

RE/MAX[®] HOUSING MARKET OUTLOOK 2013



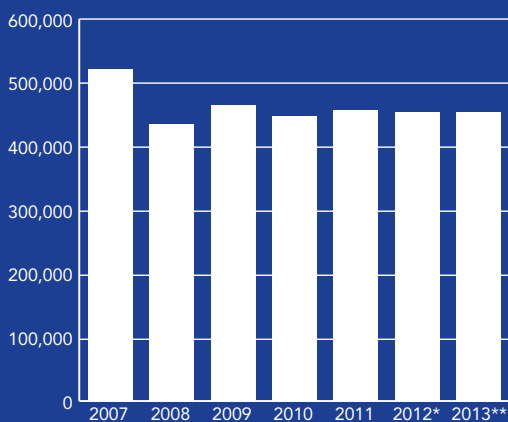
Canadian Overview

Residential activity in most Canadian markets started strong in 2012 but tapered as tighter mortgage financing and concerns over the European debt crisis dampened demand. Yet, the number of homes sold across the country is expected to reach 454,000 units—just slightly off last year’s healthy pace—and well in line with previous years. Average price continues to hold steady—despite facing headwinds—with Canadian housing values forecast to match the 2011 figure of \$364,000. Regional disparities were once again identified in 2012, with markets in Alberta, Saskatchewan, Nova Scotia, Quebec and Newfoundland & Labrador posting increases in unit sales activity, led by Calgary (13.5 per cent) and Regina (eight per cent). Price appreciation varied as well, with the greatest upswing occurring in Regina (eight per cent), followed by Hamilton-Burlington, Greater Toronto and Fredericton at seven per cent, and Saskatoon (6.5 per cent). Five markets are expected to experience downward momentum in 2012. Canada’s most expensive housing market—Greater Vancouver—will see housing values slip six per cent to \$735,000, while a more moderate decrease of four per cent is forecast for Moncton (\$166,000) and 2.5 per cent is predicted for Victoria (\$486,000). Nominal declines of one per cent

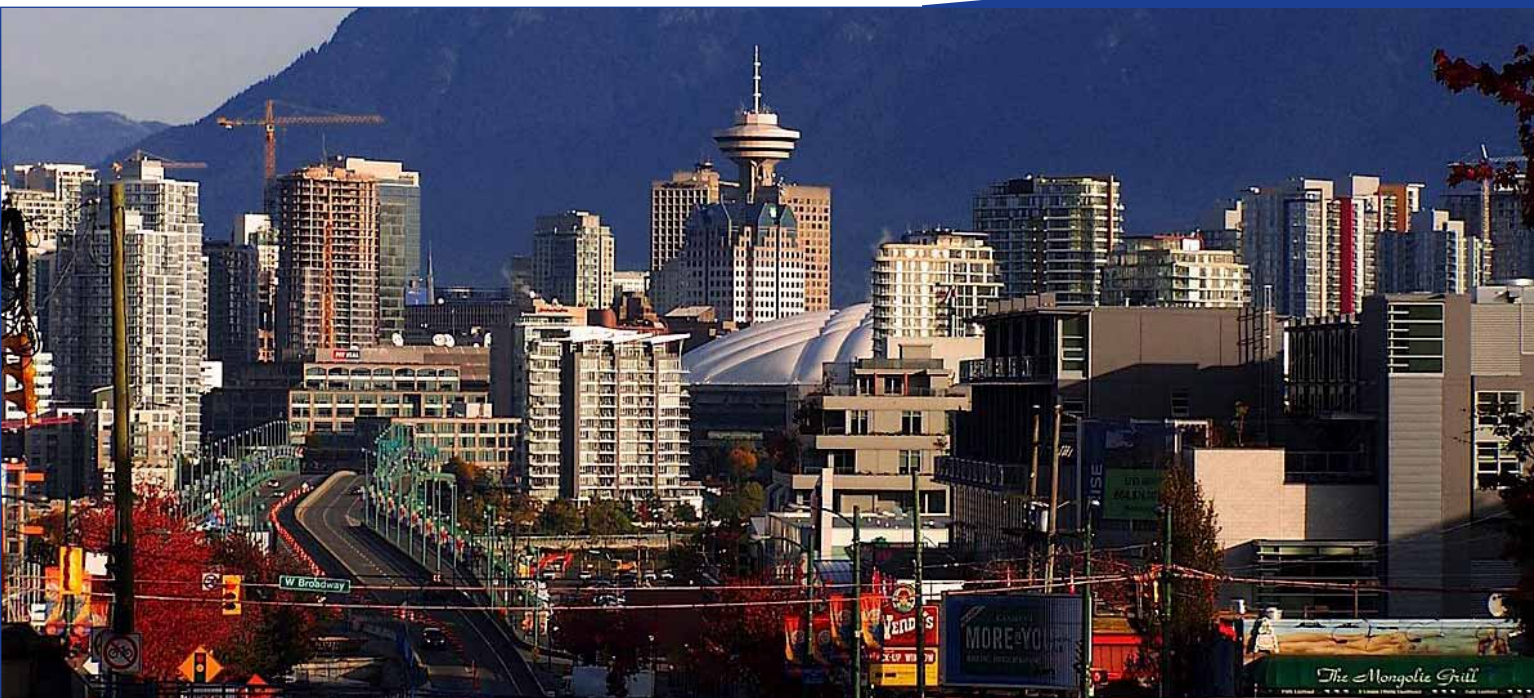
are expected in Kelowna (\$400,000) and Saint John (\$175,500). Low interest rates served to prop up homebuying activity for much of 2012, with first-time and move-up purchasers working in tandem. Affordability was top of mind in many markets, as buyers moved to stretch their hard-earned dollar. Demand for starter homes priced under the average was especially robust, leading to tighter inventory levels early in the year and contributing to upward pressure on values. Condominium sales—while solid at the start of the year—softened considerably under the weight of increased supply by mid-year. The top end of the market remained incredibly resilient, with sales of luxury product well ahead of 2011 levels in most markets examined.

Slow but steady continues to characterize Canadian economic performance, with GDP growth expected to hover between two and 2.4 per cent this year and climb moderately again in 2013. Although a dip in the Canadian economy in August caused some concern, the market overall is well-positioned for the future. Several bright spots are evident on Canada’s economic horizon, including a ramped-up lumber market, a strong auto sector and a thriving financial services base. The U.S. housing market has helped boost lumber exports in the first six months of 2012—with sales up 17 per cent—and exports are set to climb as economic recovery gains traction south of the border. The automotive sector is making serious headway, with sales of new motor vehicles particularly brisk. Overall sales are projected to reach 1.73 million nationally in 2012 and climb to 1.76 million in 2013. Saskatchewan is expected to lead the country in terms of economic growth in 2013, followed by Alberta, Newfoundland and Labrador, Manitoba, and British Columbia. Unemployment levels, currently at 7.4 per cent, should continue to decline, falling to 6.6 per cent by year-end 2015. While housing starts are expected to top 212,000 this year, momentum is forecast to slow in 2013, with starts sliding back to 189,000 in 2013. From a global perspective, the country is holding its own.

CANADA
Residential Unit Sales 2007 – 2013



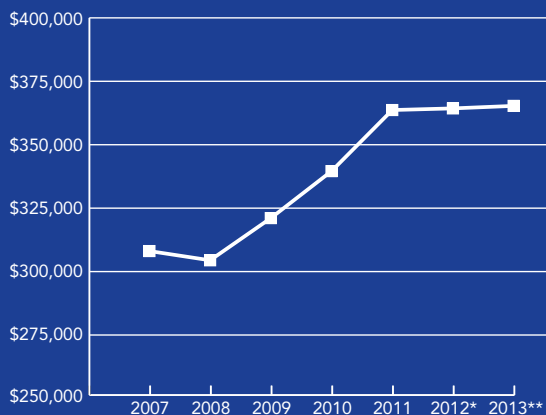
*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards



With Canada's economy showing signs of improvement, the overall outlook for the country's residential real estate market is healthy. Nationally, home sales are forecast to remain on par with levels reported in 2012, while average price projections call for a modest one per cent increase to \$366,500 by year-end 2013. While first-time buyers will continue to have a significant presence in the overall market-

place, they are expected to take a back seat in 2013 in Canada's largest markets—with move-up buyers the new engine driving homebuying activity. The greatest advance in home sales is expected in Vancouver (12 per cent), Calgary (10 per cent), Halifax (five per cent), Kingston (4.5 per cent) and Saint John (four per cent). The strongest upward momentum in average price in 2013 is forecast for St. John's (six per cent), Regina (five per cent), Kingston (4.5 per cent), Halifax (four per cent), followed by Fredericton and Winnipeg at three per cent. More balanced market conditions are expected in 2013 throughout the majority of markets, with supply meeting demand. Immigration and population growth are also expected to support housing demand moving forward. The Canadian government's commitment to immigration will hold steady, with the country set to welcome as many as 265,000 immigrants in 2013. The greater focus on economic immigrants is already leading to quicker household formation and homeownership than in years past.

CANADA
Residential Average Price 2007 – 2013



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

Newfoundland & Labrador

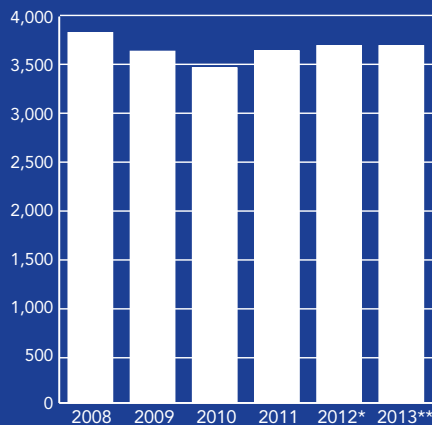
St. John's

Steady momentum characterized St. John's residential real estate market throughout 2012. By year end, 3,700 homes are expected to change hands, an increase of 1.5 per cent over last year's levels, while average price climbs six per cent to \$284,000. Purchasers continued to take advantage of buyer's market conditions, a good selection of inventory, and historically low interest rates in 2012. First-time buyers remained the driving force in St. John's, accounting for approximately 50 per cent of all sales. Rental rate increases prompted many to consider homeownership, as evidenced by the city's climbing vacancy levels, which have edged up to three per cent. While new lending restrictions had an initial impact on the market, most entry-level purchasers simply adjusted and moved forward. In fact, the market did see conditions briefly edge back into balanced territory over the summer. Many purchasers are seeking



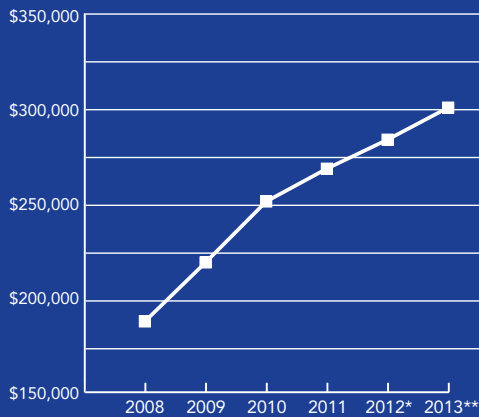
out starter homes priced from \$220,000 to \$260,000. Properties priced under the \$200,000 price point are increasingly rare, often being snapped up within days of hitting the market or generating multiple offers. On the whole, bidding wars are now the exception, given the abundance of choice available. The Paradise area continues to gain solid favour with young families, given its affordable price point. Buyers are increasingly looking to homes priced at close to \$350,000 that offer an income-producing basement apartment to offset carrying costs. Move-up purchasers continue to seek out popular neighbourhoods such as Clovelly Trails and Churchill Square. These blue-chip areas have held up better than average in 2012, with conditions more balanced and leaning in favour of the seller. The condominium market remains solid and is expected to slowly gain traction throughout the next several years, as aging boomers seek out lower-maintenance options. Units priced at \$220,000 on the lower end and \$350,000 to \$375,000 in the mid-range are most popular. The upper end of the market, with homes priced in excess of \$500,000, has remained relatively stable in 2012, and demand is expected to hold up throughout 2013. Location and pricing continue to be key, but there's no question that plenty of opportunity—and good value—exist in the luxury segment.

ST. JOHN'S***
Residential Unit Sales 2008 – 2013



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

ST. JOHN'S***
Residential Average Price 2008 – 2013



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

While provincial GDP growth remained relatively modest in 2012, with year-end estimates between one and 1.5 per cent, economic performance is set to ramp up in 2013, with forecast increases ranging from approximately two per cent to as high as 3.3 per cent. Unemployment continues to fall, with the province's jobless rate hovering at 11.9 per cent, down from 12.3 per cent. The picture for St. John's is brighter, with the unemployment rate falling to seven per cent. The downward trend is expected to continue through 2013. Population growth in the St. John's area is further anticipated to climb six per cent. Capital spending remains a significant influence on economic well-being, with \$28 billion in capital works projects on-going or planned in Newfoundland and Labrador, representing 191 projects each valued at \$1 million or more. The Lower Churchill Project at Muskrat Falls is finally expected to move forward later in 2013 and will be a significant boon to the region. Oil production is forecast to increase through 2013, with an overall strengthening in the natural resources and energy sectors. Construction activity will remain steady next year. From new office buildings, new hotels, a

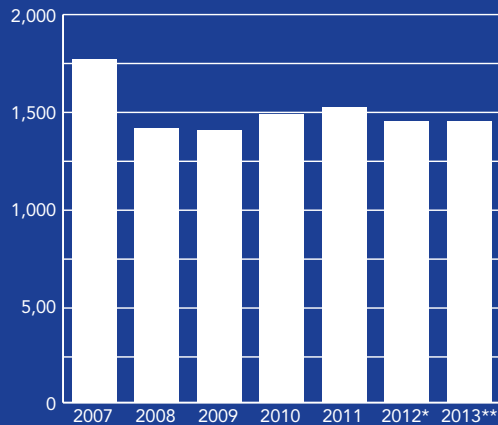
\$150-million expansion to St. John's International Airport, a new long-term care centre, and an expansion to the St. John's Convention Centre—to name a few—there's no shortage of examples. Overall, investment in the St. John's area alone in 2012 is expected to reach \$650 million. Housing starts are expected to fall back slightly next year, but remain very healthy. Income growth in the area continues to be exceptionally strong, with St. John's now boasting one of the highest average weekly earnings in the country—second only to major centres in Alberta. This will bode well for retail spending, which is also expected to climb. Business confidence, as a result, remains strong. On the whole, the outlook for St. John's remains exceptionally bright, given the sound fundamentals in place.

Demand for housing is expected to remain stable over the next year, with unit sales forecast to match year-ago levels. Affordability will continue to be front and centre, as prices rise a further six per cent in 2013, pushing the average home price over the \$300,000 threshold to \$301,000. Although conditions are expected to favour buyers for much of 2013, we could see some bounce back into balanced territory by mid-year.

Prince Edward Island

While first-time buyers remain committed to home-ownership in Prince Edward Island, job security and tighter lending criteria caused some concern in 2012. Potential government layoffs at Veteran Affairs Canada, Parks Canada, and Service Canada—representing a total job loss of approximately 400 employees—have served to drag down consumer confidence. Housing sales are expected to slip as a result, falling to 1,450 units by year-end, just short of the 1,521 sales posted in 2011. Average price has held relatively stable throughout 2012, propped up by the sale of higher priced homes, bringing values in PEI to \$155,000, up four per cent from the \$149,617 reported one year ago. Affordability remains a major impetus, especially in the Charlottetown area, with starter product available from \$120,000 to \$170,000.

PRINCE EDWARD ISLAND Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

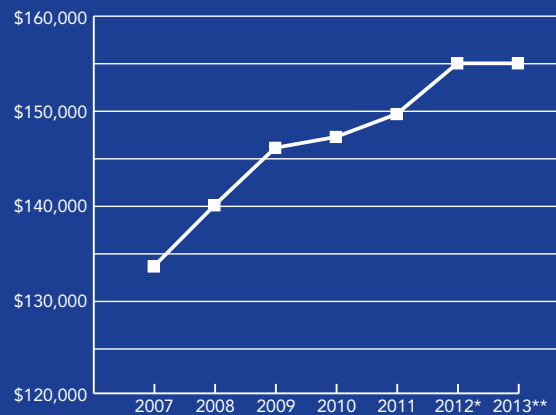
Supply, however, is limited at the entry-level price points, forcing first-time buyers to consider newer product in subdivisions springing up on the Charlottetown peripheral. Condominiums have also gained some traction with empty-nesters and retirees, with several luxury projects underway. The trend—supported by a surge in multi-unit housing starts—is expected to continue, given the Island’s aging demographic. Younger buyers are also attracted to the lifestyle, with many of the units available ideally located within the downtown core of the provincial capital.

Economic performance in Prince Edward Island was amongst the best in Atlantic Canada, with GDP growth ramping up to 1.8 per cent in 2012 and rising yet again to 1.9 per cent in 2013. Exports in the aerospace industry were up significantly and improvements were noted in agriculture and fishing. New home construction was a bright spot, with both single and multiple starts performing well in 2012, although slightly off 2011 peak levels. Population continued to climb, up 3.5 per cent in the 2011 census to 140,000 residents. The gains, however, were offset to some extent by a slump in the tourism and hospitality industries and the threat of job losses at various federal government offices this year. Fiscal restraint has also had an impact on the market, with capital spending expected to be down 27 and 21 per

cent respectively in 2012 and 2013. Unemployment figures for PEI were down to 11.2 per cent by September 2012, while Charlottetown hovered at 7.9 per cent—a trend expected to continue into the new year. The harmonization of the provincial sales tax with the goods and services tax, scheduled for implementation in April, 2013, may also have a positive impact on hiring practices and investment moving forward. That, in conjunction with a modest improvement in the domestic sector, should help prop up the province’s housing market.

The residential real estate market in Prince Edward Island is expected to hold its own in 2013, with both sales and average price matching 2012 levels. Balanced market conditions are expected to exist throughout much of the year, with supply meeting demand in most areas. First-time buyers will continue to stimulate homebuying activity, with the move-up purchaser representing a smaller segment of the market. Demand for condominiums will continue to climb, as the lifestyle gains greater acceptance with an ever-growing audience.

PRINCE EDWARD ISLAND Residential Average Price 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

Nova Scotia

Halifax – Dartmouth

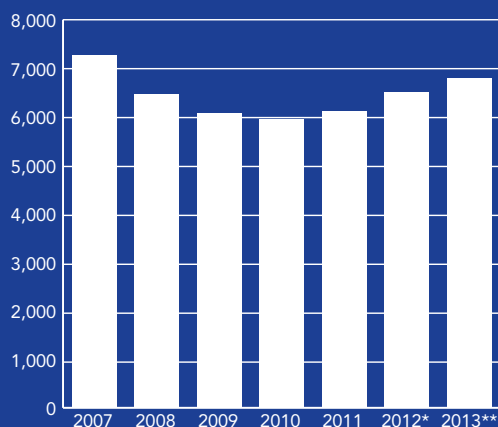
Despite tighter lending criteria, homebuying activity continued unabated in the Halifax-Dartmouth residential real estate market throughout 2012. Consumer confidence and low interest rates spurred first-time and move-up buyers early in the year, creating an unprecedented flurry of activity in the first quarter. While the pace of home sales tapered in the second, third, and fourth quarters, the market is expected to finish the year well ahead of the 6,119 units sold in 2011—settling in at 6,500 units by year-end 2012. Average price is also set to climb, rising four per cent to \$271,000 this year, up over the \$260,950 reported one year ago. Strong economic stimulus is behind the push for homeownership in Halifax-Dartmouth. The trend is particularly evident in the sale of higher-end properties—highlighting the growth in senior-level positions created in 2012. At the other end of the spectrum, first-time buyers fuelled activity at the entry to mid-level price points—ranging from the high \$200,000s to the low \$300,000s. Detached homes and semis within commuting distance were most popular with this seg-



ment of the market, with many buyers demanding newer, more modern features in communities such as Dartmouth, Bedford, and Sackville. Purchasers willing to ante up sought out similar product priced between \$350,000 and \$450,000 in the downtown core. Turnkey properties remained most coveted, with buyers refusing to invest sweat equity. Inventory levels remained consistent with 2011, although supply was tight at the \$275,000 to \$350,000 price point. Surprisingly, a healthy selection of homes could be found in and around \$200,000. Condominium sales faced some challenges in 2012, given an increasing number of luxury rental apartments coming on-stream. While the Halifax Peninsula was relatively insulated from the phenomenon, demand for condominiums in areas like Clayton Park and Dartmouth has experienced some softening.

The full-impact of the \$8 billion Halifax Shipyard contract has yet to be felt, but the promise of what's to come has seriously bolstered economic performance, both provincially and locally. The government contract, in conjunction with Shell's \$1 billion investment in exploration for hydrocarbons off the coast of Nova Scotia, and the resumption of paper production at the NewPage mill are all expected to contribute to an upswing provincially. In total, an estimated 130 major projects have been identified in the province worth approximately \$32.7 billion—75 of which are located within Halifax-Dartmouth—which should serve to buoy residential homebuying activity moving forward. Halifax itself has come alive, with commercial real estate and development beginning within the

HALIFAX – DARTMOUTH
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

downtown core—including the first major downtown office construction in 22 years, the New Nova Centre, and the TD building expansion. While multi-unit housing starts have subsided in the area, the rate of single starts has climbed 20 per cent this year—with a further increase of nine per cent anticipated in 2013. Unemployment rates—which hovered at 5.7 per cent in September—are expected to decline in 2013. The demographic mix is also key for the future, with the average age in Halifax-Dartmouth just 39 years. Seven out of 10 people are of workforce age—the second highest among Canadian CMAs, just behind Calgary. Immigration is also an integral component, adding more than 1,500 permanent and temporary residents to the province in 2011.

Against a backdrop of significant economic growth, the Halifax-Dartmouth real estate market is well-positioned for 2013. Balanced conditions are expected to characterize the market overall, while slightly favouring the seller at the entry-level price point (\$275,000 to \$350,000) and the buyer at the top end of the market (over \$500,000). Low interest rates, affordability, and job security will provide the impetus for most considering homeownership next year. The number of homes changing hands is expected to climb further as a result in 2013,

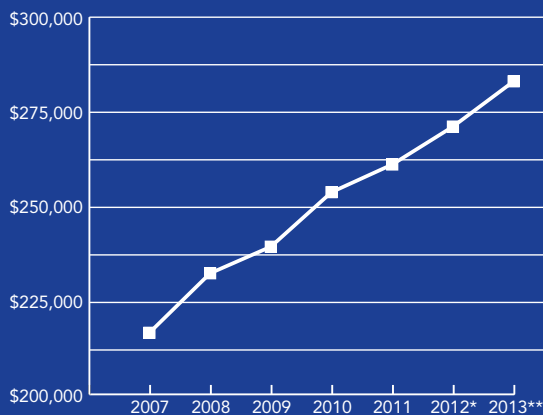
jumping to 6,800 units—an increase of five per cent over the year-end 2012 figure. Housing values are forecast to continue to ascend, appreciating four per cent to \$283,000.

New Brunswick

Fredericton

Although the real estate market in Fredericton got off to healthy start in 2012, activity started to moderate over the summer months and into early fall. Softer demand is likely to cause a contraction in annual residential unit sales, which are expected to fall eight per cent to 1,900 units. Average price, on the other hand, will climb seven per cent to \$182,000—a result of fewer sales in the lower end. Move-up buyers continue to prop up the market, taking advantage of equity gains, interest rates and favourable market conditions to trade up to larger homes or better neighbourhoods. Most are snapping up properties priced between \$250,000 and \$350,000. The upper-end, representing homes priced from \$350,000 to \$600,000, is also very active. Ex-pats returning home to New Brunswick have helped bolster the mid-to-upper price points. While tighter lending restrictions have had less of an impact in Fredericton due to affordability, first-time buyers remain more cautious. Downtown Fredericton and Oromoncto remain popular, while the rapidly growing Fredericton North area is increasingly sought-after among the younger crowd. Conditions vary from a buyer's market in the lower end, buyer's leaning toward balanced in the mid-range and firm balanced territory in the upper-end. Empty nesters and retirees are fuelling demand for bungalows and garden homes, although the former is becoming harder to come by. The condominium market has slowed, with demand weakening for both apartment-style and townhouse units. Yet, for those seeking value, condominiums can be an attractive option, priced from \$150,000 to \$230,000 for units ranging from 1,100 to 1,400 sq. ft. Plenty of new units are coming on-stream, but days on market is on the upswing. Investors continue to have a steady presence, snapping up duplex and fourplex properties in close proximity to the two universities.

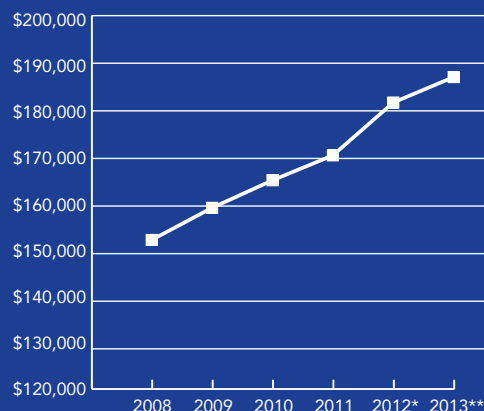
HALIFAX – DARTMOUTH
Residential Average Price 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

New Brunswick's GDP growth is expected to improve next year, following a lacklustre one per cent gain in 2012. Reduced government spending and a focus on greater efficiencies is likely to have a greater impact on Fredericton, the provincial capital, through 2013. Unemployment remains a concern, with the September jobless rate climbing to 7.7 per cent from 6.4 per cent. Several projects and developments have raised optimism in the city, including the on-going expansion of the Fredericton Knowledge Park, the announcement by the World Curling Federation that Fredericton has been chosen to host the 2013 Senior Men's and Women's World Curling Championships and the Mixed-Doubles Championships, the construction of the new Hampton Inn, Suites on Bishop Drive, and the new francophone elementary school on the north side of the city (to be completed in 2014), the expansion and major renovations to Geary Elementary, the emergence of big-box retailer Target to be located at Uptown Centre, and the announcement by Xplornet that it intends to hire 55 new workers. The approval of the Stonecrest residential development in Southwood Park, estimated at \$65 million to \$70 million and expected to be completed over the next five years, should also have an impact on Fredericton's economy. Yet, overall housing starts are expected to fall back further in 2013, as activity continues to moderate from 2011's record pace. Single-family starts will remain relatively even, while multi-unit residential construction slows.

FREDERICTON Residential Average Price 2008 – 2013

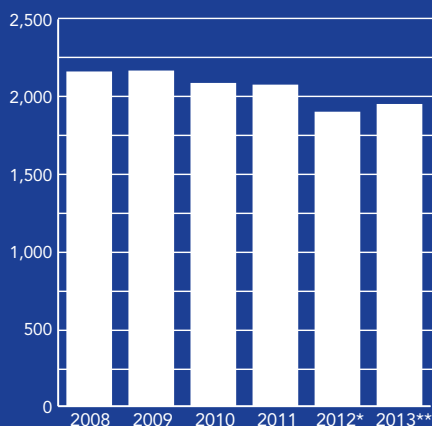


*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

Population growth, however, will continue to bode well for housing demand. Fredericton's saw its population jump 11.3 per cent between 2006 and 2011, with the capital now home to 56,224 residents.

Fredericton is forecast to see both sales and prices climb three per cent in 2013, bringing the number of homes sold to 1,950 units by year-end, while the average sale price reaches \$187,500. Move-up purchasers will remain the most active segment of the market. Inventory will be critical in the lower end in 2013, as prices for starter homes may begin to soften if absorption rates fail to improve.

FREDERICTON Residential Unit Sales 2008 – 2013

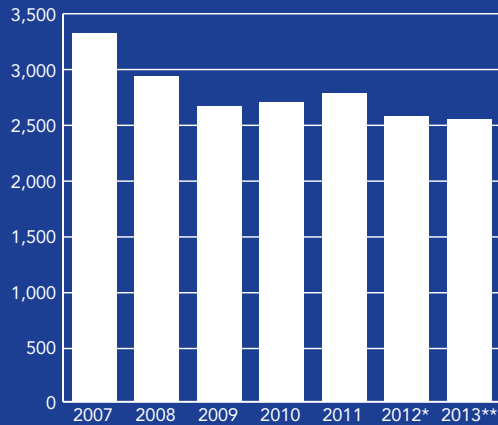


*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

Moncton

An overall pattern of softening has been evident in Moncton's residential real estate market throughout 2012. Factors contributing to the slower activity include more modest price growth in recent years—limiting the ability to trade-up—lack of economic stimulus, and weaker demand. The tighter lending restrictions which took effect in July served to solidify the downward trend. As a result, sales are expected to finish the year below 2011 levels by over seven per cent at 2,575 units, while average price recedes four per cent to \$166,000. Inventory continues to build, with conditions

MONCTON***
Residential Unit Sales 2007 – 2013



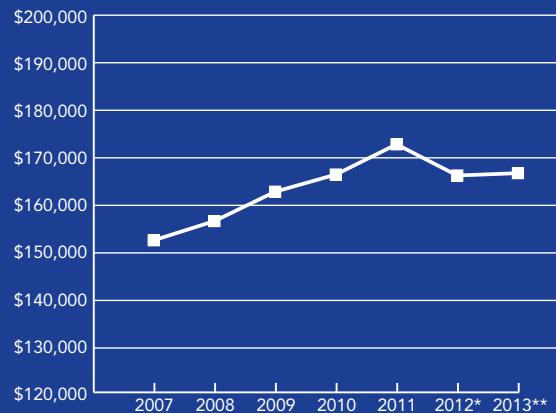
*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics
Source: RE/MAX, CREA, Local Real Estate Boards

balanced, but leaning toward the buyer. Some price adjustments have been occurring, as vendors become more attuned to market realities. While some purchasers are making concessions in the current climate and moving forward with homebuying decisions, others are waiting it out on the sidelines, instead opting to renovate their existing homes. Three-bedroom, detached homes remain in greatest demand, with bungalows favoured. The most popular price point tends to be near the average price, generally between \$160,000 and \$170,000. The condominium segment has been gaining ground in Moncton, with five to six projects now underway offering apartment-style units. Condominiums in the city can be priced as low as \$105,000 and as high as \$380,000 on the golf course. Concentration is not limited to the core, as in Canada's major metropolitan centres, but is spread throughout various communities including Greater Moncton, Dieppe, Riverview, and oceanside in the Shediac area. In-migration continues to bolster sales, particularly as former residents return home, flush with equity gains from larger centres. Yet, their purchases often remain modest, with many looking to establish a nest egg for retirement. As a result, activity in the upper-end is down from year-ago levels in both sales and prices, although product remains limited in this segment as well. Parents and investors

continue to fuel demand for product close to the university, while university expansion has added higher-income purchasers to the buyer pool.

With strong population growth, Moncton's outlook for housing demand remains positive. The city's website notes that Moncton posted population growth of 9.7 per cent between 2006 and 2011, making Moncton the fast-growing Canadian urban centre east of Saskatoon and the 5th fastest-growing CMA in Canada. With its increasingly diversified economy, exceptional affordability and a respectable average income of \$72,093 (2011), Moncton topped MoneySense Magazine's list of the best places to buy real estate for the second year running (2010 and 2011). Several major projects remain underway in the city, which should boost economic growth, including the surgical suite addition to the Dr. Georges-L. Dumont University Hospital, the on-going expansion of Moncton Industrial Park West—the first phase of which is now complete, a new \$10-million elementary school to replace the aging École Sainte Bernadette. A contract has also been awarded for the \$5.4 million Transportation Discovery Centre. The greatest potential moving forward lies with the possibility of a Downtown Arena and Entertainment Complex, which if it breaks ground next year, as planned, will completely revitalize the downtown

MONCTON***
Residential Average Price 2007 – 2013



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

core and leave the door open for further residential and commercial development. In the meantime, Moncton is expected to post solid GDP growth in 2013, in spite of government fiscal restraint. Next year, growth will be led by improvements in manufacturing, the service sector and construction. Unemployment in Moncton fell throughout 2012, after reaching above 10 per cent early in the year. In September, the rate hovered at 7.2 per cent, below the national average, and should fall back slightly in 2013.

Overall, Moncton's resale housing market will see little change in 2013, compared to 2012, with sales falling a nominal one per cent to 2,550 units, while average price holds fairly steady at \$166,500, an increase of \$500 over the previous year.

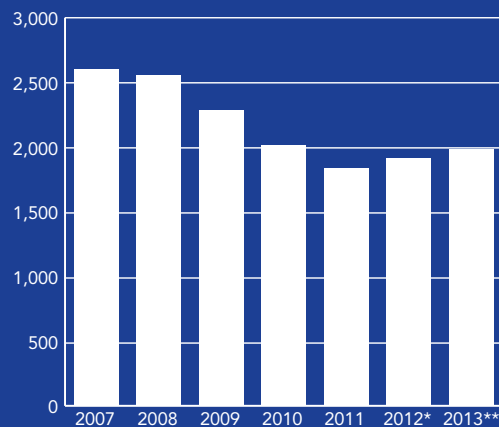


Saint John

Despite weak economic growth in 2012, Saint John's housing market held its own, defying the expectations of some experts. Buyer's market conditions proved a solid stimulus. Purchasers stepped forward to take advantage of low interest rates, softer pricing and the best selection in years. While days on market have climbed considerably—now at 125 days from 90 days last year, quality entry-level product

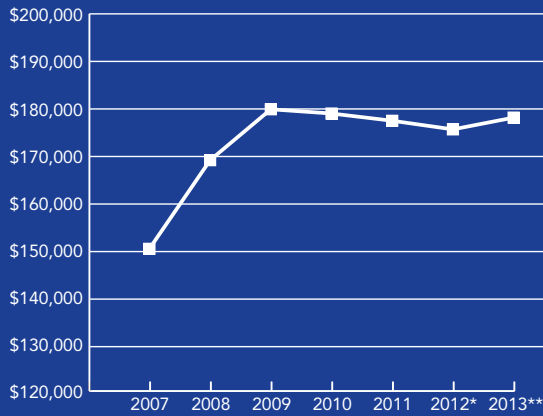
continues to move at a healthy clip. Some, waiting to see if something better may come on-stream, have been disappointed, missing out on desirable listings. The first-time buyer segment remains a substantial force in Saint John. New mortgage regulations have not had the same impact as in other parts of the country, given Saint John's exceptional affordability. Average price now hovers around \$175,000. Momentum has been strongest in the \$170,000 to \$225,000 price range, demonstrating that move-up buyers are now the main drivers. Equity gains continue to play a role, along with price and supply, convincing many that the opportunity to trade up has never been better. The east side of the city and Quispamsis remain most sought-after, while pricier neighbourhoods such as Millidgeville have experienced slower activity. The demand for upper-end homes, priced over \$350,000, remained soft in 2012. With speculation largely absent from the market, the inventory of existing new homes has fallen, which helped to bolster the resale segment. Investors have been actively seeking income-producing properties for a long-term hold, given the current climate. Single-family homes remain most sought-after, although the condominium segment is slowly making headway. By year-end, sales are expected to reach 1,910 units, an increase of four per cent over 2011 levels, while average price falls one per cent to \$175,500.

SAINT JOHN***
Residential Unit Sales 2007 – 2013



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

SAINT JOHN***
Residential Average Price 2007 – 2013



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

With GDP growth hovering just near one per cent in New Brunswick in 2012, improvement, although modest, is anticipated. The Irving Shipbuilding contract is forecast to result in increased demand for ancillary services, which should benefit Saint John businesses. It's also hoped that the recent change in municipal leadership will bode well for investment and development in Saint John—areas which had been hindered. The exports sector, which remained relatively flat in 2012, could post modest improvement, as the U.S.—and more specifically its construction industry—continues to recover. The city's unemployment rate is expected to fall back slightly, dropping to just under nine per cent in 2013. Public sector fiscal restraint will continue to be a drag on growth.

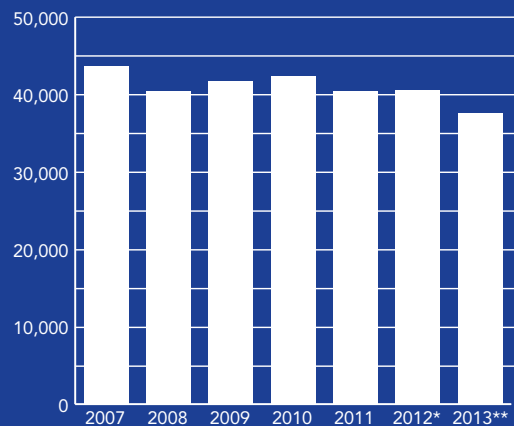
Despite the challenges, consumers have remained cautiously optimistic, and homebuyers are forecast to move forward once again. Move-up buyers will continue to fuel the lion's share of activity. The enthusiasm is projected to spill over in the upper-end, finally kickstarting that segment. Absorption is expected to improve, moving the market from buyers into balance territory in the second half of 2013. Approximately 1,980 resale homes are expected to change hands through MLS in Saint John next year—an increase of four per cent—while average price growth regains momentum, climbing more than one per cent to an estimated \$178,000.

Québec

Greater Montréal

Residential housing activity in Greater Montréal proved resilient in 2012, although the momentum in the first half of the year stands in contrast to the pace set in the second half. Despite job losses, buyers remained enthusiastic through to July, spurred on by historically low interest rates. Sales were up during the first six months in all areas of Greater Montréal and for all types of housing. Single-family homes remained most coveted, with the suburbs a significant draw. Demand for homes priced between \$275,000 and \$425,000 was especially strong. Activity was notable in Vaudreuil-Soulange, which has been quite popular this year, while the North Shore continues to attract a growing percentage of buyers. The South Shore rebounded nicely in 2012, after seeing a double-digit decline in transactions in 2011. Price gains remained moderate but steady in the first half, although growth was stronger in certain areas of the Island. Overall, appreciation has softened and will remain in more modest territory through to year end. The upper-end has held up well, as many have shied away from the stock market. Some high-end buyers

GREATER MONTRÉAL***
Residential Unit Sales 2007 – 2013



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

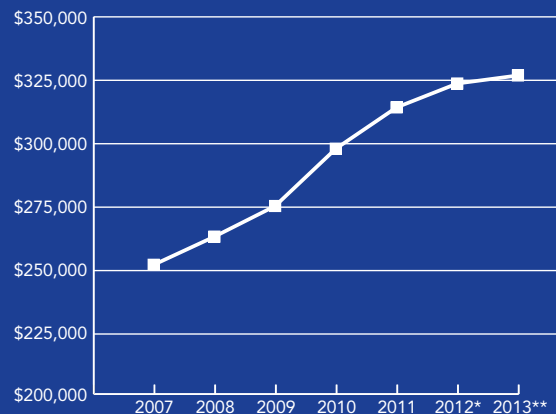


remain value driven, looking to areas such as Rosemère, which offers sprawling lots at half the tax rate of traditional luxury neighbourhoods. Buyers have also been steadily improving the city's housing stock, which should serve to buoy average price as revitalized resale homes come on-stream. Tighter lending restrictions have had a considerable impact, reducing the overall buyer pool. The low-to-mid price points have been most affected. Inventory is climbing, but the market remains balanced for now, leaning toward seller's in the single-family home category. The momentum of the first half will ultimately prop up the slower second half, with sales ultimately finishing the year slightly ahead of 2011 levels at 40,600 units (up nearly one per cent). Average price is expected to climb three per cent to \$323,500.

With the economic picture forecast to be little changed from 2012, demand is expected to follow the easing trend into 2013. Consumers will likely remain cautious, amid a climate of government fiscal restraint and an unemployment rate that hovers above the Canadian average, although some improvement is forecast. Immigration and population growth will remain a positive variable that will continue to support new household formation in Greater Montréal moving forward. Approximately 50,000 new immigrants are anticipated to settle in the region once again in 2013, on par with 2012 levels. The number of overall residents within the

Montréal CMA is on the upswing, rising 5.2 per cent from 2006 to 2011, well ahead of the provincial average of 4.7 per cent. Any prospect of higher optimism in 2013 will hinge on two factors: the performance of exports and manufacturing and job creation. The strong Canadian dollar will remain a considerable headwind. However, further growth in the U.S. economy could give these segments a modest, but much-needed boost next year.

GREATER MONTRÉAL***
Residential Average Price 2007 – 2013



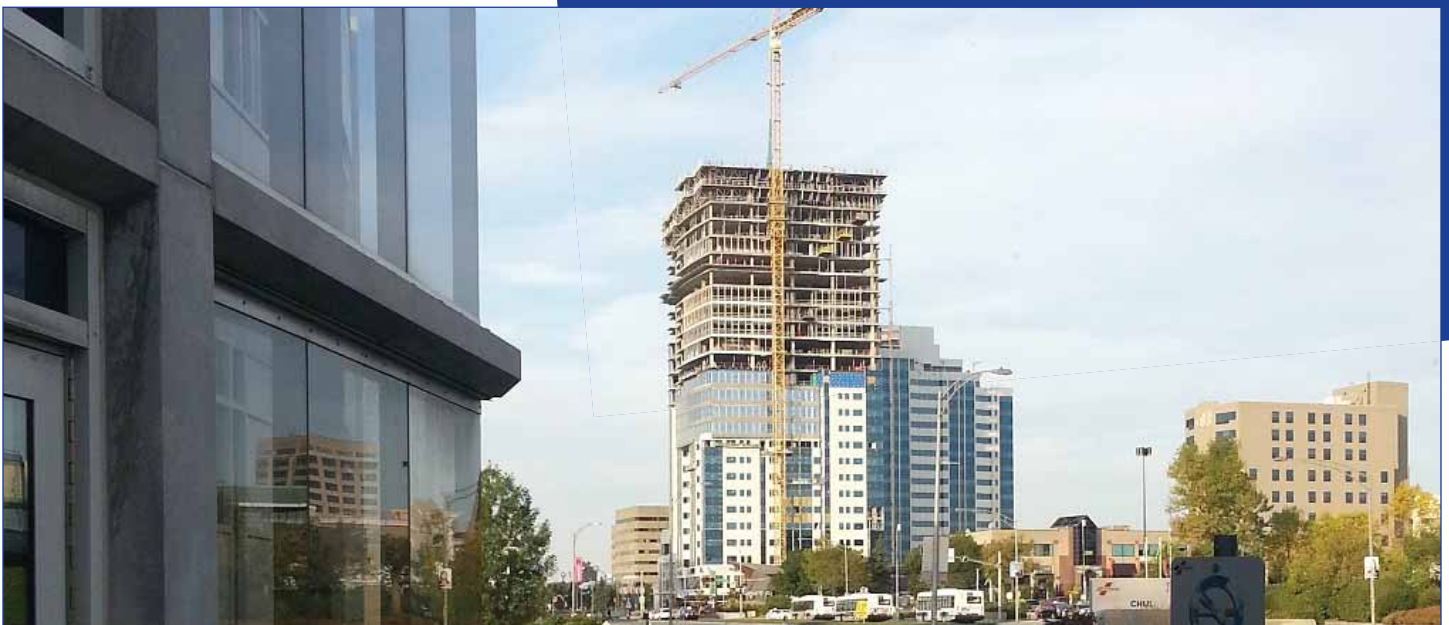
*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics
Source: RE/MAX, CREA, Local Real Estate Boards

Also propping up the economic outlook is solid on-going capital investment—totaling \$1.5 billion in 2013—supported by the city’s commitment to invest in infrastructure, revitalize underutilized areas and encourage redevelopment, particularly in the Montréal core. Such activity will engage construction, trades and specialized, skilled labour over the next several years, as Montréal prepares for its 375th anniversary in 2017.

While the long-term outlook points to more positive economic fundamentals taking shape, growth will remain slow, with GDP expected to advance by approximately two per cent in Montréal in 2013. With fewer first-time buyers set to stimulate activity, given the new CMHC protocols, the impact is expected to be felt at all price levels. The single-family home segment should remain stable, while the condominium segment could start leaning in favour of buyers later in the year. With value becoming increasingly front and centre, more purchasers will likely look to the suburban and peripheral communities. Prices for a typical condominium start as low as \$230,000 in the suburbs, while detached homes command \$275,000 and up. In 2013, housing sales will fall to 37,600 units, representing a decrease of 7.5 per cent. Prices, meanwhile, will climb by just one per cent, bringing the average price in Greater Montréal to an estimated \$326,700.

Québec City

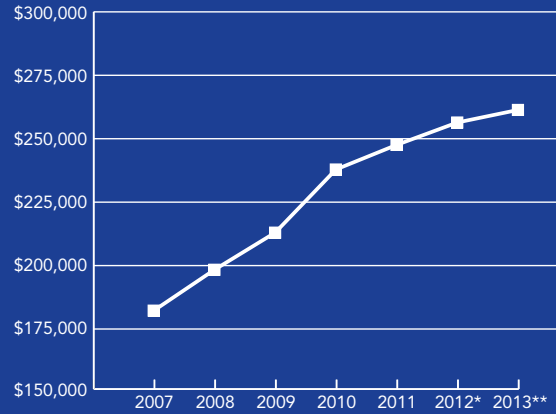
Although signs of moderation emerged in the second half of 2012, healthy resale housing activity characterized the Québec City marketplace for much of the year. Seller’s market conditions remained in place, especially in the single-family home category, in spite of climbing inventory levels. Solid demand existed for all housing types, with the areas of Beauport, Jacques-Cartier, L’Acienne-Lorette, and Val-Bélair most popular among single-family home purchasers, while condominium buyers flocked to areas such as Beauport, L’Acienne-Lorette, Val-Bélair, La Cité/Basse-ville/ Limoilou and Rive-Sud. Homes priced from \$225,000 to \$400,000 were most sought-after. Inventory levels have begun to climb, most notably in the condominium segment, which has now moved from seller’s territory to balanced conditions. The upper-end of the market held up very well year-over-year, a result of the growing preference toward tangible assets. Employment gains were a considerable factor bolstering demand in Québec City, along with historically low interest rates. Québec City’s unemployment rate remains among the lowest in the country, hovering near five per cent. While the introduction of tighter lending restrictions has impacted demand, the strength of the first half will keep sales on the positive side of the



growth curve in 2012, climbing approximately one per cent to 7,250 units by year-end. Average price should close the year four per cent ahead of 2011 levels, settling in at \$256,000.

The positive employment/unemployment picture will continue to support housing demand moving forward. Population growth, at the highest level within the province, also remains a driver, with the number of residents in Québec City climbing 6.5 per cent during the latest census period—well above the provincial average of 4.7 per cent. Capital spending is expected to fall back, given fiscal restraint in the public sector as the provincial government battles the deficit. However, private sector investment in the natural resources sector should bode well. The new arena project will remain a bright spot, bolstering the construction segment through 2013. While the people of Québec City continue to benefit from high income levels overall, rising consumer debt levels have cast a shadow that could limit discretionary spending and impact housing demand in 2013. Consumer confidence at present remains cautiously optimistic, with a close eye being kept on the U.S. recovery and the European debt crisis.

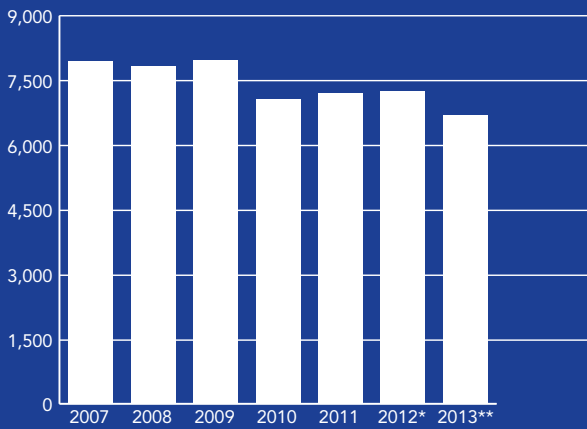
QUÉBEC CITY*** Residential Average Price 2007 – 2013



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

The momentum in Québec's City's housing market is expected to fall back in 2013, with unit sales closing out the year at 6,700 units, a decrease of 7.5 per cent. Average price, however, will climb to \$261,000, a slight gain of two per cent and in line with inflation. The single-family home segment will remain in seller's territory during the first half of the year, transitioning to balanced, while increasing inventory will see the city's condominium market move toward buyer's conditions in 2013. The new mortgage rules will prompt an increasing number of first-time buyers to adjust expectations in the months ahead, with smaller condominium units and suburban homes poised for stronger demand.

QUÉBEC CITY*** Residential Unit Sales 2007 – 2013



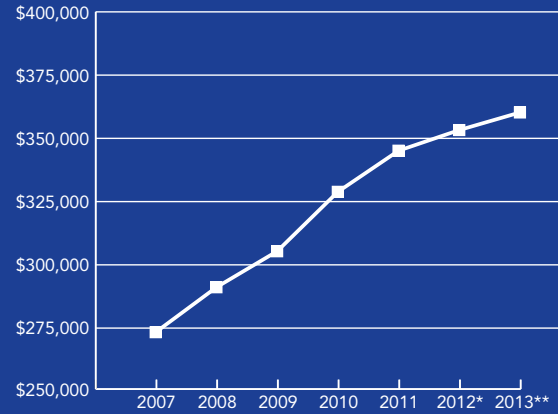
*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics
Source: RE/MAX, CREA, Local Real Estate Boards

Ontario

Ottawa

Low interest rates and economic stability bolstered residential real estate in the nation's capital this year, with housing activity mirroring healthy levels posted in 2011. Approximately 14,500 homes are expected to change hands by year-end 2012 in Ottawa, a figure on par with the 14,551 sales recorded in 2011, while housing values continue to climb, rising two per cent to a projected \$353,000, up from \$344,791 one year earlier. Sales were strong out of the gate in January, with virtually all segments of the market working together. By mid-year, however, the impact of tighter lending criteria, concerns over public sector layoffs, and the European debt crisis were felt across all price points. Days on market had climbed, moving from 39 to 43. While activity picked up in October, the momentum was unlikely to push sales ahead of 2011 levels. Affordability remained key in 2012, with first-time buyers and new move-up's taking advantage of balanced market conditions and attractive financing options. With entry-level townhomes

OTTAWA
Residential Average Price 2007 – 2013

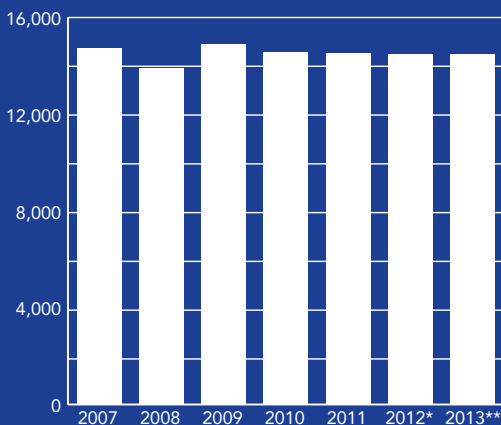


*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

available from \$175,000, buyers from as far away as the Gatineau area in Québec are showing growing interest in Ottawa's housing market. The move-up segment was also strong throughout much of the year, with the \$300,000 to \$350,000 price point up close to 15 per cent over last year. By far, the greatest upswing was experienced in the top end, where sales over \$500,000 were well ahead of 2011 levels. Politicians, senior executives and professionals sparked demand for homes in blue-chip neighbourhoods such as Rockcliffe, Glebe, Westboro, Rothwell Heights, and Civic Hospital. Increased demand for the urban lifestyle also prompted sales in communities bordering blue-chip neighbourhoods, divided by major streets such as Beechwood, Wellington, and Carling. Redevelopment has been occurring throughout the downtown area, as evidenced by new home construction, condominium development, and trendy retail presence in Little Italy, Chinatown, and Lebreton Flats. The trend—which is expected to continue for years to come—is bringing a new vibe into tired, older communities in the core.

Despite concerns over potential job losses in the civil service sector, Ottawa's diverse economy is well-positioned for the future. The city is committed to supporting economic growth through a number of capital projects that will fuel job creation and stimulate homebuying activity. Among the most

OTTAWA
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

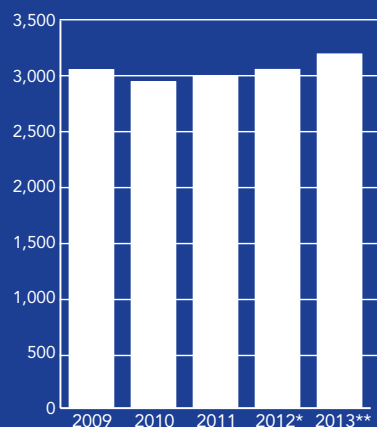
noteworthy are the \$2 billion Ottawa Light Rail transit corridor which should start construction early in 2013; the revitalization of Lansdowne, with completion of the stadium component expected in 2014; and Ottawa on the Move, a series of projects valued at \$340 million including cycling paths, bridges and structures, and integrated road, sewer, and water scheduled for completion between 2012 and 2014. Immigration is also expected to prop up growth in Ottawa, with an estimated 6,500 permanent and temporary residents welcomed in 2011 and more expected in the years to come. Unemployment figures are well below the national average, hovering at 6.6 per cent, and are expected to track downward in 2013. New construction continues at a healthy clip, with total housing starts up about 13 per cent this year over last (6,575 vs. 5,794). Single-detached starts should hold steady in 2013, while multi-unit starts experience some softening in the year ahead.

Its business as usual for the Ottawa housing market in 2013, with little change anticipated year-over-year in terms of housing sales. An estimated 14,500 homes will change hands, a figure on par with 2012 levels. While demand will remain strong for residential properties overall, enthusiasm is expected to wane for condominium product, which could have an impact on values in that segment. Inventory will play a role in the success of the condominium lifestyle in 2013, with growth contingent on absorption rates. Affordability will drive first-time buyers into the market next year, with a growing number considering fringe areas in the core—like Soho, Mechanicsville, and Vanier—where housing represents good value. The move-up segment should continue to be a dominant force, capitalizing on equity gains in recent years to trade up to larger homes or better neighbourhoods. Like 2012, the first half of the year is expected to show positive growth, while the second half lags in comparison. Average price is forecast to appreciate further, rising another two per cent to \$360,000 by year-end 2013.

Kingston and Area

Residential real estate in Kingston and Area appears to be on track for another year of solid home-buying activity, characterized by steady upward momentum once again in 2012. Buyers demonstrated solid consumer confidence throughout much of the year, driving demand for properties across all price points. Homes priced between \$200,000 and \$300,000 accounted for the lion's share of activity, representing approximately 50 per cent of all transactions, while the \$300,000 to \$400,000 range drew just over 30 per cent of the buyer pool. While the effects of the new lending criteria have been felt by some, the impact has been largely offset by the city's low vacancy rate—a considerable driver—and historically low interest rates, which have prompted many to consider homeownership over rental accommodations. Inventory levels have been rising, with the market firmly in balanced territory, although leaning slightly in favour of the buyer. Days on market, however, have not been affected, with homes selling within 37 days on average—still a healthy clip. Some multiple offers were evident in Kingston and Area in 2012. Bidding wars were most common on entry-level single family homes

KINGSTON AND AREA***
Residential Unit Sales 2009 – 2013



*Estimate **Forecast

***Historical values, estimate and forecast based on local board statistics
Source: RE/MAX, CREA, Local Real Estate Boards

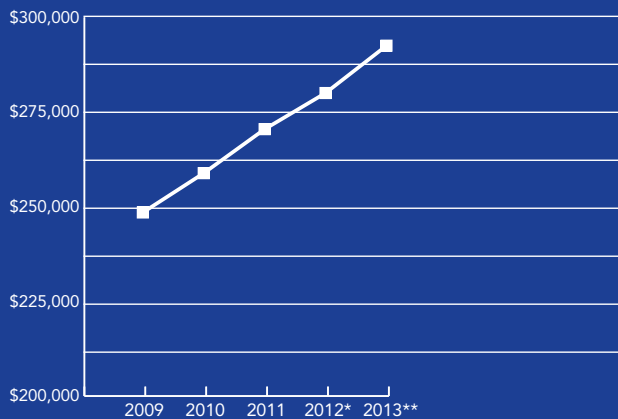
or on competitively-priced product that showed particularly well. Turnkey properties in close proximity to schools and parks remained most sought-after, with larger lots coveted. Some are venturing to the outskirts of the city, near the 401, or north and west of the city proper to secure the ideal home. The condominium market has held up well and is expected to remain stable into the new year. A shortage of new building lots within Kingston and Area in 2012 has placed some pressure on newer resale single-family homes. The city is pursuing their goal to increase density, and it has been welcomed, with condominiums offering an affordable alternative, starting as low as \$150,000, but more typically from \$175,000 to \$200,000 and up. With entry-level homes available from \$225,000, purchasers from other parts of the province continue to be attracted to Kingston, driving up the city's in-migration levels. Overall, Kingston and Area is forecast to record approximately 3,060 sales by year end, as average price climbs 3.5 per cent to \$280,000. Product in close proximity to Queen's University may continue to see stronger-than-average appreciation, as demand remains strong, influenced by out-of-town purchasers from larger centres—generally parents securing accommodation for their university-bound kids.



Healthy fundamentals continue to prop up housing demand in Kingston and Area—a trend which is expected to continue in the year ahead. The city's low unemployment rate—hovering at 6.5 per cent—remains attractive. An increasingly diversified economy has brought Kingston to the forefront in recent years, with growing technology and bio-health sectors, as well as a mix of established businesses in the service, tourism, and manufacturing segments. Kingston's location relative to Toronto, Ottawa and the U.S. and major transportation hubs—both on land and water—also remains favourable among purchasers and prospective businesses. News of the new power-generating plant being developed in Bath, near Kingston, has been well-received by area residents and should bolster jobs in the area. The effects of the Kingston Penitentiary closure has been offset somewhat, with many of those jobs now relocated to other areas. Overall, confidence is picking up in the city, after a short lull in early fall and that was already translating to reinvigorated housing demand, which provides optimism moving into 2013.

Overall residential housing sales in Kingston and Area are forecast to climb a further 4.5 per cent next year to 3,200 units, while average price pulls ahead by 4.5 per cent, reaching \$292,500 by year-end 2013. Stability will continue to characterize the market, propped up by a market working in tandem, including the city's upper-end.

KINGSTON AND AREA***
Residential Average Price 2009 – 2013

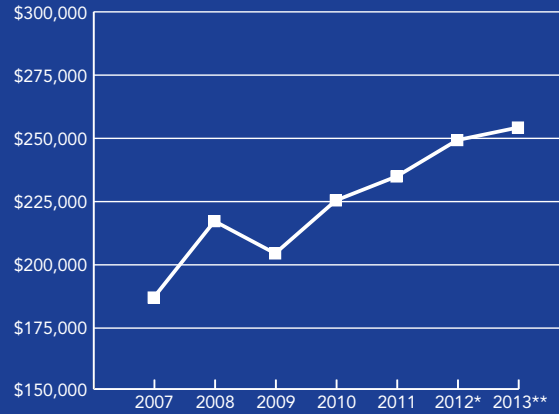


*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics
Source: RE/MAX, CREA, Local Real Estate Boards

Greater Sudbury

Sudbury's solid economic performance was reflected in the city's residential housing market in 2012. Real estate activity was strong out of the gate, with virtually all segments of the market working in tandem. Multiple offers were reported on choice product, especially during the busy spring season. First-time purchasers were a major force, stimulating homebuying activity between \$180,000 and \$200,000. Move-up buyers also played a significant role, fuelling demand for properties priced between \$240,000 and \$350,000. Condominiums were also a popular choice with the city's aging demographic—approximately 15 per cent of the population is over 65 years of age. Empty-nesters and retirees were particularly attracted to the lifestyle, with new condominium projects planned and underway generating great interest. The implementation of tighter lending criteria mid-year however, took some of the wind out of the market's sails. While affordability and low interest rates were still the catalyst, more balanced market conditions emerged. Days on market rose to approximately 80. Sales in the top end plateaued, with the number of homes sold over the \$500,000 price point falling short of 2011. At the current pace, housing sales are expected to finish the year at 2,350 units, up slightly over levels reported in 2011. Average price

GREATER SUDBURY***
Residential Average Price 2007 – 2013

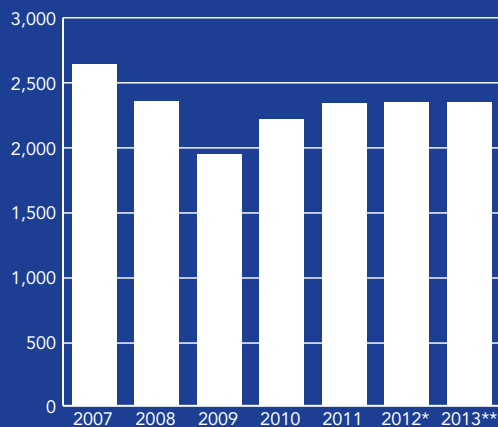


*Estimate **Forecast
***Historical values, estimate and forecast based on local board statistics
Source: RE/MAX, CREA, Local Real Estate Boards

is expected to appreciate approximately six per cent to \$249,000 by year end 2012, up from \$234,544 one year ago.

Sudbury's on-going economic development continues to make it an attractive option for homebuyers. Global demand for precious metals continues to prop up the city's mining sector. Millions of dollars in capital investment have been injected into the vibrant centre, home to mining giants Vale SA and Xstrata, in recent years. The city also boasts four post-secondary institutions, including the Northern Ontario School of Medicine and Laurentian's new School of Architecture, set to open its doors in September 2013. The local hospital, Health Science North, has had a multi-million-dollar restructuring and houses the Northeastern Ontario Regional Cancer Centre. New construction in the form of big box stores—including Markets, Loews, and Town Shoes—are changing the retail landscape. As the regional centre for finance, business services, tourism, health care, research, education and government in Northeastern Ontario, Sudbury should continue to enjoy solid momentum moving forward. Immigration is expected to contribute to the mix, with 144 new permanent and temporary residents welcomed to the area in 2011, a trend that is forecast to continue in the coming years. Unemployment levels hover at 7.5 per cent and are expected to

GREATER SUDBURY***
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
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Source: RE/MAX, CREA, Local Real Estate Boards



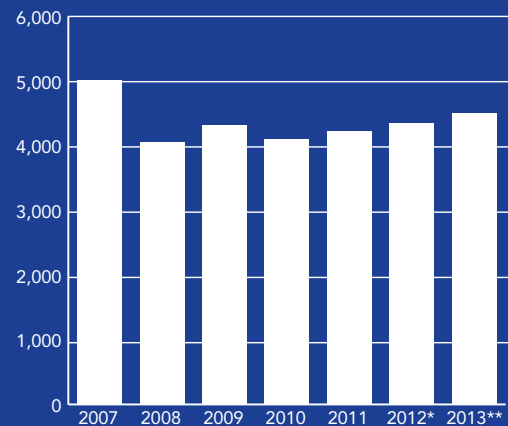
Barrie and District

A solid performance positioned Barrie's residential real estate market as a provincial frontrunner in terms of unit sales and average price appreciation in 2012. Stability characterized the housing market throughout much of the year, fuelled by a steady mix of first-time buyers from the Greater Toronto Area and local move-up purchasers. As a result, the number of homes expected to change hands in Barrie by year-end 2012 is projected to reach 4,350 units—up three per cent over the 4,228 units recorded in 2011. Including all surrounding areas, housing values are forecast to climb four per cent to \$300,000, an increase of more than \$10,000 over last year's average price of \$287,588, although values in Barrie proper tend to hover closer to \$285,000 with most sales happening in the \$250,000 - \$260,000 price range. Affordability and lifestyle figured prominently in the decision to own a home in 2012, despite mid-year changes to CMHC lending criteria. Low interest rates contributed to the momentum, which served to further bolster demand for virtually all types of housing, from condominium apartments and bungalows to waterfront estate properties. First-time buyers were exceptionally active, driving demand for both older and newer product priced at \$325,000. Empty-nesters and retirees were also well-represented,

track downward in the year ahead. Job opportunities exist in Sudbury, particularly for those with mining-related experience, which should bode well for the residential housing market in 2013.

First-time and move-up buyers are expected to kick-start the new year, fuelling demand for housing at entry-level price points and beyond in Sudbury. Affordability, combined with historically low interest rates and solid consumer confidence, will be the engine driving the market, despite tighter CMHC rules and regulations regarding financing. An influx of new listings should create a spring surge, with sales settling mid-year—much like 2012. By year end, the number of homes sold is expected to match 2012 levels, while average price climbs another two per cent to \$254,000.

BARRIE AND DISTRICT
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

impacting sales of condominium apartments along the waterfront and war-time bungalows on good sized lots in the desirable east end. Luxury home sales over \$500,000 were especially robust, with sales up about 15 per cent over one year ago. Inventory levels have remained low for much of the year, dropping to a 3.8-month supply from 4.6-months during the same period in 2011.

Barrie's economy continues to be supported by strong investment, which should bode well for the community and housing market moving forward. Revitalization efforts in the downtown core are breathing new life into the area, including improvements to the waterfront, the restoration of the Allandale Train Station and the new Mady Centre for the Performing Arts. Big box retailers remain drawn to the marketplace, a fact best illustrated by the new retail development at Mapleview and Highway 400 housing Marshalls, Bed, Bath and Beyond, and Best Buy. The first phase of the \$450 million expansion to the Royal Victoria Regional Health Centre, including the Simcoe Muskoka Regional Cancer Centre, is almost complete, with extensive renovations to the existing building now underway. Several massive construction projects are underway in the area, including Friday Harbour on Big Bay Point. The multi-million development over 600 acres, including an 18-hole golf course,

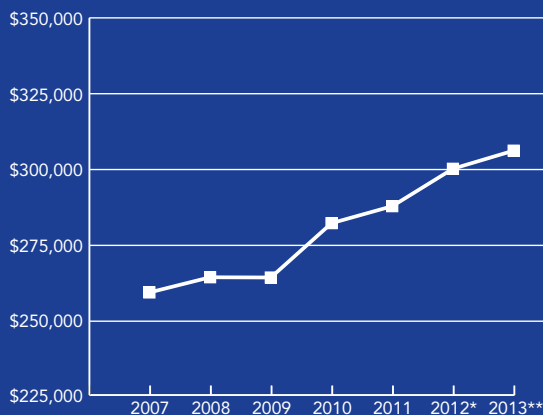
200-acre nature preserve, a vibrant marina village and a 1,000-slip marina, will create more than 2,500 permanent jobs. Barrie is one of the fastest-growing metropolitan areas in the country, with population up 71 per cent between 1996 and 2011. More than 135,000 call Barrie home, a figure expected to climb to 176,000 by 2021, with Simcoe County's population hitting 580,000.

Barrie's residential real estate market should continue to rattle and hum heading into 2013, displaying much of the stability demonstrated in 2012. Balanced market conditions should prevail, with all segments of the market working in tandem. Home sales are expected to climb three per cent to 4,500 units in Barrie and surrounding area by year-end 2013, while average price is expected to appreciate by two per cent.

Greater Toronto Area

Greater Toronto's residential real estate market could best be described as a tale of two cities in 2012—with single-detached homes experiencing solid momentum throughout the year, while demand for condominium apartments softened. The disparity between the housing types became increasingly pronounced with each passing month, with sales of detached, semi-detached, attached/row and freehold townhouse properties up two per cent in the first three quarters of the year (47,056 vs. 46,309) and condominium apartments down eight per cent (15,889 vs. 17,310) during the same period. At the start of the year, new condominium projects and developments totalled close to 150—the highest level in North America—raising serious concerns regarding the number of units coming on-stream and the potential for a glut of inventory. The number of investors in the new condominium marketplace—estimated to be as high as 60 per cent on some downtown projects—also increased the vulnerability of the housing type. Yet, by the time that the federal government made its third round of changes to CMHC mortgage rules and regulations, the market for new product had softened considerably, with the resale condominium market following in lock-step. Condominium apartments and townhomes dropped from approximately 32.3 per cent of total residential sales to 30.6 per cent in the first three quarters of 2012, despite the

BARRIE AND DISTRICT
Residential Average Price 2007 – 2013



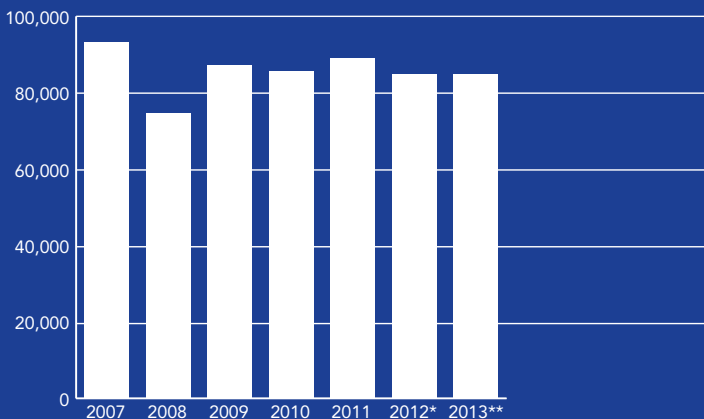
*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

affordability factor and vacancy rates for rental accommodations at 1.3 per cent. Fewer sales overall were reported at entry-level price points for all housing types, with sales under \$400,000 falling to 45.3 per cent of activity—compared to 51.9 per cent one year prior. While condominiums represented the vast majority of sales under \$400,000 price point, some detached properties east, west, and north of the city were impacted. In direct contrast, sales of luxury product priced in excess of \$1.5 million comprised a larger segment of the market in 2012, representing 1.9 per cent of total residential sales, up from 1.5 per cent in 2011. Heated demand, particularly in the first and second quarters of the year spurred strong activity in the upper-end, with the number of homes sold up approximately 24 per cent over 2011 levels. The central core was particularly robust, with sales of upscale homes in blue-chip neighbourhoods such as Rosedale, Forest Hill, Lawrence Park, Hogg's Hollow, and the Bridle Path reaching new heights. The Beach to the east and the Kingsway, Princess Ann Manor, Lorne Park, and Oakville to the west also experienced brisk activity at the top end. After a strong start to the year, the GTA housing market has returned to more normal levels of activity. The feeding frenzy of early 2012—characterized by limited inventory levels, bidding wars, and bully offers—has given way to more balanced conditions.

In some instances, frustrated homebuyers took matters into their own hands, delivering unsolicited letters of interest to homeowners, even if the subject property was not currently listed for sale. While sellers of detached homes remain firm in the driver's seat, purchasers are not prepared to throw caution to the wind. Existing homeowners who price their homes above fair market value will find their listings will stagnate—especially as more homes hit the market. By year-end, 85,000 properties are expected to change hands, down five per cent from last year's heated pace of 89,099 units. Average price is forecast to climb seven per cent to \$498,000, up from \$465,412 in 2011.

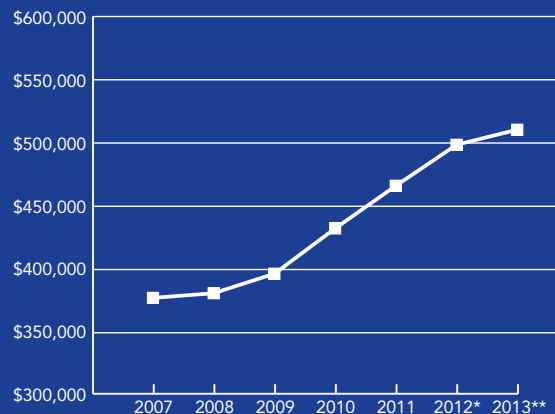
Canada's financial capital continues to experience growth, with GDP expected to climb by 2.6 per cent this year and accelerate once again in 2013. Ranked the fourth most livable city in the world by the Economist Magazine in 2012, the Greater Toronto Area remains the top destination for new immigrants to the country, with more than 30 per cent of all newcomers settling in the area. In 2011 alone, the city welcomed close to 78,000 permanent and temporary residents. Infrastructure spending remains strong in the GTA, with the \$8.4 billion TTC expansion leading the way. The film production

GREATER TORONTO AREA***
Residential Unit Sales 2007 – 2013



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

GREATER TORONTO AREA***
Residential Average Price 2007 – 2013



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

industry continues to show strong momentum in the city and the province. Production volume of film and television projects in Ontario climbed to a record \$1.26 billion last year, an increase of 31 per cent since 2010. Commercial /office development has also factored into the equation, with at least 15 of the 150 cranes dotting the skyline representing that segment of the market. With multi-unit rental starts running at a 20-year high, it's expected that a large percentage of condominiums currently underway will eventually filter into the rental pool, helping to alleviate some of the tight conditions that exist as a result of low vacancy rates.

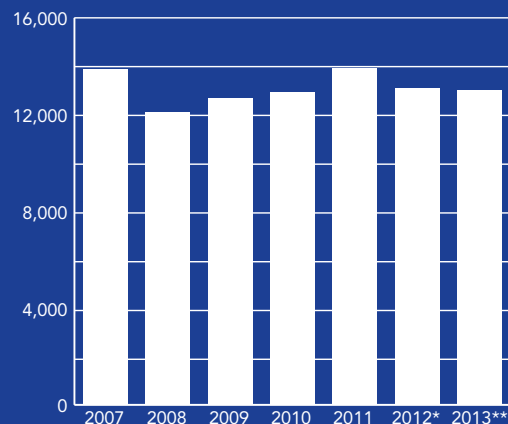
After an extended lull, historically low interest rates are predicted to once again kick-start homebuying activity in the Greater Toronto Area. Move-up buyers taking advantage of solid equity gains will account for the vast majority of residential sales in the year ahead, while first-time buyers take a back seat. Tighter lending criteria introduced mid-2012 will continue to impact entry-level purchasers. Condominium apartments, in particular, will feel the pinch, with sales tapering in that segment of the market. The balanced conditions that emerged in the final quarter of 2012 are expected to remain in place—with the supply of homes listed for sale meeting demand. By year-end, home sales are forecast to climb to 85,000 units, a figure on par with year-ago levels. Average price is expected to experience a nominal increase, rising two per cent to \$510,000 in 2013—reflecting a greater number of sales in the upper-end of the market.

Hamilton – Burlington

While relatively tight inventory levels contributed to a shortfall in sales in Hamilton-Burlington's residential real estate market in 2012, strong activity characterized homebuying activity throughout much of the year. Approximately 13,100 homes are expected to change hands by year-end, down six per cent from the city's record level of 13,932 reported in 2011. Yet, average price is forecast to appreciate seven per cent to \$358,000 in 2012, up from \$333,498 one year earlier. Rapidly escalating housing values in the 416 area code, combined with hefty land transfer taxes, are behind the push for properties in both Hamilton and Burlington this year. An estimated one in five sales can be traced to purchasers who work in Toronto's west end, as well as north of the city. Affordability has been a key factor, with single-family homes starting at \$161,000 in Central Hamilton; \$188,000 in the East End; \$265,000 on the Mountain; \$282,000 in the West End; and \$453,000 in Burlington. Although demand is greatest for properties between \$350,000 and \$375,000, Hamilton-Burlington's diverse housing market covers the gamut, offering starter product at \$160,000 to high-end estates at \$1.5 million. Seller's market conditions exist at the starter price points, while a more balanced picture emerges at



HAMILTON – BURLINGTON
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

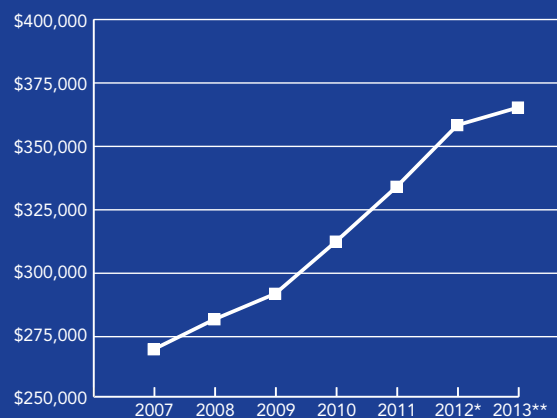
the mid-level. Luxury sales, priced from \$750,000 to \$1.5 million, remained stable throughout the year, but an increase in the number of up-scale homes listed for sale has created some opportunities for serious buyers. Condominiums continue to have universal appeal—popular with both first-time buyers and an aging demographic. In Burlington, first-time buyers seeking close proximity to the GTA are gravitating toward entry-level apartments, between 500 sq. ft. and 700 sq. ft. in size. Starting from the low \$200,000s, these units have experienced bidding wars throughout much of the year. In Hamilton, condominium apartments are attracting a graying population, but despite several new projects underway, product is still limited. Low interest rates and declining rental vacancy levels have also been a catalyst in 2012, prompting would-be renters to enter the housing market. The trend should continue in the new year, in spite of more stringent lending practices.

Significant GDP growth, expanding at an annual rate of approximately 2.5 per cent, has made Hamilton-Burlington one of the top performing markets in Ontario. That factor, combined with a forward-thinking government, record breaking building permit values and exponential population growth, have drawn Hamilton-Burlington into the national limelight. Rated the top Ontario Investment Town two consecutive years in a row by Real Estate Investment Network in 2012, the city has extensive appeal. Numerous developments are underway that are expected to have a positive impact on economic performance in coming years, including the Maple Leaf meat-processing facility valued at \$395 million—which is expected to create more than 670 jobs—the new Canada Bread plant, and the expansion of the Columbian Chemicals carbon black plant. Brownfield projects are also occurring within the region, with Union Gas now starting on soil remediation work on a property in Stoney Creek that will eventually be home to its \$30 million offices and training centre. Manufacturing is also forecast to climb in Hamilton-Burlington, rising by more than four per cent, building on a 3.7 per cent increase in 2011 and an 8.6 per cent increase in 2010. New housing starts are on the upswing, with 2012 levels hovering at more than 25 per cent ahead of last year's levels (YTD 2012 – 1,288 vs. YTD 2011 – 994). Unemployment levels—at 6.8 per cent—are amongst

the lowest in the province. Immigration is also expected to continue to play a role in Hamilton-Burlington, with approximately 3,300 permanent and temporary residents welcomed in 2011.

A bright economic outlook should serve to bolster Hamilton-Burlington's residential housing market in 2013. Affordability will continue to fuel home-buying activity, especially in Hamilton where prices for single-family homes are as low as \$160,000. Condominium product in Burlington—priced from \$200,000—will also enjoy heated activity, with the city's newest condominium development close to the Burlington GO station expected to be a tremendous success. Improved transportation in the form of the GO Train will also be a driving force, especially in Hamilton East, site of the proposed new GO station. Revitalization is occurring throughout the Hamilton-Burlington area, breathing new life into tired, older areas. Focus has shifted from Locke St.—one of the first trendy commercial shopping districts to emerge in Hamilton—to Ottawa St., where a new vibrancy is emerging. Once driven by internal mobility, the influx of GTA buyers has had a significant impact on housing values—particularly at the low end of the market. Average price is expected to appreciate as a result, climbing to \$365,000 by year-end 2013, up two per cent over 2012. Unit sales are forecast to remain stable, settling at 13,000 units, with the number of homes sold just 100 units short of the 2012 level.

HAMILTON – BURLINGTON
Residential Average Price 2007 – 2013

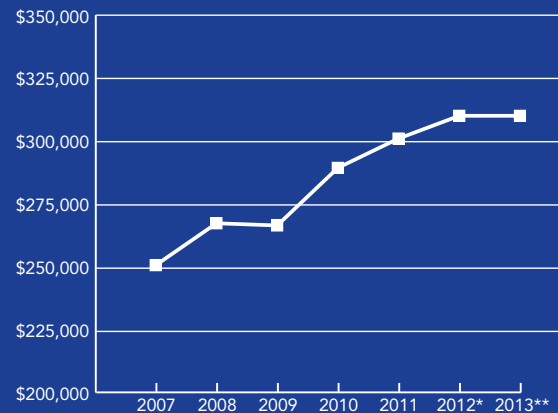


*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

Kitchener – Waterloo

Kitchener-Waterloo’s residential real estate market held up reasonably well over the past 12-month period, despite facing some challenging economic headwinds. An estimated 6,100 homes are expected to change hands in 2012, falling two per cent short of 2011 levels, while average price is forecast to appreciate, buoyed by stronger activity in the top end earlier in the year. Values are projected to climb to \$310,000 by year-end, an increase of three per cent over the 2011 figure of \$300,949. Inventory has slowly increased in recent months, with supply outpacing demand in most segments of the market. Given the greater selection of homes available for sale in Kitchener-Waterloo, purchasers are now taking their time in making decisions regarding homeownership. First-time buyers have been most active this year, driving demand for affordable product within the twin cities. Single buyers—most recent graduates that have taken IT jobs in the area—represent a growing percentage of purchasers in the area, easily qualifying for a mortgage given their relatively high income levels. Both new and resale condominiums have benefitted from the influx of these purchasers, offering affordable units priced from \$190,000. New Canadians have also contributed to the mix, although demand has waned somewhat

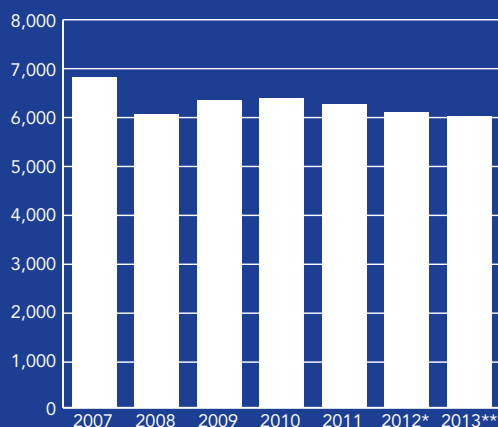
KITCHENER – WATERLOO***
Residential Average Price 2007 – 2013



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

from year-ago levels. One of the brightest spots in Kitchener-Waterloo has been the market for luxury properties priced at \$750,000 plus. The segment, which experienced robust activity throughout the spring and summer months, weakened in the fall. Sales are expected to remain soft in the top end through the remainder of 2012.

KITCHENER – WATERLOO***
Residential Unit Sales 2007 – 2013



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

While concerns over the future of Research in Motion (RIM) and the closing of the Schneider’s plant have cast a shadow, job creation efforts at the numerous high-tech upstarts launched every year in the area have offset some of the impact. Immigration has also factored into the equation, with more than 2,500 permanent and temporary residents welcomed to the area in 2011. Population figures have climbed as well, with Kitchener-Waterloo-Cambridge reporting a five per cent year-over-year increase from approximately 409,000 residents to more than 414,000 in 2012. Unemployment rates have declined, hovering at 6.7 per cent—down from 7.2 per cent one year earlier—a clear indication that the economy is on the mend. Economic diversity is key moving forward, with the Waterloo Region set for significant growth amongst mid-sized Canadian cities. Factors driving the market in 2013 and beyond include a strong manufacturing base that consists of everything from cars to satellites, a thriving academic community with two universities

St. Catharines

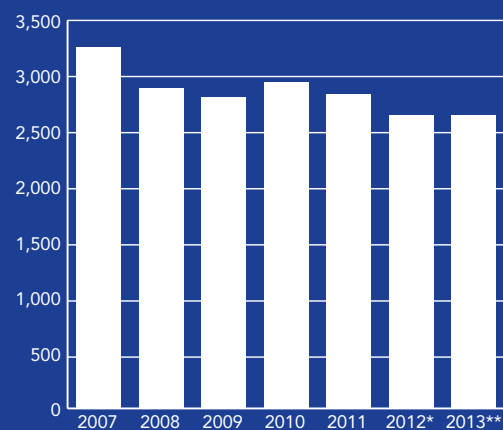
and one college stimulating growth, and an \$818 million light rail transit system scheduled to commence construction in 2014. New housing starts are expected to remain solid, with townhouse and apartment construction well underway in the twin cities. Rental buildings represent just under half of all new starts—a move guaranteed to accommodate the student population in a city where rental vacancy rates hover at just two per cent. Last, but certainly not least, a successful launch of RIM's BlackBerry 10 scheduled for the first quarter of 2013 should serve to bolster economic performance and the housing market overall throughout the year.

Kitchener-Waterloo's vibrant downtown core is forecast to continue to be a destination for the city's first-time buyers—the segment of the market expected to be most active in 2013. Low interest rates, combined with an improved job outlook, should stimulate homebuying activity, particularly under the \$400,000 price point. Sales are expected to hold relatively steady, with 6,000 units sold by year-end in Kitchener-Waterloo, down slightly (two per cent) from 2012 levels. The selection of homes available for sale is also expected to climb in 2013, keeping housing values in check. Average price is predicted to remain stable at \$310,000 through to year-end.

The resale housing market in St. Catharines and the surrounding area showed exceptional promise throughout the first half of 2012, with year-over-year sales building through to July. The market lost steam at the outset of summer—over and above the typical seasonal slowdown—in large part due to tighter lending criteria. The new mortgage rules, without question, impacted buying intentions on the lower end, which in turn, affected move-up purchasers and lengthened days on market. Consumer confidence faltered following federal intervention and increasingly cautionary statements from the Central Bank, despite some positive developments locally. As a result, overall unit sales are expected to fall 6.5 per cent in 2012 to 2,650 units. Average price, however, is forecast to climb four per cent to \$255,000. The market is now heading back towards balanced territory, with new listings down 19 per cent heading into the final quarter. Move-up buyers remain the driving force, seeking updated product priced between \$250,000 and \$350,000, with single-family homes and townhouses most popular. The north end of the city is especially sought-after. The area surrounding the new hospital has experienced a surge in demand, as doctors, medical professionals, specialists and administrators seek out higher-end product. The upper-end of the market has also proved quite resilient in 2012, with year-to-date (September) sales off 2011 levels by just two sales (35 units vs. 37 units). Turn-key has been the preference in all price ranges, and as a result, older product that requires work is spending longer on the market and must be priced accordingly. Older homes in the \$180,000 to \$200,000 range are stagnating. Of the first-time buyers who



ST. CATHARINES
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

are active, most are seeking out newer product, but supply is an issue, with not enough to satisfy demand. Condominiums are slowly gaining ground in St. Catharines. While the high-end Port Tower has been downscaled, the building offering suites priced from \$500,000 to \$1 million, has almost sold out all 30 units. Investors remain active in the area—banking on the future—snapping up product near the university for long-term hold. Investor enthusiasm has even spread as far south as Thorold. Out-of-town purchasers continue to be a significant driver, coming to St. Catharines to retire, flush with considerable equity gains from nearby major centres.

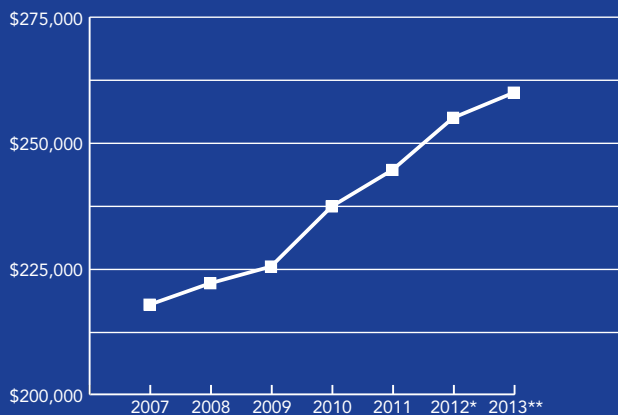
With the city of St. Catharines and the Region working to advance economic development and innovation in the area, the long-term outlook continues to improve, which will lead to growth in a number of areas. On-going diversification of the city's economic base is occurring, with several sectors making positive strides in St. Catharines including health, education, technology and agriculture. Capital investment continues to be strong, with a flurry of major projects underway or in development, including: St. Catharines Health Care Complex and Cancer Centre (\$900 million), General Motors Powertrain Investment (\$245 million), General Motors Next Generation Engine Investment (\$235 million), Cairns Family Health and Bioscience Complex - Brock University (\$120 million), QEW Expansion (\$159 million), Port Place Condominium (\$75 million), Performing Arts Centre (\$54 million), Smart Centre's Redevelopment Shopping Centre (\$70 million), Marilyn I. Walker School of Fine and Performing Arts (\$43 million), Carlisle



Street Parking Garage (\$30 million), Ridley College Arena (\$20 million), Kiwanis Aquatics Centre and Grantham branch of the St. Catharines Public Library (\$18 million), Calloway REIT Mountain Locks Plaza Redevelopment (\$15 million), Brock University International Services Building (\$10 million), and the St. Catharine's Shipyard has been awarded a \$6-million contract to make repairs to CCGS Amundsen. In addition, the region's public works committee came out with a preliminary report in late September suggesting St. Catharines could see over \$260 million in roadway infrastructure improvements through 2022—42 per cent of the region's budget. Unemployment in the region is expected to fall back slightly in 2013, with modest gains made in employment growth. GDP is expected to move ahead just under two per cent in 2013.

Overall, the positive outlook should see St. Catharines maintain the current momentum, with resale housing sales set to match the pace set in 2012. Price growth will remain on the upswing, with the average expected to climb another two per cent next year to \$260,000.

ST. CATHARINES Residential Average Price 2007 – 2013

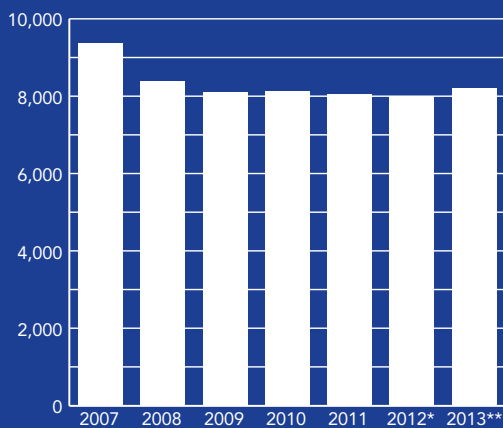


*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

London – St. Thomas

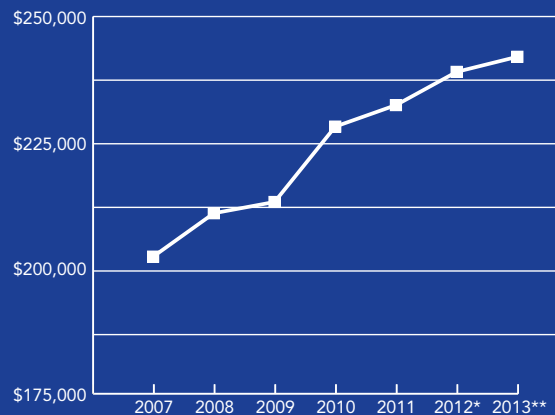
Sales in the London-St. Thomas real estate market continued at a healthy pace in 2012, in line with more traditional levels of activity. Balanced market conditions exist across virtually all price points. Although inventory is climbing, the condominium segment is showing signs of greater softening due to the increased number of units coming on-stream. Both first-time and move-up buyers are working in tandem, spurred on by low interest rates. Single-family homes priced from \$240,000 to \$300,000 remain most sought-after, with quality product moving quickly. The odd multiple offer still occurs, but much less so than in years past. The market has been impacted by tighter lending restrictions, knocking some first-time buyers out of the mix. The effect, however, may be temporary, as buyers will likely adjust and move forward. At the other end of the spectrum, sales of luxury homes, priced over \$500,000, have remained steady, but days on market are on the upswing. Overall, London's resale housing market remains stable and sales are expected to finish out 2012 just slightly below year-ago levels at 8,000 units. Average price will climb three per cent, reaching \$240,000.

LONDON – ST. THOMAS*** Residential Unit Sales 2007 – 2013



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

LONDON – ST. THOMAS*** Residential Average Price 2007 – 2013



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

The outlook remains positive for the London-St. Thomas market. Increasing clarity has emerged with respect to the city's economic picture, especially as contracts have now been ratified among the major automakers. Area residents breathed a collective sigh of relief which has caused many to replace caution with optimism. Looking forward, growth is expected in the manufacturing sector, in tandem with on-going U.S. recovery and rebounding demand south of the border. Infrastructure spending and solid capital investment will continue to drive construction in the region, particularly with the extension of the 401 at Wonderland Rd. This project is expected to open up the area immediately south of the 401 to a flurry of commercial development. The unemployment rate is expected to trend downward, hovering near eight per cent in 2013. Solid fundamentals exist to support housing demand in the months ahead and residential construction continues at a steady clip.

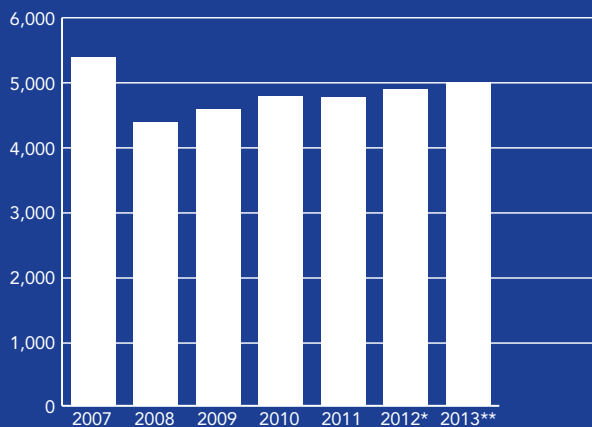
Next year, the momentum should pick up slightly, in tandem with the overall economic forecast. Unit sales are forecast to reach 8,200 by year-end 2013, an increase of 2.5 per cent. The city's average price is expected to push forward a further one per cent, settling in at \$242,000. Time on market will level out, holding near 50 days for single-family, while condominiums may take longer to sell, given the increased availability of product.

Windsor – Essex

Solid consumer confidence levels helped to spur residential real estate sales in Windsor throughout 2012. Momentum has been fairly steady, with buyers responding to the positive economic picture, favourable affordability levels and low interest rates. As a result, the city is on track to record 4,900 sales through MLS, up three per cent over 2011 levels. Average price will post a 3.5 per cent increase, climbing to \$176,000. Conditions remain relatively balanced, with a slight shortage in inventory, but not enough sway the market into seller's territory. Quality product, priced at fair market value, is moving quickly. Some multiple offers have occurred throughout the year, mainly in sought-after South Windsor, in areas such as Tecumseh, Riverside, and LaSalle. While bidding wars remain the exception, the re-emergence of this phenomenon—absent for the past several years—is a positive sign of the strengthening belief in homeownership. At the bottom of the market (2009), investors picked up homes as low as \$50,000 to \$70,000 in older neighbourhoods throughout the core and the east and west ends. This product is now coming back on-steam after being renovated, listed between \$80,000 and \$120,000. The revitalization has lifted some neighbourhoods, attracting value-driven first-time buyers.

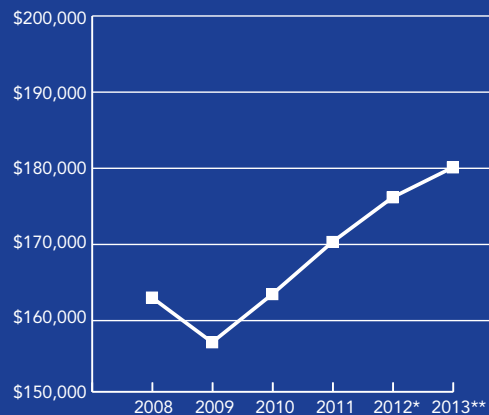
Investors remain active in Windsor looking to snap up well-priced single-family homes and condominiums, especially near the university. Empty nesters have bolstered demand for townhomes priced between \$170,000 and \$250,000, which remains the most active price point. Higher price points—over \$350,000—and the upper-end—over \$400,000—are also experiencing steady demand, ahead of last year's levels. The market for condominiums remains soft throughout the city, with a generous supply of listings available. Single-family homes remain the first choice among buyers—and for many, the only choice they'll consider. As a result, condos are expected to continue to struggle. One building on the west side, for example—completed six years ago—has yet to sell all of its units. First-time buyers were strong out of the gate this year, and remained a significant presence, despite new lending rules. The enthusiasm also prompted solid move-up activity. The mid-range continues to be propped up by in-migration, as Windsor continues to attract buyers from across Southern Ontario—many from pricier markets—due to its warmer weather, affordability and increasing reputation as an attractive retirement destination.

WINDSOR – ESSEX***
Residential Unit Sales 2007 – 2013



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

WINDSOR – ESSEX***
Residential Average Price 2008 – 2013



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

Manitoba

Winnipeg

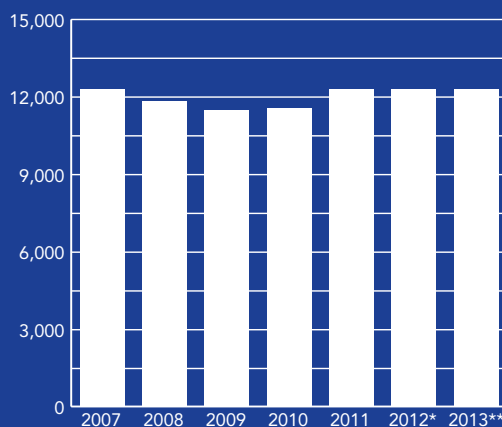
The residential housing market held up well in Winnipeg throughout 2012. First-time buyers remained the driving force, with sales between \$150,000 and \$300,000 representing 59 per cent of all activity. Affordability, relative to other major centres, and continued low interest rates were the major catalysts. Sweat equity continues to pour into Winnipeg's housing stock, revitalizing neighbourhoods in the process. Demand was steady for infill lots in established west-end neighbourhoods such as Ft. Garry and River Heights, with new construction pulling up average values in the process. The upper-end remained solid, given the desire to invest in more tangible and less volatile assets. Multiple offers were relatively commonplace throughout the year, though less prevalent than in 2011. However, the market has begun to shift, beginning with an uncharacteristic slowdown in September, attributed to seasonal patterns, tighter lending restrictions and satisfied pent-up demand. Inventory has been steadily climbing, still in seller's territory, but leaning toward more balanced conditions across all housing types. While the momentum is expected to be more subdued through to year-end, unit sales are expected to remain on par with levels report one year ago—at 12,300 transactions. Average price is forecast to increase by five per cent, reaching \$254,000.



An improving economic climate will provide a solid foundation supporting on-going housing demand in Windsor into 2013. The \$1.4 billion Windsor-Essex Parkway project and, moving forward, the recently-announced deal for a new bridge at the Windsor-to-Detroit crossing will contribute to economic growth. Windsor will see GDP move ahead two per cent in 2012—a level it is forecast to match in 2013. The auto sector continues to ramp up production and hiring, as the industry's North American recovery gains greater traction. With four-year contracts ratified with the major auto makers, confidence is building. This will contribute to greater stability and improved retail sales in 2013. The manufacturing, transportation, warehousing and hospitality/food service sectors have also made positive strides this year. The return to positive population growth will also bode well. Unemployment is forecast to ease further, falling closer to 8.5 per cent in 2013. Housing starts are on the upswing and will climb further, while capital investment remains strong, with major projects including improvements to the Canadian Plaza of the Windsor-Detroit Tunnel, the new aquatic centre and plans for a multi-million-dollar Lakeshore arena complex (now in the tendering phase). Adding to the good news is the fact that Windsor is headed toward a \$1 million surplus in 2012—a position few cities can boast.

With Windsor in the best economic shape in several years, housing demand will continue to gain momentum, with sales forecast to reach the 5,000 unit benchmark in 2013—a threshold it hasn't seen since 2006. Average price will edge up by a further 2.5 per cent to \$180,000.

WINNIPEG
Residential Unit Sales 2007 – 2013



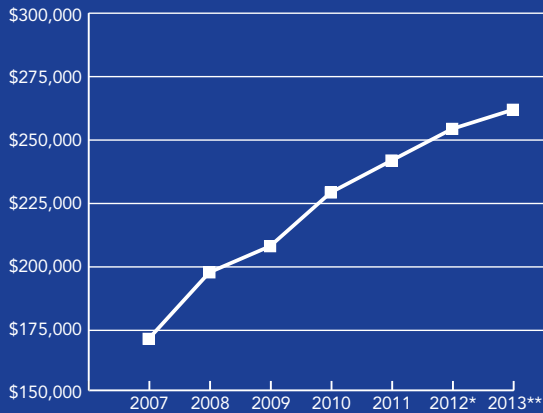
*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

Saskatchewan

Regina

Economic prosperity continues to fuel rapid growth in Regina's residential real estate market, with both new and existing properties moving at a healthy clip. The number of resale homes sold is expected to climb to 4,200 in 2012, up eight per cent over 2011 levels—making Regina one of the top performing markets in the country. Average price is expected to appreciate eight per cent as well, rising to \$300,000 by year-end, up from \$277,473 one year earlier. Balanced market conditions exist overall, with supply meeting demand in most areas of the city. A shortage of starter product priced between \$350,000 and \$450,000 has been noted. With rental vacancy rates at just one per cent, most would-be renters are investigating the benefits of homeownership. While sales under the \$200,000 price point are virtually non-existent, sales between \$300,000 and \$350,000 are up approximately 23 per cent—indicative of solid first-time buyer activity. It's the move-up segment, however, that represents the lion's share of the market. Comprised of local buyers and an influx of out-of-province purchasers, this group is fuelling sales of

WINNIPEG
Residential Average Price 2007 – 2013

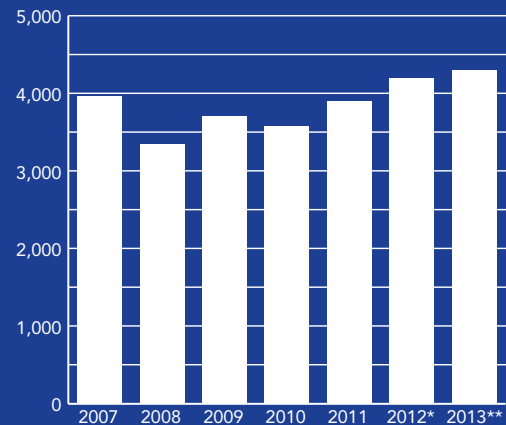


*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

Winnipeg—and Manitoba overall—will continue to experience steady growth in 2013, as the region's highly-diversified economy gains further traction. Advancement is expected in agriculture, manufacturing, construction and retail sales. Solid capital investment and infrastructure spending will continue to bode well—despite public sector restraint—as the unemployment rate is forecast to fall back closer to five per cent. GDP growth for the province is anticipated at 3.2 per cent next year, following a 3.3 per cent gain in 2012. The city itself is expected to move ahead by two per cent in 2013—a considerable increase from 2012's modest 1.4 per cent growth rate. Immigration is expected to remain a positive factor influencing household formation and home sales in 2013, with the province attracting an increasing number of skilled professionals and entrepreneurs.

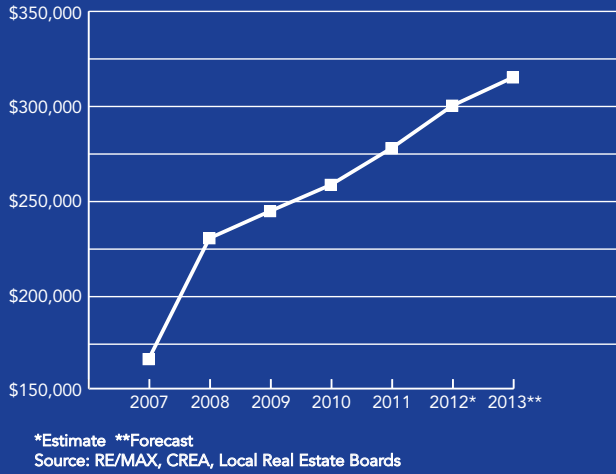
For the first time in over a decade, purchasers will finally have time to catch their breath in Winnipeg. Balanced conditions will likely emerge by spring 2013, as inventory continues to climb and days on market increase. Greater selection should reduce the frequency of multiple offers. As a result, the need to price listings at fair market value will be critical to ensure optimal interest and results. The \$200,000 to \$300,000 price range is expected to be most active. Investors will continue to be a factor in the entry-to-mid level price points. The city's low vacancy rate should continue to drive condo activity, with a healthy market forecast. A softer climate will prevail across all housing segments, but the impact will be slightly more pronounced in the upper-end. Unit sales will remain on par with year-ago levels in 2013, while average price is forecast to climb, rising another three per cent to \$261,600.

REGINA
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

REGINA
Residential Average Price 2007 – 2013



homes priced at \$500,000 plus—as evidenced by a 76 per cent increase in sales between \$500,000 and \$750,000 and a 100 per cent increase in sales between \$750,000 – \$1,000,000. Sales in the top end of the market have been brisk, with the highest sale on MLS occurring at \$2.65 million this year. New construction remains healthy in Regina, with the extensive Harbour Landing development attracting a significant number of buyers.

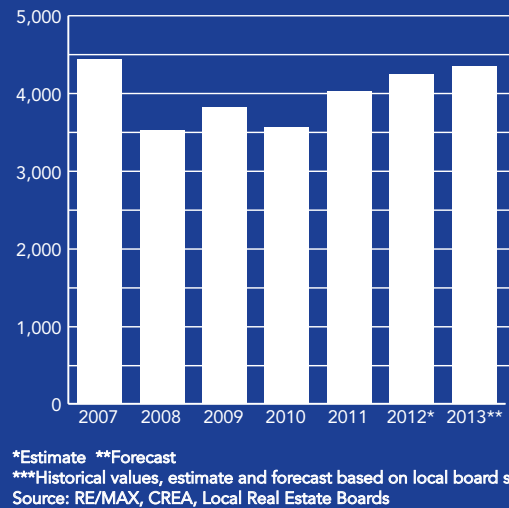
Consumer confidence, job creation efforts, and an economy that is firing on all cylinders—in virtually every segment—have bolstered homebuying activity in Regina through much of the year. Higher immigration and net interprovincial migration have played a serious role in the city, with Canadian Census data showing population at more than 200,000 in 2011, an increase of eight per cent from 2006 levels. While Regina is expected to experience GDP growth of 3.2 per cent this year, the province is expected to post a GDP growth rate of 3.6 per cent this year, and ramp up to four per cent in 2013. A number of infrastructure projects are expected to boost growth in the year ahead, including a new stadium in Regina, as well as the election platform commitment of \$2.2 billion in Highways and Infrastructure over the next four years. Unemployment levels currently hover at 5.2 per cent in Regina, and are anticipated to experience further downward trending in 2013.

Against a backdrop of a stable and diversified economy, Regina’s residential housing market is well-positioned for 2013. The number of homes sold in the city is expected to climb further, posting a two per cent increase to 4,300 units, while average price is forecast to appreciate five per cent to \$315,000 by year-end 2013. Move-up buyers will continue to drive activity, trading to larger homes or newer product in communities such as Harbour Landing. First-time buyers, while still a force, will play a lesser role in the marketplace in 2013 due to tighter lending criteria. Condominiums should provide an affordable alternative for many first-time buyers, with newer townhouses starting at \$275,000 to \$350,000. Purchasers willing to invest a little sweat equity may find older homes, with good bones, in established neighbourhoods at a similar price point. Despite the upward momentum in housing values in Regina, homeownership is still within reach—a fact not gone unnoticed by today’s real estate consumers.

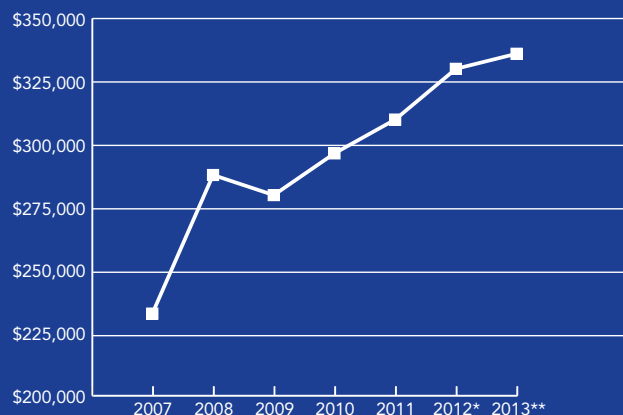
Saskatoon

Saskatoon’s residential real estate market was strong out of the gate in 2012, fuelled by low interest rates and solid economic performance. Immigration and in-migration helped bolster homebuying activity,

SASKATOON***
Residential Unit Sales 2007 – 2013



SASKATOON*** Residential Average Price 2007 – 2013



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

thanks to an 11.4 per cent upswing in population, according to the 2011 Canadian Census. The move-up market was particularly active, with the greatest demand occurring at the \$350,000 to \$500,000 price point. Days on market hovered at 33, down from 40 one year ago. Tighter mortgage lending criteria introduced mid-year, however, hindered first-time buyer activity to some extent. Accumulating the required downpayment was a challenge for many first-time buyers considering homeownership. Overall supply continued to meet demand, creating more balanced market conditions by mid-year. While brisk activity characterized the top end of the market—priced from \$600,000—early in the year, demand tapered in the fall on renewed concerns over the U.S. recovery and European debt. Condominiums also lost some of their momentum this year, given an increasing supply of apartments and townhomes listed for sale. Potential purchasers have also been grappling with rising maintenance fees and taxes that have made ownership of apartment condominiums in particular cost prohibitive. Despite a softer second half, 4,250 homes are expected to change hands by year-end 2012—the second best year on record for the Saskatoon residential real estate market—5.5 per cent ahead of the 4,027 units recorded in 2011. Average price is projected to increase as well, with values appreciating 6.5 per cent to \$330,000, up from \$309,823 one year earlier.

Saskatoon's growth over the past decade has been nothing short of remarkable, fuelled by a province rich with natural resources. Immigration has contributed to the serious upswing in population, well above the national average. Last year alone, Saskatoon welcomed close to 3,800 permanent and temporary residents. In-migration has also factored into the equation, with an estimated 50 per cent of the population hike coming from out-of-province. Job creation efforts remain solid, with unemployment rates hovering at 5.4 in Saskatoon. The overall outlook is bright for Saskatchewan, the only province currently running a surplus. Strong increases in farm incomes will be a key factor maintaining growth in the economy, with economic performance well ahead of the average. Demand for potash and other natural resource commodities are expected to remain sufficiently robust to sustain prices at historically elevated levels, thereby keeping both mining activity and construction in expansion mode. Capital investment remains top of mind, with several billion committed to highway and infrastructure over the next four years. Tens of millions are also earmarked for upgrading education infrastructure. GDP growth in Saskatchewan is forecast to grow by 3.6 per cent this year, and lead the country at 4.0 per cent next year.

Historically low interest rates, combined with buyer exuberance, have contributed to a robust housing market in recent years, with demand for both resale homes and new construction leading to equally impressive equity gains. Housing starts in the city have been brisk, with single-detached units expected to climb to 4,900 in 2012—an increase of approximately 18 per cent—and fall just short of that number in 2013. While some moderation is expected in 2013, home sales are expected to climb two per cent to 4,350 units. Housing values in the city are expected to post a modest increase of two per cent to \$336,000.



Alberta

Edmonton

Edmonton's residential real estate market proved quite healthy in 2012. Monthly activity continued to build over the previous year consecutively, until July and August, which registered the initial consumer reaction to tighter mortgage restrictions. The momentum now appears to be moderating—a trend that is expected to continue through the final quarter—eroding year-over-year gains made earlier in 2012. As a result, unit sales are expected to finish 2012 up one per cent, as 17,100 homes change hands compared to 16,963 in 2011. Average price will climb a modest two per cent to \$332,000. Balanced conditions have emerged in most segments of the market, slightly skewed to the buyer at the top end of the mid-range and in the upper-end. Inventory continues to build in the condominium segment and concerns regarding oversupply remain front and centre as new projects continue to come on-stream. As a result, condominium prices have struggled to maintain parity throughout the year.

EDMONTON
Residential Average Price 2007 – 2013



Affordability is playing a greater role in the market this year. Tighter mortgage lending policies introduced mid-year are prompting first-time buyers to re-adjust expectations and that may serve to bolster entry-level condo and single-family activity moving forward. Investors continue to be active in Edmonton, with duplex and fourplex properties and starter homes proving most popular. The tangibility of real estate continues to attract investors due to its low-risk profile and ability to provide a reliable income stream.

EDMONTON
Residential Unit Sales 2007 – 2013



Edmonton is expected to remain a leader in economic growth among Canada's major centres in 2013, which should serve to bolster housing demand moving forward. Strong investment in the province's energy sector continues, as output has increased. Alberta's energy sector has close to \$30 billion in projects underway, another \$86 billion worth is proposed or in development. The city itself has another \$30 billion in major projects planned or underway, including expansion of the Edmonton International Airport. World demand for oil is also on the upswing, while supply has tightened. Immigration and in-migration remain solid drivers, with the region's vibrant oil and gas sector also contributing to population growth. Edmonton welcomed almost 10,500 new residents in 2011, with even stronger numbers expected in 2012. With unemployment levels among the lowest

in the country and further job growth forecast, the outlook for Edmonton looks bright. Retail spending has been soaring and is expected to advance further, as incomes rise. Gains in the manufacturing and construction sectors are also projected for the year ahead. Revitalization efforts continue in the city's downtown core, with developers and investors eager to get in on the ground floor.

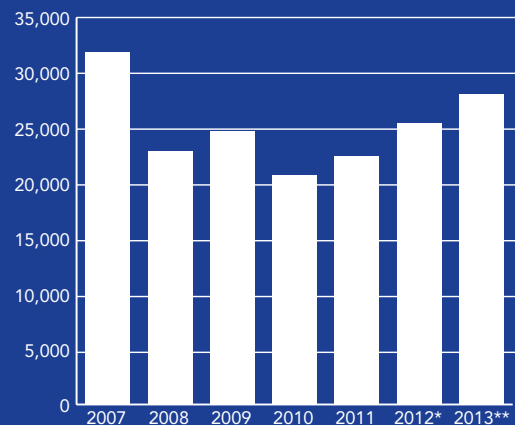
The favourable economic climate and low interest rate environment will keep Edmonton's resale housing market on a positive growth trajectory. Unit sales are forecast to climb an additional three per cent to 17,600 units, while average price will once again post a modest increase, climbing two per cent to \$338,000. Inventory levels are expected to remain largely balanced in 2013, with activity patterns mirroring 2012. A brisk spring market is anticipated, tapering in the second half. Days on market should remain stable, hovering at 55 days for single-family detached homes and around 60 days for condominiums.

Calgary

After a number of false starts, Calgary's residential real estate market appears poised for growth. Home sales are expected to climb 13.5 per cent to 25,500 units in 2012—the highest level since 2007 when 31,897 sales were recorded. Housing values are also forecast to appreciate, rising 2.5 per cent to \$413,000 by year-end, closing in on the 2007 peak of \$416,399. Recovery is underway in the city, with some areas reporting greater strength than others. Calgary's inner core has been particularly robust, in large part due to the proximity to the downtown core. Activity surged this spring in neighbourhoods such as Killarney, Hillhurst, Marta Loop, Mount Royal, and the Foothills, pushing up values to heights not seen in recent years. Peripheral areas also experienced stronger demand, but price increases were less pronounced. By mid-year, however, purchasers had settled into a more normal buying pattern. Balanced market conditions emerged, with first-time buyers working in tandem with move-up purchasers. Single-family homes were most sought after, especially under the \$450,000 price point, where 67.5 per cent of overall residential sales occurred. Condominium product remained a popular choice—representing approximately 16 per cent of total residential sales in the city of Calgary—with first-time buyers, empty nesters and retirees fuelling demand. The top end of the market soared in 2012 as well, with sales over the \$1 million price point in the city of Calgary up about 13 per cent over 2011 levels—including the most expensive condominium

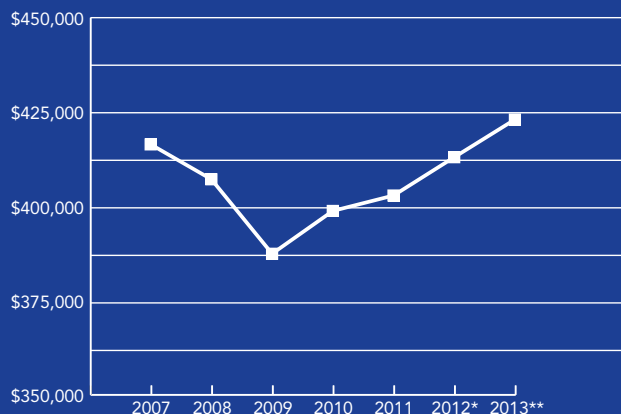


CALGARY
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

CALGARY*** Residential Average Price 2007 – 2013



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

use space; plan are underway to extend the city's light rail transit (LRT) system in all directions; and an on-going commitment to improve the city's roads and highways. Immigration remains strong, with almost 31,000 permanent and temporary residents welcomed in 2011—including more than 15,000 to the Calgary area. Interprovincial migration reported the highest first quarter on record going back to 1970. Quality infrastructure continues to be the backbone of the Alberta economy, with an estimated \$16.5 billion earmarked to secure the province's position as an economic leader both nationally and internationally.

Calgary is expected to head into 2013 with a level of momentum not seen in years. Solid economic performance and strong consumer confidence are forecast to propel the residential housing market forward. The number of homes sold in Calgary is predicted to experience yet another double-digit increase, rising 10 per cent to 28,100 units by year end. Modest appreciation is expected for housing values in the centre, with average price climbing two per cent to \$423,000 in 2013.

sale to date, priced at close to \$9 million in the new River project. Inventory levels continue to decline, although new product is constantly coming on-stream. Supply, for the most part, is meeting demand. Days on market have declined, now hovering at 44 from 48 one year ago.

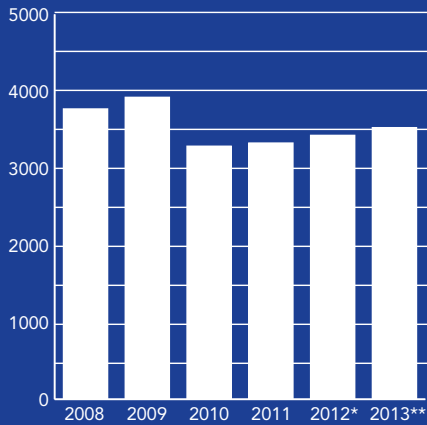
Alberta's strong economic engine led the country in terms of GDP growth this year, coming in at 3.8 per cent. Employment levels were buoyed by jobs in oil and gas extraction, construction, and public sector. The jobless rate continued to trend downward, with the unemployment rate expected to fall to 4.6 by year end and to 4.5 in 2013—securing the lowest unemployment rates in the country for two years running. Retail sales have soared in the province as a result, rising 8.8 per cent this year, with big ticket items up substantially from year-ago levels. New housing starts are expected to climb 29 per cent in Calgary this year, rising from 9,292 to an estimated 12,000 by year-end. Mega projects continue unabated, with capital investment spending in the province—and especially the energy sector—at an all-time high. Locally, the city of Calgary is a buzz of activity, which should bode well for the future. Construction continues on a \$2 billion makeover for the Calgary International Airport that will double the size of the existing airport and add a 14,000 ft. runway; several new high-rise office towers in the downtown core are under construction, including the 50-storey City Centre I and the 40-storey Eighth Avenue Place II; Calgary's Chinook Centre is set to add one-million square feet of mixed-

British Columbia

Kelowna

Kelowna's residential real estate market remained relatively stable in 2012, with sales above year-ago levels throughout the majority of the year. While the market remains in buyer's territory, absorption rates have improved and inventory levels continue to decline, down 3.7 per cent year-to-date, following a two per cent contraction in 2011. An even mix of first-time and move-up buyers has been stimulating activity across all price points. Sales of single-family homes proved steady, with average price virtually on par with one year ago. The condominium market has shown signs of rebounding, with sales up 11 per cent (year-to-date September), although prices remain off year-ago levels. Savvy buyers are recognizing that opportunity does exist in this segment, especially as the product's popularity rises. A newer entry-level condo apartment can now be had from \$200,000, while a single-family starter home generally goes from the mid-to-high \$300,000s. The climate has been relatively positive in Kelowna throughout 2012, but the market—like most across Canada—has been impacted by tighter CMHC mortgage regulations.

KELOWNA***
Residential Unit Sales 2008 – 2013



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

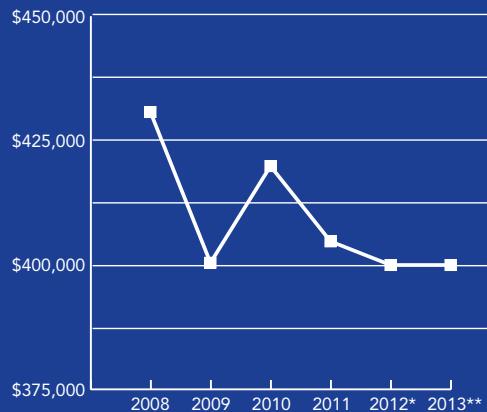
As a result, the momentum has moderated in the final quarter in response to lower affordability. Affluent purchasers have not been deterred, with sales over \$1 million poised to surpass the 2011 year-end figure (86 upper-end homes sold from January to the end of September in 2012, while 91 luxury property transactions were recorded in all of 2011). The overall market is expected to end the year three per cent ahead of 2011 levels, as 3,430 homes are forecast to change hands. Average price, will settle in at \$400,000, one per cent below the previous year's figure.

Healthy housing demand is expected to characterize Kelowna's real estate market into 2013. The market will be supported by improving economic fundamentals next year. Gains are expected to be made in employment, as both the regional and provincial outlook point to positive growth. The forestry, mining and tourism sectors will be on the upswing in 2013, with advances also predicted for the manufacturing and service sectors. Population growth will remain a key housing driver, with BC Stats predicting that the province's population will climb by 1.5 million people through 2035. The Lower Mainland is expected to absorb much of the increase. As a retirement community, Kelowna should benefit, given that the number of B.C. residents aged 65+ is forecast to double during the

same period. The construction sector will also contribute to stability moving forward. With a number of major projects underway in the area, residential and non-residential investment remains solid. The May 2013 election will be pivotal, as a major swing in leadership could affect the business and development climate in the city. In the meantime, the elimination of HST in April 2013 will likely bode well for housing across the board, since consumer understanding of its application was mixed. The strong outlook for Alberta is also expected to buoy demand in Kelowna, as Albertans comprise approximately 20 per cent of the city's buyer pool.

In line with the economic picture, slow but steady growth is in store for Kelowna's resale housing market next year. Consumer confidence is expected to increase, which should bring some buyers off the sidelines, particularly those who held off in 2012 in light of the new mortgage rules. Buyers will largely re-adjust expectations and move forward. All segments of the market will work in tandem next year, pushing unit sales ahead by three per cent to 3,530 units, while average price holds at \$400,000.

KELOWNA***
Residential Average Price 2008 – 2013



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



Victoria

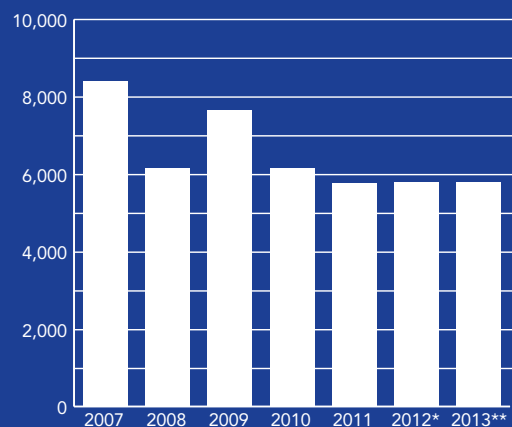
Victoria's residential real estate market experienced solid momentum in the first six months of 2012, but faltered with the introduction of tighter lending criteria mid-year. First-time buyers, in particular, were hard hit, given the challenges of saving for a larger downpayment, combined with a lower amortization period. Despite the changes, purchasers who moved forward with their homeownership decisions this year found a good selection of product available for sale. Inventory levels experienced a nominal increase year-over-year, which served to hold housing values in check. Condominiums in the downtown core experienced steady demand, with starter units most sought-after by entry-level buyers. With affordability top-of-mind for most purchasers, developers are working on smaller-scale housing concepts. New condominium developments on the drawing board include 350 sq. ft. loft units starting at the mid-\$200,000s. Single-family homes in new projects in Langford and Colwood, offering smaller square footage and lot sizes under the \$450,000 threshold, have also met with great success. The top-end of the market was especially resilient in 2012, with sales over \$1 million on par with last year. While the momentum has moderated, home sales in the city are still forecast to reach 5,800 units in 2012, virtually on par with 2011, when 5,773 units changed hands. Average price is expected to hover at \$486,000 by year-end, down marginally from \$498,300 in 2011.

Economic performance remained solid in British Columbia, buoying consumer confidence, with GDP growth expected to come in at 2.3 per cent in 2012, and a more modest 1.9 per cent in Victoria. Despite the government's commitment to fiscal restraint, a

number of projects are forecast to bolster Victoria's economy moving forward. Spillover from the government contract awarded to Vancouver-based Seaspan Marine for seven non-combat ships valued at \$8 billion should have a positive impact on the city and the Victoria Shipyards. The \$30 million expansion at Camosun College involving two new trades buildings at the interurban campus and the renovation of two existing buildings will ensure the best possible facilities for trades training, including shipbuilding. The new facilities are expected to create an abundance of new jobs, and eventually draw more students to the area. Growth is also expected to continue in the city's vibrant high-tech sector. Unemployment levels hovered near six per cent in 2012—well below the national average—and are expected to fall further, a reality that should bode well for Victoria's housing market. Now that the Harmonized Sales Tax (HST) is scheduled for elimination in April, 2013, buyers can pursue their dreams of homeownership unfettered by the tangle of uncertainty. Immigration will also contribute to growth, bolstering housing demand, with 1,277 permanent and temporary residents welcomed in 2011 and more expected down the road.

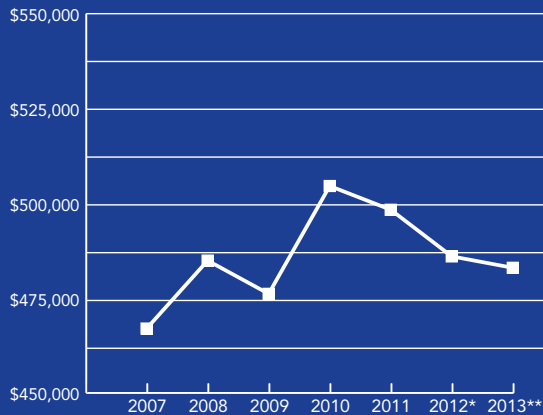
Buyer's market conditions will characterize Victoria's housing market in 2013, with well-priced properties moving at a steady pace. Move-up buyers are

VICTORIA
Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

VICTORIA Residential Average Price 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

expected to take advantage of equity gains realized in recent years—in addition to softer values at the top end of the market—to trade-up to larger homes or better neighbourhoods. But, with the first-time buyer largely out of the equation, existing homeowners with properties priced between \$700,000 and \$900,000 may experience greater difficulty selling. Housing sales are expected to match 2012 levels once again as a result, with prices experiencing a nominal reduction of one per cent to \$483,000.

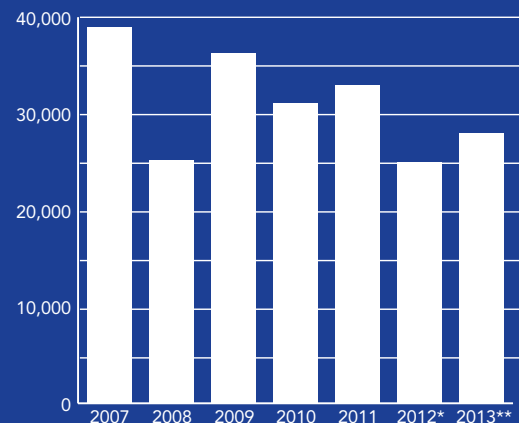
Greater Vancouver

After the exhilaration of 2011, Greater Vancouver's residential real estate market has entered a period of cooling. With investors out of the picture, demand for housing has tapered. Approximately 25,000 homes are expected to be sold by year-end 2012—a figure on par with 2008 levels. Sales of luxury product, priced in excess of \$2 million, have been particularly hard hit, dropping about 40 per cent year-over-year. Housing values have experienced some softening as well, with decreases most pronounced in the upper-end. Entry-level price points have fared better, with the price of a 'Vancouver Special'—a small, detached home on 33 ft. of frontage in Vancouver [in areas such as

Maine, Knight, Mount Pleasant, and Renfrew Heights] up a modest 2.5 per cent at \$872,000. Average price overall is forecast to decline six per cent to \$735,000, down from its peak of \$779,730 in 2011. The market has clearly shifted into buyer's territory and a good selection of product is available at virtually all price points. There has been some movement in the trade-up market as savvy purchasers take advantage of conditions to make upward or lateral moves, but for the most part, momentum has stalled. Changes to CMHC's mortgage regulations mid-year further impacted Vancouver's market, putting a damper on homebuying activity, with fewer first-time buyers able to qualify for financing. Others continued to sit on the fence, waiting for prices to fall further. Inventory levels in the interim are declining as product is absorbed or taken off the market.

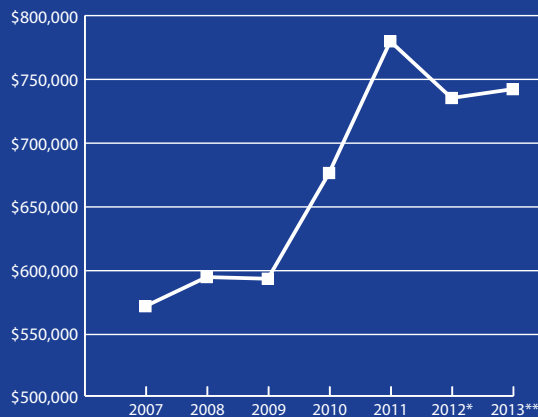
Despite the short-term pain, the Greater Vancouver housing market is ideally positioned for the future. From an economic standpoint, British Columbia itself is expected to experience accelerated growth as a result of an upswing in investment next year. Vancouver-based Seaspan Marine's \$8 billion government contract should have a significant impact on the province, especially when viewed in conjunction with the \$3.3 billion modernization of Rio Tinto's Alcan's aluminum smelter in Kitimat.

GREATER VANCOUVER Residential Unit Sales 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

GREATER VANCOUVER Residential Average Price 2007 – 2013



*Estimate **Forecast
Source: RE/MAX, CREA, Local Real Estate Boards

Locally, the \$1.8 billion expansion of the Vancouver International Airport and the \$1.2 billion Roberts Bank Port Container project should serve to bolster economic performance. GDP growth in Vancouver is expected to climb to 3.3 per cent in 2013—in large part due to higher housing starts and increased retail spending. New residential construction has also been on a tear, especially in Vancouver where starts are up 10 per cent over 2011 and on track to finish the year at 20,000. Affordability is forecast to continue to fuel multi-unit starts—especially in key Vancouver neighbourhoods. An increase in disposable income, thanks to an improved employment picture, should contribute to strong retail sales next year. Manufacturing is also expected to show strength in the coming year, a fact best underscored by the 27 per cent upswing in the number of people employed in the sector. Unemployment levels overall hover at seven per cent in Vancouver at present and are expected to trend downward in 2013.

Given the overall healthy economic picture painted for Greater Vancouver, gradual recovery is expected to occur in the housing market in 2013. A combination of factors—including historically low interest

rates and resolution of the HST issue—are expected to play a positive role moving forward. Home sales are forecast to edge up to 28,000 units in 2013—a level more in line with years past—while average price is predicted to post a modest increase of one per cent, bringing housing values to \$742,000 by year-end. Affordability and location will remain key in 2013, with properties along the light rail system expected to reap the benefits.



NATIONAL CONTACTS

RE/MAX Ontario-Atlantic Canada	Christine Martysiewicz	905-542-2400
RE/MAX Québec Inc.	Jessica Lavoie	450-668-7743
RE/MAX of Western Canada	Jackie Ostash	250-860-3628
Point Blank Communications	Eva Blay/Charlene McAdam	416-781-3911

LOCAL CONTACTS

Market	Contact	Office	Phone
NEWFOUNDLAND & LABRADOR St. John's	Jim Burton	RE/MAX Plus Realty	709-738-7587
PRINCE EDWARD ISLAND	Don Martin	RE/MAX Charlottetown	902-892-2000
NOVA SCOTIA Halifax – Dartmouth	Al Demings	RE/MAX Nova	902-468-3400
NEW BRUNSWICK Fredericton Moncton Saint John	Shawna Roy Fern Gagnon Hodges Hamm	RE/MAX Group Four RE/MAX Quality RE/MAX Professionals	506-452-9888 506-384-3300 506-634-8200
QUÉBEC Greater Montréal Québec City	Claude Charron Claude Charron	RE/MAX TMS RE/MAX TMS	450-430-4207 450-430-4207
ONTARIO Ottawa Kingston and Area Greater Sudbury	Jennifer Skuce Bob McKean Cathy Gregorchuk	RE/MAX Metro-City RE/MAX Realty Concepts RE/MAX Sudbury	613-371-6577 613-389-7777 705-560-5650

LOCAL CONTACTS

Market	Contact	Office	Phone
ONTARIO			
Barrie and District	Corrie Holliday	RE/MAX Chay	705-722-7100
Greater Toronto Area	Adrienne Lake	RE/MAX Hallmark	416-486-5588
Hamilton – Burlington	Conrad Zurini	RE/MAX Escarpment	905-575-5478
Kitchener – Waterloo	Adrian Baas	RE/MAX Twin City	519-885-0200
St. Catharines	Phyllis Gleeson	RE/MAX Garden City	905-641-1110
London – St. Thomas	Roger Guindon	RE/MAX Centre City	519-667-1800
Windsor – Essex	Glen Muir	RE/MAX Preferred	519-944-5955
MANITOBA			
Winnipeg	Walter Boni	RE/MAX Executive Realty	204-987-9808
SASKATCHEWAN			
Regina	Rob Nisbett	RE/MAX Crown Real Estate	306-789-7666
Saskatoon	Larry Stewart	RE/MAX Saskatoon	306-242-6000
ALBERTA			
Edmonton	Larry Westergard	RE/MAX Real Estate (Edmonton)	780-462-5000
Calgary	Lowell Martens	RE/MAX Real Estate (Mountain View)	403-247-5171
BRITISH COLUMBIA			
Kelowna	Cliff Shillington	RE/MAX Kelowna	250-717-5000
Victoria	Wayne Schrader	RE/MAX Camosun	250-744-3301
Greater Vancouver	Richard Laurendeau	RE/MAX Westcoast	604-273-2828