

CANADA'S REAL ESTATE MARKET EXPECTED TO CONTINUE STRONG GAINS INTO THE FIRST HALF OF 2010

– Demand and supply finding balance in the second half of the year–

TORONTO, January 7, 2010 – Canada's residential real estate market is forecast to remain unusually strong through the first half of 2010 as economic conditions across the country improve and the stimulus impact of low interest rates continues to stoke demand, according to today's Royal LePage House Price Survey and Market Survey Forecast. As confidence in the recovery builds in early 2010, increases in average house price levels and overall market activity are expected to continue. The gradual erosion of affordability driven by higher house prices and the expected late-year modest upward movement of interest rates, together with an improvement in listings supply as confidence improves, are expected to bring the market back into balance in the second half of the year, when home price increases are expected to moderate.

“The Canadian real estate market enters 2010 with considerable momentum from an unusually strong finish to the previous year,” said Phil Soper, president and chief executive, Royal LePage Real Estate Services. “The stimulus effect of low borrowing costs has contributed to a sharp rise in demand that has driven activity levels to new highs. This demand, coupled with a typical seasonal undersupply of homes for sale, should cause home prices to continue to appreciate significantly during the early months of the year. Improving supply as the year unfolds and easing demand as the cost of home ownership rises should moderate home price increases in the second half of 2010.”

In contrast to the difficult months during the worst of the recession, house prices appreciated during the later part of 2009, with fourth quarter price averages surpassing averages from the fourth quarter 2008. The average price of detached bungalows rose to \$315,055 (up 6%), the price of standard two-storey homes rose to \$353,026 (up 5.2%), and the price of a standard condominium rose to \$205,756 (up 6.4%). The first two quarters of 2009 saw significant year-over-year price declines across the housing types surveyed and the third quarter provided the first signs saw a strong rebound in Canadian home values.

Regions that saw the strongest declines during the recession are now showing marked gains. Those regions include Toronto and the Lower Mainland, B.C.. Vancouver in particular experienced a robust quarter, with home prices rising across all housing types surveyed.

“No other sector of the economy has been as highly affected by economic stimulus as housing,” commented Soper. “As consumer confidence has improved, Canadians have shown a lingering reluctance to acquire depreciating assets such as consumer durables, but have embraced the opportunity to invest in real property. Predictably, the regions benefiting most from this renewed interest in home ownership are those with lower average house prices and strong economic confidence, such as Winnipeg and parts of Atlantic Canada.”

Soper added, “Our forecast is built upon an expectation that interest rates will ease upward before the year’s end, which should have a dampening effect on demand, allowing it to come into balance with the supply of resale homes on the market. Further, we expect to see an increasing number of homes listed for sale as the year progresses – as Canadians regain confidence in the economy, they should be more willing to enter into a large financial transaction such as the sale of a home.”

REGIONAL MARKET SUMMARIES

Halifax saw varied gains across all surveyed housing types in comparison to fourth quarter 2008. Notably, more affordable homes posted the highest price increases due to the influx of workers returning from Western Canada.

Montreal saw strong gains this quarter as year-over-year price levels rose across all three housing types surveyed. Recent increases in demand have resulted in lower than normal inventory levels. Inventory levels are expected to increase in 2010. Continued demand is expected to result in moderate price levels.

House price levels in **Ottawa** are moderately higher this quarter compared to fourth quarter 2008 across all housing types surveyed. Fourth quarter sales activity did not slow as expected, and the demand has resulted in higher incidences of sellers receiving multiple offers, an unusual occurrence

in end of year activity for this region. While inventory levels are low and there is competition among home buyers, this may abate as the government eases economic stimulus in 2010.

The **Toronto** market saw year-over-year price increases across the housing types surveyed in the fourth quarter. Of particular interest is the increase in sales of higher priced units, which were hit hard by the recession over the previous 12 months. There was a surge of first-time buyers active in the market last year, depleting the inventory of entry-level units. They are expected to be joined by move-up, executive, and luxury buyers in the coming year, resulting in additional price appreciation.

Winnipeg saw some of Canada's largest home price increases this quarter. More than one third of homes sold in the region went for above their asking price driven largely by first time buyer activity. This strong growth is expected to continue well into 2010.

Inventory levels in **Regina** are low, as much as thirty per cent lower than expected for this time of year; this situation should be corrected in the spring of 2010. House prices should continue to increase into 2010, driven by labour force growth in the construction industry.

Price levels in **Calgary** remain constant as the market is correcting from the record growth seen in the middle of the previous decade. Inventory levels are one quarter the levels seen in 2008, and the reduction in choice has delayed purchases. Activity and price levels are expected to increase modestly in 2010.

House price levels in **Edmonton** are also still correcting from the 2005 to 2007 boom. Low inventory levels have provided some price support, and activity is expected to increase in the spring of 2010.

Vancouver saw significant gains in price levels, with average increases of approximately ten per cent across the housing types surveyed. Inventory levels are beginning to decrease, and there has been an increase in sales involving multiple offers. Sales activity may drop off due to the city's focus on the Olympics in the first quarter, but the market is expected to be robust for the remainder of the year.

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			
	Q4 2009 Average	Last Quarter Avg	Q4 2008 Average	Bungalow % Change	Q4 2009 Average	Last Quarter Avg	Q4 2008 Average	2 Storey % Change	Q4 2009 Average	Last Quarter Avg	Q4 2008 Average	Condo % Change
Halifax	238,000	241,000	215,000	10.7%	265,333	265,333	260,667	1.8%	167,000	186,500	159,500	4.7%
Charlottetown	160,000	160,000	157,000	1.9%	195,000	190,000	188,000	3.7%	122,000	120,000	120,000	1.7%
Moncton	152,300	165,240	150,000	1.5%	131,000	137,000	126,000	4.0%				
Fredericton	182,000	180,000	162,000	12.3%	210,000	205,000	210,000	0.0%	145,000	145,000	133,000	9.0%
Saint John	228,000	177,980	225,064	1.3%	299,000	237,905	294,695	1.5%	160,000	136,876	158,283	1.1%
St. John's	217,167	215,000	190,050	14.3%	298,833	296,667	261,800	14.1%	230,333	230,000	203,000	13.5%
Montreal	245,125	240,045	237,855	3.1%	345,789	343,480	308,018	12.3%	216,667	213,278	186,706	16.0%
Ottawa	332,417	328,667	321,333	3.4%	331,917	327,833	320,083	3.7%	218,167	213,583	207,833	5.0%
Toronto	446,214	437,929	405,917	9.9%	564,175	561,725	544,842	3.5%	309,316	300,632	300,722	2.9%
Winnipeg	241,650	240,875	219,886	9.9%	275,500	265,938	250,529	10.0%	153,929	145,614	133,083	15.7%
Regina	273,000	273,000	274,167	-0.4%	259,000	251,500	245,000	5.7%	185,000	185,000	172,917	7.0%
Saskatoon	310,500	311,500	300,000	3.5%	338,750	340,750	328,750	3.0%	197,500	210,000	186,500	5.9%
Calgary	412,478	401,944	410,333	0.5%	427,067	414,556	417,511	2.3%	256,056	249,500	257,189	-0.4%
Edmonton	299,286	308,571	301,429	-0.7%	340,557	327,429	344,636	-1.2%	213,380	213,250	206,854	3.2%
Vancouver	828,750	802,500	743,750	11.4%	917,500	904,750	837,500	9.6%	452,750	445,500	405,000	11.8%
Victoria	474,000	465,000	440,000	7.7%	449,000	449,000	433,000	3.7%	265,000	275,000	265,000	0.0%
National	315,055	309,328	297,111	6.04%	353,026	344,929	335,689	5.2%	205,756	204,358	193,474	6.35%

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. Current figures will be updated following the complete tabulation of the data for the fourth quarter. A printable version of the fourth quarter 2009 survey will be available online on February 5th, 2010.

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

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