



Housing Market Outlook 2014

RE/MAX[®]



Housing Market Outlook 2014

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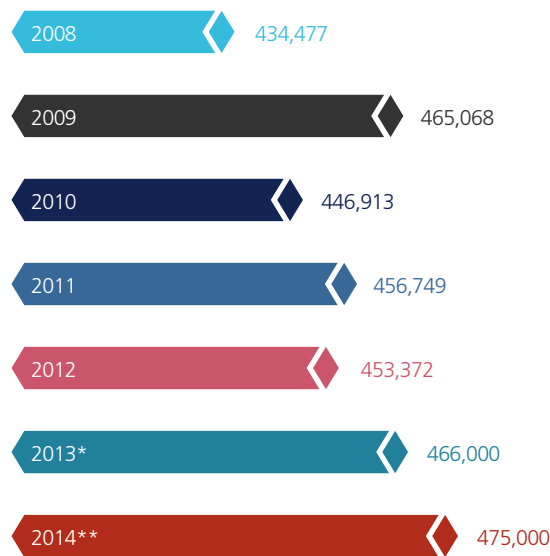
Canadian Overview

2013 proved an unusually complex year for residential real estate in Canada, characterized by two very separate and distinct homebuying markets. Housing sales fell seriously short of year-ago levels in the first and second quarter of 2013. Edmonton, Calgary, Kitchener-Waterloo, and Windsor-Essex were the only markets to buck the trend, with home sales up moderately during the six-month period. July, however, marked a turning point for the market overall, with an upswing in sales activity reported virtually across the board, led by significant increases in both Greater Toronto and Greater Vancouver. The trend continued throughout the latter half of the year, bringing most markets in line, and several well ahead of 2012 levels, by year-end 2013. Several factors contributed to the abrupt turnaround in the Canadian housing market. Low interest rates were the catalyst for many purchasers, with the threat of higher rates down the road prompting those sitting on the fence to make their moves, particularly given the slight uptick in August. A stronger-than-expected economic picture emerged in the first quarter of the year, with GDP growth reported at 2.2 per cent. While performance tapered in the second quarter, and jumped yet again in the third, consumers came to accept slow but steady economic growth as the new norm. Confidence levels remained relatively healthy as a result, further buoyed by rising employment and job security. Inventory, while balanced throughout much of the year, continued to tighten in key markets. Entry-level price points were most affected, given the influx of first-time buyers in the latter half of the year. Move-up buyers remained a major force in 2013, fuelling sales at mid-to-upper-level price points. Affordability concerns overshadowed activity in some markets, given average prices on yet another record-breaking trajectory. New peaks were realized in almost every market in 2013 (with the exception of British Columbia's Vancouver, Victoria, and Kelowna). Nationally, average price is forecast to appreciate four per cent to \$380,000 in 2013, up from \$363,740 one year earlier.

The greatest percentage increases are expected in Hamilton-Burlington (+7.5%), Barrie and District (+7%), St. John's (+6%), Calgary (+6%), Greater Vancouver (+5%), Winnipeg (+5%) and the Greater Toronto Area (+5%). The number of homes sold in Canada by year end is expected to climb three per cent to 466,000 units, up from 453,372 units in 2012. Major centres projected to lead the country in terms of sales appreciation include Greater Vancouver (+10%), Kelowna (+10%), Victoria (+6%), Windsor-Essex (+6%), Hamilton-Burlington (+5%) and Edmonton (+5%).

Despite its moderate growth pattern, Canada is expected to be the second top-performing economy of the G7 countries in 2014—surpassed only by the U.S. (with a GDP growth rate of 2.8 per cent). Increased business investment, low capital costs and improving confidence levels should bolster the country's GDP growth rate to about 2.3 per cent next year, although it could move higher given the impact of strengthening global economies on the Canadian manufacturing sector. As employment opportunities increase, unemployment levels are projected to trend further downward, settling at 6.9 per cent in 2014. Immigration is expected to continue at a steady pace in the coming years, with the government welcoming between 250,000 and 265,000 new residents annually. Alberta is expected to

Canada Residential Unit Sales 2008-2014



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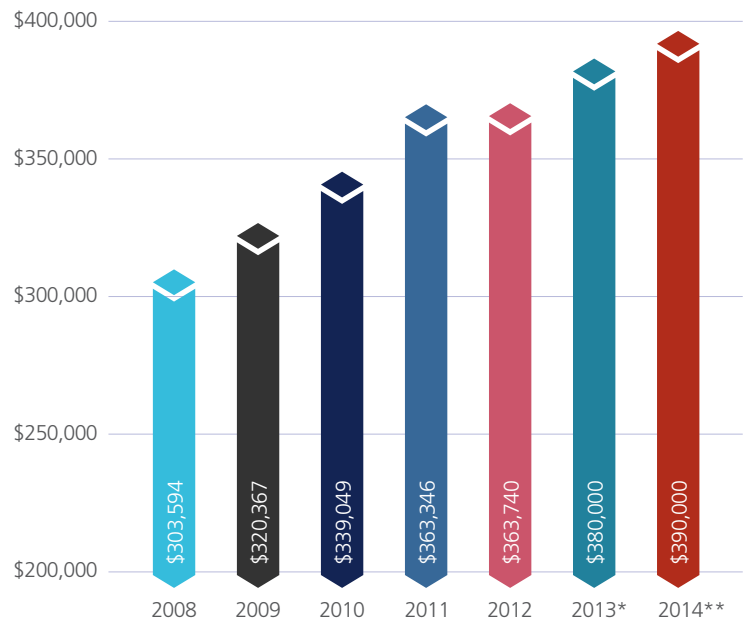
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.



lead the country in terms of economic growth in 2014 with a GDP growth level of 4.1 per cent, followed by Ontario at 2.8 per cent, British Columbia at 2.7 per cent, Saskatchewan at 2.7 per cent, Manitoba at 2.6 per cent and Nova Scotia at 2.3 per cent.

With an improved economic picture in sight, the overall outlook for the country's residential real estate market is exceptionally healthy. Nationally, home sales are expected to climb another two per cent to 475,000 units while the value of an average Canadian home is forecast to escalate another three per cent to \$390,000. Inventory is expected to remain in clear balanced territory throughout 2014, although some pockets and price points may see continued shortages. While the move-up segment will play a significant role in the market moving forward, fuelling homebuying activity across all price points and housing types, first-time buyers will be equally active in 2014. Condominiums will continue to be a popular choice with younger purchasers, as well as empty nesters and retirees in the year ahead. Vertical growth is expected to occur with greater frequency in the future as major centres place increased emphasis on high-density living, particularly in the urban core.

Canada
Residential Average Price 2008-2014



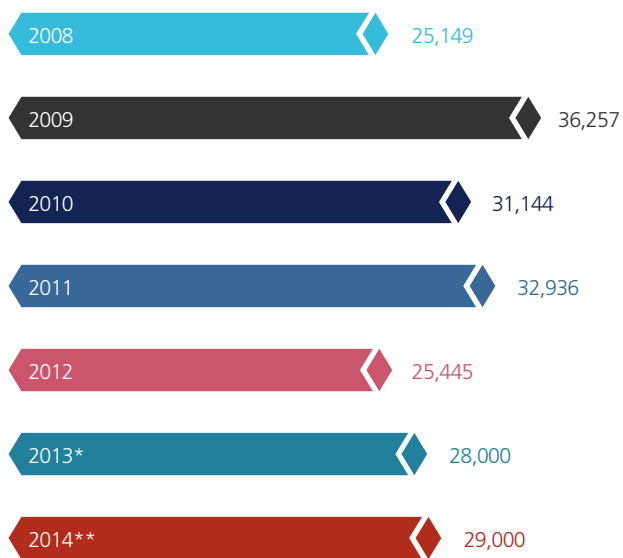
*Estimate **Forecast
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British Columbia Greater Vancouver Area

Greater Vancouver's residential housing market bounced back to life in the latter half of the year, fuelled by a clear government mandate, softer housing values, and a historically low interest rate environment. May's election marked a turning point for the city, which had suffered through six consecutive quarters of tepid sales activity throughout 2012 and the first two quarters of 2013. The current momentum is expected to propel the number of homes sold to 28,000 by year-end 2013, a 10 per cent increase over the 25,445 sales reported in 2012. Overall average price is projected to climb five per cent year-over-year, rising to \$765,000, although certain price ranges and neighbourhoods will perform better than others. Vancouver's housing market has returned to more balanced conditions, with the sales-to-listing ratios in most communities sitting between 40 and 60 per cent. Inventory levels continue to decline, with just over 15,000 properties listed for sale at the end of October. Local buyers have been most active, taking advantage of softer housing values to move up to larger homes and/or better neighbourhoods. Offshore investors maintain a solid presence, although their impact is less noticeable than in years past. Vancouver's luxury market, in particular, has experienced a solid upswing in homebuying activity, with

sales over the \$2 million price point up more than 20 per cent over one year ago. Condominiums continue to be a major factor in the Lower Mainland, representing the first and second step in homeownership for many purchasers. With an average price of approximately \$560,000, condominiums represent an affordable alternative for entry- to mid-level purchasers. Single-detached homes remain a sought-after commodity, with the average now approaching \$1.25 million. New construction has picked up in recent months, with multi-unit residential dominating the landscape once again. The city's commitment to build along major transportation routes is gaining traction, with signs of progress evident along the up-and-coming Cambie corridor where a vibrant live/work community is developing. Southeast False Creek, one of the projects currently underway, focuses on 'efficient energy solutions, high-performance green buildings' and easy access to transportation. The mixed-use community with a residential, retail, and commercial component—surrounding the 2010 Olympic Village—is designed to accommodate between 11,000 and 13,000 residents. Despite tighter lending practices, there is a movement afoot to create more affordable housing. Builders and developers are challenging conventional design and displaying a level of creativity that is bound to set the standard for years to come.

Greater Vancouver Area Residential Unit Sales 2008-2014



*Estimate **Forecast

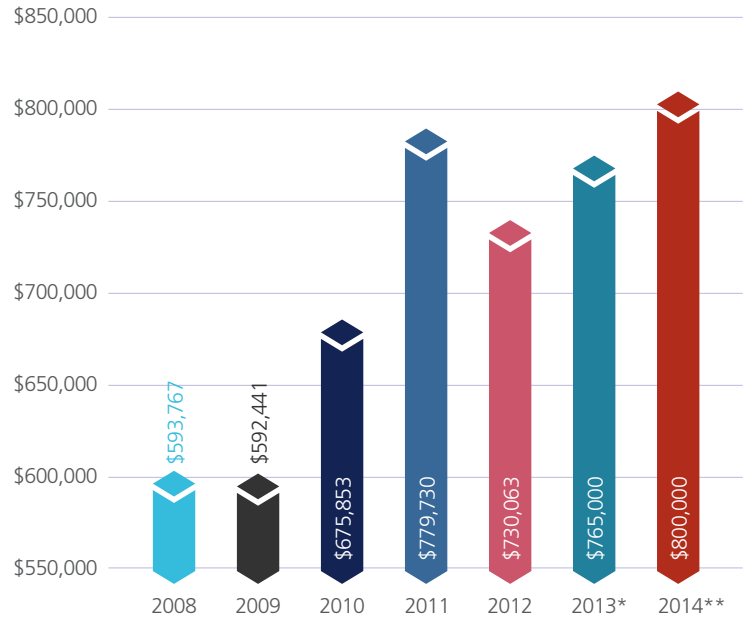
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Greater Vancouver's economy is ideally positioned for growth after an extended period of reduced activity. Housing starts in the Vancouver CMA are expected to top 18,200 in 2013, and climb another percentage point to 18,400 in 2014. The unemployment rate has steadily declined, hovering at seven per cent in October/November. Eighteen capital projects over \$15 million, totaling just over \$1.5 billion, are scheduled to start in the Lower Mainland in 2013, with another \$500 million in proposed construction planned for the following year. The largest project now underway is the Little Mountain Housing Redevelopment valued at \$300 million, while construction has also started on the \$100 million Low Level Road Re-Alignment. The city's commitment to transportation infrastructure remains intact, with a proposed extension of rapid transit from the Expo Line to UBC—a \$2.8 billion dollar investment—expected to be completed by 2015. Vancouver's CMA population continues to climb, up just over nine per cent to 2,313,328 in the 2011 Census, with suburban communities such as Surrey, New Westminster, Langley, and Burnaby experiencing double-digit growth. Immigration remains strong, with 14 per cent of the 257,515 new Canadian residents in 2012 moving to British Columbia—the vast majority choosing to call

Vancouver home. Given strong underlying fundamentals, the Greater Vancouver economy is expected to experience steady growth, which should serve to buoy homebuying activity in the years ahead.

Vancouver’s real estate market should continue to benefit from the momentum gained during the latter half of 2013. Pent-up demand is expected to play a role moving forward, with purchasers at all price points demonstrating greater confidence in the market overall. Balanced conditions are expected to prevail throughout 2014 as inventory is absorbed. Moderate upward pressure on prices is anticipated, with slow but steady appreciation. As values improve, there could be an upswing in the number of homes listed for sale, which in turn may hold price increases in check. Although local purchasers have the ability to sustain the market’s current momentum, foreign investment in the Greater Vancouver Area will continue, although not at the same frenetic pace experienced in 2011. Changes to financing have created a more qualified purchaser base, which should bode well for the market in the coming year. A continuation of low interest rates should further stimulate homebuying activity, particularly in higher-end move-up markets priced between \$1.5 and \$2.5 million in the core. Greater Vancouver’s luxury segment—priced in excess of \$2 million—is forecast to climb further as baby boomers and Generation X move to secure their next step. Modest increases in both unit sales and average price are forecast for 2014, with the number of homes sold expected to climb two per cent to 29,000 units and values are anticipated to reach the \$800,000 benchmark, an increase of almost five per cent over 2013.

Greater Vancouver Area Residential Average Price 2008-2014



*Estimate **Forecast
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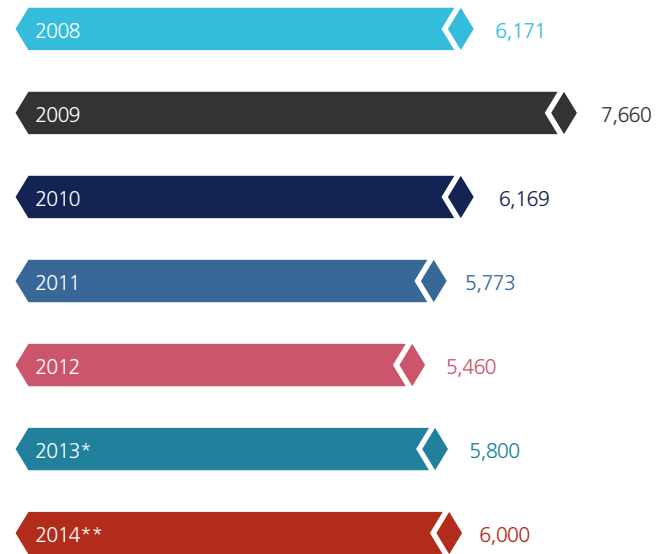


Victoria

Victoria's residential housing market marked a notable turnaround in 2013. Sales gained traction throughout the year, with a solid rally evident over the summer months. The upswing in momentum should see transactions surpass 2012 levels, as 5,800 homes change hands in the city by year end. Inventory has receded and conditions have largely stabilized, with the number of new listings becoming more consistent with traditional patterns. First-time and move-up buyers worked in unison to bolster demand virtually across the board. Purchasers, previously enticed by value south of the border, are returning in growing numbers, encouraged by opportunity in their own backyard. Average price remains level—expected to hold at \$484,000 for yet another year—finally resuming a growth trajectory in 2014. In the interim, purchasers believe good value exists, as average price remains off peak. Activity is strongest at the entry-level price point in each segment. At the lower end, newer, reasonably-priced condominium units, offered under \$300,000, are moving well, while on the move-up side, single-family homes priced under \$500,000 are garnering attention. The upper end of the market (over \$1 million), where price adjustments continue to provide considerable impetus, posted double-digit growth this year. The greatest shift evident in 2013 was in consumer optimism, as confidence builds in Victoria and throughout the province.

Although government fiscal restraint and reduced capital investments limited economic performance in 2013—GDP growth in the province demonstrated a weak 1.5 per cent gain—some improvement is on tap heading into the new year. The city of Victoria is expected to benefit from strengthening recovery in the U.S., which should serve to bolster trade and tourism. An improving jobs picture will support housing demand, along with the continuation of low interest rates. Activity in the construction industry should edge

Victoria
Residential Unit Sales 2008-2014



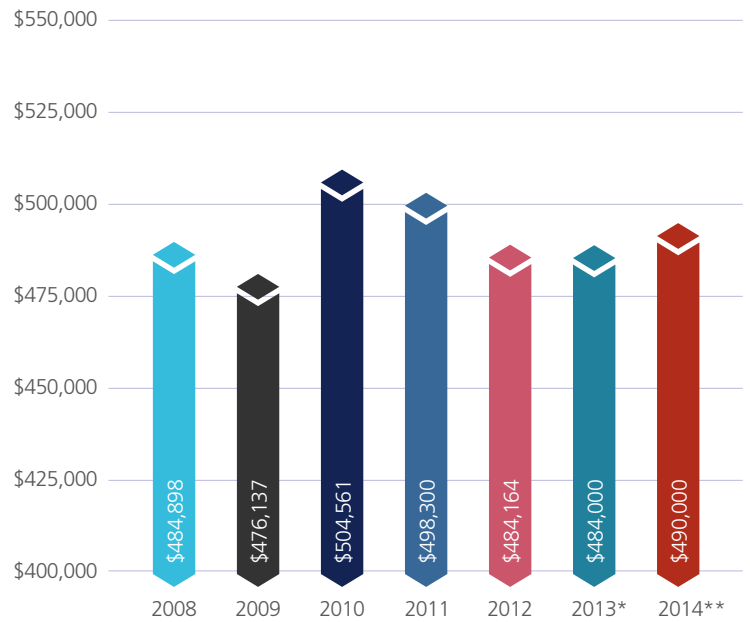
*Estimate **Forecast

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higher, as the number of housing starts climbs modestly. GDP growth in the province overall is expected to nearly double from year-ago levels, moving forward by 2.7 per cent in 2014, as British Columbia's natural resource sector regains renewed momentum.

Victoria's enhanced outlook should result in a further upswing in residential unit sales in 2014, climbing four per cent to 6,000 units. Average price is expected to record a welcome gain of one per cent, rising to \$490,000 by year end. Balanced conditions should characterize the market moving forward, although some slowing may emerge in the resale condominium segment, given the introduction of depreciation/deferred maintenance reports which will impact future condominium fees. As a result, newer buildings are expected to gain favour. One innovative project has generated surprising interest—a micro-loft offering in the downtown core—sporting 250 to 500 sq. ft. units, starting from \$100,000. While affordability returns to the spotlight, with the return of rising prices, and unique solutions, sales at the top end are expected to inch up again—another sign that the market has regained some lustre.

Victoria Residential Average Price 2008-2014



*Estimate **Forecast
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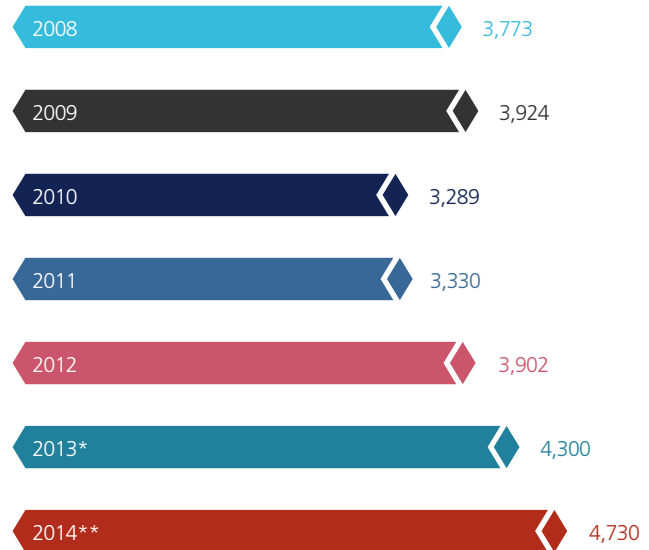
Kelowna

The residential housing market in Kelowna roared back to life in 2013, as buyers re-entered the market with greater confidence. Conditions have firmed up, reflecting the sustainable recovery that's now underway in major centres throughout B.C. Inventory is steadily being absorbed, and while buyer's conditions prevailed throughout the year, the market is finally leaning toward more balanced territory. Momentum has strengthened, with a notable upswing evident at the end of the third quarter. Early in the fourth quarter, the board recorded significant double-digit increases in sales (for the month, versus the same month one year earlier). Overall, sales are expected to finish the year 10 per cent ahead of 2012 levels, at 4,300 units. Average price, meanwhile, has remained relatively stable and is estimated to end the year at \$397,000, just one per cent lower than in 2012. While days on market have recorded only slight improvement year-to-date, recent trending on a monthly basis show considerable declines—another indicator of changing market conditions. Purchasers can expect a slightly more competitive market in 2014, while fair pricing will remain vital to the sales process.

Improving economic fundamentals are behind the upswing in housing activity, further propped up by the continued low interest rate environment. Kelowna's unemployment rate has been edging downward, hovering at 6.5 per cent (September, seasonally adjusted—3-month moving average). Greater job growth is anticipated in 2014, with gains forecast in construction and the service sector. Housing starts are forecast to edge up over 2013 levels, as more balanced

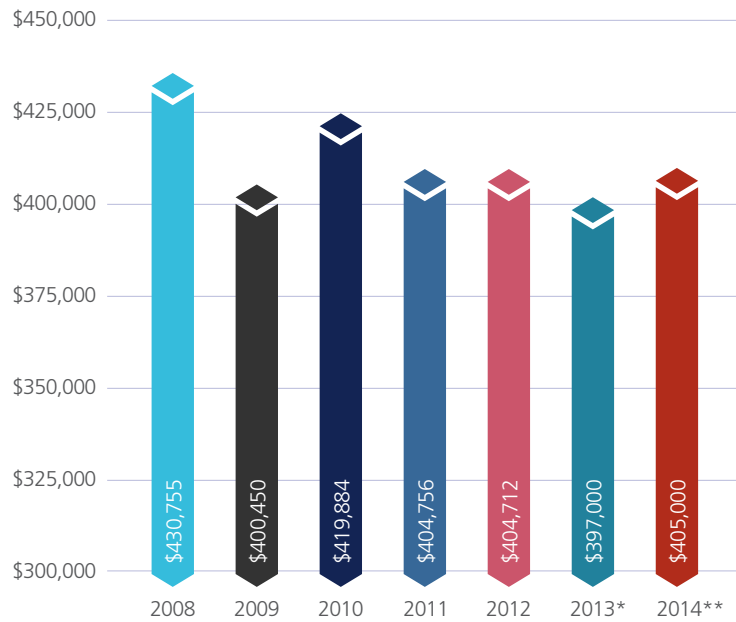
conditions support a modest rise in development. Major expansion projects underway—including those at Kelowna International Airport and Kelowna General Hospital—are vital to the city's long-term potential, playing a central role in attracting newcomers. The success of and rising enrollments at UBCO have served to attract a younger demographic to the city. With Kelowna's move to a more diversified economy, more students are opting to stay, which should have an upside effect on household formation in the years to come. Positive outlooks for Alberta and Saskatchewan next year will also bode well in Kelowna, which has begun to see a resurgence in the number of

Kelowna
Residential Unit Sales 2008-2014



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Kelowna
Residential Average Price 2008-2014



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purchasers from neighbouring provinces. Finally, a strengthening economy in the United States and Japan (B.C.'s major trading partners) is expected to bolster exports in 2014, with double-digit gains already reported in lumber and forestry.

Growing confidence amid the changing tide—economically and within the resale home market—will continue to push buyers off the sidelines in 2014. With the U.S. housing market gaining traction and prices on a steady ascent, second-home purchasers are expected to return to local Canadian markets in greater numbers. Yet, local first-time buyers will remain the driving force in the city—with millennials particularly keen, fuelling sales under the \$400,000 price point. Affordability will remain a primary impetus, with condos offering a foot in the door to homeownership from the low \$200,000s. While condominiums will continue to represent a fairly static portion of overall sales, the number of transactions is expected to climb, along with a modest uptick in prices. The number of upper-end home sales is forecast to rise again in 2014, after posting substantial gains over the past year. Overall, Kelowna's resale housing market should remain on a growth trajectory, with sales anticipated to reach 4,730 units, up a further 10 per cent, while average price posts a two per cent gain to \$405,000.



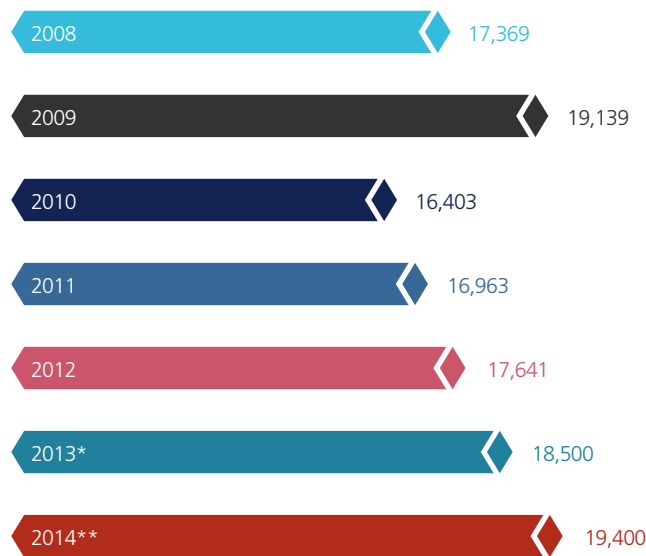
Alberta Edmonton

Edmonton's residential real estate market continued to rebound at a healthy pace in 2013. Solid economic performance, coupled with prosperity in the oil and gas sector, has contributed to the upswing in the number of homes sold in the city and steady price appreciation. Historically low interest rates have also factored into the mix, with the threat of higher rates down the road prompting many buyers to get off the fence and into the market. Approximately 18,500 homes are expected to change hands by year end, an increase of five per cent over the 17,641 sales reported in 2012. Housing values in the city are also forecast to climb, rising three per cent to \$345,000 in 2013, up from \$334,318 one year ago. First-time buyers continue to account for the lion's share of activity, driving sales of homes between \$300,000 and \$370,000. The move-up market remains equally robust, with most seeking properties priced between \$400,000 and \$600,000. Success in the oilfield has spilled over into local housing markets, with demand for luxury product surging ahead of year-ago levels. Sales of property priced in excess of \$750,000 have increased by approximately 26 per cent year-over-year, with million-dollar home sales becoming increasingly commonplace. While balanced market conditions

have prevailed through much of 2013, some areas have edged into seller's territory in recent months. Tighter inventory has played a role across all housing types, with year-to-date figures at their lowest level in five years. The city's commitment to higher-density living has led to the serious redevelopment in Edmonton's downtown core. The conversion areas—traditionally appealing to the hipster crowd—have started to attract the attention of empty nesters who want to be close to the new shops, restaurants, and amenities. The success of recent revitalization projects is likely to ripple into other areas of the core, leading to a vibrant downtown lifestyle.

Edmonton continues to be buoyed by solid economic performance at both a provincial and municipal level. The city is financing \$56 million in infrastructure investment in The Quarters Downtown, an urban community comprised of five distinct areas bordering a linear park system. Construction is underway on the Armature—an area offering commercial, residential, and retail buildings with access to a pedestrian walkway. Phase I of the Boyle Renaissance district, including the Boyle Renaissance Plaza and Melcor YMCA Welcome Village, are already completed, with ground broken on Phase II of the project, including the Renaissance Tower (residential). The area will also include several private developments, including a 13-storey high-end hotel slated for completion in 2014 and the 27-storey Five Corners residential/retail tower. New construction is also evident in the southwest end of the city, where new condominiums are cropping up in Windermere, South Terwilliger, Rutherford, and Callaghan areas. Housing starts continue to climb, with 2013 levels approaching 13,000, up 20 per cent over 2012. Projections for 2014 indicate similar growth. Unemployment levels remain amongst the lowest in the country at 5.3 per cent, with continued downward pressure. Extensive job opportunities are drawing an increasing percentage of immigrants to the province, with nearly 14 per cent choosing to settle in Albertain 2012. The province and the city also

Edmonton
Residential Unit Sales 2008-2014

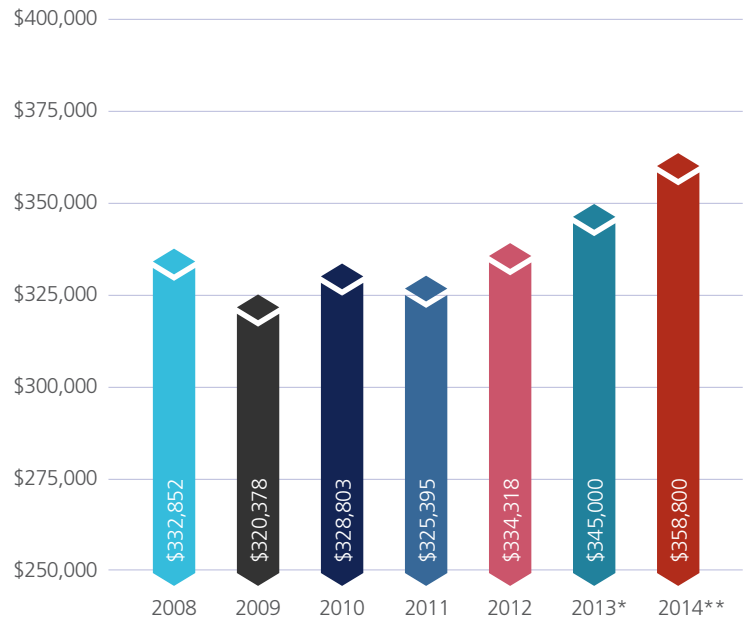


*Estimate **Forecast
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continue to experience in-migration from other areas of the country, with population climbing 11.2 per cent in the 2011 Census, well above the national average. With an economy firing on all cylinders, the future bodes well for residential real estate.

Strong economic momentum, coupled with historically low interest rates, should serve to further bolster homebuying activity in Edmonton in the year ahead. More balanced conditions should emerge with the addition of new inventory into the market. Once again, first-time and more experienced purchasers will lead the charge for residential real estate, across housing types and price points. Continued growth is forecast for the city's real estate market, with a projected five per cent increase in the number of homes sold, bringing total residential sales to 19,400 units by year-end 2014. Housing values should continue along their upward trajectory, rising four per cent to \$358,800—an increase of close to \$14,000 over the previous year.

Edmonton
Residential Average Price 2008-2014



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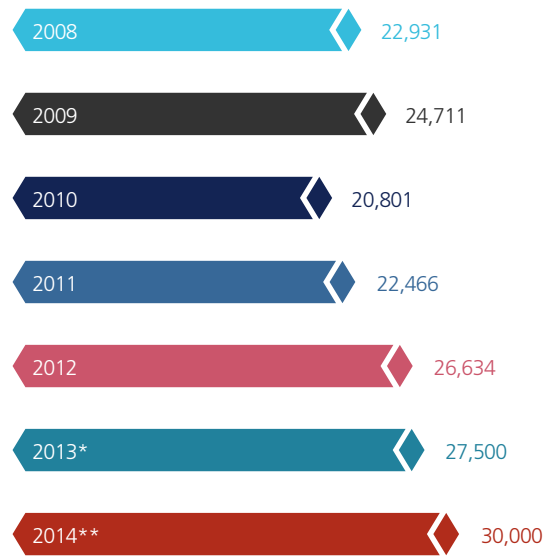
Calgary

Demand for residential real estate in Calgary in 2013 was at its strongest level in years. Falling inventory levels could not keep pace with buyer enthusiasm, pushing the market into seller's territory for the first time since 2007. While multiple offers made their return, amid growing competition—especially at the lower single-family price points—the frenetic climate of 2007 did not return with it. Buyers are clearly exercising greater caution, with the mindset quite different post-recession. The market overall is more sensitive to overpricing. Following last year's round of mortgage tightening, younger buyers re-entered the fold with adjusted expectations. As a result, condominium and suburban markets have benefited, with both segments experiencing an uptick in sales and price growth. Townhome units, in particular, are experiencing serious appreciation, as product that moved at the \$300,000 price point last year is now selling for \$325,000. Activity was brisk across all price ranges in 2013, but seller's conditions were more pronounced below \$500,000, with the \$350,000 to \$490,000 price bracket under considerable pressure. More balanced conditions were in place in the mid-range—priced over \$500,000—but strength emerged at the upper-end price points, driving that segment into clear seller's territory, as well. The shortage of inventory has fuelled renovation activity, with skilled trades busy throughout the Calgary area, as many opt to upgrade existing homes instead of waiting and hoping the right product comes onstream. Combine that with the rebuilding and repairs necessitated by this year's flooding and it becomes clear that the trend toward residential improvement is on the rise. Inventory will continue to be an issue heading into 2014. Competition will remain a market reality, but despite that, fair pricing will still be pivotal to the sale process. Overpriced listings continue to stagnate. Calgary is on pace to record 27,500 sales by year end, an increase of three per cent over 2012 levels, while price growth exceeds expectations at six per cent, bringing the average to \$437,000 in 2013.

Buyers throughout Calgary and the province of Alberta have good cause for the enthusiastic demand that exists in local housing markets. Given its vibrant natural resource base, Alberta remained a leader in GDP growth, outpaced only by Newfoundland and Labrador in 2013. The buoyant Alberta economy is forecast to record a 3.2 per cent increase in GDP this year, and take the lead in 2014, with GDP advancing further by 4.1 per cent. Con-

sumer confidence remains high throughout the province, bolstered further by the advent of the Eastern Oil pipeline, which has been very well-received and which opens up new shipping options and access to foreign markets. While the oil and gas sector remains front and centre, plenty of other positives exist. Solid capital investment continues to be a key economic driver. The construction sector remains active, with 16 skyscrapers and 47 highrises underway, approved or proposed in the city. Infrastructure improvements also continue unabated. Retail sales and expansion are also bolstering momentum, with the Chinook Centre adding approximately 140,000 sq. feet by fall 2014. In-migration and immigration continues to contribute to climbing population counts, with a steady flow of newcomers hoping to find greener pastures amid Calgary's booming economy. Overall, 14 per cent of immigrants (just over 35,700 people) welcomed to Canada in 2012 settled in Alberta. The province's population increased a substantial 11 per cent over the last Census period (2006 - 2011). Unemployment remains exceptionally low, expected to end the year at 4.7 per cent and fall further in 2014 to 4.3 per cent. Weekly earnings continue to climb—a factor also fuelling confidence and supporting housing

Calgary
Residential Unit Sales 2008-2014



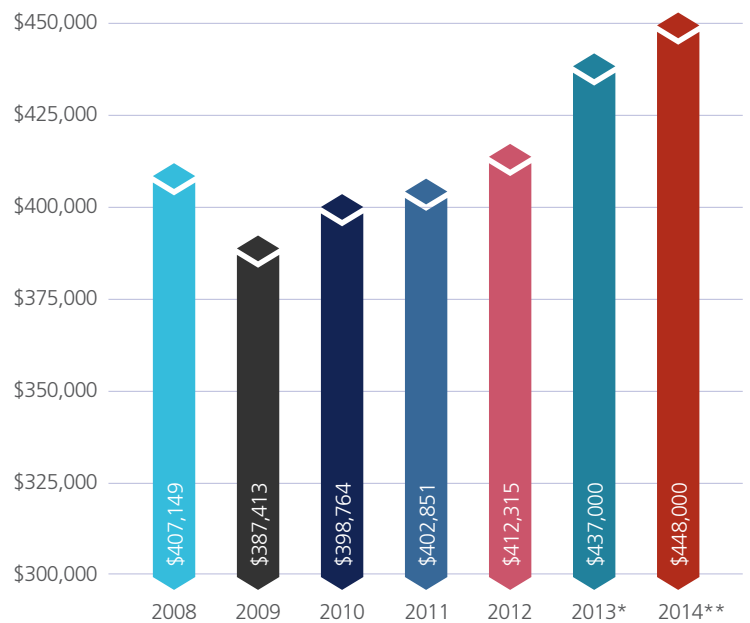
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demand. While affordability has slipped in light of tighter lending conditions, low interest rates continue to offset some of the negative impact. Homeownership remains attainable in Calgary, with product to satisfy most budgets.

Move-up buyers will drive demand in 2014, with families seeking to trade up to larger homes. The inner core areas will remain a hot pocket, given proximity to amenities, rapid transit and the university/college, as well as accessibility to downtown. Areas north of the city will also see improving demand due to quicker access to the central core. Any properties within a reasonable distance to the LRT will be snapped up quickly, if priced right. Falling vacancy rates on the rental side will continue to spur first-time buyers considering ownership—the floods of 2013 are placing greater pressure on Calgary’s rental markets. The upper end of the market is expected to gain further traction next year, bolstered by employment and income growth and equity gains. Home prices should continue on an upward trajectory in Calgary next year, influenced by an easing of land development, as the city squeezes availability, as well as the anticipated slowdown in housing starts, despite ongoing gains in population. These factors, combined with an already tight supply of homes listed for sale, should push prices ahead by another 2.5 per cent in 2014 to a record \$448,000. The number of homes forecast to change hands will rise by nine per cent, pushing sales to the 30,000 unit-mark in 2014.

Calgary
Residential Average Price 2008-2014



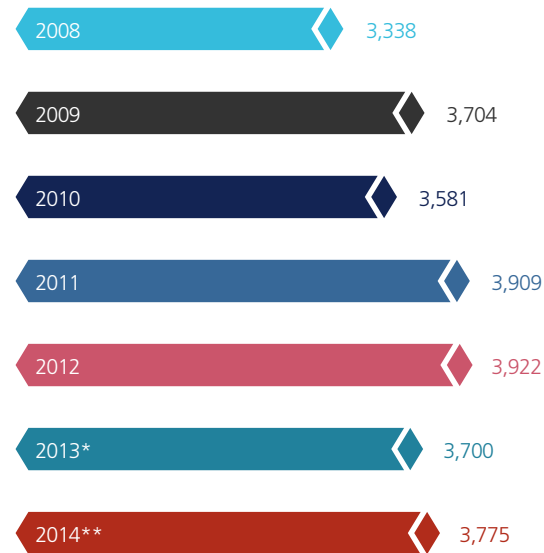
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Saskatchewan Regina

While inclement weather served to seriously dampen residential real estate activity in Regina earlier in the year, the market is expected to make up much of its loss by year end. Approximately 3,700 properties are forecast to change hands in 2013, down five per cent from the 3,922 sales posted in 2012. Housing values are projected to climb, albeit at a more moderate pace than in years past, with average price topping an estimated \$312,000 by year end, up 3.5 per cent over the 2012 figure. Demand for housing remains constant in the city, supported by an ever-growing population base. Local buyers, coupled with those moving to the city from out-of-province, continue to drive activity, particularly in the mid-to-upper price ranges. Regina's luxury market is making inroads, with several properties now listed over the \$3 million price point. The top end—homes priced in excess of \$750,000—has experienced exponential growth in recent years and the trend is expected to continue. First-time purchasers are still a factor in the market, although not as significant as in 2010/2011 when there was a flurry of homebuying activity from this segment. Tighter lending practices have hampered sales to some extent, although most entry-level buyers (\$350,000-\$500,000) have adjusted their expectations and/or saved a larger downpayment to realize their dream of homeownership. Greater balance returned to the housing market in the latter half of the year, with the supply of homes listed for sale meeting demand.

Regina's solid economic performance has played a serious role in the overall success of the real estate market over the past decade. Solid fundamentals continue to underpin both the municipal and provincial economies. Saskatchewan itself is forecast to experience GDP growth in the area of 2.7 per cent this year, one of the top performing provinces in the country, followed by a further increase of 2.7 per cent in 2014. Unemployment levels remain amongst the lowest in Canada, hovering at 4.2 per cent. New home construction continues unabated in Regina, with an estimated 2,875 housing starts expected in 2013 and a further 2,750 anticipated in 2014. Non-residential construction and infrastructure improvements are also

Regina Residential Unit Sales 2008-2014



*Estimate **Forecast

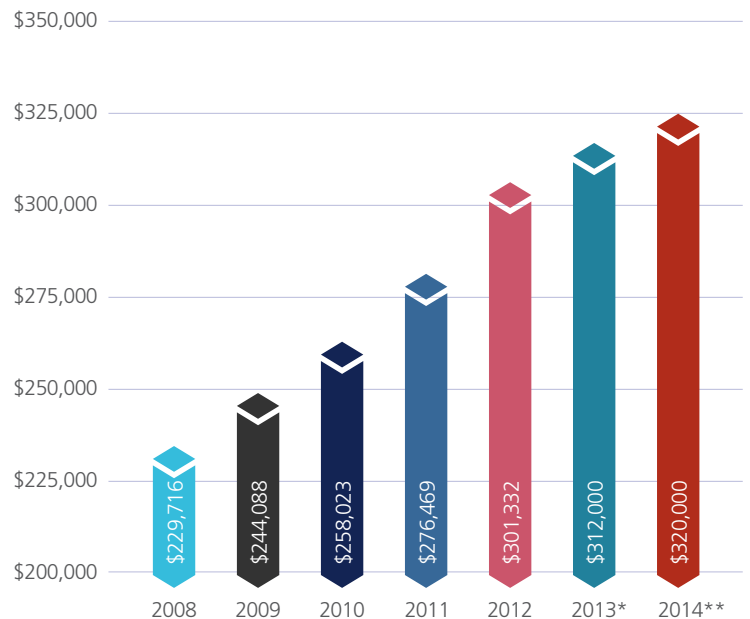
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occurring, including progress on the city's new P3 water treatment plant. The first phase of the Regina Revitalization Initiative—a state-of-the-art sports and entertainment complex—is now underway, with a mix of housing, green space, retail and commercial opportunities available at the site of the old Mosaic Stadium. The second phase—the Railyard Renewal Project—on 17.6 acres in the heart of Regina, will complement the historic location, with stores, restaurants, and entertainment linked to downtown Regina and neighbouring areas by a pedestrian walkway. Development is slated to begin in 2015. The city's population is on a growth trajectory, with the number of residents rising close to eight per cent alone in the five-year period between the 2006 and 2011 Census, which should bode well for the residential real estate market in coming years.



Stability is expected to characterize Regina’s housing market moving forward. Demand for housing is likely to remain solid in 2014, while average price continues to appreciate at a modest pace. Low interest rates should act as a catalyst, fuelling demand for all types of property at virtually every price point. Move-up purchasers will remain a dominant force, accounting for the vast majority of sales in the city, although younger, first-time buyers—those just starting their careers—should re-enter the market in greater numbers in 2014. Condominium towns and apartments are expected to remain a popular choice with the entry-level segment, as well as empty nesters and retirees. Inventory levels should remain at current levels throughout 2014, with some tightening anticipated at entry-level price points. With the peaks and valleys of yesteryear in the rear view mirror, Regina’s residential real estate market is expected to experience healthy homebuying activity, with the number of homes sold in 2014 climbing two per cent to 3,775 units. Housing values are projected to climb three per cent to \$320,000 by year end, an \$8,000 increase over last year’s figure of \$312,000.

Regina Residential Average Price 2008-2014



*Estimate **Forecast

Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

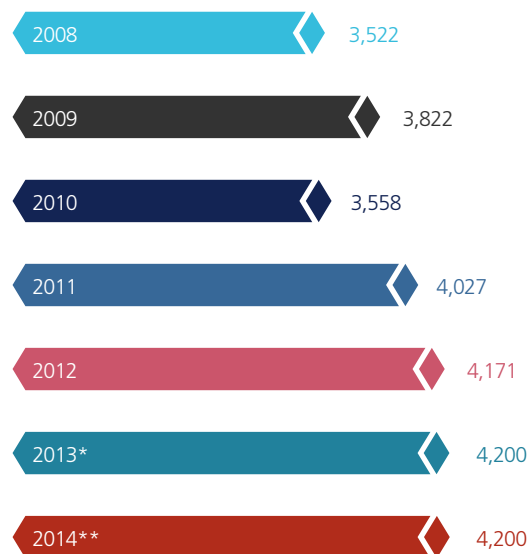
Saskatoon

Solid real estate activity continued to characterize the Saskatoon housing market throughout 2013, with sales expected to finish the year up slightly from 2012 levels, at 4,200 units. While inventory in the city remains balanced overall, supply is placing greater upward pressure on some pockets. Both the west side of Saskatoon and older areas on the east side remain sought after and continue to sport the lowest days on market at 29 and 36 days respectively. Listings remain light overall at the \$300,000 to \$450,000 price point. Multiple offers were relatively common in some areas of the city, including Nutana and City Park. Inventory has been steadily building in the final quarter, however, and a greater balance in all areas is anticipated in the new year. This should help some buyers—impacted by challenging conditions—finally move forward. Newer homes and condominiums have been favoured. Modern apartment-style units, ranging in price from \$275,000 to \$400,000, in areas such as Evergreen and Stonebridge, have been popular with young singles and couples. Walkability has growing appeal among today's purchasers. The upper end of the market is forecast to post double-digit gains in sales. By the end of September, sales of properties from \$750,000 to \$1 million had already surpassed levels recorded for all of 2012, while luxury homes over \$1 million ran neck-and-neck with year-ago figures. The top end of the market is the only segment currently experiencing firm buyer's conditions. Price adjustments have been a factor enticing buyers. The strength at the higher price points has served to prop up average price, along with demand for new homes. By year end, prices are expected to climb by four per cent to \$345,500—more moderate than last year's pace, and in line with forecasts.

The economy in Saskatoon continues to support current levels of housing demand moving forward. GDP growth remains solid, with the province expected to post a 2.7 per cent gain this year and next, propped up by the vibrant natural resources sector—more specifically strengthening energy production—as well as capital spending. Although concerns exist over the potash sector, high oil prices

should increase investment and production in the energy sector. Several major construction projects, approved or proposed, bode well for Saskatchewan moving forward, including: City Centre Tower, Hotel and Condominium Complex, set to begin construction in March 2014 (\$50 to \$100 million), River Landing Village, a residential, office and hotel complex in Riversdale (\$250 million), as well as The Banks, a separate residential tower, that has been approved for the Riversdale site, set for March 2014. Employment and jobs growth in Saskatchewan will continue to be a significant driver supporting household formation and home sales. The province also boasts one of the lowest unemployment rates in the country. Expected to hover at 4.3 per cent by year-end 2013, unemployment should fall back slightly to 4.2 per cent next year. Saskatchewan's population continues to rise, climbing 6.7 per cent over the last census period (2006 to 2011). The number of residents climbed even more sharply in Saskatoon, which posted an almost 10 per cent gain. In-migration and immigration will remain a factor influencing buying intentions over the longer term.

Saskatoon Residential Unit Sales 2008-2014

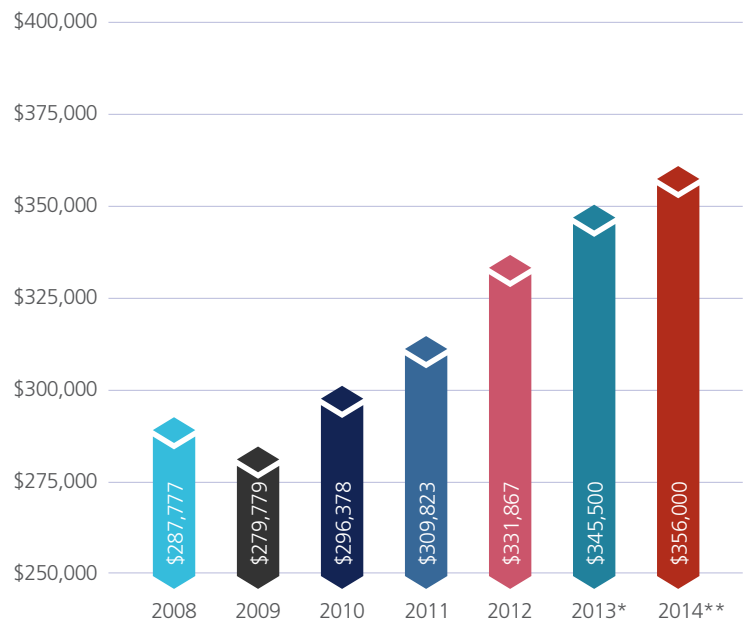


*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.



Next year, unit sales activity is expected to match the 2013 performance, as the number of homes sold holds steady at 4,200 units. Average price should continue its ascent, climbing another three per cent to \$356,000 by year-end 2014. Consumer confidence will remain high, given a positive and stable economic picture. The condominium market is expected to experience healthy demand, with modest price gains on new inventory, while the resale side remains relatively flat. Saskatchewan's solid growth continues to attract buyers from further afield, with a growing presence from foreign purchasers, most of whom are snapping up primary residences for their own end use. Investors remain active, with single-family homes and multi-unit residential buildings sought after for a long-term hold. The tangibility of real estate continues to resonate with buyers both here and abroad.

Saskatoon Residential Average Price 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

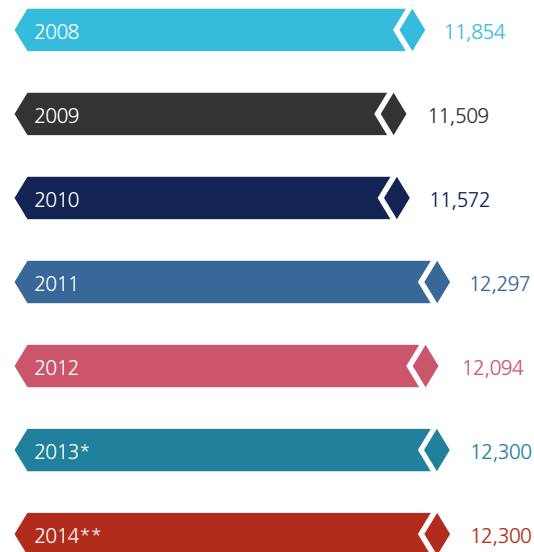
Manitoba Winnipeg

Homebuyers in Winnipeg continued to demonstrate their belief in homeownership in 2013. After a slow start to the year, buyer enthusiasm gained momentum, with sales once again poised to reach near-record levels. First-time buyers remained the driving force, seeking out entry-level homes and condominiums priced from \$150,000 to \$250,000 in areas throughout the city. The southeast quadrant proved particularly attractive, accounting for the bulk of activity. Affordability and the continuation of low interest rates were key factors spurring buying intentions among entry-level purchasers, while move-up buyers took advantage of the favourable climate to trade up to bigger homes or better neighbourhoods. The trend toward newer homes remains clearly evident. Waverly West is a prime example. When first introduced, planners estimated that it would take approximately 20-25 years for Waverly West to reach full development. The area, however, is running a full eight years ahead of estimates, as purchasers continue to favour updated, turnkey homes, with all the latest bells and whistles. The city's push for higher-density residential living is being embraced, with Winnipeg's condominium market posting a solid performance in 2013. Although overall demand was strong throughout 2013, the first signs of a changing climate have emerged. After years of chronic shortages, inventory has begun to build, pushing the conditions toward balanced territory and providing purchasers with a welcome reprieve from the unrelenting urgency, bidding wars and pressure on prices that previously characterized the market.

With relatively stable fundamentals underpinning the Manitoba economy, the outlook remains positive. The province is expected to record a GDP gain of 2.5 per cent in 2013, with a near-identical performance in 2014, as GDP rises by 2.6 per cent. Low unemployment levels—hovering around 5.4 per cent in 2013—are expect to fall back further to 5.1 per cent. The construction sector will remain a bright spot with both residential and non-residential projects expected to support growth through 2014.

Cranes continue to dot the skyline in Winnipeg. Major undertakings include the ALT Hotel in the Sports Hospitality Entertainment District, two significant towers on the banks of the Assiniboine River, as well as the Canada Inn and the much-anticipated Canadian Museum for Human Rights. Strong gains in the energy sector, in terms of better-than-expected electricity production, combined with a positive forecast for agricultural markets—although easing from 2013's bumper year—should offset some weakness in manufacturing. Yet, the manufacturing side is expected to see improvement as recovery gains greater traction in the U.S. Increased job growth and healthy population gains should continue to prop up demand for housing and support new household formation, particularly as Manitoba and the city of Winnipeg aim to amplify efforts to bolster their appeal. New immigrants are making the move to homeownership sooner, with some spending as much as \$600,000 to \$1 million, at the outset.

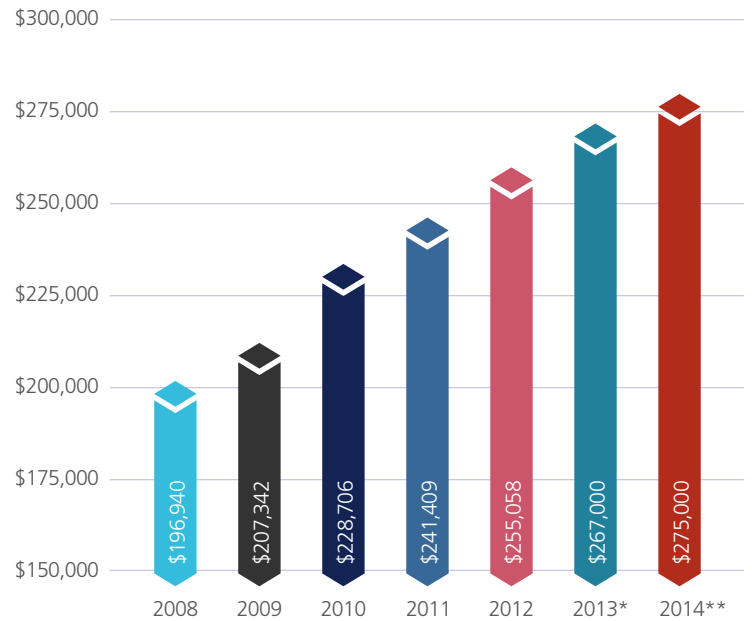
Winnipeg
Residential Unit Sales 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Overall sales in Winnipeg's residential housing market are forecast to remain on par with 2013 levels, with another 12,300 units estimated to change hands in 2014. Average price appreciation is expected to moderate further—in light of higher inventory levels—setting the stage for another three per cent gain to \$275,000. Buyers will have the luxury of greater choice, while increased competition among listings will necessitate careful pricing by vendors. The condominium sector could see some impact from rising listings next year, as well as from new legislation that increases the mandatory time period for buyers to review and consider maintenance statements, financials, bylaws, etc. The new law will also require sellers to disclose to the purchasers any major changes between the closing date and the day of possession. Initially, this may cause some deals to fall through, but these new procedures will become par for the course. Having already demonstrated considerable easing in the final quarter of 2013, the upper end of the market is expected to soften in 2014, as listing inventory and days on market continue to rise. Investors will remain active, but some pullback may occur, given the outlook for more muted gains moving forward. While sales remain fairly static, the annual dollar volume should continue to climb, as Winnipeg expects another vibrant year in real estate, with more equitable footing for those on both sides of the transaction.

Winnipeg Residential Average Price 2008-2014



*Estimate **Forecast
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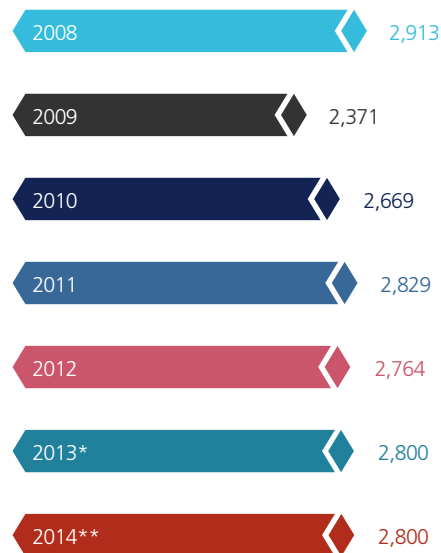


Ontario Greater Sudbury

Economic stability has helped to buoy Sudbury's residential housing market in 2013. Real estate activity proved healthy throughout the year, with momentum edging up in the second half. Purchasers continued to work in tandem, with steady demand from both the first-time and move-up buyer segments. Those making their first foray into homeownership in 2013 drove activity in the \$180,000 to \$200,000 range in areas such as New Sudbury and the south end of the city. Some opted to compromise, choosing older bungalows in the downtown core or outlying areas, priced from \$150,000 to \$180,000. Their efforts to renovate these homes are rejuvenating entry-level housing stock throughout the city. More experienced trade-up buyers fuelled demand in the \$300,000 to \$350,000 price range. Popular locations include Valley East, Walden, Nickel Centre and Rayside. While new lending criteria impacted the market last year, buyers have largely adjusted and are now moving forward, particularly given the continuation of attractive interest rates. Balanced conditions have prevailed throughout much of the year, placing buyers and sellers on an even footing. The upper end of the market held up well over the past 12 months, although some softness is emerging over the \$500,000 threshold. Overall confidence remains positive with housing sales in Sudbury expected to reach 2,800 units by year end, up one per cent from 2012 levels. Average price should close the year at \$254,000, an increase of two per cent over the previous year.

Greater Sudbury's status as the main regional service centre for Northeastern Ontario, and the city's ongoing economic diversification, bode well moving forward. Although mining continues to be a major employer in the area—with over 6,000 jobs tied to the sector and another 10,000 jobs in mining-related services—Sudbury is slowly redefining itself through growing healthcare, education, tourism, technology, and retail sectors. Sudbury's population is projected to increase to over 188,000 by 2036—surpassing its peak population count of 174,000—a fact expected to impact the demand for housing and the overall housing mix. Unemployment in the area remains in line with national levels at 6.9 per cent. Job growth—or a lack thereof—will be key to buying intentions in the months ahead, along with commodity prices. These two factors will drive or temper confidence in the

Greater Sudbury Residential Unit Sales 2008-2014



*Estimate **Forecast
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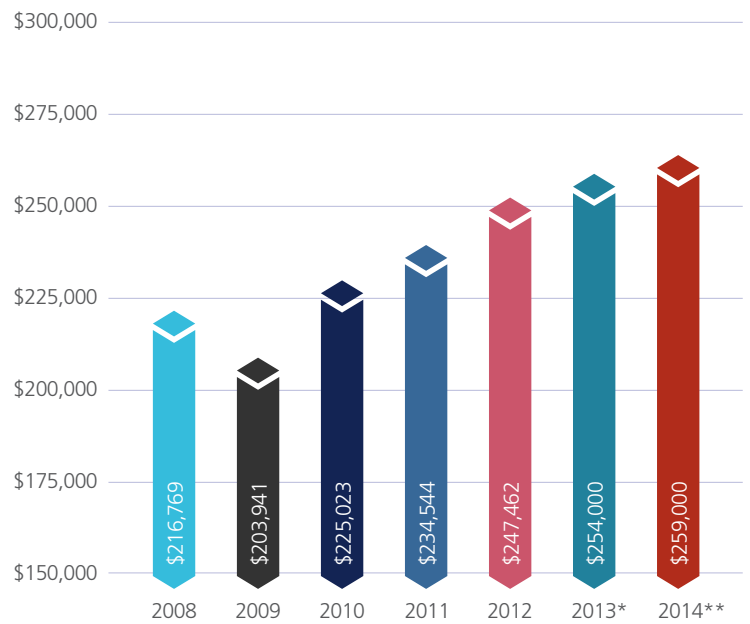
marketplace in 2014. However, the combination of affordability and historically low interest rates should lend itself to relative stability next year. A strengthening U.S. and global economy is also forecast to have a positive influence on demand for natural resources, which should prop up solid underlying fundamentals, giving buyers the assurances necessary to make their moves.

Purchasers and sellers can expect a continuation of balanced conditions in 2014, although some softness will remain at the higher price points. Absorption levels are forecast to hold up well, particularly for homes in desirable locations. Greater Sudbury will continue to reap the benefits of being a major education and healthcare hub.



Rather than paying rising rents over several years, parents are choosing to buy homes in close proximity to post-secondary institutions for their kids attending college/university—especially given Greater Sudbury’s attractive price points. With the vacancy rate falling to 2.5 per cent in 2013 and the potential for further contraction next year, investors will remain active. Most are vying for a limited supply of multi-unit product and plex properties, in addition to single-family homes. The condominium sector—while still a very small segment of the market—will see several new projects move forward in New Sudbury and the south end in 2014, catering to the city’s aging boomers. Close to amenities, these types of developments are starting to gain some modest traction. On the whole, Greater Sudbury’s resale housing market in 2014 should mirror that of 2013, with sales ending the year on par at 2,800 units. Average price is forecast to edge up slightly, in line with inflation, rising two per cent to reach \$259,000.

Greater Sudbury Residential Average Price 2008-2014

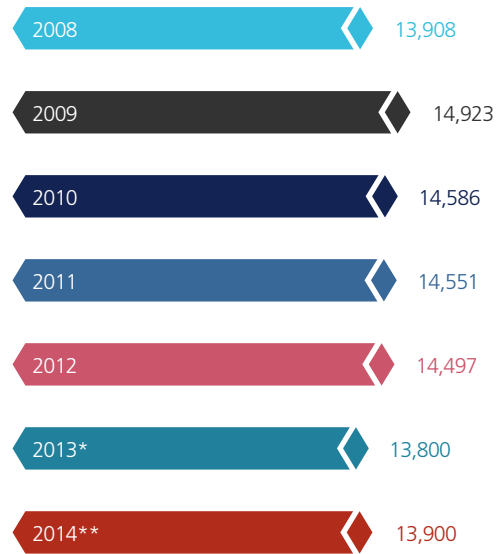


*Estimate **Forecast
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Ottawa

After posting seven consecutive months of declining sales, homebuying activity has substantially improved in Ottawa, with an estimated 13,800 homes expected to change hands by year-end 2013. Although the figure is down five per cent from the 14,497 sales recorded during 2012, the market has gained slow and steady momentum, with consistent gains now reported on a monthly basis. The number of homes sold has moved more in line with the five-year average, a trend that is expected to continue throughout the remainder of the year and into 2014. Average price continues to climb, with values up two per cent to \$360,000 in 2013, up from \$352,610 one year earlier. Purchasers are finally moving off the sidelines and into the market while interest rates are low. With more than 9,500 homes currently listed for sale in Ottawa—a figure representative of eight months of inventory—the timing is ideal. Ottawa continues to offer up some of the most affordable real estate in the country, in a world-class setting. In fact, approximately 50 per cent of condominium sales occurred at the \$150,000 to \$250,000 price point in 2013—making homeownership an attainable goal for most. Yet, demand is greatest for single-family homes, with serious pressure on detached properties priced from \$300,000 to \$350,000 and \$400,000 to \$450,000. Luxury home sales over \$1 million continue to outperform the overall market, with year-to-date sales 21 per cent ahead of 2012 levels. The movement at the top end of the market best demonstrates the city's belief in homeownership, with communities like Rockcliffe, Civic Hospital, Westboro,

Ottawa
Residential Unit Sales 2008-2014



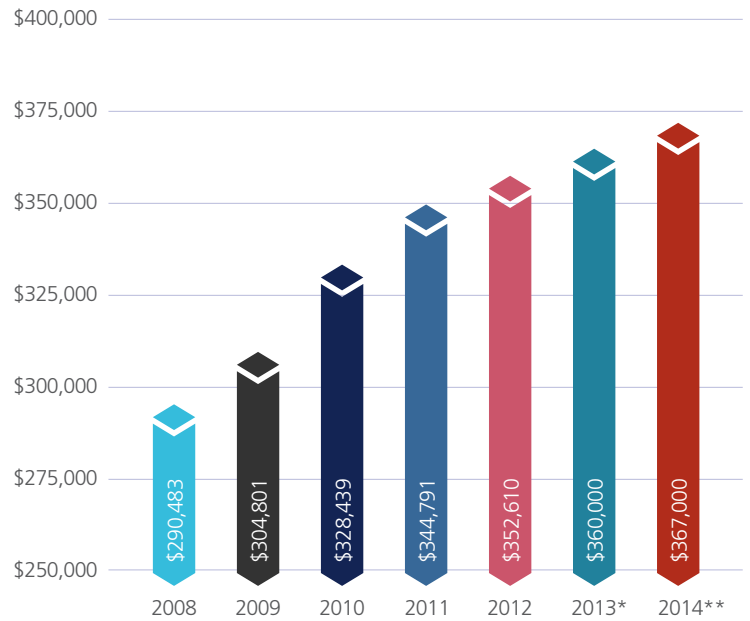
*Estimate **Forecast
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McKellar Park, Dunrobin Shores, Alta Vista and Glebe attracting the lion's share of affluent buyers. Infill continues unabated in upscale neighbourhoods, with teardowns now starting at \$500,000 in the coveted Glebe area. The upswing in custom building has also had an impact on the city overall, raising the bar in communities like Little Italy, Mechanicsville and Hintonburg, and breathing new life into tired, older areas. Vertical growth is top of mind as higher-density projects involving both low-rise condominiums and high-rise towers are planned for the future. Conversions are also occurring with great frequency in Ottawa as developers try to incorporate existing buildings into new, modern structures. The condominium lifestyle continues to appeal to the baby boomer segment of the market, many of whom are looking to downsize to boutique developments—such as the Beechwood by Minto or one of the many Domicile developments—in neighbourhoods in which they currently live. High-rise apartment condominium units in the downtown core remain popular with executives, young professionals, and single buyers.

While concerns over government layoffs cast a shadow over economic performance throughout much of the year, the outlook for Ottawa has visibly brightened heading into 2014. Construction is well underway throughout the city, including large-scale projects like Lansdowne Park, a stadium with a retail component, parking garage, horticultural building and urban park scheduled for completion in 2015. A mixed-use component of the park includes 360,000 sq. ft. with tenants such as the LCBO, Whole Foods, and a possible theatre. Two condominium towers are nearing completion—Tribeca I and II—with December 2013 and December 2014 occupancy dates, while several more are in the preconstruction stage, including the Icon, the Azure, 99 Parkdale, the Rhombus, and Soho Italia. Housing starts in the city are expected to climb 4.5 per cent in 2013 to 6,300 before tapering to 5,350 in 2014. Other initiatives geared toward improving local roads, cycling paths, and transit systems—all part of the Ottawa \$340 million “On the Move” program—are scheduled for completion in coming years. Homebuying activity in the nation's capital will be further supported by three key factors moving forward, including a continuation of low interest rates—which will remain the primary impetus, with purchasers looking to get ahead of expected increases down the road; job security, with unemployment levels continuing

Ottawa
Residential Average Price 2008-2014



*Estimate **Forecast
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to trend downward—the three-month moving average hovered at 6.6 per cent in October 2013; and further gains in population growth—Ottawa was one of the top-performing Ontario markets with a 8.8 per cent increase in population according to the 2011 Census.

Greater stability is expected to characterize the Ottawa housing market in the coming months. Pent-up demand is forecast to play a role, with first-time buyers better positioned to achieve homeownership in 2014. A good selection of product should be available for sale, although inventory may be tighter at entry-level price points. Balanced conditions should prevail in most areas of the city, with more affordable suburban communities on the periphery such as Stittsville and Carleton Place experiencing strong demand. By year end, housing sales are forecast to edge up slightly to 13,900 units, a one per cent increase over the previous year, while the average price of a home in Ottawa is anticipated to appreciate a further two per cent to \$367,000 in 2014.

Kingston & Area

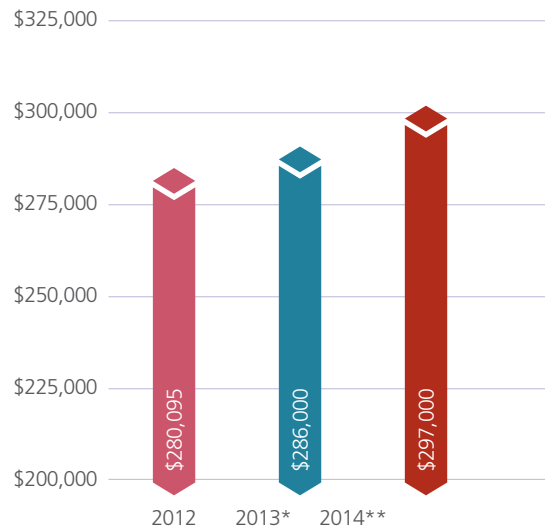
Kingston's residential real estate market gained greater traction in the latter half of the year, with stronger home-buying activity bringing sales in line with 2012 levels. By year-end 2013, 3,750 homes are expected to change hands, just one per cent short of the 3,791 sales reported last year, while average price is forecast to appreciate two per cent to \$286,000, up from \$280,095 in 2012. Inventory levels have been higher than usual in 2013, although the number of homes listed for sale has come down from peak levels reported earlier in the year, creating more balanced market conditions overall. Tighter lending criteria have had an impact on the market this year, but first-time buyers and those with credit issues, in particular, have felt the pinch. Many have adjusted expectations as a result, looking to neighbouring communities such as Napanee for more affordably-priced housing product. More experienced purchasers have emerged as a force in the Kingston market this year, with move-up and downsizing activity commonplace—especially at the \$300,000 to \$500,000 price point. An influx of purchasers from the Greater Toronto Area—ranging in age from 50 to 60—has also helped to bolster sales in Kingston in 2013. The condominium market has been an especially popular choice for empty nesters and retirees moving to the area, with most buyers seeking reasonably-priced product in secure low- and high-rise buildings.

Kingston's residential housing market continues to be supported by strong economic fundamentals. The city and its surrounding communities boast one of the lowest unemployment rates in the province, at 6.6 per cent (October/November 2013). Average household income

hovers at \$87,127 (2012). Major employers, including the Canadian Forces Base Kingston, Kingston General Hospital, Queen's University, and Canada Correctional Services continue to provide excellent employment opportunities. Capital projects are in the works, including a commitment to transportation infrastructure, a \$6.5 million upgrade to Princess St., and a proposed airport expansion. Brownfield developments, including the Davis Tannery Lands, are underway, with the city currently seeking interested purchasers. Population in the centre continues to climb, up almost five per cent in the last census (159,561) and expected to rise close to 10 per cent by 2018 to 175,420.

Affordability remains a major draw, a fact that bodes well for Kingston's residential housing market moving forward. More balanced conditions are expected to prevail in 2014, with the supply of homes listed for sale meeting demand. First-time buyers are forecast to play a greater role in the market in 2014, driving demand for product between \$250,000 and \$300,000. The top end of the market should experience continued stability, propped up by purchasers moving into the area from out of town. By year-end 2014, sales are expected to climb four per cent to 3,900 units. Average price is forecast to escalate almost four per cent to \$297,000 in 2014.

Kingston & Area
Residential Average Price 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Kingston & Area
Residential Unit Sales 2008-2014



*Estimate **Forecast
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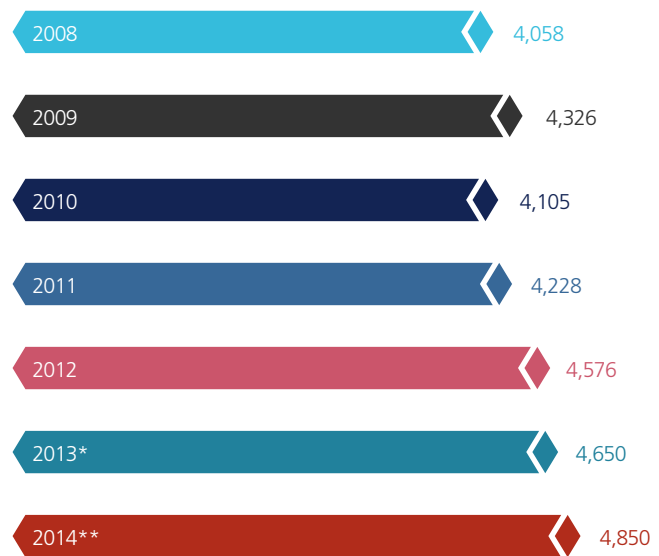
Barrie & District

Strong demand and a limited supply of homes listed for sale fuelled unprecedented homebuying activity in Barrie and the surrounding areas throughout 2013. Home sales are expected to climb two per cent to 4,650 units by year end, up two per cent over the 4,576 sales recorded in 2012. Tight inventory levels contributed to upward pressure on housing values, bringing average price to \$320,000 in 2013, up seven per cent from the \$299,685 posted at year-end 2012. Affordability has been a key factor stimulating sales in the city, especially in light of the GO Train and a significant improvement to the transit system. Local purchasers, as well as buyers from the Greater Toronto Area, have been active at virtually every price point. Demand, however, has been greatest between \$340,000 and \$400,000, with first-time buyers leading the charge for various housing types. Single-detached homes located in Barrie proper, where average price hovers at \$301,000, have been especially popular with this segment of the market. The city continues to experience exponential growth, with new housing developments cropping up north, west, and south of the city in Oro, Medonte, Horseshoe, Essa Township and Innisfil. A shortage of available land in the core has prompted the move towards higher-density living, a move that has resonated with empty nesters and retirees in the area. Waterfront condominiums are particularly sought after, with several new buildings under construction and planned in the coming years. The re-intensification of the Bradford St. corridor has also created mixed-use opportunities for residential, retail, and commercial. Upper-end homes are also moving well, with sales up over last year's levels. Luxury enclaves have emerged in areas like Springwater and Horseshoe Valley, offering up custom-built chalets in close proximity to local ski resorts. While balanced conditions prevailed through much of the year, multiple offers were commonplace on well-priced product. The trend is expected to continue throughout the remainder of the year and into 2014.

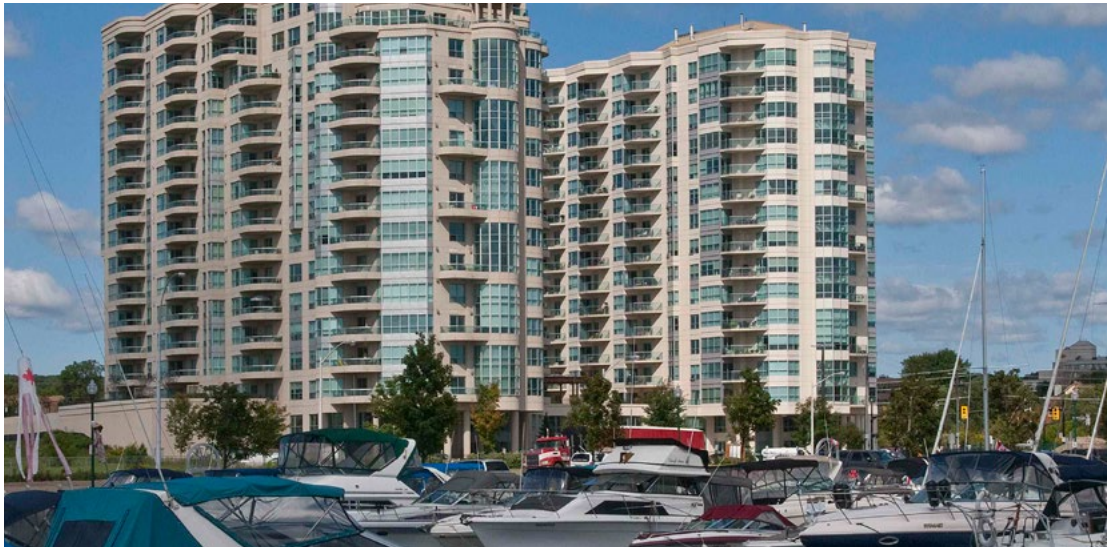
Barrie's economy continues to perform exceptionally well, bolstered by both capital projects and new construction. Housing starts in the area are up 10 per cent over last year, climbing to 860 units, and expected to climb further to 880 units by year-end 2014. The Phase II expansion continues at the Royal Victoria Hospital where renovations to the existing hospital include new operating rooms, the construction of a neo-natal unit, and

extension of the existing surgical unit. Georgian College's Centre for Health and Wellness, a 172,000 sq. ft. state-of-the-art facility, has opened its doors, providing students with access to first-rate labs, as well as offering the community access to six clinics including oral health and massage therapy. The Marketplace condominium development is finally moving forward now that the widening of the Duckworth St. bridge is underway. The city is also partnering with a yet-to-be named university to build a campus in Barrie's downtown core, which should breathe new life into the area. Revitalization efforts are underway on main thoroughfares, with improvements along Dunlop St. already changing the landscape. A number of proposed condominium projects are before council, including several overlooking Kempenfelt Bay. The waterfront is also the site of intense revitalization efforts, with the \$27 million realignment of Lakeshore Dr. and expansion of Centennial Park Waterfront Parkland project currently underway. Phase 2A of the Allendale Station lands has begun. Big box retail development continues unabated, with Phase II at Molson Park under construction. Restructuring of the city's transit system has significantly improved transportation, making it easier to move from one area to another.

Barrie & District
Residential Unit Sales 2008-2014



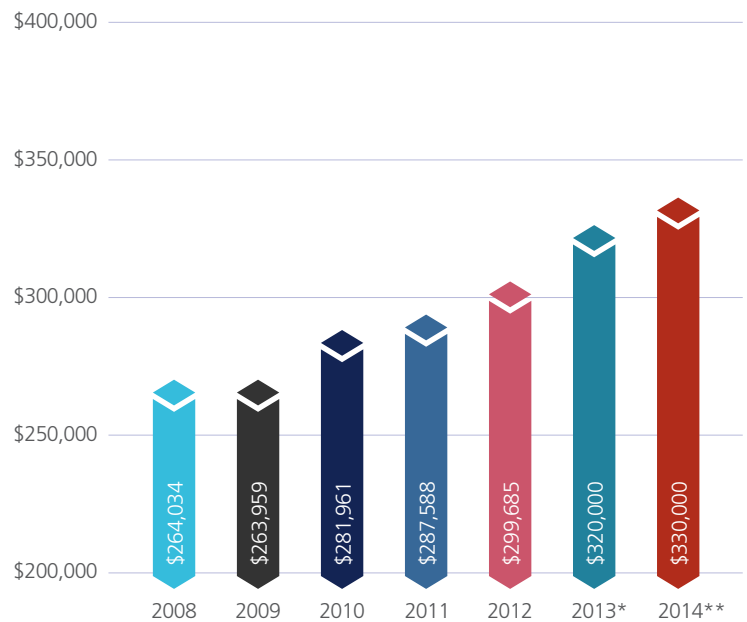
*Estimate **Forecast
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In addition, the city's unemployment rate continues to trend downward, sitting at a three-month moving average of 5.5 per cent in October, a figure considerably lower than both the provincial and national average. Barrie's residential real estate market is expected to benefit from the recent wave of economic prosperity for years to come.

Solid homebuying activity should characterize Barrie's residential real estate market moving forward, with the number of homes changing hands predicted to edge higher yet again in 2014. Approximately 4,850 sales are forecast for Barrie and the surrounding areas next year, a four per cent increase over 2013 levels. First-time buyers are expected to work in tandem with more experienced purchasers throughout the year, driving demand for housing product ranging from condominium apartments to high-end chalets and waterfront properties. The market will continue to register an influx of purchasers from the Greater Toronto Area, as housing values continue to rise in the city centre. Barrie Proper should remain a popular choice among entry-level purchasers, with values hovering at \$310,000. Overall average price for the city and surrounding communities is projected to further appreciate, climbing three per cent to \$330,000 by year-end 2014.

Barrie & District
Residential Average Price 2008-2014

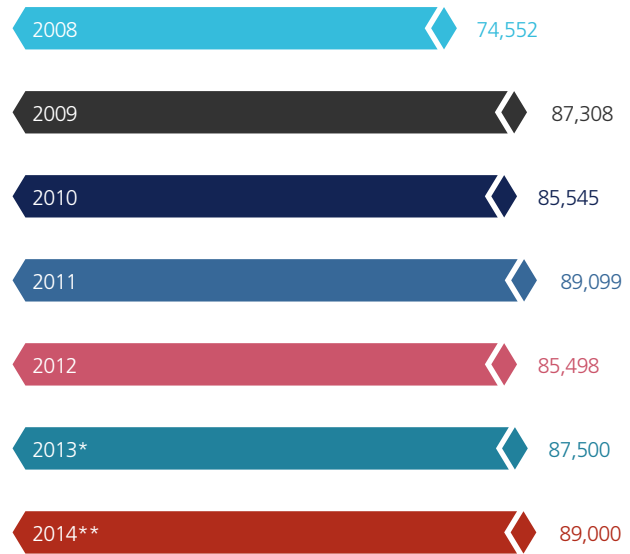


*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Greater Toronto Area

Residential real estate in the Greater Toronto Area (GTA) continued to demonstrate extraordinary resilience in 2013, with the city expected to post the second-best year on record for housing sales since 2008. Approximately 87,500 homes are expected to change hands by year end, representing a two per cent increase over the 85,498 sales reported in 2012. Pressure on housing values continued to climb, with average price forecast to appreciate five per cent to \$520,000 in 2013, up from \$497,150 one year ago. Strong demand and a shortage of homes listed for sale contributed to a serious uptick in activity throughout the year. Central core neighbourhoods, as well as those along transportation arteries, were most popular with purchasers. Many Toronto communities reported year-to-date sales-to-list price ratios of 100 per cent or more including South Parkdale, Roncesvalles, Swansea, High Park, Bloor West Village, Eglinton West, and Weston in the west end, Mount Pleasant, Don Mills, Parkwood, Donalda, and Victoria Village in the centre core, and the Beach, Riverdale, Danforth, Woodbine, Leslieville, Agincourt and Milliken in the east end. A mid-year influx of first-time buyers—many prepared to make the move to homeownership armed with larger downpayments and/or adjusted expectations—bolstered homebuying activity across the board. Almost 64 per cent of condominium apartment and townhome sales occurred between \$200,000 and \$399,999 in 2013, while half of all detached home sales moved between \$300,000 and \$599,999. Move-up purchasers continued to represent the lion's share of activity, driving sales of properties between \$600,000 and \$1 million. Tight inventory levels were evident throughout much of the year, with multiple offers commonplace in many neighbourhoods south of the 401, the Beach, Riverdale, and Leslieville in the east end, and Bloor West Village and High Park in the city's west end. While new listings were off last year's levels by about one per cent in the GTA in 2013, conditions were tighter in Toronto Proper where the number of homes listed for sale was down five per cent from 2012. New condominium product was largely absorbed in 2013—rented or sold—with sales of resale units finishing the year on par with year-ago levels. The average price of a condominium apartment edged up slightly to \$342,948, while townhouse values rose just over 5 per cent to \$348,000. Single-detached homes rose five per cent to approximately \$658,000. Given the significant

Greater Toronto Area
Residential Unit Sales 2008-2014



*Estimate **Forecast
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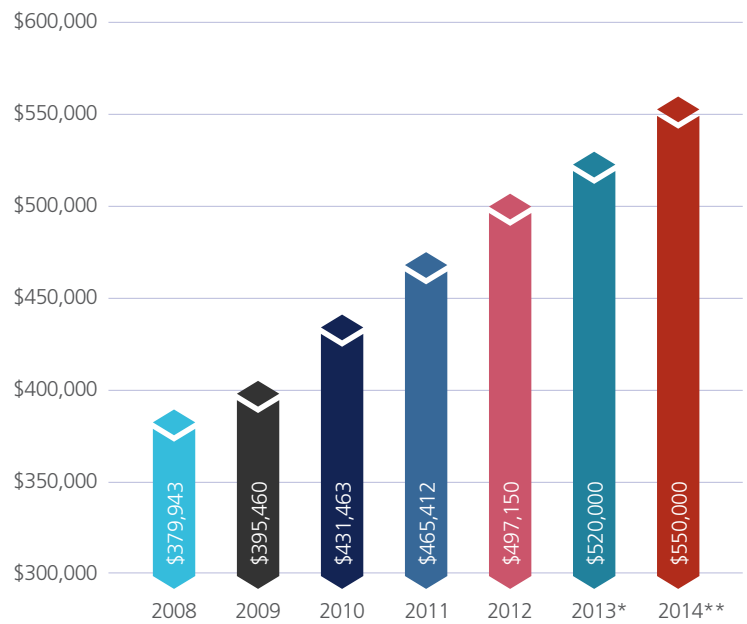
difference in values, condominiums are expected to continue to enjoy a strong following in the years ahead from younger, first-time buyers, with market share hovering at just over 30 per cent. Single-detached homes continue to make up close to 50 per cent of all sales, but with the average detached price in the GTA sitting at \$658,000, the cost of owning a freehold property is becoming prohibitive. After a slow start to the year, demand for luxury product priced in excess of \$1.5 million should post an increase of about 14 per cent over year-ago levels. While locals remain a force in the marketplace, foreign investment

continues to factor into upper-end sales, particularly at the \$2 million-plus price point where sales are up approximately 12 per cent over 2012. Demand for upscale condominiums over \$2 million—especially in tony Yorkville—has surged, with the number of units changing hands up more than 50 per cent over one year ago. The trend toward custom building continues throughout Toronto Proper, as purchasers move to build what they can't buy. Older, existing homes in blue chip neighbourhoods are experiencing strong demand from both end users and builders, with choice lots commanding a serious premium. While movement to the core continued to gain traction in 2013, particularly with younger, upwardly mobile purchasers, the 905 still accounted for the vast majority of GTA sales at 63 per cent. Lower overall housing values, combined with no land transfer tax, provided a powerful incentive to those making their move to suburban areas north, east, and west of Toronto Proper.

Despite an unemployment rate of 7.9 per cent, economic momentum in the Greater Toronto Area continues to build. New housing starts—while down from last year's robust pace—are expected to settle at 34,000 units in 2013 and experience a slight decrease of 100 units to 33,900 at year-end 2014. Multiple starts, including apartment, row and townhouses, and semi-detached, are forecast to fall 35.3 per cent year-over-year, with apartments most impacted. Just 18,000 new units are expected to be sold in 2013, falling from 29,617 in 2012. The decline in new high-rise sales should bode well for the housing market overall, with the number of new units coming onstream in the future less likely to create a glut. Non-residential construction continues to rattle and hum, with 10 new high-rise office towers planned for the downtown core, bringing millions of additional Class A space to the market by 2017. Serious expansion is also underway at many of the GTA malls, including Yorkdale, with a further addition of 300,000 sq. ft., and Sherway Gardens, set to increase square footage by an additional 250,000 sq. ft. to 1.25 million. Plans for the 170-acre site of the former Buttonville airport just north of the city proper, including residential, office, retail, hotel and convention facilities, should also help bolster economic development within the GTA. Capital projects are underway in the City of Toronto, with close to \$10 billion in transportation infrastructure and revitalization planned between now and 2022, such as road and highway maintenance, bridges and structures (\$2.26 billion) and new off-

street bicycle paths (\$90.75 million), as well as improvement to public safety and responsive emergency services. An additional \$225 million is slated for renovation, expansion, and redevelopment of various community programs and services. Immigration will continue to play a role in supporting residential housing markets moving forward. In 2012, Ontario welcomed close to 100,000 new Canadians, with the vast majority choosing to settle in Toronto. While numbers may moderate somewhat in coming years as job opportunities in other provinces draw an increasing percentage of the immigrant pool, their impact on the GTA will remain undeniable. Population in the Greater Toronto Area continues to climb, with the number of residents reaching 6,574,140 in the 2011 Census, an increase of approximately nine per cent over 2006. Given that the GTA represents close to 20 per cent of the overall Canadian population, the outlook for the city remains

Greater Toronto Area
Residential Average Price 2008-2014



*Estimate **Forecast
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robust, with the housing market in Toronto proper and the peripheral areas expected to experience solid activity for years to come.

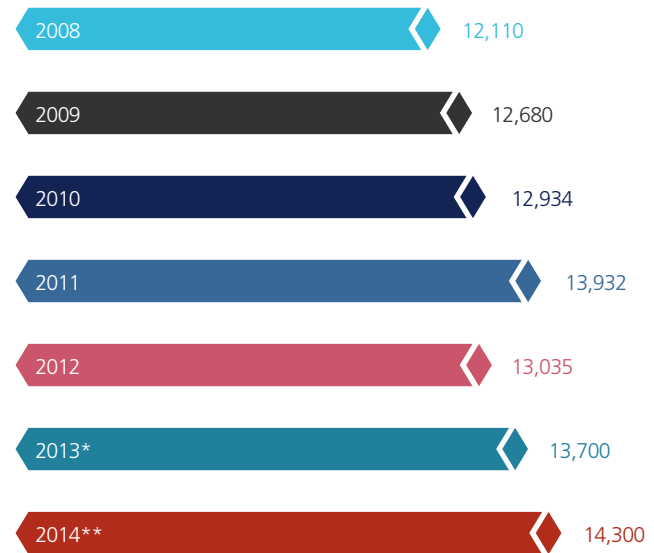
Historically low interest rates and buyer enthusiasm are expected to bolster the GTA housing market over the next 12-month period. Higher housing values in traditional blue chip enclaves are expected to prompt buyers to investigate opportunities in bordering areas. Up-and-coming neighbourhoods will continue to include communities situated along the subway line. In the city's east end, the area between Woodbine and Victoria Park is poised for growth, while Little India and Cliffcrest are already making strides. In the centre core, the Canary/Corktown/Distillery Districts are well positioned for the future. Dufferin Grove, Corsa Italia, Dovercourt/Wallace, Caledonia, Western/Pellam are predicted to garner favour with entry-level purchasers in the city's west end. Competitive offers should remain commonplace in 2014, with frequent bidding wars expected on properties priced under \$1 million in core areas. Condominiums will continue to play a pivotal role in homeownership, representing the first step for most purchasers. Townhome communities such as King West and Liberty Village and condominium apartments along the Lakeshore and the Fort York area in downtown Toronto

will be a popular choice for many, allowing buyers to live and work within a short distance from home. First-time buyers will work in tandem with move-up purchasers in 2014, stimulating home buying activity at virtually every price point. Baby boomers will be a major influence on the demographic mix, with many selling larger homes in peripheral areas and making lateral moves to smaller homes or condominiums in the core. Tight inventory levels will contribute to the urgency in the market, although more listings are anticipated to come onstream this spring. By year end, an estimated 89,000 homes are expected to change hands in Greater Toronto—an increase of two per cent over 2013, while average price is expected to continue its ascent, rising six per cent to \$550,000 in 2014.

Hamilton–Burlington

Residential real estate is expected to post a strong performance in Hamilton-Burlington in 2013. Demand remained solid across the board throughout much of the year, although inventory proved a challenge, particularly at the entry-level price points. With sellers firmly in the driver's seat, the market experienced persistent upward pressure on pricing. In fact, Hamilton-Burlington is expected to post the highest house price appreciation in the nation in 2013, with resale values rising 7.5 per cent to \$387,000 by year end. The unit sales picture is equally vibrant, with Hamilton-Burlington on pace to mark its second-best year on record. Approximately 13,700 sales are forecast to change hands in 2013, an increase of five per cent—also distinguishing the city as one of the top-performing markets for sales growth. Affordability remained front and centre, as Hamilton-Burlington continued to attract purchasers from the Greater Toronto Area. From the entry-level to the upper-end, buyers were enticed by value in this community that remains on the rise. Northwest and East Hamilton have become very popular with young, budget-conscious buyers, while Northeast Burlington and Hamilton Mountain also proved a solid draw. Regardless of the neighbourhood, entry-level homes—at varying price points—were most active. For example, in the east end of Hamilton Mountain, starter product, priced from \$180,000 to \$225,000, was sought after and moved quickly, while in move-up areas such as West Burlington and Aldershot, for example, momentum was brisk between \$425,000 and \$500,000. Preferences vary, with purchasers favouring either brand new product or looking to older, established neighbourhoods that offer greater character. Renovations continued unabated, with plenty of money poured into older product. This trend is expected to gain momentum in 2014, with additions already commonplace. Revitalization and renewal continues to bring new amenities to Downtown Hamilton, as well as older pockets throughout the city, creating a trendy, up-and-coming vibe. The success of locations such as James St. and Locke St. continue to be a case in point. Boomers and millennials are competing for choice condominiums in the core. The condominium sector has out-performed in Hamilton-Burlington this year, with sales appreciation stronger than in other housing segments. Inventory in this segment is starting to improve, which has bolstered sales, as a greater number of newer units—now on their second or third owner—finally make their way to market. Investors remain very active, vying for choice product, sometimes in multiple offers. The upper end of the market has experienced an upswing, with sales running moderately ahead of year-ago levels.

Hamilton–Burlington Residential Unit Sales 2008-2014



*Estimate **Forecast
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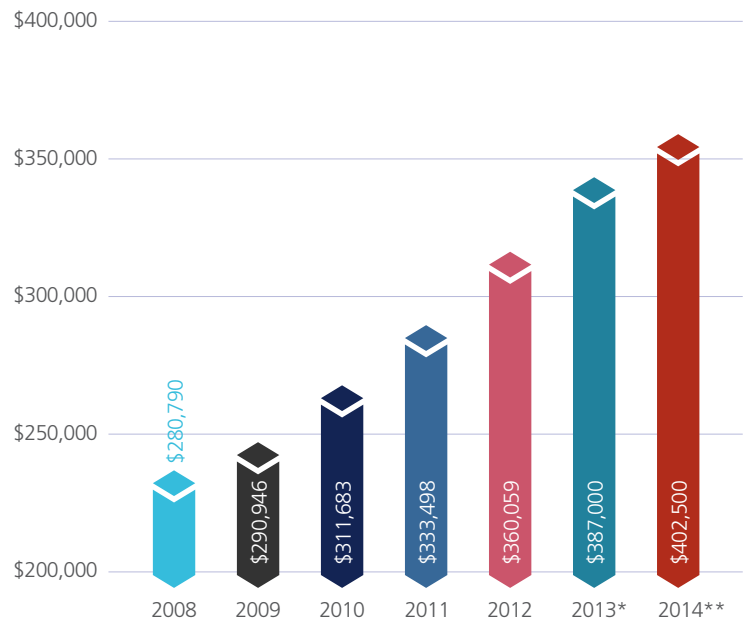
While GDP growth in Hamilton is expected to be modest this year—coming in at just under 1.5 per cent—confidence in the city continues to boom. Prospects in the city, as well as in neighbouring Burlington, should strengthen in the year ahead, driven by strong building activity. The construction sector remains a bright spot, with building permits on track to set another new record in 2013. More than \$1.175 billion in building permits was issued in the first three quarters of 2013 alone. Spillover should continue into next year. The fact that 57 per cent of building permits were issued for commercial, industrial and institutional projects is a positive reflection of the area's increasing economic diversification. The outlook is favourable, with virtually all segments of Hamilton-Burlington's economy expected to gain traction. The manufacturing segment, which has experienced some softness, should rise in tandem with ongoing U.S. recovery and with the opening of the new Maple Leaf Food plant.



Housing starts, while off year-ago levels, will rise again in 2014. The job market is expected to remain relatively stable. Unemployment is anticipated to fall back slightly from current levels. In-migration and population growth will continue to bolster homebuying intentions.

The tangibility of real estate remains attractive in the current climate, and perhaps even more so in Hamilton-Burlington. In 2013, Hamilton was named once again as a top investment market in both Ontario and Canada. There's no question that those making their moves—along with key industry watchers—are confident in the direction and potential of Hamilton-Burlington. The city's push for higher density has been well-received. Currently, there are approximately 25 high-rise residential projects underway or planned. With exciting products being developed near coveted transit hubs, including the GO station, the condominium market is expected to gain ground again in 2014. Seller's conditions will remain in place in the single-family segment. However, some areas of the city—such as Waterdown and Southwest Burlington—may see prices moderate slightly more than the overall market, given exceptional returns in recent years. While these areas level off, the trend will give rise to established, mature neighbourhoods, such as the northwest and the southwest. On the heels of a solid year, the upper end should edge up once again. Hamilton-Burlington is forecast to set a new record for annual home sales in 2014, with 14,300 units expected to change hands, an increase of 4.5 per cent. Average price should ease from 2013's exceptional pace, but still exceed national house price appreciation, as values climb four per cent to push past the \$400,000 threshold (\$402,500).

Hamilton-Burlington
Residential Average Price 2008-2014



*Estimate **Forecast
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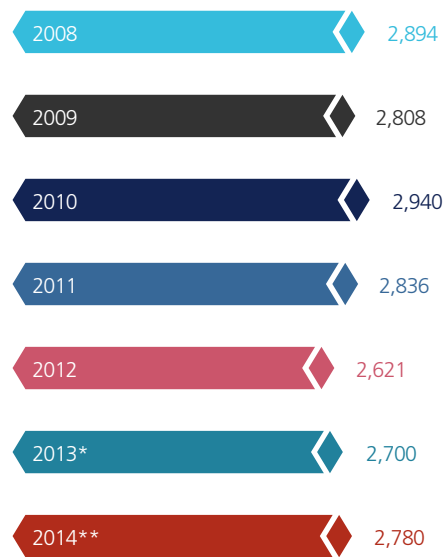
St. Catharines

Activity in St. Catharines' real estate market continued at a steady clip in 2013, despite some softening over the summer months on the heels of a healthy spring market. Buyers regained enthusiasm into the fall and through the final quarter of the year, with sales expected to end the year at 2,700 units—three per cent above the level reported in 2012. Average price is forecast to climb in tandem, advancing two per cent to \$258,000. Confidence remains positive, given favourable affordability and continued low interest rates. The boomers remain a driving force in the local real estate market, with many looking to the area as an attractive place to settle into retirement. The appeal is clear, with single-detached homes in St. Catharines priced as much as \$100,000 less than communities closer to Toronto. While inventory remains relatively balanced overall, shortages do exist, particularly in the popular \$250,000 to \$400,000 range, fuelled by move-up purchasers. While boomer empty nesters and retirees drive the trend toward newer product—ideally bungalows or garden homes—some are looking to the condominium sector for a more carefree lifestyle. That segment is slowly gaining traction in St. Catharines, with new, two-bedroom condominiums priced from \$250,000. Young buyers are willing to compromise to secure the dream of homeownership, with many looking to pockets of the downtown core—undergoing a wave of renewal—where older homes with character and charm can be had from \$190,000 to \$230,000. Revitalization continues unabated throughout the city, with the trend toward renovation showing no signs of slowing. Serious demand exists from investors, yet supply of sought-after product simply does not meet their needs. Some creative investors are snapping up older homes to remodel and convert into four-bedroom rentals, given decades of healthy income potential. A growing number of parents are also taking advantage of affordable housing values and financing rates to help their children achieve homeownership, rather than pay expensive residence fees or rental rates.

The potential for the housing market over the longer term is closely tied to migration patterns, particularly among Generation X and the millennial generation. St. Catharines' efforts at economic diversification is expected to bode well for in-migration and household formation, as more students and youth opt to lay down permanent roots in the city. A greater upswing is needed, however, for better sustainability, but the city is heading in the right direction. It is already capturing an increasing number of boomers and retirees. From major partnerships to considerable

capital and public investment—the city is establishing new projects, infrastructure and amenities to bolster its appeal. Prime examples are the St. Catharines Health Care Complex and Cancer Centre (\$900 million), Cairns Family Health and Bioscience Complex - Brock University (\$120 million), QEW Expansion (\$159 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), Kiwanis Aquatics Centre and Grantham branch of the St. Catharines Public Library (\$18 million), the new Meridian Centre Spectator Facility/Area (\$50 million) in the downtown core, as well as nGen—Niagara's Regional Innovation Centre—and much more. Job growth remains a focal point, but employment is expected to rise in 2014, while unemployment continues to trend downward, falling just below the eight per cent mark. Manufacturing is forecast to improve in tandem with

St. Catharines
Residential Unit Sales 2008-2014

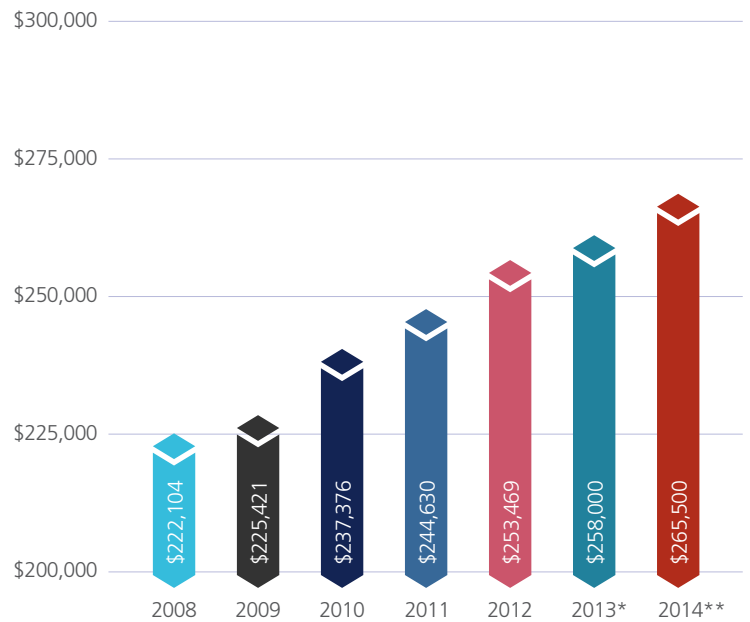


*Estimate **Forecast
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growing strength in the U.S. economy and amid weakness in the Canadian dollar. In the interim, the city is benefiting from a rising entrepreneurial spirit in industry, with a proliferation of diverse small to mid-sized companies emerging. Tourism is also improving and the region's wineries are gaining increasing acclaim.

With St. Catharines steering its transition and striving to bolster economic underpinnings, confidence is expected to remain strong. Slow but steady progress on that front will continue to translate into slow but steady progress in the city's residential home market. Both sales and average price are forecast to climb a further three per cent in 2014. An estimated 2,780 homes are expected to change hands, while average price will set a new record, reaching \$265,500 by year-end 2014. Inventory will remain the wild card, but levels should improve in the new year, bringing most areas firmly back into balance. The upper end of the market posted significant sales gains in 2013, which should ease somewhat as the supply of homes priced over \$500,000 continues to rise. However, activity will remain at healthy levels, with newer luxury homes in Niagara Falls, Port Dalhousie, Cole Farm, Grimsby and the lakefront most sought after. The north end will remain a hot pocket among move-up buyers, coveted for its established communities, good schools, amenities and proximity to transportation routes. Competition among first-time buyers should soften, allowing for more choice and time to make decisions. Condominiums will continue to gain favour among singles and older purchasers, especially given St. Catharines' land-locked status and the focus on higher density.

St. Catharines Residential Average Price 2008-2014



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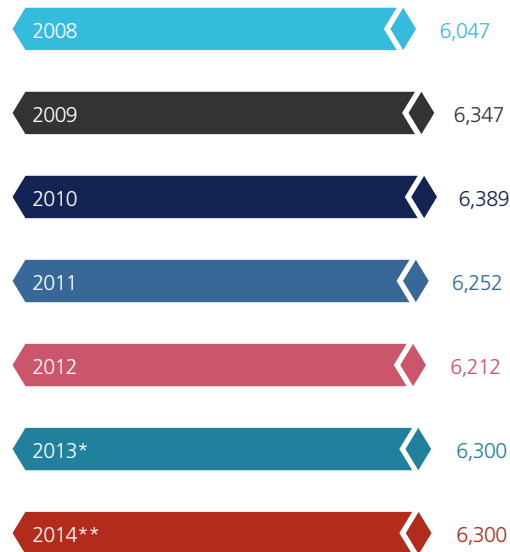
Kitchener–Waterloo

Kitchener-Waterloo's residential real estate market showed remarkable strength throughout 2013, buoyed by low interest rates and solid economic fundamentals. The move-up market was particularly active, with buyers driving sales of both new and resale single-detached homes over the \$400,000 price point. Inventory levels were especially tight between \$400,000 and \$500,000, the entry-level for those trading up to larger homes. Lack of supply prompted many would-be new home purchasers to turn to existing product in areas like Doon, East Forest, and Huron Village where they were able to buy similar product priced as much as \$50,000 less. By far the greatest percentage increase in activity occurred in the \$500,000 to \$750,000 category where sales were up almost 40 per cent year-over-year. At the other end of the spectrum, the number of homes sold under \$250,000 softened considerably as a result of fewer first-time buyers in the market. Tighter lending criteria, coupled with reduced job stability and an increase in contract positions, have many entry-level purchasers pulling back. Demand for condominium product within the Kitchener-Waterloo area remained brisk, supported by students attending the University of Waterloo, Laurier, and Conestoga College. Many buyers, including investors, have purchased units at 144 Park St., a new 19-storey development including high-rise suites and brownstones in Uptown Waterloo, with occupancy scheduled for November 2014. Empty nesters and retirees have also been an integral component of the market in recent years, driving demand for more upscale product. The new City Centre project, a mixed-use development in the heart of Kitchener, is generating buzz in the community, with units expected to sell at \$400 per sq. ft. Given the current momentum in the market, home sales in Kitchener-Waterloo are expected to finish the year one per cent ahead of the 2012 level of 6,212, hovering at 6,300 units by year end. Further escalation is anticipated

for housing values, with average price climbing an estimated three per cent to \$320,000 in 2014, an increase of almost \$9,000 over the \$311,006 reported one year ago.

Despite concerns over the future of Blackberry, Kitchener-Waterloo's diverse economic base is expected to perform well in coming years. More than 28,000 business establishments, including larger employers such as Manulife and Dare Foods, should serve to bolster employment opportunities within the region. Resurgence in the auto sector should also have a positive impact moving forward. The Toyota plant in neighbouring Cambridge is set to expand, representing an investment of more than \$100 million, creating more than 400 new jobs. Millions of dollars in revitalization efforts are also underway in the Kitchener

Kitchener–Waterloo
Residential Unit Sales 2008-2014

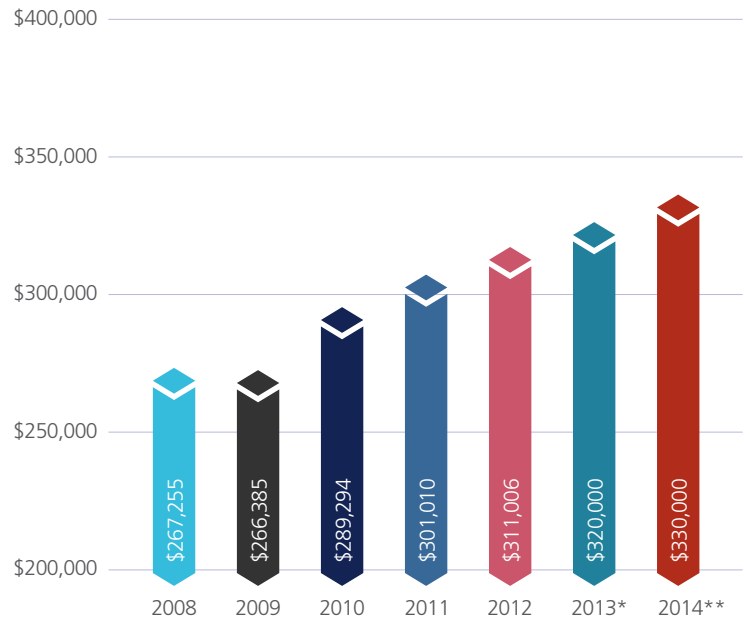


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core, as the city continues to invest in the City Centre, the Market District, Innovation District and the Civic District. Council is also moving forward on an \$800 million light rail transit system, and a host of other large scale projects, that will create jobs in the area. Healthy population gains will continue to prop up demand for housing and support new household formation in the Kitchener-Waterloo area. The Kitchener-Cambridge-Waterloo CMA is expected to be a provincial frontrunner in terms of housing starts in 2014, with an anticipated upswing of 35 per cent over 2013 levels. Over 2,300 starts are forecast for the year ahead, reflecting serious growth in the multiple segment. Renewed momentum south of the border is also forecast to have a positive impact on the manufacturing sector in the year ahead.

With an average household income hovering at \$92,000, homeownership remains well within the grasp of many purchasers in Kitchener-Waterloo. Home sales are expected to remain stable in 2014, with the number of properties sold mirroring 2013 levels. An active move-up market is expected to have an impact on overall housing values next year, with average price forecast to rise another three per cent to \$330,000 by year end.

Kitchener–Waterloo Residential Average Price 2008-2014



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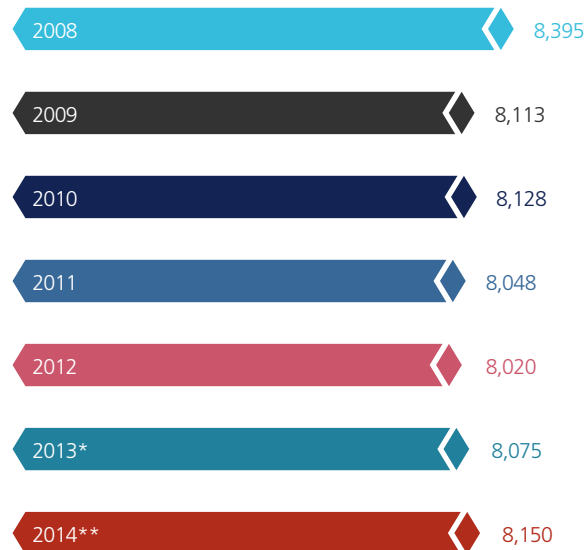
London–St. Thomas

While stability has been the cornerstone of the London-St. Thomas residential real estate market, a number of economic factors have proved a drag on overall performance in 2013. Still, London-St. Thomas is on track to finish the year slightly ahead of 2012 levels, with 8,075 homes expected to change hands by year end. Prices have increased in tandem, with a three per cent increase bringing values to \$247,000, up from \$238,822 one year earlier. Move-up buyers have been especially active, taking advantage of balanced market conditions that give a slight edge to the purchaser. Popular neighbourhoods include London's west end, the northwest and southwest quadrants, and prime downtown enclaves. Sales of single-detached homes have been buoyant, while condominiums have experienced some softening, with the number of units sold off last year's levels by approximately eight per cent. Demand for luxury homes remains solid, with local professionals, entrepreneurs, and out-of-town purchasers behind the push for high-end product. Sales of properties priced at \$500,000-plus have climbed about six per cent year-over-year. At the other end of the spectrum, there has been a notable pull-back in the number of first-time buyers in the market, in large part due to more stringent lending criteria.

Despite a diversified economic base including medical research, insurance, and information technology, and top notch employers such as London Health Sciences Centre, St. Joseph Health Care, University of Western Ontario, TD Canada Trust, London Life, and Fanshawe College, the residual impact of a softer auto industry continues to linger in London-St. Thomas. Concerns over job loss, including the recent announcement involving Sears at Masonville Mall, have tempered buyer enthusi-

asm and consumer confidence levels. Yet, unemployment levels have been trending down in the city, hovering at 7.4 per cent in October. The city continues to advance major projects, including the revitalization of the downtown core. Partnership between the City of London, Western University, and Fanshawe College has resulted in the successful development of the Advanced Manufacturing and Green Technology Park, a 50,000 sq. ft. central hub focusing on new technologies such as renewable energy and transportation. Anchored by the WindEEE Dome and the Fraunhofer Project Centre, the park has more than 100 tenants, has created 2,000 jobs, and represents an investment of more than \$100 million. Population growth in the London CMA continues to climb at a healthy rate, rising 3.7 per cent to 474,786 in the 2011 Census. New construction

London–St. Thomas
Residential Unit Sales 2008-2014



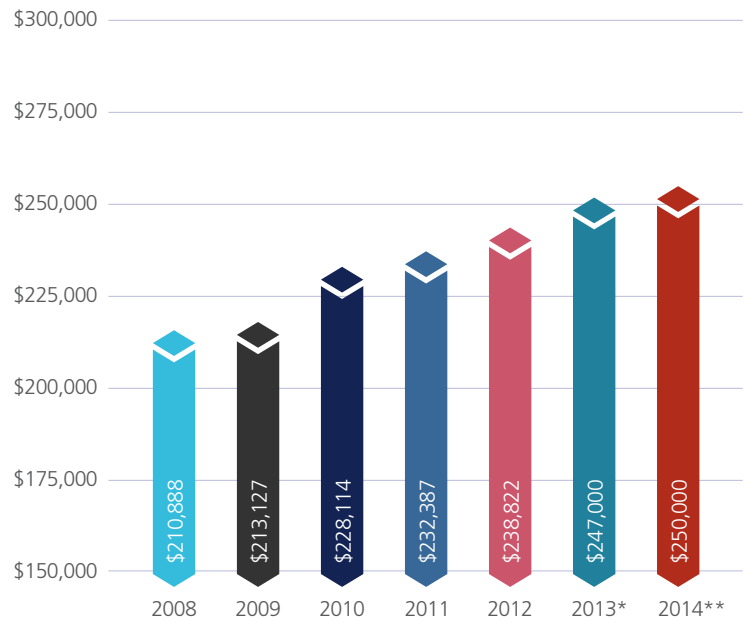
*Estimate **Forecast
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is also predicted to increase in 2014, with the number of starts rising to 2,065 from 2,000 in 2013. Given the current factors at play, London's residential real estate market is likely to rebound in tandem with economic performance in the coming year.

Slow, but steady, homebuying activity is expected in 2014, as purchasers cautiously re-enter the London-St. Thomas real estate market. Home sales are forecast to climb another percentage point to 8,150 units, while average price should post a modest gain of one per cent to \$250,000. More balanced conditions are anticipated in the new year, with supply meeting demand in most segments of the market. Move-up buyers should continue to fuel demand for single-detached properties in 2014, particularly at the \$280,000 and \$330,000 price point. Two-storey homes will remain most coveted, while ranch-style homes and bungalows continue to attract empty nesters and retirees. Luxury sales are expected to continue at a steady pace, with the number of homes sold over the \$500,000 price point increasing yet again. Improvement in economic performance will be a key factor moving forward, with any positive news expected to bolster consumer confidence levels and jumpstart sales.

London–St. Thomas Residential Average Price 2008-2014



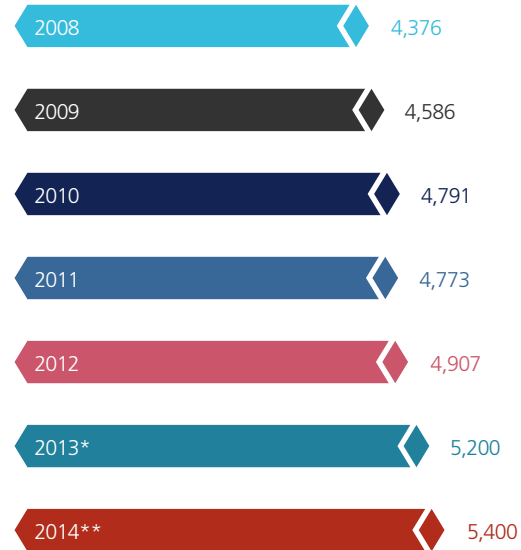
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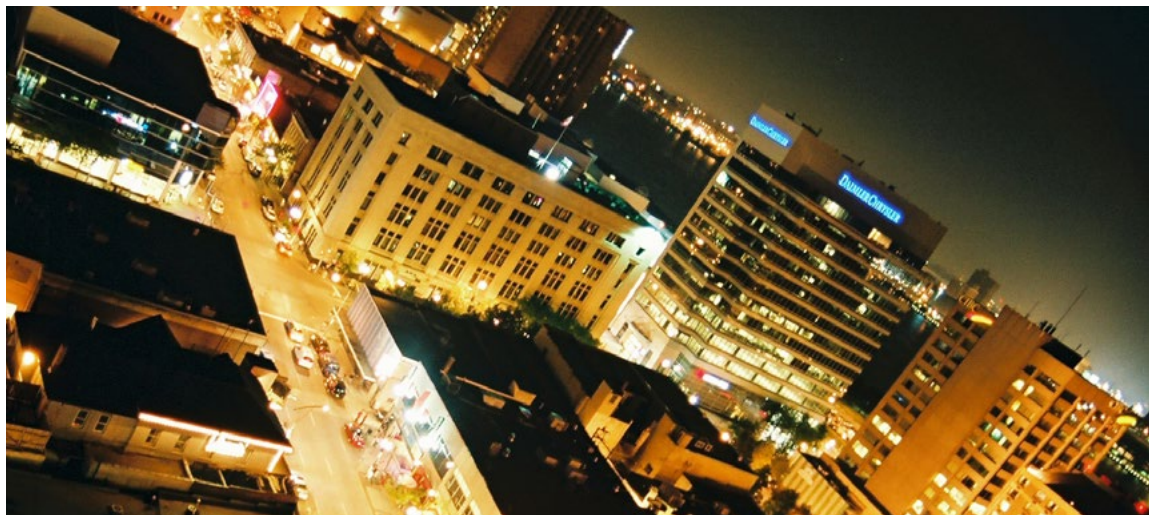
Windsor–Essex

Rising consumer confidence levels have buoyed the Windsor-Essex residential real estate market in 2013. Improved economic performance and a more robust job market are behind the push for housing, with both first-time and move-up buyers leading the charge this year. Approximately 5,200 homes are forecast to change hands by year end, a six per cent increase over the 4,907 sales reported in 2012. The average price of a home in Windsor-Essex is expected to climb four per cent, rising to \$183,000 in 2013, up from \$175,581 one year ago. Demand is greatest for entry-level properties priced between \$120,000 and \$200,000, where approximately 40 per cent of sales have occurred. While balanced conditions exist throughout much of the city, a shortage of inventory exists at starter price points. Competitive bids have been noted in the market, especially for product priced under \$180,000. For purchasers, little difference now exists between owning and renting, and given the upward momentum in the market, many are choosing homeownership. Sales in higher price ranges have also been brisk, particularly for move-up product priced between \$300,000 and \$500,000 in the city's newer subdivisions. An influx of empty nesters and retirees from other parts of the province has also served to bolster homebuying activity. Enticed by the promise of a quieter lifestyle and more affordable housing in Windsor, these purchasers are fuelling demand for new condominium product in townhome communities offering high-end finishes, priced from \$190,000 to \$220,000 (with maintenance running from \$85 to \$150 per month).

Windsor–Essex Residential Unit Sales 2008-2014



*Estimate **Forecast
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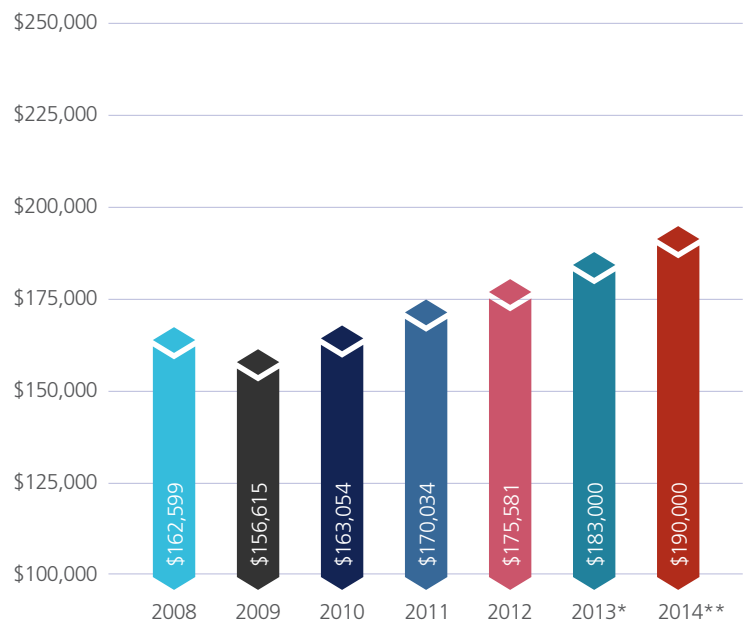


More traditional condominium apartments have lost some of their lustre with this segment, with many purchasers now looking at other housing alternatives rather than paying monthly maintenance fees hovering at \$350.

While historically dominated by the automotive sector, Windsor-Essex has largely succeeded in its efforts to diversify its economic base, focusing on emerging industries tied to manufacturing, including renewable energy, health and life sciences, and the aerospace industry. The city itself has also made a significant investment in capital projects, including the Let's Get Windsor-Essex Moving strategy, a joint commitment by the federal and provincial governments to invest \$300 million in several transportation infrastructure projects including a new Canadian Border Services Agency (CBSA) and maintenance buildings, primary inspection lanes, landscaping, and larger queuing capacity. New housing starts, while down marginally from 2012 levels to 645 in 2013, are expected to soar in 2014, rising over 20 per cent to 780 starts. Homeownership remains an important aspect of daily life in Windsor, with the highest percentage of homeowners in the province at 73.1 per cent. Renewed economic performance combined with today's low interest rate environment should continue to have a positive impact on the residential housing market.

Investment in Windsor-Essex is finally gaining serious traction after an extended period of inactivity. Residential real estate sales are once again poised for growth, with a further increase of four per cent anticipated in 2014. First-time buyers, in conjunction with more experienced purchasers, are expected to fuel more than 5,400 home sales over the next 12 months. Strong activity and tighter inventory levels should continue to place upward pressure on values, with average price escalating another four per cent to \$190,000 by year-end 2014.

Windsor-Essex
Residential Average Price 2008-2014



*Estimate **Forecast

Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

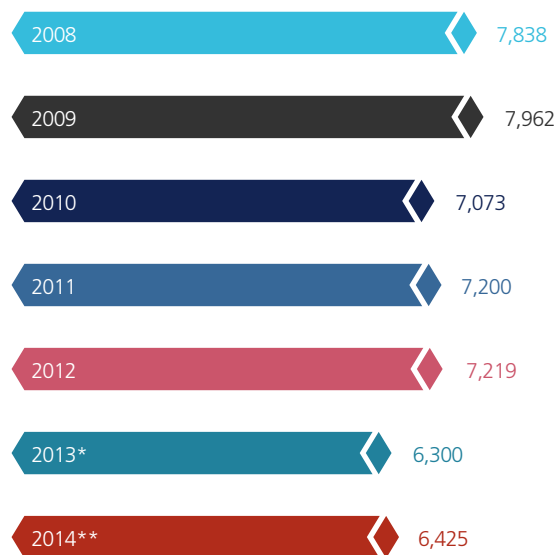
Québec

Québec City

Softer demand for residential housing throughout much of the year impacted overall sales performance in Québec City in 2013. A weaker economy, combined with tighter lending restrictions, made it increasingly difficult for first-time homebuyers to realize ownership. In fact, Québec's first-time buyer segment failed to rebound as quickly or as strongly from the newly imposed regulations, compared to other major markets across the country. Buyers, however, are now slowly adjusting expectations and moving forward, but the overall mindset remains cautious. The most popular price point continues to be \$150,000 to \$250,000, with sought-after areas including Chutes-de-la-Chaudière-Est, Saint-Augustin-de-Desmaures, La Jacques-Cartier RCM, Beauport and Sainte-Foy/Sillery/Cap-Rouge, among others. Inventory continues to build in the city across all segments, with the oversupply most pronounced in the condominium sector, where just under 18 months of product is available at present. The market remains balanced for plex properties, while the single-family segment is at the bottom end of balanced, leaning toward buyers. Days on market have been steadily climbing, with homes—depending on type—taking on average between 90 and 120 days to sell. By year end, sales should reach approximately 6,300 units in Québec City—down approximately 12 per cent from year-ago levels. The average price is anticipated to climb four per cent to \$267,000—in line with the modest price growth originally forecast for 2013.

Homebuyers sat it out on the sidelines in 2013, as the Québec provincial economy struggled to make any significant headway. In fact, GDP growth is expected to move ahead just 1.3 per cent by year end. Yet, Québec City, itself, continues to sport one of the lowest unemployment rates in the country, holding steady over the past several months at 4.8 per cent. Job growth is forecast in the year ahead, with the jobless rate expected to trend downward to 4.6 per cent in 2014. The Québec government recently announced a \$2 billion job stimulus fund to provide tax credits and subsidies aimed at creating 10,000 jobs in the province. A further plan to sell hydro-electricity at a

Québec City Residential Unit Sales 2008-2014



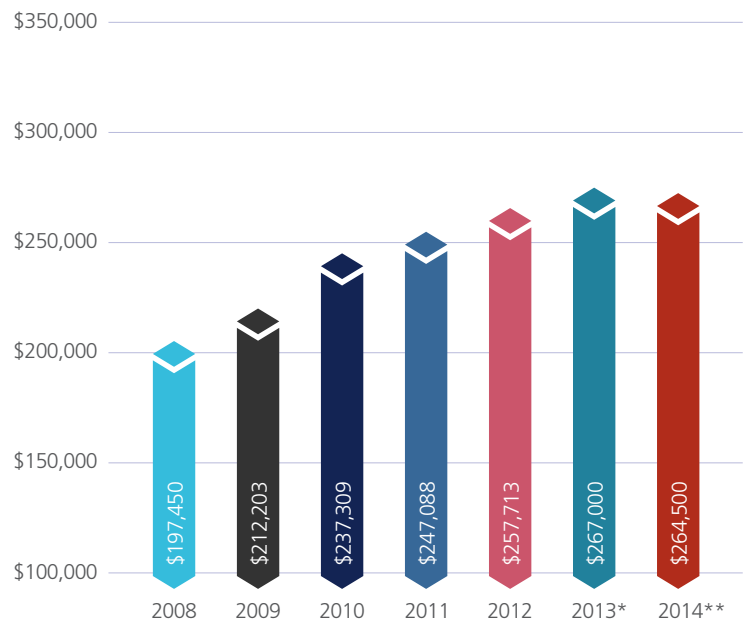
*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

discount is also hoped to spur growth in business and investment. In Québec City, non-residential investment has been solid and will remain healthy moving forward, bolstered by infrastructure improvements, commercial investment, and the ongoing construction of a multi-purpose amphitheatre. The government is expected to resume hiring, while the services sector also gains traction. As the U.S. economy gains momentum, weakness in manufacturing and exports is forecast to improve, which will buoy Québec City's outlook. Overall, GDP growth should strengthen locally, while the province is expected to post a gain of 1.9 per cent in 2014.



With the provincial economy expected to trend upward in the next year, greater confidence will play a role in helping to bolster demand for residential housing. Québec City is forecast to see sales rebound by two per cent, bringing the number of home sales to 6,425 in 2014. Inventory will remain the most significant factor weighing down prices. A one per cent decline is anticipated in average price, bringing values to \$264,500. Price adjustments will be a market reality, particularly in the condominium sector, which will remain in firmly in buyer's territory. The single-family homes segment will fare better, with prices expected to remain flat or post slight gains, while plex properties outperform all other property types. The upper end of the market will remain soft. After several years of strong run-ups in both sales and price, buyers will finally benefit from a more tempered real estate climate. This, along with continued low interest rates, may prove to be the impetus needed to fuel greater momentum at the lower end—the impact of which would have a ripple effect to other price points.

Québec City Residential Average Price 2008-2014



*Estimate **Forecast

Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

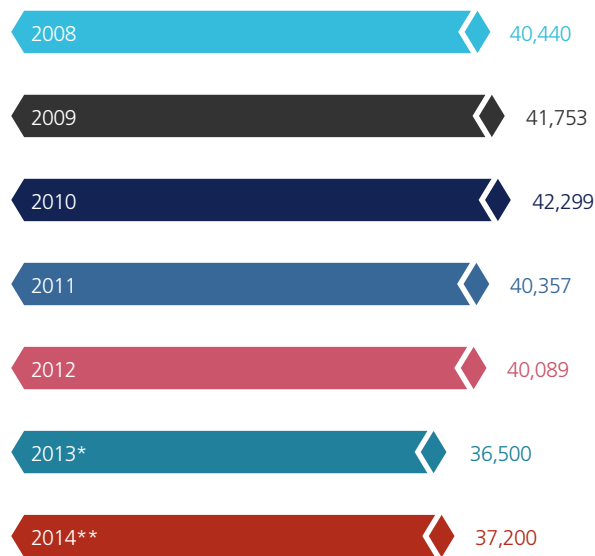
Greater Montréal

Momentum has slowed considerably in Greater Montréal's residential real estate market as excess inventory and more stringent lending policies impact buyer intentions. More than a year later, the city is still feeling the pinch from the latest round of mortgage tightening, which knocked out an estimated 10 per cent of the buyer pool. Conditions, however, started to improve at the tail end of the third quarter, but not enough to close the year-over-year gap in activity. By year end, Greater Montréal is expected to record 36,500 sales, a nine per cent contraction over 2012 levels. Average price, however, will edge up two per cent to \$324,000, bolstered by a stronger single-family home segment. In fact, the two largest segments of the market—single-family homes and condominiums—currently stand in stark contrast to one another. Seller's market conditions exist for single-family product priced under \$300,000, and are largely balanced throughout the mid-range. The condo segment has been considerably overbuilt, leading to a more than 12-month supply of listings. A necessary pull-back in new construction has taken place, but it will take some time to absorb existing units. New, unsold inventory is at a record high. As a result, downward pressure on condominium pricing is likely in the weeks and months ahead.

In the overall market, demand remains strongest between \$225,000 and \$300,000. Popular areas this year have included Boucherville and Saint-Bruno on the South Shore, Vaudreuil-Soulanges, Ville-Marie, Anjou, Saint-Leonard on the Island of Montréal and East of the North Shore (L'Assomption, Saint-Sulpice, Lavaltrie, L'Épiphanie), as well as Blainville, Mascouche and Repentigny on the North Shore—all areas that experienced an upswing in sales. The North Shore remains an up-and-coming suburb to watch, as growing amenities result in greater appeal. The upper end of the market has remained quite vibrant, with sales on par with year-ago levels. Buyer's market conditions in the luxury segment have proven a solid impetus, as supply at the top end has climbed. Confidence remains positive, although affordability is a concern.

Modest economic growth has been another factor weighing down homebuying activity in the Greater Montréal housing market. The annual gain in GDP is expected to come in at just 1.3 per cent in 2013, although it will post some improvement in 2014, with the forecast calling for an increase of just under two per cent. On the positive side, unemployment levels in the province are marking a slow but steady decline, with a rate of 7.6 expected by year end. It should fall back further in 2014 to 7.5 per cent. A strengthening job market will bode well for residential housing and support household spending and retail sales. Exports are on target this year, and expected to climb in 2014, with the manufacturing sector experiencing growth. Housing starts, having eased in 2013, will make a moderate rebound next year. Immigration and in-migration will continue to support population growth and household formation, although the pace will ease going forward, given more robust economic performances in other provinces.

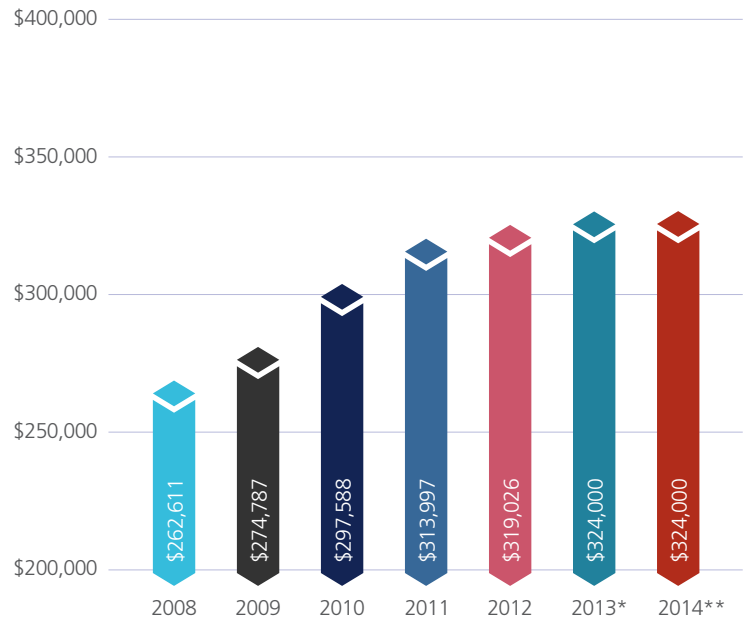
Greater Montréal
Residential Unit Sales 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics.
Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Greater Montréal's housing market should stabilize in 2014, with activity settling into a steady, but more tepid pace than in years past. Yet the market is expected to make up some ground lost in 2013, with sales climbing by two per cent next year to reach 37,200 units. Average price is forecast to remain flat, holding at \$324,000. Price stability and rising inventory—supply is expected to climb further, before conditions improve—should provide good opportunity for those who were edged out of the market in 2012. Vendors can expect rising days on market and greater price sensitivity among purchasers. While the condominium market undergoes a slight correction, the luxury price points will continue to post healthy sales in 2014, in line with levels reported in 2013.

Greater Montréal Residential Average Price 2008-2014



*Estimate **Forecast

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New Brunswick

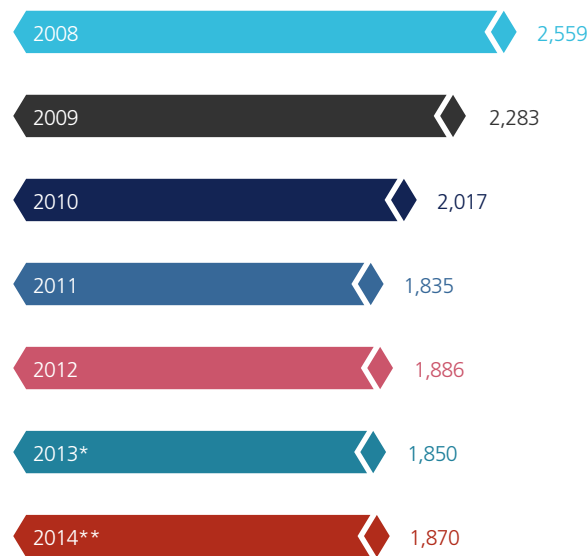
Saint John

Despite modest economic growth in New Brunswick, homebuyers continued to make their moves in Saint John in 2013. Both first-time and move-up buyers worked in tandem to drive sales, although the city's more experienced buyers were slightly more active. Buyers spent more on average, with the \$230,000 to \$300,000 price point most popular. Quispamsis stood out, generating the strongest activity within the Greater Saint John Area. Newer or turnkey product remained most sought after, as fewer homebuyers chose to compromise in light of buyer's market conditions. Despite the latest round of mortgage tightening, first-time buyers were encouraged by low interest rates and a good selection of product available for sale. Starter homes, priced between \$180,000 and \$230,000, have been moving well in Millidgeville and throughout the west side. New home construction has eased, with few projects moving forward, unless pre-sold. In-migration appears to have slowed in 2013, as the flow of buyers from other areas of New Brunswick and out-of-province ebbed. The much-anticipated pipeline announcement, expected in 2014, should prompt a welcome reversal of that trend. The upper end of the market posted a healthy performance, and although conditions

have softened somewhat and inventory is rising, sales will finish the year above 2012 levels. On the whole, the residential market should see overall sales fall short of 2012 levels, declining two per cent to 1,850 units, while average price edges up four per cent to \$181,000 by year end.

While New Brunswick is forecast to post relatively soft growth in 2013, with GDP inching forward just 0.8 per cent, conditions are expected to improve considerably in 2014, in conjunction with a strengthening U.S. recovery. Lumber exports should climb, as the sector supports an upswing in U.S. housing starts. Electricity exports are also forecast to rise, as production issues at Point Lepreau are resolved. Other drivers include improving potash production and a rise in housing starts—the latter climbing to 3,000 units. The greatest boost will come from a more definitive announcement on the \$12-billion Energy East Pipeline project. While its impact won't be fully realized until 2015, its influence on confidence, homebuying intentions, capital expenditures and migration patterns will be evident much sooner. The announcement will also solidify plans on Irving's \$300 million Canaport Energy East Marine Terminal, which, when complete, will help boost exports to foreign markets. Irving Oil has also recently expressed intentions to expand or to build a second refinery. The new refinery would have the capacity to process 300,000 barrels a day and employ approximately 1,000 people full-time. The project cost, anticipated at \$5 billion to \$7 billion, would support 5,000 construction jobs and create a number of offshoot employment opportunities and growth in ancillary services. There's no question that the longer-term outlook for Saint John is exceptionally strong, and that fact has bolstered enthusiasm, despite more moderate economic gains in the interim.

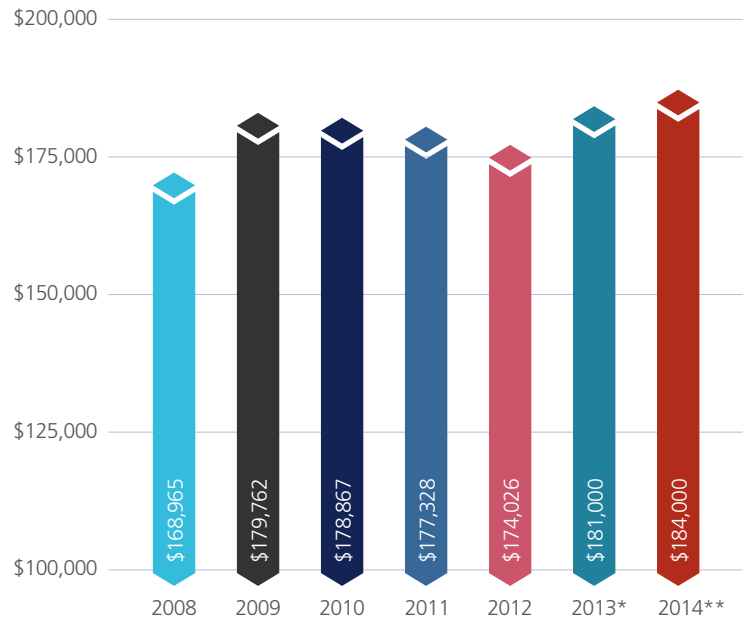
Saint John
Residential Unit Sales 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Saint John's positive potential is expected to provide a slight lift to residential housing sales in 2014, with the number of homes changing hands forecast to climb one per cent to 1,870 units. Prices will continue on an upward trajectory, increasing a further two per cent to \$184,000. Move-up buyers will emerge as the driving force next year, prompting another solid year of both mid-range and up-per-end sales. With vacancy rates up and multi-unit starts expected to slow next year, condominium sales may ease, but prices should hold up well. Investment activity is already posting a notable uptick, as buyers look to get into the market and remain ahead of the growth curve.

Saint John Residential Average Price 2008-2014



*Estimate **Forecast

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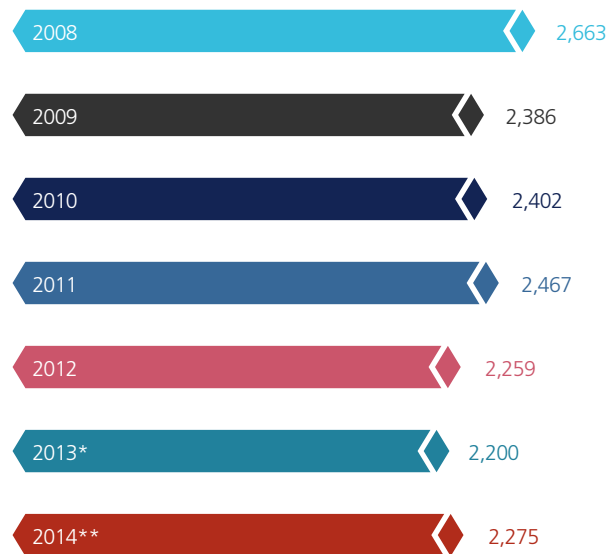
Moncton

Although a diverse economic base continues to support residential real estate activity in Moncton in 2013, the number of homes sold in the city is expected to fall short of 2012 levels. Buyer's market conditions exist through Moncton, Riverview, and Dieppe, with almost a year's supply of inventory to work through. Lacklustre consumer confidence levels have hampered housing sales to a large extent, with purchasers adopting a wait-and-see attitude. Government regulations regarding financing have cut deep in the city, despite an average price that hovers at \$160,000. First-time buyers have been particularly impacted by changes to lending criteria. Buyers looking to take advantage of current market conditions are typically seeking newer homes (under 10 years of age). Most are looking for turnkey properties, unwilling to undertake renovations. Older homes (20 years-plus) represent the greatest savings, yet few purchasers choose to invest in sweat equity. Listing inventory continues to climb as unrealistic sellers price properties above market value. Just over 2,200 homes are expected to change hands in Moncton in 2013, down approximately three per cent from 2012 levels. Average price is forecast to hold steady at \$160,000, an increase of one per cent over the \$158,107 reported last year.

Diversity best characterizes Moncton's economic base, with its central Atlantic location providing a natural advantage as a transportation, communications, and manufacturing centre for both the province and the region. In fact, the city has been named in several consecutive KPMG surveys as the best place to do business in Atlantic Canada. Bolstered by three universities including Université de Moncton, Mount Allison, and Crandall University, two New Brunswick Community Colleges campuses,

the Moncton Hospital and the Vitalite Head Network and Dr. Georges-L.-Dumont University Hospital Centre, and both federal and provincial government offices, the city has one of the lowest unemployment rates in the province at 7.9 per cent. The population for Greater Moncton CMA has experienced significant growth since the 2006 Census, rising 9.7 per cent to 138,644 in 2011. The average household income in 2011 was \$75,717. Given the solid fundamentals that underpin the local economy, the projects pending on a provincial level, and some of the most affordable real estate in the country, an improvement in residential real estate activity is expected moving forward.

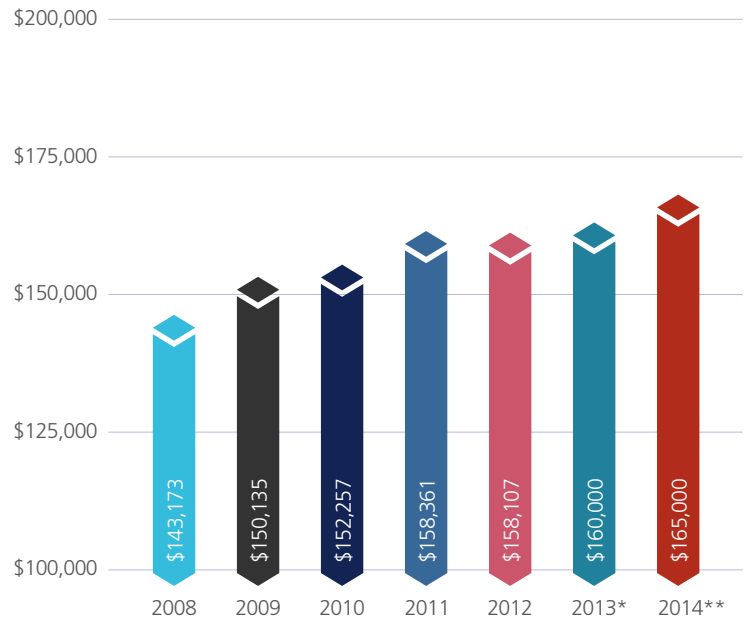
Moncton
Residential Unit Sales 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

Renewed consumer confidence should play a significant role in the recovery of Moncton's housing market in 2014. With the U.S. housing market ramping up, demand for lumber is set to climb. Projects such as Point Lepreau, Sussex Potash, and the Energy East Pipeline should also serve to bolster economic performance. Out-of-province baby boomers should provide an additional boost to the local housing market, with many choosing to retire in Moncton in coming years. While the move-up component is set to benefit from the influx of buyers, the first-time segment is also ideally positioned to enter the market. A continuation of buyer's market conditions and historically low interest rates are expected to stimulate activity at entry-level price points throughout Moncton, Riverview and Dieppe. Residential sales are forecast to post modest gains in 2014, with the number of homes sold rising three per cent to 2,275 units, while average price should experience an up-tick of three per cent, climbing to \$165,000.

Moncton Residential Average Price 2008-2014



*Estimate **Forecast

Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

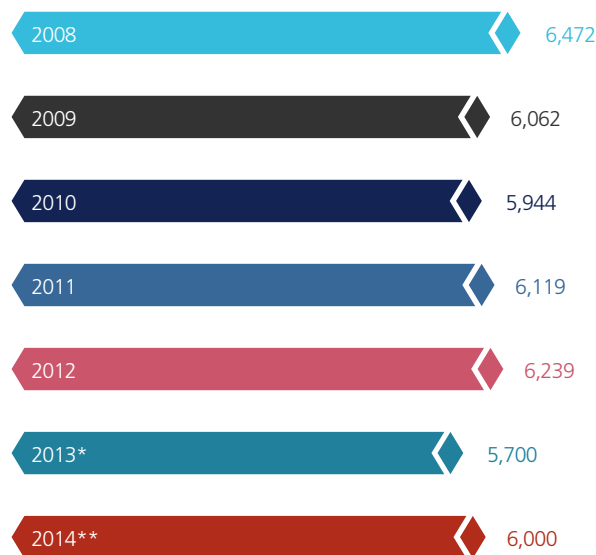


Nova Scotia

Halifax–Dartmouth

While Halifax-Dartmouth's residential housing market showed modest improvement in late 2013, the number of homes sold in the city is expected to decline year-over-year. Softer activity has been noted across all price points and housing types, with active listings, at approximately 4,000 at the end of October, up significantly over year-ago levels. Three factors have conspired to slow sales in the city in 2013, including tighter lending policies, a serious upswing in luxury rental accommodations, and backlash from the slower-than-anticipated start of the shipbuilding contract. First-time buyers have been particularly impacted by restrictions on borrowing, with most adopting a wait-and-see attitude toward homeownership. Empty nesters and retirees have contributed to the increase in the number of homes listed for sale, but many are choosing new, upscale rental apartments. The trend has had an adverse effect on the city's condominium market, with sales down more than 25 per cent from one year ago. Finally, after a serious run-up in homebuying activity in 2012 sparked by the federal government awarding a \$25 billion shipbuilding contract to Irving in late 2011, purchasers at virtually every price point have taken a breather. Many have stepped back to assess current market conditions and come up with a strategy moving forward. Some are taking advantage of the narrower spread to trade up to larger homes and/or more desirable neighbourhoods priced between \$300,000 and \$400,000. The top end of the market has held its own, especially in areas like the South Peninsula where a limited supply of product exists. In the outlying areas, Bedford South continues to experience a steady stream of home sales. Buyer's market conditions have brought out the bargain hunters in the fourth quarter, prompting them to take advantage of some of the tremendous deals. Phones are just starting to ring again, open houses appear to attract more traffic, and an increase in offers has been noted in many communities. Yet only 5,700 homes are expected to change hands this year, down nine per cent from the 6,239 sales posted one year ago. Housing values have held up relatively well, reflective of greater activity at higher price points, with average price hovering at \$276,000, an increase of two per cent over the 2012 figure of \$270,742.

Halifax–Dartmouth Residential Unit Sales 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

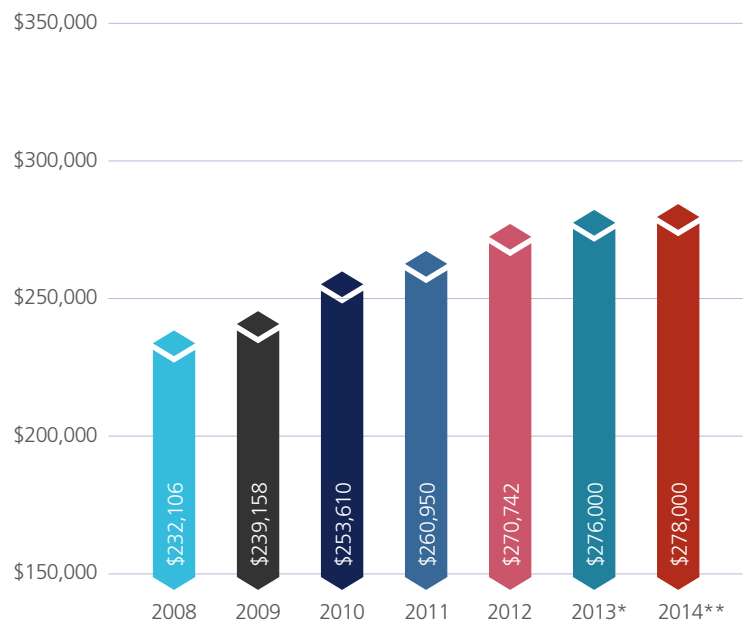
Although the current economic climate is lacklustre, Halifax-Dartmouth's future is exceptionally bright. A rebound in the oil and gas sector is expected to contribute to renewed economic growth in the province in 2014, with GDP growth rising just over one percentage point to 2.3 per cent. Production at Deep Panuke, which ramped up in late 2013, is expected to sustain momentum in the coming year. Irving Shipyard has also started on yard repairs, which should further stimulate economic activity in 2014. Some of the other projects worth noting include Shell Canada's exploratory oil drilling scheduled to begin in 2015 as part of its \$970 million deepwater venture, the opening of the Donkin Coal Mine in early 2014, as well as the Maritime Link Project. Housing starts in the Halifax CMA are expected to hold relatively stable year-over-year (2,650 vs. 2,600), with steady growth in multi-family unit residential



expected in 2014. Non-residential construction continues unabated in the city, with the number of office towers, hotels, and convention facilities underway comparable to some of Canada’s largest centres. Unemployment levels are slowly trending down, hovering at 6.4 per cent in November/December, which should bode well for the economy and the residential real estate market in the year ahead.

Momentum gained in the final quarter of 2013 is expected to spill over into Halifax-Dartmouth’s residential real estate market in 2014, setting the stage for a healthy year of homebuying activity. More balanced conditions are expected to emerge as current inventory levels are absorbed and buyers cautiously enter the market. First-time buyers, having taken time to save for larger downpayments, may venture back into the market, taking advantage of historically low interest rates, greater selection and competitive prices. Move-up buyers are expected to continue to drive activity, particularly at the \$300,000 to \$400,000 price point. Demand for condominiums is expected to remain softer than in years past, with empty nesters and retirees (by far the greatest influence) opting for rental accommodations. Luxury home sales are forecast to maintain current levels. By year end, the number of homes sold is expected to climb five per cent, rising to 6,000 units—a figure on par with the five-year average—while average price is projected to appreciate one per cent to \$278,000 in 2014, an increase of approximately \$2,000.

Halifax–Dartmouth
Residential Average Price 2008-2014



*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.

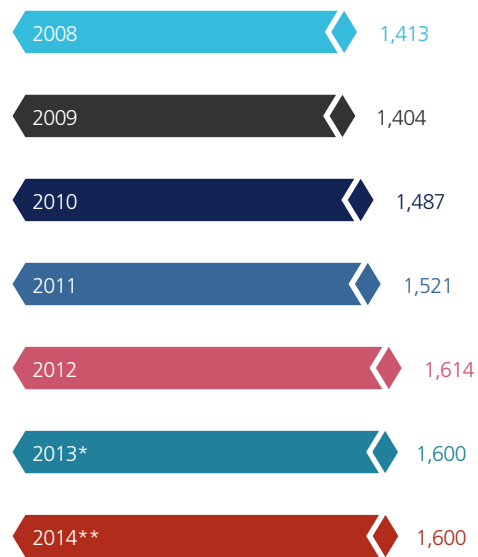
Prince Edward Island

Stability continues to be the hallmark of Prince Edward Island's resale housing market, despite some challenges that presented in 2013. Fiscal tightening and public sector layoffs contributed to some considerable headwinds, yet the confidence and resilience of Prince Edward Island homebuyers persevered. By year end, unit sales are forecast to fall slightly to 1,600 units—just one per cent lower than last year's levels. Average price is expected to climb three per cent to \$157,000—slightly ahead of inflation—as strength in the upper end bolsters values. With affordability well within reach on Prince Edward Island, first-time buyers fuelled the market once again in 2013, seeking out properties priced between \$100,000 and \$200,000. Inventory levels have been climbing, with the market now balanced, but leaning in favour of the buyer.

Modest improvement in economic performance should help buoy buying intentions in 2014. Several positive variables will create a more encouraging climate, bolstering confidence. A continuation of low interest rates will be a key driver. This element is important moving into 2014, as buyers continue to adjust to the introduction of the HST and the uncertainty of its application. Following a period of greater restraint, capital spending will rebound to some extent, while housing starts hold steady. Trade should see a lift with U.S. recovery gaining momentum—a development that will bode well for local

potato farmers and processing facilities. Advancement is also projected for bioscience, aerospace, tourism and retail sales. Investment in fisheries and wind power will also contribute to the healthier picture taking shape. Unemployment has been making progress and is anticipated to fall considerably next year—contracting 0.6 per cent to hover at a rate of 10.9 per cent. Overall, GDP growth should ramp up by 1.7 per cent in 2014, following a lukewarm gain of 1.2 per cent in 2013.

Prince Edward Island
Residential Unit Sales 2008-2014

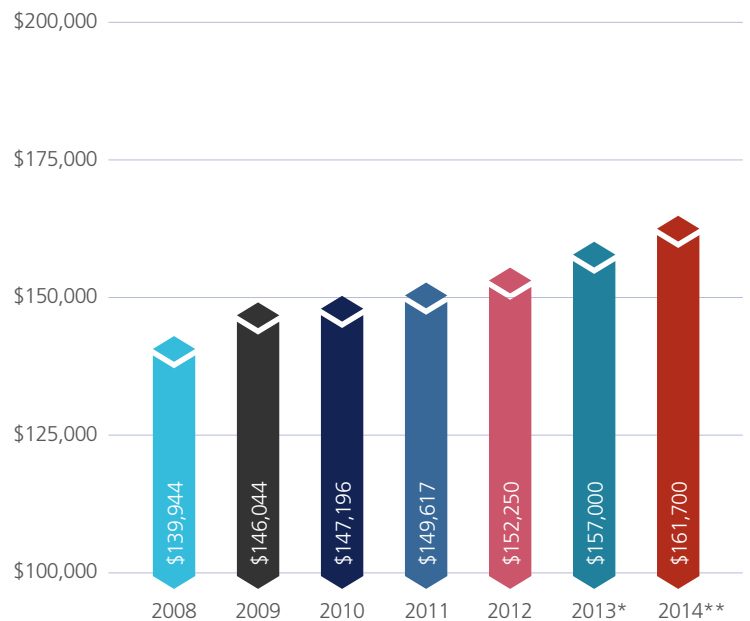


*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.



Greater inventory in 2014 and the emergence of buyer's market conditions should provide a strong impetus for those sitting on the fence, as the combination of choice and negotiating power prove favourable. Tightening vacancy rates, as seniors downsize to rental accommodations, may spur younger buyers to consider ownership. Anticipated growth in other provinces and in global markets should leave Prince Edward Island well positioned for stronger demand in its second-home market, as well as for greater activity among out-of-town retirees looking to establish full-time residency on the Island. The upper end of the market should maintain current, healthy levels. In 2014, sales are forecast to match 2013 levels, while average price is expected to rise a further three per cent to \$161,700.

Prince Edward Island Residential Average Price 2008-2014



*Estimate **Forecast
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Newfoundland & Labrador

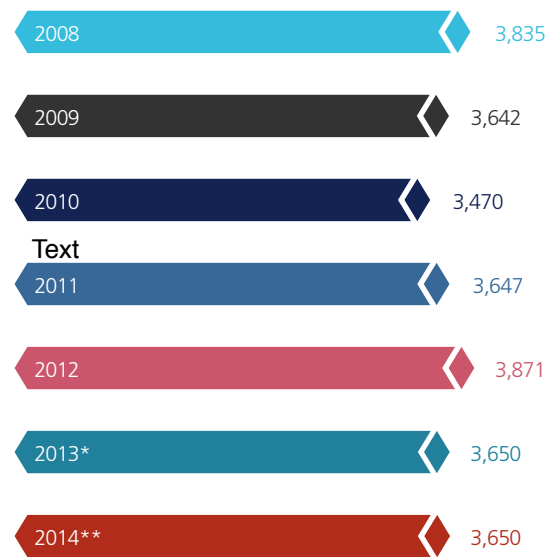
St. John's

Affordability, low interest rates, and sound economic fundamentals were the primary factors contributing to ongoing healthy homebuying activity in St. John's in 2013. These favourable underpinnings supported relatively steady demand, despite a further upswing in inventory levels. As a result, home sales in St. John's are expected to finish the year at 3,650 units—in line with traditional levels, though off the 2012 pace by just under six per cent. While momentum has eased, average price continues to make considerable gains, propped up, in part, by new home sales and strength in the upper-end segment. By year end, average price is forecast to reach \$302,500, advancing six per cent over 2012's record of \$285,529. First-time buyers led the charge once again in 2013, seeking out single-family homes and bungalows priced between \$200,000 and \$300,000 throughout the city and its suburbs. Activity in this segment proved brisk, while the mid-range (priced over \$350,000) experienced some softening, given a greater supply of inventory and a reduced sense of urgency. Conversely, the enthusiasm of those at the entry-level price points has been re-invigorated, as buyers impacted by tightened lending restrictions last year made their return to the market in a more positive position in many respects. The upper-end segment also proved quite vibrant, as St. John's thriving oil and gas sector continued to support high-level jobs. Actual sales over \$650,000 have posted double-digit growth, and even when adjusted for year-over-year price appreciation, the momentum has held steady with 2012's respectable performance.

Newfoundland's economic engine fired on all cylinders in 2013, leading the nation and driving GDP growth ahead by six per cent, as crude oil production rose and conditions improved for large-scale mining projects. While growth is expected to return to more modest levels in 2014, several major developments will serve to prop up confidence and demand in both the resale and new home sectors. These include: ramped-up work at both Muskrat Falls/Lower Churchill and the Hebron Offshore Oil Field, supporting further employment growth; a strengthening natural resources sector, marked by the completion of the Long Harbour nickel-processing facility and subsequent upswing in production; as well as increased production at the Direct Shipping iron-ore project and the Iron-Ore Company of Canada's Phase II

Expansion. Overall, Newfoundland & Labrador should see unemployment contract in 2014, falling to 11.5 per cent. Strong gains in earnings continue to support buying intentions—a significant factor behind the highest provincial homeownership rate in Canada at 77.5 per cent (2011 Census). St. John's, in particular, remains an attractive draw. The city recorded a 5.5 per cent increase in its population from 2006 to 2011. Significant announcements continue to improve the region's prospects—from the proposed underground mine expansion

St. John's
Residential Unit Sales 2008-2014



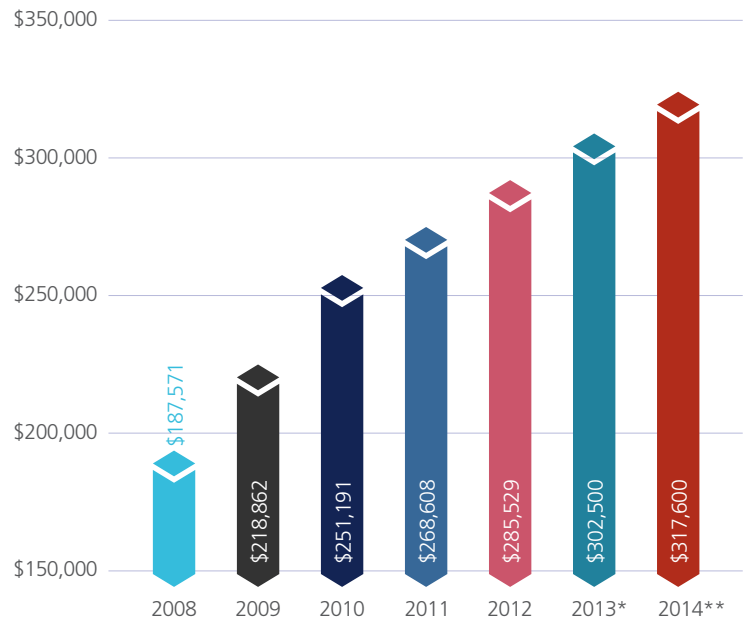
*Estimate **Forecast
Source: Historical values are sourced from CREA or Local Board statistics. Estimates and forecasts are based on the opinion of independent RE/MAX broker/owners and affiliates.



at Voisey's Bay to the extension to White Rose, as well as promising exploration discoveries that serve to boost confidence in the area's long-term potential. There's no question the outlook is bright. In the interim, Newfoundland is expected to post a more tepid economic gain of 1.4 per cent in 2014, on the heels of 2013's enviable advance.

Next year, buyers and sellers in St. John's and surrounding areas should see similar conditions to those in place at year end. An oversupply of product will place greater consequence on setting fair value, as buyers become increasingly sensitive to pricing. Purchasers will need to be realistic in their pursuits, however, as most homes continue to realize 98 per cent of list price. Unprecedented inventory of new homes will necessitate a gradual correction in prices in that segment, if absorption rates are to improve. Condominium sales are forecast to ease in 2014, as the market approaches saturation. Many new projects have been delayed, re-worked or cancelled, as builders on the multi-unit side take pause. Investors were active over the past 12 months and will continue to seek out promising opportunities. The upper end of the market is anticipated to remain stable. Regardless of price point, market conditions will underscore the timeless adage 'location, location, location,' as sought-after pockets post better-than-average activity. Multiple offers, for example, were still evident on well-priced product in Churchill Square and Paradise, where the Outer Ring Road has driven tremendous growth. Areas around the University will also prove buoyant as the student population continues to rise, while ongoing revitalization in the downtown core bolsters its appeal. Absorption should improve moving in to the second half of 2014, although buyer's market conditions will persist through year end. Sales are expected to remain on par at 3,650 units, while average price rises five per cent to \$317,600.

St. John's Residential Average Price 2008-2014



*Estimate **Forecast
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Housing Market Outlook 2014

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Forward Looking Statement

This press release includes "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate", "believe", "intend", "expect", "estimate", "plan", "outlook", "poised," "should" and "project" and other similar words and expressions that predict or indicate future events or trends or that are not statements of historical matters. Forward looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward looking statements. Such risks include, without limitation, those described in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operation in RE/MAX Holdings Inc.'s registration statement on Form S-1 filed with the United States Securities and Exchange Commission ("SEC") and (1) changes in business and economic activity in general, (2) changes in the real estate market, including changes due to interest rates and availability of financing, and (3) changes in laws and regulations that may affect our business or the real estate market. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Except as required by law, RE/MAX Holdings Inc. does not intend, and undertakes no duty, to update this information to reflect future events or circumstances. Investors are referred to in RE/MAX Holding Inc.'s registration statement on Form S-1 and subsequent reports filed with the SEC.

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