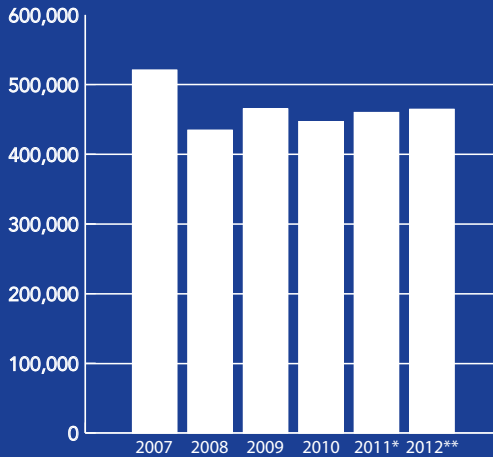


RE/MAX[®] HOUSING MARKET OUTLOOK 2012



Canadian Overview

CANADA
Residential Unit Sales 2007 – 2012



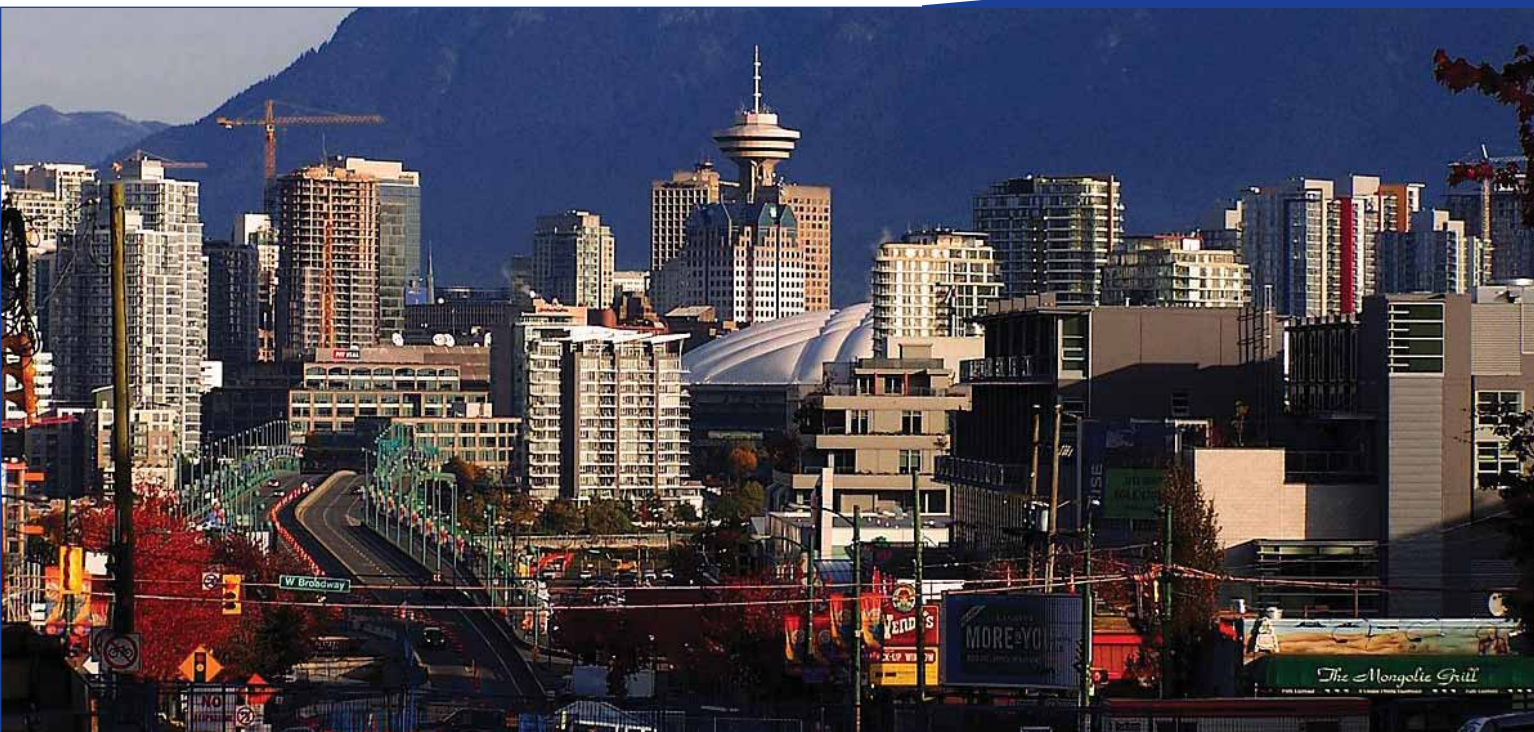
*Estimate **Forecast
Source: RE/MAX, CREA

Canadian housing markets showed remarkable resilience in 2011, with most expected to defy expectations and post positive numbers at year-end. Nationally, an estimated 460,000 homes are expected to change hands, up three per cent over the 447,010 properties sold in 2010. The average price of a Canadian home is forecast to climb seven per cent to \$363,000 in 2011, up from \$339,030 one year prior. While off to a slow start initially, homebuying activity gained momentum over the traditionally quiet summer months. By early fall, markets were firing on all cylinders, closing the gap between 2010 and 2011 figures for unit sales and average price. By year-end, 85 per cent of markets were expected to finish the year on par or ahead of 2010 levels in terms of unit sales, and 88 per cent were forecast to experience upward trending in average price.

Low interest rates were the primary impetus, driving first-time and move-up buyers into the Canadian housing market. Inventory levels were tighter earlier in the year—resulting in bidding wars in many major Canadian centres—particularly Greater Vancouver, Greater Toronto, and Ottawa. By summer, however, conditions had eased, and the market had slipped into more balanced territory. A greater selection of product was listed for sale and homebuyers were on the move once again. The top-end was especially brisk—posting serious gains in markets such as Greater Vancouver, where sales over the \$2 million price point more than doubled over 2010 levels. The condominium market was solid as well, providing many young purchasers with an affordable first step to homeownership. The lifestyle also resonated with empty-nesters and retirees, many of whom were seeking larger apartment units, townhomes, bungalofs, or garden homes.

The Canadian housing market was just hitting its stride when global economic turmoil broke out. Amid stock market volatility, the threat of a double-dip recession south of the border, and one European debt crisis after another, Canadians were out buying real estate. The country's sound



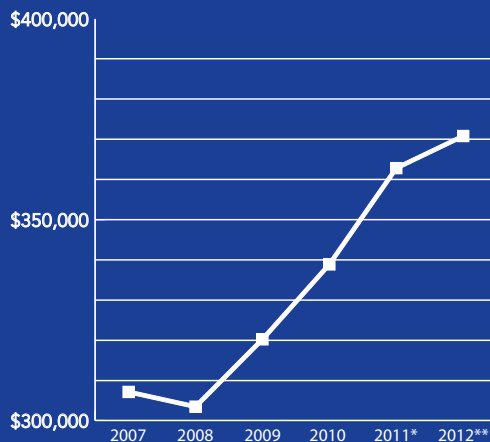


economic fundamentals supported the trend, with job stability the cornerstone. Despite it all, more than 200,000 jobs were created in 2011 and the employment picture continues to improve. GDP growth in the country is expected to climb, albeit slowly, posting 2.3 per cent growth in 2011, followed by 2.5 per cent growth next year.

The latter half of 2012 has been earmarked as a period of renewed economic growth, stronger than previously predicted, as overall confidence recovers. By 2013, the Canadian economy is expected to expand significantly, growing by an estimated 2.9 per cent.

The takeaway is that Canadians believe in home-ownership—and they continue to demonstrate that mantra day after day. Whether they're buying their first home, investing in their principle residence through renovation or trading-up to a larger home, it's on their radar. As a result, the future of residential housing markets across the country remains bright, with 85 per cent reporting an upswing in average price next year, while over 88 per cent project a match or increase in the number of homes sold in 2012. Nationally, the number of home sales is expected to climb one per cent to 464,500 units, while average price appreciates two per cent to \$371,000.

CANADA
Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

British Columbia

Greater Vancouver

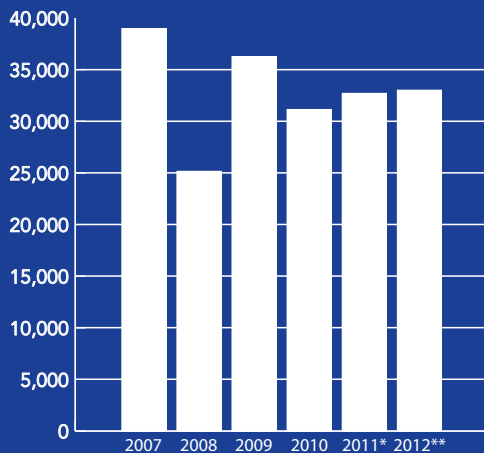
After an exceptionally strong start, residential real estate activity in Greater Vancouver pulled back as the severity of global instability became increasingly obvious. Just 32,700 homes are expected to change hands in the city as a result in 2011, up five per cent over the 31,144 units reported in 2010. Affordability may have also played a role as average price approaches \$790,000—up a substantial 16 per cent over 2010 levels—making homeownership affordability a concern for some first-time buyers. Despite these issues, Greater Vancouver's housing market remains fundamentally sound. Inventory levels at year-end had vastly improved, easing upward pressure on housing values. Fewer investors were noted in the marketplace, with bidding wars the exception rather than the rule. More balanced conditions characterized Greater Vancouver's residential real estate market in the latter half of the year, with buyer's having a slight edge. Condominium sales remained steady, driven primarily by first-time



buyers looking to take advantage of historically low interest rates. The top end of the market also held up well, with unit sales of properties priced in excess of \$2 million more than doubling over the previous year.

From an economic standpoint, the province, and more specifically, Greater Vancouver, is ideally positioned moving into 2012. GDP growth in BC is expected to hover at 2.1 per cent in 2011 and climb to 2.3 per cent in 2012. Further bolstering that figure is an \$8 billion shipbuilding contract recently awarded to Seaspan Marine Corporation to build seven non-combat ships. Billions of dollars are expected to filter into local economies in the next eight years, creating more than 4,000 jobs. BC exporters have also done an excellent job of diversifying their businesses into non-traditional markets such as China, Japan, South Korea, and Taiwan. Wood products, in particular, have experienced a surge. Total migration into the province is expected to add 52,700 people to the province in 2011, followed by an uptick to 61,000 in 2012. Unemployment levels in the province are expected to hover at 7.6 per cent, falling to seven per cent by 2012. Vancouver currently sits at 6.8 per cent (October).

GREATER VANCOUVER AREA
Residential Unit Sales 2007 – 2012

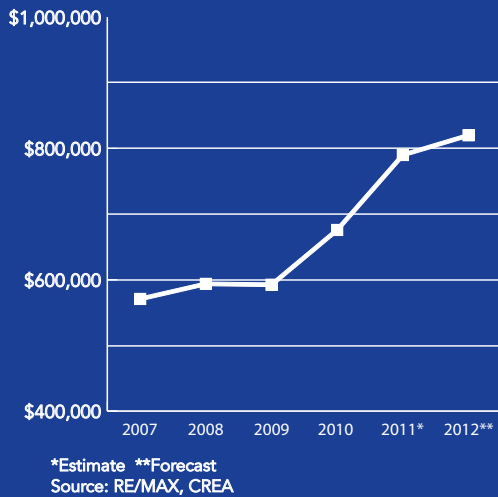


*Estimate **Forecast
Source: RE/MAX, CREA

Victoria

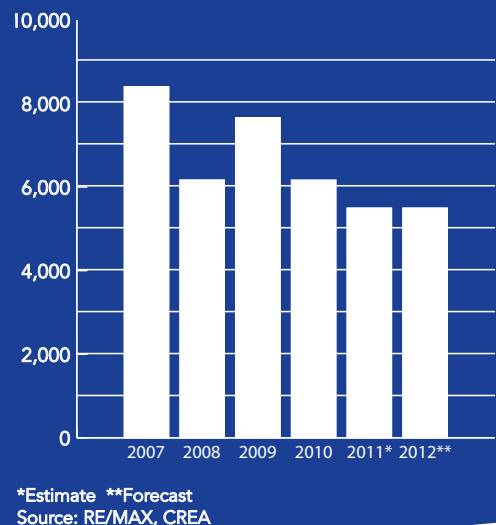
Economic concerns continued to hamper home-buying activity in Victoria throughout 2011. Despite a moderate rebound in the late summer and early fall, residential sales in the city are expected to close the year down 11 per cent from the 2010 figure, falling to 5,500 units. Average price, however, is forecast to remain stable at \$504,000—matching last year’s levels. Given the increasing supply of homes listed for sale, now hovering at a 15-year high, it is unlikely that price will appreciate further until the current inventory is absorbed. Demand for affordable product remains consistent, especially at entry-level price points, where fewer listings are available. Condominiums priced between \$200,000 and \$250,000 have been popular with younger, first-time buyers, with new projects planned down the road. Developers are banking on a continuation of solid demand at entry-level price points when introducing new product to the market. Single-detached homes, ranging in price from \$500,000 to \$550,000, have also been sought-after, and well-priced properties in that price range tend to move quickly, while those that are overpriced continue to stagnate. The top end of the market has been brisk as well, with affluent purchasers taking advantage of softer values in luxury product. Sales over \$1 million are on par with 2010 levels—contrasting the overall

GREATER VANCOUVER AREA Residential Average Price 2007 – 2012



Given strong underlying fundamentals, the Greater Vancouver residential real estate market is expected to bounce back in 2012. Sales are forecast to hold relatively steady at 33,000, while average price is projected to climb a further four per cent to \$820,000. The major factors fuelling home-buying activity in the new year are job security and low interest rates. Areas like the North Shore and Burnaby will likely realize the positive effects of the Seaspans contract first, before other parts of the city. First-time buyers will be the engine driving the market in 2012, while the move-up/down segment will also be active. The upper-end is expected to remain robust, with supply meeting demand. Condominium ownership will continue to resonate with first-time buyers. Builders and developers, as a result, are still active in the various areas around Vancouver, buying up land in prime locations. Other trends include new housing developments that address environmental and green issues that offer energy saving. South Surrey’s example of a new self-contained commercial/retail/residential complex—a lifestyle centre comprised of shops, restaurants, and apartments—has also been well-received, and the template should be spun out in other areas of the city moving forward.

VICTORIA Residential Unit Sales 2007 – 2012



market. The \$700,000 to \$900,000 price point remains most vulnerable, with move-up buyers skittish about buying property.

While the local economy remains relatively stable, the global picture has Victorians on the edge. Instability in European markets, the threat of a secondary recession south of the border, and stock market volatility continue to weigh heavily on the minds of consumers. Still, Victoria has one of the lowest unemployment rates in the province, hovering at 6.1 per cent in October. Greater clarity in the HST transition rules—expected to be phased-out in 2013—would serve to boost homebuying activity in the city. In spite of interest rates at historic lows, many purchasers continue to sit on the fence.

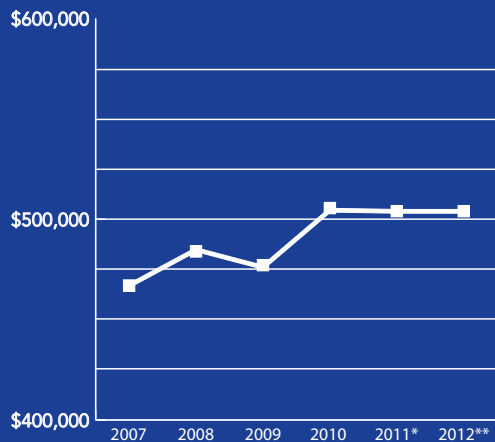


Kelowna

2011 marked a year of stabilization for Kelowna's residential real estate market, as activity and prices firmed up. Entry-level buyers led the charge, while the move-up segment regained some momentum. Consumer confidence is the greatest variable impacting demand and will continue to be the wild card moving forward. Purchasers remain cautious and are taking their time making decisions, given the ample supply of inventory. The market remains firmly in buyer's territory—a fact, coupled with low interest rates, that has buoyed the real estate sector. Sales have remained relatively steady and are expected to finish the year up two per cent to 3,350 units. Average price will post a four per cent decline to \$405,000—a reflection of the solid activity at the lower-end price points.

Stronger employment growth in 2012—both locally and in neighbouring Alberta—is expected to have the greatest impact on Kelowna's economic outlook. Regionally, an increase in full-time positions is forecast for the year ahead, most notably in the service sector and in construction. The unemployment rate has been trending steadily downward—hovering at 7.5 per cent in October—and it is anticipated to fall back further next year. Investment is occurring across the city, with ongoing expansion at UBC Okanagan, the Kelowna International Airport and at Kelowna General Hospital. Another bright spot has been stronger-than-expected exports in 2011, as the focus shifted from U.S. demand to supplying emerging markets such as China. The forestry sector has benefited considerably. This more diver-

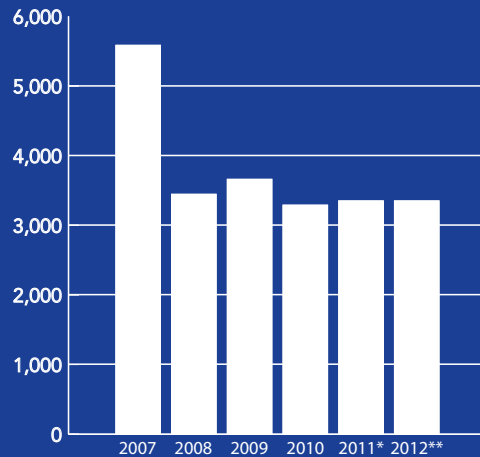
VICTORIA
Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

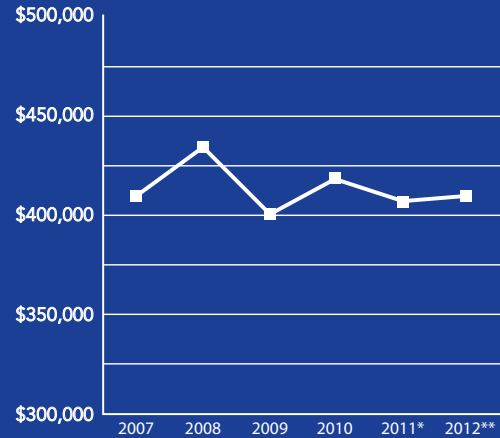
Victoria's residential housing market is expected to plateau in 2012—with sales and average price forecast to hold steady. Buyer's market conditions will prevail for much of the year. Inventory levels are expected to trend downward, absorbed by late 2012 or early 2013. An improved economy and resolution of the HST issue should help prop up Victoria's residential housing market in the years ahead.

KELOWNA***
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

KELOWNA***
Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

sified demand will bode well for British Columbia going forward. The population remains on a growth trajectory in the Okanagan, albeit at a slower rate than in years past. However, with continued economic recovery, job growth and a focus on expanded health services, the area should post greater net-migration in 2012.

Good opportunity exists for undaunted buyers in Kelowna's existing home market. No one has been more in tune with that reality than eager investors, who have doubled their activity since the outset of the year—comprising five to six per cent of the market at the beginning of 2011 and now accounting for approximately 11 per cent of all sales. They continue to seek out well-priced single-family homes, multi-plexes and apartments in good neighbourhoods. This activity may slow slightly in 2012, as supply becomes more balanced in the second half of the year. The condominium segment is expected to remain healthy—propped up by baby boomers, retirees and first-time purchasers. In the short-term, single-detached and semi-detached housing is expected to benefit from greater attainability. First-time buyers are anticipated to be the driving force once again next year, spurred by a strong belief in and desire for homeownership—a trait that holds strong among Generation X and Y. The upper-end of the market, which held up fairly well in 2011, will remain steady

in 2012. By year-end, average price is forecast to post a two per cent gain to \$412,000, while unit sales remain on par with 2011 levels.

Alberta

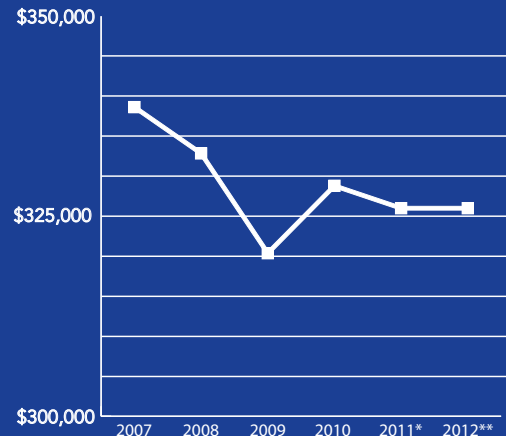
Edmonton

Softer housing values served to stimulate home-buying activity in Edmonton in the latter half of the year, resulting in a modest increase in unit sales. An estimated 16,850 properties changed hands in 2011, up three per cent from the 16,403 sales posted at year-end 2010. Average price—affected by excess inventory—is expected to decline one per cent to \$326,000, down from \$328,803 last year. Buyer's market conditions prevailed throughout much of 2011, in large part due to the supply of homes listed for sale. While inventory is slowly absorbed, the market is not expected to return to stability until mid-2012. First-time buyers were the major drivers in the market this year, sparking demand for single-detached homes priced below \$350,000 and townhouse condos between \$215,000 and \$230,000. Entry-level product, in general, tended to fare better than more expensive homes, despite ideal trade-up opportunities. Sales over the \$400,000 price point remained sluggish, with fewer buyers in the market. Investors have reappeared in

the Edmonton area, buying up income properties across the board. Many are from out-of-province, looking for a safe place to park their money. Vacancy rates remain low as some renters—future potential purchasers—have placed their home-buying plans on hold in anticipation of softer values down the road.

Economic performance in the province remains strong, a trend that is expected to continue in the new year. Alberta will be one of the leaders in GDP growth in Canada in 2012, with an estimated year-end rate approaching 3.9 per cent. As the economy continues to ramp up, so too will residential housing markets in the province. Solid fundamentals are in place. Edmonton boasts one of the lowest unemployment rates in the country, now hovering at 5.4 per cent (October). Job security is a non-issue, with job fairs popping up with increasing frequency. Sales of big ticket items—including motor vehicles—have provided a glimpse of the confidence returning to the marketplace. Housing starts, down in 2011, are expected to climb again in 2012—settling in at 30,000 units. Net-migration to the province is also on the upswing, expected to climb by 32,000 people in 2012. A provincial election in 2012 should have a positive impact on the economy and the housing market moving forward.

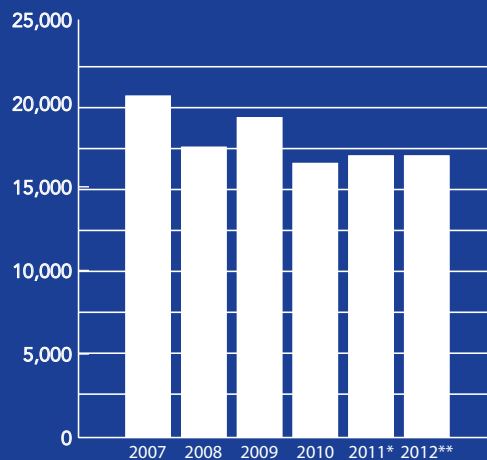
EDMONTON Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

Edmonton remains one of the most affordable large markets in Canada. While both sales and average price are expected to remain stable—on par with 2011 levels—the market is forecast to return to more balanced conditions. A projected increase in pent-up demand, prompted by the threat of higher interest rates, is expected to induce homebuying activity in the latter half of the year. First-time buyers will once again lead the charge, while move-up purchasers slowly enter the market for mid-priced properties. Condominium values should stabilize, providing younger buyers with an opportunity to gain a foothold. Investors should continue to be a force, with condominium town-homes their investment of choice.

EDMONTON Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

Calgary

Fuelled by low interest rates and job security, demand for residential real estate in Calgary is on the upswing. By year-end 2011, 22,500 homes are expected to change hands, an eight per cent increase over the 20,801 sales reported in 2010. Average price is forecast to appreciate as well, rising a modest one per cent to \$405,000 in 2011, up from \$401,186 one year ago. Buyers in the city are cautiously optimistic after more than two years of recession, making their moves while interest rates are at historic lows and housing values are affordable. Single-family homes remain most popular with purchasers, representing close to

60 per cent of total residential sales. Demand is greatest for entry-level product, priced between \$350,000 and \$450,000. Condominium apartments and town homes have also experienced solid momentum in recent months, with the lion's share of activity occurring from \$200,000 to \$300,000. Luxury home sales—priced in excess of \$1 million

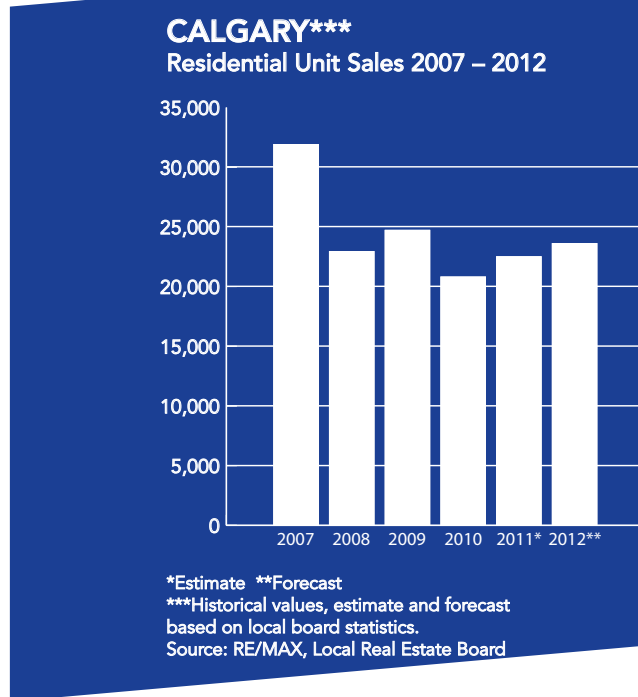
with canola crops on track for a record harvest. Prices are expected to remain strong, supported by increased global demand. Professional services have shown significant gains in recent years—with demand for technical, scientific and legal professionals expected to remain strong.



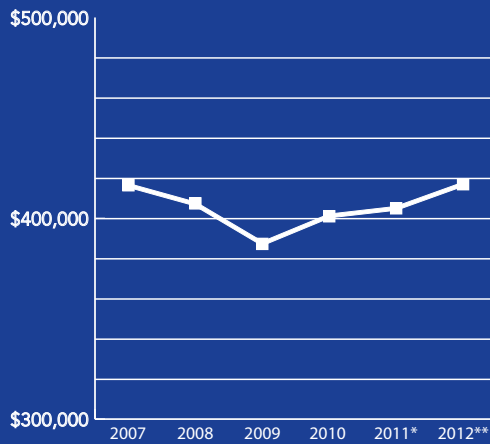
—have been particularly brisk, up approximately 25 per cent over 2010 levels. While global concerns still loom overhead, the market appears to be gaining some traction moving into the new year. The recent boom in commercial and industrial construction, as well as non-residential infrastructure projects—such as the new airport runway and the tunnel connecting the east and west end of the city—all position Calgary for the future.

Against a positive economic backdrop, Calgary's residential real estate market should show clear signs of recovery in 2012. Housing sales are expected to climb, rising approximately five per cent to 23,600 units. Resale values are forecast to appreciate, with a three per cent uptick expected by year-end, bringing average price in Calgary to \$417,000. Although inventory levels should continue to trend downward, balanced conditions will characterize the market throughout much of the year. First-time buyers are expected to continue to capitalize on low interest rates, while move-up buyers cautiously enter the market in the mid-range price points. Sales in the upper-end are expected to remain robust.

The economic outlook for Calgary is exceptionally bright moving forward, based on a number of key factors. Recovery has finally taken hold in the labour market, with employment growth expected to hit 2.5 per cent this year and 2.7 per cent in 2012. Disposable income is forecast to rise in tandem, as job security and confidence return to the market. Population growth projections range from 0.9 per cent in 2011 to 1.3 per cent in 2012, bringing total population to 1.35 million at year-end 2012. Housing starts will climb as a result, and in turn, bolster the residential resale market. GDP growth in Calgary will hover at 2.9 per cent in 2011—and rise to 3.5 per cent next year. The stage is also set for provincial growth. Despite a disruption in oil production, the province has bounced back in large part due to ramped up production of crude oil output. Investment in the oil and gas sector continues unabated, with more than \$24 billion earmarked for 2011. Major mining and upgrading developments are progressing well and the benefits are spreading throughout the Alberta economy. The province's agricultural sector has seen an upswing in planting acreage,



CALGARY***
Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

the past year, the city still offers up some of the most affordable housing product in the country. As such, the potential for even greater activity is significant moving forward.

Virtually every economic sector fired on all cylinders in Saskatchewan in 2011. From natural resources to agricultural production, the province boasted the highest GDP growth rate in Canada at 4.3 per cent—and projections for 2012 place Saskatchewan at the top again, with an estimated 4.1 per cent increase. Regina was one of the provincial leaders in job creation this year, with an unemployment rate hovering at 3.8 per cent in October. The city is vibrant with both residential and non-residential construction—including two new class A offices towers in the downtown core—and an abundance of new subdivisions. International immigration has seriously contributed to population growth in recent years, offsetting a decline in inter-provincial net flows, and boosting demand for housing across the board. Manufacturing is the next sector poised for growth in the city.

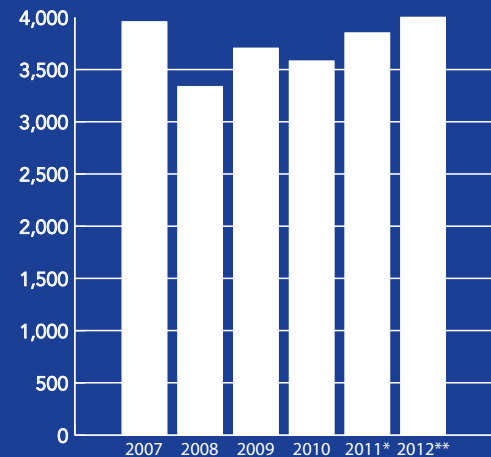
Saskatchewan

Regina

Strong economic performance has fuelled healthy residential real estate activity in Regina this year. Home sales are expected to climb seven per cent by year-end 2011 to 3,850 units as a result, while average price continues its meteoric rise, appreciating seven per cent to \$278,000 in Regina and surrounding areas. Solid consumer confidence levels—buoyed by job creation efforts and unlimited potential—are in large part responsible for the upswing in the housing market. Dollar volume is expected to surpass \$1 billion for the first time in the city's history. Seller's market conditions existed throughout the year as the sales-to-new listings ratio hit 90 per cent in the city and 72 per cent on the periphery in the latter half. Builders turned up the heat with several new developments. The upper-end has also experienced a serious uptick, with buyers demonstrating new faith in residential real estate. New condominium projects, offering townhouse units from \$500,000, best illustrates the phenomenon. The condominium lifestyle continued to resonate with purchasers—particularly first-time buyers and empty-nesters. While affordability has diminished over

Optimism is once again expected to spur home-buying activity in 2012, with residential sales rising three per cent to 4,000 units—a new record for the city. Average price is forecast to climb another eight per cent, settling in at \$300,000. While inventory levels are expected to remain rela-

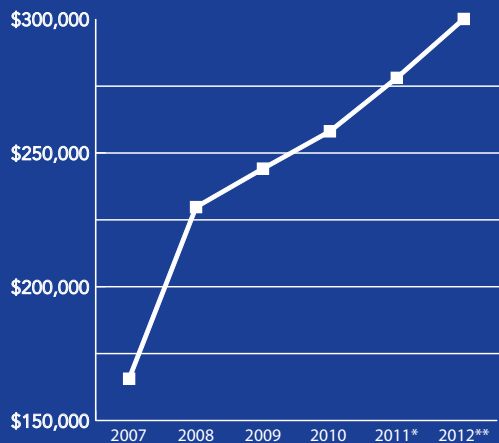
REGINA
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

tively low, it's anticipated that market conditions will head into more balanced territory. Strong demand for all housing types—in all price ranges—will characterize the market next year.

REGINA
Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

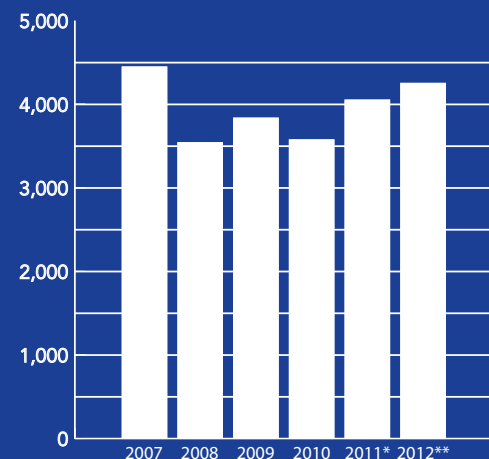
Saskatoon

A solid economic footing has contributed to a significant upswing in homebuying activity in Saskatoon. Home sales are expected to top 4,050 units in 2011, up 13 per cent over the previous year, and the second best year on record for the city. Average price has maintained its upward trajectory, breaking through the \$300,000 benchmark, and is expected to settle at \$308,600 by year-end—an increase of four per cent over 2010 levels. Balanced market conditions, characterized by a good selection of homes listed for sale at fair market value, created an ideal environment for both first-time and move-up buyers. Although occasional multiple offers occurred in certain hot pockets, they were generally the exception rather than the rule. Demand was greatest for homes priced from \$300,000 to \$350,000 for much of the year. Strong consumer confidence was the catalyst for the residential real estate market, which translated into sales across the board. Buyers were interested in virtually all types of properties,

ranging from new construction in suburban communities to character homes in older, established neighbourhoods. Condominiums continued to fare well, a popular choice with entry-level purchasers and downsizing baby boomers. Affordability has been driving this segment of the market, with a one-bedroom unit on Saskatoon's west side starting as low as \$100,000 and \$150,000 on the city's east side. Condominium townhomes have also seen an uptick. Boomers have embraced the condo lifestyle, and they've demonstrated a strong desire for quality and amenities. Most are seeking out product priced at \$350,000, but not enough supply exists. More of this product is under construction, as builders slowly address the needs of shifting demographics. Luxury home sales surged, with product over the \$500,000 price point up approximately 50 per cent over 2010. The pursuit of homeownership will remain front and centre once again in 2012, fuelled by confidence and a positive economic outlook.

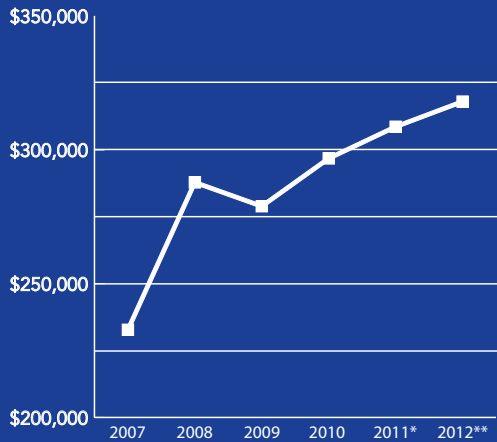
The province of Saskatchewan continues to demonstrate strong underpinnings, which have driven GDP growth to the highest level in Canada in 2011 at 4.3 per cent. The province is positioned to lead the nation forward in 2012, once again a frontrunner in GDP growth forecast at 4.1 per cent. A strong natural resource sector continues to prop up manufacturing, income and capital ex-

SASKATOON
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

SASKATOON Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

penditures, while the growing oil and gas industry benefits from solid investment and greater production. Demand for potash is also on the rise—expected to climb 20 per cent in 2012. On the agricultural front, rising grain prices and stronger global demand for grain will continue to advance GDP next year. Solid retail spending has been bolstered by an exceptionally low unemployment rate, with Saskatoon hovering at 5.4 per cent in October. Further job growth is anticipated in the months ahead. Saskatoon continues to record healthy population increases.

The future is bright for residential real estate in Saskatoon. The city is expected to join Calgary and Halifax-Dartmouth in leading the nation in sales appreciation next year at five per cent. Four thousand, two hundred and fifty homes are forecast to change hands. Average price will climb three per cent to \$318,000. A combination of low interest rates and solid economic growth will encourage first-time buyers and renters to make the leap to homeownership, while experienced purchasers trade up. Look to the upper-end of the market to record strong activity once again next year. Purchasers and vendors will remain on even footing, as balanced market conditions prevail.

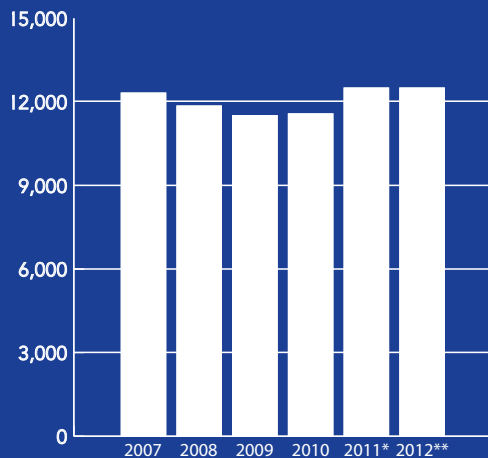
Manitoba

Winnipeg

Entry-level buyers fuelled activity in Winnipeg's residential real estate market in 2011, driven by attractive interest rates and affordability. Income growth spurred consumer confidence and buyer intentions, while the city's population continued to rise, supporting new household formation. Sales were strongest in the \$150,000 to \$250,000 price range, with the lion's share of activity in the southwest and southeast areas of Winnipeg. Seller's conditions characterized the market, and multiple offers continued to occur on well-priced, quality product, although the phenomenon began to taper somewhat in the third quarter. While bidding wars remained as frequent at year-end, they attracted fewer participants overall. With the belief in homeownership as strong as ever, Winnipeg's real estate market is on track to post a near-record performance. Unit sales should reach 12,500 units by year-end, an increase of eight per cent, while average price climbs four per cent to \$240,000.

The outlook for 2012 remains strong, as Manitoba is expected to be among the frontrunners for provincial GDP growth with an estimated growth

WINNIPEG Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA



rate of 3.5 per cent. Given this year's poor weather conditions, agricultural production is expected to exceed 2011 levels. Strength is forecast in a number of sectors in 2012, including manufacturing (machinery and chemical production), mining, oil and gas and utilities. The latter will be significantly bolstered by the completion of the Wuskwatim hydro-electric dam and additional revenue from electricity exports moving forward. Contracts with the U.S. will also support the construction of the new Keeyask hydro dam. New construction will continue unabated, with housing starts anticipated to remain stable at 5,500 units next year. Winnipeg's unemployment rate remains among the lowest in the country, hovering at 5.8 per cent in October, and expected to fall further in 2012.

The outlook for Winnipeg is vibrant. A continuation of healthy fundamentals set the stage for another strong year of real estate activity. Unit sales are forecast to match 2011 levels, while average price climbs a further three per cent to \$247,000. The moderate appreciation will be due to a rise in inventory levels, which should prompt a return to more balanced conditions. First-time buyers will lead the charge once again. Investors will remain active, placing greater emphasis on real estate, as volatility in the stock market continues. Older homes in prime areas and condominiums will continue to be sought after. Baby boomers will also contribute to strengthening demand for condominiums, as

the product gains a greater share of overall sales. This housing type will continue to experience a slightly higher rate of appreciation than other product. The upper-end will remain stable, although days on market will continue to edge up in 2012. Activity may gain momentum in certain pockets of the city, including within proximity to the new stadium and the city's new IKEA.

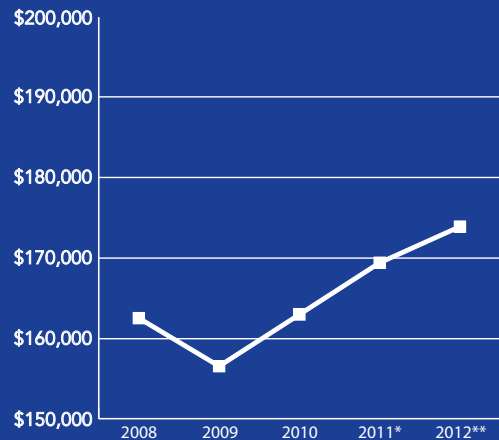


Ontario

Windsor

A strong provincial economy and low interest rates helped buoy demand for residential real estate in Windsor in 2011. By year-end, 4,800 homes are expected to change hands, matching last year's levels. Average price is forecast to appreciate four per cent to \$169,500, up over the \$163,054 reported in 2010. Affordability remained a considerable factor attracting purchasers to homeownership. First-time buyers were a force in the market, with most looking for detached homes priced from \$100,000 to \$180,000. Move-up buyers and new residents were also active, fuelling demand for ranch-style and two-storey homes priced between \$180,000 and \$260,000. The upper-end of the market remained strong, with close to 100 sales over \$420,000 posted by year-end. Freehold, one-floor townhomes offering low or no maintenance fees continued to be the preferred choice amongst empty-nesters and retirees. Fewer high-rise condominium units have been sold as a result. Balanced market conditions existed for much of the year, with supply meeting demand.

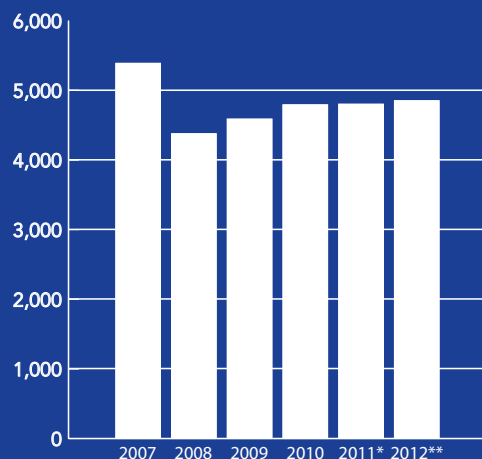
WINDSOR – ESSEX***
Residential Average Price 2008 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

New home construction is forecast to increase this year and next, especially in peripheral areas. Most of the new builds are priced from \$250,000 - \$450,000, but more units are expected to come on-stream in the year ahead at popular price points ranging from \$160,000 - \$250,000. Investor activity is also on the upswing in the area, with out-of-town buyers who have demonstrated a strong penchant for Windsor real estate.

WINDSOR – ESSEX***
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

Windsor's economy is expected to continue to bounce back after one of the severest downturns in the country. A steady stream of positive economic news, including major construction on the \$1.6 billion Windsor-Essex Parkway—leading to the planned new border-crossing bridge—the revival of the auto industry, and announcements of new solar and wind energy jobs coming to the region, is expected to result in job creation and economic growth. The unemployment rate continues to trend down—a phenomenon that will continue as more people return to the workforce. By 2015, unemployment levels are expected to hover at 7.8 per cent. Windsor's real GDP is expected to grow 3.9 per cent this year, and climb to 4.3 per cent in 2012.

With economic fundamentals on the upswing, the future bodes well for residential real estate in Windsor. The number of homes sold by year-end is expected to experience a modest increase of approximately one per cent—bringing sales to 4,850 units, while average price is expected to post further gains, rising three cent to \$174,000 in 2012. More purchasers are expected to enter the market as consumer confidence gains momentum. While first-time buyers will play an integral role in 2012, move-up buyers and investors should contribute to healthy activity. Balanced conditions are forecast for much of 2012, although any decline in inventory levels combined with an increase in the number of buyers entering the market from abroad, could prompt a shift to seller's territory.

London – St. Thomas

Stability once again characterized London-St. Thomas' real estate market in 2011. While first-time and move-up buyers worked in tandem, entry-level purchasers proved a stronger force, depleting starter stock and driving up prices. Activity remained greatest in the \$150,000 to \$240,000 range, while at the other end of the spectrum, the upper-end of the market remained solid—keeping pace with very healthy 2010 levels.

The demand for greater square footage was evident in 2011, as buyers flocked to the periphery to snap up new or newer product—under 10 years of age. Move-up buyers gained greater momentum by year-end, while baby boomers drove demand for one-level living in the form of garden homes and condominium bungalows priced from \$250,000 to \$350,000. Solid demand for existing homes is expected to drive unit sales to 8,100 units by year-end, on par with year-ago levels, while average price posts a two per cent gain to \$233,000.

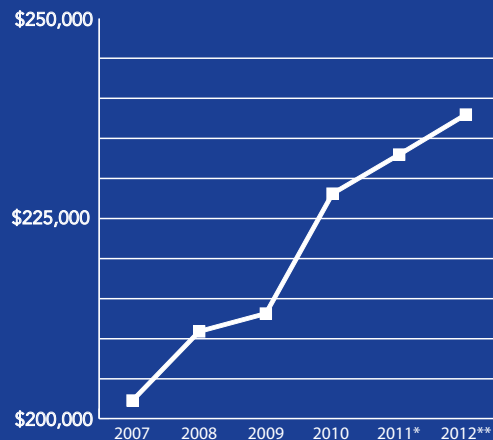
Although London's unemployment rate edged up in 2011, given softer U.S. demand which impacted the manufacturing and service sectors, the picture is expected to improve in the city in 2012. Full-time jobs were on the rise in the second half, offsetting part-time losses. London's health and educational institutions continued to attract skilled workers from abroad to fill knowledge-based, professional positions. The city's status continues to be elevated by its reputation as a respected centre of research and innovation. Expansion continues at both Western University and Fanshawe College. On-going development near the airport—a positive offshoot of its new duty-free status—will eventually lead to jobs and fur-



ther housing construction. Strength is expected in several key sectors in 2012, including finance, insurance and real estate, as well as science and technology-based professions.

Consumer confidence should remain stable in the city, as economic recovery continues both at home and south of the border. The demand for existing housing is expected to remain on par with 2011 levels, while average price climbs a further two per cent to \$238,000. Condominiums will continue to experience growth in 2012, accounting for approximately one in five sales in the city. The product is gaining greater popularity with aging boomers, entry-level buyers and young professionals. While many are attracted to new projects on the periphery, an increasing number will be drawn to the rejuvenated downtown core. Prices for condominium apartments and towns will grow in line with the rest of the market, although units in proximity to the university and college may experience stronger-than-average appreciation in 2012, as investors compete with end-users for suites in prime locations. Move-up buyers are expected to comprise a greater share of the market

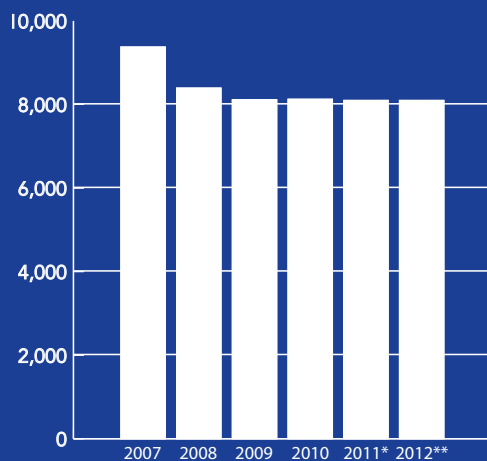
LONDON – ST. THOMAS*** Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

in the new year. Overall conditions will remain balanced. The long-term outlook for the city is considerably stronger than the near-term, with some very promising prospects on the horizon including the pursuit of free-trade status and, even more significantly, construction to build new Hwy. 401 interchanges which will open up land south of the 401 for business and residential development, giving rise to new hot pockets in the next 10 years.

LONDON – ST. THOMAS*** Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

Sudbury

Greater job security and economic stability anchored Sudbury's residential real estate market throughout 2011. By year-end, 2,400 homes are expected to change hands—up eight per cent over one year ago. Average price in the city continues to climb, with values forecast to escalate four per cent over 2010 levels to \$235,000. Demand for housing has remained consistent from January to December, with first-time and move-up buyers working in tandem. Investors have also entered the market, driving demand for multi-unit income properties. Tight inventory levels have placed upward pressure on prices, particularly for starter product. Properties listed between \$180,000 and \$220,000 are quickly snapped up by entry-level buyers waiting in the wings, while trade-up

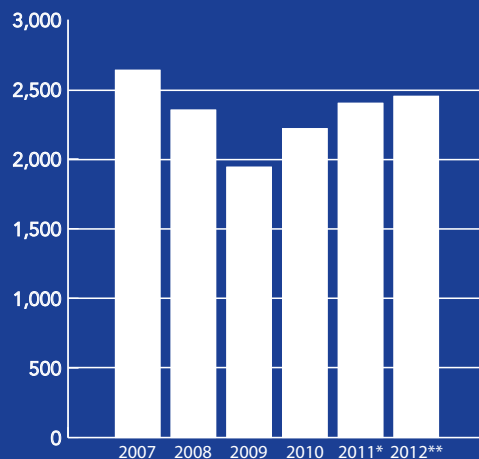
purchasers are fuelling demand for mid-ranged homes priced from \$260,000 to \$350,000. Overall new construction has slowed in recent months as buyers show resistance to higher price points for single-detached housing. Newer product—under 10 years of age—has picked up the slack, with demand brisk for homes situated in established neighbourhoods. The most significant upswing in sales has occurred in the upper-end of the market—priced from \$500,000 to \$750,000—where the number of homes sold has risen by approximately 36 per cent. The condominium lifestyle continues to gain traction with local buyers. Condo sales surged in 2011—driven by empty-nesters and retirees seeking townhouse and apartment units with all the bells and whistles. Lack of product has hampered sales to some extent, although several new condominium projects—including one where they have broken ground—are helping to ease demand.

Sudbury's vastly improved economic outlook has greatly contributed to the upswing in residential activity this year. The city now has one of the lowest unemployment rates in the province—hovering at approximately 5.8 per cent in October. Consumer confidence has returned to the market, in large part due to the resolution of labour

disputes. Vale and Xstrata are once again positioned for growth, especially as global demand for precious and base metals escalate. Diversity has been the key to Sudbury's growth over the past decade. The Northern centre now caters to government, finance, business, tourism, health care, and education. The top-notch Regional Cancer Program services cancer patients from across Northern Ontario. The area's universities and colleges continue to attract students from out-of-province—especially since the opening of Laurentian University's Northern Ontario School of Medicine. The university has been given the green light on the construction of the Northern Ontario School of Architecture—expected to begin sometime in 2012—which should further boost the city's stable economic base.

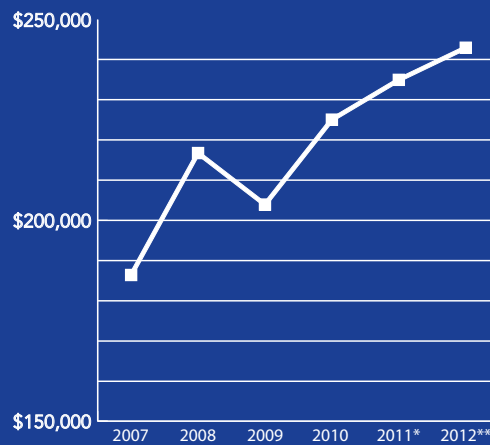
Bolstered by solid economic fundamentals, demand for housing in Sudbury is forecast to remain strong in 2012. Unit sales are expected to climb another two per cent, settling in at 2,450 units, while average price appreciates three per cent \$243,000. Low interest rates should continue to spark homebuying activity, especially as first-

SUDBURY*** Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

SUDBURY*** Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

time buyers move to enter the market ahead of any hikes. Inventory may prove somewhat of a challenge in 2012. While supply is expected to improve over 2011 levels, the number of homes listed for sale will still fall short of traditional levels.



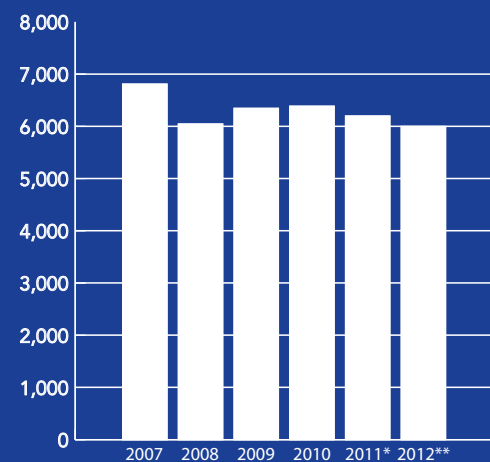
earlier in the year. Inventory levels were on par or slightly ahead of 2010 levels for much of the year. Overall market conditions were balanced for 2011—giving a slight edge to the seller.

Kitchener-Waterloo's diverse economic mix should contribute to overall stability in the year ahead. The cities are home to several universities, college campuses and a virtual plethora of technology upstarts. An estimated 164 new digital companies have emerged, accounting for approximately 390 jobs in the last year; these figures are expected to grow as these upstarts expand. Infrastructure projects are also underway in the region, including construction of the Waterloo Region Consolidated Courthouse in downtown Kitchener, expected to be completed in early 2013. The light rail transit system to be built and the increase in land development around this transportation system will energize Kitchener-Waterloo and Cambridge as well. Unemployment levels remain under the provincial average in Kitchener, hovering at 6.8 per cent in October. Year-end figures for new housing starts are expected to fall short of 2010 levels,

Kitchener – Waterloo

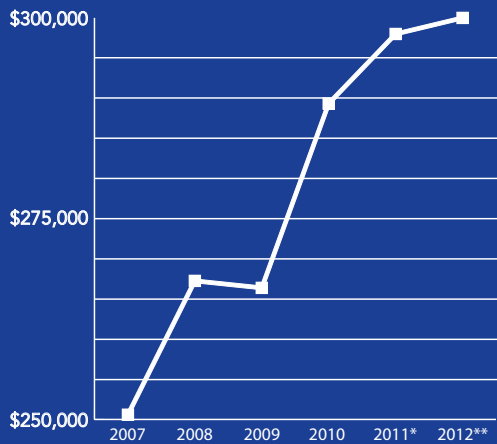
After a strong start to the year, homebuying activity in the Kitchener-Waterloo area slowed in response to local economic concerns. Still, an estimated 6,200 homes will have changed hands by year-end, down marginally from the 6,388 units sold in 2010. Average selling price is forecast to climb two per cent over the 2010 statistics, settling at approximately \$298,000. Demand for condominium apartment and towns continues to increase, particularly in downtown Kitchener and uptown Waterloo, where new construction is widespread. First-time buyers, empty-nesters and retirees are setting the pace, with the greatest activity occurring in and around the \$250,000 price point. Condominiums now represent 20 per cent of residential sales on MLS. Overall housing remains relatively affordable in the twin cities, with demand strongest for dwellings between \$200,000 to \$300,000. While first-time buyers stepped up to the plate in 2011, so too did move-up buyers, driving sales in the \$300,000 to \$750,000 price range. The top-end of the market also showed strength, with several million-dollar homes selling

KITCHENER – WATERLOO***
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

KITCHENER – WATERLOO*** Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

in spite of a surge in multi-unit residential in August and September. The 2012 forecast places housing starts slightly ahead of 2011 figures. Population growth will also serve to boost the economy next year, with net migration averaging about 3,000.

Despite relatively sound economic fundamentals, concerns over job losses may place a damper on homebuying activities in Kitchener-Waterloo in 2012. Sales may soften slightly, with 6,000 homes expected to change hands by year-end, while average price posts a nominal increase of one per cent to \$300,000. Low interest rates should continue to stimulate the first-time buyer activity throughout the area. Demand will continue to be greatest at the \$300,000 price point. While new

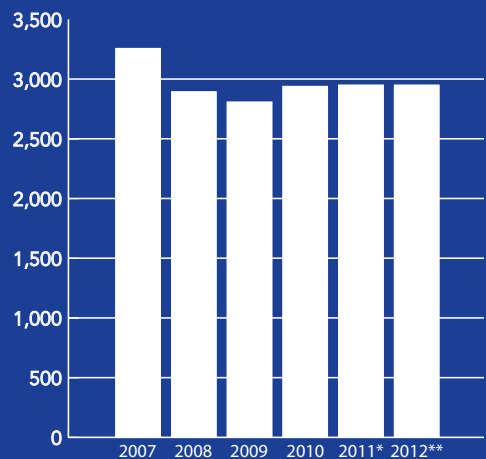


listings are expected to remain stable, experiencing a slight decline in 2012, balanced market conditions will exist for the majority of the year, with a slight advantage to the buyer.

St. Catharines

Cautious optimism characterized the mood of purchasers and sellers active in St. Catharines' real estate market in 2011. While activity got off to a slow start early in the year, momentum began to build in May, ramping up further in August, September and October. Currently demand remains quite healthy and steady, although buyers are taking their time making their moves, influenced by global uncertainty. First time and move-up buyers worked in tandem throughout the year. Entry-level purchasers prompted a resurgence in the downtown core, seeking out older, unique homes to renovate, priced from \$180,000 to \$200,000. More established thirty-something purchasers drove activity at the \$250,000 price point, with turn-key product a must-have. In fact, homes that require updating are generally spending more

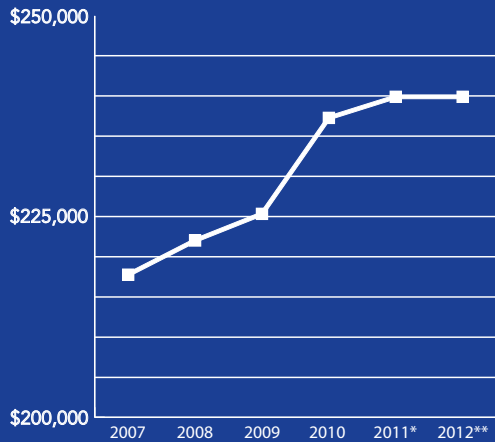
ST. CATHARINES Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

ST. CATHARINES

Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

time on market, unless they are priced accordingly, given the ample supply. Baby boomers and retirees continue to downsize or make lateral moves, spurring sales of condominiums and garden homes. Balanced conditions existed for much of the year, but inventory began to build in the second half. By year end, an estimated 2,950 units will have changed hands, on par with-year ago levels, while average price climbs one per cent to \$240,000.

Although GDP growth is expected to be more moderate in Ontario in 2011, some positive fundamentals are taking shape for St. Catharines' market. Employment continued to edge up throughout the year, and is expected to post gains—although more moderately—once again in 2012. The city is committed to promoting greater diversification among business and industry—a move that has resulted in job creation in a vast array of fields, including the health, education, tourism, information technology, and high-tech sectors. Increased diversification will also contribute to slightly less impact from softer U.S demand and weakness in the manufacturing sector. Overall, the quality of jobs has been higher, with more full-time positions created. In 2012, the unemployment rate will continue to fall, reaching the lowest point since 2008. Population growth continues in the area, with strong migration from the

Greater Toronto Area, particularly among older adults, aged 50-plus. Revitalization has brought new promise to the city, as major projects—such as the new Brock Campus, the university's Eco International Centre, and the new performing arts centre—breathes new life into the downtown core. That renewal has served as a catalyst encouraging greater private investment—totaling hundreds of millions of dollars—and that will continue moving forward. As the new hospital comes closer to completion, demand is expected to grow in adjacent areas. The city's new Olympic-sized pool is expected to open this summer and proposals are pending for a new sports centre. A significant boost to the city was the announcement six months ago from General Motors that promised a \$500 million investment in the St. Catharines engine plant. The retrofit would see the plant produce new engines and transmissions that will create 800 new jobs over the next three years.

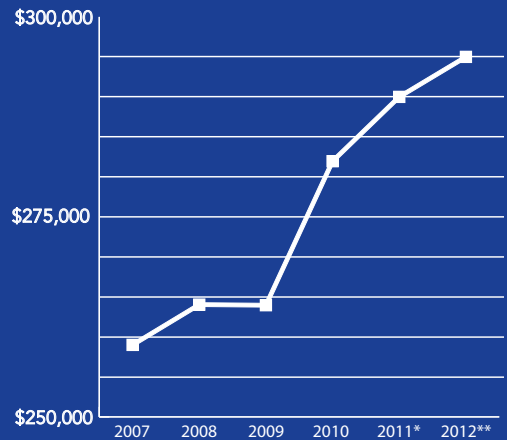
Given solid underpinnings and good potential moving forward, St. Catharines' real estate market will remain stable in the year ahead, with housing sales on par with healthy 2011 levels and average price holding at \$240,000. Low interest rates should spur activity among entry-level buyers and move-up purchasers in 2012. Investors—many from out-of-town—will continue to seek out residential homes and condominiums, given strong demand for rentals. The \$200,000 to \$300,000 price point is expected to account for the bulk of sales in the new year, with the north and west ends especially popular. The upper-end of the market will experience a slight uptick in 2012, as confidence continues to build.



Barrie & District

Commuters continued to have an impact on Barrie's residential housing market in 2011, fueling sales of affordably-priced, single-detached homes in the city's south end. An estimated 4,200 homes are expected to change hands by year-end, up two per cent from 2010 levels, while average price is forecast to appreciate two per cent to \$290,000. Proximity to the Barrie South GO station and Highway 400 have been major incentives for purchasers from the Greater Toronto Area (GTA)—particularly those that work in north end suburbs like Vaughan. While the average price in Barrie hovers closer to \$265,000, values in the GTA are approaching \$500,000—a considerable disparity for younger buyers hoping to realize homeownership. Single-detached homes start at \$225,000, while a two-bedroom condominium can be picked up for as low as \$139,000. While the city has extensive entry-level housing, only a 4.7 month supply of homes exists to date—down substantially from the eight month supply posted at the beginning of 2011. Baby boomers have been exceptionally active, driving sales of smaller, east end bungalows. While their intent has been to downsize, baby boomer moves have also been lateral in price. Condominiums on the lake have also been an attractive option for many,

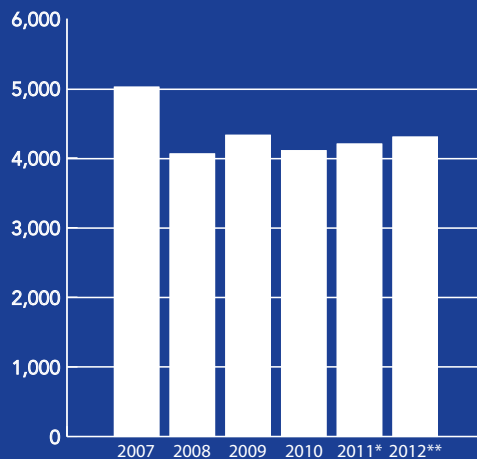
BARRIE AND DISTRICT
Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

which have prompted local builders and developers to consider new projects on the north shore of Kempenfelt Bay. Proposals are now before the city. Demand for entry-level product has been strong as well, with condominium projects in close proximity to the Royal Victoria Hospital and Georgian College most coveted. At the other end of the spectrum, sales of luxury properties have been brisk—with a \$12-million lakefront sale reported at the beginning of the year. As empty-nesters and retirees sell their larger homes, many younger buyers are moving into these traditional upper-end neighbourhoods to raise their families.

BARRIE AND DISTRICT
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

The push to revitalize Barrie's downtown core continued throughout 2011, with exciting new plans for the lakefront community. The City of Barrie is committing \$14 million toward a university partnership program and is actively looking for suitable downtown campus space. The move is expected to breathe new life into the core. In October, the federal government committed \$5.8 million toward the Barrie Transit Facility Project, a plan that is expected to strengthen the transit system and bolster the local economy. The city will contribute up to \$17.7 million towards capital costs, with the private sector responsible for design, building, financing and construction of the

transit facility. In-migration from other areas of the province is also on the upswing, with qualified doctors and teaching staff moving to Barrie to fill positions at the new teaching facility at the Royal Victoria Hospital. Overall, the city has strong economic fundamentals in place to support the residential housing market in 2012.

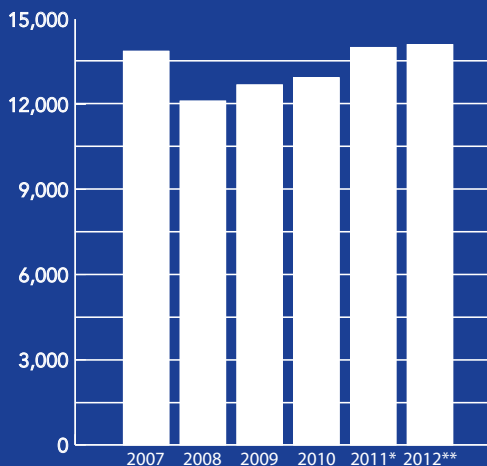
Low interest rates, job stability, and gas prices are expected to impact Barrie's housing market moving forward. Sales are expected to remain stable, with the number of properties sold climbing to 4,300 units and average price posting another two per cent increase to \$295,000. Balanced market conditions should prevail throughout 2012—with homes priced at fair market value moving quickly.

Hamilton – Burlington

Bolstered by strong economic performance, residential housing sales in Hamilton-Burlington soared throughout 2011. An estimated 14,000 homes are expected to change hands by year-end, up eight per cent over 2010 figures and the best year on record for Hamilton-Burlington. Average price has also shown no signs of abating, with values climbing seven per cent to \$335,000 in 2011, up from \$311,683 one year earlier. Tight

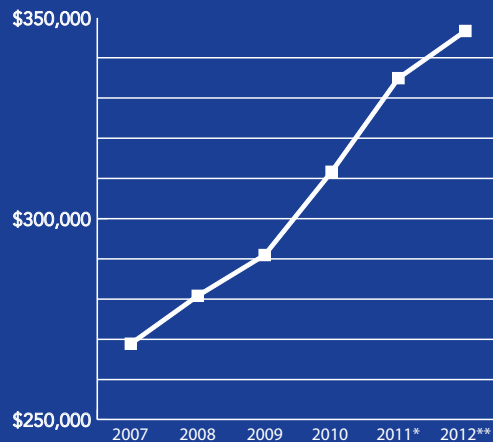
inventory levels contributed to healthy price appreciation this year—with fringe communities such as East Burlington, Aldershot, Southwest Hamilton, West Mountain, and East Mountain experiencing the greatest increases. Compared to markets east—namely Oakville, Mississauga, and Toronto—residential real estate in the Hamilton-Burlington area is seriously undervalued. First-time buyers have realized the discrepancy and remain the most active segment of the market, driving sales of smaller detached homes, condominium apartments and townhomes. Homeownership is top of mind with young purchasers today, with many looking to take advantage of historically low interest rates and affordable inventory. An aging demographic has also placed pressure on local builders and developers to accommodate their changing needs. While smaller condominium apartment units are available, larger, 1,600 square foot units are few and far between—especially in Hamilton. Construction of bungalow towns—with double car garages—in Burlington are helping to meet empty-nester/retiree demand to some extent, but more units are needed. Renovation, infill, and redevelopment are also a common phenomenon in Hamilton-Burlington now, with existing properties being torn down to make way for new,

HAMILTON – BURLINGTON
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

HAMILTON – BURLINGTON
Residential Average Price 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

custom-built homes. The trend is particularly evident in areas like East Burlington, along the shoreline of Lake Ontario, Aldershot, and Old Ancaster. Entire neighbourhoods are changing—with new construction revitalizing older, established communities.

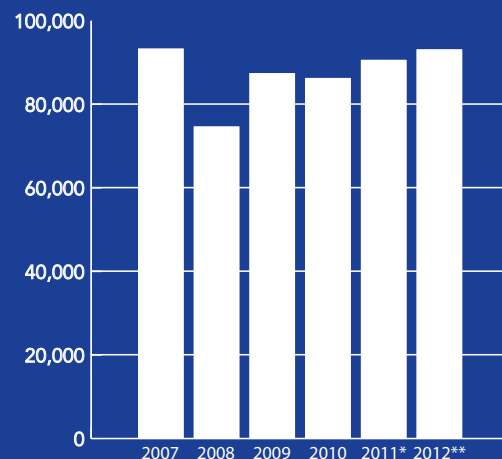
The winds of change have been blowing, and nowhere is that more apparent than in Hamilton-Burlington. The economy continues to ramp up, despite concerns over global uncertainties. Major announcements have been made in recent months that underscore the region's growing attraction, from the Maple Leaf expansion into the Red Valley Business Park in Hamilton to the 700,000 square feet of retail space contained in the two major commercial developments to be built in Ancaster and Stoney Creek. Industrial land is moving at a pace not seen in years and momentum is building. Job creation efforts are well underway—with the Maple Leaf announcement alone creating more than 1,500 jobs and infusing more than \$2 million into municipal tax coffers annually. Unemployment rates were well below the national average of 7.3 per cent, hovering at 6.6 per cent in Hamilton in October. The area's push to diversify is finally paying off.

As Hamilton sheds its steel manufacturing industrial base, a vibrant new city emerges. Coupled with Burlington, the stage is set for another solid year of residential real estate activity. Balanced market conditions will prevail throughout much of the year as more inventory comes on-stream. Proven blue-chip neighbourhoods will continue to command a premium, including the beach strip from Oakville to Hamilton, Southwest Hamilton, Waterdown, Grimsby, and Lower Stoney Creek. New construction is expected to gain traction, particularly in greenfield developments. First-time buyers will work in tandem with empty-nesters and retirees, fuelling demand for smaller detached properties and townhomes. Sales are expected to climb one per cent, rising to 14,100 units, while average price climbs three and a half per cent to \$346,750—once again setting new records for the Hamilton-Burlington area.

Greater Toronto Area

Greater Toronto's residential real estate market continued to make headlines in 2011, defying expectations and posting an increase in both sales and average price. Tight inventory levels throughout much of the year led to a significant upswing in values, with average price expected to close the year at \$465,000—up seven per cent over 2010. Home sales are forecast to climb to their second highest level on record—at 90,500 units—five per cent ahead of last year. Strong demand and limited supply set the stage for a year of multiple offers—with sellers firmly in the driver's seat—from entry-level housing to the upper-end of the market. Demand was especially brisk for resale condominiums located in the downtown core, where bidding wars were commonplace. Blue-chip neighbourhoods in Toronto Proper—the Beach, Riverdale, Bloor West Village, High Park, Leaside, Lytton Park, Cricket Club, and Allenby—saw tremendous activity. The upper-end—the coveted Rosedale, Forest Hill, Lawrence Park, Hogg's Hollow, Bridle Path, Kingsway, Lorne Park, and Oakville areas—soared, with sales of homes priced in excess of \$1.5 million up approximately 32 per cent over one year ago. Activity in suburban 905 communities also increased as affordability and neighbourhood served to attract purchasers—

GREATER TORONTO AREA*** Residential Unit Sales 2007 – 2012



*Estimate **Forecast

***Historical values, estimate and forecast based on local board statistics.

Source: RE/MAX, Local Real Estate Board

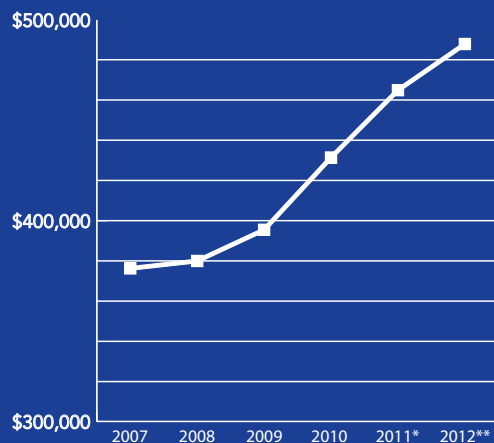
given that a single-detached home in the 905 area code can sell for as much as 25 per cent less than a similar property in the 416 area code. Several factors were in play in the GTA during 2011 that contributed to the overall health of the market. From an economic standpoint, job security spurred buyer confidence, allowing many purchasers to make their moves. Low interest rates were also a boon to purchasers—driving many to take advantage of lower rates before housing values escalated beyond their reach. Stock market volatility also played a role, encouraging many to seek out the security of bricks and mortar. While foreign investors were exceptionally active in the new condominium market, seeking shelter in a global market plagued by uncertainty, the condominium lifestyle continued to resonate with local buyers. In fact, 32 per cent of residential MLS sales this year involved a resale condominium apartment or townhouse. Affordability remains the foremost driver, with the vast majority of condominium sales occurring under the \$400,000 price point. Yet, the concept continues to gain traction with empty nesters and retirees, many of whom are investing in trendy areas like Yorkville, where sales over \$1 million are the norm.

Attracting people to the Greater Toronto Area will be the key to sustainability moving forward. Toronto's population is projected to rise from 2.72 million in 2010 to 3.36 million in 2036, an increase of 23.7 per cent. Other census divisions of the GTA (Durham, Halton, Peel and York) will experience a significantly faster growth rate. International immigration will drive population increase, while out-migration to other provinces is expected to taper. Unemployment levels remain above the provincial average, but the rate is expected to decline in 2012. The GTA is expected to lead the country's largest CMAs, alongside Calgary, in real GDP growth this year, hovering at 3.1 per cent and 3.8 per cent respectively. Although the city is expected to fall to third place in 2012 through to 2015—as Edmonton gains control of second position—the forecast GDP is still over three per cent. While economic stimulus packages are winding down, a number of infrastructure projects remain on the books, including a \$50-billion, 25-year capital program to triple the amount of rapid transit

in the region. The GTA remains the top industrial and financial capital of Canada, representing 20 per cent of the country's GDP and home to 40 per cent of Canada's business headquarters, and as such, should continue to be a major economic force.

Heading into 2012, tight inventory levels and unrelenting demand should continue to buoy housing values. Home sales are expected to be strong, rising to 93,000 units by year-end 2012, on par with 2007's peak performance. Average price is forecast to appreciate further, climbing five per cent to \$488,000. Demand is expected to be consistent in virtually every price range as economic recovery ramps up, particularly in the mid to latter half of the year. Condominiums should continue to enjoy solid activity, supported by a tight rental market and declining vacancy rates. Sales in the top-end of the market are expected to be especially brisk, as more and more purchasers choose a tangible asset like a principle residence over riskier investments in the stock market. A continuation of low interest rates should stimulate homebuying activity well into 2012.

GREATER TORONTO AREA*** Residential Average Price 2007 – 2012

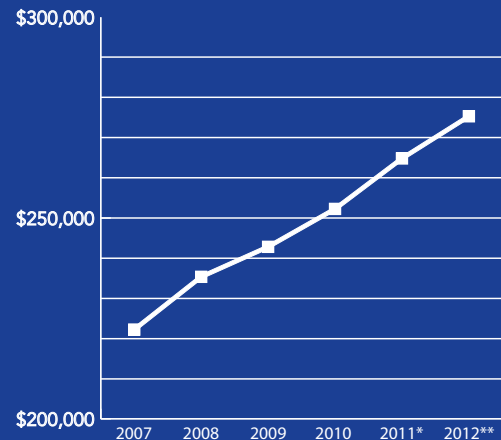


*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

Kingston

While sales got off to a slow start in Kingston in 2011, the city's residential real estate market is expected to end the year on par with 2010 levels, rising to 3,400 units board-wide. Activity started to pick up in the second quarter, but demand gained its greatest momentum in September—a month that posted a 21 per cent increase in activity over the previous year. A healthy pattern of demand has since emerged, serving to prop up the average resale value. As a result, average price is forecast to round out 2011 at \$265,000, up five per cent over last year's levels. The average price in Kingston proper will generally run a further five per cent above the overall average figure. The market is working in tandem, with demand strongest for homes in the \$200,000 to \$250,000 range, comprising 25 per cent of all sales. The \$150,000 to \$200,000 price point and the \$250,000 to \$300,000 follow closely, each representing 20 per cent of resale activity respectively in 2011. Multiple offers continue to occur on well-priced, well-located product in the mid-range (\$250,000 to 350,000). Young buyers have been very active, snapping up starter homes in older neighbourhoods or newer homes on the peripherals. The core continues to be highly sought-after with all purchasers, with demand strongest near the hospital and university.

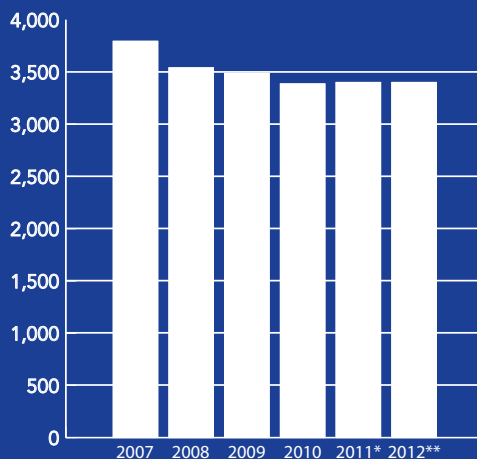
KINGSTON***
Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

Solid consumer confidence has bolstered the real estate market in Kingston this year, propped up by a stable employment picture. The unemployment rate in Kingston continues to edge down—hovering under six per cent at year-end, well below the national average. Non-residential spending continues with the expansion of Queen's University and CFB Kingston. Population growth remains on the upswing, as Kingston continues to attract new residents, supporting new household formation and the demand for housing. Affordability remains a considerable draw to the area.

KINGSTON***
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

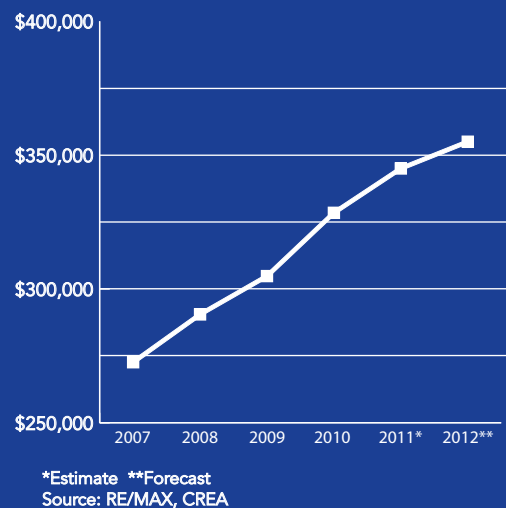
Aging baby boomers and retirees continue to comprise an increasing share of Kingston's rising population—a trend that will remain evident in 2012. This segment of purchasers is seeking out bungalows, condominiums and townhomes. The demonstrated demand for adult lifestyle communities will gain further traction next year and in the years ahead. Bungalows, in particular—priced from \$250,000 to \$350,000—are expected to benefit and may experience greater-than-average appreciation. Condominiums continue to gain greater acceptance in Kingston, although the shift to this product continues to be a slow transition. Condos now comprise six per cent of all sales—a figure that will hold steady in 2012.

This type of housing is expected to experience growth in line with the rest of the market next year. Investors will stay the course in Kingston in 2012, as real estate continues to provide a safer haven for those looking to avoid stock market volatility. While buyers are paying more for new construction, demand for older homes remains steady. The renovation phenomenon continues unabated, propping up retail spending and skilled trades. The upper-end has been softer than the overall market, but should remain stable next year. Overall listings are on the rise, and balanced conditions should prevail in the new year. Board-wide sales in Kingston are expected to remain on par with 2011 levels in 2012, while average price pulls ahead a further four per cent to \$275,500.

Ottawa

Solid activity characterized Ottawa's real estate market throughout much of 2011. Buyers made their moves amid favourable interest rates and a better selection of homes listed for sale, compared to one year ago. Home sales are expected to reach 14,600 units by year-end, on par with 2010 levels, while average price is forecast to appreciate five per cent to \$345,000. Multiple offers have tapered and are now more common with well presented and priced properties in sought-after neighbourhoods such as Westboro, Kanata Lakes, Manor Park and The Glebe.

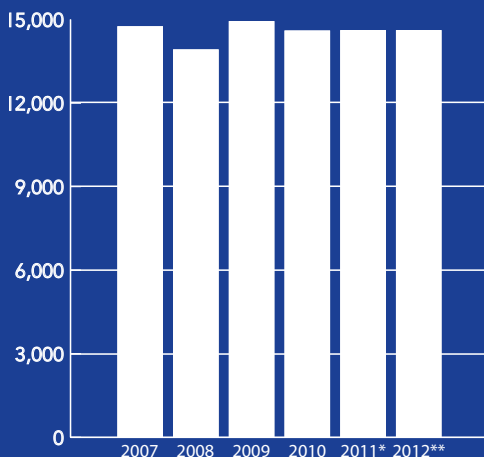
OTTAWA
Residential Average Price 2007 – 2012



Supply has edged up, but balanced market conditions will remain in place for the remainder of the year and into 2012. The increase in listings was a welcome development, particularly for eager first-time buyers, relieving a shortage of entry-level product at the \$200,000 to \$300,000 price point. Attractive mortgage rates contributed to a steady stream of young buyers, fuelling demand for downtown condominiums and affordable single-detached properties, especially in the city's west end. Experienced real estate consumers took advantage of ideal trade-up conditions, driving sales of move-up product between \$300,000 and \$500,000 in established areas such as Westboro, Glebe, Hintonburg, Kanata, Barrhaven, Nepean and Stittsville. Investors were also quite active, snapping-up condominiums and multi-family residential listings—most for long-term holds.

A vibrant employment picture was a significant contributor to the persistent appetite for residential real estate in 2011, with an unemployment rate that hovered at 5.6 per cent, almost two points below the national average in October. Confidence remains relatively solid, although some concerns continue to persist, given global economic instability. Although stronger-than-expected economic signals emerged, bolstering the third-quarter picture nationally, Canada's growth rate—and Ontario's—is forecast to slow in 2012. Public service cuts are expected to lead to some net job losses in Ottawa next year. Although the extent has yet to be determined, it does have some potential purchasers and vendors now sitting on the fence. Strong investment continues in the city, as the municipal government commits to improving amenities, infrastructure and transit, while creating a more sustainable framework for the future.

OTTAWA
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

Overall, the residential housing market will remain buoyant next year, with demand expected to remain on par with healthy 2011 levels. An uptick in relocation activity may occur, as the Department of National Defence (DND) prepares to move into the former Nortel site in the city's west end. Ottawa's west end continues to be quite an up-and-comer and will remain so in coming months, as buyers flock to the area in anticipation of LRT development and a growing host of amenities, including several new multi-million-dollar recreation centres. Despite stable sales, housing values will experience limited upward pressure, given that interest rates are forecast to stay relatively flat over the next year and no sense of urgency exists. Moreover, listings are expected to increase slightly, and as such, average prices will climb more modestly, rising approximately three per cent year-over-year to \$355,000.



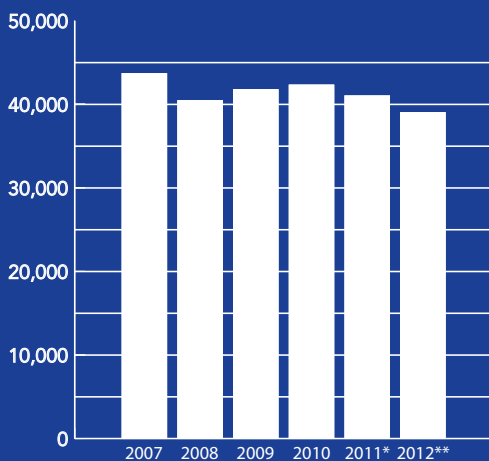
Québec

Greater Montréal

Residential sales activity in Montréal remained healthy in 2011, with conditions favouring the seller throughout much of the year. Momentum remained relatively steady until the early fall, when activity ramped up. Yet, overall sales are

expected to fall short of 2010 levels, reaching 41,000 units—a decrease of three per cent, while average price climbs five per cent to \$313,000. Despite this, bidding wars continue to occur in Montréal and its suburbs. The condominium market remains particularly active, with smaller apartment units experiencing the greatest demand. Affordability continues to be top of mind, with a well-located, entry-level condominium—offering 700 sq. ft. of living space and no garage—now commanding between \$310,000 to \$320,000. Parking can run an additional \$35,000 to \$40,000. There has been a resurgence in desire for core properties, as young purchasers strive to remain close to the action. Inventory has edged up in the condominium market, and the supply of single-family homes is also building. Investors have pulled back to some extent, given rising prices. However, well-priced plexes, especially in the \$485,000 to \$520,000 price range, will still move quickly. Upper-end demand has held steady in traditional blue-chip neighbourhoods such as Westmount, Mount Royal, Outremont, and Hampstead, but has slowed in the suburbs where inventory is on the upswing. The \$1 million to \$3 million price points are particularly strong.

GREATER MONTRÉAL***
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

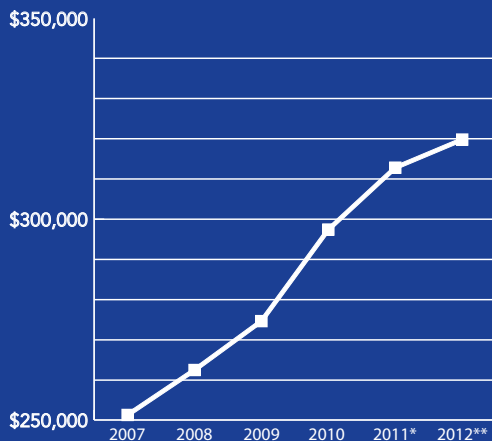
The employment picture will support demand for housing in Greater Montréal going forward. Job creation efforts have been solid in 2011, and that trend is expected to carry through 2012. While the unemployment rate hovered just over eight per cent in October, further employment growth should bring the rate down to 7.5 per cent next year. Non-residential investment continues at a steady pace, with public infrastructure, power generation, mining and metal refineries the biggest beneficiaries. Strong immigration and population growth continues to prop up resale activity and solid household formation. While the construction sector is expected to pull back next year, with a drop in housing starts anticipated, plenty of positive developments are on the horizon for Québec's diversified economy. The aerospace industry is forecast to see greater investment in terms of new production plants and parts manufacturing. The technology sector continues to make strides as well. The Québec government is actively working with companies to open new export markets, which would help to offset softer U.S. demand. Consumer spending remains stable,



with retail sales climbing on a year-over-year basis. Consumer confidence has been impacted by global economic concerns, but it may improve in 2012, as the European Union works to resolve current uncertainties.

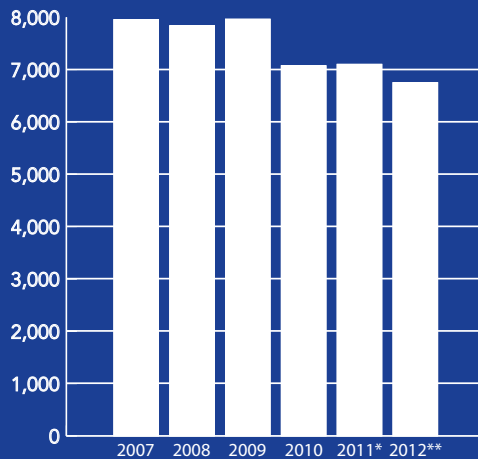
The greatest issue ahead for Montréal will be the planned rebuilding of several bridges that provide access to the Island of Montréal. The reconstruction of the Champlain Bridge, in particular, is expected to impact the local economy, housing demand, as well as purchasing patterns. In anticipation of a serious disruption, buyers have already started re-evaluating. As a result, the North Shore and the Island of Montréal have already begun to garner more attention. The Island condominium market will continue to draw solid demand next year, with the \$250,000 to \$400,000 range most popular. High-end condos, priced over \$800,000 will also remain strong, as baby boomers continue to make their moves. First-time buyers will remain the driving force. In the upper-end, sales will contract slightly, due to softer demand in the suburbs. Building inventory in detached and semi-detached product should temper price growth to some extent and improve attainability. Conditions will be more balanced overall. By year-end 2012, unit sales are forecast to reach 39,000. Average price will push ahead by a further two per cent to \$320,000.

GREATER MONTRÉAL*** Residential Average Price 2007 – 2012



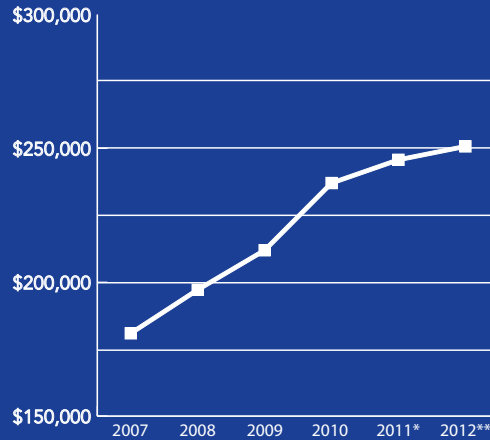
*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

QUÉBEC CITY*** Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

QUÉBEC CITY*** Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

Québec City

After several years of tight market conditions, inventory is finally building in Québec City. The market remains healthy, and will finish the year consistent with year-ago activity. Residential sales are estimated to remain on par with 2011 at 7,100 units, while average price climbs four per cent to \$246,000. With solid year-over-year price growth in recent years, affordability is becoming more top of mind for real estate consumers. While single-detached homes remain the most popular choice, alternatives such as condominiums, semi-detached and town homes are gaining greater traction. The condominium market remains particularly strong. Demand is on the rise among first-time buyers, with units starting from \$250,000, while baby boomers seek out product in the mid-to-upper price points. The peripherals have experienced an upswing in demand, with newer product exceptionally popular. Land values, however, have surged in recent years and the cost of new construction continues to rise—highlighting the value of resale product. Areas such as Cap Rouge—15 minutes outside of the city—are up-and-coming hot pockets, with prices typically ranging from \$300,000 to \$400,000 for a single-family home. Upper-end activity, priced over

\$600,000, posted solid momentum in 2011, and will continue to remain buoyant in the months ahead. Confidence in the city and in homeownership remains strong—despite the effects of global economic uncertainty. The stability is largely due to Québec City's status as a government town, combined with a vibrant employment picture.

Plenty of positive fundamentals exist for Québec City. The employment rate is major driver, hovering at 4.6 per cent in October—among the lowest in the country. The city's population remains on the upswing. Québec is attracting plenty of new residents from within the province, as well as from other areas of Canada and through immigration. Over 5,000 new residents are expected in the year ahead—slightly more than in 2011. An increasingly diversified market, Québec City will experience strength in a number of sectors next year, with construction leading the charge, particularly with solid non-residential investment, including infrastructure, although this will be down from last year's levels. Job creation is also anticipated in the healthcare, finance and insurance sectors. Québec City Jean Lesage Airport's expansion project will continue to be a significant boon to the city. The project is now entering its second stage—expected to carry through 2015-2016—with the first phase of stage two worth an

estimated \$225 million. Ground is finally expected to break on Québec City's new \$400 million arena—which it hopes will set the stage for a return of the NHL. Overall, GDP growth in the province is expected to rise to 2.1 per cent in 2012, up from 1.7 per cent in 2011, with re-invigorated demand for Québec exports lifting the outlook.

A healthy economic picture moving forward, combined with continued low interest rates and improved supply, is expected to support housing demand in the year ahead, although unit sales will fall five per cent from year-ago levels to 6,750 units. The higher number of homes on the market should keep average price growth in check, posting a modest two per cent increase to \$251,000. While seller's conditions will prevail for at least the first half, the market should head more toward balanced territory later in 2012. All segments of the market are expected to work in tandem next year, although first-time purchasers will lead the charge. Investors are also expected to remain active, given a continuation of tight vacancy rates.

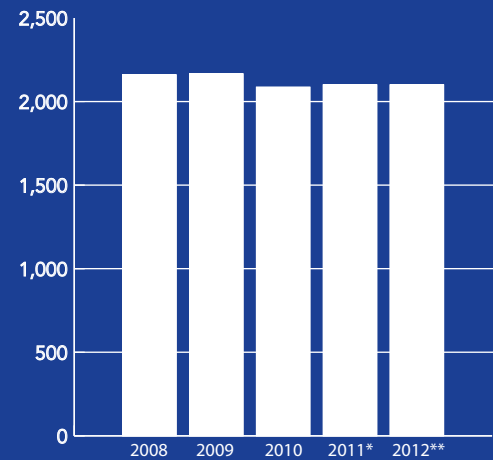
New Brunswick

Fredericton

Demand for existing homes remained stable in Fredericton in 2011, as purchasers continued to be enticed by low interest rates—making the case for homeownership or the move to larger or better located properties. Buyer's market conditions provided further incentive, as selection was good across all price points. While activity got off to a slow start early in the year, the momentum did improve in the second and third quarters, and sales are expected to finish the year at 2,100 units—on par with one year ago. Average price will move ahead by a healthy four per cent to reach \$173,000 by year-end.

As the provincial capital, Fredericton benefitted from greater employment stability than in other major centres in New Brunswick in 2011. Public

FREDERICTON Residential Unit Sales 2008 – 2012



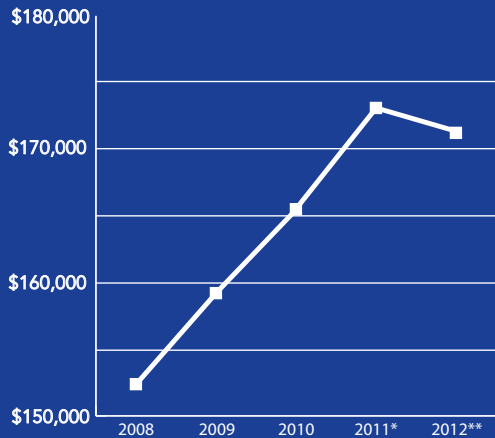
*Estimate **Forecast
Source: RE/MAX, CREA

sector jobs held steady, along with the city's retail segment, although in 2012 fiscal restraint and debt reduction may weigh in. Overall, the city's employment rate hovered at six per cent at year-end 2011, well under the national average. While the rate is expected to edge up in 2012, the overall employment picture for the city is still relatively positive. As a result, consumer confidence should carry over into the first quarter. Yet, some concerns remain, as both public sector expenditures and private sector investment are expected to contract and the strength of the Canadian dollar will continue to impact exports.



FREDERICTON

Residential Average Price 2008 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

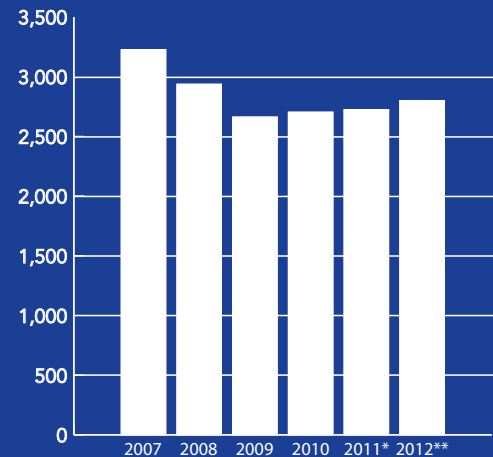
Buyers are expected to be cautiously optimistic in 2012, as growth continues. Days on market are expected to increase as inventory climbs. Unit sales will remain on par with 2011, although average price is expected to fall back by one or two per cent, particularly as the upper-end of the market softens. Affordability and low interest rates will continue to be significant catalysts in 2012, driving entry-level buyers, although the mid-range—priced from \$250,000 to \$300,000—will also remain active. An increase in the city's aging population will spur demand for condominiums and garden homes. Condominiums, in particular, are forecast to gain greater traction with young professionals as well, with units priced as low as \$145,000 in the heart of the city. Builders will be closely watching the reception of the newly-introduced Net Zero housing. Priced at \$299,000, the homes were built to generate solar and thermal energy that earns credit with New Brunswick Power. An enthusiastic reception could be a game-changer for the construction industry going forward.

Moncton

The residential real estate market in Moncton remained steady throughout 2011, with a healthy showing expected on the books by year-end. Existing home sales are expected to increase by one per cent to 2,725 units over solid levels reported in 2010. Average price is forecast to climb three per cent to \$172,000. Balanced market conditions prevailed through much of the year. Demand was greatest for homes priced between \$120,000 and \$160,000 (accounting for 27%). The consumer appetite has grown for new or newer homes. Purchasers seem to want turn-key product, but also want to be able to customize the finishing touches—landscaping, decks, basements, etc. Moncton's peripheral communities are quite sought-after. Buyers are typically seeking pedestrian-friendly neighbourhoods that offer plenty of green space. Condominiums are also gaining greater acceptance in Moncton. While most popular among baby boomers, the condominium lifestyle is now starting to resonate with first-time buyers. Downsizing boomers continued to make lateral moves for the most part in 2011, opting for newer product with all of the bells and whistles.

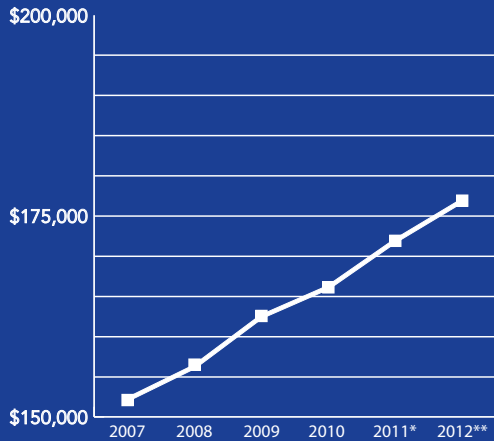
MONCTON***

Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX. Local Real Estate Board

MONCTON***
Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

Much like neighbouring Saint John, Moncton saw overall employment fall back in 2011, with the service, trade and transportation sectors shedding full-time jobs. Yet, the city's unemployment rate remained below the national average, hovering at 6.8 per cent in October. Reduced government spending will impact the employment picture in 2012, as New Brunswick strives to balance its books. Soft U.S. demand for lumber and other exports has pulled down growth in 2011, but further recovery south of the border could improve the outlook in 2012. The city may benefit from the shipbuilding contract awarded to Halifax, as the people of New Brunswick answer the call for skilled workers.

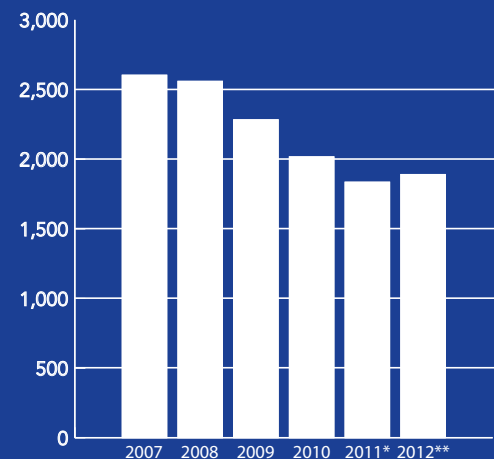
While some concerns exist, consumer confidence continues to hold steady in Moncton. As a result, homebuying activity is forecast to stay the course in 2012, with a three per cent increase in sales expected by year-end, bringing the number of units sold to 2,800. Average price will post another three per cent gain to \$177,000. With inventory building at year-end 2011, the market will remain balanced, leaning toward buyer's conditions next year. A growing divide between the price of new construction and resale homes may actually increase demand for existing housing stock moving

forward. With housing starts expected to slow in the year ahead, the outlook for the resale market remains positive. Buyers who sat on the fence due to global concerns in 2011 may finally decide to make their moves, as international leaders move to shore up uncertainty. Low interest rates will continue to stimulate first-time and move-up activity. Investor activity may ease somewhat next year as apartment construction slows, although demand for multiplexes will remain solid. The upper-end of the market will experience some softening, as days on market are already increasing. The key will be pricing in 2012, as over-priced properties risk stagnation amid greater selection.

Saint John

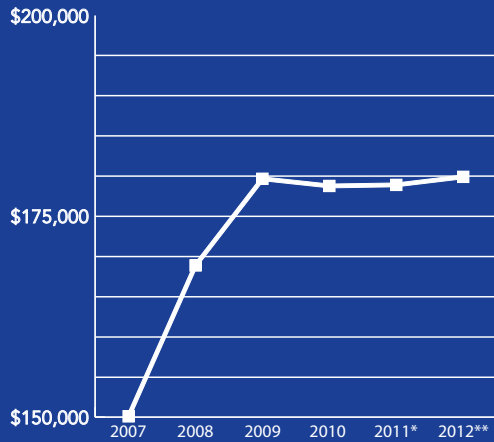
First-time buyers continued to drive the market in Saint John throughout 2011. War-time bungalows and duplexes, in particular, remained popular, as buyers sought out product between \$120,000 and \$180,000. While the mid-range was not as active—global uncertainty prompted some vendors and purchasers to give pause in 2011—those that did move forward bolstered sales in the \$200,000 to \$240,000 range. Buyer's market conditions characterized 2011, and although sales trailed

SAINT JOHN***
Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

SAINT JOHN*** Residential Average Price 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

2010 for much of the year, the momentum did gain greater traction in September and October. Yet, the healthy pace will not prove enough to close the gap, and Saint John is expected to finish out the year at approximately 1,835 sales—off last year’s pace by nine per cent. Average price will edge up one per cent to \$179,000.

While weaker than expected economic performance weighed on housing demand in New Brunswick in 2011, the outlook for 2012 appears brighter, with GDP growth of 1.8 per cent forecast for the province. The pace should be more than three times the lacklustre growth of 2011—which is estimated to finish the year at just 0.5 per cent. Despite this, Saint John’s employment picture remains quite strong, with an unemployment rate that hovered close to six per cent at year end—well below the national average. Investment continues in major projects throughout the city, although the momentum will be softer than year-ago levels. Residential construction is forecast to remain stable. An improving American economy should translate into better demand for products produced in New Brunswick in 2012, propping-up exports. With a history in shipbuilding, and an array of fabricators and

service providers, Saint John stands to benefit from the shipbuilding contract awarded recently to the city of Halifax.

Overall, the picture remains positive. The residential housing market will move closer to balanced territory in 2012, as confidence improves and all segments work in tandem. Days on market are expected to fall in the second half of the year. The condominium sector and entry-level price points will remain bright spots, as demand increases. Sales in the upper-end are forecast to pick up over 2011 levels, although price increases may be softer than in other categories due to an oversupply of luxury product. The demand for garden homes is anticipated to rise in 2012 and going forward, as an increasing number of downsizing baby boomers make their moves. Investors will remain active, seeking out commercial and multi-unit residential opportunities. Existing home sales are expected to increase by three per cent to 1,890 units in 2012, while average price climbs half a per cent to \$180,000.

Nova Scotia

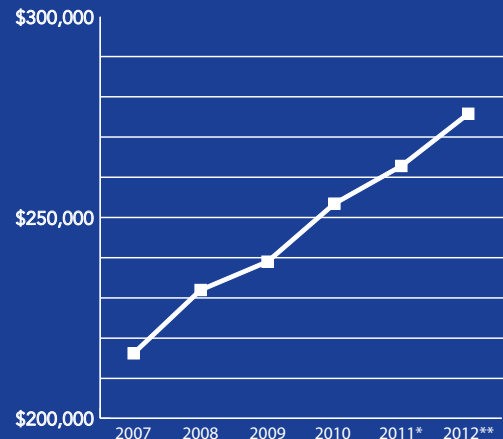
Halifax – Dartmouth

Halifax-Dartmouth’s residential real estate market was reinvigorated in the final quarter of 2011 after the federal government awarded Irving Shipbuilding with a \$25 billion contract to build the country’s next generation of naval warships. The impact of the announcement was felt immediately throughout the region, translating into a flurry of activity, which is expected to bring home sales in Halifax-Dartmouth to 6,200 units, an increase of four per cent over 2010 levels, by year-end. Average price is also forecast to climb, appreciating four per cent to \$263,000, up from \$253,610 one year ago. Prior to the announcement, buyers had adopted a wait-and-see attitude regarding residential real estate. Concerns over volatility in the stock market,

the European financial crisis, and the threat of a double-dip recession south of the border hampered homebuying activity. The announcement, and a slight uptick in mortgage rates in November, opened the flood gates. Yet, inventory levels remain ample thus far, with the market firmly situated in balanced territory.

A vastly improved economic outlook has set the stage for a strong residential real estate market moving forward. GDP growth in the province has been revised upward as a result. The Irving project is expected to create 11,500 direct and indirect jobs and generate more than \$250 million in tax revenues. Other projects—including a \$6.2 billion hydroelectric project to ship power from Lower Churchill River to customers in Eastern Canada and New England, as well as Nova Scotia Power’s development of tidal power in the Bay of Fundy—have bolstered consumer confidence in the region. As world economies ramp up, exports and manufacturing shipments are expected to respond. Halifax-Dartmouth boasts one of the lowest unemployment rates in the province, hovering at six per cent in October. More local projects—such as the \$51.4 million commitment from the federal government for a proposed convention

HALIFAX – DARTMOUTH Residential Average Price 2007 – 2012

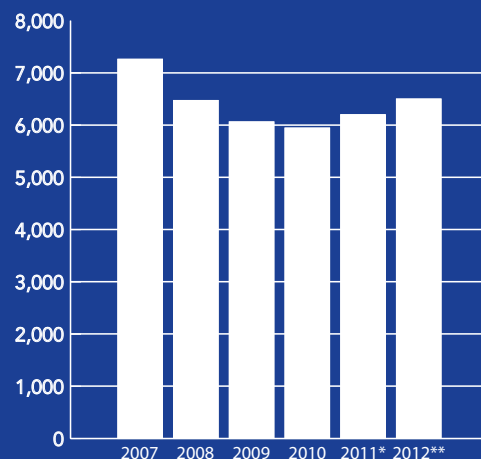


*Estimate **Forecast
Source: RE/MAX, CREA

centre in downtown Halifax, the planned stadium for the Halifax Regional Municipality, and the continuation of core infrastructure programs—all serve to underscore the unlimited potential for the area.

An upswing in homebuying activity is expected to translate into further increases in both unit sales and average price in 2012. The number of homes sold in Halifax-Dartmouth is forecast to climb five per cent to 6,500 units, up five per cent over 2011 levels. Residential real estate values will reflect declining inventory levels, rising five per cent to \$276,000 by year-end. First-time buyers and move-up purchasers are expected to fuel housing activity in 2012. Investors will continue to make their moves in the city, buying up income-producing properties.

HALIFAX – DARTMOUTH Residential Unit Sales 2007 – 2012



*Estimate **Forecast
Source: RE/MAX, CREA

Prince Edward Island

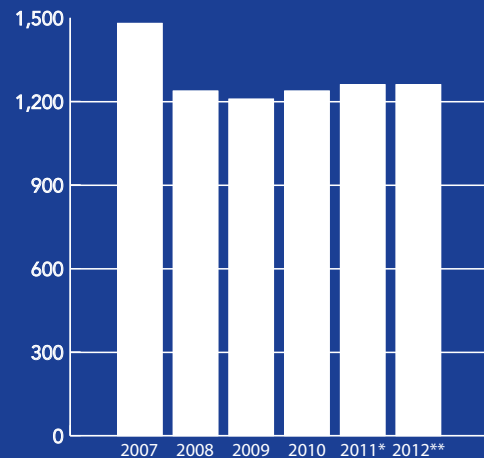
Consumer confidence held steady in Prince Edward Island in 2011. Low interest rates and immigration served to prop up the demand for residential housing throughout the Island. First-time buyers continued to lead the charge, driving home sales in the \$100,000 to \$200,000 price point. Move-up activity was also strong in the \$260,000 to \$350,000

category. The market has remained fairly buoyant, despite global economic concerns, as evidenced by sales-to-listing ratios which have gained some traction, hovering near 60 per cent in districts four, five, six and seven in October. Sales, as a result, are just above last year's levels and should finish the year one per cent ahead of 2010, settling at 1,250 units. Appreciation has been solid, with average price forecast to reach \$163,000, up five per cent by year-end.

From an economic standpoint, Prince Edward Island has remained quite resilient over the past several years, although a fall back in public capital spending will be responsible for slightly softer growth next year. GDP growth is expected to hold relatively steady at two per cent (compared to 2.2 per cent in 2011), supported by a continued rise in population growth—now increasing at its fastest pace since 1975—and a rebound in the agri-food and tourism sectors. The new Charlottetown Convention Centre should also have a positive impact, bolstering jobs and increasing revenue dollars for Island businesses. Job losses at the Department of Veterans Affairs are expected, but that may be tempered by some beneficial offshoot of the shipbuilding contract in Halifax, particularly with PEI's Georgetown shipyard.



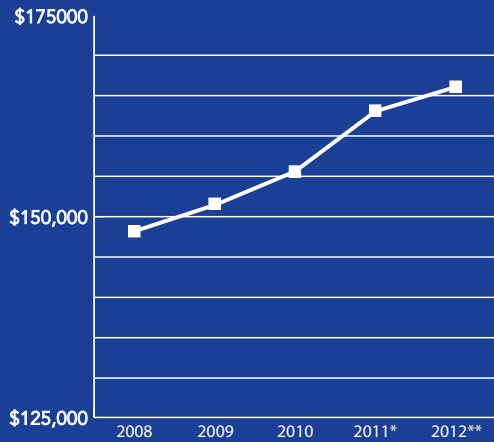
PRINCE EDWARD ISLAND*** Residential Unit Sales 2007 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX. Local Real Estate Board

The fundamentals exist to support stability in Prince Edward Island's residential real estate market in 2012. While some have held off on decisions due to uncertainty surrounding the global economic crisis, a resolution could prompt both buyers and sellers to move forward. First-time buyers will be the driving force once again next year, while move-up purchasers continue to take advantage of low interest rates to trade up. The upper-end of the market, which has remained quite solid in 2011, is forecast to continue its healthy momentum in the new year. Condominium activity will remain relatively flat. Buyer's market conditions will remain in place in 2012, providing good opportunities for those confident and secure enough to make their moves. Residential sales should round out 2012 on par with 2011, while average price moves ahead by a modest two per cent, reaching \$166,000.

PRINCE EDWARD ISLAND***
Residential Average Price 2008 – 2012



*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

been growing at a rate higher than the national average since December 2010 (Statistics Canada). The unemployment rate in St. John's hovered at 7.1 per cent in October and is expected to remain relatively stable in the year ahead. The city's population grew by 2,200 in 2011, and St. John's is expected to net an additional 2,000 new residents in 2012. Capital spending and investment in major projects and infrastructure will continue to buoy the economic outlook going forward. Investment in mining, oil and gas, utilities and the industrial sectors remains strong, with billions poured into projects such as Muskrat Falls, Hebron, and Long Harbour. There are more projects on the horizon. Québec-based New Millennium Capital is embarking on an iron ore mining operation in western Labrador that is forecast to create more than 3,000 jobs and generate more than \$2 billion in taxes. The ongoing evolution and renewal of St. John's is also having an impact. Just a few of many ongoing developments include a \$167 million expansion planned for the St. John's International Airport, the construction of a \$50 million office building

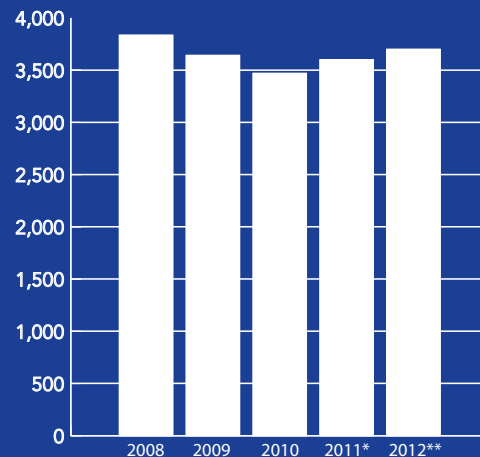
Newfoundland & Labrador

St. John's

Low interest rates and buyer's market conditions spurred solid homebuying activity in St. John's this year. Consumer confidence remained buoyant, given Newfoundland's nation-leading GDP growth in 2011, although a more moderate outlook exists for 2012. In October, the sales-to-active listings ratio hit 20 per cent for the first time since 2010—a sign that the market is finally firming up. A ratio of 22 to 29 per cent typically represents balanced conditions. By year-end 2011, sales of existing homes should climb four per cent to reach 3,600 units, while average price posts a six per cent gain to \$266,500.

Newfoundland and Labrador have some of the strongest underlying fundamentals supporting the economy. Investment in natural resources continues, supporting household incomes. In fact, average weekly earnings in the province have

ST. JOHN'S***
Residential Unit Sales 2008 – 2012

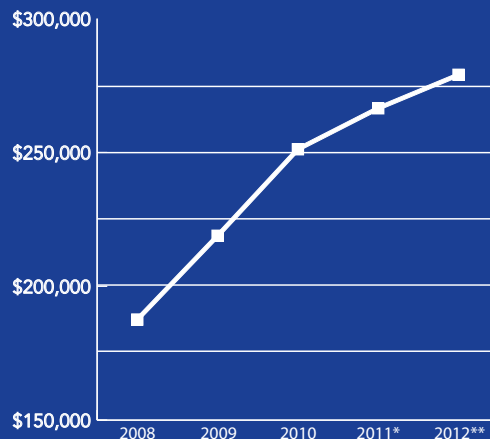


*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics.
Source: RE/MAX, Local Real Estate Board

and a \$32 million hotel on Water St., and the restoration of the Colonial building and grounds valued at over \$22 million. Of the \$71 billion in capital works projects earmarked for Atlantic Canada in the near future, \$44 billion will be spent in Newfoundland and Labrador.

With positive growth forecast to continue, the demand for housing will remain steady in 2012. Unit sales should exceed 2011 levels by three per cent, rising to 3,700 units, while prices move ahead a further five per cent to \$279,000. The market is expected to work in tandem next year, with activity gaining strength in the move-up segment. The demand for adult-living product is expected to remain consistent, giving increasing moves among baby boomers and retirees. Strong income growth among younger purchasers is expected to buoy the first-time buyer segment, particularly as the city continues to see new projects catering to the entry-level price points. The condominium segment, in particular, is projected to gain greater traction year-over-year. The luxury home market will return to a growth trajectory next year, as confidence gains momentum. Inventory is expected to drop back in 2012, finally marking the official return of balanced conditions.

ST. JOHN'S*** Residential Average Price 2008 – 2012



*Estimate **Forecast
 ***Historical values, estimate and forecast based on local board statistics.
 Source: RE/MAX, Local Real Estate Board



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