

New record for MLS® home sales expected again in 2007

National activity to rise 3.6% over last year

OTTAWA, Ontario, May 01, 2007 — Boosted by record activity levels in the first quarter, national MLS® home sales activity is expected to reach new heights again in 2007, according to a new residential forecast prepared by The Canadian Real Estate Association.

National home sales are forecast to rise by 3.6 per cent to 500,995 units in 2007, and will set new records in most provinces. Activity is forecast to edge slightly lower in 2008, but will remain high in all provinces.

The national MLS® residential average price is forecast to rise over the next two years. Resale housing markets will become more balanced in all provinces, but will remain tightest in Western provinces where annual price increases will be greatest.

"Resale housing activity in the first quarter was far stronger than anybody had anticipated," said CREA Chief Economist Gregory Klump. "Record-breaking sales activity in the first three months of this year has forced The Canadian Real Estate Association to revise our forecast upward."

"Home buying sentiment remains strong in all regions, and new listings have been unable to keep pace with sales activity. The resale housing market will become more balanced as rising prices erode affordability and cause a gradual retreat in sales activity," Klump said. "A strong job market and the continuation of low interest rates will keep sales activity strong even as prices continue to rise." "Residential real estate markets across Canada remain healthy and active, and it is important to note that the negative factors weighing on U.S. home sales are largely absent in Canada," said CREA President Ann Bosley. "For local market expertise and sound advice, consumers should consult their REALTOR®."

In British Columbia, sales activity and new listings recently rebounded in a number of areas, including the Greater Vancouver, Fraser Valley, Okanagan and Victoria markets. While negotiations still favor the seller, the resale housing market is becoming more balanced and price increases have begun to moderate. That trend is forecast to continue.

In Alberta, sales and new listings set new records in the first quarter of 2007. A recent spike in new listings caused the market to become more balanced in Calgary, Edmonton and elsewhere in the province. Price increases this year are forecast to be smaller than they were last year, but remain outsized in most markets.

In Saskatchewan, sales have been rising by more than new listings, and negotiations heavily favor the seller. Prices are forecast to reach new heights in Saskatoon and Regina, the province's two most active markets.

In Manitoba, a bigger rise in new listings than sales has caused the MLS® housing market to become more balanced, and price increases are beginning to shrink. That trend is forecast to continue, but negotiations will continue to favor the

seller.

In Ontario, a recent increase in sales activity caused the resale housing market to tighten, although trends for sales activity and new listings vary widely between local markets. The market is forecast to become more balanced as sales activity edges lower and new listings inch higher in the second half of 2007 and in 2008.

In Quebec, sales activity in the first quarter rose in a number of major markets and caused the resale housing market to tighten and price increases to accelerate. A forecast increase in new listings will cause the market to become more balanced and price increases to shrink in the second half of the year and in 2008.

In New Brunswick, sales activity surged in Saint John and Moncton, which caused the resale housing market to tighten in the first quarter. Sales activity is forecast to ease and contribute to a more balanced market, which will cause price increases to become more modest.

In Prince Edward Island, sales activity in the first quarter broke out of its holding pattern that it had settled into over the past few years, while new listings trended lower. Although the market tightened as a result, a year-over-year decline in average price during the first quarter suggests that entry-level buyers accounted for much of the jump in sales activity. In keeping with the forecast trend in other provinces, sales activity in Prince Edward Island is forecast to retreat this year but remain strong and cause the market to become more balanced.

In Newfoundland, seasonally adjusted sales activity shattered all previous records in the first quarter. That caused the province's resale housing market to become much tighter. The lack of an accompanying pick-up in price suggests that the recent increase in sales activity was fueled by lower-priced transactions. Sales activity is forecast to retreat as new listings gradually increase, leading to a more balanced market and modest price increases.

CREA MLS® Residential Market Forecast:

MLS® residential unit sales forecast	2006	2006 annual percentage change	2007 forecast	2007 annual percentage change	2008 forecast	2008 annual percentage change
Canada	483,770	-0.004	500,995	3.6	487,095	-2.8
British Columbia	96,671	-9.1	94,050	-2.7	91,095	-3.1
Alberta	74,350	12.9	82,050	10.4	79,475	-3.1
Saskatchewan	9,140	10.0	10,760	17.7	10,370	-3.6
Manitoba	13,018	2.0	13,355	2.6	13,050	-2.3
Ontario	194,793	-1.1	200,210	2.8	195,485	-2.4
Quebec	72,520	2.6	75,410	4.0	73,210	-2.9
New Brunswick	7,125	4.2	8,015	12.5	7,805	-2.6
Nova Scotia	10,577	-3.3	11,210	6.0	10,855	-3.2
Prince Edward Island	1,492	3.0	1,615	8.2	1,545	-4.3
Newfoundland	3,537	10.2	3,820	8.0	3,710	-2.9

MLS® residential average price forecast	2006	2006 annual percentage change	2007 forecast	2007 annual percentage change	2008 forecast	2008 annual percentage change
Canada	276,959	11.1	303,400	9.5	320,100	5.5
British Columbia	390,963	17.7	423,600	8.3	445,900	5.3
Alberta	285,383	30.8	355,500	24.6	390,700	9.9
Saskatchewan	132,078	7.6	148,400	12.4	160,800	8.4
Manitoba	150,229	12.2	163,400	8.8	176,100	7.8
Ontario	278,455	5.9	299,500	7.6	310,900	3.8
Quebec	194,024	5.1	204,200	5.2	213,000	4.3
New Brunswick	126,864	5.2	134,200	5.8	138,400	3.1
Nova Scotia	169,237	6.3	181,000	7.0	189,000	4.4
Prince Edward Island	125,430	7.0	131,700	5.0	137,000	4.0
Newfoundland	139,542	-1.2	142,800	2.3	148,300	3.9