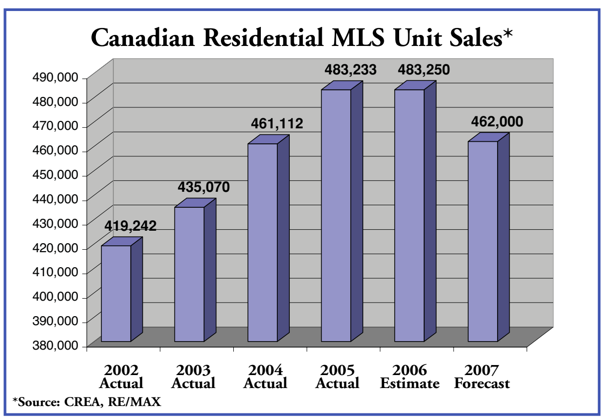
RE/MAX HOUSING MARKET OUTLOOK 2007

NATIONAL OVERVIEW

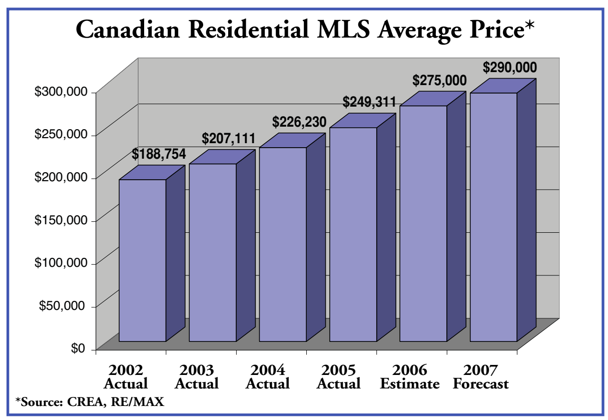
Residential real estate activity showed unprecedented strength during the first half of 2006, despite earlier forecasts for moderating demand. Double-digit increases in housing prices were reported in Vancouver, Victoria, Kelowna, Edmonton, Calgary, Winnipeg, and Halifax while more modest gains occurred in Saskatoon, Regina, Toronto, Hamilton, Ottawa, Kitchener-Waterloo, Montreal, Saint John, and Charlottetown. Average price appreciation shattered existing benchmarks, with both Calgary and Edmonton reporting increases of 40 per cent and 25 per cent respectively. Nationally, the number of homes sold continued to rise, with sales matching last year's record-breaking pace.



Canadian Residential MLS Unit Sales*

Most of the activity was spurred by an unusually strong economic start to 2006. In the second quarter, however, GDP growth subsided – with declining exports, increasing imports, and overall weakness in residential investment the major culprits responsible for the softening. Healthy domestic demand, rising consumer expenditures, and non-residential business investment helped to offset some of the impact, but the weaker than expected economic growth prompted the Bank of Canada to place interest rates on hold in September in anticipation of a slowdown.

In spite of softer GDP growth for the remainder of 2006, underlying economic fundamentals in Canada remained solid. Unemployment remained low. Income levels continued to climb. The Canadian dollar remained strong, hovering close to 90 cents U.S. in 2006. After peaking at close to $80 U.S. per barrel, oil prices fell to $60 U.S. by early fall and are forecast to remain relatively stable throughout the remainder of the year and into 2007.



Canadian Residential MLS Average Price*

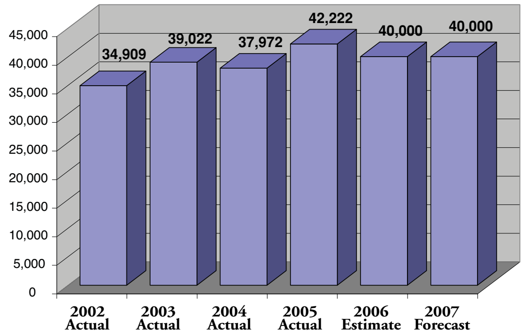
Residential housing sales are expected to moderate in 2007. Nationally, 462,000 properties are forecast to change hands next year, making 2007 the third best year on record. After four years of double-digit gains, average price is predicted to climb a modest five per cent to $290,000 by year-end 2007, up from $275,000 one year ago.

BRITISH COLUMBIA

Greater Vancouver

Greater Vancouver has come alive in preparation for the upcoming 2010 Winter Olympics. A mini-construction boom is currently underway, including a $580 million infrastructure budget for sports venues, athlete's villages

Vancouver Residential MLS Unit Sales*

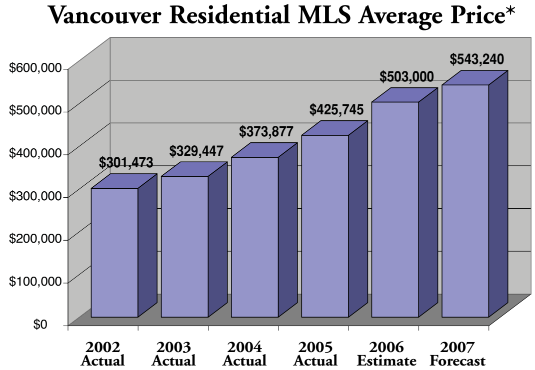


*Source: CREA, RE/MAX

and other Olympic facilities and a $615 million expansion to the Vancouver Convention Centre. Economic performance has been solid to date, with GDP growth hovering at four per cent in 2006. Job creation, income growth and in-migration continued unabated throughout much of the year, boosting residential housing activity in the Greater Vancouver Area to new heights. Average price crashed through the $500,000 benchmark, rising over 20 per cent to $503,000, yet despite strong demand, home sales dipped five per cent to 40,000 units. Extremely tight inventory levels during the first half of the year were in large part responsible for the decline, giving way to a flurry of multiple offer situations. Bidding wars were commonplace at virtually every price point early in 2006, but tapered as more product came on stream in the fall. Affordability has become a serious issue in the city, with many first-time buyers looking to the suburbs to achieve their goal of homeownership. Condominiums have also captured significant market share as a result.

Although demand for condominiums is strong, supply has grown in recent months. The vast majority of new listings coming on the market are comprised of condominium apartments and townhomes. A shortage of single-detached homes continues to exist in many areas of the city, prompting multiple offers, particularly on properties priced under $1 million in Vancouver West Side. Multiple offers are also occurring on unique, multi-million dollar residences. Infill is occurring with great frequency, especially in desirable areas. Proper pricing is still key is today's marketplace. Homes priced at fair market value tend to move quickly while those that are overpriced stagnate.

Vancouver Residential MLS Average Price*



*Source: CREA, RE/MAX

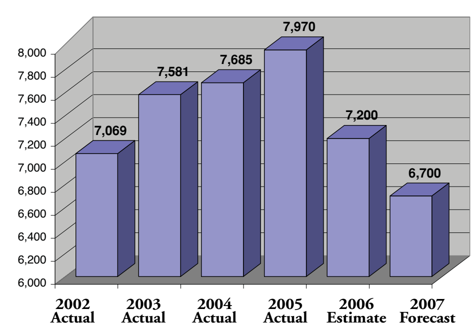
Local, inter-provincial, and foreign purchasers and investors stimulated housing activity in the top end of the market in 2006. However, tight market conditions prevented many existing homeowners from trading-up, despite substantial equity gains. Although demand for home renovations and decorating services are soaring, higher costs and a severe shortage of available trades have had an impact on the home improvement business in the Greater Vancouver Area.

With strong economic growth expected to continue in 2007, housing sales are forecast to match year-end 2006 levels. Increasing inventory levels are expected to ease upward pressure on housing values. Multiple offers are expected to diminish somewhat from levels reported one year ago. Average price in the Greater Vancouver Area is predicted to climb eight per cent to $543,240, an increase of $40,240 over the 2006 figure.

Victoria

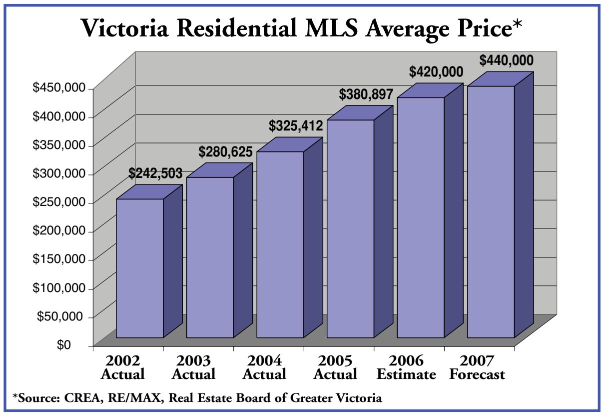
After years of strong housing activity, Victoria's resale market appears to be returning to more sustainable levels. Although an influx of new listings early in the year helped ease some of the upward pressure on values in Victoria, average price is still forecast to appreciate more than 10 per cent to $420,000 in 2006, surpassing the $400,000 threshold for the first time in history. Home sales, however, are expected to hover at 7,200 units, down slightly from the 2005 peak. Rising inventory levels provided purchasers with a wider variety of homes from which to choose in

Victoria Residential MLS Unit Sales*



*Source: CREA, Real Estate Board of Greater Victoria, RE/MAX

2006. Multiple offers were seldom seen while days on market climbed to 50, compared to 35 in 2005. Vendors trying to sell their homes above fair market value were forced to adjust their expectations. Resale condominiums continued to be an affordable alternative for buyers looking to purchase their first home. Sales of existing condominium apartments and town homes remained strong. New developments were also well received. Innovative mortgage products offering 30 and 35-year amortization periods and lower monthly payments assisted many first-time buyers to realize homeownership. Investors from out-of-town, province and the country were also a factor in the marketplace, stimulating demand for condominium and waterfront properties. Activity in the top end of the market was brisk throughout 2006 and the market for million dollar properties is expected to hold its own in 2007.

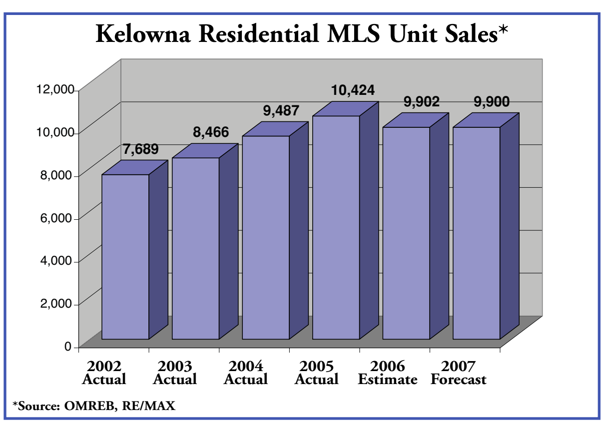


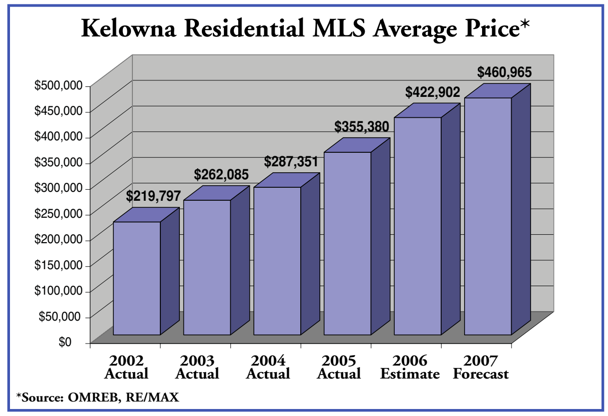
The economy in Victoria continued to hum along in 2006. New jobs, income growth, and in-migration all played a major role in supporting Victoria's healthy housing market. Unemployment rates remained relatively low, while the overall GDP growth rate for the province outpaced the national average. Tourism brought in millions of dollars in revenue in 2006 and that figure is expected to climb as the 2010 Winter Olympics approach. Capital expenditures are well-underway, with more than $170 million worth of construction planned at CFB Esquimalt, and the Naval and Military Museum. A $30 million airport expansion/improvement scheduled to start this year should serve to further strengthen economic performance.

Given a continuation of current economic fundamentals, Victoria's resale housing market is expected to remain stable. With the market shifting to more balanced conditions, sales are expected to level off yet again to 6,700 units by year-end 2007. Average price is expected to forecast to climb a modest five per cent to $440,000, up from $420,000 in 2006.

Kelowna

Low interest rates and a vibrant economy spurred strong residential real estate activity in the Central Okanagan in 2006. Although tight inventory levels throughout the year prompted a lower than expected number of home sales in Kelowna, average price is forecast to further escalate 19 per cent to $422,900 by year-end, up from $355,380 one year ago. Lack of available product has placed serious upward pressure on housing values in Kelowna in recent years -- average price has climbed approximately 93 per cent since 2002 or 23 per cent annually. With more properties expected to come on stream in the next six to 12 months, that pressure is expected to ease somewhat. Although affordability is a major factor in the marketplace, many first-time buyers are turning to affordably-priced condominium lofts and apartments to realize their dream of home ownership. As a result, new condominium developments are often 70 – 80 per cent pre-sold before the shovel hits the ground. Entry-level detached homes priced at $300,000 remain coveted, despite limited inventory levels. Multiple offers are commonplace on well-priced starter homes. Solid equity gains have also fueled strong move-up buyer activity, with the vast majority seeking property for future retirement. The upper-end of the market is booming as well, with strong sales reported over the $1 million price point.





Kelowna continues to undergo significant urban development in the industrial, commercial, retail and public sectors. New development opportunities abound in the city, with over 1,400 acres of industrial-zoned land currently available for residential development. Strong economic fundamentals have underpinned healthy real estate performance in recent years and are expected to do so in the future. Additional projects expected to bolster the economy include a $44.1 million Aquatic Centre and a $4.5 million Supportive Housing initiative with a 24-hour interior health centre currently underway. Continued expansion at the University of British Columbia's Okanagan Campus is also expected to support economic growth.

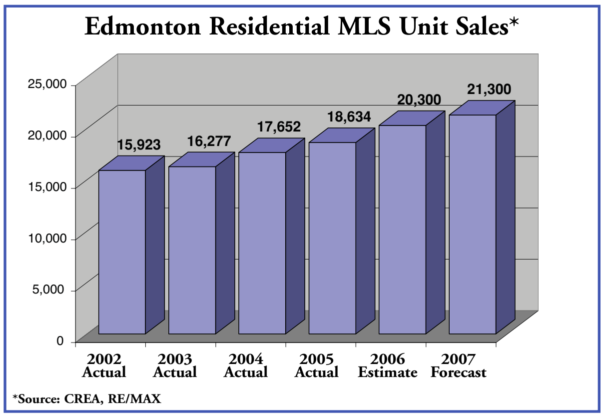
Rising inventory levels are expected to create more balanced market conditions in 2007. By year-end unit sales are forecast to match 2006 levels while average price is predicted to rise nine per cent to $460,965, up another $20,000 in 2007.

ALBERTA

Edmonton

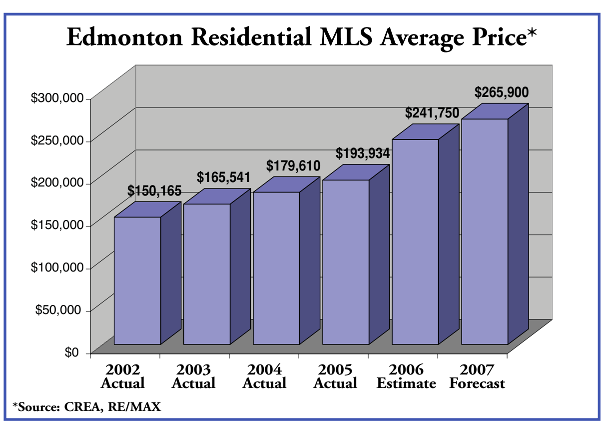
Financial spin off from a prosperous oil and gas industry has stimulated unprecedented economic performance and bolstered residential housing sales in Alberta in 2006. An abundance of employment opportunities throughout the province has served to attract job seekers from all parts of Canada. Employment growth is up in the province overall and, as a result, the unemployment rate has dropped to just under four per cent.

The impact of extraordinary demand on housing is perhaps most evident in Edmonton, where shrinking inventory levels have given way to substantial price increases. The number of homes sold in Edmonton is expected to top 20,300 units by year-end 2006, representing a nine per cent increase over 2005 levels. Average price is forecast to climb a considerable 25 per cent to $241,750, up from $193,394 one year earlier. A dramatic reduction in the supply of residential properties available for sale– down almost 50 per cent from normal levels – has led to a sales to listings ratio of about 85



per cent for much of the year. Multiple offers have been a daily occurrence; particularly on 'affordable' homes priced under $500,000. Robust demand also exists for product priced at $500,000 plus, with sales up about 200 per cent over last year's levels in this segment of the market. Days on market hovered at 20 throughout 2006, down from 36 in 2005.

Both single-family homes and condominiums were popular with purchasers this year. The lifestyle aspect of condominium living has given a serious boost to unit sales activity. A recent opportunity to buy in the first phase of a new condominium complex on the old Heritage Mall site had buyers camped out overnight for units ranging in price from $350,000 to $800,000. The project sold out in a day with upper-end product selling first. Clearly, condominium living has ventured beyond the 'affordable' alternative moniker to an acceptable, if not coveted, type of accommodation.

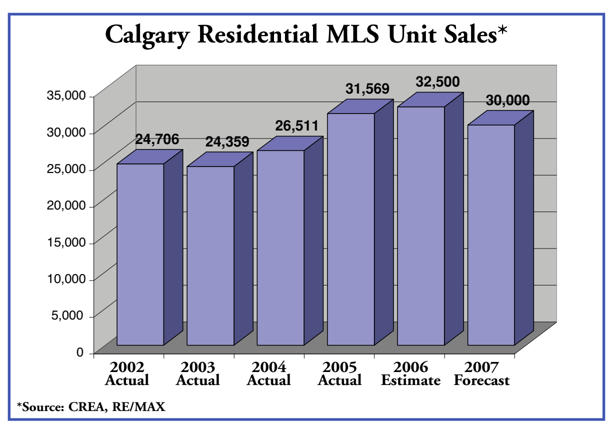


Interest rates, which edged upward during the first half of the year, did little to deter buyers from entering the market this year. With interest rates expected to remain relatively stable for the remainder of the year and into 2007, demand for housing is expected to remain solid. Rising inventory levels should serve to hold significant price appreciation in check next year. First-time buyers will remain a force in the residential marketplace, working in tandem with move-up buyers who are cashing in on substantial equity gains in recent years. A strong economic base is expected to further stimulate growth in the real estate market in 2007. Capital expenditures abound, with five oil plants under varying levels of construction or approval are expected to bring an additional $10 billion into the economy. A $750 million expansion to the Northern Alberta Institute of Technology will make it the largest technical school in Canada. Building permits rose over the billion-dollar benchmark by mid-year 2006 and most of those projects will be well underway or completed in 2007. GDP is expected to outperform the Canadian average, sitting at about three per cent for the next five years in Edmonton.

With all economic cylinders firing, housing in Edmonton is expected to enjoy another year of record growth. The number of homes sold is forecast to climb five per cent to 21,300 by year-end 2007, while average price will climb an estimated 10 per cent to $265,900.

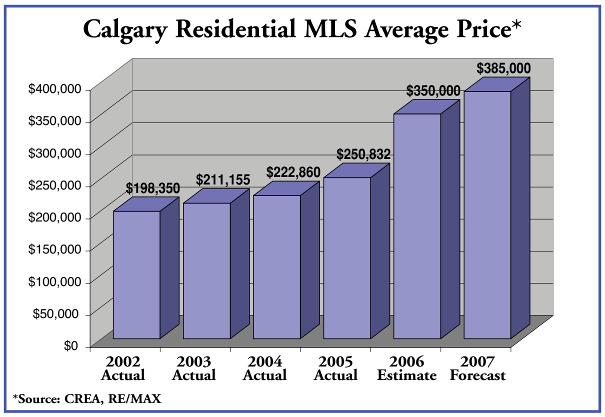
Calgary

A powerful economic performance served to further bolster Calgary's red-hot housing market and drive average price up an extraordinary 40 per cent by year-end 2006. Unprecedented demand and tight inventory levels had buyers vying for properties during the first six months of 2006. Average days on market hovered at 17. Improved inventory levels – currently sitting at 6,000 – eased some of the upward pressure on prices and created a much-needed breather for purchasers in the latter half of the year. First-time buyers were a major factor in the marketplace, stimulating demand for more affordable 'starter' homes including condominiums priced under $300,000, while move-up buyers played a role by taking advantage of serious equity gains to trade-up to larger homes. Sales of luxury homes over the $900,000 price point increased by about 150 per cent over 2005 levels. Although interest rates crept up slowly in 2006, the impact of higher rates was largely lost on purchasers in the Calgary area. By year-end, home sales are expected



to climb to a record 32,500, while average price is forecast to escalate almost $100,000 over 2005 levels to $350,000.

While the dramatic increase in price year-over-year has given some purchasers reason to pause, the anticipated "correction" in prices is not expected to occur anytime soon. From an economic standpoint, the oil and gas sector continues to rattle and hum, after peaking at close to $80 US, the price per barrel dropped to a more sustainable level of $60 US. More than $15 billion worth of major capital projects are either planned or underway in Calgary – the largest of which include an $850 million airport expansion, a $600 million cancer centre, a $550 million health campus, and the EnCana office towers at $540 million. Labour shortages continued to plague the city, despite ongoing in-migration.



More balanced market conditions are expected to materialize in 2007. Multiple offers will continue, albeit at a lesser degree. Solid demand for homes across the board will continue unabated, with one exception – purchasers will no longer show the same interest in high-end properties that need to be torn down or require major renovations due to a shortage of labour and materials. Most buyers are not willing to wait two years to move into their properties. Continued delays in new construction will also have a positive impact on demand for resale product in Calgary next year.

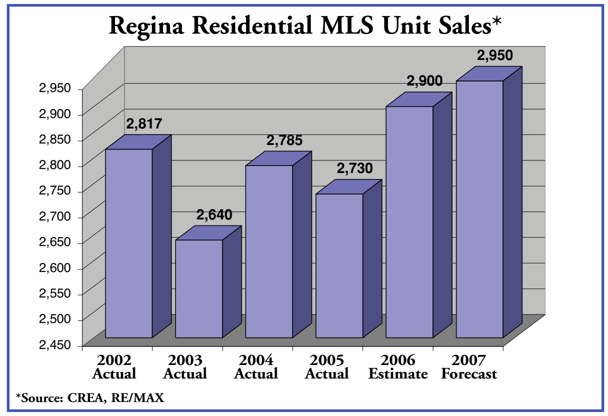
The condominium lifestyle, which accounts for approximately 35 to 40 per cent of all residential sales in Calgary, will remain popular with purchasers in 2007. Price increases for condominium product have kept pace with single-family homes to date and are expected to continue to do so in 2007.

In 2007, residential unit sales will soften from record levels reported in 2006. Sales will taper to a more sustainable 30,000 units, a decrease of eight per cent. Average price will continue to climb, posting another 10 per cent increase to $385,000 by year-end.

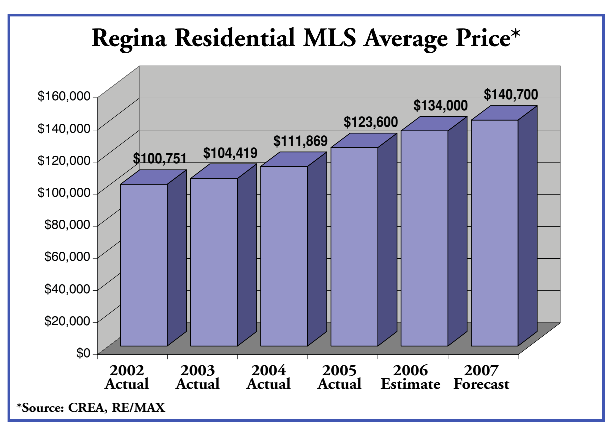
SASKATCHEWAN

Regina

A succession of interest rate hikes earlier in the year did little to deter purchasers from entering Regina's residential housing market en masse in 2006. By year-end, the number of homes sold in Regina is expected to reach a record 2,950 units, up six per cent over 2005. Average price is also forecast to post solid gains, rising eight per cent to $134,000 in 2006, up from $123,600 one year ago. A healthy economy provided the stimulus for buyers – both first-time and move-up – to realize their goal of home ownership this year. Demand continues to be strongest for 'affordably-priced' housing between $140,000 to $250,000. Renewed vitality in the city is serving to attract former residents back to their roots. Retirees who left for destinations west and south are now finding there truly is no place like home. Upscale condominium properties that have sprung up across the city in recent years are providing retirees and empty nesters with alternatives to larger, detached homes. Developers of high-rise condominium apartments, priced from $350,000 and up, are strategically locating their buildings in close proximity to older, established communities. With inventory levels improving in the latter half of the year, more balanced market conditions are expected. Fewer multiple offers will occur in the next 12 to 18 months, given the increase in the supply of homes listed for sale. However, it is important to note that the sales to list ratio in Regina is approximately 70 per cent. The upper-end of the market continues to see strong activity, with more building above $1 million. The trend toward luxury living is expected to continue as existing homeowners and purchasers alike realize the security of homeownership as an investment.



Diversification has had a tremendous impact on Saskatchewan's economy in recent years. In 2005, the province had the third highest GDP growth rate in the country and the momentum is expected to spill over into 2006 and 2007. Unemployment levels in the province hover at about four per cent. The province is experiencing the highest employment rate in 30 years, with plenty of employment

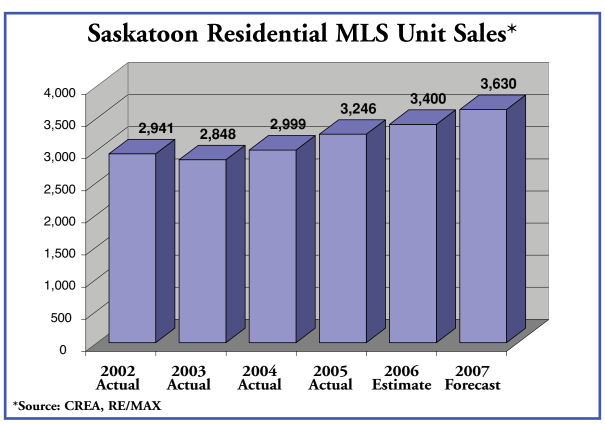


opportunities available -- particularly in the booming construction industry. A recent KPMG study placed Regina in the top 20 of 128 cities surveyed for manufacturing of chemicals, electronics, medical devices, telecommunications equipment, and pharmaceuticals. The city is in the process of annexing land to increase its size by approximately 16 per cent, which will accommodate a population of 300,000.

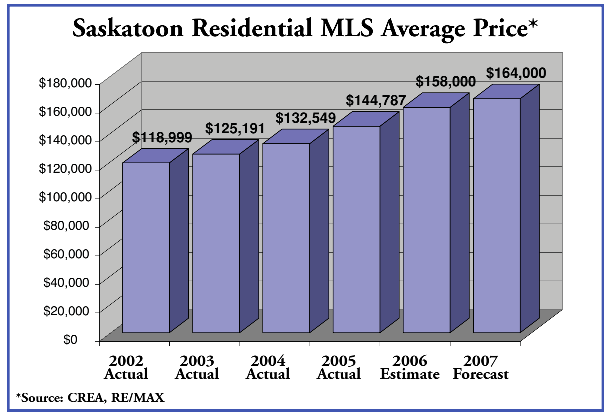
Clearly, with expansion underway, the outlook is bright for residential real estate in Regina in 2007. Housing values in the city are among the lowest in Canada, raising the standard of living for many who live in the province. By year-end 2007, 2,900 homes are expected to change hands, down slightly from 2006 levels while average price continues to climb, rising five per cent to $140,700, an increase of $6,000 over one year ago.

Saskatoon

Tight inventory levels and solid economic growth are expected to buoy residential housing sales to peak levels in Saskatoon in 2007. Home sales are expected to rise five per cent in 2006 to 3,400 units, and climb a further seven per cent to 3,630 in 2007. Average price is forecast to climb nine per cent to $158,000 over one year ago. A four per cent increase is projected for 2007, bringing housing values to $164,000 at year-end. Although first-time buyers are forecast to lead the charge for homes in the city next year, an influx of formers residents moving back to Saskatoon from Alberta and British Columbia could be equally active in the marketplace. Demand is expected to be strong for properties across the board, particularly in older, prime neighbourhoods such as Nutana and University. Projections for sales in the top-end of the market continue to climb. Days on market are expected to range from 15 to 30, down from 30 to 45 days in 2005. Sellers are forecast to remain firmly rooted in the driver's seat next year, although buyers are starting to resist pricing that is above and beyond fair market value. Condominiums continue to be a popular choice in Saskatoon, with demand split fairly evenly between freehold properties and condominium units.



Interest rates increased early in 2006, yet the impact on the Saskatoon market was negligible. With rates expected to remain stable or fall slightly in the year ahead, ideal market conditions exist for purchasers. The economic outlook for Saskatoon is quite healthy. Consumer confidence is high. The harvest has been good and grain prices are on the rise. Mining has been very active. The



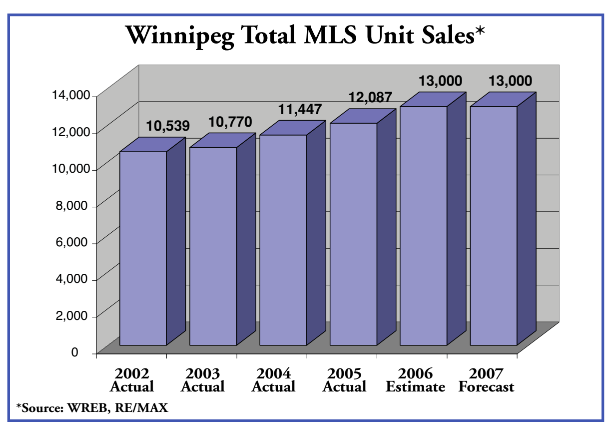
province has one of the lowest unemployment rates in the country at approximately five per cent. The Saskatoon airport has seen eight consecutive months of record traffic. Local business is studying the feasibility and risk of building a $1.5 billion clean coal power plant, the first of its kind. Although it's not scheduled to opening until 2010, construction could start as early as 2007. A recent study done by KPMG named Saskatoon the lowest cost jurisdiction in the North American Mid-West (out of 21 cities).

The residential housing market is expected to be further bolstered by a short supply of available serviced land in 2007.

MANITOBA

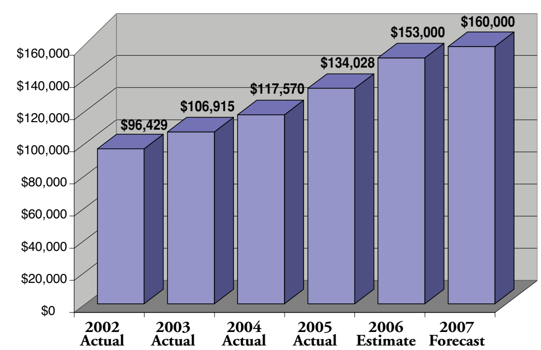
Winnipeg

A robust economy, supported by solid job growth and low unemployment levels, has contributed to a significant upswing in the number of homes sold in Winnipeg in 2006. Five years of solid economic performance have served to bolster real estate activity in the city, with sales expected to climb yet another eight per cent by year-end. Despite softer demand in the latter half of the year, 2006 is positioned to be the best year on record with total MLS sales topping 13,000 units. By year-end, average unit sale price is forecast to increase 14 per cent to $153,000, close to $20,000 higher than one year ago. Inventory levels have increased 14 per cent over levels reported one year ago. In recent months, more balanced market conditions have provided buyers the luxury of time for the first time in several years. While most sellers are adjusting to current market



realities and listing their homes at fair market value, there is a certain amount of "testing" of the marketplace occurring. Days on market now hover at 26, compared to 22 in 2005. First time, move up and move down buyers are equally active in the marketplace, fueling demand for all styles and types of housing. The strongest segment of the market continues to be the most affordable – starting at $90,000 and climbing to $200,000. Condominiums are popular with today's purchasers and several new developments are underway in the downtown core as well as suburban areas. Supply is adequate and multiple offers now occur on properties that are in top condition and properly priced. The slight hike in interest rates earlier in the year did little to deter purchasers. In fact, the historically low rates have helped many first-time buyers realize homeownership in 2006. Luxury home sales were up 13 per cent in 2006, with homes priced between $500,000 and $1 million experiencing continued demand.

Winnipeg Total MLS Average Price*



*Source: WREB, RE/MAX

Consumer confidence levels were high throughout 2006, with a growing percentage of the population choosing real estate over other types of investment. Housing investment intentions increased. Non-residential construction also rose, with building permits up significantly in 2006. Developments such as the $665 million Red River floodway expansion (2009 completion); the $258 million Manitoba Hydro head office; the $560 million Winnipeg airport upgrade (2009 completion); the $145 million Husky Energy ethanol plant; and the $200 million OlyWest pork processing plant all contributed to strong economic growth in the city this year. These projects are expected to fuel further economic prosperity in 2007. Government has also done its share. The provincial surplus has dropped to $148 million (from $251 million in 2005-2006). A number of tax cuts have also been announced such as an education support levy on residential property, middle personal income tax rate, basic personal exemption, farmland education tax reduction, general corporate income tax rate, small business corporate income tax rate and the corporate capital tax, which will eventually be phased out.

Winnipeg's residential real estate market is forecast to experience continued growth in 2007, with housing sales matching record levels posted in 2006. Housing values will continue to spiral upward, albeit at a more moderate pace of five per cent to $160,000 by year-end 2007.

ONTARIO

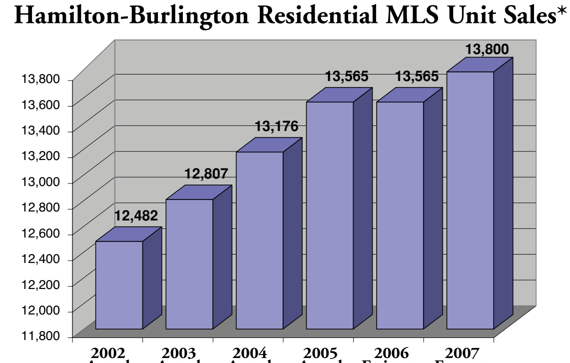
Hamilton-Burlington

First-time buyers were the force behind peak housing sales in Hamilton-Burlington this year, pushing the number of homes sold past the 13,700 threshold. Demand for single-detached homes in both Hamilton and Burlington reached new heights, despite an across the board increase in inventory levels. Severe shortages of listings were reported in the $180,000 to $250,000 price range through much of the year. Bungalows were also in short supply. Equity gains also played a role in increased activity, prompting move-up buyers to enter the housing market, particularly in Burlington where they fueled sales of homes priced in excess of $500,000. The upper-end has seen a marginal increase in year-over-year sales, but purchasers in this exclusive segment of the market continue to demand the 'complete package' or 'turnkey product' when it comes to buying a home. Multiple offers prevailed throughout much of 2006, especially on affordably-priced product in areas like Hamilton Mountain. Overall, the sales to listing ratio hovered at 63 per cent. Days on market, at 47, were on par with last year's levels. Given a continuation of current economic fundamentals, residential sales should climb one per cent over the 13,565 units reported one year ago. Average price is forecast to appreciate eight per cent to $248,000 by year-end.

Much is happening in Hamilton-Burlington from an economic standpoint. A new carrier based out of Hamilton will be offering flights to international destinations such as Scotland, England and Ireland; the Red Hill Expressway is finally nearing completion; Lakeport is intensifying its Harbourfront facility with a little help from the Hamilton Port Authority; a high-end business park is currently under construction; and discussions are underway linking Hamilton by lake ferry to major provincial centres such as Toronto and Kingston. Hamilton's downtown core recently sprung to life, with a proposal to restore the Royal Connaught to its original splendour. Commercial and retail growth and revitalization are planned for the core. An increase in the level of Go Train service to Hamilton would serve to further bolster the residential real estate market.

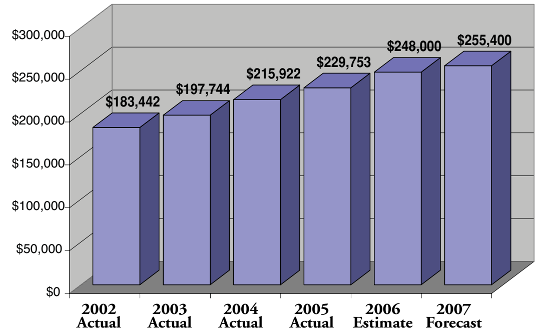
Immigration is a factor in the marketplace, with many new immigrants settling in Hamilton-Burlington over the past 10 years. Economic diversification has also served Hamilton well, with the

Hamilton-Burlington Residential MLS Unit Sales*



*Source: CREA, RE/MAX

Hamilton-Burlington Residential MLS Average Price*



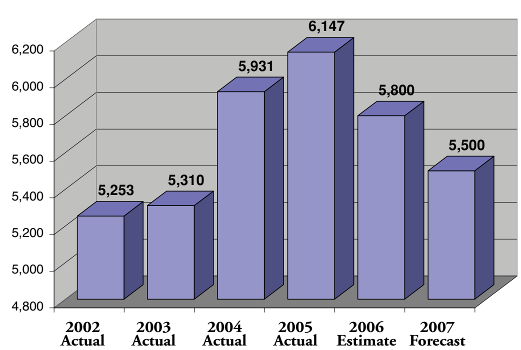
*Source: CREA, RE/MAX

city no longer as dependent on its steel companies for employment. Today, McMaster – both the University and Hospital – are the city's largest employers. With positive economic performance expected to remain unchanged, the number of homes sold in the Hamilton-Burlington area are forecast to climb another one per cent to 13,800 units in 2007. Housing values should experience continued upward momentum, rising three per cent to $255,400 by year-end.

Kitchener-Waterloo

After an unusually strong start to the year, Kitchener-Waterloo's residential real estate market has stabilized at more sustainable levels of activity. Balanced market conditions now prevail, with multiple offers the exception, rather than the rule. By year-end 2006, sales are forecast to experience a slight decline of about six per cent to 5,800 units, down from 6,147 one year ago. Prices are expected to climb close to nine per cent to $240,000, up from $220,511 in 2005. Vendors who list their homes at fair market value are generally selling within 55 days, up from 47 one year ago. Purchasers are taking their time in selecting properties, thanks to a good supply of inventory currently listed for sale. Move-up buyers are a force in today's marketplace, fueling demand for product priced from $300,000 to $350,000, while first-time buyers are largely satisfied. Bungalows on 50 ft. lot sizes are particularly coveted by retirees in the area, prompting more building out of town in areas like New Hamburg and Baden. Although sales of executive homes have tapered, the number of homes sold at $1 million plus has risen 165 per cent (three sales to eight). Small-to-mid size investors are also active in the market, driving demand for higher-density product.

Kitchener-Waterloo Residential MLS Unit Sales*

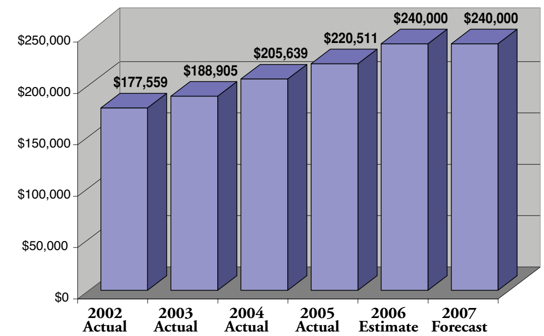


*Source: CREA, RE/MAX

Many are tearing down existing properties, rezoning for multi-unit residential, and constructing apartments with 16 to 20 units, particularly in areas in close proximity to the university.

Kitchener-Waterloo has one of the lowest unemployment rates in the province, as well as one of the highest population growth rates in the country – growing more than twice the national rate. Known as Canada's technology triangle, Waterloo is home to 224 technology companies and another 404 companies providing related services. The diverse mix of manufacturing and service companies, a well-educated population and effective economic development collaboration among academia, business and government has made the area a success. However, layoffs at BF Goodrich earlier this year had an impact on the local economy, despite its diversity. Jobs created at the new Toyota plant in Woodstock may help to offset the full effect of the closure.

Kitchener-Waterloo Residential MLS Average Price*

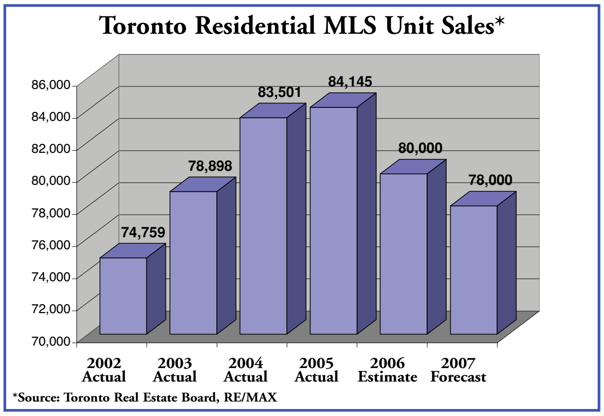


*Source: CREA, RE/MAX

Incremental interest rate hikes throughout the year had little impact on residential real estate activity during 2006 and 2007 is expected to be no different. Concerns over the higher Canadian dollar and its effect on manufacturing are weighing heavily in the marketplace. Increasing inventory levels – about 10 per cent – will hold price appreciation in check in Kitchener-Waterloo. New construction is forecast to slow next year, especially in areas like Elmira, Heidelberg and St. Agagtha where local townships are struggling with subdivision expansion and preserving valuable farmland. In 2007, the number of homes sold in Kitchener-Waterloo is predicted to dip to 5,500 units, an eight per cent decline from 2006 levels, while average price is expected to hold the line at $240,000.

Greater Toronto Area

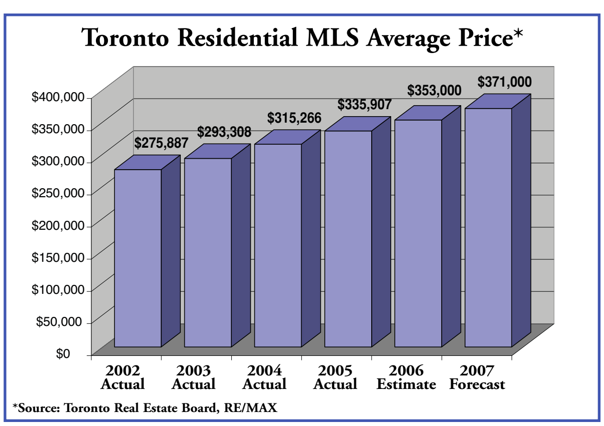
The threat of rising interest rates prompted homebuyers across the Greater Toronto Area to enter the housing market en masse during the first and second quarters of 2006. Over 45,000 homes sold during the first six months of the year, a two per cent increase over historic levels reported during the same period one year ago. However, the prospect of falling interest rates during the latter half of the year created a pause in the market, throwing sales off last year's blistering pace. By year-end, sales are forecast to fall slightly short of 2005 levels, weighing in at 80,000 units, down from just over 84,000 one year ago. Average price is expected to climb five per cent to $353,000, up from $335,907 in 2005. Although fewer



multiple offers occurred in the fall, strong demand for single-detached, semis, and condominiums continued to exist at all price points. Condominiums represented approximately 30 per cent of the total number of homes sold, up from about 29 per cent one year ago. Sales of luxury homes priced over $1 million jumped close to 20 per cent year-over-year, with Forest Hill, Rosedale, Lawrence Park, Kingsway, Bridle Path, Hoggs Hollow, and York Mills experiencing extraordinary activity. Clearly, the strong upward momentum, combined with solid economic performance, served to bolster activity across the board. Developing trends in the marketplace included an influx of purchasers from the 905 area code who were no longer willing to commute to jobs in downtown Toronto. The trend sparked an upswing in demand for single-detached homes, semis, and condominiums in the city core. Overall days on market dropped to 33, down from 34 in 2005. The sales to list price ratio remained unchanged at 98 per cent. Tight market conditions prevailed in the city proper, despite an increase in inventory levels. Neighbourhoods like the Beach, the Danforth, Riverdale, Swansea, High Park, Roncesvalles, Bloor West Village, South Hill, Yorkville, Summerhill, Lytton Park, John Ross Robertson, Cricket Club, Wanless Park, Rosedale, Lawrence Park, and Leaside continued to hold their value, with each reporting year-to-date sales to list price ratios in excess of 100 per cent.

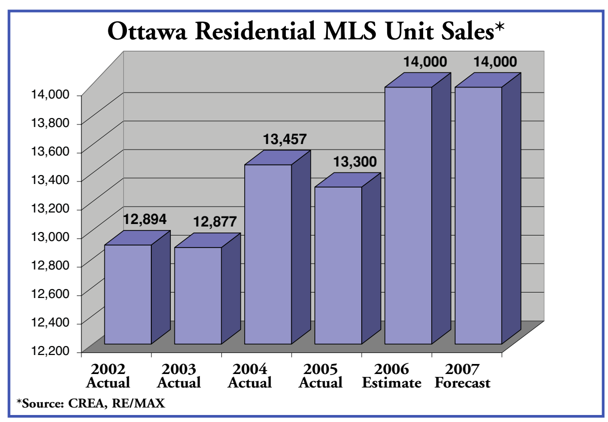
Consumer confidence levels in the GTA were strong throughout 2006, buoyed by an economy running at near full employment. Retail sales rose marginally. Commercial construction is well underway, with three new office towers scheduled for completion. Housing starts were down about five per cent, but lack of available building land, soaring development costs, and a shortage of trades have all contributed to softer sales. Capital expenditures planned for the city include a $670 million extension of the Toronto subway system into York Region.

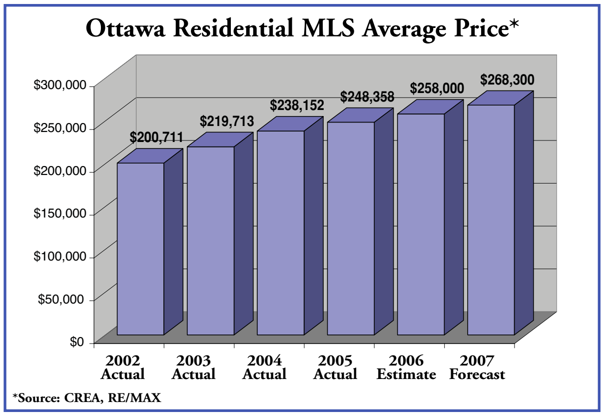
Concerns over a faltering US economy, combined with inflationary worries, have softened the Bank of Canada's stance on interest rate hikes. With none expected for the remainder of the year, and some experts predicting further cuts in 2007, the residential real estate market may yet resurrect itself. That said, fewer homes are expected to change hands in 2007. Sales are forecast to hover at 78,000 units, down from 80,000 in 2006, but on par with 2003 levels. Price appreciation is predicted to be in line with last year, up another five per cent to $371,000, an $18,000 jump over 2006.



Ottawa

Strong economic fundamentals, underpinned by a high-tech sector in the midst of an upswing, supported a robust residential real estate market throughout much of 2006. First-time buyers were particularly active, with many taking advantage of increased inventory levels and stable interest rates. Entry-level purchasers continued to represent the lion's share of activity in the marketplace, despite a 16 per cent decline in sales under the $200,000 price point. The rising cost of freehold properties failed to deter eager purchasers who turned to affordably-priced condominium apartments and town homes as a financially feasible alternative. Condominium sales were up significantly over one year ago as a result – with one in every five sales in the Ottawa area a condominium in 2006. Days on market for a condominium dropped to 42 in 2006, down from 44 days one year ago, while days on market for a freehold property rose to 42 days, up from 41 in 2005. Move-up buyers, especially those seeking properties priced over $400,000, were also responsible for the upswing in home sales. Equity gains in recent years prompted many to trade-up to larger homes and/or better neighbourhoods. Multiple offers were not uncommon throughout the year, especially in older, established communities. Although brisk early in the year, estimates place new housing starts slightly below last year's levels in 2006. A decline in housing starts could bolster existing home sales in 2007. Home sales in the nation's capital are forecast to breakthrough the 14,000 benchmark by year-end, rising approximately six per cent over the 13,300 units sold in 2005, while average price is expected to escalate





Ottawa Residential MLS Average Price*

*Source: CREA, RE/MAX

four per cent to $258,000 by the end of 2006, up from $248,358 one year ago.

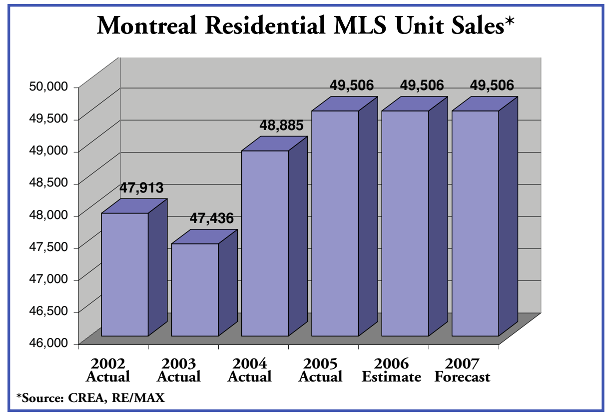
Ottawa's diverse economy continues to play a key role in the overall health of the residential housing market. The three basic types of businesses found in the Ottawa region – export companies serving markets all around the world; regionally focused companies serving Ottawa residents and businesses; and a rural economy are firing on all cylinders. More than 1,500 companies are involved in key growth sectors such as telecommunications, software, photonics, semiconductors, defense and security. The region is also benefiting from the entry of new seed industry sectors such as biophotonics, environmental technologies, electronic pay systems, and micro electromechanical systems (MEMS). However, recent uncertainty in the public service sector may impact real estate sales in 2007.

Should concerns over government streamlining diminish, sales activity in the Ottawa area is expected to remain on par with 2006. Average price is expected to press forward, rising four per cent to $268,300 in 2007, up from $258,000 one year ago.

QUEBEC

Montreal

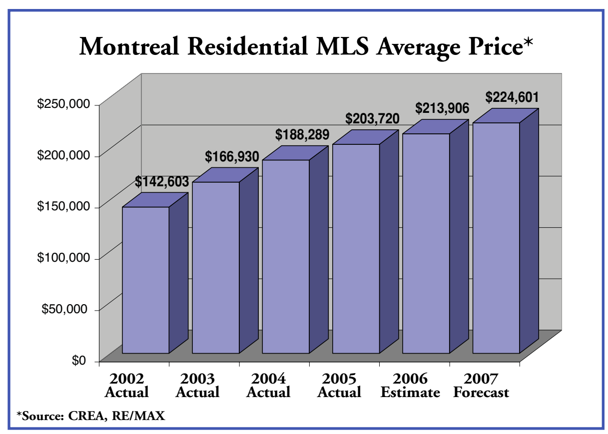
A seven per cent increase in new listings has had little impact on price appreciation in the Greater Montreal Area this year. By year-end, housing values are expected to escalate five per cent to $214,000, while sales volumes are forecast to taper to a more sustainable 49,500 units. Rising inventory levels have provided buyers with the luxury of time when choosing a home and have contributed to an increase in days on market, which now sit at 40. There have been an estimated 10 listings for every seven sales in Montreal this year. Most vendors have adjusted their prices to reflect fair market value. Despite the reality check, affordability has become an issue in the city. More and more purchasers are looking to duplexes and triplexes, priced between $200,000 and $600,000, to realize homeownership. The developing trend has buyers living in one unit and renting out the others. Demand for these income properties has been through the roof, with multiple offers commonplace this year. Other affordable options for first-time buyers include condominium apartments located in the vibrant downtown core priced at $250,000 or less. These units tend to move quickly when listed for sale, unlike more expensive condominiums that have seen demand soften this year. In fact, activity in the upper end of the market lags behind all other segments of the market. Move-up buyers, however, are still active, taking advantage of recent equity gains to purchase larger homes in more desirable neighbourhoods.



Montreal Residential MLS Unit Sales*

*Source: CREA, RE/MAX

Concerns over steep increases in property taxes over the next few years – thanks to the city's property valuation roll – has given some purchasers reason to pause. Real estate values in Montreal have continued to increase over the years, with the average property now worth 39 per cent more than it was three years ago. Conservative estimates place increases as high as 60 per cent for a single-detached home, 54 per cent for a condominium and 74 per cent for duplexes and triplexes.



Montreal Residential MLS Average Price*

*Source: CREA, RE/MAX

Solid economic performance in the Greater Montreal Area continues to prop up residential real estate activity. There are currently a number of projects underway that will bolster the economy, including an $800 million extension of the Metro to Laval; a 10-year $716 million upgrade and expansion to the Trudeau Airport in Montreal; the development of two hospitals costing over $1 billion; a $350 million oil refinery upgrade; a $200 million pipeline from the refinery to Montreal; an $800 million re-development of a GM plant; a $1 billion expansion of Mont Tremblant resort; a $350 million entertainment and shopping complex near Mirabel; a $300 million theme park proposed near

Montreal; a $300 million retail complex in Brossard; and two liquid natural gas terminals worth $700 million each.

Overall, the residential real estate market in Montreal is expected to remain stable with unit sales on par with those forecast for year-end 2006 while average price continues to climb –another five per cent in 2007 – to $224,700.

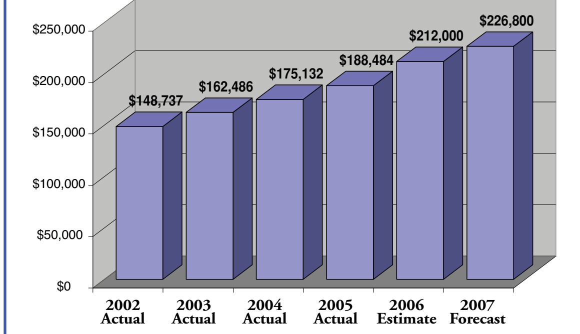
NOVA SCOTIA

Halifax-Dartmouth

Tight inventory levels placed serious upward pressure on housing values in Halifax-Dartmouth in 2006. By year-end, average price is expected to break through the $200,000 benchmark, climbing to $212,000. Although home sales soared early in the year, activity tapered in the latter half as more inventory came on stream. The number of homes sold in Halifax-Dartmouth is forecast to soften marginally from last year's heated pace as a result, dropping to 6,300 units. First-time buyers continued to be a major factor in the marketplace in 2006. Demand for homes priced under $150,000 was steady throughout the year, with 25 per cent of sales occurring in this price point. Supply, however, was tight, with only 12 per cent of listings falling into this category. The upper-end of the market experienced solid growth as well, with sales over $400,000 up 45 per cent over one year ago. Higher energy costs prompted an influx of purchasers from areas like the province's Eastern Shore into Halifax, Dartmouth, Bedford, and Sackville. Despite forecasts for record housing starts in Nova Scotia in 2006, new housing starts fell short of expectations. Condominium sales faltered in large part due to a proliferation of available product in 2006. Supply of condominium units, especially those priced between $150,000 - $250,000, now exceeds demand. Prices of resale units have softened accordingly. In some cases, anxious builders and developers are providing inducements such as a $15,000 cashback with each new purchase. Days on market hover at 94, an increase of 13 per cent from last year's average time to sell.

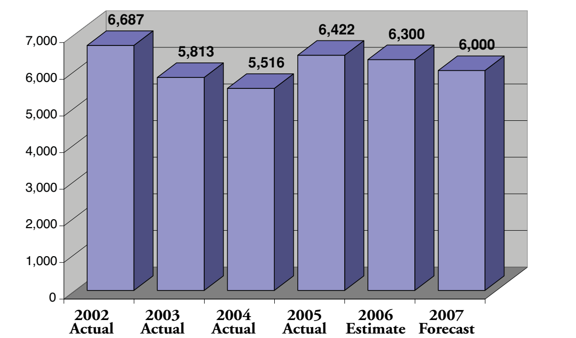
Solid economic stimulus continues to exist in the province, with employment growth expected to rise and unemployment levels dropping to approximately six per cent in Halifax-Dartmouth in 2006. Non-residential construction investment intentions are up substantially, with large increases expected in manufacturing, transportation, and warehousing. There are a multitude of projects currently underway, including a $333 million cleanup of the Halifax Harbour; $270 million for the Dartmouth Crossing retail project; $220 million expansion of the Halifax airport; $100 million expansion of Port of Halifax; $100 million compression deck at the Sable Offshore Energy Project; $100 million upgrade to Imperial Oil's Dartmouth Refinery; and $45 million slated for the RCMP's divisional headquarters – all of which are expected to bolster economic performance. Personal income is expected to expand in 2006 while retail sales growth is also forecast to climb.

Halifax-Dartmouth Residential MLS Average Price*



*Source: CREA, RE/MAX

Halifax-Dartmouth Residential MLS Unit Sales*



*Source: CREA, RE/MAX

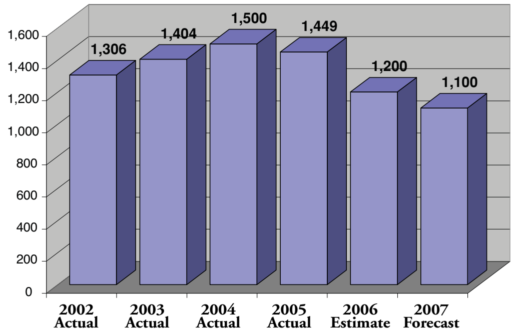
With consumer confidence levels expected to remain strong in 2007, the residential housing market is forecast to experience yet another year of healthy activity. New listings are forecast to climb, putting the brakes on serious upward momentum in average price. Vendors, for the most part, will have to be more realistic in their expectations, with overpriced listings languishing on the market. More balanced market conditions will prevail in 2007, with the number of homes sold declining another five per cent to 6,000 units. Average price will continue to climb, posting a seven per cent gain over the 2006 figure to $226,800 by year-end 2007.

PRINCE EDWARD ISLAND

Charlottetown

After several years of strong residential real estate activity, market conditions showed signs of stabilizing in Prince Edward Island in 2006. As a result, sales volume is expected to fall short of last year's levels, settling at 1,200 units by year-end 2006 while average price is forecast to experience continued escalation, rising to $125,000, up seven per cent over 2005. Downsizing baby boomers had a major presence throughout the year, fueling demand for bungalows across the board. First-time buyers were also active in the marketplace, driving single-detached home sales priced from $100,000 to $140,000. Rising inventory provided buyers in Charlottetown with a good selection of homes listed for sale in 2006. Despite the increase, waterfront properties listed at the $250,000 were in short supply. The upper-end of the market has softened, with fewer buyers willing and able to afford over $275,000 for a property.

Prince Edward Island Residential MLS Unit Sales*



*Source: CREA, RE/MAX

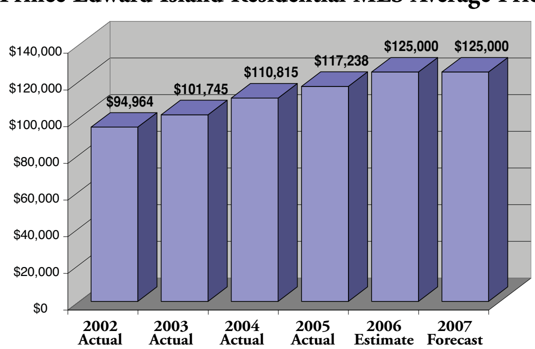
Although economic performance lagged behind the national GDP average of 2.9 per cent, there are a number of factors underway that are expected to positively impact the province. Consumption is predicted to remain strong, investment should exceed last year's levels, and government restraints will be less severe. New construction starts continue to rattle and hum and are currently on par with last year's brisk pace, while residential building permits continue to climb.

The National Research Council's Institute for Nutrisciences and Health at University of PEI was completed in 2006. Construction of a $50 million, 30-megawatt wind farm is drawing to a close. Non-residential construction in the form of a $32 million expansion to the Atlantic Veterinary College and a $39 million federal building is currently underway and scheduled for completion in 2008 and 2007 respectively. Upgrades to the Charlottetown water treatment plant are expected to cost $21 million while Maritime Electric is planning a $30 million upgrade to its provincial electricity distribution system.

Employment levels were up marginally over 2005, but the unemployment rate held steady for much of the year. Retail sales have climbed more than three per cent but wholesale sales and manufacturing shipments were down.

Overall, the resale housing market in Charlottetown is expected to soften in 2007, with unit sales weighing in at 1,100 units. An increase in inventory levels is forecast to hold back further escalation in housing values. In 2007, average price will remain on par with 2006 levels – hovering at $125,000.

Prince Edward Island Residential MLS Average Price*



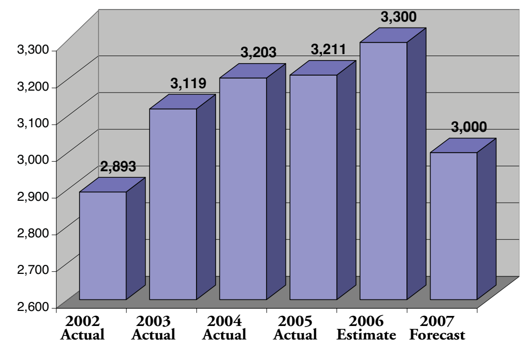
*Source: CREA, RE/MAX

NEWFOUNDLAND AND LABRADOR

St. John's

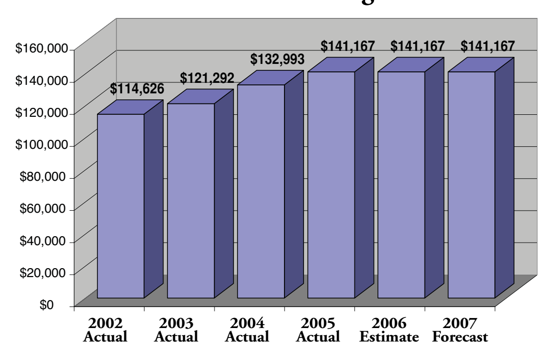
Solid consumer confidence levels, supported by strong economic growth and low interest rates, stimulated home sales across the Eastern Newfoundland Region in 2006. Close to 3,300 homes are forecast to change hands by year-end, while average price holds steady at $141,000. First-time buyers and downsizing retirees were a major force in the market this year, fueling demand for starter homes and bungalows respectively. Detached homes priced between $140,000 and $170,000 experienced the lion's share of activity in 2006. Equity gains realized over the past five years prompted healthy trade-up movement, especially in the upper-end of the market, where executive homes were selling at or above list price. Multiple offers were commonplace early in the year, but rising inventory levels took some of the steam out of the market. Several new condominium developments underway in the downtown core have piqued interest, but overall demand for condo product softened in 2006. More balanced market conditions are expected in the next 12 to 18 months as purchasers work through existing inventory levels. Stable residential real estate activity is forecast for St. John's and surrounding areas throughout 2007, with sales and prices on par with levels projected for year-end 2006.

Newfoundland & Labrador Residential MLS Unit Sales*



*Source: CREA, RE/MAX

Newfoundland & Labrador Residential MLS Average Price*



*Source: CREA, RE/MAX

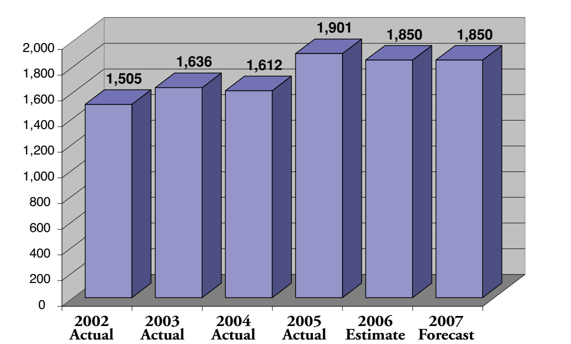
After several years of sub-par growth in Newfoundland and Labrador, GDP levels were on the upswing in 2006 as both the White Rose oil project and Voisey's Bay recorded its first full-year of production, public sector spending increased, and private sector services continued to expand. Employment levels rose slightly as a result of gains in the service sector. Retail sales and real consumer spending also rose in 2006. Strong economic growth is forecast for 2007.

NEW BRUNSWICK

Saint John

Confidence levels are on the rise and the economic prognosis is good, yet the sense of urgency that prevailed in Saint John's housing market earlier this year has abated. The number of homes sold in 2006 is expected to settle at 1,850 units, down marginally from last year's record pace. Average price is forecast to push ahead another five per cent by year-end 2006 to $126,000, up $6,000 over one year ago. First-time buyers, spurred by low interest rates, fueled demand for homes priced from $140,000 to $200,000. Baby boomers were also evident in the marketplace, cashing in on equity gains realized in recent years. Foreign investors propped up the luxury home market (identified as $250,000 plus in Saint John), with sales up almost 100 per cent year-over-year. Expanding inventory levels have held price appreciation in check in recent months. More balanced market conditions are emerging after an extended period of seller dominance. For the first time in years, sellers are finding themselves adjusting their list prices to accommodate the new market realities. Condominium sales, while still a relatively small percentage of the market, have seen strong upward momentum. The trend is expected to continue in 2007 as more and more buyers discover the joy of condominium living.

Saint John Residential MLS Unit Sales*

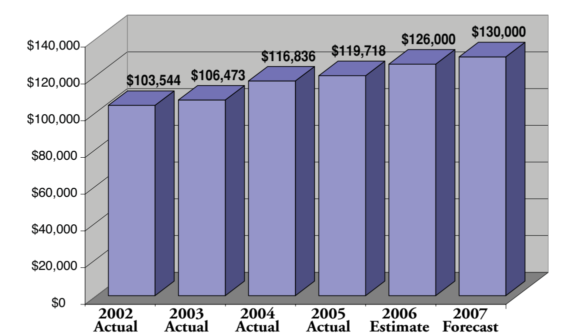


*Source: CREA, RE/MAX

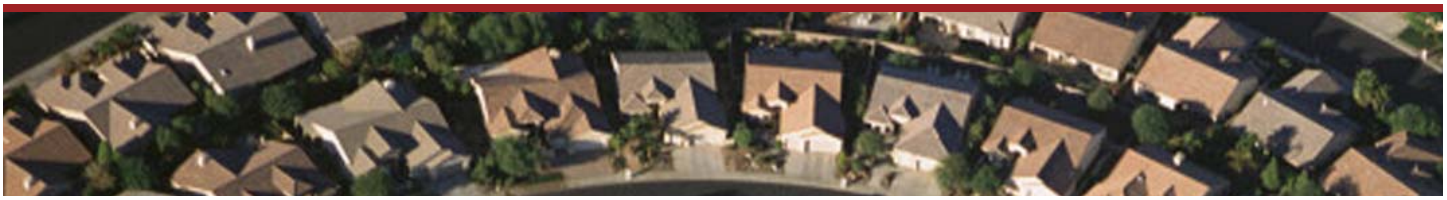
2006 brought renewed economic growth after a weaker than expected performance in 2005. The drag on the external sector continued in 2006, as a higher Canadian dollar hampered manufacturing and pummeled real exports in New Brunswick. However, greater stability in manufacturing employment this year, coupled with growing employment in other sectors of the economy, has slowed job loss. Non-residential construction increased in 2006, particularly in the retail trade, transportation, and warehousing sectors, including work on the $750 million Canaport liquid natural gas terminal. A $350 million pipeline that will transport natural gas from the LNG terminal to the US border is also underway. Construction activity has also been ramped up for the $1.4 billion refurbishment of the Point Lapreau nuclear power plant, scheduled for completion in 2009. Pulp and paper mills, once the province's mainstay, have opened under new ownership after closing in 2005. Expectations for GDP growth in 2007 are high, and the provincial government is working hard to create a favourable business environment. The government reduced the corporate tax rate to 1.5 per cent on July 1, 2006 and is expected to shave another half a percentage point on July 1, 2007. New Brunswick already has the lowest small business corporate income tax rate in the country and these reductions will further its advantage.

With a brighter economic outlook forecast for 2007, residential real estate activity should continue at a healthy clip. Sales are expected to remain on par with 2006 levels while a three per cent increase is anticipated in price, bringing the 2007 average to $130,000.

Saint John Residential MLS Average Price*



*Source: CREA, RE/MAX



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