

## **CREA releases MLS® forecast**

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

**OTTAWA, Ontario, October 04, 2006** — Canada's resale housing market will edge past 2005 sales statistics to 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 483,233 units, CREA expects national resale housing activity to reach 483,265 units in 2006 – an increase of less than 0.1 per cent. Activity is then projected to ease by 4.8 per cent in 2007 as sales return to more normal levels.

After climbing 10.2 per cent in 2005, CREA projects that the national MLS® residential average price will increase by a further 11.4 per cent in 2006 and 6.0 per cent in 2007. Annual increases in average price will remain below 10 per cent in all provinces in 2007. Housing markets in Western provinces will remain tightest, with prices increasing at double the rate of other provinces.

A gradual decline in sales activity and an increase in new listings is causing many housing markets across the country to become more balanced, which has begun to temper price increases. CREA expects this trend to continue over the rest of the year and into 2007.

"The large price gains in Western markets will begin to shrink next year as housing markets in those provinces become more balanced," said CREA Chief Economist Gregory Klump. "Price increases become leaner as the housing market becomes more balanced, but it takes time for them to respond to changes in market balance. Some listings are also beginning to stay on the market longer as buyers view a broader selection of homes before making a purchase decision."

When the Bank of Canada decided to hold its trend-setting overnight lending rate steady on September 6th, it identified a faster than expected slowdown in U.S. consumer spending as a downside risk to Canadian economic growth.

"Weaker U.S. economic growth is a good news for Canadian interest rates, as slowing Canadian economic growth will keep mortgage interest rates low and the housing market on a solid footing," said Klump. "Home sales activity and household spending stand to benefit if the Bank of Canada cuts interest rates to shore up Canadian economic growth."

"High employment, upbeat consumer confidence and rising incomes continue to keep the fundamentals strong for housing activity in Canada," added Klump. "The regional differences in economic strength that played out this year in Western provinces compared to the rest of Canada are expected to persist next year."

"Your home is more than just a place to live – it's also a major financial investment," said CREA President Alan Tennant, FRI. "Your REALTOR® has in-depth knowledge of your local real estate market conditions, and is the best person to turn to for sound advice if you are thinking about buying or selling a home."

**CREA MLS® Residential Market Forecast:**

<b>MLS® residential unit sales forecast</b>	2005	Annual change (%)	2006 Forecast	Annual change (%)	2007 Forecast	Annual change (%)
Canada	483,233	4.9	483,250	0.0	460,190	-4.8
British Columbia	106,310	10.3	99,540	-6.4	93,855	-5.7
Alberta	65,866	14.6	72,590	10.2	66,010	-9.1
Saskatchewan	8,312	1.7	8,910	7.2	8,865	-0.5
Manitoba	12,761	5.5	12,910	1.2	12,660	-1.9
Ontario	197,007	-0.2	194,760	-1.1	187,745	-3.6
Quebec	70,649	2.0	71,255	0.9	69,510	-2.4
New Brunswick	6,836	14.3	7,040	3.0	6,530	-7.2
Nova Scotia	10,387	16.9	10,640	2.4	10,055	-5.5
Prince Edward Island	1,449	-3.4	1,550	7.0	1,370	-11.6
Newfoundland	3,211	-1.7	3,480	8.4	3,095	-11.1

<b>MLS® residential average price forecast</b>	2005	Annual change (%)	2006 Forecast	Annual change (%)	2007 Forecast	Annual change (%)
Canada	\$249,311	10.2	\$277,700	11.4	\$294,400	6.0
British Columbia	\$332,224	14.9	\$387,700	16.7	\$421,800	8.8
Alberta	\$218,266	12.1	\$277,600	27.2	\$305,100	9.9
Saskatchewan	\$122,765	10.8	\$133,300	8.6	\$144,000	8.0
Manitoba	\$133,854	12.3	\$150,600	12.5	\$164,300	9.1
Ontario	\$263,042	7.3	\$279,600	6.3	\$290,500	3.9
Quebec	\$184,583	7.9	\$194,200	5.2	\$201,900	4.0
New Brunswick	\$120,641	6.8	\$129,400	7.3	\$132,700	2.5
Nova Scotia	\$159,556	9.3	\$174,900	9.6	\$179,200	2.5
Prince Edward Island	\$117,238	5.8	\$128,300	9.4	\$131,600	2.6
Newfoundland	\$141,167	7.4	\$141,200	0.0	\$144,500	2.3

**For more information:**

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