeg's real estate market has remained relatively resilient in the second quarter with average house prices in key housing segments increasing from the first quarter of 2009. Real estate in Winnipeg is modestly priced when compared to other cities in Canada, creating ideal conditions for buyers in the province. Looking ahead, average house prices are anticipated to stabilize for the remainder of the year.

## **Regina**

Regina's real estate market started on the road to recovery in the second quarter of 2009 and is expected to further improve through the remainder of the year. An increase in unit sales helped diminish the city's high inventory levels as buyers are beginning to initiate deals. Recovering manufacturing and resource sectors, new construction activity in Regina, and low interest rates have also helped to improve buyer confidence.

## **Calgary**

With the economic downturn and the oil and gas industry struggling, the housing market in Calgary has been on the decline since 2008, after many years of price inflation at the beginning of the decade. Quarter one of 2009 revealed some signs of price increases and stabilization in certain

areas in Calgary, but the second quarter reveals fluctuations in the market. These price fluctuations are occurring across Calgary in all housing types with the market forecast predicting price reductions for the remainder of 2009.

### **Edmonton**

Housing market conditions in Edmonton were characterized by lower inventory levels and moderate house price increases. Buyer demand was strong during the second quarter as most buyers felt a sense of urgency to capitalize on the recent market conditions. This has led to a slight tightening in Edmonton's housing market with appreciation in average house prices expected for the last half of 2009.

### **Vancouver**

Vancouver's real estate market stabilized in the second quarter of 2009 following a price correction that started last fall moving towards a balance between supply and demand. Properties priced at, or below, market value are generating multiple offers from buyers. Average house prices throughout the last half of the year are expected to inch upwards, but increases will likely be in the low single digits.

Royal LePage's quarterly House Price Survey shows the following annual change of prices for key housing segments in select national markets:

Market	Detached Bungalows				Standard Two Storey				Standard Condominium			
	Q2 2009 Average	Last Quarter Average	Q2 2008 Average	Bungalow % Change	Q2 2009 Average	Last Quarter Average	Q2 2008 Average	2 Storey % Change	Q2 2009 Average	Last Quarter Average	Q2 2008 Average	Condo % Change
Halifax	235,333	215,667	233,000	1.0%	277,333	262,333	275,000	0.8%	164,000	162,000	154,500	6.1%
Charlottetown	160,000	157,000	156,000	2.6%	190,000	188,000	185,000	2.7%	120,000	120,000	120,000	0.0%
Moncton	158,000	156,000	164,000	-3.7%	134,200	134,500	132,000	1.7%	n/a	n/a	n/a	n/a
Fredericton	172,000	167,000	162,000	6.2%	210,000	210,000	197,000	6.6%	140,000	137,000	126,000	11.1%
Saint John	187,681	201,476	202,364	-7.3%	240,889	268,000	285,179	-15.5%	126,000	181,387	119,191	5.7%
St. John's	200,000	193,000	181,000	10.5%	276,000	267,000	249,333	10.7%	215,333	205,667	193,333	11.4%
Atlantic	198,368	190,748	192,636	3.0%	198,368	190,748	192,636	3.0%	174,623	172,423	156,774	11.4%
Montreal	236,148	232,375	234,352	0.8%	337,872	330,056	336,443	0.4%	209,311	206,528	204,942	2.1%
Ottawa	325,417	317,500	316,167	2.9%	325,417	318,500	315,750	3.1%	212,750	207,833	203,667	4.5%
Toronto	416,179	405,286	434,282	-4.2%	544,785	516,052	562,478	-3.1%	296,039	289,397	311,026	-4.8%
Winnipeg	237,750	231,663	233,800	1.7%	262,914	251,721	257,800	2.0%	143,700	145,943	144,614	-0.6%
Regina	272,900	266,625	278,850	-2.1%	245,000	245,000	254,000	-3.5%	180,375	168,806	190,000	-5.1%
Saskatoon	312,250	312,500	340,375	-8.3%	337,250	348,500	388,000	-13.1%	202,500	187,000	236,000	-14.2%
Calgary	401,600	391,833	438,122	-8.3%	400,167	390,689	437,744	-8.6%	252,344	245,756	285,033	-11.5%
Edmonton	302,143	297,857	320,000	-5.6%	328,571	322,979	348,571	-5.7%	203,833	199,167	226,000	-9.8%
Vancouver	760,000	743,750	839,500	-9.5%	846,000	828,750	943,000	-10.3%	424,000	406,500	450,750	-5.9%
Victoria	466,000	453,000	450,000	3.6%	446,000	435,000	470,000	-5.1%	275,000	260,000	295,000	-6.8%
<b>National</b>	<b>327,964</b>	<b>319,865</b>	<b>339,879</b>	<b>-3.5%</b>	<b>392,378</b>	<b>379,708</b>	<b>407,374</b>	<b>-3.7%</b>	<b>236,612</b>	<b>231,526</b>	<b>246,490</b>	<b>-4.0%</b>

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). Current figures will be updated following the complete tabulation of the data for the second quarter. A printable version of the second quarter 2009 survey will be available online on August 7, 2009.

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 brokers 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, and La Capitale Real Estate Network. An affiliated company, Brookfield Real Estate Services Fund, is a TSX listed income trust, trading under the symbol "BRE.UN."

For more information visit [www.royallepage.ca](http://www.royallepage.ca).

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### ***For further information, please contact:***

Tammy Gilmer  
Director, Public Relations and National Communications  
Royal LePage Real Estate Services  
416-510-5783

Melissa Cassar  
Vice President  
Fleishman-Hillard Canada  
416-645-3647