

CANADA'S URBAN ENCLAVES APPRECIATE MORE THAN SUBURBAN SURROUNDINGS OVER 10-YEAR PERIOD; HOWEVER, PRICES IN BOTH AREAS DOUBLE

– A mature house near the subway or a new home with a big yard; both have big gains –

TORONTO, June 3, 2008 — When it comes to laying down roots, the proverbial debate of ‘the city versus the suburbs’ is likely to get a little more heated, as the majority of house prices in both Canada’s major urban and suburban neighbourhoods were found to have nearly doubled over the past 10 years, with urban dwellings appreciating slightly more than their suburban counterparts, according to the Urban vs. Suburban Survey released today by Royal LePage Real Estate Services. The country’s most impressive gains were seen in Edmonton where condominiums in both urban and suburban areas more than tripled and quadrupled in price, respectively.

TOP 10 SUBURBAN AND URBAN AREAS WITH HIGHEST PRICE APPRECIATION OVER 10-YEAR PERIOD

Urban

1. Castledowns, Edmonton (Condo) 633.3%
2. Mount Royal, Calgary (Condo) 363.8%
3. Cathedral, Regina (Bungalow) 318%
4. Scarboro, Calgary (Bungalow) 271.3%
5. Dollard-Des-Ormeaux, Montreal (Condo) 243.1%

Suburban

1. Sherwood Park, Edmonton (Condo) 416.7%
2. Warman, Saskatoon (Std. 2-Storey) 305.3%
3. Martensville, Saskatoon (Std. 2-Storey) 300%
4. Warman, Saskatoon (Bungalow) 292.7%
5. Martensville, Saskatoon (Bungalow) 263.6%

Of the thirty-two urban and twenty-six suburban markets examined across Canada, the national average price of a standard two-storey home in an urban neighbourhood appreciated by 129.2 per cent to \$522,999, over the past decade; while the same property type in the suburbs appreciated by 110.1 per cent to \$334,380. The national average price of a bungalow in urban Canada appreciated by 122.3 per cent to \$371,059, while its suburban counterpart rose by 115.2 per cent to \$318,346, over the past 10 years. The last decade saw the national average price of an urban condominium increase by 131.5 per cent to \$284,312, while the same property in the suburbs pressured upwards by 103.7 per cent to \$212,323.

“A look back at the last 10 years in Canadian real estate growth reveals that typically, home prices in urban markets have grown faster than those in the suburbs, with both areas showing impressive appreciation,” said Phil Soper, president and chief executive, Royal LePage Real Estate Services. “This decade has provided Canadians with the historically longest housing market expansionary cycle in the nation’s history. It is no surprise that house prices have increased as much as they have; strong demand for amenities and limited supply in city centres have spiked prices upwards in urban areas, while affordability and spacious yards continue to attract buyers to the suburbs. It really comes down to a lifestyle choice.”

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The study revealed that house price appreciation patterns differed significantly from city to city, and across different housing types. Some cities saw their surrounding suburbs appreciate more than urban properties, and others experienced a reversed pattern. Factors driving price increases in the country's urban neighbourhoods generally included limited property availability, a desire to be near the workplace, diverse amenities and more recently, the rising cost of fuel – which, when combined, have heightened buyer interest in these city-core areas.

Suburban price appreciation has mostly stemmed from the relative affordability of areas that are removed from the city core. The availability of affordable, larger properties with garages and more green space also appeal to buyers. Increases in the cost of doing business in commercial downtown areas have seen more corporate offices moving outside of urban areas, where many buyers are realizing that their workplace can be only minutes away from home in the suburbs.

It was the cities that have recently experienced huge levels of in-migration, as well as cities that were historically the most affordable, that have seen the highest price increases.

Added Soper: “Looking forward to the next 10 years, it's likely that the great debate of city dwelling versus suburbia will continue. Regardless of if your home address is in the middle of an urban metropolis, or you hang your hat many kilometres from the city centre, real estate proves to be a solid long-term investment.”

Regional Summaries

In **Halifax**, the combination of strong demand and limited availability of land drove prices upwards in the city's urban neighborhoods, and also led some people to expand their search to bedroom communities in the suburbs. In particular, condominiums in the suburban area of Bedford experienced a huge surge in activity and price increases. The trend of booming suburban growth is likely to continue as many business and manufacturing companies migrate from the city to facilitate easier access to major transport routes.

In general, homes in **Ottawa's** urban areas boast a higher price tag due to buyer demand for a house close to work. Young professionals and empty nesters alike dominated activity, opting for an urban address and shorter commute times.

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The combination of a shortage of inventory in **Montreal**, and virtually no space for new development, led to the significant gains that the city experienced over the past decade. Also contributing to the city's rising house prices is the fact that historically, Montreal's prices were well below the Canadian average. As the country experienced a rapid expansion cycle in the early-2000s, Montreal followed suit with house prices near – or more than – doubling.

The survey found that **Toronto's** urban detached bungalows and standard two-storey homes appreciated more than their suburban counterparts. Soaring prices in urban areas can largely be attributed to the limited supply and increase in demand to be closer to amenities such as work, transit and restaurants. Despite trailing slightly behind their urban counterparts in house prices, suburban areas have seen a greater appreciation in condominium prices, which may be largely due to maturing baby boomers looking to downsize their empty nests to something that requires less maintenance.

The last five years have seen **Winnipeg's** average house prices in both urban neighbourhoods and the suburbs skyrocket. While the desire of many homebuyers in Winnipeg is to live in urban centres to be close to work and amenities such as restaurants and shopping, has pressured prices upwards, the proximity of the suburbs to the city has attracted many buyers as well. Also, as affordability tightens in Canada's central cities, homebuyers see the suburbs as the less costly option.

As one of the provinces to experience a recent spike in the cost of homes, average prices in Saskatchewan for the areas surveyed have all more than doubled, with the highest rate of growth seen in Saskatoon's suburbs. As in-migration skyrockets in both **Regina** and **Saskatoon**, and as people flock to both cities to take advantage of the burgeoning commodities sector, the suburbs are likely to continue to grow, while those who are willing to pay top dollar will seek out properties in urban neighbourhoods.

In **Edmonton**, the decade-long retrospective survey shows that bungalows and condominiums in the suburban area of Sherwood Park appreciated more than their urban counterpart. Meanwhile, the price of a standard two-storey home in urban Edmonton trumped that of the same housing type in the suburbs. Skyrocketing prices in Edmonton's suburban areas can be largely attributed to the surge of workers who have recently flocked to the city to work in the burgeoning energy sector.

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In **Calgary**, both urban and suburban neighbourhoods have seen triple digit house price appreciation in a number of communities. Calgary residents have seen boundary expansion in several urban communities, causing a steady increase in average prices during the entire decade, especially in the last 24-month period. Popularity for urban housing has made it difficult for buyers to purchase a home. As a result, many are now are opting for slightly more affordable urban condominiums.

In the last decade, neighbourhoods within **Vancouver** urban and suburban areas have seen astounding house price appreciation, with average house prices close to doubling in some areas. A growing number of first-time buyers still gained entry into the Vancouver housing market by taking advantage of the increased condominium availability within urban areas, regardless of a spike in the cost of housing.

HOUSE PRICE APPRECIATION OVER 10-YEAR PERIOD

City	<u>Detached Bungalow</u>			<u>Standard Two-Storey</u>			<u>Standard Condominium</u>		
	Price Jan - Mar '08	Price Jan - March '98	% change	Price Jan - Mar '08	Price Jan - Mar '98	% change	Price Jan - Mar '08	Price Jan - Mar '98	% change
HALIFAX									
Urban									
AVERAGE	193,500	99,000	95.5%	276,333	144,000	91.9%	215,000	107,500	100.0%
Suburban									
AVERAGE	230,667	118,000	95.5%	216,667	139,000	55.9%	195,000	75,000	160.0%
MONTREAL									
Urban									
AVERAGE	253,125	110,000	130.1%	307,400	139,400	120.5%	204,333	108,000	89.2%
Suburban									
AVERAGE	226,673	113,750	99.3%	265,625	128,250	107.1%	169,000	85,000	98.8%
OTTAWA									
Urban									
AVERAGE	273,500	136,667	100.1%	325,375	154,375	110.8%	209,500	82,875	152.8%
Suburban									
AVERAGE	283,500	137,500	106.2%	278,750	148,000	88.3%	175,250	77,500	126.1%
TORONTO									
Urban									
AVERAGE	655,000	320,000	104.7%	779,000	411,250	89.4%	366,000	232,500	57.4%
Suburban									
AVERAGE	409,375	229,500	78.4%	407,250	223,250	82.4%	280,447	151,000	85.7%
WINNIPEG									
Urban									
AVERAGE	220,900	95,275	131.9%	254,433	105,300	141.6%	158,600	60,600	161.7%

Suburban										
AVERAGE	232,500	106,125	119.1%	263,125	117,425	124.1%	134,200	58,000	131.4%	
SASKATOON										
Urban										
AVERAGE	365,000	122,500	198.0%	432,500	137,500	214.5%				
Suburban										
AVERAGE	322,000	85,250	277.7%	382,500	95,000	302.6%				
REGINA										
Urban										
AVERAGE	247,680	75,899	226.3%	243,875	111,834	118.1%				
Suburban										
AVERAGE	170,000	66,000	157.6%							
CALGARY										
Urban										
AVERAGE	506,350	214,625	135.9%	1,657,242	539,150	207.4%	555,833	119,850	363.8%	
Suburban										
AVERAGE	444,898	173,172	156.9%	399,005	147,766	170.0%	264,730	127,513	107.6%	
EDMONTON										
Urban										
AVERAGE	337,500	124,000	172.2%	380,475	149,094	155.2%	227,500	52,500	333.3%	
Suburban										
AVERAGE	360,000	117,500	206.4%	390,000	140,000	178.6%	310,000	60,000	416.7%	
VANCOUVER										
Urban										
AVERAGE	723,250	366,250	97.5%	809,500	372,500	117.3%	404,875	178,000	127.5%	
Suburban										
AVERAGE	493,333	240,000	105.6%	485,000	254,967	90.2%	194,333	125,000	55.5%	

Source: Royal LePage House Price Survey data, local real estate boards and Royal LePage real estate experts

Methodology

Housing values in the Royal LePage Urban vs. Suburban Survey are Royal LePage opinions of fair market value in each location, based on local data and market knowledge provided by Royal LePage residential real estate experts. Historical data is available for some areas back to the early 1970s. Local Royal LePage real estate experts identified the urban and suburban areas, as neighbourhoods that best represented the city. For the purpose of this survey, urban neighbourhoods were defined as areas that are within the city guidelines, while suburban was defined as areas beyond this perimeter.

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About Royal LePage

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