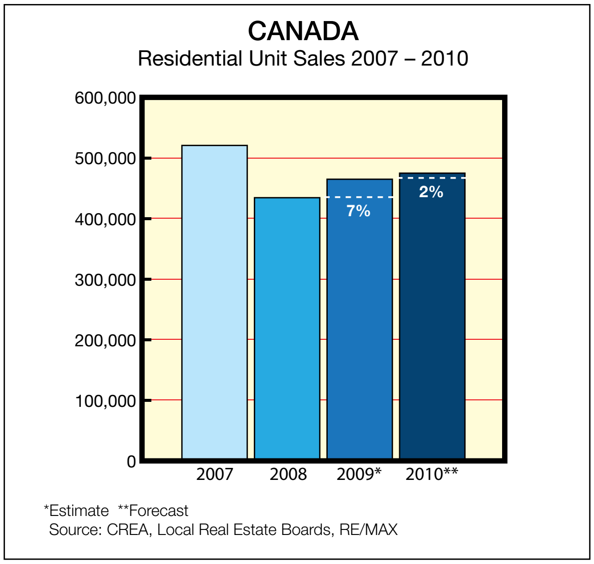
HOUSING MARKET OUTLOOK 2010

Canadian Overview

The worst recession since the Great Depression had a serious impact on housing performance during the first quarter, with home sales down 27 per cent nationally, compared to 2008 figures. Consumers adjusted to new market realities—including buyer's market conditions—as the supply of homes available for sale rose and values dipped. Hardest hit were markets in Greater Vancouver and Sudbury, where the number of homes sold declined 40 per cent; Calgary slipped 35 per cent; and Victoria, Greater Toronto, St. Catharines, Regina, Montréal, London, Kitchener-Waterloo, Halifax-Dartmouth, and Hamilton-Burlington were off 2008 figures by more than twenty per cent.

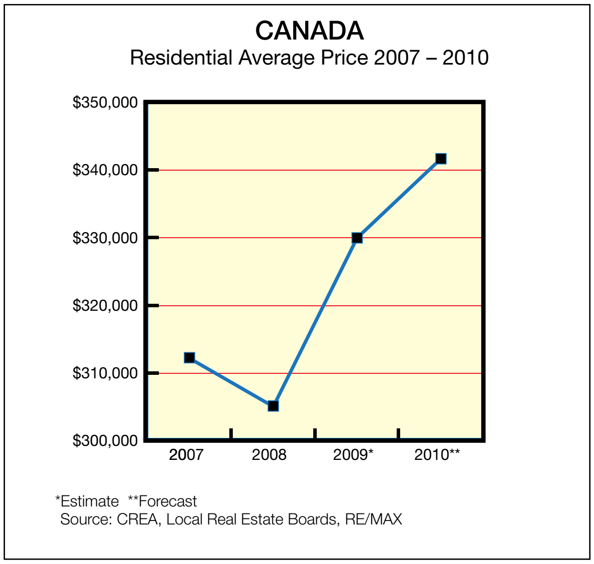
Yet, after one of the most difficult first quarters in Canadian housing history, the market miraculously changed course. Rising like the phoenix from the ashes, real estate activity across the country gained momentum.



First-time buyers, feeding on low interest rates, ventured into the market, taking advantage of greater affordability levels. Move-up purchasers followed in tandem, trading up to larger homes and/or better neigbhourhoods.

By year-end, housing sales had recovered in virtually all residential housing markets across the country, led by a 45 per cent increase in Greater Vancouver. Two markets, including Ottawa and Québec City, hit historic highs in residential sales, reporting more than 15,500 and 14,000 units sold respectively. Last but not least, housing values posted new records in 15 of the 23 markets surveyed, including St. John's with an upswing of 15 per cent. Other noteworthy developments include shattered price benchmarks in Greater Vancouver at $600,000; Toronto at $400,000; Ottawa at $300,000; and Québec City and St. John's at $200,000. Nationally, residential housing sales are expected to top 465,000 units by year-end 2009, a seven per cent increase over one year ago; while housing values climb five per cent to $318,000, up from $303,594 in 2008.

The bounce back of 2009 will long be remembered for its dramatic swing in residential housing sales across the country. While the affects of the recession will continue to linger in some areas, the worst is clearly behind us. The stock market has rallied, while not enough to return it to its post-recession high of 15,000. After several consecutive quarters of negative GDP growth, a small gain was reported in the third quarter of 2009.



Heading into 2010, provincial economies are expected to recover, with Western Canada playing a significant role in the upswing. U.S. economic recovery should help bolster the Canadian economy as demand for Canada's exports rise. GDP growth nationally should hover at 2.6 per cent next year.

Overall housing starts are expected to return to more normal levels of activity—hovering at 176,000 after dropping 33 per cent from 211,000 in 2008 to 142,000 in 2009. Consumer spending is expected to lead the recovery, with retail spending up an estimated 4.8 per cent by year-end 2010. While unemployment figures fluctuate from coast-to-coast, fall out is expected to continue in 2010, with rates forecast to climb to nine per cent nationally.

As economic performance improves across the country, so too should residential real estate. Western Canadian markets are expected to see the greatest percentage increases in unit sales in 2010, with Kelowna taking the lead with an anticipated 10 per cent rise in the number of homes sold. Average price projections call for continued growth in 2010, with a moderate increase in housing values forecast across the board. Inventory will once again assume the wildcard role, with any decline placing upward pressure on prices. By year-end 2010, the number of homes sold in Canada is predicted to climb another two per cent to 475,000. The average price of a home in Canada is also expected to experience an uptick, rising two per cent to $325,000—the highest level in Canadian history.

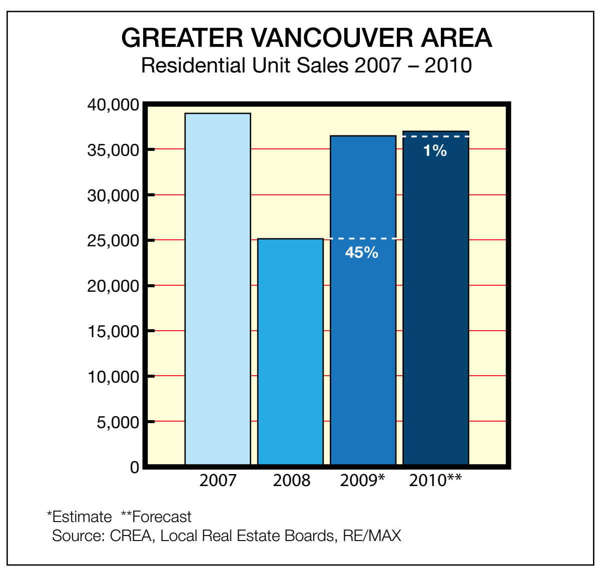
British Columbia

Greater Vancouver Area

It was the best of times; it was the worst of times.

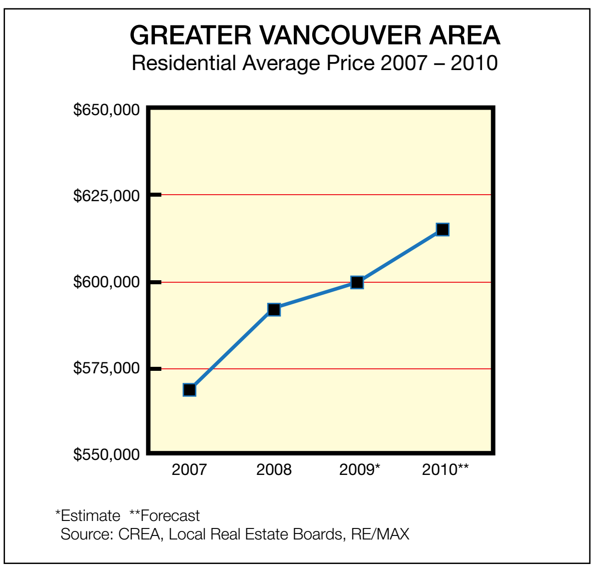
Charles Dickens famous opening line could have easily applied to the roller coaster housing market that was Greater Vancouver in 2009. First quarter statistics were dismal—residential sales had declined 58 per cent in January, 45 per cent in February, and 24 per cent in March. Average price followed suit, bottoming out at $530,763 in March 2009. May marked the turning point, with a 16 per cent upswing in sales, followed by a 74 per cent increase in June, and an 89.5 per cent jump in July—making Greater Vancouver one of the first markets to surpass year-to-date sales in 2009. Momentum continued to build, as double and triple-digit increases were reported each and every month that followed. Housing values also bounced back, with the monthly average climbing close to $640,000 by year-end.

Greater Vancouver is expected to lead the country with a phenomenal 45 per cent increase in unit sales, bringing the total number of residential homes sold to 36,500, up from 25,149 one year earlier. Price has also battled back, with housing values in the city set to climb one per cent to $600,000—setting a new annual average for Vancouver.



First-time buyers were first out of the gate in 2009, taking advantage of the combination of sliding residential housing values, record low interest rates, and incredible selection. Entry-level, single-family homes priced in and around $500,000 moved quickly as purchasers flexed their newfound muscle. Condominium sales followed, with affordably-priced units snapped up before prices started to climb. As consumer confidence levels soared, in response to improved economic forecasts and the advent of the 2010 Olympics, the balanced market conditions that existed earlier in the year had shifted in favour of the seller. Strong demand, lack of inventory, and multiple offers, particularly on well-priced properties in desirable Vancouver neighbourhoods, were characteristic of the latter half of the year. Luxury home sales, the first to buckle under the pressure of an ailing economy, roared back, posting significant year-over-year gains.

While Greater Vancouver's economy has stabilized, the real recovery has yet to begin. Consumer confidence continues to climb as the effects of the worst recession since 1982 slowly recede into the history books. The outlook for next year will be a stark contrast to the widespread economic maladies that plagued British Columbia in 2009, when virtually ever sector of industry was affected—from manufacturing, natural resources, construction, and services to capital spending, government revenues, and the labour market.



Prospects for the province are forecast to improve significantly. Exports, in particular, will benefit from global recovery, more so in tandem with an upturn in the U.S. Consumer expenditures and new home construction will further bolster the market, as will an anticipated uptick in capital investment projects—including government initiatives. The 2010 Olympics will also serve to ramp up tourism and provide a much-needed boost to the economy. Real GDP is expected to hover at 3.2 in 2010—up from negative growth of 2.6 in 2009. Unemployment levels are expected to experience a modest decline—falling to 7.6 per cent—down from a five-year high of 7.7 per cent. Retail sales are expected to reverse last year's downward trend, settling in at 6.0 per cent. Housing starts are forecast to post the greatest gain, up over 60 per cent to 24,000 by year-end 2010. The sector—one of the worst impacted by the global downturn—will continue to gain momentum into 2010.

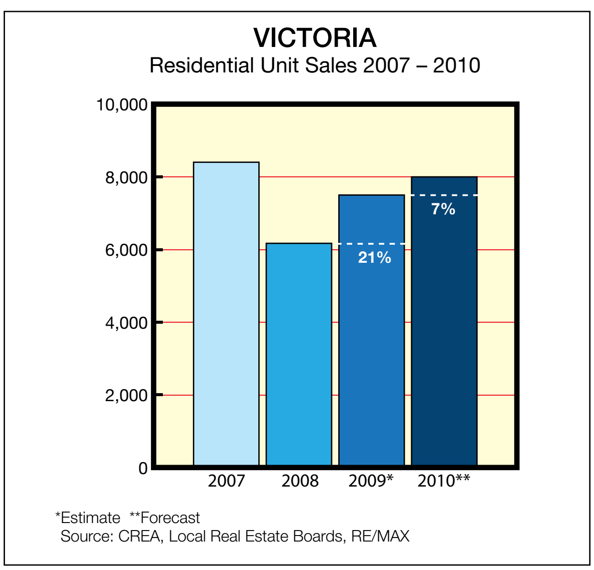
Supported by stronger economic fundamentals in 2010, Greater Vancouver's residential housing market is expected to continue to climb. Thirty-seven thousand homes are forecast to change hands by year-end, up one per cent over 2009 levels. Average price is projected to escalate further, rising three per cent to $618,000 next year. While first-time buyers will play an integral role in 2010, move-up buyers are expected to ramp up activity. Investors are also expected to have an impact on the market in 2010.

Victoria

While the impact of the global economic recession was evident in Victoria's housing market through the Fall of 2008 and into the first quarter, the market bounced back with a vengeance, improving steadily throughout 2009. Demand for resale homes is now very strong. Conditions quickly transitioned from balanced back into seller's territory, following a tightening in inventory levels in late Spring. Listings—at over 5,000 units earlier in 2009—are down 31 per cent from year-ago levels at just 3,200 units, resurrecting the multiple-offer phenomenon throughout the city's hot pockets.

The solid activity has been largely supported by rebounding consumer confidence levels, record low interest rates, the stability of Victoria's government (as the provincial capital), and its expanded high-technology sector, which has now eclipsed tourism as the city's primary industry. The unemployment rate, although nearly double the rate of one year ago, still remains well below the national rate, hovering at 6.1 per cent in September. Economic diversification has enabled Victoria to fare relatively well, compared to other major Canadian centres, in the face of the recent recession.

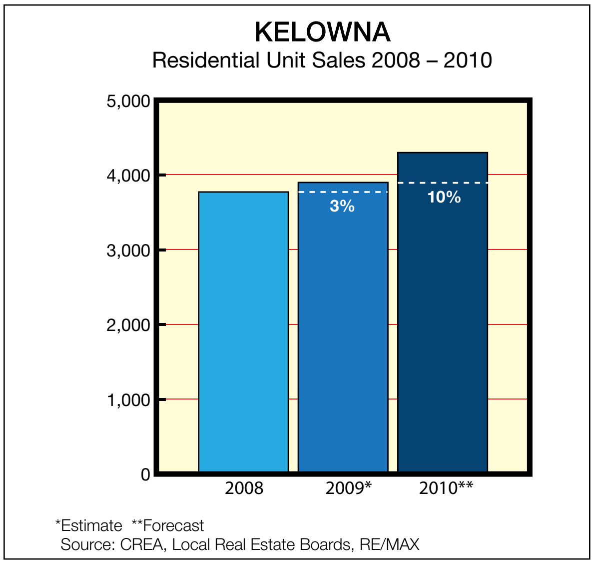
Given a solid economic foundation, Victoria's resale housing sector is on track to finish the year at an estimated 7,500 units. The city's average price will experience a slight decrease of two per cent, closing out 2009 at approximately $475,000. With limited inventory and pent-up demand, strong activity is expected to carry forward into 2010. Multiple offers should remain fairly commonplace for sought-after product in good locations. The market will continue to lean towards seller's conditions, unless supply improves. Days on market will remain relatively stable. Resale activiy will see a notable transition in 2010 from a market dominated by first-time buyers to one where all segments are working in tandem. Evidence of that is already starting to emerge, with the upper end surging ahead in October, with 20 sales in excess of $1 million. Move-up activity—representing sales up to the $700,000 price point—has been ramping up in Victoria for several months. In the entry-level, the condominium segment will hold steady, with a good selection of product helping to keep prices in check. Next year, supply should return to more balanced conditions for condominiums, with sales and prices expected to edge up by five per cent. Investors will continue to look to real estate in 2010, given its proven record as a safe, tangible asset class providing consistent, long-term, year-over-year gains. Rising consumer confidence and improving economic conditions will support growth in the resale market in 2010, with 7,900 to 8,000 units forecast to change hands—a five per cent increase over estimated 2009 year-end levels. Average price is forecast to rise five per cent as well, reaching $495,000.



Kelowna

While the pause that took place in Kelowna's real estate market in late 2008 and early 2009 was quite dramatic, the rebound that followed was equally remarkable. Pent-up demand has kept the market buzzing with activity, as purchasers were enticed by lower prices and rock-bottom interest rates. Inventory levels have begun to fall in the city, and the market has returned to more balanced conditions. Average price has staged a strong comeback, continuing on the upswing, and is expected to finish out the year down just three per cent at $417,800. Sales will reach an estimated 3,900 units—a three per cent increase over 2008 levels.

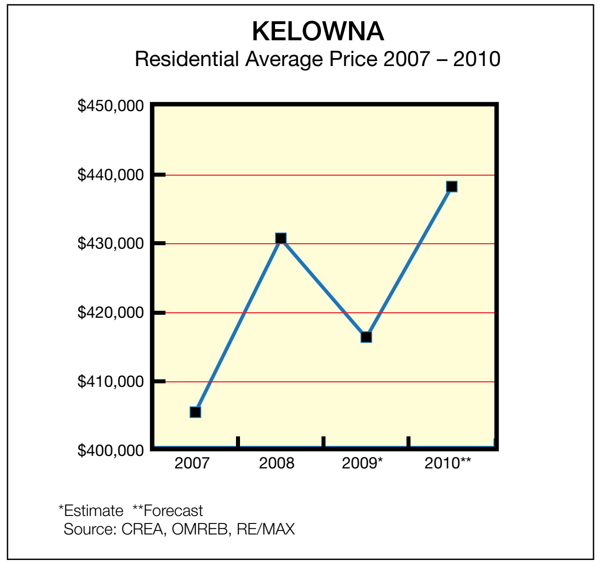
Solid momentum is expected to carry forward into 2010, as the city—and the province—are poised for positive growth. Encouraging signs of recovery have



already emerged in Kelowna. The city's unemployment rate fell for the fourth consecutive month in October, and now sits at 6.3 per cent—a modest rise above pre-recession levels that hovered near 5.5 per cent. Its progress has been quite substantial, considering the June unemployment figure, tied to a bruised tourism sector, sat at 12.3 per cent.

Diversification has played a role in recovery and will continue to contribute to its advancement. The high-tech sector remains a vibrant and growing segment of the workforce in Kelowna. While it did experience a slowdown in the face of the recession, it continues to generate new, well-paying jobs for the region. The forestry sector will rebound in 2010, as demand for lumber products improves in tandem with the U.S. housing recovery. The area's healthcare sector is attracting new businesses, while expansion at UBC—Okanagan and the Kelowna Airport has also created employment opportunities. With consumer spending and confidence on the rebound, the city's tourism sector is also better-positioned.

Improving fundamentals will help support demand for resale housing next year, with first-time buyers leading the charge, followed closely by the move-up buyer. A tighter supply of well-located homes in the entry-level will continue to spark some multiple offers in 2010. The luxury market will trend upward once again. Demand for waterfront properties has already increased considerably in recent months. Condominium prices have stabilized and will post modest improvement next year. The oversupply is now being absorbed, with more balanced conditions expected to emerge. Fewer single-family homes have been coming on stream and that is predicted to increase competition in the New Year. Increased consumer confidence will push sales ahead 10 per cent by year-end 2010 to 4,300 units, while average price rises five per cent to $438,700.



Alberta

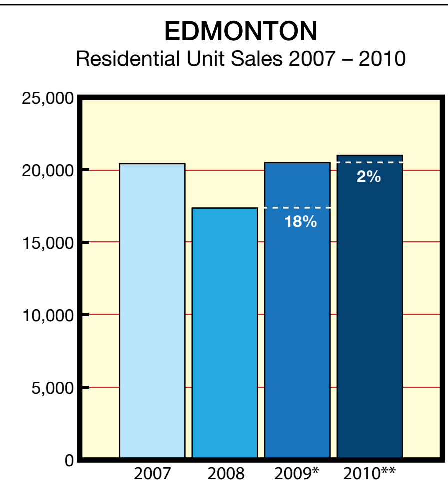
Edmonton

Edmonton's healthy residential housing market was the first to emerge from the depths of the recession, with sales surpassing year-to-date figures for 2008 in June 2009. Low interest rates, greater affordability, and pent-up demand were behind the push for real estate early in the year, as consumer confidence levels slowly escalated. First-time buyers snapped up entry-level product at significant cost savings. By October, momentum had reached the top-end of the market, with sales over $750,000 moving ahead of 2008 levels. Given the solid percentage increases reported since June, the number of homes sold by year-end is expected to climb to 20,500 units, up 18 per cent over 2008, and on par with 2007 figures. Average price, after peaking in 2007 at $338,636, has since stabilized at $321,000—down just four per cent from 2008 levels.

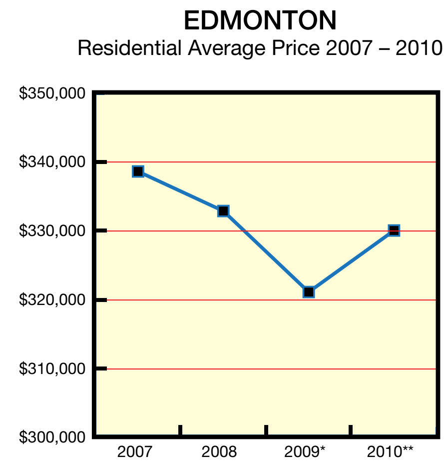
The balanced residential marketplace took both realtors and consumers by surprise in 2009, many of whom hoped for the best but prepared for the worst. However, economic performance, with a 2.8 per cent decline in GDP growth forecast for 2009, has been less than stellar. The energy sector continues to battle back in Alberta—oil prices are on the upswing and forecast to rise further next year. While challenges still lie ahead, some positive industry developments, namely the Kearl oil sands project, are hoped to return to the oil sector to a growth cycle or at least offset recent contraction.

The good news is that real GDP is expected to climb three per cent in Alberta in 2010, bolstered by housing, new construction, a recovering oil and gas sector, and consumer spending. Oil prices are expected to hover around the $80 mark—which should serve to kickstart activity in the mega sand projects. Improving global demand for commodities is forecast to place upward pressure on prices, while rising confidence and more normal crop conditions should also have a positive impact on economic performance in 2010. Retail sales at 5.6 per cent will be one of the top performers in the country, falling just behind British Columbia and Saskatchewan. Unemployment levels hover at approximately 7.1 per cent.

Building on the real estate recovery already underway, the number of homes sold in Edmonton is expected to edge slightly higher in 2010, rising to 21,000, up two per cent over 2009. Housing values, finally on the upswing, should reach an estimated $330,000 by year-end 2010—a three per cent increase over one year earlier. Inventory levels—at about 5,500—are forecast to remain stable, representing a three to four month supply. Market conditions should be balanced throughout much of the year, leaning slightly in favour of the seller. First-time buyers are expected to once again play a significant role, stimulating activity in virtually every segment of the market. It's anticipated that demand for condominiums will be constant, given their affordable entry-point. An influx of new conversion units in months ahead should be absorbed relatively quickly but fewer multi-unit housing starts in 2010 overall may apply some pressure to the resale market.



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



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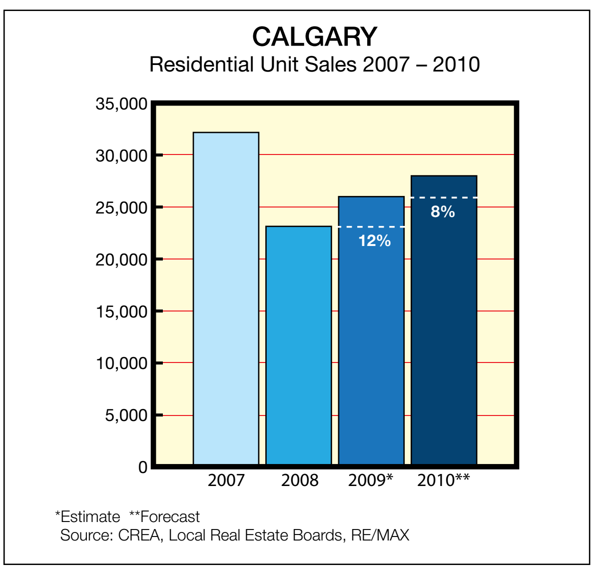
Source: CREA, Local Real Estate Boards, RE/MAX

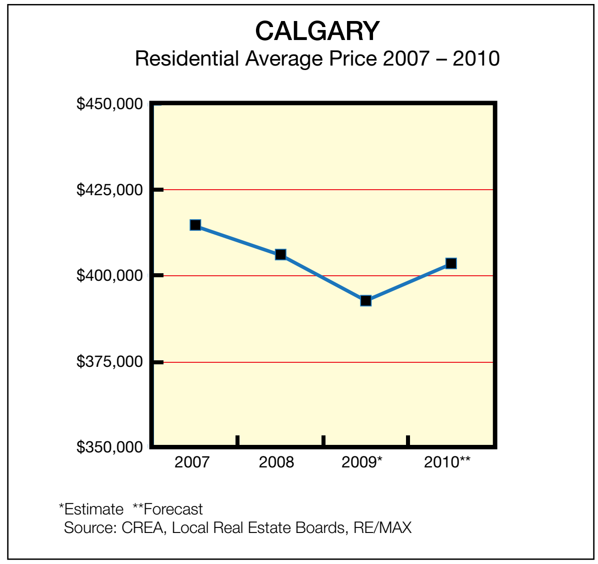
Calgary

While economic concerns dominated headlines throughout much of the year, Calgary's residential real estate market quietly staged a comeback. As a result, overall housing sales are expected to top 26,000 units by year-end, an increase of 12 per cent from 2008 levels. Recovery has largely been driven by first-time buyers, many of whom had been priced out of the market in recent years. Pent-up demand, rock-bottom interest rates, greater affordability, and improved selection all served to entice purchasers early in the year—who seized upon entry-level product priced under $400,000 in established communities in the southwest, northwest, south central, and north central. The subsequent surge in activity placed upward pressure on affordable housing stock, causing values to climb eight to ten per cent from record low levels reported earlier in the year. Average price, however, remains off last year's pace, hovering at $385,000—down five per cent from 2008.

As of October 2009, the number of homes sold in Calgary had surpassed levels reported during the same period in 2008. More balanced market conditions existed, with tight inventory levels reported in certain hot pocket areas. While some move-up activity was underway, the top-end of the market remained relatively soft—despite the sale of two $10 million properties last Summer.

Volatility in the energy market and the uncertainty south of the border served to drag down economic performance in Calgary this year. Expenditures and associated costs have been reduced, with only two projects moving forward—Kearl and the expansion of the Athabasca Oil Sands. But real GDP, forecast to slip about 2.8 per cent by year-end, should head into positive territory in 2010. A number of factors support an upswing in GDP growth next year. Calgary's population is expected to climb by about 1.7 per cent in 2010, representing an influx of close to 18,000 people. Government stimulus in the form of infrastructure spending should also help. It's anticipated that 2010 will be a year to re-establish economic traction, with both Calgary and the province better positioned for stronger growth in 2011.





Balanced market conditions are expected to prevail in Calgary's residential real estate market in 2010. Prices are projected to firm up, with values edging upward for the first time in almost two years. An ample supply of homes should be listed for sale, with inventory levels limited in high demand areas. First-time buyers will lead the charge for housing, followed by move-up buyers taking advantage of favourable market conditions. Affordable alternatives such as condominiums priced under $300,000 will continue to be popular with entry-level buyers. Upscale properties, priced from $800,000, are expected to gain momentum next year, as purchasers in this segment of the market regain confidence. By year end, sales are forecast to climb eight per cent to 28,000 units, while average price is expected to record a five per cent increase at $403,000.

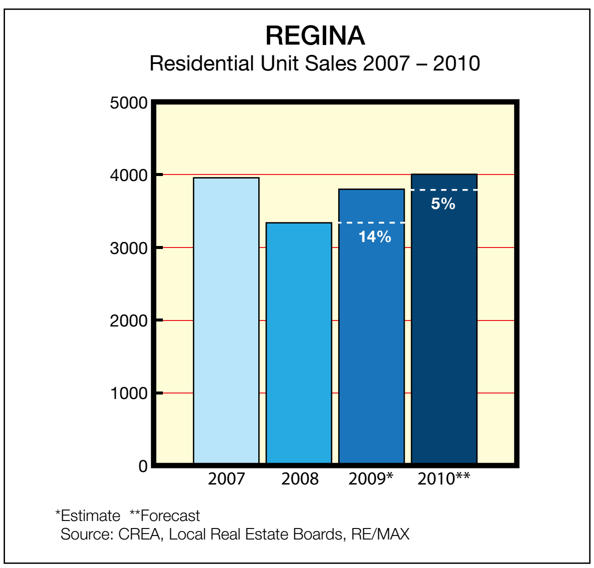
Saskatchewan

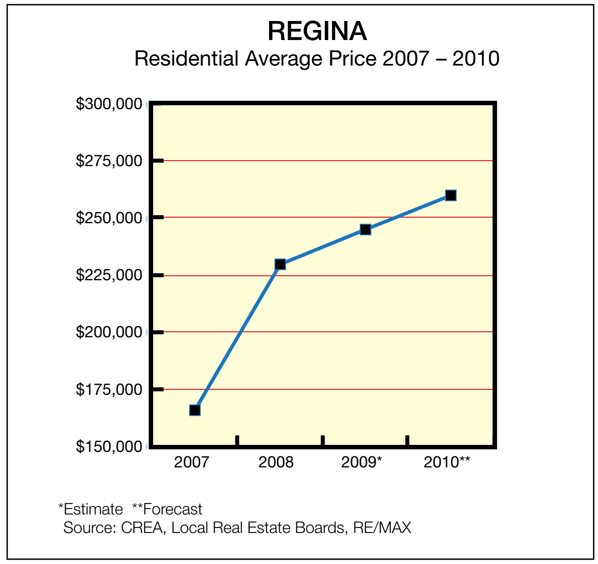
Regina

Regina's residential real estate market came full circle in 2009, with buyer's dominating the first half of the year and seller's staking claim to the second. Apprehensive purchasers waited on the sidelines for much of the first quarter in anticipation of recessionary fallout. When it failed to materialize, they cautiously ventured into the market, taking full advantage of low interest rates, greater selection, and softer housing values. Record activity was reported in June, July, August and September as first-time activity stimulated the move-up market. By the Fall, inventory levels had dropped, housing prices had firmed, and seller's had the upper hand at the negotiating table. By year-end, approximately 3,800 homes are expected to change hands in Regina, a 14 per cent increase over 2008 and just 200 sales short of peak 2007 levels. Average price is forecast to climb, bringing housing values in the city to $245,000 in 2009, a moderate increase of seven per cent over the $229,716 reported in 2008.

Saskatchewan's economy showed remarkable resilience in 2009, despite an anticipated 1.3 per cent decline in GDP growth. Unemployment levels remain the lowest in the country at approximately 4.9 per cent—significantly less than the national average.

Going forward, Saskatchewan is expected to lead the country in terms of GDP growth (at about 3.6 per cent) in 2010, outperforming the national average by almost a full percentage point. Healthy residential real estate activity, improved weather conditions, and increased global demand for agricultural products (boosting such products as potash) should strengthen economic performance. The mining sector is expected to see a boost in uranium—with production set to double





over the next decade. Its prospects for oil will shore up the province's economic foundation considerably, with Saskatchewan poised to eclipse Alberta as Canada's lead supplier of conventional light crude by 2012.

Unemployment is still expected to edge higher in 2010—at 5.3 per cent—as recovery is underway. Retail sales are expected to rebound, to 5.8 per cent —helped out by recent provincial income tax cuts—surpassing every province in Canada with the exception of British Columbia.

Net positive interprovincial migration and immigration are expected to further bolster the residential real estate market in Regina in the year ahead. As consumer confidence returns to post-recession levels, home sales are forecast to edge higher, climbing five per cent to 4,000 units by year-end 2010. Inventory is expected to improve, with more balanced market conditions emerging. First-time buyers are expected to once again lead the charge, with the move-up segment following in lock-step. After several years of double-digit increases in average price, appreciation will be more tempered, rising a healthy six per cent to $260,000.

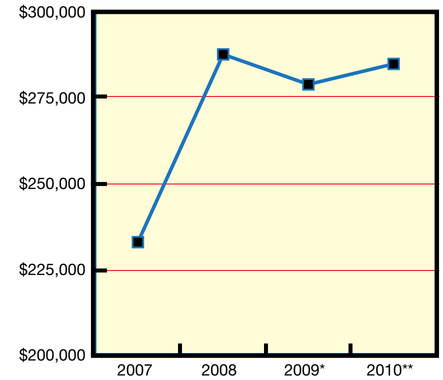
Saskatoon

Concerns over the global economic crisis continued to drag down sales in Saskatoon during the first half of the year, but as sentiment improved, sales began to climb. High consumer confidence, a better-than-average economy, low unemployment, affordable interest rates, and prices below year-ago levels proved the perfect storm. The combination of these factors reinvigorated the first-time buyers market, enticing many to make their moves amid favourable conditions. As a result, sales are expected to close out 2009 4.5 per cent ahead of 2008 levels at 3,700 units, while average price comes in three per cent below last year's figure at $279,000.

Although average price registered a slight decline in 2009—in large part due to a greater number of entry-level sales—individual housing values have held up well. Buyers continue to benefit from a good selection of homes listed for sale. Supply, still above average, continues to fall in line with more balanced conditions, which will aid in price recovery next year.

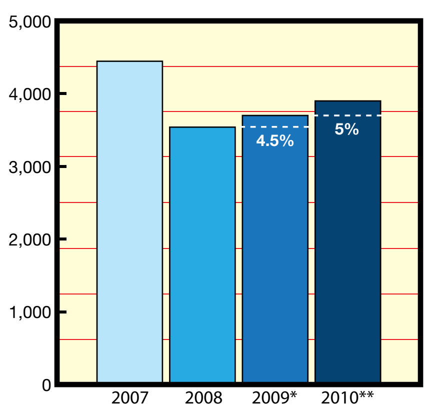
The outlook for Saskatoon heading into 2010 is vibrant. The city's economy was scraped by the recession, but avoided the serious impact sustained by other major markets. In fact, Saskatoon boasts the lowest unemployment rate in Canada at present at 4.3 per cent. The employment outlook going forward remains positive, with Saskatoon set to embark on 58 capital projects, valued at $167 million. This includes $51 million for the River Landing Destination Centre, $21 million for the expansion of reservoirs, $10 million for landfill gas collection, $9.1 million in water main renewal, $6.3 million for expansion of Twin Wanuskewin Road, and $850,000 for the Credit Union Centre LED screen upgrades, to name a few. Combine stimulus construction with improved demand for agricultural products, including potash, in 2010, as well as higher commodity prices for key products such as oil and uranium as the global economy recovers, and the city is well positioned. Strong GDP growth, exceeding 3.5 per cent, is forecast for the province of Saskatchewan in 2010.

SASKATOON
Residential Average Price 2007 – 2010



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

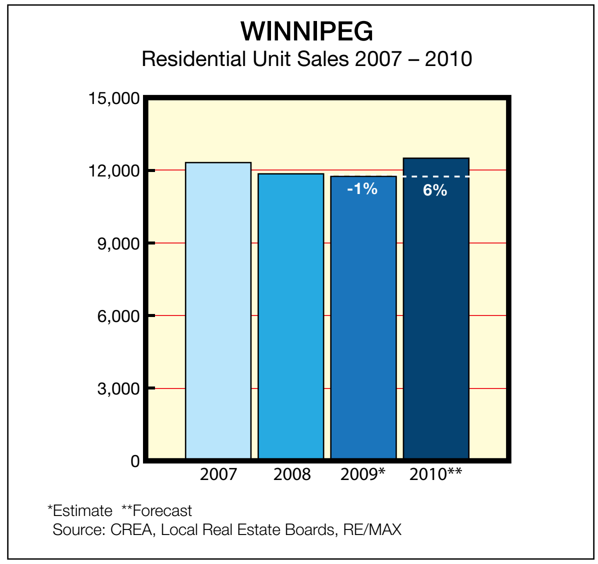
SASKATOON
Residential Unit Sales 2007 – 2010



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

Saskatoon's expanding population will also boost existing home sales next year. From 2006 to 2008 (the most recent period available from Statistics Canada), the number of Saskatoon residents swelled by 10,000 or four per cent—the fourth highest growth rate in the country—and continues to climb. The city's low vacancy rate—hovering near two per cent—and rising rents will serve as a catalyst driving renters into homeownership next year. Low vacancies are also expected to prompt increasing activity among investors, as they move to take advantage before prices increase. Currently, investors are seeking out single-family homes priced from $200,000 with good income potential. Others are looking to housing as a more tangible asset—one that is hoped can provide better returns than stocks and bonds.

Balanced market conditions are expected to prevail throughout 2010. Entry-level purchasers will remain the driving force, seeking out homes priced under $300,000. Demand for condominiums is expected to hold up well, although an oversupply currently exists, which will help keep prices in check in the short-term, before edging up again next year. The upper end of the market, priced over $500,000, will be slower to recover, but sales in 2010 should remain on par with 2009 levels. With longer days on market in this segment, luxury buyers have more negotiating power and opportunity does exist for those prepared to make their moves. Buyers will continue to benefit from a good selection and time to make decisions, while vendors can expect their homes to sell within the average days on market—if priced correctly. Overall, the outlook for 2010 is upbeat—sales are forecast to rise an additional five per cent to 3900 units, while average price resumes upward momentum, increasing two per cent to $285,000.



Manitoba

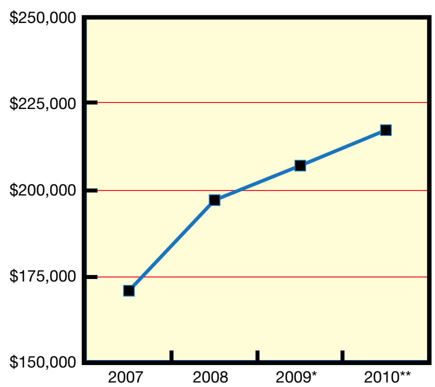
Winnipeg

Supported by one of the strongest provincial economies in the country in 2009, resale housing activity in Winnipeg continues to gain momentum. Sales were light in the first quarter of 2009, but the remainder of the year proved healthy and consistent as consumers demonstrated their belief in homeownership and confidence in the future. First-time buyers dominated the market, with demand outstripping supply, as evidenced by the 35 per cent of homes that moved in multiple offers in October alone. With 48 per cent of all sales occurring under $250,000 and 83 per cent under $300,000, affordability and low interest rates have been a major impetus. Greater strength is starting to filter its way into the move-up and luxury segments, with 2009 a record year for million-dollar homes sales in Winnipeg. Close to 15 million-dollar-plus properties changed hands (including one condominium) as of October— five more than the previous record set in 2008. With all segments of the market gearing up, Winnipeg is on course for solid growth next year.

Economic diversity has helped Winnipeg—and Manitoba, in general—escape the recent recession virtually unscathed—one reason housing sales held up so well in 2009. The city's unemployment rate hovers at six per cent, well below the national average. Positive net migration has and will continue to prop up demand for housing. The introduction of the Provincial Nominee Program has been quite successful and continues to help attract skilled immigrants to Manitoba and Winnipeg. In fact, the city is set to welcome 6,000 to 7,000 new residents next year and each subsequent year through to 2013. This, combined with an already healthy economy set to ramp up in 2010—consumer spending, retail sales, exports, the agriculture sector, base metal prices and capital expenditures are all poised for improvement—will bode well for Winnipeg's real estate market going forward.

By year-end 2009, Winnipeg will record an estimated 11,750 unit sales, just one per cent shy of 2008 levels, while average price climbs to $207,000—up five per cent from year-ago figures. Seller's market conditions will continue to prevail into the new year, with inventory expected to drop slightly once again. Competition will continue for homes priced under $250,000, with multiple offers commonplace for quality starter product. First-time buyers may have to ante up next year to reach their goals or adjust expectations. Move-up buyers should play a more significant role, although entry-level purchasers will remain the leading force. More balanced conditions will continue in the mid-to-upper price points. The upper end is forecast to remain strong with sales surpassing 2009 levels, as consumer confidence rises and as more people make the move from stocks and bonds into more tangible assets. The condominium market will remain healthy and balanced, with sales and price increases on par with the overall market next year. Investors will remain active, seeking out low-density, multi-unit residential

WINNIPEG
Residential Average Price 2007 – 2010



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

properties, such as duplexes, triplexes and fourplexes as long-term investments. The outlook for 2010 calls for sales to reach 12,500 units, up six per cent over 2009 levels, while average price surges to a new record at $217,350, representing a four per cent increase.

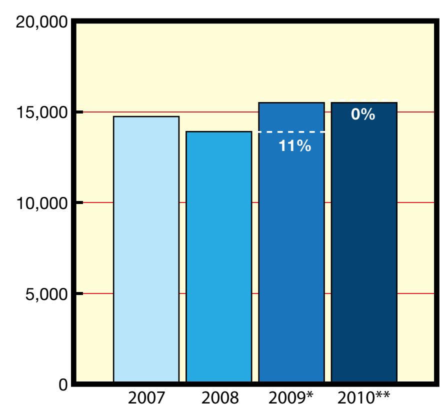
Ontario

Ottawa

Ottawa's residential housing market is weeks away from posting its best year on record in terms of unit sales and average price. Despite a slower than usual start to the year, more than 15,500 homes are expected to change hands by year-end, up 11 per cent from 2008 levels, and five per cent ahead of the previous benchmark set in 2007 (14,739). Housing values in the nation's capital are also expected to climb, appreciating five per cent to $305,000 in 2009, up from $290,483 one year ago. Job security and stable economic performance are the major factors influencing those considering homeownership, a decision enhanced by rock-bottom mortgage rates. While demand for housing has steadily increased throughout the year, supply has been an issue, with limited inventory reported in many hot pocket areas of the city. First-time buyers continue to represent the lion's share of activity, driving sales of affordably-priced product across the board. Townhomes, condominiums, and low rise apartment units are growing increasingly popular with this segment of the market due to price point. Revitalization in some of Ottawa's older communities is gaining momentum as entry-level buyers choose to invest a little sweat equity in their purchases. Neighbourhoods such as Mechanicsville and Preston St. are areas to watch, with housing values appreciating with every renovation completed. Experienced purchasers are also taking advantage of ideal market conditions to move up and over to a larger home, better neighbourhood, or different housing type. Sales in the top end of the market—priced in excess of $750,000—have been steady, with the number of homes sold up moderately over 2008 figures.

While real GDP growth is expected to fall for the first time in more than a decade in 2009, a solid rebound in the area of three per cent is forecast for 2010. New construction, including a new $21 million sporting event venue and training centre in Rockland, is expected to bolster economic performance in the New Year. Increased enrollment at Ottawa's four post-secondary institutions has also prompted additional capital expenditures, including a new $112 million, 15-storey tower at the University of Ottawa, scheduled for completion in 2011; two new buildings at Carleton University; a construction trades centre at La Cité collégiale, opening in 2010; and a new $70 million construction trades centre at Algonquin College. While the federal public service continues to provide a great degree of stability and security in Ottawa, there are

OTTAWA
Residential Unit Sales 2007 – 2010



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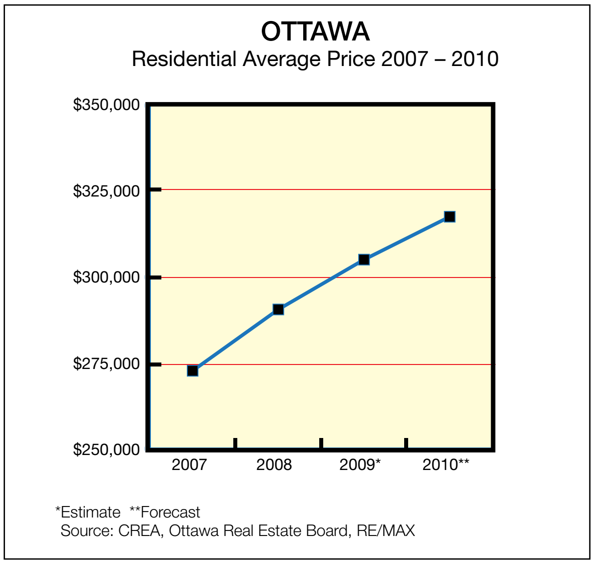


concerns regarding continued layoffs within the high-tech sector. High-tech jobs have declined by about 14 per cent year-over-year. However, Ottawa's employment rate is the highest of the 11 economic regions in the province. As such, unemployment levels in Ottawa, at just under six per cent, are relatively stable and expected to remain well under the close to nine per cent provincial average.

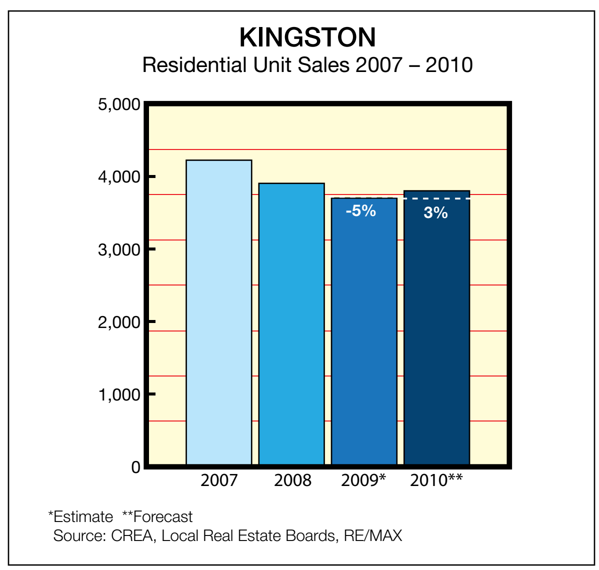
Given a continuation of sound economic fundamentals in the New Year, Ottawa's residential real estate market will stay the course. The number of homes sold by year-end is expected to match heated 2009 levels, while average price is expected to post further gains, rising four per cent to $317,500 in 2010. First-time and more experienced buyers are expected to work in tandem, driving activity at virtually all price points. Despite an increase in inventory in the Spring, seller's market conditions should prevail throughout much of 2010. Low vacancy rates and volatility in the stock market may also spur some investment activity in 2010, as investors seek multi-unit residential property for a long-term hold.

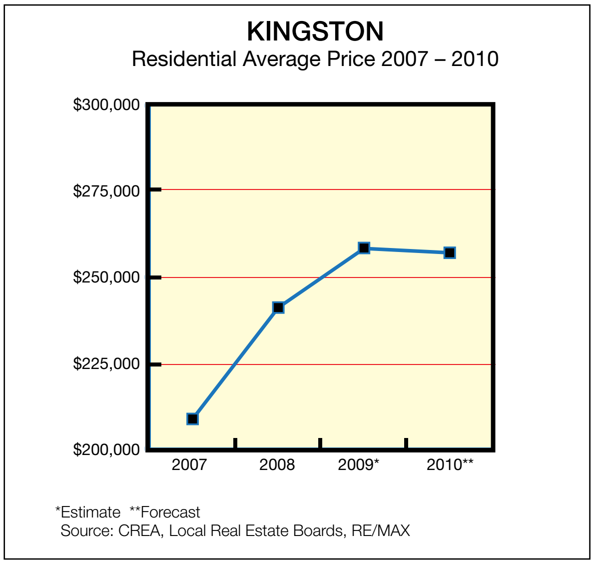
Kingston

Momentum is on the rise in Kingston's residential housing market. The number of homes sold is expected to close the year at 3,700 units—down five per cent from 2008 levels, while average price is forecast to climb three per cent to $249,000, almost $8,000 higher than 2008.

Although first-time buyers were the first to make the foray back into the market in the Spring, rising consumer confidence quickly had move-up and upper-end buyers following suit. The upper end, as a result, remains on par with year-ago figures, and demand for waterfront properties, typically priced from $500,000 have held up well. A growing number of Kingston renters made the transition to homeownership in 2009, given escalating rental costs. Low interest rates have facilitated the move, and the trend is expected to continue going forward.

A solid employment picture has buoyed the Kingston real estate market, with the area's primary employers—the government sector, military, penitentiary, hospital and university, to name a few—relatively insulated from the downturn. According to Statistics Canada, Kingston's unemployment rate remains well below the provincial average at about six per cent. A number of projects, planned or underway in Kingston, will support the community—and the demand for resale housing—next year. Perhaps the most significant





is the recently announced $300 million investment in defense infrastructure for CFB Kingston and the Royal Military College by the Government of Canada. In addition, the City of Kingston has millions in capital and infrastructure projects in the works, with more to come over the next several years, as they invest in updates and revitalization. Private and public sector investment continues as well, including upgrades to Kingston General Hospital. The city's ability to attract new small business and its growing knowledge-base and green-technology sectors is expected to provide a substantial boost to economic performance in coming years.

Kingston is well-positioned for the year ahead. With fairly balanced market conditions, buyers and sellers will be on relatively even footing. Inventory levels are improving. Days on market will remain consistent in 2010, with the average property taking approximately 60-70 days to sell. Multiple offers will continue on well-priced, top quality product throughout the city in both the entry-level and move-up price point. The lower end of the market will be the most active, but momentum in the $240,000 to $350,000 price point is expected to pick up further next year. Renters will continue to gravitate to homeownership before prices and interest rates edge up once again. Demand for condominiums will remain steady, with supply adequate in all price ranges. Prices in that segment will rise in tandem with the rest of the resale market. The upper end will move ahead of 2009 sales levels, as the overall economy picks up steam, and as purchasers move from stocks and bonds to the predictability of bricks and mortar. Investors will remain very active, also moving to more tangible assets. Some will look to condos or small revenue properties, while others are expected to buy residential homes close to the university for the long-term, entering them in the student rental pool. Although pent-up demand drove the market in 2009, rising consumer confidence and an improving business climate will help keep it firing on all cylinders in 2010. Sales will climb, rising three per cent to 3,800 units, while prices post a further increase of three per cent to a record $257,000 by year-end.

Barrie & District

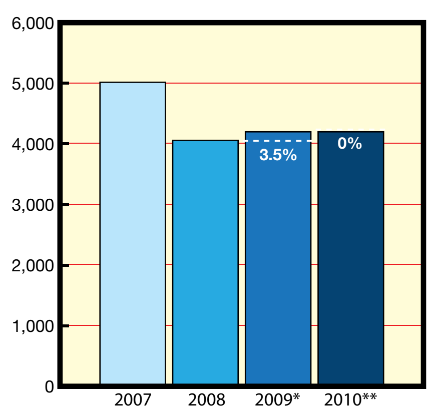
Barrie's residential housing market has stabilized since March 2009, with sales and prices remaining constant. Expansion of GO Train services into South Barrie helped bolster activity in Barrie and the surrounding areas in 2009 as commuters from the Greater Toronto Area (recognizing the price and lifestyle benefits) began packing up and moving north. The combination of low interest rates, affordable housing values and greater selection proved irresistible to local buyers as well. By September, despite a slow first quarter, the market had caught up to 2008 volumes (as consumer demand collided with higher inventory). The balanced market, evident during the Summer months shifted slightly toward the seller in November, as supply dwindled heading into the holiday season. Virtually all segments of the market were active by year-end, including the luxury segment priced over $500,000. The number of homes sold in Barrie and the surrounding areas is expected to exceed 2008 levels, rising to 4,200 units by year-end 2009, up 3.5 per cent over one year ago, while average price remains on par with 2008 levels. Housing values within Barrie city limits will also match the 2008 figure, settling in at $252,000.

While Barrie's economic performance during 2009 was relatively flat, the prognosis for 2010 is upbeat. The recent introduction of a five-year economic development strategy and action plan for Barrie is expected to revitalize the downtown core and attract new business to the city. To date, more than $250 million in capital projects have been completed, with another $227 million scheduled for 2010.

Barrie's employment rate is one of the highest in Ontario, topped only by Ottawa. Although the unemployment rate has climbed three percent since one year ago (mirroring the provincial rate) there are a number of projects underway that will shore up the economy. Capital incentives recently undertaken include the $65 million expansion of Georgian College's Centre for Health and Wellness, a 165,000 sq. ft. facility, scheduled to open in September 2011. Once completed the college should create more than 400 jobs. The expansion of Royal Victoria Hospital and the regional cancer care centre is predicted to provide jobs for more than 1,000 upon completion.

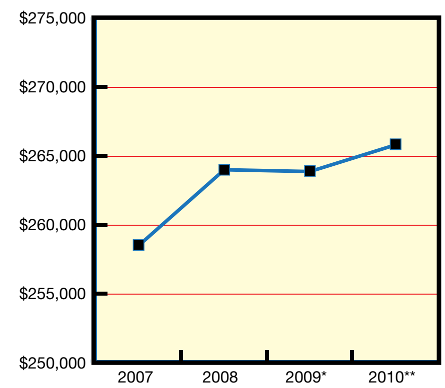
Barrie's residential real estate market is expected to reflect a stronger economic base in 2010, with home sales in the area holding at 4,200 units. Housing values are forecast to edge up slightly over 2009 levels in Barrie and the surrounding areas, climbing to $266,000 by year end. As all boats rise with the tide, average price within Barrie city limits should see similar appreciation, rising to $254,000 in 2010. Balanced market conditions should prevail for much of the year, given an ample supply of homes listed for sale. If inventory levels fall however, there could be greater upward pressure on average price. First-time buyers—many from the GTA—are expected to once again drive homebuying

BARRIE & DISTRICT
Residential Unit Sales 2007 – 2010



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

BARRIE & DISTRICT
Residential Average Price 2007 – 2010



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

activity in 2010. As consumer confidence trends upward, it's anticipated that more experienced buyers will make their moves to either larger homes or downsize to bungalows in low turnover areas or low-maintenance lakefront condominium units. The forward-thinking and ongoing improvements being made to the city's waterfront areas have bolstered the sale of condos to empty nesters and retirees in years past, and this trend is forecast to continue as the city's dynamic plan for higher density living within the downtown core gains traction.

Kitchener – Waterloo

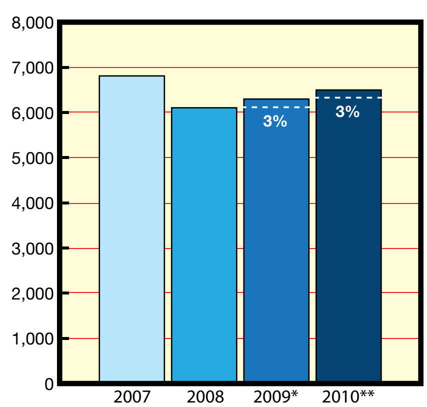
Despite jobs losses in the manufacturing and automotive sectors, home buyers in Kitchener-Waterloo continued to make their moves in 2009. Purchasers ventured into the market with cautious optimism as early as April, taking advantage of record low interest rates and buyer's conditions. Pent-up demand has also helped fuel momentum, as fence-sitters moved off the sidelines and into the market. First-time buyers led the charge for single family homes throughout much of the year, with some move-up activity reported during the latter half.

Several factors have helped prop up demand in Kitchener-Waterloo over the past year. Affordability continued to be a primary factor, as savvy buyers took advantage of a favourable real estate climate and a good selection of inventory. The city's resale house prices continued to attract out-of-town purchasers from across the Golden Horseshoe, who realized their money will go quite a bit further, as well as families of university-bound students who opted to invest in the local housing market versus seeking out rental accommodation. The city's tight vacancy rate—at 1.6 per cent—has also factored in, prompting many to consider the benefits of homeownership. That trend is expected to continue into 2010.

Kitchener-Waterloo's widely diversified economy has also helped offset some of the downturn in manufacturing, particularly with its thriving high-technology and education sectors. An expanding population, urban growth and revitalization across the entire Waterloo Region are positive variables supporting the resale residential segment going forward. By year-end, Kitchener-Waterloo should finish out the year three per cent ahead of 2008 levels at 6,300 units, while average price is expected to climb two per cent to $260,000.

While unemployment topped nine per cent in 2009, economic fundamentals are set to improve next year. The manufacturing sector is forecast to progress, in tandem with ongoing recovery south of the border. Some sense of stability, although tentative at present, has finally emerged in the turbulent automotive sector, with sales showing modest improvement. Over 2,000 well-paying job opportunities now exist in the area's high technology sector. While a skill mismatch has left many positions vacant, the outlook is good as those jobs are filled over the next several years. To that end, there has been significant investment in skills training into the community and in the area's post-secondary educational institutions.

KITCHENER – WATERLOO
Residential Unit Sales 2007 – 2010



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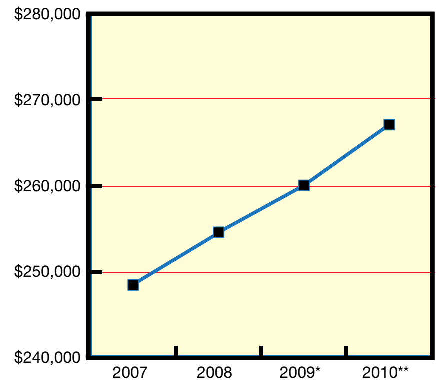
Source: CREA, Local Real Estate Boards, RE/MAX

KITCHENER – WATERLOO
Residential Average Price 2007 – 2010



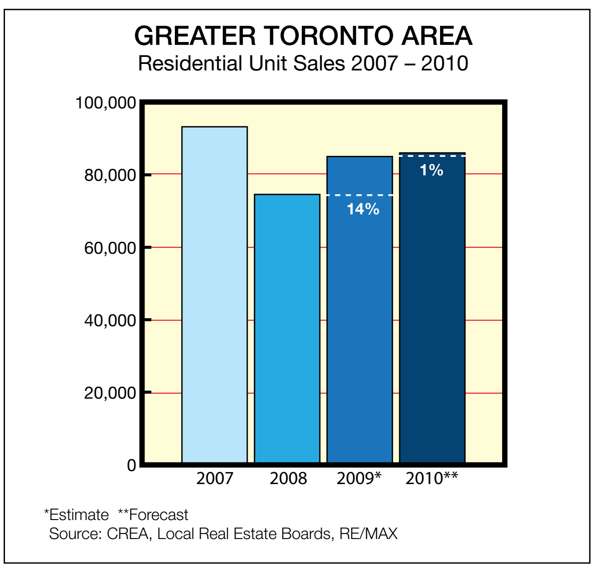
*Estimate **Forecast
Source: CREA, Local Real Estate Boards, RE/MAX

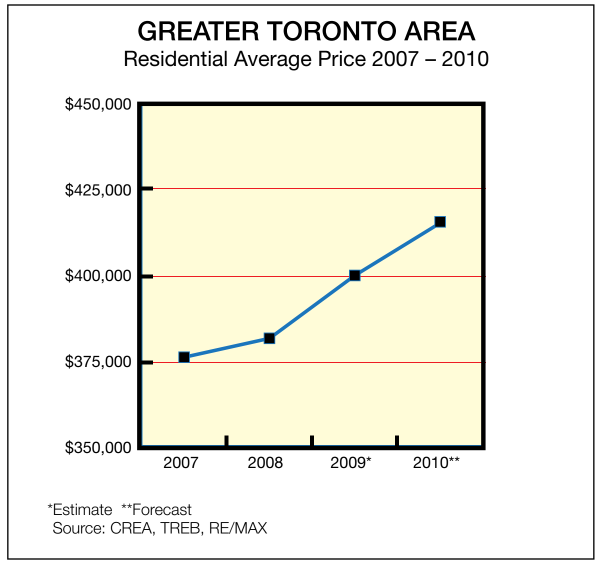
Given a more positive economic performance forecast for 2010, combined with demand that has been rising steadily in recent months, the Spring market is expected to be very strong. There has already been a firm transition to balanced conditions. Days on market have fallen 16 per cent to 46 days, and are expected to hold steady. Move-up buyers have become increasingly active, trading up to larger, better located homes, and will be a greater force in the marketplace next year. With a good supply of inventory and softer prices in the upper end, sales are expected to improve next year, as opportunities may prove too enticing to resist. Investors will also play an increasing role in 2010. Revenue properties are currently being snapped up almost as quickly as they become available, with great interest from Toronto-area purchasers. Overall, sales in Kitchener-Waterloo are forecast to experience a modest upswing, reaching 6,500 units. Average price will trend upwards once again, rising three per cent to $267,800.

Greater Toronto Area

The rebound that occurred in Greater Toronto's residential housing market in 2009 was nothing short of incredible. Having started the year a dismal 47 per cent off 2008 levels, sales steadily clawed back, with Toronto poised to record its second best year on record. Purchasers who held off in the final quarter of 2008 and the first quarter of 2009 quickly acclimatized to new market realities and moved to take advantage of favourable lending rates. Yet, inventory levels proved a significant impediment, as supply struggled to meet demand—down considerably for much of the year. Buyers refused to be daunted, despite the re-emergence of the multiple-offer scenario. Activity continued to ramp up, with sales reaching 10,955 units in June—the second best month on record. The city finally eclipsed year-to-date 2008 sales in August. The unprecedented momentum shocked economists and industry experts alike. In fact, housing remained a steadfast bright spot in a province that experienced among the worst of the economic turmoil.

The strength of housing clearly defied the weakened fiscal foundation throughout the year. Pent-up demand was the main driver of activity in 2009, given the thousands of purchasers who waited it out on the sidelines in 2008. Interest rates have been another principle factor, providing impetus at all price points. Consumer confidence buoyed sales as positive economic indicators—however sporadic—made their way into the headlines. Rising prices have also served as a catalyst, as it became evident that there were no deals to be had, despite the current economic uncertainty.





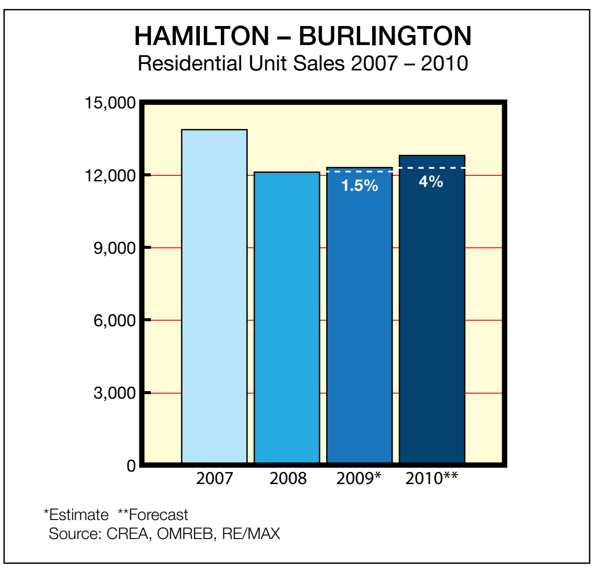
Although the global recession had little lasting impact on Greater Toronto's housing market in 2009, the economic recovery is expected to bolster resale housing going forward. Overall, the GTA is expected to see housing sales reach 85,000 units, an increase of 14 per cent over 2008. Average price may break the $400,000 mark by year end or hover slightly below that significant milestone.

Given that the GTA boasts 40 per cent of the nation's business headquarters, almost one-fifth of the country's gross domestic product, nearly half of Ontario's GDP, and 40 per cent of all immigrants, any improvement from an economic standpoint is bound to be felt at the consumer level. Supporting growth in 2010 will be a stregthened automotive sector, improved exports and commodity prices, greater retail and consumer spending, and a significant investment in capital projects. The implementation of the Harmonized Sales Tax (HST) in Ontario is expected to cause a run up in housing activity during the Spring market, as purchasers move to avoid additional expenses. In the longer-term, new construction is expected to be impacted much more extensively, shifting some buyer demand to the resale sector—at least until buyers adjust to the new normal.

Inventory levels in Greater Toronto are expected to remain quite low, although some improvement will occur in the first half of 2010. Multiple offers will remain a factor, most evident on well-priced, well-located product, listed from $300,000 to $700,000. Hot pockets will continue to elicit bidding wars next year. The phenomenon will not be limited to single-family homes, as desirable starter condominium units in prime locations will also experience competition in 2010. Of all types of product, the upper-end—priced over $1 million—is expected to record yet another year of strong activity. Given the momentum that currently exists and the fact that all segments are now working in tandem, further increases in sales and average prices are forecast for 2010. Seller's market conditions will continue to prevail, with both condominiums and single-family homes predicted to experience a four per cent rise in prices in 2010, bringing average price to $415,000, while unit sales continue to edge higher, amid more favourable economic conditions, reaching 86,000 units.

Hamilton – Burlington

Recovery is well underway in Hamilton-Burlington's residential real estate market, with both unit sales and average price expected to surpass 2008 levels. Home sales are forecast to climb 1.5 per cent to 12,300 units by year-end 2009, while average price appreciates three per cent to $289,000. Slow and steady growth characterized market activity throughout the Spring and Summer months, with first-time buyers behind



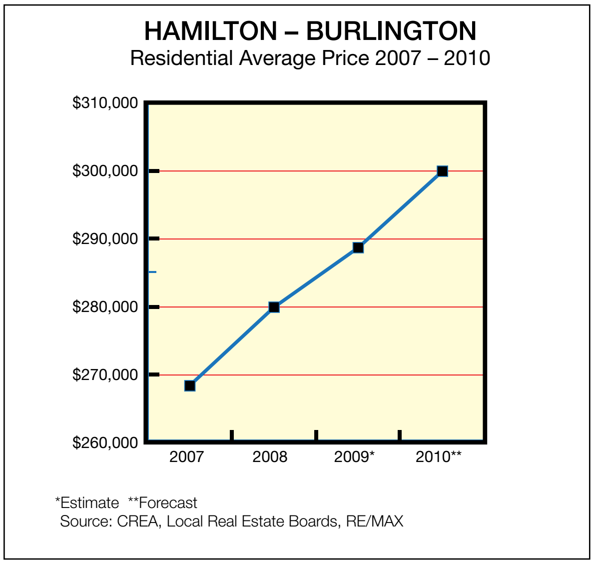
the push for entry-level homes. During the six month period, an estimated 80 per cent of sales occurred under the $400,000 price point. By October, however, housing was firing on all cylinders, with virtually all segments of the market—including the high end—working in tandem. Affordably-priced homes continued to generate the greatest buzz—with demand for homes ranging from $250,000 to $325,000 in value particularly heated. Prime neighbourhoods such as Hamilton's west end reported serious supply shortages, sparking multiple offers on well-priced properties across the board.

While balanced market conditions prevailed through much of the year, the latter months leaned in favour of the seller. Local buyers, as well as a growing number from the Toronto area, were most active. The trend is expected to continue as housing values in Toronto edge upward. Inventory levels also presented somewhat of a challenge in late 2009—with the number of homes listed for sale in Hamilton down approximately 10 per cent from 2008 levels.

Despite diversification in recent years, Hamilton-Burlington braced for the economic worst at the onset of the recession—yet, the worst failed to materialize. Hamilton held its own compared to other areas of the province. Unemployment levels hovered in and around seven per cent, well below the Ontario average for much of 2009.

Economic optimism flourishes as positive stimulus pours in to the Hamilton area. The city was recently named the second best place in Ontario to buy a house by the Real Estate Investment Network, who marveled at the entrepreneurial spirit that has emerged in the city—citing McMaster Innovation Park, growth at McMaster University, and plans for revitalizing the downtown core the main impetus for the award. Site Selection magazine ranked Hamilton seventh among Canadian metropolitan areas in attracting new and expanded corporate facilities.

Toronto's successful bid for the 2015 Pan Am games will also have a positive impact on the Hamilton area in coming years, with $150 million earmarked for a new stadium and four Olympic-sized pools. McMaster recently unveiled its Atrium building—the first in McMaster Innovation Park to open—and already more than 70 per cent full. The CNMET Materials Technology Laboratory is also underway, a $60-million project



scheduled to open in 2010. Renovation continues at Lister Block, which is expected to act as a catalyst for urban revival. McMaster University has received a $33 million provincial funding package to research nuclear and solar power. Hamilton Airport continues to expand its services as the largest cargo shipping airport in Canada.

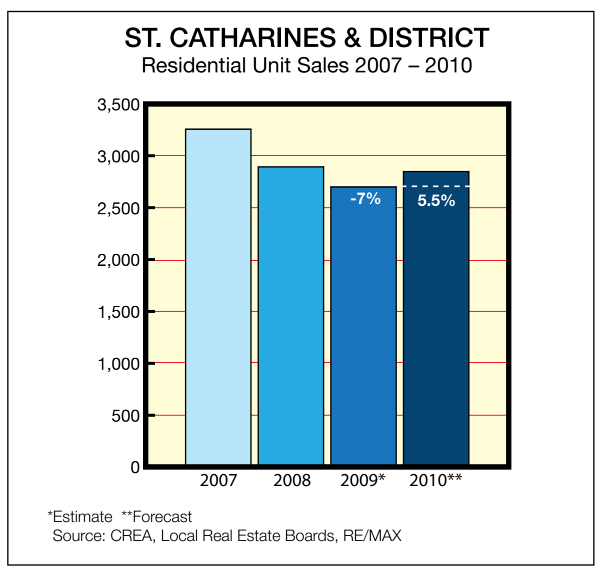
With the economic fundamentals of the area on the upswing, the future bodes well for residential real estate in Hamilton-Burlington. Approximately 12,800 homes are expected to change hands in 2010, an increase of four per cent over 2008 levels. More and more buyers are expected to venture into the market as consumer confidence gains precious momentum. First-time buyers will continue to be an integral component, fuelling demand for homes priced between $250,000 and $300,000 in areas like Hamilton's west end and the Mountain. For those looking for more affordable housing product, the city's east end offers up some of the best bargains, with single-detached properties available under $200,000. Condominiums should experience solid demand in the year ahead, in large part due to their affordable price point, starting at $230,000. Representing one in every five residential sales, the condominium lifestyle has become the first step to homeownership for many young purchasers. Supply is expected to remain balanced in 2010, slightly favouring the seller in hot pocket areas. Values are expected to climb as a result, with average price rising another four per cent to $300,000 by year-end 2010.

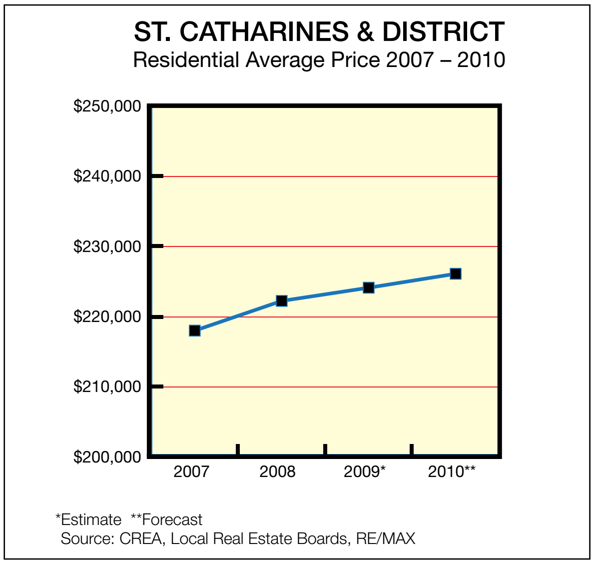
St. Catharines & District

While economic concerns served to dampen home-buying activity in St. Catharines and district in the first quarter of 2009, the market slowly gained momentum throughout the Spring, Summer and Fall months. Greater stability emerged as the buyer mindset shifted into more positive territory. Low interest rates, combined with softer housing values, prompted many purchasers to take advantage of ideal market conditions. Move-up buyers were most active, picking up the slack in first-time buying activity. Purchasers held the upper hand for much of the year, until the market transitioned to more balanced conditions. Reduced inventory levels—in all probability—contributed to stable housing values in October, November, and December. By year-end homes sales are expected to hover at 2,700 units, slightly off 2008 levels, while average price is forecast to edge up marginally, climbing one per cent to $224,000 by year-end.

2010 is shaping up to be a much better year for the St. Catharines area.

While unemployment rates are expected to hover at approximately nine per cent in 2010, job opportunities are forcast to increase. Government stimulus dollars are predicted to kick into gear, with several capital projects now underway, including a $739 million new hospital and regional cancer care centre; a $101 million performing arts centre; and a $28 million parking garage. Brock University has been given the





green light to move forward on a proposed bio-research facility valued at $109 million. Funding has also been set aside to improve transportation, roads and highways, such as the five-year expansion to the QEW and the widening of Highway 405.

The current momentum is expected to build going forward, translating into an upswing in residential housing sales in St. Catharines and district in 2010. Two thousand, eight hundred and fifty homes are forecast to change hands next year, an increase of five per cent over 2009 levels. Move-up purchasers should continue to prop up homebuying activity, while first-time buyers play a secondary role. Condominiums are expected to remain a popular choice with empty nesters and retirees in the area. Although listings are few and far between, apartment units in complexes such as Grand Deer Place will be snapped up quickly. By year-end, average price is projected to hold steady, experiencing a modest increase of one per cent to $226,000.

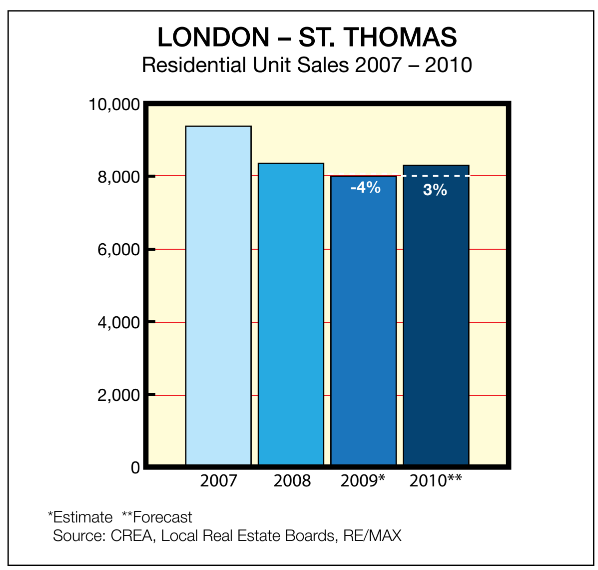
London – St. Thomas

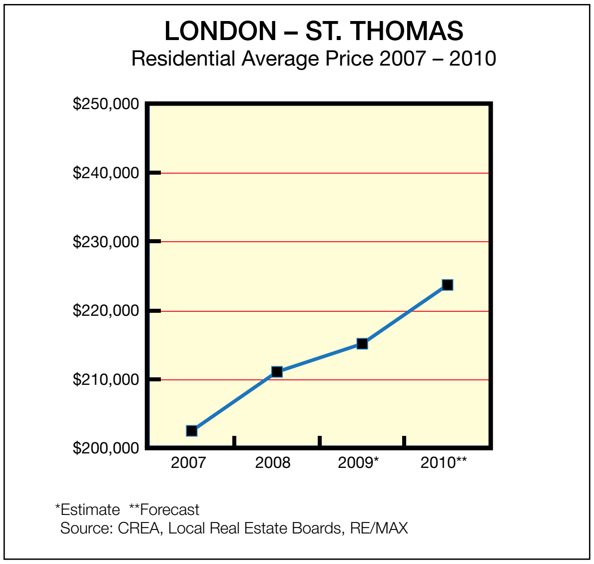
While London-St. Thomas was hit hard by the effects of the recent global recession, the resale housing market remained relatively stable throughout 2009. Sales, however, are expected to close the year four per cent below 2008 levels at 8,000 units, while average price experiences a modest upswing of two per cent to $215,000 from year-ago figures.

Low interest rates were an important stimulus in 2009, prompting those with jobs to take advantage of the most favourable market conditions in years. First-time buyers led the charge, seeking out affordable condominium product and single-family homes priced between $150,000 and $200,000. More experienced buyers joined the fold in the second quarter, making moves to larger or better located homes.

While consumer confidence is on the upswing, the recovery has only just begun. London-St. Thomas is expected to be weighed down by the ailing automotive and manufacturing sectors and the high Canadian dollar in the short-term. Despite a return to positive GDP growth for the city in 2010, increases in resale housing transactions will be limited, as many tighten their belts in preparation for the Ford plant closing in 2011, expected to effect 1,600 workers and up to an additional 6,000 in related industries.

There is some positive news on the horizon, as the city begins to see growth in other business sectors including healthcare, education, the service sector and information technology. Improvement in automotive exports, industrial goods, machinery and equipment are all expected next year, along with growth in the agri-food sector. The city's public and private sectors continue to make strong investments in the community, with an ongoing commitment to infrastructure upgrades and revitalization of the





downtown core. The University of Western Ontario continues to experience solid growth, including a new building for its prestigious Richard Ivey School of Business.

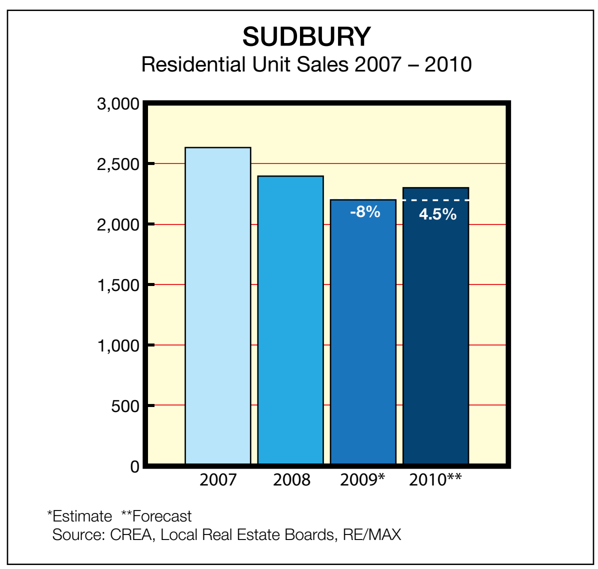
Positive economic signs are starting to emerge, as the unemployment rate in London fell for the first time in over a year in October, falling from 11.2 per cent to 10.8 per cent.

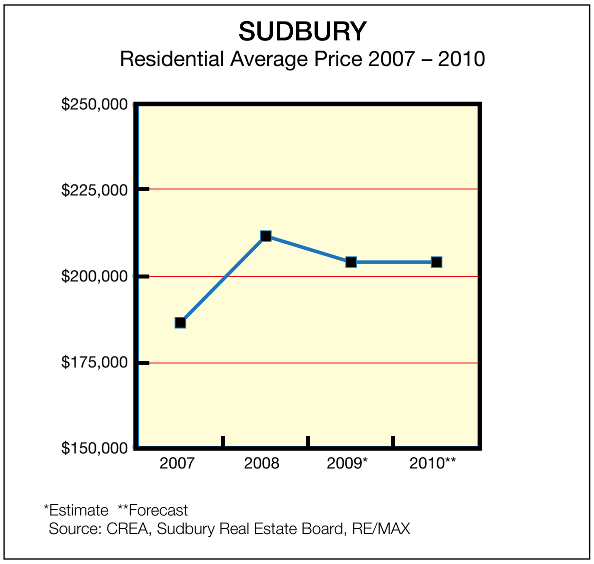
With some progress expected next year, residential real estate sales are forecast to hold up well. Sales should increase a modest three per cent in 2010 to approximately 8,300 units, while average price sets a new record at $223,600, also representing a four per cent increase. Balanced market conditions could shift into seller's territory next year, as listings of single-family homes have been falling steadily. Multiple offers are expected to be limited, occurring mainly in the tight $150,000 to $200,000 range. The exodus from rentals into homeownership is expected to continue next year. That, in combination with a shortage of quality detached homes, will benefit the condominium lifestyle, as buyers look to this alternative for price and better selection. Despite increased demand, prices will hold for condominiums as a slight oversupply is absorbed. The strength in the upper end of the market is expected to remain consistent, while investors snap up homes in the $200,000 to $250,000 price range for long-term hold and inclusion in the student rental pool. Duplexes, triplexes and four-plexes will sell quickly, if priced correctly, as demand for revenue properties ramps up.

Sudbury

While greater economic stability has contributed to stronger residential activity in Sudbury in the final quarter of 2009, housing sales and prices remain well below 2008 levels. Twenty-two hundred homes are expected to change hands by year end, down eight per cent from one year ago, while average price is forecast to decline six per cent to $204,000, more than $7,000 off the 2008 figure.

Sluggish activity characterized the market early in the year. Housing sales picked up in the latter half, as move-up buyers moved to take advantage of lower interest rates and softer housing values. Days on market typically hovered at 54, up considerably from one year ago, and expected to rise further in the New Year. The top end of the market, priced in excess of $350,000 struggled year-over-year, but started to firm up in the final quarter. Momentum is forecast to build heading into 2010. Local and out-of-town investors are expected to capitalize on some of the real estate opportunities that exist. The introduction of the Harmonized Sales Tax (HST) is predicted to create a flurry of homebuying activity prior to the July 1, 2010 deadline. New construction sales are expected to slow after the HST arrives, which should bode well for the resale housing market. Demand for renovated properties, or those built within the last five years, in particular, should experience renewed interest.





Uncertainty in Sudbury's mining community—given the strike involving 3,500 workers at Vale Inco operations, the second largest mining company in the world, and upcoming employee contract negotiations with Xstrata Falconbridge Nickel Mines—has translated into softer economic performance in 2009.

Although Sudbury's local economy has been heavily dependent on the mining sector, the city is relying less on traditional industry and continuing to welcome diverse new developments and businesses. Plans for the Northern Ontario School of Architecture in Sudbury continue to move forward. The North East Regional Cancer Program at Sudbury Regional Hospital is complete and new developments such as Smart Centres—home to large chain retailers such as Wal-Mart—are now open for business. These new projects and developments are expected to boost the local economy, revitalize the city and attract hundreds of new, specialized students to live, study and work in the Sudbury area.

As a result, the outlook for Sudbury's residential real estate market is brighter for 2010.

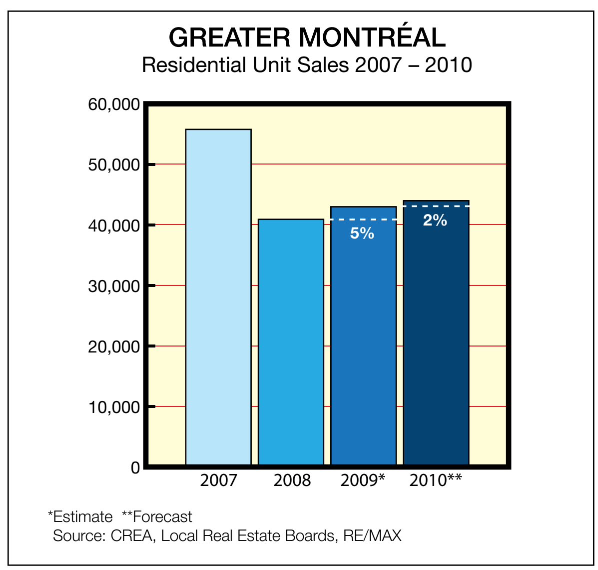
Consumer confidence is expected to rise, which should push home sales in the city to 2,300 units, a 4.5 per cent increase over 2009 levels. Improvement in overall market conditions is expected to prompt an influx of new listings. The upswing in inventory levels should keep average price appreciation in check—at $204,000—in 2010.

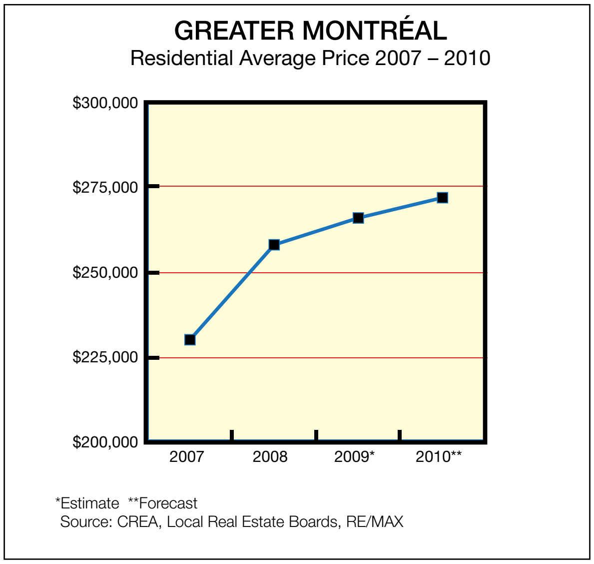
Québec

Greater Montréal

Greater Montréal's residential real estate market continues to experience strong upward momentum, despite a slower than usual start to the year. Spurred by rock-bottom interest rates and growing consumer confidence levels, home sales are expected to top 43,000 by year end, a five per cent increase over the 40,916 units sold in 2008. Average price is forecast to escalate further, recording a three per cent increase to $266,000 in 2009, setting a new record for the city.

Demand for homes on the Island of Montréal remained brisk for much of the year, fuelled in large part by a continuous influx of first-time buyers. The city boasts one of the highest percentages of renters in the country, many of whom chose to venture into the market to take advantage of favourable market conditions this year. Affordability was key, with entry-level purchasers seeking product ideally priced between $200,000 and $250,000. Single-family homes in the suburbs represented the best value for the dollar, with a 1,200 sq. ft. home on a 5,000 sq. ft. lot starting at $235,000. Semi-detached homes could be purchased for even less, starting at $175,000 to $200,000 in areas like Rosemere. Condominiums—an affordable alternative in the centre of the city—have also seen an upswing in sales, particularly in recent months,





as the oversupply of units is absorbed. Inventory levels were down in virtually every community by year-end. With housing values steadily increasing over the past decade in Montréal, real estate has proven to be a solid, long-term investment. Given the volatility in the stock market over the past 18 months, more and more investors in the Montréal area are turning to tangible investments like bricks and mortar.

Consumer confidence in the province overall has held up relatively well, with retail sales and home prices performing above the national average. Non-residential construction also continues to support the provincial economic underpinning, with a five-year $42 billion public infrastructure spending program in place.

Yet, the province has not emerged unscathed from recent recessionary woes. The manufacturing sector, in particular, has faced some serious challenges. As a result, real GDP growth is expected to contract 1.9 per cent in 2009, rebounding by 2.2 per cent in 2010, as demand for exports slowly improves. The growth, however, will be tempered by reduced capital expenditures in 2010, particularly in the private sector, resulting in GDP growth performance below the national average next year.

While recovery is expected to be slow, positive indicators have contributed to an increase in consumer and business confidence, especially as the resale housing market continues to strengthen and demand for retail product holds up. September 2009 marked the first decline in Québec's unemployment rate in nine months, dropping to 8.8 per cent from a five-year high of 9.1 in August.

Montréalers continue to reaffirm their faith in real estate and 2010 will be no exception. The number of homes sold is forecast to climb further, rising another two per cent to 44,000 units by year-end 2010. Housing values will continue their ascent, with average price poised to break yet another record—settling in at $272,000. Consumer confidence should serve to bolster housing activity, especially with improvement in economic performance throughout the year. Look to first-time buyers—as well as move-up purchasers —to act in tandem, driving the market, particularly on the Island of Montréal. Prices in the top end are expected to stabilize further, as a result, giving the green light to purchasers in that exclusive segment of the market priced in excess of $600,000. Traditional luxury strongholds such as Westmount, Outremont, and Mount Royal should experienced more balanced market conditions. Given strong demand and a limited supply of affordable product, the multiple offer is expected to re-emerge, although not to the extent seen in 2006 and 2007. Investors will also take part in the rebound, sparking demand for income-producing properties such as four, six, and eightplexes. While availability is limited, this type of housing is the investment of choice for many who choose to live in one unit and rent the remainder.

Québec City

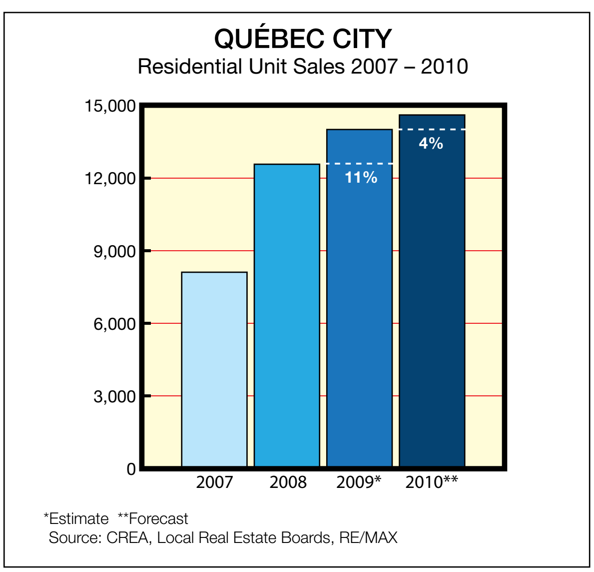
Québec City is expected to post the best year on record for residential housing sales in 2009. Heated demand for real estate throughout much of the year contributed to the 11 per cent upswing in sales, with an estimated 14,000 units forecast to change hands in 2009. Average price will break the $200,000 threshold, climb ing to $206,000, an eight per cent increase over 2008.

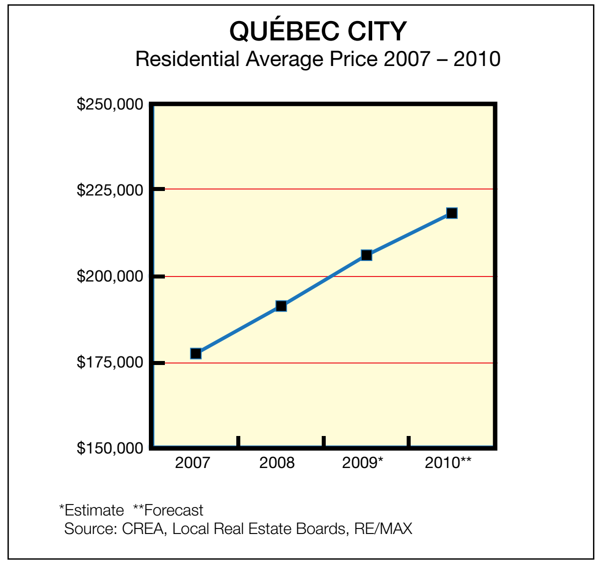
Consumer confidence remains very strong in the city, which barely seemed to notice there was a considerable recession affecting the rest of the country. Québec City went on to record positive GDP growth, near one per cent in the first quarter of 2009. Driving the momentum is a stellar outlook for the area.

Its 400th anniversary celebrations put the economic engine in overdrive, as the city prepared with unprecedented capital works and refurbishment projects. As the event drew to a close, the city embraced the new standard, using the opportunity to maintain forward progress, positioning itself ideally for the future.

Propping up demand in Québec City has been an extraordinary employment picture, with one of the lowest unemployment rates in the country at 5.2 per cent. The diversified economy serves to attract new business and continues to expand with growth in the finance, insurance, life sciences, real estate, healthcare, construction, composite materials and electronic components manufacturing, as well as the high-technology sector and communications. Infrastructure and revitalization improvements currently underway are breathing new life into the area. This is particularly true of Québec City's east side, which has undergone an impressive transformation, attracting young, first-time buyers and many desirable small businesses to its newfound trendy status.

Homeownership rates have been on the rise in recent years in Québec City, with the number of owned households rising from the low 30 per cent range in the 1996 and 2001 census reports to 50 per cent in 2006. That upward trend continues as a growing number of first-time buyers have been entering the market, snapping up homes in the $200,000 to $250,000 price point. Many have been attracted to the prices and modern flair of the newly revitalized east side, where it has become very commonplace for homeowners to invest a great deal of sweat equity into renovating their new digs. Demand for condominiums is expected to remain strong in 2010, as this segment remains key to providing an affordable entry-point into the market for many.





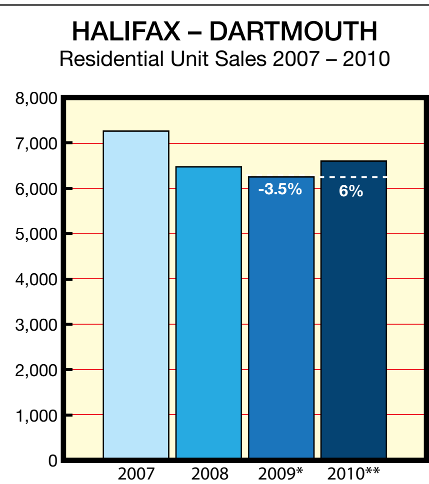
As homeownership grows and the city propels itself into the future, Québec City is just starting to catch up in terms of price appreciation. Affordability has prompted serious move-up activity throughout the year, given current low interest rates. The trade-up segment is expected to play an increasing role in 2010. Multiple offers for well-priced, quality product will remain commonplace across the board. The upper end will surge ahead next year, with sales above $500,000 up over last year's levels and homes priced over $750,000 starting to move well. Investors will continue to be active in Québec City, with low-density multi-residential—up to an eight-plex—very popular but in short supply. One recently listed six-plex saw 21 visits on the first day and eight offers. The market is expected to be slightly more balanced next year, with inventory levels picking up. Days on market will rise from 84 on average to approximately 90. With the economy set to improve throughout the province in 2010, resale housing activity is forecast to rise an additional four per cent to 14,600 units, while average price climbs six per cent to $218,300, eclipsing the previous record.

Nova Scotia

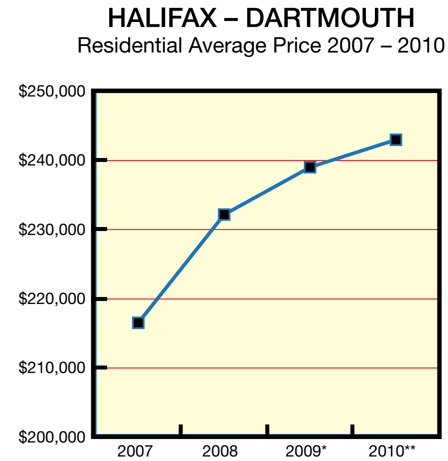
Halifax – Dartmouth

The tide is beginning to change in Halifax-Dartmouth's residential real estate market. Dominated by buyers for most of 2009, there has been a gradual transition to a more balanced market as year-end approaches. Consumer confidence has been steadily increasing, as purchasers flock to take advantage of low interest rates. While buyer's market conditions exist in many areas, the trend is not expected to spillover into 2010. In fact, the lower-to-mid price ranges, which have been most active, have already shifted to balanced or seller's conditions in sought-after pockets. The climate remains cautiously optimistic.

Despite recessionary concerns, activity in the resale housing sector has been relatively healthy. This, in large part, is due to the stability of Halifax-Dartmouth's main employers—government and the military—who tend to be more insulated from the volatility experienced in other industries. In addition, the city boasts a widely diversified economic base and continues to experience solid growth through migration. Building activity—multiple residential, industrial, institutional and commercial—has remained resilient, with billions in investment, either upcoming or ongoing, from both the public and private sectors. The October 2009 three-month moving average unemployment rate for Halifax-Dartmouth was 6.8 per cent according to Statistics Canada—well below the national unemployment rate.



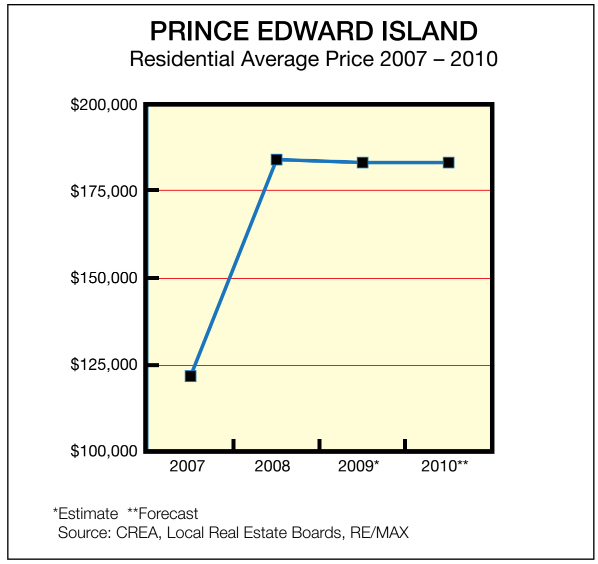
*Estimate **Forecast
Source: CREA, Local Real Estate Boards, RE/MAX



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

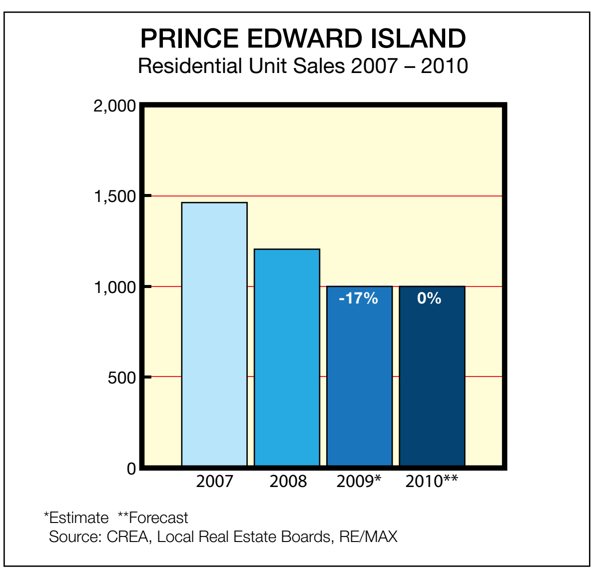
Its steady-as-she-goes reputation will remain intact through year-end, as Halifax-Dartmouth's resale market is poised to finish 2009 slightly below 2008 levels at an estimated 6,250 units. Average price is forecast to remain stable at approximately $239,000. With recent demand improving month-over-month and consumer confidence on the rise, activity is set to ramp up into the New Year. Days on market are expected to decrease, after a continuous rise throughout 2009. The first-time buyer segment will once again lead the charge in 2010, while the move-up segment is on the cusp of an upswing, as momentum begins to filter more strongly through all price levels. With balanced conditions overall, multiple offers will continue to be the exception in 2010. Buyers will benefit from the luxury of time in making decisions, with many viewing a dozen properties or more before committing pen to paper. Renewed growth in the provincial and local economy will help buoy the upper-end next year, with luxury sales expected to eclipse 2009 figures. The condominium segment, hit harder by the slow down earlier in the year due to an oversupply, will begin to improve. Prices are set to stabilize, while high end product will continue to recover equity. One segment of the market that has increased considerably—the investment segment—will remain strong throughout 2010. There has been a notable uptick in the number of people seeking out small investment properties as a long-term hold. Any listings that provide income potential are moving quickly. Clearly, savvy purchasers are realizing opportunities presently exist and are taking advantage before the window closes. Yet, with the forecast calling for 6,600 unit sales in 2010, as average price climbs to a new record at $243,000, the window has already begun to narrow.

Prince Edward Island



Prince Edward Island's residential real estate performance can best be characterized as lacklustre in 2009, despite a soft economic landing for the province. Approximately 1,000 homes are expected to change hands by year-end, down 17 per cent from 2008, and well off peak 2007 levels. Average price remains stable at $150,000, experiencing no change from one year ago.

The housing slowdown can be directly attributed to two factors—the decline in first-time buyers and waning consumer confidence. The all-important kickstart segment—the entry-level purchaser—has to some degree disconnected. Once a driving force, first-time buyers have taken a backseat to move-up purchasers, many of whom are taking advantage of the current lull in the market and low interest rates to trade-up to a larger home. Out-of-province buyers and new immigrants have helped to offset the decline in first-time buyers on the Island in recent months, but their numbers are too small to make a significant impact on overall housing sales.



Equally important has been the decline in consumer confidence levels. This is especially true given that buying a home is one of the largest financial commitments most people will make in their lifetime. Market uncertainty is preventing many from realizing homeownership this year.

The good news is that the lingering effects of the recession may soon be part of the past. Following an estimated 0.1 per cent modest contraction in GDP in 2009, Prince Edward Island is forecast to return to positive territory in 2010, with GDP rising as much as two per cent, reflecting a recovery that is expected to be somewhat reserved in nature.

The strongest stimulus to the province's economic engine next year will be capital expenditures, with $130 million set aside for public infrastructure projects in 2010—part of a five-year $510 million plan. Construction is well-underway on the $45 million Homburg development in downtown Charlottetown, including an eight-storey commercial office tower and a 10-storey boutique hotel, scheduled for completion in December 2010. In addition, the province is expecting greater federal funding, including an increased equalization allotment. Tourism and exports are also expected to improve going forward, as the weight of the recession on key industries slowly eases.

Moving forward, Prince Edward Island's residential real estate market is forecast to experience measured growth in 2010. Consumer confidence is expected to return to the Island as economic performance improves. While cautious optimism will be the order of the day—at least in the first half of 2010—pent-up demand will continue to build. Look for a flurry of activity in the Fall as first-time buyers, secure in the future, move to realize homeownership before interest rates and housing values climb. By year-end, the number of homes sold in the province is expected to match 2009 levels, while average price remains unchanged at $150,000.

New Brunswick

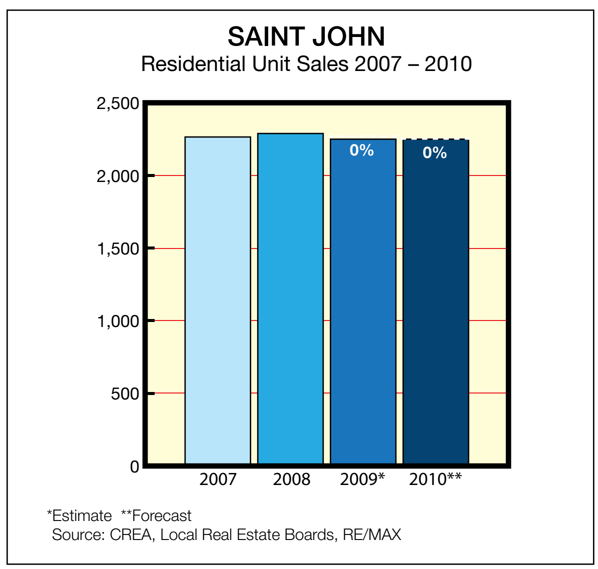
Saint John

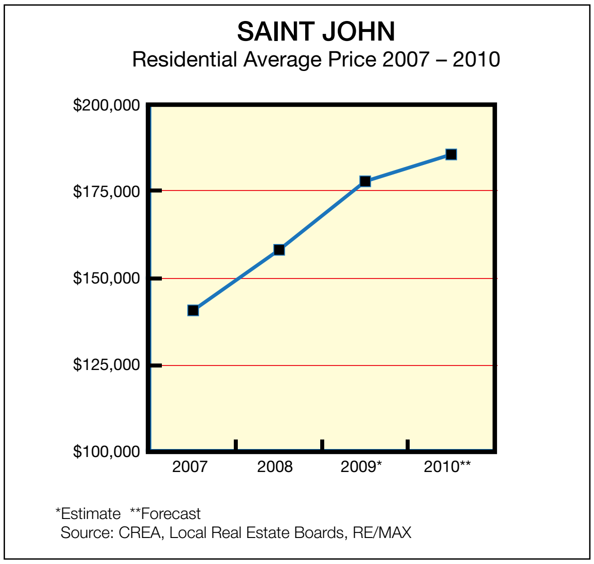
After two consecutive years of record-breaking activity, Saint John's housing market is set to experience a modest retreat in 2009. Economic concerns, fuelled largely by Irving's decision not to build a second refinery and rumours regarding the possible sale of NB Power, have hampered homebuying activity to some extent. Still, the market is expected to record 2,250 unit sales by year-end, just 39 sales short of the 2008 record. A more balanced market emerged in 2009, with conditions slightly favouring the buyer. Interest rates were the number one factor driving residential resale activity for much of the year. The combination of rock bottom rates and Saint John's affordable prices made a great argument for owning a home—given the increasing cost of renting. Despite an ample supply of properties listed for sale, housing values continued to climb, with average price up six per cent to $178,000 by year-end.

Capital investment and a strengthening U.S. economy are expected to fuel New Brunswick's recovery in 2010, giving rise to increased demand for exports and rising commodity prices next year. This is expected to offset some of the impact on the province's energy, mining, forestry and fishing industries, which were hard-hit by the recession, contributing to a forecasted 0.8 per cent contraction in GDP by year-end 2009.

Several significant economic drivers will provide impetus going forward. A $1.2 billion government spending program, the $1.4 billion investment in the Point LePreau nuclear plant upgrade, and the $220 million refit of the Irving refinery in Saint John are all expected to aid in labour market recovery and prop up demand for housing. A further boon to recovery is New Brunswick's planned restructuring of the tax system, expected to provide personal and corporate tax cuts, leading to the lowest tax rate in Canada by 2012. In the meantime, the climate is improving, underscored by recent unemployment levels, which were more in line with early 2008 figures.

The province's economy will return to growth in 2010, with GDP forecast to rise approximately 2.7 per cent. Saint John's residential real estate market will rebound in tandem, with any news of positive economic performance expected to further bolster activity. First-time buyers are expected to play a serious role in reinvigorating the marketplace in 2010, driving sales of entry-level product across the board. As comfort levels increase, it's expected that demand for homes





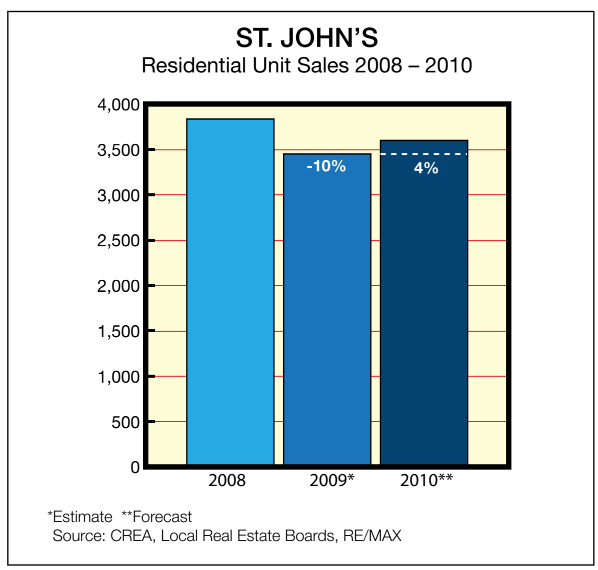
in desirable areas such as Millidgeville, Quispamsis, and Rothesay will also climb. Garden homes, Saint John's response to the condominium lifestyle, will remain a popular choice with empty nesters and retirees. Older, experienced buyers looking to downsize to new homes with all the bells and whistles will also be an active segment of the market. The supply of listings available for sale should tighten up in the second and third quarters of 2010—creating a truly balanced housing market. By year-end 2010, unit sales are expected to match 2009 levels, while average price continues to climb, rising four per cent to $185,800.

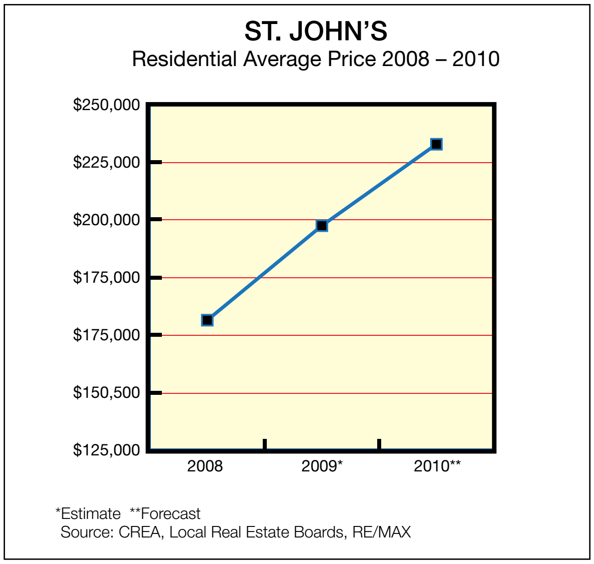
Newfoundland & Labrador

St. John's

While the province of Newfoundland and Labrador is expected to see residential real estate sales fall back, St. John's itself is poised to reach its second-best year on record, with 3,450 homes expected to change hands by year-end 2009. Average price will surpass the $200,000 benchmark, settling in at $215,000.

The city of St. John's has emerged as a standout in 2009 within the province, given its better-than-average performance. First-time purchasers remained the driving force throughout St. John's, entering the market en masse to take advantage of low interest rates and buyer's market conditions early in the year. Yet, the window of opportunity proved short-lived, as steadily increasing demand shifted the market back into balanced territory in the second half. Consumer confidence in St. John's continues to climb as prospects for the future remain solid and momentum has now filtered its way through all segments of the market.





With an unemployment rate hovering at 8.4 per cent (Newfoundland's rate topped 17 per cent), St. John's has remained quite resilient despite the recession's impact throughout the rest of the province. In fact, the city is among Canada's leaders in employment growth in 2009, and continues to benefit from strong investment and capital spending. The construction sector continues to fire on all cylinders and retail spending remains ahead of year-ago levels.

The future of St. John's, and the province as a whole, is exceptionally bright. That potential has propped up the real estate sector, with activity expected to ramp up further in 2010, as the mining sector recovers and GDP growth returns to positive territory. Capital spending will continue strong, amid Newfoundland's unparalleled $4 billion infrastructure investment program. The White Rose Expansion will enter production next year, while the extension to Hibernia South gets underway. The anticipated announcement on Lower Churchill could add an additional $6 billion to $9 billion in investment into the area. The biggest boon, however, comes from the agreement between the Williams government and the oil industry which will see Newfoundland collect billions in revenues annually, along with super royalties.

With further growth in well-paying natural resource sector jobs and employment opportunities created by capital works projects, housing sales will rise to 3,600 units. Average price in St. John's is forecast to maintain double-digit appreciation, with an 11 per cent rise to $238,650 forecast by year-end 2010, following a 15 per cent upswing the previous year. Market conditions are expected to remain balanced, although if inventory levels contract, seller's market conditions could re-emerge. Days on market are expected to decline to 30 to 45 days next year, from 45 to 60 days in 2009. First-time buyers will continue to be the driving force, prompting half of all sales, while move-up buyers, in-migration and investors account for the remainder. The upper end of the market should remain vibrant, moving ahead of year-ago levels. Given all the ingredients for positive growth going forward—including a rising population—investors are already making their moves in anticipation of strong returns down the road.

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