



# DECADE IN REVIEW

## 1995 - 2005

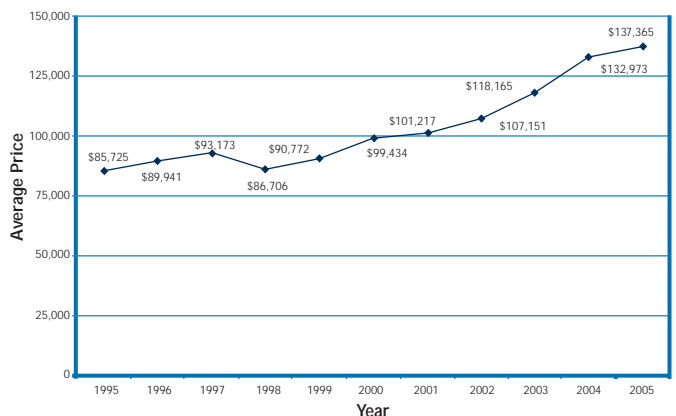
### NEWFOUNDLAND

#### ST. JOHN'S

The St. John's housing market has remained relatively resilient over the past decade, gaining sales and price momentum virtually every year since 1995. The offshore oil sector has played a vital role in the rebound of the region. In late 1996, the real estate market began to take off in tandem with the development and launch of the Hibernia Oil project. Since that time, the outlook has gotten brighter, with major investments and undertakings occurring one after the other—first with Hibernia, then Terra Nova, and now with White Rose just getting underway. In the meantime, other areas of the economy, including the fishery, have rebounded. Canada Mortgage and Housing Corporation (CMHC) estimates that

10,000 to 12,000 new jobs have been created in Newfoundland over the past 10 years. Given the solid economic foundation that the province has

ST. JOHN'S- RESIDENTIAL AVERAGE PRICE  
1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

built during the past decade, St. John's has increasingly become a global market. Migration to Newfoundland from other provinces is now commonplace, and the market has experienced an influx of International purchasers—many related to the energy sector projects. St. John's population has expanded by approximately five per cent since 1996 according to Statistics Canada. The area is also an attractive destination to those from more rural areas of the province as well. Many newcomers to St. John's—particularly those from across Canada and abroad—are bringing with them considerable wealth, driving sales in the mid-to-upper price ranges and pushing appreciation to higher levels. Luxury home sales, priced in excess of \$200,000, have experienced tremendous growth—now six times higher than in 1995 (50 units in 1995 vs. 300 in 2004). One factor that has kept housing a bright star on the economic horizon is the collective efforts of the industry to keep homeownership affordable. Builders are in tune to this as well, introducing a variety of new, entry-level product including semi-detached homes and condominiums. In fact, the most popular price range in 1995—\$100,000 to \$150,000—continues to be the most active today. Greater financing options, compared to 1995, have also helped more purchasers enter the real estate market. Conversions in the downtown core have been well-received and this area—including the harbour—has now emerged as a sought-after pocket of the city. Outlying areas on the fringes of St. John's have seen the greatest transformation in the past 10 years, with subdivisions continually cropping up on available land within 15-20 minutes of the city's core. Low interest and tight vacancy rates are additional factors that have helped boost homeownership in recent years. In 1995, vacancy rates were near 10 per cent, while today they remain tight at under three per cent. First-time purchasers have been eclipsed by baby boomers, empty nesters and retirees as the main drivers of housing activity. Demand has kept sales consistently on the upswing, while average price has appreciated six per cent a year since 1995—ranking St. John's in eleventh place on the list of the country's hottest real estate markets of the decade.

## NOVA SCOTIA

### HALIFAX-DARTMOUTH

While real estate markets in other parts of the country struggled in the mid-1990s, Halifax-Dartmouth saw sales activity climb, while average prices held the line near \$103,000. In-migration buoyed real estate, as approximately 2,000 new residents flocked to the Halifax-Dartmouth area each year. The market began to gain momentum as the 1990s drew to a close—a time when the city began to benefit from Atlantic Canada's offshore oil and energy sectors. As a regional and economic hub and a major port city, Halifax-Dartmouth was a natural choice for business and corporate headquarters. At the same time, the province's growth in the technology and service sectors also brought an influx of new jobs, particularly in the form of call centres. Job growth and interest rates, which fell to historically low levels, prompted strong home buying activity in 2000 and beyond. A surge of first-time purchasers drove market activity, as affordability reached its best levels in years and consumer confidence climbed. The market shifted in the early millennium, as baby boomers emerged as the number one demographic driving sales. Many took advantage of home equity gains to trade-up to larger, more expensive or better located homes, as average price rose approximately 10 per cent per year since 2001. Developers were keen on the opportunities presented by the increased demand and new subdivisions began to spring up along the

#### TOP 10 MARKETS BY UNIT SALES APPRECIATION

City	% Increase In Q1 Since 1995
1. Prince Edward Island	203.6
2. Ottawa	165.6
3. Calgary	143.0
4. Toronto	142.2
5. St. John's	139.0
6. Montreal	135.6
7. Victoria	114.3
8. Edmonton	110.3
9. London-St. Thomas	94.2
10. Vancouver	83.2

Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

fringes of the city. The Halifax core—particularly the harbour area—has experienced the most dramatic transformation. Condo sales have grown 140 per cent from 1995 to 2004, driven primarily by boomers, empty nesters and retirees. The outskirts of the city have become new hot pockets with younger purchasers who are drawn to the attractive prices, newer product and modern designs. Kingswood, Westwood Hills, Timberlea, Eastern Passage, Elmsdale, Fall River, Sackville and Beaverbank now account for a large portion of sales activity. Building momentum in these areas has begun to ease - a moratorium on new lot development is now in place as the municipality creates a plan to better service these communities. Demand in Halifax's premier neighbourhoods, such as Bedford, South End Halifax, and the areas along the Bedford Highway, remains strong. Some pockets and types of housing have experienced renewed interest, including older homes on the peninsula where extensive renovation activity is underway. The military continues to have a large influence on the market, at times accounting for as much as 20 per cent of total residential sales. Activity remains brisk at present in Halifax-Dartmouth, and the pace is expected to continue as economic fundamentals remain favourable. Halifax now holds the position as Canada's number three market in terms of price appreciation, averaging a 7.7 per cent increase per year.

## TOP 10 MARKETS BY AVERAGE PRICE APPRECIATION

City	% Increase In Q1 Since 1995
1. Montreal	85.9
2. Calgary	81.7
3. Halifax-Dartmouth	77.3
4. Saskatoon	76.2
5. Kelowna	76.1
6. Edmonton	71.4
7. Ottawa	69.8
8. Victoria	66.1
9. Prince Edward Island	60.5
10. Toronto	60.3

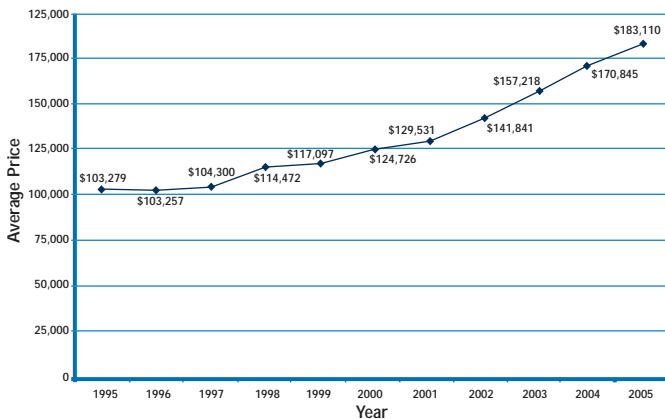
Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

## NEW BRUNSWICK

### SAINT JOHN

The economic outlook for the province of New Brunswick has brightened considerably since the mid-1990s. Real estate activity has been fairly consistent throughout the past decade, with average price climbing steadily each year since 1998. The resiliency of the market can be attributed to better than average levels of affordability and growth in local employment. Immigration helped revive the local housing market until the beginning of the new millennium. Household formation among these new residents boosted demand. As with much of Atlantic Canada, the offshore energy sector has played a significant role in Saint John. Home buying activity swelled as major investments were made in the city --a new addition at the Irving Oil plant, the \$1 billion refurbishment of the electrical power plant at Colson Cove and ongoing activity from the Navy Frigate Program. Growth in the service industry, including call centres and the introduction of big box retailers, has also added many new jobs. Unemployment rates are at the lowest levels recorded in New Brunswick in years, now hovering at 7.5 per cent—a significant drop from averages closer to 11 per cent in the early 1990s. As a result, the housing market in the city of Saint John has been firing on all cylinders. Builders are struggling to keep pace with demand and tradespeople are booked up as much as a year or more in advance.

HALIFAX-DARTMOUTH RESIDENTIAL AVERAGE PRICE  
1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

Some builders are starting to construct homes on speculation, with many snapped up as quickly as they are listed. Hot pockets of Saint John remain consistent with 1995 with Quispamsis and Rothesay most coveted. In recent years, the Millidgeville area has also become highly sought after. Up-and-coming areas include Grand Bay/Westview where prices are approximately 20 per cent less than other popular locations. Inventory is the greatest challenge in the market at present, with listings at an all-time low in the south end and uptown. Saint John continues to be transformed, with reclaimed land undergoing development and conversions a common phenomenon. The city has also made efforts to provide incentives encouraging development within its limits. This has been well-received and, in part, speaks to some of the revitalization underway. Baby boomers, empty nesters, and retirees have been drawn to the downtown and uptown areas. There has been considerable demand for condominium units in the core, and recent building activity has become decidedly more compact and upscale to appeal to this segment of the market. While they may be going smaller, move-up buyers are spending more and have become the main drivers of housing activity. The upper end of the market remains very active, with the number of homes selling over \$300,000 nearly doubling in recent years. Real estate has become part of the individual investment strategies of many families, who have made conscious decisions to park their money in housing

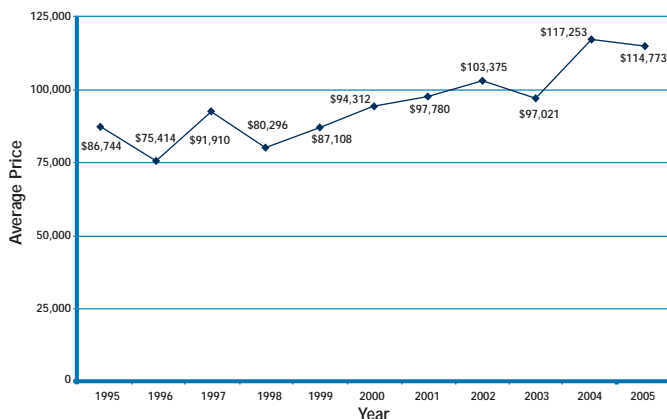
## RESIDENTIAL AVERAGE PRICE BY MAJOR CANADIAN CENTRES Q1 1995 vs. 2005

Market	Avg. Price 1995	Avg. Price 2005	% Increase
Montreal	\$104,902	\$194,963	85.9
Calgary	\$134,834	\$245,049	81.7
Halifax-Dartmouth	\$103,279	\$183,110	77.3
Saskatoon	\$79,331	\$139,763	76.2
Kelowna	\$143,721	\$253,019	76.1
Edmonton	\$108,209	\$185,437	71.4
Ottawa	\$144,071	\$244,565	69.8
Victoria	\$212,386	\$352,825	66.1
Prince Edward Island	\$62,766	\$100,713	60.5
Toronto	\$205,905	\$330,093	60.3
St. John's	\$85,725	\$137,365	60.2
Winnipeg	\$82,336	\$128,123	55.6
Regina	\$75,249	\$116,815	55.2
London-St. Thomas	\$129,886	\$174,878	34.6
Saint John	\$86,744	\$114,773	32.3
Vancouver	\$332,003	\$395,390	19.1

Source: Canadian Real Estate Association and Local Real Estate Boards

futures rather than risk the stock market and the profit-reporting scandals of recent years. Large investment firms have also been very active, tapping into the more reliable returns of real estate by buying up multi-family units as part of a long-term strategy. Projects currently underway or planned—including the refurbishment of the energy plant, the LNG gas terminal and the opening of the harbour for development—should sustain the city economically for the next five years. As a result, the real estate market is expected to flourish.

### SAINT JOHN RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

## PRINCE EDWARD ISLAND

Prince Edward Island's real estate market got off to a strong start in the mid-1990s, as purchasers took advantage of rock bottom home prices and buyer's market conditions. The housing sector continued to be buoyed by a strengthening economy and demand increased every year until 1999. Real estate gained strong momentum again early in the millennium. Economic diversification has helped boost employment levels in P.E.I. throughout the past decade, influencing consumer confidence and spending, including big-ticket items such as houses. The unemployment rate fell from

almost 18% in 1993 to 11.1% in 2003. While agriculture, fishing and forestry continued to play vital roles in P.E.I.'s economic well-being, other sectors were on the upswing including the manufacturing, aerospace, bio-science and information and communication technology sectors. The construction of the Confederation Bridge in 1997 opened up the province to an influx of Canadian and International purchasers. In-migration and immigration into P.E.I. remains healthy, with the population rising nearly four per cent from 1996 to 2001. With growing income levels and a rising number of out-of-area purchasers, demand for waterfront properties skyrocketed, along with values, driving up average price across the board. The retail sector continues its growth, with many big box stores bringing new jobs and second incomes to residents. As such, the first-time buyer's market remains active, as new subdivisions expand along the outskirts of larger centres such as Charlottetown and Summerside. These new communities are selling quicker than ever before. Yet, baby boomers and retirees have become the most active segment of the market. Boomers are driving demand for move-up product priced between \$120,000 to \$250,000, with West Royalty, Charlottetown and Stratford among the most sought-after areas. Many are using equity to trade up to larger, more expensive homes. In contrast to the mid-1990s, inventory continues to be the greatest challenge, and quality product moves very quickly. One-floor duplexes have experienced a sharp upswing in interest, as more individuals

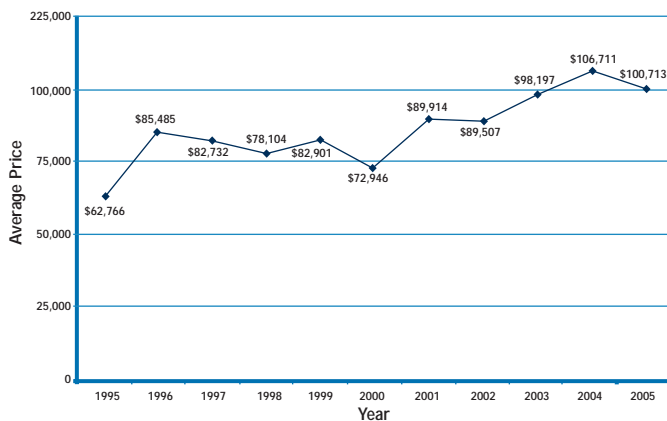
## RESIDENTIAL UNIT SALES BY MAJOR CANADIAN CENTRES Q1 1995 vs. 2005

Market	Unit Sales 1995	Unit Sales 2005	% Increase
Prince Edward Island	56	170	203.6
Ottawa	1,015	2,699	165.9
Calgary	2,803	6,812	143.0
Toronto	7,464	18,074	142.2
St. John's	187	447	139.0
Montreal	5,900	13,903	135.6
Victoria	926	1,984	114.3
Edmonton	1,818	3,823	110.3
London-St. Thomas	999	1,940	94.2
Vancouver	4,911	8,996	83.2
Kelowna	794	1,429	80.0
Halifax-Dartmouth	831	1,216	46.3
Saint John	189	276	46.0
Winnipeg	1,725	2,145	24.4
Saskatoon	541	608	12.4
Regina	517	551	6.6

Source: Canadian Real Estate Association and Local Real Estate Boards

look to retire in P.E.I. This phenomenon has equally affected the upper-end of the market, as oceanfront properties and executive homes in areas such as Brighton have experienced exponential growth since 1995. Sales in the \$250,000 to \$349,000 price range have seen the greatest increase in the upper-end. New benchmarks continue to be set, including million-dollar property transactions, which were once unheard of on the island. Overall, Prince Edward Island posted a strong performance in real estate over the past decade, placing ninth among all markets in price appreciation. P.E.I. leads all of Canada in first quarter sales growth from 1995 to 2005, ranking number one in the country, with a 203 per cent increase over the 10-year period—rising from 56 sales in Q1 1995 to 170 sales in Q1 2005.

### PRINCE EDWARD ISLAND RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



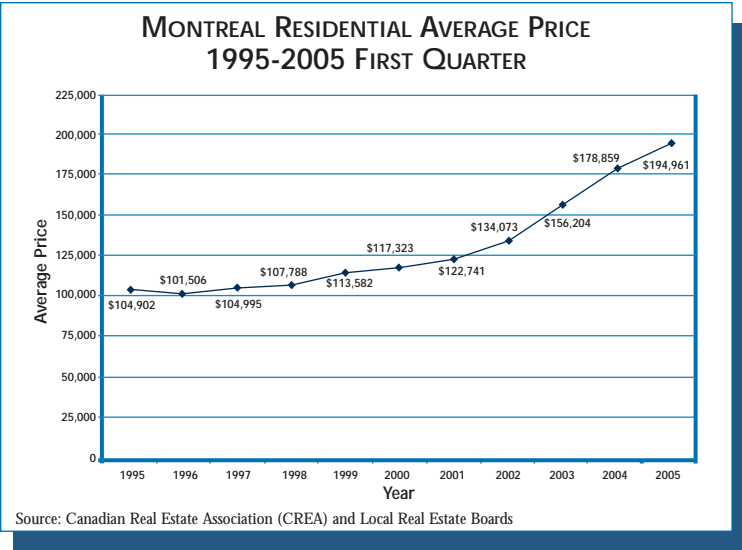
Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

## QUEBEC

### MONTREAL

Political uncertainty and high unemployment levels held housing activity in check in the mid-1990s. The residential real estate market remained relatively flat for most of 1995, as high interest rates

and concerns over the Quebec Referendum stifled demand. Prices softened as an abundance of homes were listed for sale in Montreal and the surrounding areas. New housing starts plunged to their lowest level since 1960. Although market conditions were grim, they were offset to some extent by the De la Commune-McGill project. Average price hovered at close to \$105,000 in the first quarter of 1995 while unit sales approached 6,000. Cautious optimism in the latter half of the 1990s lead way to unbridled enthusiasm. Homebuyers ventured into the market en masse, taking advantage of mortgage rates that were at historic levels, a good selection of homes listed for sale, and the lowest prices since 1990. Former renters created a spike in demand for condominiums-style product, as vacancy rates tightened and purchasers discovered the benefits of homeownership incentives such as the RRSP Homebuyer's Plan. This precipitated a change in the city's landscape with older buildings being torn down or converted into condos. International purchasers have been investing heavily in the condominium market in Montreal in recent years. Baby boomers have been an integral force driving activity. Although most are trading up to the homes they've always aspired to, those who are downsizing are choosing to exchange their large home for a condo in the city and a country getaway. As the market gained momentum, sales and average price rose in tandem. Inventory levels were virtually depleted by 2001, 2002 and 2003, and bidding wars erupted for properties throughout Montreal. The market has since returned to more normal levels of activity, with demand fuelled by low interest rates and confidence in the economy. Hot pockets continue to experience strong multiple-offer activity. With product in the most coveted neighbourhoods in short supply, areas on the peripheral are beginning to gain in popularity including Rosemont, Le Petit Bourgogne, Verdun, and St. Henri. The renovation phenomenon continues unabated in the city. While the housing mix has changed over the years, the biggest transformation has been the mindset of purchasers. Homeownership is now a coveted option, as most buyers strongly feel that their money is secure in real estate. Overall, Montreal's housing market remains vibrant. Dollar volume set record levels in March of 2005 when it topped \$1.2 billion. Average price has climbed 85.9 per cent since the first



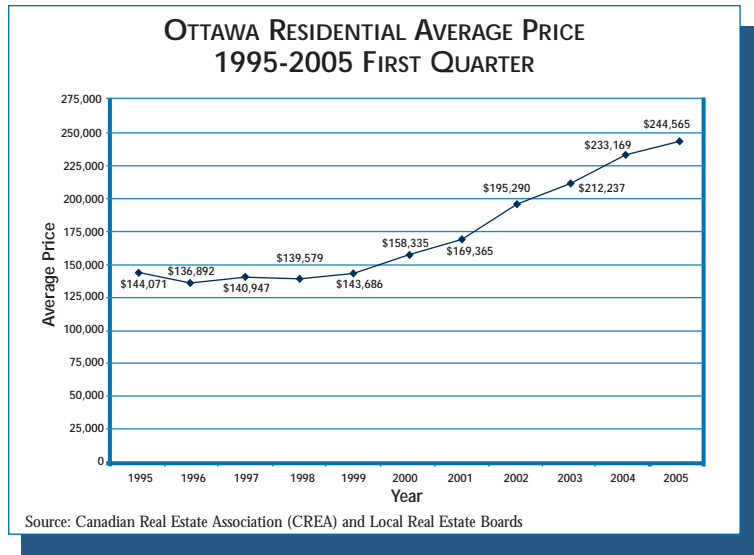
quarter of 1995, now sitting at \$194,963, making Montreal the top performing market in Canada in terms of price appreciation. Unit sales activity has also been brisk, rising 135.6 per cent to close to 14,000 units during the first three months of the year, compared to Q1 1995.

## ONTARIO

### OTTAWA

Concerns over downsizing and restructuring in the civil service sector cast a dark shadow over residential real estate activity during the mid-1990s. Sales in Ottawa and the surrounding areas barely broke 1,000 units during the first quarter of 1995 and the average price of a home hovered at \$144,000. Within two short years, high tech would emerge as a real industry force, with start-up companies flourishing. By 1999/2000, it was clear that the housing market had turned a corner, with average price climbing a significant 10 per cent over 1999 levels. As interest rates declined from their record high of 10.75 per cent in January of 1995 (for a five-year closed mortgage, amortized over 25 years), renters in Ottawa took notice. Rising rental costs and tight vacancy rates prompted many to take the plunge into homeownership. Despite the very public crash of the high tech sector in 2000/2001, home sales continued at a solid pace. Pent-up demand played a role as well, with limited supply levels characterizing certain sought-after areas

throughout the latter half of the decade. Many of the hot pocket areas coveted in 1995 are still in high demand today. Older, established neighbourhoods within the greenbelt continue to attract a vast array of purchasers, many of whom are now looking to areas like Westboro and the surrounding communities in Near West as more affordable alternatives. Younger buyers are also more evident in today's housing make-up, spurring activity for new construction in the Ottawa suburbs. Empty nesters and retirees are drawn to the city's upscale condominiums, with maintenance-free living and security top of mind. The housing mix in the city has undergone change, prompted to some extent by affordability. Condominium and freehold town homes have become a major force in Ottawa, most notably in the south end. The residential housing market remains vibrant in Ottawa and the surrounding area. Home sales during the first quarter of 2005 climbed 165 per cent over 1995 levels for the same period. Average price in the first quarter increased 69.8 per cent over Q1 1995—now at just over \$244,500—placing Ottawa in the seventh place in terms of price appreciation nationwide in the last decade.

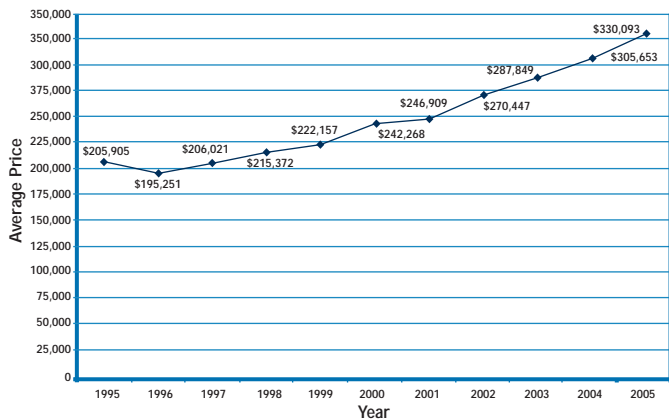


## TORONTO

It's been slow but solid growth for residential housing since 1995 in Toronto, despite an onslaught of adverse conditions during the latter half of the decade. The events of September 11, 2001 and the SARS outbreak the following year only served to showcase the stability of the real estate market in the Greater Toronto Area. After average price dropped to just under \$195,300 in the first quarter of 1996, a number of factors would culminate -- including declining interest rates -- that would bolster demand and prop up housing values in the years to come. Renters entered the market en masse as low vacancy rates prompted enormous increases in rental costs. Contrary to popular belief at the time, Generation X actually fuelled activity in the marketplace as builders and developers scrambled to cater to this unique segment of the market. Loft construction exploded in the years that followed, in gritty industrial areas of the city, giving Toronto that decidedly New York appeal. During 1996 to 2001, the population of Toronto climbed almost 10 per

cent to close to 4.7 million – bringing the GTA on par with American centres such as Boston, Detroit, Dallas and Atlanta. Foreign investment grew at a rapid pace as investors put their money into real estate. The number of luxury projects currently underway illustrates the strength of the marketplace, best demonstrated by the recent announcements by the Ritz-Carlton and Donald Trump to move forward on their first hotel/condominium buildings in the GTA. Immigration into Toronto and the surrounding areas has also increased in recent years, with many immigrants planning to buy a home within five years of arrival. Sales in virtually every segment of the market are on the upswing – the number of homes sold during the first quarter of 2005 has increased 142 per cent from 7,464 units in 1995 to over 18,000 year-to-date. Toronto placed fourth in terms of percentage increase in unit sales activity, trailing behind Price Edward Island, Ottawa and Calgary. Average price continues to climb, with housing values appreciating 60.3 per cent over the 10-year period, rising from \$205,900 during the first quarter of 1995 to \$330,000 year to date. The blue-chip neighbourhoods popular with purchasers in 1995 remain coveted in 2005 – with the Beach, Leaside, High Park, Bloor West Village, Lytton Park, Lawrence Park, Moore Park, the Kingsway, Rosedale, and Forest Hill leading the charge. Up and coming areas in the downtown core have also experienced strong upward momentum, including South Annex, Parkdale, Roncesvalles, Film District, Corktown, and Hillcrest. New construction has posted phenomenal growth, breaking records year

### TORONTO RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

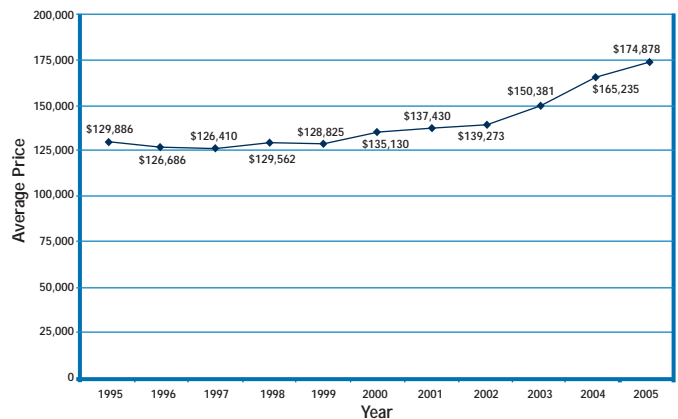
after year in both multi-unit and single-detached dwellings. Sales of upper-end homes have also been solid, with 295 sales priced over \$1 million reported in the first quarter of 2005 compared to 109 sales in all 12 months of 1995.

### LONDON-ST. THOMAS

London-St. Thomas was in the process of pulling itself out of a recession in the mid-1990s. While the local economy slowly strengthened, the real estate market was the picture of stability. Housing values held steady despite buyer's market conditions and the highest level of active listings in years. From 1999 – 2002, residential real estate experienced moderate, but consistent price appreciation. Interest rates were a significant catalyst driving purchasers toward homeownership. Economic diversification was underway and the local employment picture brightened considerably. Consumer confidence gained momentum and demand for housing quickly picked up steam. By 2002, real estate in London-St. Thomas was firing on all cylinders, averaging an annual increase of nearly 8.5 per cent in values from 2002 – 2005. Average price has set a new record every year since the new millennium. The dot-com fall out of 2000/2001 served to steer many away from the volatile stock market and into real estate, a more tangible asset. Baby boomers, in particular, flooded the market, fuelling sales in the move-up segment and eclipsing

first-time purchasers as the primary force behind record demand. The boundaries of London-St. Thomas continued to grow, as new home construction hit breakneck speed, and subdivisions cropped up successively along the fringes of the city. Annexation has been in large part responsible for the extensive development, freeing up new tracts of land for construction. The greatest change in the city over the past decade has been the tremendous rise in condominium sales, more than doubling in the ten-year period. In 1995, 896 condos sold for an average of \$96,129 compared to 2004 when 1,823 changed hands for at an average price of \$111,921. The condominium lifestyle largely appeals to empty nesters and retirees. The first-time buyer segment has experienced a significant shift in demand from bungalows, popular in the mid-1990s, to newer two-storey homes. Revitalization is underway in the downtown core and demand in this area is just starting to improve as a result. Activity in the upper end of the market has become quite brisk in recent years, with strong sales over \$300,000 reported in 2004—in stark contrast to 1995 when sales in this price range were virtually unheard of. Overall, average price in London-St. Thomas has appreciated nearly \$50,000 from 1995 to 2005—at a pace of 3.5 per cent per year (first quarter over first quarter). While the moderate growth is behind the national average at 5.3 per cent, the city has remained fairly insulated from the peaks and valleys experienced by other major markets.

### LONDON-ST. THOMAS RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

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# MANITOBA

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## WINNIPEG

High interest rates and concerns over Canada's looming deficit had an impact on residential real estate activity in Winnipeg during the mid-1990s. As the decade came to a close, conditions started to improve, buoyed by stronger economic fundamentals. By early 2001, Winnipeg had the hallmark characteristics of a hot housing market – solid demand, limited inventory levels, low interest rates, and a positive employment picture. Between 2002 and 2003, housing values in Winnipeg jumped an unprecedented 8.6 per cent to close to \$102,700. Subsequent years appreciated at a rate of 13.7 and 9.7 per cent. Overall average price climbed from just over \$82,300 in the first quarter of 1995 to an exceptional \$128,100 year-to-date – an increase of 55.6 per cent. Winnipeg's housing market shows no signs of abating, as demand continues to outpace supply. Both new and resale construction are experiencing strong momentum. Condominiums have seen a surge in popularity in recent years. Today's condominium developments targeting affluent empty nesters are different than their predecessors. Many units are single-family dwellings, approximately 1,300- 1,600 sq. ft. that may or may not share common walls -- in essence, allowing purchasers to buy into a gated community with maintenance fees. Improvement is underway

in the downtown corridor, as the city moves to revitalize the central west end of the city. The Housing Opportunities Program (HOP), an initiative of the Winnipeg Real Estate Board in concert with the municipal and provincial governments, has a mandate to refurbish single homes in the west end and provide homeownership opportunities for low income families. The program has met with great success and demand in the area has been slowly rising. The upper end of the market has also seen a phenomenal upswing in sales during the last 10 years. In 1995, 58 homes sold over the \$250,000 benchmark. In 2004, that figure had increased by more than 500 per cent to 368 units (with 102 of those homes selling for over \$350,000). Immigration has increased marginally over the past decade as the provincial government has stepped up efforts to attract immigrants to Manitoba. Winnipeg's economic outlook is positive and that is expected to contribute to another stellar year of residential real estate activity.

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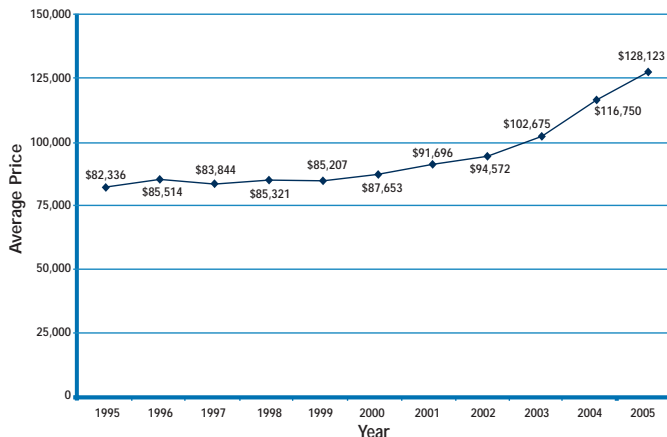
# SASKATCHEWAN

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## SASKATOON

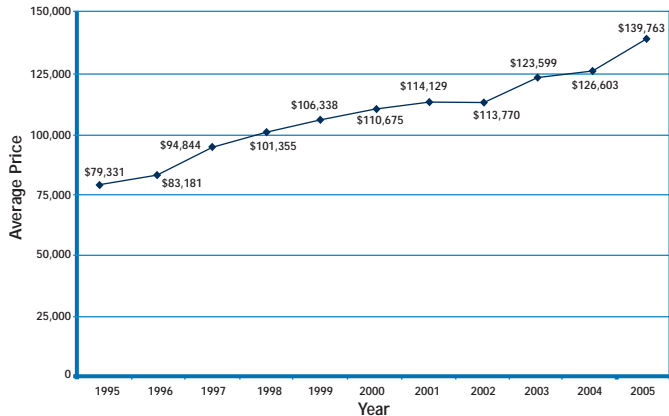
Saskatoon's residential housing market has experienced steady upward momentum over the past decade. Fuelled by solid economic growth, an increasing population, and good municipal planning, this city of 230,000 residents has posted the third highest gain in first quarter price appreciation in Canada over the past decade, surpassing major centres such as Toronto and Vancouver. The shift from agriculture to mining has proved positive for the province, with potash, diamonds, and uranium coveted natural resources. Despite an increase of 76.2 per cent in average price from the first quarter of 1995 to just over \$139,700 year-to-date, Saskatoon remains one of the most affordable cities in Canada. Mortgage rates have also played a significant role in the residential housing market, dropping from 9.88 in March of 1995 to today's posted rate of 6.25 per cent for a five-year closed mortgage, amortized over 25 years. The advent of mortgage brokers in 1997 also helped to jumpstart residential real estate, introducing competition to a budding marketplace. First-time buyers continue to be the engine driving activity in

**WINNIPEG RESIDENTIAL AVERAGE PRICE  
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Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

### SASKATOON RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



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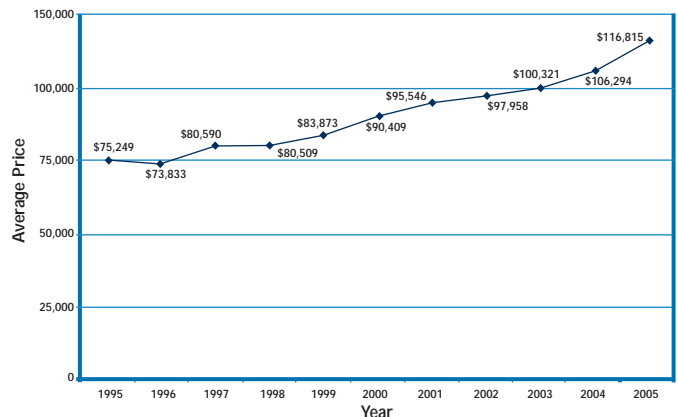
Saskatoon's housing market in 2005, although demand from the top end of the baby boom generation is spurring luxury home sales across the board. More and more transactions are occurring over the \$250,000 benchmark, and it's not uncommon to see purchasers shelling out \$400,000 for a condominium or house backing onto a creek. Today's buyers want it all – cathedral ceilings, open concept living, hardwood flooring. New subdivisions catering to the upscale lifestyle such as Willowgrove are attracting purchasers in abundance, with 1,300 sq. ft. bungalows starting at an unprecedented \$250,000. Condominiums emerged as a real force in the marketplace over the past five years, and for many first-time buyers, they are the only affordable entry-level option.

### REGINA

New emphasis on business and retail development has bolstered residential real estate in Regina over the past decade. The city has significantly reduced its dependence on agricultural dollars and is currently enjoying the prosperity brought by renewed activity in the oil and gas and mining sectors. Rising employment levels over the past 10 years have greatly contributed to a reduction in out-migration. Overall real estate values have experienced steady appreciation, averaging approximately 5.5 per cent annually. In the first quarter of 1995, residential average price

topped \$75,000 – 10 years later, that figure has jumped 55 per cent to close to \$117,000 year-to-date. The increase brings Regina on par with the city of Winnipeg. Homeowners are finally realizing a good return on their investment. For years prior to 1995, average price rose at a modest two to three per cent per year. Regina boasted the highest percentage of would-be homeowners in the country who could afford buy a home but chose to rent in the mid-1990s. Rental rates in the city at that time hovered at an affordable \$375 month. Between 1997 and 1999, however, tight vacancy levels placed significant upward pressure on rent, bringing the average to about \$600 per month. The increase prompted an influx of renters into the residential housing market, creating Regina's first "mini-boom" in real estate. Demand outstripped supply in the years that followed for both new and resale properties. Young purchasers, particularly those between 26 to 30 years of age, are extremely active in today's market. The northwest, southeast, and southern areas of Regina are still most sought after – in large part due to their close proximity to luxury home enclaves. The upper-end of the market continues to make headway, with older, established communities coveted by upscale buyers. New custom-built estates are cropping up, especially in the Wascana View area, where there are now numerous properties valued in excess \$1 million. Condominium sales have gained momentum over the years, now representing approximately 15 per cent of all MLS® Residential sales in Regina, up from approximately five per cent in 1995. Starting at

### REGINA RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

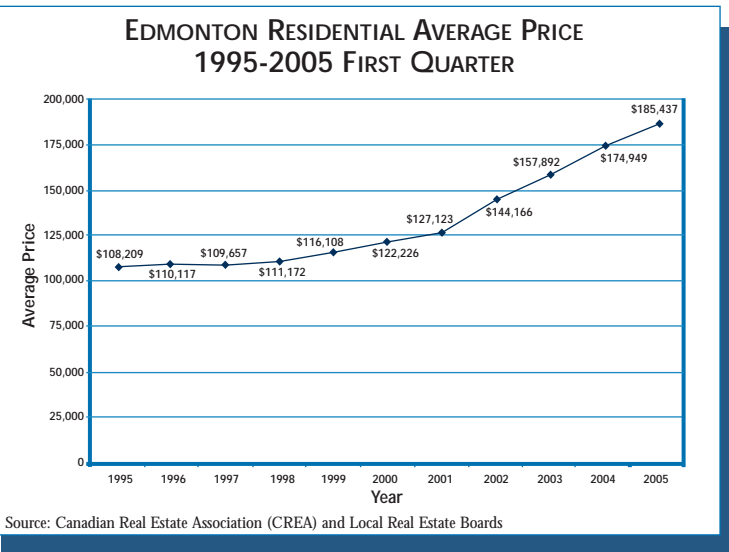
between \$100,000 - \$125,000, well-located condominium apartments are popular with first-time buyers. In certain areas of the city, there's added incentive to purchase a condominium unit—property tax exempt status for five years, an estimated savings of \$2,800 on an annual basis.

## ALBERTA

### EDMONTON

Although real estate in Edmonton posted modest appreciation during the early part of the decade, the housing market caught fire between 2001 and 2002 when first quarter average price posted a significant 13.4 per cent increase year over year. Solid economic fundamentals helped spur strong activity that resulted in new records being set for both unit sales and average price in the years that followed. The cost of oil factored in significantly as the industry shifted into high gear, planning billion-dollar expansions to oil plants and on new construction. Sheer proximity to Fort McMurray was a boost for the city, as Edmonton became the new service hub. While oil prices climbed, Ralph Klein's conservative government put policies in place to attract new employers to the province – including tax incentives. As the population now approaches one million, the standard of living remains high while the cost of housing is relatively low compared to other major centres across the country. Despite the multitude of bidding wars that erupted during 2000, 2001, and 2002, average prices remain in check. There are approximately 4,500 homes listed for sale in Edmonton, up substantially from the early 2000s. Today's housing picture is far more balanced, with the supply of homes meeting demand. The city's year-to-date average price is \$185,437, an increase of 71.4 per cent over the same period in 1995, placing Edmonton sixth among all major centres surveyed in Canada for price appreciation. In Q1 1995, Edmonton's average price was \$108,209. Unit sales have climbed 110 per cent to 3,823 in the first quarter of this year compared to the same period in 1995 when sales topped 1,800 units. Younger buyers are particularly active at present, as they vie for new construction on the city's periphery. Higher education and better job

opportunities have made homeownership a much more attainable goal in Edmonton. Demand exists across the board, from older homes in established areas to newer product in Sherwood Park and St. Albert. Some infill is also starting to occur in areas like Old Glenora. A revival is underway in



Edmonton's inner city as investors set their sights on renovating and selling older properties. The upper-end of the market continues to flourish, with sales of properties priced in excess of \$400,000 at 26 units in the first quarter of 2005, up from three during the same period in 2001. While single-family detached homes continue to be popular with the lion's share of purchasers, condominiums have also made serious headway in the past decade.

### CALGARY

Calgary's housing market has been firing on all cylinders for much of the decade, posting significant gains year over year in residential average price. As a result, Calgary has ranked second in terms of price appreciation over the 10 year period, rising 81.7 per cent from \$134,800 in the first quarter of 1995 to just over \$245,000 over the same time frame in 2005. Home sales in the city have risen 143 per cent over 1995 Q1 levels, climbing to just over 6,800 units in the first quarter of this year. The percentage increase is third highest in the country.

The turning point came in 1996 when interest rates started to plummet from double-digit figures reported in 1995. In-migration also played a role as first quarter sales jumped an exceptional 61 per cent from 9,997 in 1995/1996 to 16,100 in 1996/1997 and continued to escalate for the remainder of the 1990s. The provincial government's plan to attract business with tax incentives has created a vibrant job culture in Calgary. Youth is a major factor in a town that is rapidly approaching one million residents, the bulk of which are between 25 to 54 years of age. The oil patch continues to be a key component of the economy. Yet, in recent years, the city has diversified its economic base to include technology and manufacturing with great success. Calgary is now the second largest head office center in Canada and closing in on top-ranked Toronto. Renters have also contributed to the overall health of the housing market, largely responsible for getting the ball rolling during the mid-to-late 1990s as they moved into homeownership prompted by tight vacancy levels and low interest rates. The trend continues today, despite higher vacancies. Younger buyers, especially single women in their twenties, are investing in real estate. Properties located in premier inner core neighbourhoods such as Mount Royal, Elbow Park, and Parkdale are experiencing solid demand and typically sell at a premium. Adjacent Montgomery and Bridgeland are also increasing in popularity as rising prices in more traditional blue-chip areas prompt spillover into other communities. Additional areas that have

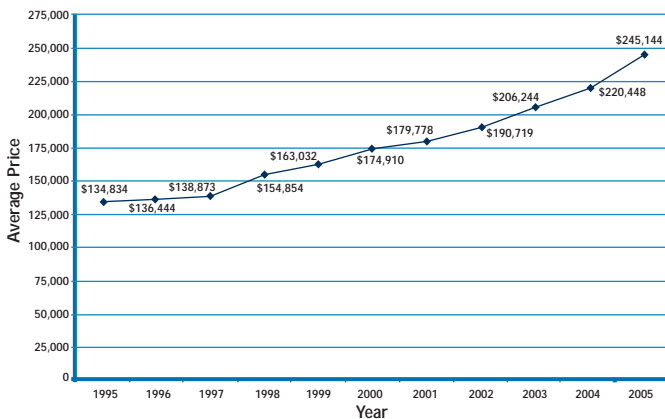
gained momentum in recent years include Killarney, Capital Hill, and Garrison Woods. Condominiums, particularly high-end product, are a major force in the residential marketplace, while infill homes in well-established older neighbourhoods are gaining momentum. High-end attached homes that are architecturally unique are selling for as much as \$400,000 plus in Calgary's most coveted pockets. Demand for luxury homes is up significantly, with million-dollar sales in the last three to four years outpacing the total number of sales for the entire 10 years prior. In fact, sales of homes priced over \$900,000 have increased from three in 1999 to 51 in the first quarter of 2005. Who's buying? A 2001 Statistics Canada survey found that Calgary boasted the second highest number of people earning \$1 million or more -- at 1,080 -- annually in the country.

## BRITISH COLUMBIA

### VANCOUVER

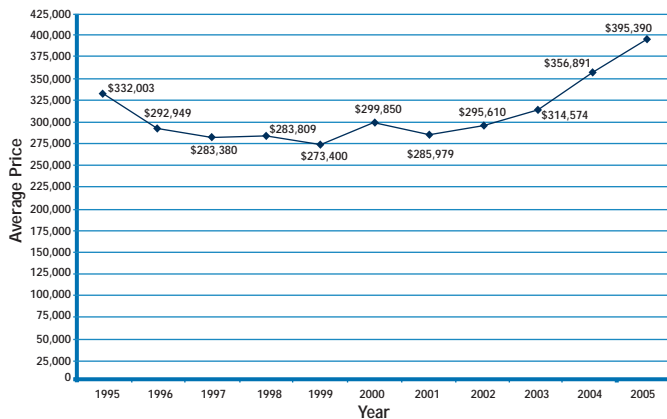
While housing markets in major centres across the country were struggling in the mid-1990s, real estate sales in Vancouver remained relatively strong. Much of this atypical pattern of activity was due to investors taking advantage of house prices that were at the lowest levels in years. Interest rates were on the decline and in 1997, reached a historical low—the best home buyers had seen in decades at 7.3 per cent for a five-year closed mortgage. Economic uncertainty and concerns over job security plagued British Columbia and stifled consumer spending for the latter half of the 1990s. The pro-business, pro-development, and pro-investment liberal government elected in 2001 caused the market to shift back into high gear, as sales gained almost 1,000 units in the first quarter compared to the same period in 1998 when they were at a decade low. B.C. has since established itself as an economic frontrunner in Canada, with vibrant high-tech, pharmaceutical, bio-technology, mining and tourism sectors. Coinciding with the new found local and provincial prosperity, eager purchasers in Vancouver who had waited for signs of stability flocked to real estate, finally secure enough to make their moves. The market caught fire in the city, with first quarter unit sales on average rising nearly 16.5

**CALGARY RESIDENTIAL AVERAGE PRICE  
1995-2005 FIRST QUARTER**



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

### VANCOUVER RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

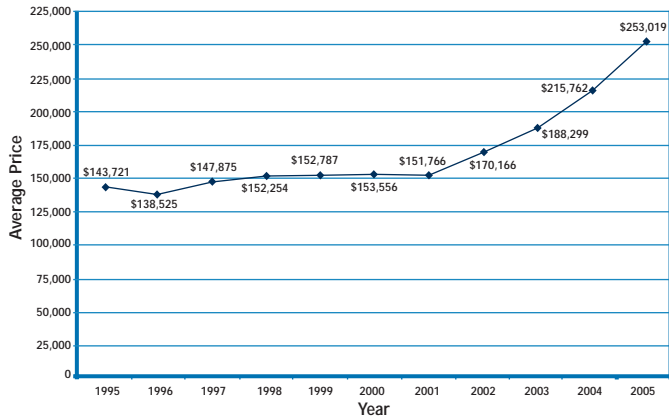
per cent per year since 2001. Prices followed suit and have now shattered all existing records, reaching an average price of \$395,390. The city is on track to break the \$400,000 average price benchmark this year. The current inventory level in Vancouver is a polar opposite to conditions in the mid-1990s, when houses flooded the market as many residents relocated to the nearby province of Alberta to find work. Bidding wars continue to characterize the market at present and competition is so fierce that for the first time in real estate history, purchasers are including “trump clauses” in their offers to purchase—committing in advance to ante up on any higher offers that may come in. The market is so heated that when a tiny subdivision of detached homes in Port Moody recently hit the market—with homes priced in the \$475,000 range—purchasers slept in their cars for an opportunity to be the first to sign on the dotted line. In stark contrast to the monster home trend of the eighties, the housing stock has shifted toward more compact designs that offer grandeur in the form of bells and whistles. Baby boomers and empty nesters quickly bought into this phenomenon and are now driving the trend toward luxury condominiums and executive townhouses—smaller, but more expensive housing. They are also setting the ceiling higher—as more and more condominium sales are being recorded over \$1 million. Planning of communities now includes much higher density levels than in years past—even in single-family subdivisions. The traditional hot pockets remain as popular as ever, but new sought-after areas have

also emerged, particularly in the downtown core, including Yaletown and Steveston in Richmond. Fort Langley, with its new big box stores, townhomes and smaller detached homes, is also high in demand. Most purchasers want to be as close to the centre of the city as their budget will allow. Other locations that are experiencing renewed interest and revitalization include the Main Street/Cambie Corridor area where older homes are being brought back to their former splendour through renovation. The heritage Victorian style has also made its way back to housing recently in Vancouver. Teardown activity, infill and the claiming of ex-industrial land is taking place across the board, and the city limits continue to be redefined with building now going up (higher density) and out, particularly north in to the Squamish area and to the east where there is more land. The city's waterfront properties have seen the greatest upswing and have become a valuable commodity, drawing purchasers from across the globe.

### KELOWNA

Lifestyle and climate advantages helped Kelowna's residential housing market maintain even keel during the turbulent early part of the decade. Limited by British Columbia's NDP government, it was not until 2001 and the election of the Liberals that the real estate market began to turn a corner, experiencing the first double-digit increase in home values in several years. As enthusiasm spread and consumer confidence soared, the housing sector came alive. Limited inventory levels prompted Kelowna's home values to climb significantly in the latter half of the decade. The devastating forest fires of 2003 only served to illustrate tight market conditions at the time. Values during the first half of the decade remained relatively flat, hovering between \$143,700 in Q1 1995 to \$151,766 in during the same period in 2001. From 2002 onward, housing values have appreciated in excess of 10 per cent year after year, with average price now hovering at \$253,019 year-to-date 2005. Although Kelowna's heated market is expected to soften somewhat as more and more listings come on stream, multiple offers are still occurring at breakneck pace in the city. Kelowna's population

### KELOWNA RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

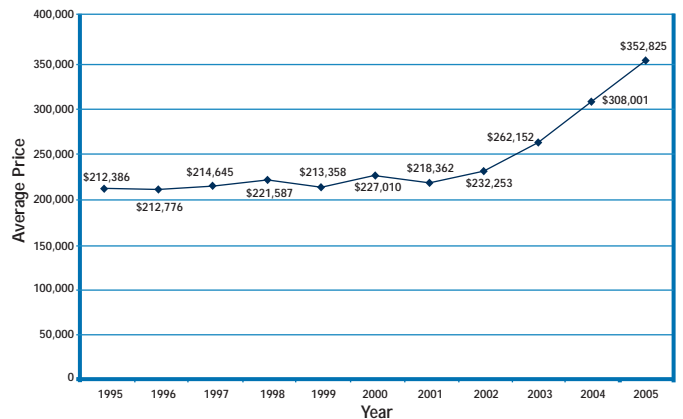
has surged, according to Statistics Canada, rising eight per cent from 136,541 to 147,739 between 1996 and 2001. The influx of younger, affluent purchasers and well-off retirees has changed the city's housing mix to some extent. Sales of new homes priced over \$400,000 continue to experience rapid escalation. Five years ago, this trend was virtually unheard of but each new subdivision appears to raise the bar for the next. Several downtown condominium projects are finally underway. Purchasers who bought into the developments years ago have realized tremendous equity gains on paper. Overall, Kelowna has been a strong frontrunner in Canada real estate market over the past decade, ranking fifth out of the 16 markets surveyed in price appreciation.

## VICTORIA

Economic uncertainty combined with a government policy of fiscal restraint took its toll on the B.C. housing market in the mid-to-late 1990s. Consumer confidence plummeted as employment levels fell. Investment in the province from both the public and private sectors was minimal. Few incentives existed to entice new business in the region. In 1995, sales struggled to break the 900 unit mark in the first quarter, while average price bottomed out at \$212,386—its lowest level in the past 10 years. The leaky condo issue that plagued the real estate sector during the mid-to-late 1990s

further exacerbated the lack of momentum in the market. Although housing saw a run-up in 1996 and 1997—as unit sales in reached the 1,300 mark during the first quarter of both years—it proved to be a false start. The tide finally turned in 2001 in tandem with the election of the Liberal government. In sharp contrast to the belt-tightening 1990s, the provincial and local economies began to experience robust growth, with the tourism, forestry and mining sectors gaining strength. Rising consumer confidence levels, brought about by a more resilient employment outlook, in turn, buoyed the housing market, along with lower interest rates (now at 6.25 per cent for a five-year closed versus 9.88 per cent in March 1995). Demand rose significantly, as evidenced by a notable spike in sales during the first quarter of 2002, when the housing sector took off like wildfire, reaching 1,764 units—a 48 per cent increase over the previous year. With a more vibrant picture in place, the market began to see an influx of ex-patriots, those who had left the province throughout the 1990s to seek work and opportunity elsewhere, particularly Alberta. Victoria started to gain attention as a premier destination for waterfront living, driving up average prices considerably. Rising demand has given way to strong development and construction activity, with new suburbs cropping up wherever builders can find available land, especially in the western communities, where the neighbourhoods of Langford, Colwood, View Royal and Highland have become quite popular. Yet, with limited land available especially in the downtown core, infill has

### VICTORIA RESIDENTIAL AVERAGE PRICE 1995-2005 FIRST QUARTER



Source: Canadian Real Estate Association (CREA) and Local Real Estate Boards

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become commonplace. Older ex-industrial and commercial sites have been reclaimed, making way for thousands of new condominium units in the downtown core. Most of the leaky condominiums have now been repaired, and condos in general have emerged as a popular and important part of the housing mix, appealing to all buyers from first-time purchasers to empty nesters and retirees. Inventory levels remain a challenge for all types of housing, as listings are half of what they were in the mid-90s. With B.C. now thriving, purchasers are spending more on average, and sales in the upper-end—homes priced in excess of \$750,000—have more than doubled since 1995. The momentum is expected to continue. Sales in the first quarter of 2005 posted a substantial 66.7 per cent increase over the same period in 2001 when the market first showed signs of rebounding. Since 1995, Victoria has experienced a total first quarter house price appreciation of 66.1 per cent, bringing the average annual increase to 6.6 per cent per year, well ahead of the national figure of 5.37. That places Victoria eighth among all major markets surveyed.

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