

CANADIAN AVERAGE HOUSE PRICES INCH UP IN Q3; REGIONAL VARIANCES MORE PRONOUNCED THAN EVER

– House prices continue to rise in most regions, but rate of appreciation dropping –

TORONTO, October 6, 2008 – Home prices in Canada’s resale real estate market continued to grow modestly through the third quarter in most major cities, according to a House Price Survey report released today by Royal LePage Real Estate Services. This dissimilar Canadian trend is in stark contrast to the housing market woes that continue to plague the U.S. Boasting still-affordable homes, resource-rich Regina and St. John’s posted significant double-digit gains, while home prices in Alberta corrected downwards slightly after experiencing a period of unprecedented growth.

2007 marked the peak of Canada’s longest sustained residential real estate market expansion. It was a period characterized by higher than normal annual unit sales, constrained listings supply, and in many cases, sharp price increases. It is not surprising that the regions that had experienced the largest and quickest rise in home value are now experiencing easing price appreciation trends as their markets return to more balanced conditions.

Of the housing types surveyed across Canada, on average, standard condominiums rose by 0.2 per cent to \$243,529, while standard two-storey properties increased by 0.1 per cent to \$408,927, year-over-year. The average price of detached bungalows remained stable at \$240,000, year-over-year. Regina’s housing market posted the highest year-over-year price appreciations with gains as high as 49.0 per cent among standard condominiums; St. John’s condominium market followed closely behind rising by 26.9 per cent.

From coast-to-coast, strong fundamentals such as favourable rates of employment, solid local economies and the continuing availability of affordable mortgage financing have positioned Canada’s housing market to weather the storm south of the border, and allow the country to continue to chart its own course.

“Canada’s housing market is holding up well, with resilient buyer demand supporting house prices that continue to inch upwards. While rate of price appreciation is obviously tempering across the entire country, it’s important to underscore the fact that Canada’s housing market is supported by markedly different, and stronger economic fundamentals than those that American homeowners are wrestling with,” said Phil Soper, president and chief executive, Royal LePage Real Estate Services. “For the most part, Canadian home buyers have been able to shrug off the gloomy stories of economic woe from south of the border, and are taking advantage of reasonable financing options and healthy levels of housing supply. Average house price appreciation curves are beginning to flatten, but this is a completely natural reaction to the explosive gains that characterized the market earlier this decade.”

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Added Soper: "The Canadian housing market is on a very different path than that experienced by our American neighbours. Credit-worthy Canadians continue to have wide access to fairly priced mortgages. While we are not immune to the serious problems facing global credit markets, our financial institutions are in much better shape than mortgage providers in the U.S. In Canada, subprime or high-risk mortgages account for a small portion of our banks' portfolios and the mortgage approval process has many more checks and balances in place. As such, we should expect stability in Canada's in real estate market."

Further supporting Canada's steady housing market is a growing population and reliable buyer demand. Among the G7 countries, Canada continues to report the highest level of population growth. First-time buyers were also active during the third quarter as many took advantage of increased inventory levels and affordable mortgage rates.

Nowhere in the country is burgeoning buyer demand more apparent than in cities undergoing explosive growth due to the resource boom. Winnipeg, Regina, Saskatoon and St. John's are all experiencing a surge in both in-migration and immigration as people flock to these cities in search of employment opportunities.

In Atlantic Canada, the revitalized oil sector remained a bright spot for St. John's and continued to fuel buyer demand. Although prices are continuing to rise in much of the east coast, house prices there remain well below the national average.

Among central Canadian cities including Montreal, Ottawa and Toronto, average house prices inched upwards during the third quarter. While the manufacturing sectors in Toronto and Montreal tightened in the third quarter, the drop in value of our Canadian dollar offset some negative impact by improving trading channels with other countries.

While house prices in Toronto are holding steady, and showing moderate increases, the market has definitely cooled from the blazing conditions experienced in 2007.

Despite dropping year-over-year house prices in Alberta, the province remains poised for growth. Alberta's underlying resource-rich economy is strong and regional unemployment figures are amongst the lowest in the country. As such, the recent price decline is merely a correction to the dramatic run-up in prices that both Edmonton and Calgary experienced in the past few years. What Alberta is experiencing now is merely a consequence that inevitably comes from an unsustainable period of dramatic growth.

"The most important factor to note right now is that Canada's real estate market is stable, and continues to show modest price appreciation in almost all regions of the country. While homeowners will not be experiencing the double-digit price increases that characterized the past few years, their real estate assets remain safe. And of course, buyers entering the market today have much better choice and negotiating ability than those who bought during the supply-constrained years of the past decade," said Soper.

THIRD QUARTER 2008 AVERAGE YEAR-OVER-YEAR HOUSE PRICES – BY CITY

Market	Detached Bungalow			Standard 2-Storey			Standard Condominium		
	Q3 2008 Average (\$)	Q3 2007 Average (\$)	Year-over-year Bungalow % Change	Q3 2008 Average (\$)	Q3 2007 Average (\$)	Year-over-year 2 Storey % Change	Q3 2008 Average (\$)	Q3 2007 Average (\$)	Year-over-year Condo % Change
Halifax	211,667	198,000	6.9%	255,333	238,333	7.1%	165,500	150,000	10.3%
Charlottetown	156,000	150,000	4.0%	185,000	177,000	4.5%	120,000	100,000	20.0%
Moncton	156,500	157,000	-0.3%	131,500	135,000	-2.6%			
Fredericton	162,000	155,000	4.5%	210,000	197,000	6.6%	128,000	130,000	-1.5%
Saint John	202,933	189,000	7.4%	291,788	240,000	21.6%	104,575	129,000	-18.9%
St. John's	190,050	153,667	23.7%	261,800	213,333	22.7%	203,000	160,000	26.9%
Atlantic	179,858	167,111	7.6%	222,570	200,111	11.2%	144,215	133,800	7.8%
Montreal	236,045	225,214	4.8%	336,381	334,813	0.5%	204,336	195,786	4.4%
Ottawa	318,833	305,750	4.3%	317,500	302,917	4.8%	206,417	193,750	6.5%
Toronto	433,540	411,736	5.3%	555,950	547,253	1.6%	309,711	302,938	2.2%
Winnipeg	228,188	204,950	11.3%	253,388	231,833	9.3%	134,533	120,032	12.1%
Regina	278,850	208,000	34.1%	259,000	185,500	39.6%	196,000	131,500	49.0%
Saskatoon	321,500	293,750	9.4%	358,250	323,750	10.7%	211,250	207,500	1.8%
Calgary	443,156	472,522	-6.2%	435,211	476,711	-8.7%	269,156	293,167	-8.2%
Edmonton	326,429	370,000	-11.8%	342,857	397,857	-13.8%	216,667	266,667	-18.8%
Vancouver	817,500	787,500	3.8%	926,250	879,000	5.4%	442,250	419,750	5.4%
Victoria	439,000	400,000	9.8%	465,000	440,000	5.7%	282,000	270,000	4.4%
National	240,000	240,000	0.0%	408,927	408,447	0.1%	243,529	243,011	0.2%

Average house prices are based on an average of all sub-markets examined in the area, except for the smaller markets of Charlottetown, Moncton, Fredericton, Saint John and Victoria.

For the regional market highlights or to contact a spokesperson, please contact:

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