

MLS® home sales on track to set new records in 2006

OTTAWA, Ontario, May 04, 2006 — Canada's resale housing market will set new records in 2006, according to a revised forecast prepared by The Canadian Real Estate Association (CREA).

After setting the fifth consecutive annual record in 2005 at 483,250 units, CREA expects national resale housing activity to inch even higher by 1.0 per cent to 488,160 units in 2006. Activity is then projected to ease by 3.3 per cent in 2007.

Rising interest rates have so far done little to cool resale housing transactions this year. In the first quarter of 2006, sales activity reached its highest level for any quarter on record in Alberta, Prince Edward Island and Newfoundland, and remained exceptionally strong in all other provinces. Alberta is expected to post the biggest annual increase in transactions this year, which reflects its upbeat economic, employment and population growth prospects arising from investment in the energy sector.

After climbing 10.2 per cent in 2005, CREA projects that the national MLS® residential average price will increase by a further 6.1 per cent in 2006 and 4.7 per cent in 2007. Annual increases in average price are expected to remain above 10 per cent in British Columbia and Alberta, where resale housing markets should remain tight.

"Further increases in home prices and interest rates may cause resale housing activity to ease next year, but housing demand will remain very strong and support further price increases," said CREA's Chief Economist Gregory Klump.

"Rising household incomes will help to support housing affordability," says Klump. "The tax cuts outlined in the 2006 Federal Budget will ease the overall tax burden for individuals, put money back in the pockets of Canadians, and increase consumer confidence about making major purchases."

"The reduction in the GST rate to six per cent and the one per cent reduction in the federal portion of the HST will reduce the costs associated with buying, selling and owning a home," Klump continues.

"With all of these new tax reductions and the continuing strength of the real estate market, consumers can count on their REALTOR® to have the most up-to-date information on how the changes will impact them," said Alan Tennant, FRI, President of The Canadian Real Estate Association.

CREA's Chief Economist notes that the GST is charged on professional services used by consumers during the course of a housing transaction, such as fees paid to lawyers, appraisers, home inspectors and REALTORS®. The tax is also charged on the goods and services purchased by consumers when they move from one home to another. These include moving costs, renovations, and the purchase of furniture and major appliances.

CREA MLS® Residential Market Forecast:

MLS® residential unit sales forecast	2005	Annual change (%)	2006 Forecast	Annual change (%)	2007 Forecast	Annual change (%)
Canada	483,250	4.9	488,160	1.0	472,245	-3.3
British Columbia	106,310	10.3	101,500	-4.5	98,485	-3.0
Alberta	65,866	14.6	75,390	14.5	71,490	-5.2
Saskatchewan	8,312	1.7	8,325	0.2	8,245	-1.0
Manitoba	12,761	5.5	12,410	-2.8	12,005	-3.3
Ontario	197,024	-0.2	198,765	0.9	193,700	-2.5
Quebec	70,649	2.0	67,565	-4.4	65,160	-3.6
New Brunswick	6,836	14.3	7,180	5.0	6,900	-3.9
Nova Scotia	10,387	16.9	11,390	9.7	10,970	-3.7
Prince Edward Island	1,449	-3.4	1,590	9.7	1,505	-5.3
Newfoundland	3,211	-1.7	3,615	12.6	3,355	-7.2

MLS® residential average price forecast	2005	Annual change (%)	2006 Forecast	Annual change (%)	2007 Forecast	Annual change (%)
Canada	\$249,311	10.2	264,519	6.1	276,951	4.7
British Columbia	\$332,224	14.9	367,108	10.5	401,983	9.5
Alberta	\$218,266	12.1	249,915	14.5	283,653	13.5
Saskatchewan	\$122,765	10.8	130,622	6.4	137,414	5.2
Manitoba	\$133,854	12.3	146,570	9.5	156,830	7.0
Ontario	\$263,041	7.3	278,560	5.9	291,096	4.5
Quebec	\$184,583	7.9	192,335	4.2	199,644	3.8
New Brunswick	\$120,641	6.8	126,552	4.9	131,868	4.2
Nova Scotia	\$159,556	9.3	171,523	7.5	182,672	6.5
Prince Edward Island	\$117,238	5.8	123,100	5.0	127,285	3.4
Newfoundland	\$141,167	7.4	148,931	5.5	155,633	4.5

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