

Upper-End

MARKET TRENDS 2008



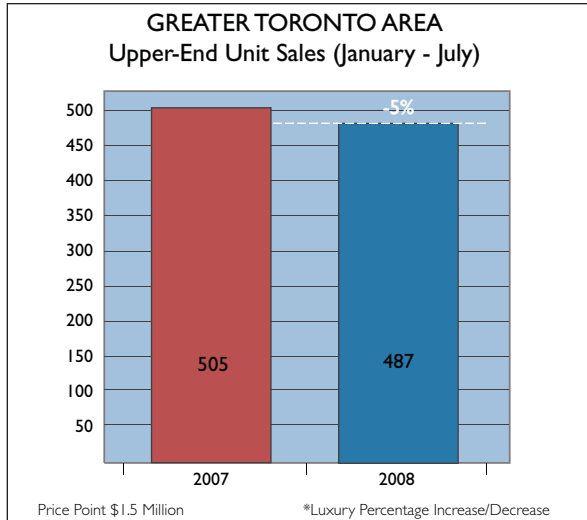
Ontario

Greater Toronto Area

Upper-End Price Point – \$1.5 million

While housing sales in the GTA have slowed considerably from last year's hectic pace, the top-end of the market remains relatively strong. Sales of homes priced in excess of \$1,500,000 are off 2007 levels by less than five per cent, with 487 units sold in the first seven months of the year,

compared to 505 during the same period in 2007. Leading in terms of sales appreciation are central core neighbourhoods where prices remain well under the \$2 million benchmark, such as Ledbury Park, Lytton Park, and John Ross Robertson and Leaside. The Scarborough Bluffs area abutting the Beach in the east, Markham in the north, and the Swansea, Lower High Park communities in the west have also seen sales climb. Traditional strongholds such as Forest Hill, Hogg's Hollow, Bridle Path, St. Andrews,

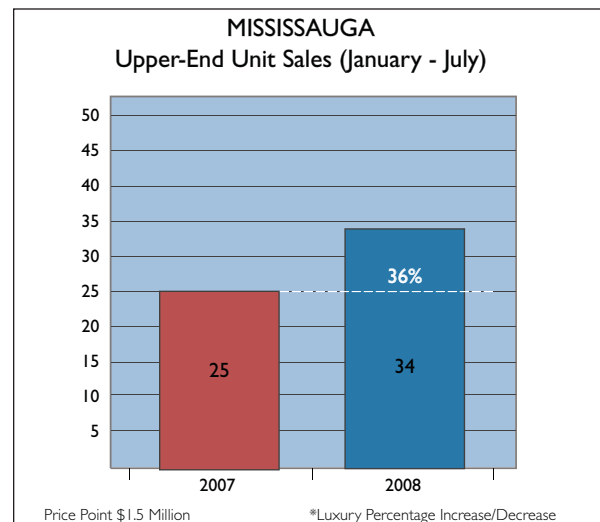


and Lawrence Park have experienced a noticeable decrease in sales activity this year, while Rosedale and the Kingsway are holding steady. Inventory levels have climbed across the board, with close to 500 properties listed for sale in Toronto priced at \$1.5 million plus. The most expensive MLS sale in the GTA this year occurred in Forest Hill in a multiple offer situation, selling for more than \$11 million. Purchasers in the top-end of the market tend to hold executive positions with large corporations, are members of the investment community, entrepreneurs, and/or professionals. Corporate relocations from outside the province are occurring to some extent, while purchasers from south of the border, and international are also active in the GTA.

Mississauga

Looking westward, sales of homes at \$1.5 million plus in Mississauga are up 36 per cent over last year's levels, rising from 25 units to 34 units in popular areas like Lorne Park, Rattray Marsh, and Mineola West. Mississauga has transitioned in recent years, with the demolition of the four sisters clearing the waterfront area in Port Credit and creating an abundance

of redevelopment opportunities. Demand for ideal building lots and infill housing in Mississauga continues to climb as housing values in the GTA reach peak levels. Bedroom communities such as Mississauga offer purchasers in the high-end of the market more bang for their buck, with lots ranging from 70 ft. in frontage to more than 150 ft. and depth ranging

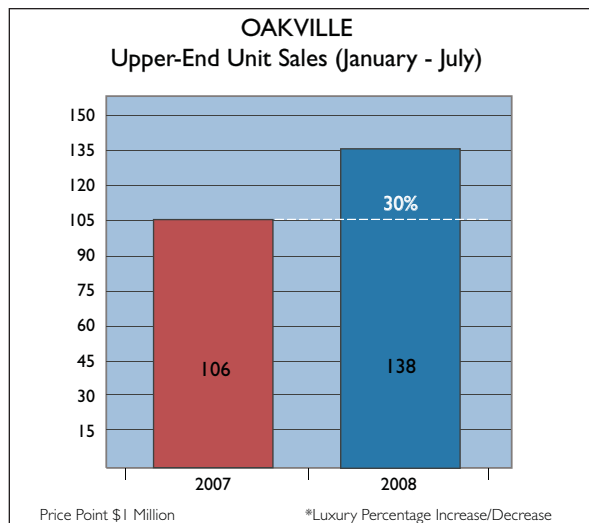


from 150 ft. to 200 ft. plus. The GO Train—and the promise of additional trains—has also added to Mississauga's appeal. The highest-priced sale in Mississauga in 2008 generated a cool \$5,000,000—the most expensive sale to date—while the priciest condo sale this year fetched \$1.25 million. Multiple offers are rare, but can still occur on lots in Mineola and Lorne Park.



Oakville

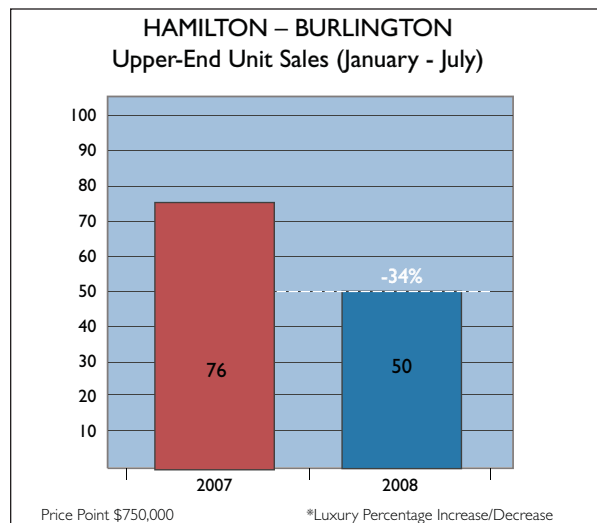
Luxury home sales in Oakville are up 30 per cent for properties over the million dollar price point in the first seven months of the year, rising from 106 units in 2007 to 138 units in 2008. Serious upward pressure on price has pushed values in Oakville's top luxury neighbourhoods to \$2 million in recent months. There are 175 listings currently listed for sale over \$1 million, 67 of which top the \$2 million price point. The top end of the market represents approximately 2.5 per cent of total residential MLS sales and that figure has been growing each and every year. Oakville's waterfront continues to command top dollar. With two natural harbours, Oakville's unique appeal continues to draw attention. Recent luxury condo developments now reach prices in excess of \$2 million. Similarly, it is not uncommon for land value alone to exceed the \$2 million mark. Oakville's South East and Downtown core continue to garner strong appeal, and most recently the demand has spread to include Oakville South West waterfront properties. This year's most expensive MLS sale occurred in South West Oakville, priced at \$5.5 million.



Hamilton–Burlington

Upper-End Price Point – \$750,000

Waning consumer confidence levels have contributed to a softening in upper-end housing sales in Hamilton-Burlington this year. Priced from \$750,000, the number of luxury homes sold fell 34 per cent to 50 units from January to July 2008, compared to 76 units during the same period in 2007. Million dollar sales have been reduced by 50 per cent. While representing only one per cent of the overall market, luxury home sales have been solid in recent years, with 2007 marking record performance. The market now clearly favours buyers, although most sellers



have failed to realize that change has occurred. As a result, many are pricing their properties too high, with expectations that are unrealistic. Purchasers, on the other hand, are cautious, waiting for better deals to emerge. Virtually every upscale neighbourhood is affected, from Chancery Dr., Sulphur Springs, Lovers Lane, and Tiffany Falls in Ancaster/Dundas, to the Lakeshore and Millcroft areas of Burlington. The most expensive home sold to date, on Burlington's Lakeshore Dr., fetched \$2.45 million, while the priciest



condominium sold for \$1.17 million. Hamilton-Burlington still offers tremendous value for the dollar and more and more opportunities exist in the top-end of the market. The economic overview is solid, with the expansion of McMaster University's Innovative Science Park attracting out-of-province buyers to the area.

Kitchener-Waterloo

Upper-End Price Point – \$500,000

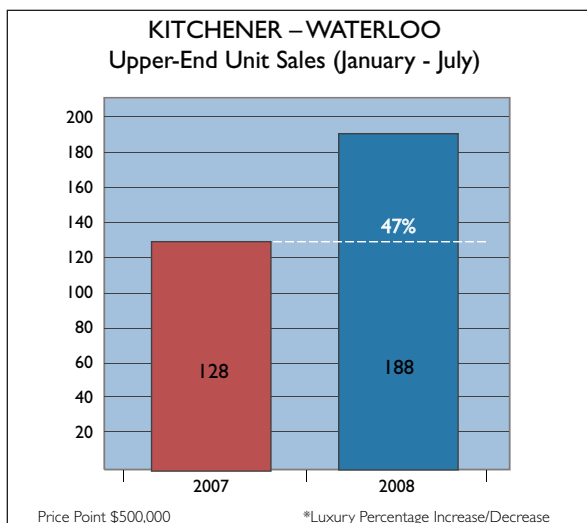
Sales of luxury homes in Kitchener-Waterloo are on the upswing, thanks to one of the strongest economies in the province of Ontario. The number of homes sold, priced in excess of \$500,000, has climbed 47 per cent to 188 units in the first seven months of the year, up from 128 units between January and July 2007. Million dollar sales have almost doubled during the same period, rising from four to seven. Economic performance, recently bolstered by the success of high-tech and knowledge-based industries, has stimulated activity in the top-end of the market. The city, recently named one of the top five places to do business by Canadian Business

magazine, offers exceptional value for the dollar, especially when compared to neighbouring Toronto, where prices have soared in recent years. The upper-end of the market now represents close to four per cent of all residential sales, up from two and a half per cent one year ago. The most expensive sale in 2008 was priced at \$1.495 million, while the priciest home is listed for sale at \$1.695 million. Middle-to-upper management types are behind the push for high-end properties in Kitchener's desirable South End and Colonial Acres in Waterloo. Although a number of upscale condominium projects—including loft conversions—have attracted a broad range of purchasers, most buyers in the upper-end of the market still prefer single-detached housing. Multiple offers have tapered from year's past and a good selection of product is available for sale. Listing inventory at the top-end is up about six per cent this year, while days on market are down to 44, compared to 48 in 2007. While stable market conditions are expected to prevail in coming months in the Kitchener-Waterloo area, a serious rebound in sales is not forecast to materialize for the next 12 to 24 months.

London

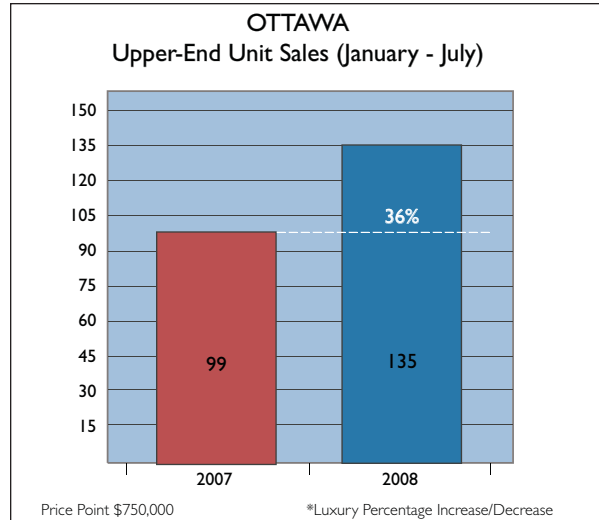
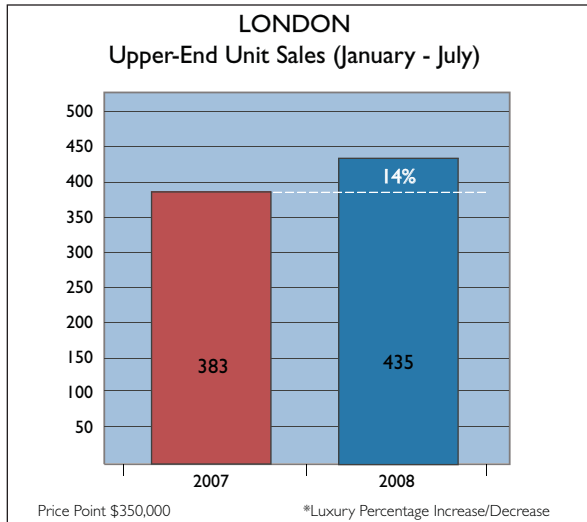
Upper-End Price Point – \$350,000

Interest rate stability and increased availability have helped stimulate demand for upper-end homes in London this year. Four hundred and thirty five homes sold over the \$350,000 price point between January and July 2008, up close to 14 per cent (383 units) compared to the same period one year ago. Two homes sold for more than a million dollars. Upscale purchasers in London and the surrounding areas have the luxury of choice this year, with over 500 listings currently available for sale at \$350,000 plus. Move-up buyers and corporate relocations are driving activity in the top-end of the market. Many are looking for more square footage, higher ceilings,





better architecture, and more upscale features in areas like North London and South West London. The most expensive MLS sale occurred in Dorchester with a price tag of \$1.25 million this year, while the highest-priced condominium sold for \$590,000. Days on market are comparable to last year, hovering at 56. Multiple offers are few and far between. The top-end of the market currently represents eight per cent of all residential housing sales, up from 6.7 per cent last year and 5.1 per cent in 2006. Demand continues to be steady for upscale properties in London and sales are expected to be stable for the remainder of the year.



anchored by the federal government and a diverse business sector, has contributed to the upswing in activity. Purchasers in the upper-end tend to be local for the most part, with a significant, but lesser, number of out-of-province, American, and international buyers active in the marketplace. While Rockcliffe Park is still most coveted, representing approximately 30 per cent of all high-end sales, purchasers have broadened their search perimeters to include areas such as Rothwell Heights, Alta Vista, Mooney's Bay, Glebe, Manotick, Chapel Hill, Rideau Shore, and Dows Lake. Thanks to renovation and infill, many non-traditional communities are now pushing past the \$1 million price point. In fact, 35 homes sold for over \$1 million in the first seven months of the year. An ample supply of upscale homes is currently listed for sale, with most taking 59 days on average to sell. The most expensive sale on MLS so far this year was \$2.310 million, while the priciest home currently listed for sale is in Rockcliffe Park and has a sticker price of \$4.150 million. Condominiums remain a popular choice with aging baby boomers. The highest condo sale so far this year was \$1.1 million. Given strong activity to date and solid economic fundamentals, demand is expected to be steady throughout the remainder of the year.

Ottawa

Upper-End Price Point – \$750,000

Luxury home sales continue to gain momentum in the nation's capital, outperforming all other segments of the residential real estate market. The number of upscale properties sold this year, priced from \$750,000, has climbed 36 per cent, rising from 99 units in January to July of 2007 to 135 units during the same period in 2008. A sound economic base,

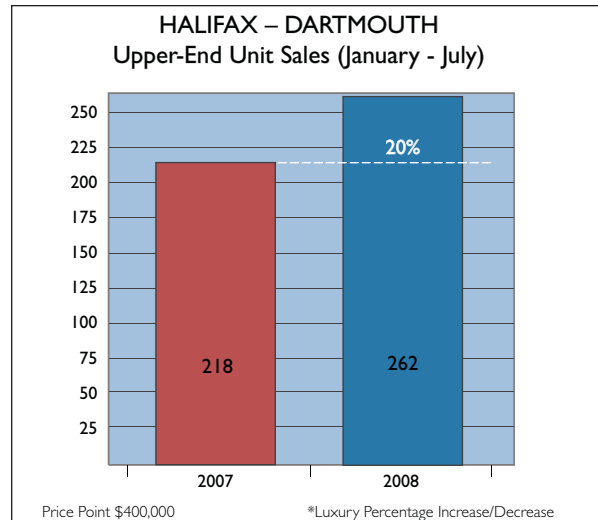


Nova Scotia

Halifax-Dartmouth

Upper-End Price Point – \$400,000

Sound economic fundamentals have served to bolster sales of luxury properties in Halifax-Dartmouth during the first seven months of 2008. Upper-end sales have increased 20 per cent to 262 units this year, compared to 218 during the same period in 2007. Strong employment levels, a thriving energy industry, and steadily increasing housing values, have kept consumer confidence levels high. The upper-end, as a result, is experiencing solid demand, with the number of upscale homes sold representing approximately five per cent of the total residential market. Close to 300 homes are currently listed for sale above the \$400,000 price point, 25 per cent of which are new construction. The most desirable neighbourhoods include the Peninsula South End, Bedford, Hemlock Ravine, and the Russell Lake area. The most expensive home sold this year was priced at \$1.975 million, while the most expensive active listing is an exceptional waterfront property with a sticker price of \$4.975 million—a new record for a single-family home in the Peninsula. The highest-priced condo sale this year was \$579,000. Driving demand for luxury properties are baby boomers, age 50+, who are government leaders, businesspeople or military personnel. Equity gains have also spurred move-up activity in this segment of the market, a direct contrast with their desire to downsize in the past. Some out-of-province buyers are active in the market, looking to retire in their hometown after working elsewhere. Young professionals also play a role in the upper-end, especially at the \$400,000 price point. Luxury town homes are a popular choice in exclusive locations like Hemlock Ravine and Russell Lake West with prices ranging from \$300,000 – \$500,000. Due to ecological



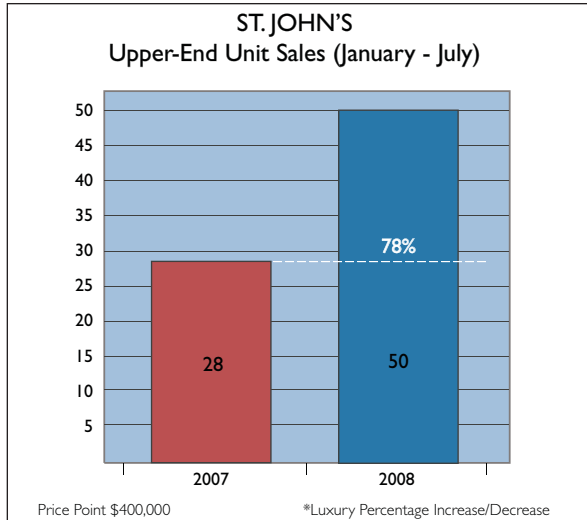
concerns and rising gas prices, more and more purchasers are interested in upper-end housing with a shorter commute time—making properties in the city a much sought-after commodity. While upscale homes typically take three to six months to sell, waterfront properties in exclusive locations can move after only a few days on the market. Multiple offers are not commonplace but still occasionally occur on choice properties. The momentum is expected to continue in Halifax-Dartmouth, with sales in the top-end expected to match last year’s record breaking pace.

Newfoundland – Labrador

St. John’s

Upper-End Price Point – \$400,000

Strong economic performance is fueling sales of luxury homes priced in excess of \$400,000 in St. John’s this year. Year-to-date MLS reported sales over



\$400,000 have climbed 78 per cent, reaching 50 units in the first seven months of 2008, compared to 28 at the same time in 2007. The increase in sales activity of luxury homes extends much further than the MLS statistics reveal considering the present record volume of new executive home construction. Under the leadership of Premier Danny Williams, Newfoundland has flourished. Strength in the energy sector has bolstered the local economy and residential housing sales. Unemployment is at a record low and wages continue to rise. The average price of a home has increased significantly, prompting unprecedented move-up activity. Sales are up across the board with price points climbing in more and more communities. Once a rarity in Newfoundland, homes sales are now beginning to occur over \$1 million. Although a considerable amount of new home construction exists in St. John's, demand for new homes continues to outpace supply. A shortage of skilled trades is the trouble point within the marketplace, as many skilled trades people have migrated to Alberta for work in recent years. This factor burdens the ability to satisfy the demand for new homes. The construction period for production of an average single family dwelling that would typically require a five to six-month schedule is now taking double the amount of time to complete. Inventory

levels are up in the \$400,000 plus price range, but quality listings are few and far between with a shortage in key luxury neighbourhoods. Sought-after locations in St. John's and surrounding areas include Churchill Square, King William Estates, Waterford Valley, Country Gardens, Hogan's Pond, and specific regions within the communities of Topsail and Manuels, where properties are priced from \$500,000 to \$2 million. Luxury homes priced at fair market value tend to sell within 30 days, while excessive over-priced listings stagnate. Well-priced properties in coveted neighbourhoods are experiencing multiple offers. The majority of buyers are young professionals in their late 30s and 40s. Many are employed by the oil and gas industry, or hold high-paying jobs in business, engineering, and medicine. Transfers from out-of-province and international buyers represent a significant presence at the top-end of the market, with many investing in established neighbourhoods, the urban core, and ocean view or pond frontage properties. Price appreciation has experienced a huge jump in recent years with values up as much as 35 per cent over the last two years in the luxury market. The majority of upper-end sales occur at the \$500,000 to \$900,000 price points. Currently, the highest priced residential listing is \$1,475,000. The offshore development of Hebron, Newfoundland's fourth oil field, located just 350 kilometers from St. John's, is forecast to further impact the local economy. In the foreseeable future, the province is expected to receive significant royalties from offshore oil activity. The revenues will help diminish the highest per-capita debt in the country and secure Newfoundland's economic outlook and that of the residential real estate market.



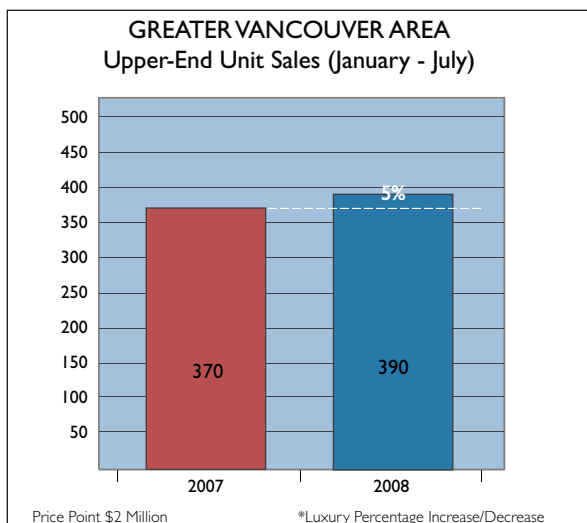
British Columbia

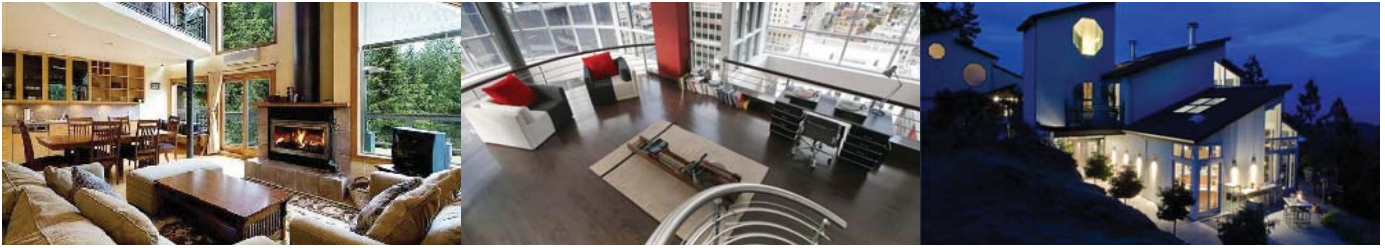
Greater Vancouver Area

Upper-End Price Point – \$2 million

Solid equity gains have bolstered move-up activity in Greater Vancouver's upper-end in 2008, while the overall housing market is down substantially from figures reported one year ago. Sales of luxury product, priced from \$2 million, have climbed five per cent to 390 units in the first seven months of the year, compared to 370 units during the same period in 2007. Tight inventory levels and the all-out bidding wars that characterized the top-end last year are all but gone. An ample supply of homes listed for sale currently exists over the \$2 million price point, including two \$19 million single-detached homes, situated in prestigious Caulfeild and Kitsilano, and a \$14.8 million condominium—reduced from \$18.2 million one year ago. Although the upper-end of the market represents just two per cent of total residential sales, the percentage is up from 1.5 per cent last year. Affluent baby boomers, Generation X and Y, and an influx of international

purchasers from Mainland China and Europe are behind the push for luxury real estate. Money made in the oil and gas sector in Alberta has also made its way into Vancouver's residential housing market. Purchasers in the upper echelon are seeking larger lots with greater privacy, more square footage, and traditional character homes in exclusive locations such as Westside's Point Grey, UBC, Point Grey Road, and Shaughnessy and West Vancouver's Altamont, Dundarave, British Properties, including Whitby Estates and neighbouring Chippendale (with its own isolated upscale panoramic ocean and city views), and the waterfront. The most expensive sale in 2008 was an \$11.5 million estate, while the priciest condominiums (two) sold for \$6.5 million. The number of homes that have changed hands at \$2 million plus is on par or slightly ahead of 2007 levels in West Vancouver and the Westside, but sales of properties priced from \$1 million are soft in both neighbourhoods—reflecting the downward trend in the lower-to-mid price ranges. Days on market are on the upswing, with most high-end homes selling within 100 to 300 days. Economic uncertainty, underscored by the recent meltdown in financial markets and the demise of Wall Street giants like Lehman Brothers, has removed all urgency. High-end buyers are in a holding pattern, waiting for some sign of recovery. Some affluent investors are travelling south of the border, taking advantage of rock bottom housing values on the US West Coast. Given current market realities, sales are expected to moderate in Greater Vancouver's top-end, while prices may experience some minor adjustments in coming months.





White Rock – South Surrey

Upper-End Price Point – \$1.2 million

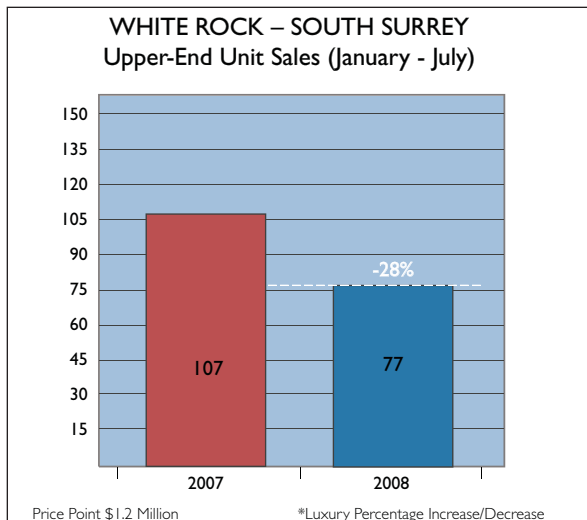
Economic uncertainty and a slowdown in residential real estate activity have prompted upscale buyers in the White Rock-South Surrey area to adopt a wait-and-see attitude. Sales of homes priced over \$1.2 million are down 28 per cent in the first seven months of 2008—77 sales vs. 107 for the same period in 2007. Although the number of properties sold has slipped from last year’s record pace, prices remain on par with last year. Some luxury purchasers are waiting for a correction after three years of steep price increases, while sellers are still trying to cash in at peak levels. High-end properties can sell fast at aggressive prices, but many are overpriced and tend to stagnate. Days on market, as a result, have increased over one year ago. Two hundred and eighteen homes are currently listed for sale above the \$1.2 million price point. The most expensive home sold so far this year was a 10,000 sq. ft. ocean view estate on a gated, one-acre property, priced at \$5.98 million, while the priciest listing is a four-year old home, situated on three-quarters of an acre, with

ocean and mountain views listed at \$5.98 million. Oceanfront properties are most sought-after by upscale purchasers. Condominiums with a view and access to waterfront can also command top dollar. The most expensive condo listed for sale is a 2,354 sq. ft. unit located in the Belaire, priced at \$1.89 million. The most prestigious neighbourhoods in White Rock-South Surrey include Morgan Creek and Elgin/Chantrell, where single-detached homes range from \$900,000 to \$2.3 million in price. The top-end of the market represents approximately 14 per cent of total residential sales. Most active in the market are buyers from out-of-province and international purchasers from Mainland China.

Victoria

Upper-End Price Point – \$1 million

Luxury home sales continue to climb, despite a more complex real estate environment in Victoria this year. One hundred and sixty-five homes were sold over the \$1 million price point in the first seven months of 2008, up close to four per cent from the 159 sales reported during the same period in 2007. Inventory levels are rising in the top end, with 756 homes currently listed for sale, up from 524 one year ago. As the market becomes increasingly competitive, there may be some price adjustments. Typically, between 200 and 300 homes sell in the \$1 million plus price range annually—with sales representing approximately three per cent of the market. The most expensive residential sale this year occurred in Oak Bay, with a sticker price of \$4.7 million, while the priciest condominium sold for \$2.75 million in Esquimalt. The highest-priced listing is a world-class, oceanfront estate on 2.25 acres, offered at \$15 million. Although luxury condominium sales have slowed, many buyers seeking retirement or lifestyle properties are attracted to Esquimalt, Victoria West or Victoria Proper, where



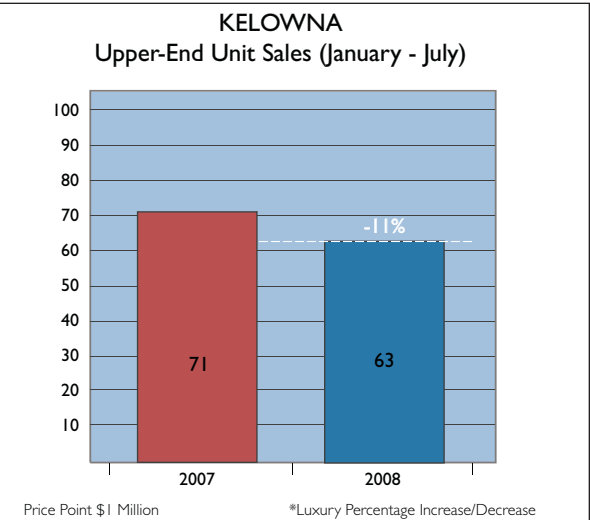
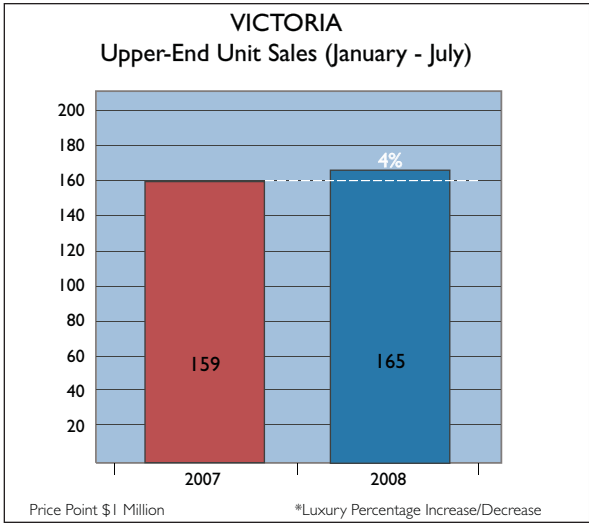


many projects offer a mix of exclusive, upscale water front units. The most expensive condominium listing is located in Esquimalt, priced at \$4.9 million. Other sought-after neighbourhoods include Oak Bay, Cordova Bay, Fairfield and Ten Mile Point. Most properties in these areas sell for over \$1 million, while some unique properties can command over \$5 million. To date, days on market have increased to 76, compared to 70 in the same period in 2007. However, exceptional properties can sell in days if priced at fair market value. Baby boomers and out-of-province buyers from Ontario and Alberta are most active in the top-end of the market. Local purchasers are typically trading-up—taking advantage of a spread that is narrowing—as the marketplace moves from sellers to more balanced market conditions. Foreign investment in Victoria’s upscale housing market is dwindling. A sound local economy is expected to stimulate solid sales activity in the high-end of the market for the remainder of the year.

Kelowna

Upper-End Price Point – \$1 million

Kelowna’s luxury housing market is holding its own this year, thanks to an influx of purchasers from out-of-town. Sixty-three homes, priced in excess of \$1 million, changed hands in the first seven months of this year, compared to 71 during the same period in 2007. Despite the modest drop in sales, the upper-end of the market continues to perform ahead of levels reported in 2006 (36 properties) and earlier. Upper-end sales represent approximately four per cent of the market, with 100 properties typically sold over the \$1 million price point on an annual basis. Close to 500 upscale homes are currently listed for sale in some of Kelowna’s most desirable communities. Some price reductions have occurred at the top-end as the market transitions from strong sellers to balanced. Many purchasers are waiting in the wings, hoping that prices will further correct. Retirees, 60 and up, and high-end professionals, in their 40s and 50s, are most active, with the vast majority of purchasers travelling from Alberta and Vancouver. American and international purchasers no longer have a strong presence in the marketplace. Demand for high-end waterfront homes (seasonal) is strong, with properties





selling from \$2 million. Those with easy access to the lake are most coveted. Off-water properties can also be purchased for \$1 to \$2 million. The most popular upscale neighbourhoods include Upper Mission, Lower Mission, Lakeview Heights, and Carr's Landing. This year's most expensive properties sold at benchmark prices. The first, a waterfront home on the exclusive Westside, fetched a record \$7.4 million. The highest-priced condominium went for \$2.4 million, while the most expensive listing is priced at \$4.5 million in the Sunset Waterfront Resort. The priciest home listed for sale in Kelowna at present is an \$8.7 million, a 7,300 sq. ft. home in exclusive Vineyard Estates in the Westside. The top-end of Kelowna's residential real estate market is expected to remain stable, with Alberta purchasers leading the charge for upscale properties.

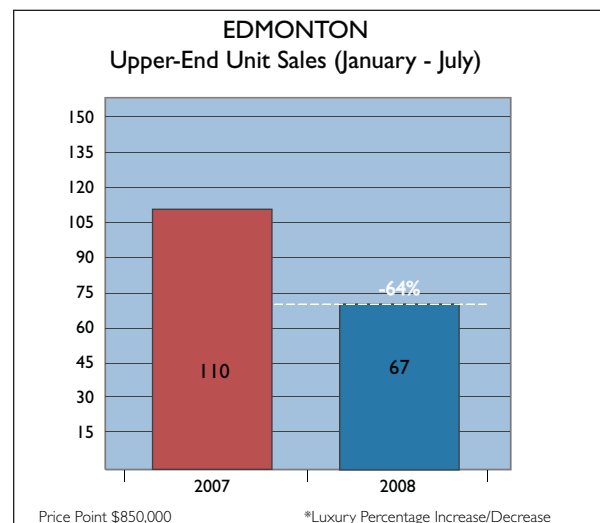
increased to 72. Executives from the energy sector and oil-related industries are largely behind the push for homes in the top-end of the market. Many are looking for prime real estate in older, established central-core communities such as Old Riverbend and Glenora. Others are seeking newer product in the South West, where expansion is well-underway. To a lesser extent, buyers from other parts of the province and some Americans are active in the market. The most expensive MLS sale this year was \$2.25 million, while the highest-priced listing available for sale is a \$6.9 million property in Crestwood. Built in 1992, the 8,700 square ft. property offers a lap pool, steam room, and an abundance of other amenities, close to the river valley. Luxury condos appear to be holding their own this year, despite a softening in the lower-end of the market. The priciest condo currently listed for sale, located in Strathcona, is priced at \$1.39 million. Multiple offers are few and far between but sometimes will occur on well-located, well-priced properties, particularly in the central core. Activity in the top-end of the market is expected to be relatively stable in Edmonton for the remainder of the year, while prices are forecast to soften somewhat from one year ago. Market conditions overall are not expected to rebound until late 2009 when much of the excess housing inventory is finally absorbed.

Alberta

Edmonton

Upper-End Price Point – \$850,000

A slowing economy, combined with an overheated residential real estate market, has had an impact on luxury home sales in the Edmonton area this year. The number of high-end homes sold during the first seven months of the year is down 64 per cent. One hundred and ten homes, priced from \$850,000, changed hands between January and July 2007, compared to 67 during the same period in 2008. Sales over the \$1 million dollar benchmark fared better, with 40 homes sold in 2008, compared to 45 last year. Inventory levels are down from one year ago, with 218 properties currently listed for sale above the \$850,000 threshold. Buyers remain firmly in the driver's seat, as evidenced by days on market. Last year, upscale properties took 59 days on average to sell, while this year, that figure





Calgary

Upper-End Price Point – \$1 million

Economic uncertainty, the US housing slump, and a lackluster local real estate environment have taken a toll on Calgary’s market for luxury homes this year. The number of upscale properties sold over the \$1 million dollar price point declined approximately 17 per cent, falling from a record high of 312 units in January to July 2007 to 258 units during the same period in 2008. Inventory levels are high, with 395 homes listed for sale at \$1 million plus at present. After several years of frenzied real estate activity, housing conditions have transitioned from a strong sellers to a buyers market. Cautious, price-sensitive purchasers are now weighing their options, waiting as long as six months for the right property to come along. Properties that are priced well will sell, while those that are priced too high will linger. Location and pricing are key in today’s market. While softening has occurred across the board, certain residential pockets, especially those in the inner core, tend to be more insulated than others. The most expensive sale to date occurred in Crescent Heights this year, fetching \$7.5 million—a new record for Calgary’s residential real estate market. The highest-priced

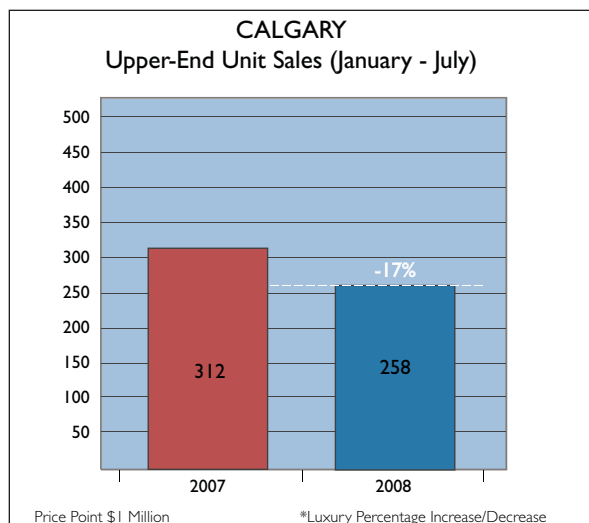
home currently listed for sale is a cool \$10 million in Pump Hill. Condominiums have also taken a hit, with demand waning for high-end units. The most expensive condominium currently listed for sale is priced at \$4.5 million. Although most high-end purchasers are from Calgary—and involved in oil and gas or related industries or the investment community—there are some corporate relocations into the area from other parts of the country, the US, and international. Local business people and professionals are also active in the top-end. Calgary’s housing market has yet to rebound from the correction that began in the latter half of 2007. The overall supply of homes listed for sale is still several thousand units ahead of levels reported in 2004 and 2005. Fortunately, speculators have vanished from the landscape. Current market conditions are expected to prevail for the remainder of the year and into 2009 before the tide begins to turn.

Saskatchewan

Regina

Upper-End Price Point – \$500,000

Demand for luxury homes in Regina continues to climb, bolstered by solid economic performance and consumer confidence in the top end of the market. Sales of homes priced in excess of \$500,000 jumped 306 per cent from January to July, rising from 17 units in 2007 to 69 units during the same period in 2008. Regina’s future as a transportation hub, the prospects for job creation, and the promise of more positive announcements are stimulating activity in the high end. Both freehold and condominium properties are experiencing upward momentum in the northwest, southeast, and southern areas of the city. The most expensive condominium sale to date was priced at \$655,000, while the most expensive



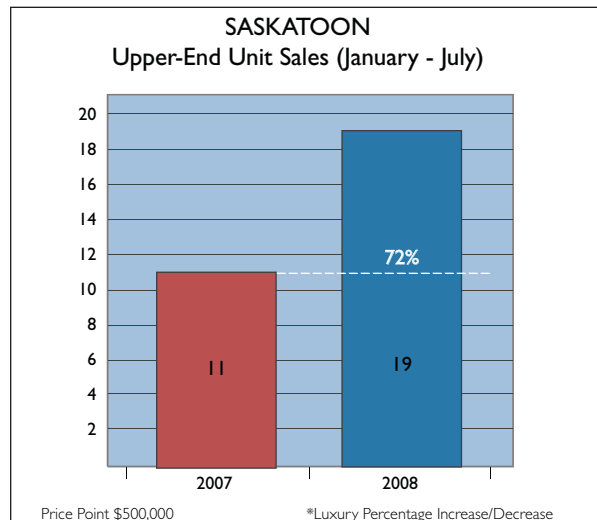
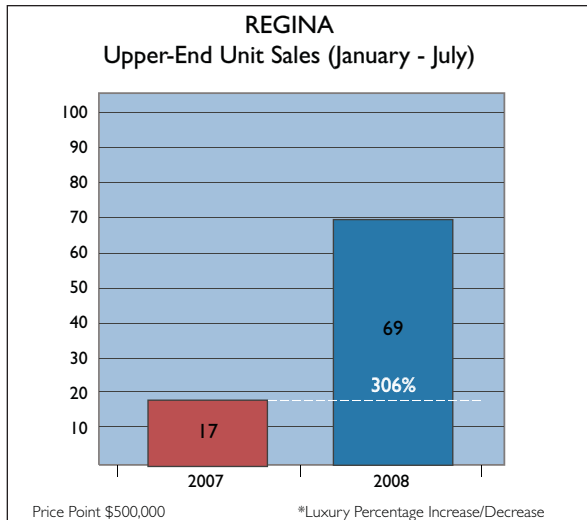


home sold at \$925,000. The priciest properties currently listed for sale include a \$1.275 million house and a \$600,000 condominium. Baby boomers are responsible for the upswing in high-end condo sales, with more and more people choosing to retire in Regina. Days on market fluctuate, depending on pricing. Those priced at fair market value tend to move quicker (four days) while homes listed too high stagnate. In 2007, luxury home sales accounted for less than one per cent of total residential sales in the city. To date, that figure is closing in on three per cent. After a tremendous run, residential real estate has settled back into more normal levels of activity. Gone are the out-of-province speculators, taking the urgency in the market with them. Overall inventory levels have climbed and are now on par with figures reported three and four years ago. Spec properties currently on the market are being absorbed, slowly working their way out of the system. Despite softer sales in the lower-end of the market, demand for luxury homes will continue at a steady pace, fuelled by sound economic fundamentals in both the city and the province.

Saskatoon

Upper-End Price Point – \$500,000

Luxury home sales in Saskatoon’s residential real estate market remain impervious to outside factors this year, with the number of homes sold up 72 per cent in 2008. Nineteen properties changed hands over the \$500,000 price point in the first seven months of this year, compared to 11 during the same period one year ago. Six homes have sold for over \$1 million. This vibrant new segment of the market is now representative of between three to five per cent of total residential sales. Existing product in the top-end of the market is limited, which has prompted affluent purchasers to buy older homes on choice lots with walk-outs—offering river views or backing onto man-made lakes, creeks or the golf course—and build. Teardown activity is now occurring across the board, especially in prime areas such as Saskatchewan Crescent and River Heights. Despite higher land and building costs, buyers have the desire and the financial wherewithal to support these purchases. Many are physicians, lawyers, farmers, real estate investors, business owners, and Albertans. Gated communities, view locations, specific heating and interior finishes are key with upscale purchasers.





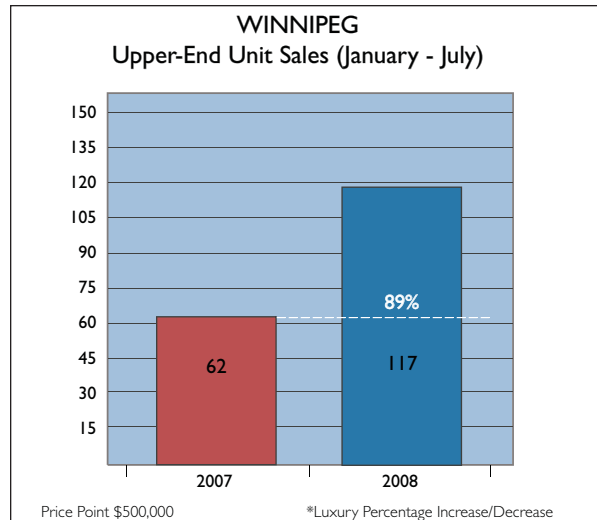
Days on market vary, typically ranging from three to six months. The most expensive home sold on MLS to date was priced at \$1.75 million, while the priciest condominium loft in downtown Saskatoon netted close to \$800,000. Local buyers are driving activity for the most part, although some out-of-province purchasers are present in the marketplace. A diverse economy has served to bolster momentum in Saskatoon's top-end during the first half of the year, despite a softening of sales in the low to mid-price ranges. Demand for upper-end product is expected to remain stable for the remainder of the year.

Manitoba

Winnipeg

Upper-End Price Point – \$500,000

Unprecedented demand for upscale properties in Winnipeg's most desirable neighbourhoods has led to double-digit increases in sales this year. Between January and July of this year, 117 high-end homes, priced in excess of \$500,000, changed hands, up from 62 during the same period one year ago. Seven homes sold over the \$1 million price point, compared to one in 2007. A buoyant local/provincial economy has served to insulate Winnipeg from the slowdown affecting other parts of the country. Relatively low interest rates and strong move-up activity have contributed to the overall health of the top-end of the market, which now represents close to two per cent of all residential sales. Premier communities include Tuxedo, East St. Paul, River Heights and Fort Garry. Wellington Crescent continues to be synonymous with wealth and prestige. To date, the most expensive sale was priced at \$1.25 million. Winnipeg's highest-priced home is currently listed for sale at \$3.25 million, setting a new record for the city. Condominiums are growing increasingly popular



with baby boomers, many of whom are choosing the lifestyle aspect associated with condo living. The most expensive condo sale in 2008 was a \$999,000 condominium, while the priciest listing is \$990,000 on Wellington Crescent. Unlike the low-to-mid price ranges, an ample supply of homes is available for sale in the upper-end of the market. Fifty-eight homes are currently listed over a half million dollars. Days on market hover at 35, comparable to last year. Given a continuation of solid economic fundamentals, Winnipeg's luxury housing market is expected to remain strong for the remainder of the year.

UPPER-END MARKET TRENDS REPORT 2008

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