

Upper-End

MARKET TRENDS 2007



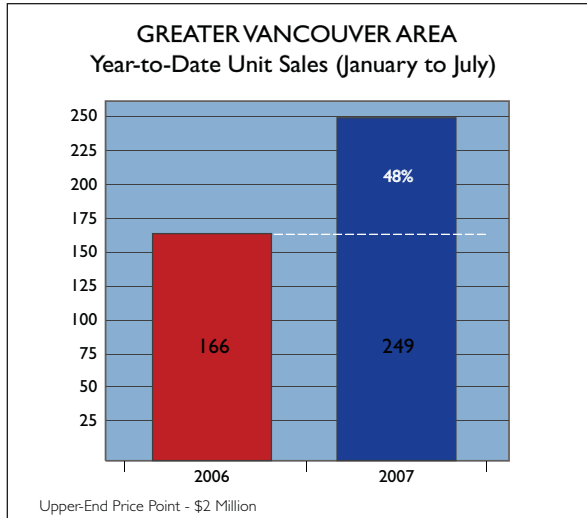
British Columbia

Greater Vancouver Area

Upper-End Price Point – \$2 Million

Demand for upscale homes in the Greater Vancouver Area continues to surge, with sales over \$2 million 48 per cent (249 units vs. 166) ahead of 2006 figures (January to July). Yet, spending at this level doesn't necessarily guarantee a purchaser the home of their dreams any longer, as the high-end price bracket

continues to creep upward. Buyers are compromising, and with limited inventory, the trend toward renovation and custom-building has taken off like wildfire. Most homes undergo some kind of improvement. Location remains non-negotiable for most who have the wherewithal to compete in these price ranges, particularly for those seeking properties on Vancouver's Westside. Sales of luxury homes on the Westside have risen by 69 per cent, as a growing number of purchasers now qualify for the title



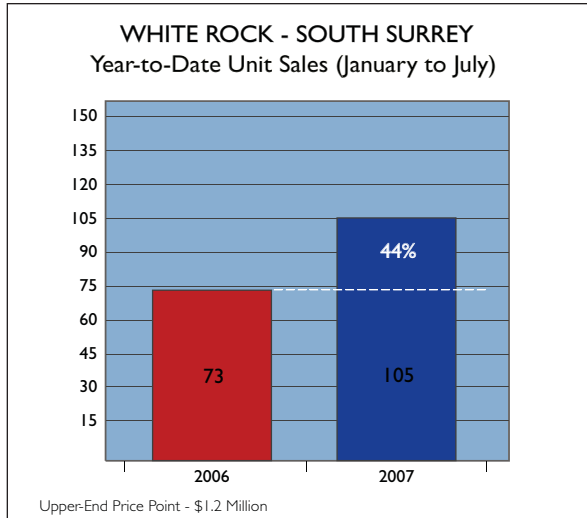
of ‘ultra-upper-end buyers.’ Most of the area’s opulent homes continue to be snapped up by locals, although there’s no question that the Vancouver marketplace is becoming an increasingly international scene, drawing interest from across Europe and Asia as well as the U.S. Purchasers from Alberta are also on the rise, with many buying second residences (condominiums). Although inventory levels are adequate overall, selection in the most sought after areas is tight, often drawing multiple offers on competitively-priced choice product. Most homes sell within four weeks, but can linger indefinitely if listed above fair market value. Builders and tradespeople are working at full capacity. Buyers hoping to custom build can easily wait up to six months for plans and approvals, then an additional year, at least, to walk through the threshold of their new home. The average cost per sq. ft. in the upper-end now starts at \$300. Some development is taking place in Point Grey, Shaughnessy, and Southlands, where executive homes, priced over \$3 million, will hit the market next year. Infill is occurring in First Shaughnessy and Kitsilano. Demand has been unprecedented on the waterfront and values have increased significantly. Purchasers have paid upwards of \$9 million for a 50-foot lot on the water, with properties offering a view selling from \$2 mil-

lion (land only). Choice waterfront can easily generate eight or nine offers. The most coveted upscale neighbourhoods include Point Grey, the University Endowment Area, Shaughnessy, Southlands, South Granville and the Southwest Marine Drive Area on the Westside, and Dundarave, Altamont, Whitby Estate, Cypress and Caufield in West Vancouver. The most expensive home sold to date changed hands for \$10.5 million in West Vancouver, while the priciest listing, located on the Westside, is available at \$16.8 million. The luxury condominium market continues to be strong. The highest priced condominium sale was a suite overlooking Coal Harbour at \$4.9 million. The highest price listing—at a staggering \$18.2 million—is an 8,500 sq. ft. penthouse on the Westside offering panoramic mountain and water views. At this price point, the sale of this unit would set a new benchmark for condominiums. A continuation of current economic fundamentals—a robust provincial and local economy, solid demand from a growing segment of international and out-of-province purchasers, soaring consumer confidence levels among locals, solid stock market and equity gains—is expected to drive additional move-up activity in Vancouver’s upper-end for the remainder of the year. Luxury sales in 2007 are poised to shatter existing records while price appreciation is forecast to remain at or near double-digit levels.

White Rock - South Surrey

Upper-End Price Point – \$1.2 Million

Strong economic performance is fuelling sales of luxury homes priced in excess of \$1.2 million in the White Rock–South Surrey area, located just outside the city of Vancouver. The number of homes sold in the upper-end has climbed 44 per cent to 105 units year-to-date (January to July) 2007, up from 73



one year earlier. Demand from local purchasers is a major factor in the marketplace, although solid interest exists from out-of-province and international buyers. Days on market vary, with homes over the \$1.5 million price point taking longer to sell than those priced closer to \$1.2 million. The area offers many different types of properties in all price ranges—ocean view, acreage/estate and upscale subdivisions. Popular subdivisions, starting at \$1.2 million, include Morgan Creek, Chantrell Park, Peninsula Park and Elgin Park. Other upscale subdivisions, such as High Pointe, hover around the \$2 million price point and offer an abundance of new construction. Single-detached homes are still most the popular with purchasers, although luxury condominiums have met with success. It's anticipated that more upscale condominium developments will come on-stream in the years ahead. To date, the most expensive detached home sold was an ocean view property for \$4.4 million dollars and a penthouse condominium for \$2.5 million. The most expensive home currently listed for sale is an ocean view property for \$7 million. Home sales are largely dependent on individual needs—some purchasers are prepared to spend top dollar for lots to build custom homes while others are looking for turnkey properties. Approximately 30 per cent of purchasers prefer

to custom build or renovate. A sound economy is expected to continue to stimulate activity in all price ranges in the White Rock–South Surrey area's housing market for the remainder of the year.

Victoria

Upper-End Price Point – \$1 Million

Strong demand for oceanfront property continues to prop up sales in the upper-end of the market in Victoria. The number of homes sold over the million-dollar price point has increased 13 per cent to 137 units year-to-date, up from 128 during January to July 2006. The increase marks the fourth consecutive year of upward momentum, dating back to 2004 when just 46 sales were recorded. Values have appreciated in tandem, often outpacing year-over-year returns on less expensive housing. Local baby boomers and out-of province investors (primarily from Alberta) are in large part responsible for the upswing in sales of luxury homes. Many are taking advantage of substantial equity gains, while others are buying with retirement in mind. A strong local economy has also spurred activity



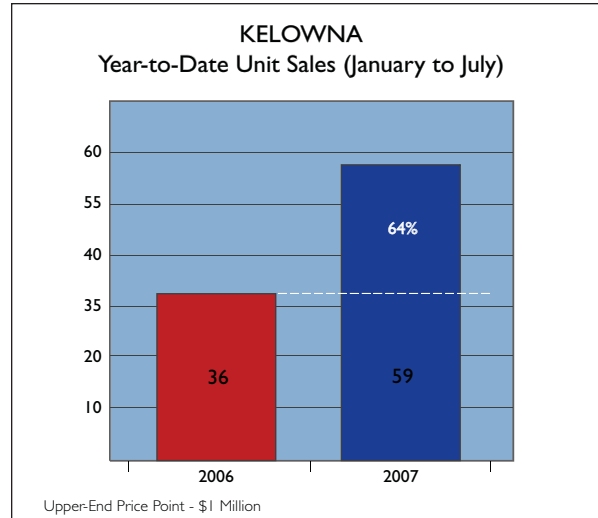


in this segment of the market. Other factors include low unemployment levels, inheritance, and solid stock market gains in recent years. The highest-priced sale to date has been a \$5.95 million estate, while the most expensive home currently listed for sale is a 15,900 sq. ft. oceanfront property situated on 2.5 acres priced at \$28.5 million. Overall, balanced market conditions exist, with more than 300 listings currently priced over \$1 million. Average days on market hovers at 77 days, while properties that are attractively priced, well located, and/or on the ocean can move within days. Multiple offers are occurring, albeit less frequently than in years past. New construction in older, exclusive neighbourhoods tends to move quickly. Infill is also happening along the waterfront, where existing properties built in the 1940s and 1950s are being demolished to make way for large, custom-built estates. New condominium developments currently underway—Bay View and Quigg Properties—both offer million-dollar-plus penthouse units. Developers are anticipating increased demand for luxury condominium product with the graying of the population. Representing the top 2.5 percent of the market, homes priced in excess of \$1 million can be found in the desirable Uplands, Oak Bay, Saanich and Peninsula (North Saanich) areas, as well as most waterfront properties.

Kelowna

Upper-End Price Point – \$1 Million

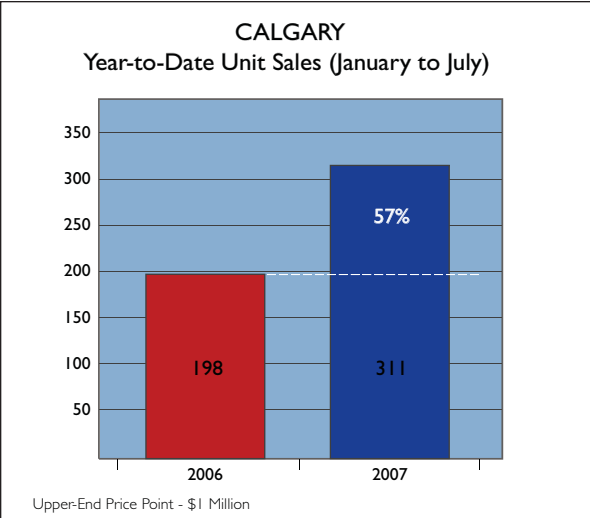
Alberta's red-hot economy has had a serious impact on Kelowna's luxury housing market, with out-of-province purchasers now representing one in every four high-end sales. To date, 59 homes have sold over the \$1 million price point, compared to just 36 during the same period (January to July) one year ago—an increase of close to 64 per cent. Demand also remains strong among locals, buyers from across the Lower Mainland, and a rising number



of Europeans. Western economies operating at full steam have served to bolster consumer confidence levels across the board. Lifestyle remains a significant factor for those choosing to purchase in Kelowna, as a growing number of boomers and retirees make their moves with an eye to the future. Currently, an adequate selection of luxury product is available—257 homes are listed on MLS, priced over the \$1 million threshold. Overpriced homes are stagnating, but those that are priced competitively in high-demand areas can sell within days or weeks. A great deal of new construction is underway, including new subdivisions such as Lakestone and the Vineyard, offering waterfront lots starting from \$1.9 million. Condominium development has also been brisk, with several new projects underway or planned that are on or near the water. Upscale condominiums are typically offered from \$500,000, such as in the Madison development, located downtown. However, suites in buildings on the waterfront can easily be priced from \$700,000 and up. Waterfront properties remain most coveted among detached home purchasers, with both Upper and Lower Mission areas highly sought-after. Lots alone in these communities now command at least \$1 to \$2 million on the water and view properties are selling from \$500,000. Other prestige areas



favoured among affluent buyers include Dilworth Mountain, Magic Estates, and Lakeview Heights. Custom-built homes are a growing phenomenon. Those in the resale markets at this level are willing to wait for the ideal property to come on stream, as high-end wish lists tend to be very particular. Yet, the need for buyers to move quickly still exists for quality product in the most desirable areas. Renovations are commonplace in the top end of the market, with many projects costing hundreds of thousands of dollars. The most expensive home sold in Kelowna this year, at \$5.6 million, was a waterfront home in Mission, while the priciest condo changed hands for \$1.535 million. Buyers who have the wherewithal can easily spend double that amount in Kelowna, with sticker prices reaching upwards of \$8.95 million for a detached home in Upper Mission with a lake view on 32 acres, or \$2.5 million for a condominium on the mountain at Big White. Overall, the upper-end is expected to remain vibrant into 2008. The market is poised to set sales records by year-end, with near-double digit increases expected again this year.



most exclusive enclaves can sell as quickly as listed. Multiple offers, however, are now exclusive to exceptional homes located in the inner city. New construction has been relatively limited in the upper-end this year. Some infill, priced from \$1.5 to \$3 million, is taking place in Aspen Estates on Calgary’s west side. New executive homes are also cropping up in acreage communities such as Spring Bank and Elbow Valley. Luxury condominium developments currently under construction offer upscale product priced from \$750,000. The projects have been very well received—some have sold out well before the shovel hit the ground. Investors have been quite active in the condominium segment, although most units have been snapped up by local end-users. The most expensive condominium currently listed for sale, priced at \$3.19 million, is a 3,400 sq. ft. penthouse suite located at the Chateau LaCaille building on the riverfront in prestigious Eau Claire. Eau Claire also holds the distinction for the highest priced condo sale at \$1.5 million in May. The most expensive home sales to date occurred in the older, established Rideau Park and Mount Royal areas for \$3.8 and \$3.9 million respectively. The highest-priced listing, at \$9.989 million, is a 2,500 sq. ft. home with its own arena and saloon, situated on 40 acres in the rural foothills. The home boasts both mountain and ravine

Alberta

Calgary

Upper-End Price Point – \$1 Million

Solid economic growth and soaring consumer confidence levels have pushed luxury home sales in Calgary 57 per cent ahead of last year’s pace. To date, 311 homes priced over \$1 million have changed hands, compared to just 198 during the same period in 2006. Serious equity gains have, in large part, prompted trade-up activity, particularly in the higher price points. Upscale properties continue to sell at a very brisk pace, generally within 30 days, although sought-after product in the city’s



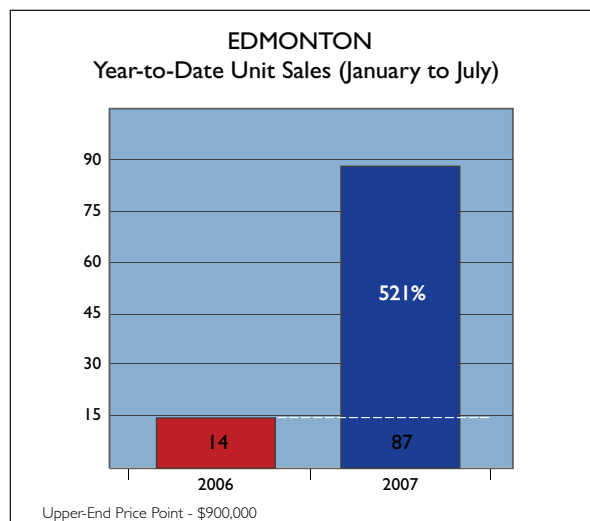
views. Peripheral neighbourhoods experiencing strong demand from affluent purchasers include Aspen Estates on the west side, Elbow Valley, and Heritage Point to the south. Overall, the upper-end of the market is expected to remain strong through to year-end, as move-up activity in the city continues unabated and the economic engine fires on all cylinders.

Edmonton

Upper-End Price Point – \$900,000

Red-hot demand for luxury homes in Edmonton has prompted a triple-digit increase in unit sales year-to-date. The number of properties sold, priced in excess of \$900,000, has climbed 521 per cent to 87 units between January 1 and July 31, 2007, up from 14 during the same period one-year earlier. Fifty-three of the properties sold were priced over \$1 million. A vibrant economic performance, coupled with newfound consumer confidence levels, has served to seriously bolster upper-end sales in Edmonton this year. Although rising inventory levels (141 properties are currently listed for sale over

\$900,000) may give way to less dramatic price increases in the months ahead, demand is expected to remain constant. Most purchasers in this price range have the financial wherewithal to make the investment, even if interest rates begin to edge upward. To date, the most expensive home sold in Edmonton was priced at \$2.375 million (Glenora) while the most expensive condominium sold for \$2.325 million. The highest-priced listing, at \$6 million, is a 10,000 sq. ft. home, located in prestigious Windermere Estates in South West Edmonton. Properties priced over \$900,000 tend to linger for 55 days on average, while those over a million typically stand at 60. Well-priced listings in sought-after neighbourhoods will move quicker. Inner core areas such as Glenora, Valleyview, and Laurier, as well as outlying communities like South West Edmonton, are most popular with upscale purchasers. Luxury condominiums are also quite fashionable, particularly with affluent baby boomers that are downsizing. Penthouse units along Saskatchewan Dr. overlooking River Valley are especially coveted. With current economic fundamentals expected to remain stable throughout the remainder of the year, demand for luxury homes is forecast to hold steady in the foreseeable future.

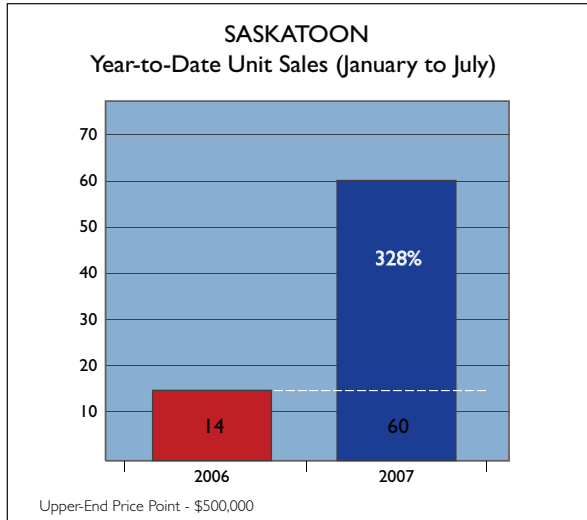


Saskatchewan

Saskatoon

Upper-End Price Point – \$500,000

Luxury home sales in Saskatoon have shown considerable strength this year, propped up by solid economic fundamentals locally and throughout Western Canada. Year-to-date (January to July) sales over \$500,000 have climbed 328 per cent (60 units vs. 14) compared to the same



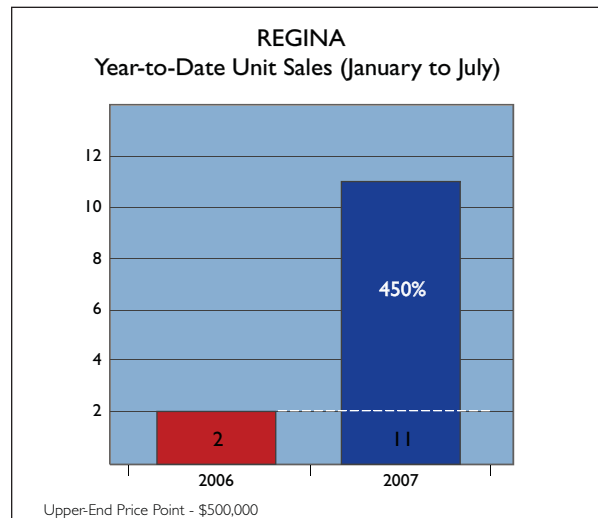
period one year ago, with a growing number attributed to buyers from neighbouring Alberta. Purchasers from Edmonton have been particularly active, attracted to the lower sticker prices of Saskatoon's luxury homes. Sales have gained solid momentum in the past two or three months, with the traditional summer slowdown nowhere in sight. Equity gains have also been a major catalyst, with trade-up activity continuing unabated. The most expensive sale to date was recorded at \$999,000, while the most expensive listing currently on the market is a \$1.4 million executive waterfront home on Willow Golf Course. Although demand remains strong for luxury condominiums, limited inventory levels have hampered sales. Waterfront and riverfront units are most coveted, with prices ranging from \$300,000 to \$1 million. High-end condominium product tends to move more slowly, as evidenced by the most expensive sale to date—\$540,000. Overall, the upper-end can be described as highly competitive this year, with most quality listings that are priced at fair market value selling quickly. Multiple offers are commonplace at present, with most buyers expecting a multi-bid situation in prime neighbourhoods. Many homes undergo considerable renovations after purchase, as homeowners at this level demonstrate a preference for all things

custom. As such, infill activity is also strong, with 50 ft. lots in the University Area being snapped up for \$200,000-\$400,000. Existing structures are torn down to make way for large homes valued at \$600,000 to \$1 million in construction costs alone. Most new construction this year has been limited to the East Side of the city (in the single-detached category), while new condominium conversions—priced from \$500,000—are exclusive to the city's North End. Saskatoon's prestige areas include Lawson Heights, University Heights, Arbour Heights, and Briarwood.

Regina

Upper-End Price Point – \$500,000

A groundswell of consumer optimism has contributed to a serious upswing in upper-end sales in Regina this year. Luxury property sales priced in excess of \$500,000, especially those located in South and East Regina, have climbed 450 per cent to 11 units year-to-date, up from just two in all of 2006. The number of homes sold over the \$350,000 price point has escalated 489 per cent, rising from 19 units one year ago to 112 units during January to July 2007. Infill





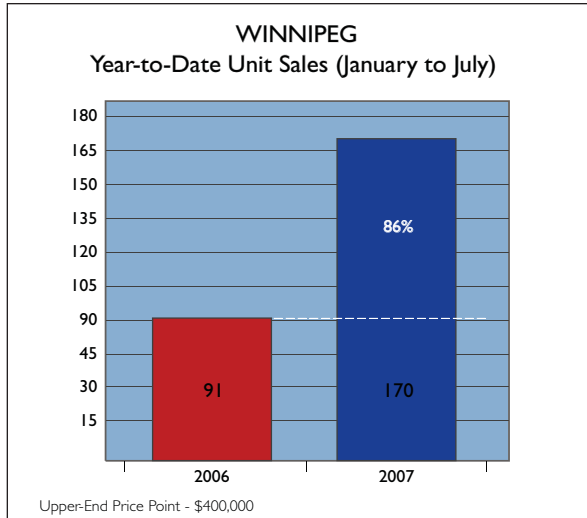
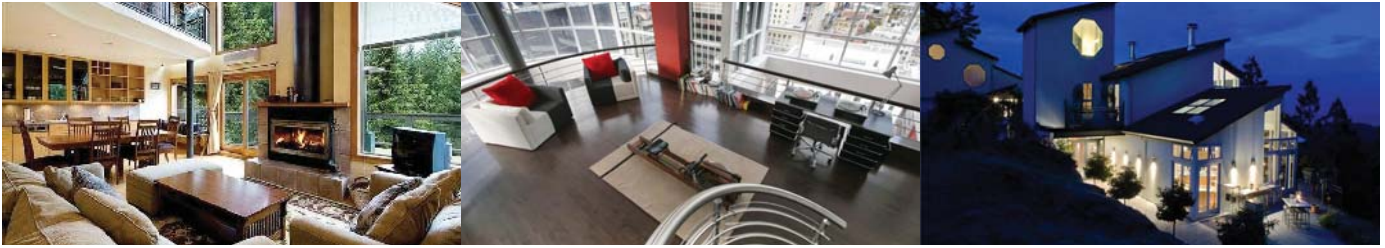
is occurring in areas like Cathedral where existing homes are demolished to make way for large, custom-built residences. However, rising housing values are prohibiting greater activity in this segment of the market. A strong local economy, buoyed by job growth and confidence, combined with an influx of purchasers from neighbouring Alberta, have, in large part, triggered the heated demand for upscale homes. The recent run-up in housing values in this once predictable marketplace has prompted homeowners and renters to re-evaluate the advantages of homeownership. Purchasers are utilizing equity gains to trade-up to larger homes or better communities, while renters who have dealt with excessive rent hikes in recent years are now pondering the benefits of owning versus renting. As a result, all segments of the market are working in tandem, with demand for resale properties at an all-time high and inventory levels at historical lows (there were nine homes listed for sale over \$500,000 at press time). A 12-to-18 month wait for new construction has also prompted many purchasers to consider resale alternatives. Multiple offers have skyrocketed across the board, even in the traditionally slower summer months. The most expensive property listed at \$699,000 sold five days later for \$52,000 more in a bidding war. A condominium recently sold at \$550,000. The highest-priced home currently listed for sale at \$899,000 is expected to set a new benchmark for Regina. It's only a matter of time before Regina records its first million-dollar sale. Professionals, business people, and entrepreneurs are all prepared to ante up to buy their dream home. Given that average price in the Regina market remains significantly below the national average and GDP growth forecasts are quite positive for the region, the market has plenty of room to grow in years to come.

Manitoba

Winnipeg

Upper-End Price Point – \$400,000

A robust economy and soaring consumer confidence levels have prompted an 85 per cent increase in the sale of luxury properties in Winnipeg so far this year. Close to 170 homes priced over \$400,000 have changed hands year-to-date, up from 91 sales between January to July 2006. Return on investment has been a major factor, as Winnipeg approaches its eighth year of solid real estate appreciation. Trade-up purchasers have been extremely active in the marketplace, as they take advantage of wealth accumulated in recent years through equity gains and economic prosperity. An influx of purchasers from Alberta, many of which are former Winnipeg residents returning home, has also bolstered upscale sales. There are 80 homes currently listed for sale over the \$400,000 price point, including the most expensive property listed for sale in Winnipeg with a price tag of \$3.3 million. A good selection is available for sale—although upper-end homes priced between \$400,000 and \$600,000 tend to move quickly. A small percentage of these listings will also experience multiple offers. The highest-priced sale this year was a \$1.3 million home located in Tuxedo, while a one-floor suite on Wellington Crescent set a new benchmark for a condo sale at \$1.25 million. The condominium market has taken off in Winnipeg, with a number of high-end developments coming on-stream. The Waterfront project in the Exchange area, for example, offers units starting at between \$500,000 and \$600,000. Popular with empty-nesters and retirees, the condominium lifestyle is now an accepted and desirable form of homeownership. Tuxedo, River Heights, East St. Paul, and Linden Woods remain popular with affluent purchasers



and streets like Wellington Crescent, South Drive, Shorecrest, and Park Boulevard have become synonymous with wealth in the city. Sales in the top end of the market have gained momentum since 2004 when they represented a minute 0.64 per cent of all residential sales. Today, luxury home sales represent three per cent of the market. Demand for upscale properties is expected to climb in the next 12 to 18 months, based on solid economic fundamentals and affordable house prices (when compared to other major Canadian centres).

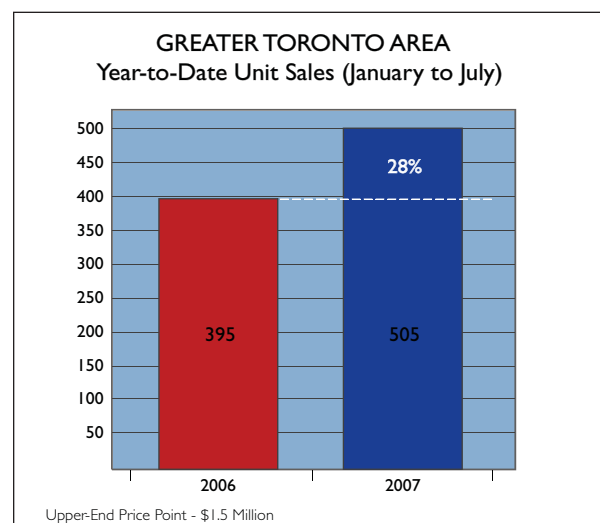
Ontario

Greater Toronto Area

Upper-End Price Point – \$1.5 Million

Homebuyers in the Greater Toronto Area continue to take luxury sales to new limits. The number of properties sold over \$1.5 million has climbed close to 28 per cent year-to-date, rising from 395 between January and July 2006 to just over 500 units this year. Upper-end activity has maintained a steady

clip throughout the traditionally slower summer months, with multiple offers still occurring on quality product. While the central core of the city remains most popular with today's upscale purchasers, more and more districts are reporting sales over the \$1.5 million price point, including the Beach, Port Credit, Kingsway, and Leaside. York Mills, Hogg's Hollow, and Bridle Path (C12) lead the GTA in sales over \$1.5 million. In the first seven months of the year, close to 100 properties changed hands in C12, including a multiple offer on a property listed for sale at \$4.95 million that sold over the \$5 million threshold. Upper-end sales in the coveted Forest Hill (C03) area were up 78 per cent from one year ago (66 vs. 37), with 56 per cent of homes selling at or above list price. The most expensive sale recorded to date in the GTA occurred in June—a \$15.8 million estate in the heart of Forest Hill. Sixty sales have taken place in the tony Rosedale area so far this year, an increase of 13 per cent over one year ago. Despite tight inventory levels, virtually all upper-end neighbourhoods reported an upswing in sales this year. The million-dollar benchmark, however, no longer carries the unique cache it once did and the definition of upper-end continues to evolve, especially in the central core of the city where entry-level luxury homes now start closer to \$2 million.



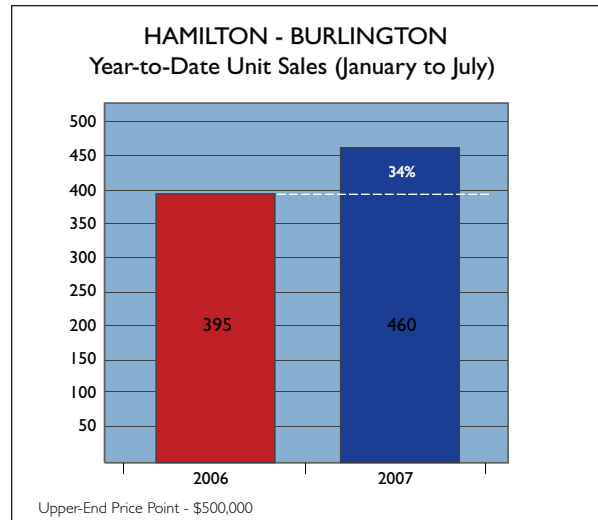


Financiers, entrepreneurs, corporate executives, and professionals are fuelling sales of high-end property across the board. Affluent, aging baby boomers are making lateral moves to luxury condominium units in the core while younger boomers and generation x drive sales for detached homes. An influx of international purchasers has also contributed to the mix. Strong consumer confidence levels characterize the GTA at present. Many boomers, flush with stock market gains accumulated in recent years, have moved to convert paper wealth to material wealth. New volatility in capital markets may influence boomers to take further advantage of the upswing in real estate.

Hamilton - Burlington

Upper-End Price Point – \$500,000

Sales of upper-end homes continue to climb in Hamilton/Burlington, with 460 properties priced over \$500,000 changing hands so far this year. The 34 per cent increase in luxury home sales can be directly attributed to a strong local economy, which has bolstered consumer confidence levels across the board. With 224 homes listed for sale, supply of properties is plentiful and purchasers have a good selection of homes from which to choose. Average days on the market hovers at 47 days, while properties that are attractively priced and well located tend to move within days. Equity gains have also played a role with many purchasers moving up to larger homes and/or better neighbourhoods. Sought-after locations in Hamilton/Burlington include Lakeshore Dr. and Millcroft area in Burlington and Sulphur Springs in Ancaster. To date, the most expensive detached home sold was a 25 acre property in Ancaster, including a natural waterfall, for over \$3 million and a condominium for \$885,000. The most expensive home currently listed for sale is \$5,399,000. Upper-end condominium sales

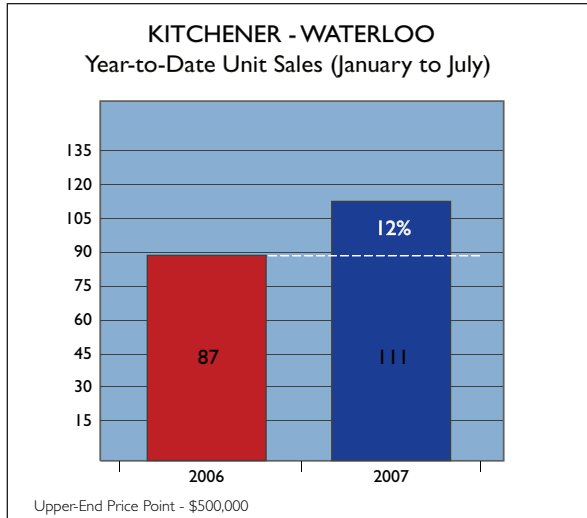


are relatively non-existent as product is limited. Teardowns are occurring in older areas, where purchasers are buying large lots and building large, custom homes. Revitalization is also occurring with the conversion of St.Mary's Convent Girls School into upper-end condominiums and houses. Most purchasers are looking for turnkey properties, but those having to compromise can buy a bungalow on a larger lot for as low as \$300,000 and add a second storey addition. For the remainder of the year, upper-end home sales are expected to remain steady.

Kitchener - Waterloo

Upper-End Price Point – \$500,000

Kitchener-Waterloo's red-hot economy is propelling luxury home sales this year. Sales of homes priced over \$500,000 climbed to 111 units in the first seven months of 2007, 12 per cent higher than the 87 units reported during the same period in 2006. The vibrant economy, as well as profit taking and bonuses in the high tech industry, is contributing to unprecedented demand for upscale properties. Kitchener-

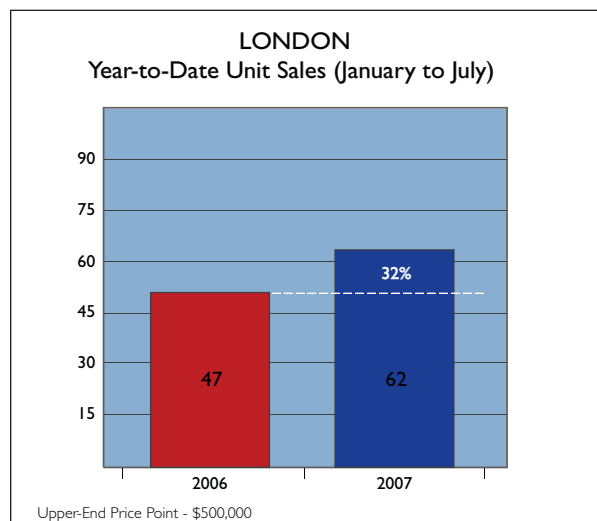


Waterloo was recently named The World's Smartest City 2007. Local purchasers, as well as buyers from the GTA, have served to stimulate growth in this segment of the market. To date, the most expensive detached home sold was \$1.265 million dollars while the priciest condominium sold at \$605,900. The most expensive home currently listed for sale is \$1.85 million and a 2,500 sq. ft. condominium is listed for \$605,000. Luxury condominiums account for a small percentage of upper-end sales. With 140 homes listed for sale, supply of properties is plentiful. Deer Ridge, Kiwanis Park and Hidden Valley are communities synonymous with wealth, with price tags starting at \$500,000 to \$1 million. Teardowns are common, in Deer Ridge where many new builds are currently underway, as well as on large acreages in rural areas. Most purchasers are looking for turn-key properties, but if the right property in a good location becomes available purchasers are willing to renovate or teardown. With a positive economic outlook in place, the upper-end of the market is expected to remain strong throughout 2007.

London

Upper-End Price Point – \$500,000

The upper-end market in the city of London has gained solid momentum, with 62 homes sold in the first seven months of 2007 compared to just 47 from January to July 2006. The increase represents a 32 per cent increase in activity for upscale properties priced in excess of \$500,000. Of those sales, 60 per cent occurred from \$500,000 to \$600,000, 26 per cent from \$600,000 to \$800,000 and 14 per cent over \$800,000. To date, only two sales were recorded over \$1 million versus one at the same time in 2006. The most expensive home sold in London this year, located in the Fanshawe Park area, changed hands for \$1.25 million. The highest-price listing is a custom-built, 12,000 sq. ft. mansion on 30 acres, offered at \$2.495 million. Luxury condominiums account for a small percentage of upper-end sales, but they are becoming more popular. Upscale garden homes—detached, one-storey condominiums priced from \$300,000—are particularly sought-after. The most expensive detached condominium listed is located in a gated community, priced at \$598,000, while the priciest condo suite is a Manhattan-style, 2,800 sq. ft. penthouse with panoramic city views





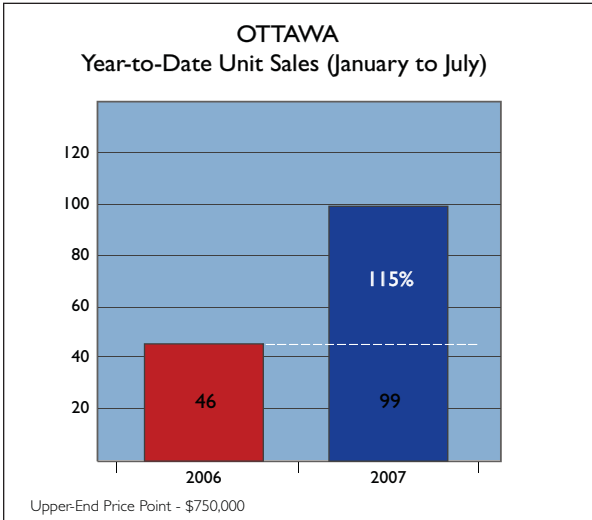
offered at \$539,900. Overall, upper-end purchasers remain traditional in their tastes, spurring demand in the city’s prestigious Warbler Woods West area, priced from \$550,000, and in the Hunt Club, where luxury homes typically start from \$600,000. Multiple offers are a rarity in the high-end. However, homes on the city’s most exclusive streets—Windergrove, Birchmount, Chantry, Wood’s Edge, Tetherwood and Fitzwilliam—are snapped-up quickly when priced competitively. Turn-key properties are most coveted. Seventy-five properties, priced in excess of \$500,000, are currently listed for sale. Balanced market conditions exist and, in most cases, buyers have time to make their housing decisions. Activity is expected to remain steady through to year-end, as consumer confidence levels continue to prop-up demand.

Ottawa

Upper-End Price Point – \$750,000

Sales of luxury properties in the nation’s capital continue to soar, rising 115 per cent ahead of last year’s levels. The number of homes sold over the \$750,000 price point jumped from 46 units between January and July of 2006, to 99 units so far this year. Approximately 140 freehold homes and condominiums are currently listed for sale. Solid consumer confidence levels have been behind the strong upward momentum in the market. Last year, sales over \$750,000 comprised 0.7 per cent of total residential activity—that figure has seen a notable increase this year, coming in at 1.2 per cent. Million dollar sales have also escalated during the same period, with 26 sold so far this year compared to 12 one year ago. The most expensive home sold year-to-date was priced at \$3.3 million while the priciest condominium fetched \$1.2 million. A waterfront estate on the outskirts of Ottawa, complete with 218 acres and featuring winding trails, is currently listed

for sale for \$10,000,000. The highest-priced condominium is listed at \$1.7 million and is located centrally in the city. Although a perpetual limited supply of high-end homes is available in older, established neighbourhoods, the market is no tighter than usual. Purchasers are also often prepared to undertake major renovations and improvements in these large older homes. More product exists on the outskirts of the city where large custom-built homes are not uncommon. Multiple offers continue to occur, more often in established areas located in central Ottawa than in the newer, more suburban areas. Major infilling projects are, by definition, more limited, although some recent urban development is occurring such as an exclusive enclave of luxury homes in the Hog’s Back/Mooney’s Bay area, backing onto the Rideau, with many priced above \$750,000. The value of upscale properties is also on the rise, with prices for many entry-level luxury homes exceeding \$750,000. More and more neighbourhoods are reaching the ‘upper-end’ price point—including areas around Kanata in the West, Orleans in the East and Manotick in the South. Typically, demand for luxury product stems from the city’s successful businessmen, corporate executives, and entrepreneurs. Existing homeowners are also cashing in on recent equity gains to trade-up to larger homes





or better areas. After years of steady increases in average price, double-digit gains combined with rising incomes have prompted an increasing number of local purchasers to move on up. Purchases in the country's capital, by representatives and staff of other countries contribute to the demand and the upswing in high-end sales as well. A continuation of solid real estate activity is expected in the upper-end for the remainder of the year and into 2008.

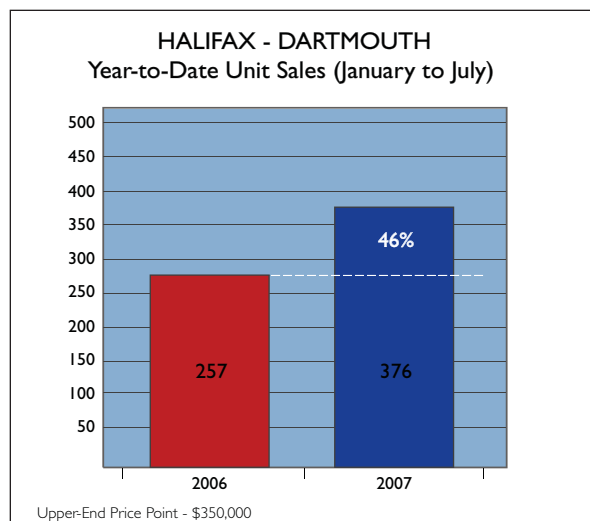
Nova Scotia

Halifax - Dartmouth

Upper-End Price Point – \$350,000

Solid equity gains in recent years continue to spur move-up activity throughout Halifax-Dartmouth. The effect has bolstered activity in the city's luxury home market, priced over \$350,000, with year-to-date sales surpassing 2006 levels (January to July) by 46 per cent (376 sales vs. 257). Buyers shopping for homes in the upper-end have plenty of selection and time to make their moves. More than 400 homes

are currently listed for sale over the \$400,000 price point. Upper-end properties can take up to three months to sell, although sought-after product in prestigious areas of South End Halifax can be snapped up in a matter of days. These neighbourhoods also include Glen Arbour with its Golf Course Area, and newer pockets of Hemlock Ravine in Bedford. Product also moves quickly in the quiet cul de sacs in the Young Avenue and Beaufort Avenue areas sometimes referred to as 'millionaires' row.' Multiple offers remain the exception, as balanced conditions prevail. The most expensive home sold this year—a stunning ocean view property located in Allen Heights on the edge of Halifax—changed hands for \$1.8 million. The priciest listing, at \$3.995 million, is another oceanfront home with 7,000 sq. ft. on 2.7 acres in Duncan Cove, at the mouth of Halifax Harbour. New product in the city's upper-end is scarce, but some infill activity is taking place. In Russell Lake West, for example, lots available from \$105,000 are giving way to large, lavish homes. Renovation remains the predominant trend among the monied set, with most buyers undertaking some form of improvement. This phenomenon has served to prop up values in prestigious enclaves across the city. Growing in popularity are high-end townhouses in Halifax. Construction of these two or three level homes, priced from \$300,000, is taking place in areas off the Bedford Highway including Hemlock Ravine and Russell Lake West near Portland Estates in Dartmouth. The highest priced condominium currently listed for sale, at \$1.2 million, is a 1,800 sq. ft. penthouse suite located on the waterfront in downtown's Bishop Landing. The momentum is expected to continue in Halifax's upper-end through to year-end, as demand remains strong from upsizing boomers and an active military and corporate relocation market. Price appreciation, however, is expected to slow compared to the low-to-mid price points, where homes, long undervalued, have been making considerable gains.





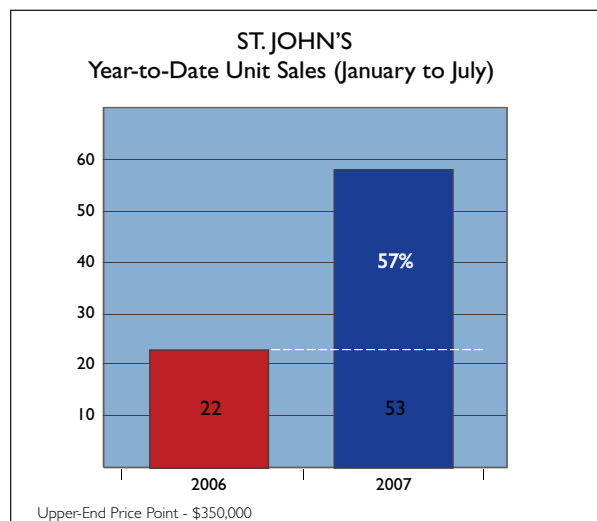
Newfoundland

St. John's

Upper-End Price Point – \$350,000

Optimism in the future of St. John's economy has helped push upper-end sales to record levels in the city this year. Year-to-date (January to July 2007) sales over \$350,000 have reached 53 units compared to 22 at the same time in 2006, an increase of 57 per cent. With nearly \$10 billion in combined capital works projects pending for Newfoundland & Labrador's Avalon Peninsula—including construction of a (GBS) Gravity Base Structure for the Hebron Ben Nevis oil field, a second oil refinery near Come-By-Chance, and a Hydromet facility for Voisey's Bay Nickel in Long Harbour—people are feeling secure in their purchasing decisions. The market remains highly competitive and a tight supply of quality executive homes currently exists. There is also increasing pressure on new construction due to the market demand and a considerable shortage of skilled tradespersons, as many have recently relocated from the province to secure work in Alberta. Most builders are operating at or above capacity and schedules are being challenged across the board. New custom-built homes that would typically require a six-month period are now taking three to four additional months to complete. Transfers from out-of-province have served to bolster the resale luxury market, preferring turnkey properties. The renovation phenomenon has been unprecedented in St. John's in recent years, propping-up residential values. Choice homes that come on-stream in demand areas are experiencing multiple offers. In one situation last month, a home listed at \$490,000 received five offers in 24 hrs. In fact, this year marked the first time ever that homes

priced in the \$800,000 to \$900,000 price range in St. John's have prompted bidding wars. A few sales over \$800,000 have been recorded on MLS to date, although a greater number are occurring as unreported exclusive sales. In recent months, the apex of St. John's high-end market has been quite strong, with a number of homes being built or sold over the \$800,000 price point in the King William Estates, Churchill Square and Waterford Bridge areas. On the periphery of St. John's, demand has been particularly solid in the municipality of St. Phillips—including Hogan's Pond, an exclusive rural area surrounding a large pond outside the city where properties are priced from \$600,000 to over \$1 million, and in the exclusive ocean view community of Country Gardens, where the average home today is \$550,000. In the Conception Bay South municipality, including the Topsail, Paradise and Manuels areas, homes are being offered at prices above \$500,000. These outlying areas have been increasing in popularity due principally to the attraction of larger lot sizes, ocean views, pond frontage and/or pond views and opportunity for new construction. Presales of upscale homes have been steady, with several projects currently underway. Considerable new home construction is also occurring in the east end of St. John's. The most expensive residential





sale to date was recorded at \$1.2 million in King William Estates. There have also been a number of sales in the center city and west end at \$800,000 to \$1.15 million. The most significant project underway, that underscores the incredible strength of the upper-end in all of Newfoundland and Labrador, is the Humber Valley Resort property on the West Coast where the developers are creating exclusive high-end chalets and marketing to Europeans and Americans from the Eastern States. Sales of these properties, priced from \$600,000, have been occurring at a phenomenal pace, with chartered flights bringing potential UK and US buyers to the site every two weeks. The project represents one of greatest “home-grown” success stories in the province that has not been tied to the advancements within the oil industry in recent years. Two hundred chalets have been built and sold to date, and over 170 presales are presently being developed for customers. Overall, the market in St. John’s is poised for substantial growth in 2008 and beyond, with the recent MOU signing between the Williams’ Government and Oil Consortium for development of Hebron Ben Nevis. Once the Hebron deal is consummated, it is fairly realistic to expect residential values to rocket ahead 20 per cent in St. John’s and surrounding areas within a very short period. The city’s real estate sector, including the luxury segment, holds great promise. The consensus seems to be that it’s just a matter of time. In the meantime, sales are expected to set a new record for the city

RE/MAX UPPER-END MARKET TRENDS REPORT 2007

NATIONAL CONTACTS

RE/MAX Western Canada	Marie Selby	250-860-3628
RE/MAX Ontario-Atlantic Canada	Christine Martysiewicz	905-542-2400
Point Blank Communications	Eva Blay/Charlene McAdam/Kim Kofman	416-781-3911

LOCAL CONTACTS

Market	Contact	Office	Phone
Vancouver - Downtown	John McLennan	RE/MAX Select Properties	604-737-8865
Westside	Tom Gradecak	RE/MAX Crest Realty (Westside)	604-732-1336
West Vancouver	Sam McCall	RE/MAX Masters	604-913-9000
White Rock - South Surrey	Linda Pierce	RE/MAX Colonial Pacific	604-541-4888
Victoria	Wayne Schrader	RE/MAX Camosun	250-744-3301
Kelowna	Cliff Shillington	RE/MAX Kelowna	250-717-5000
Calgary	Michael Cain	RE/MAX House Of Real Estate	403-249-9500
Edmonton	Bill Briggs	RE/MAX Real Estate	780-488-4000
Saskatoon	Larry Stewart	RE/MAX Saskatoon	306-934-0909
Regina	Rob Nisbett	RE/MAX Crown Real Estate	306-789-7666
Winnipeg	Cliff King	RE/MAX Executives	204-987-9800
Greater Toronto Area	John Meehan	RE/MAX Unique	416-487-5131
Hamilton-Burlington	Ralph Schmidt	RE/MAX Escarpment	905-575-5478
Kitchener-Waterloo	Annette Blake	RE/MAX Twin City	519-579-4110
London	Carl Vandergoot	RE/MAX Centre City	519-667-1800
Ottawa	Bill Lenardon	RE/MAX Metro City	613-596-1651
Halifax	Al Demings	RE/MAX Nova	902-468-3400
St. John's	Paul Fowler	RE/MAX Plus Realty	709-738-7587