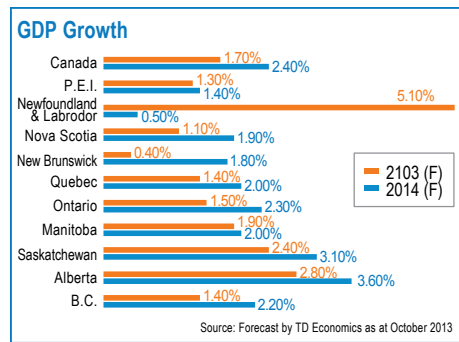


The Calgary Real Estate Board's Economic Outlook – Jan. 2014

The 2014 CREB forecast is based on the most current data available from a broad array of sources. It weighs the health of global and local economies, rates of migration, employment and numerous other factors to project how the resale housing market in Calgary will perform in 2014. Economists expect global growth will gain momentum to an annual rate of more than three per cent. The acceleration is based on improvements in the advanced economies, led by economic recovery in the United States.

Canadian Economy

Anticipated growth in the U.S. economy over the next two years is expected to fuel a rise in Canadian export growth. In 2014, export growth is expected to be driven by crude oil exports and other non-energy commodities, such as metals and forestry products, according to the Bank of Canada.



Alberta Economy

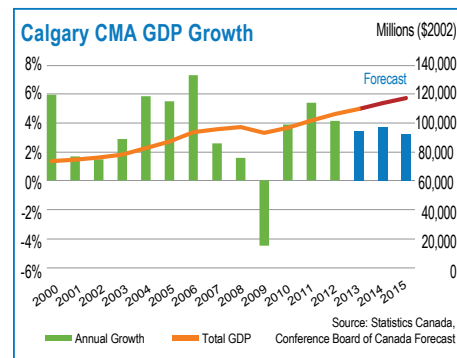
Alberta is one of the top performing provinces in terms of economic growth, employment opportunities, income and population growth. Much of this prosperity is rooted in energy investment, which spills over into other sectors. The abundance of jobs and a strong economy have attracted a large influx of people to the province in 2013. Alberta's population reached more than four million by mid-2013, representing a year-over-year growth rate of 3.5 per cent. That made it the fastest growing population in Canada, according to Statistics Canada.

With oil production expected to grow, it is increasingly important to have the infrastructure in place to ensure Canadian product can reach diversified markets, including Eastern Canada, the U.S. Gulf Coast and Asian markets.

The U.S. Midwest is Canada's largest export market, and refinery conversion projects are anticipated to increase demand in the region. However, there is potential for further significant growth if access to the U.S. Gulf Coast refineries could be achieved. The Keystone XL pipeline would increase the ability to process heavy crude and give Canadian producers access to a large market. Although crude oil demand in the U.S. Gulf Coast is almost eight million barrels per day, Canada only supplies 100,000 barrels per day to this market. By 2020, Canadian producers could supply 1.1 million barrels per day to this market, displacing some of the volume from other sources such as Venezuela. Producers are also looking to eastern Canada. Refineries in Quebec and Atlantic Canada import 86 per cent of their requirements, providing potential domestic growth of 700,000 barrels per day.

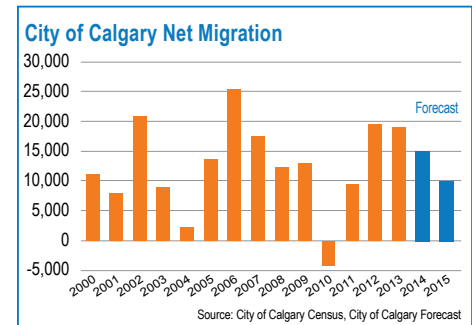
Calgary Economy

Following two years of growth in Calgary's census metropolitan area (CMA) that was double nationwide figures, according to the Conference Board of Canada, the city's economic growth is estimated to rise to 3.7 per cent in 2014.



Net Migration

According to the City of Calgary census, Calgary's population grew by nearly 30,000 people in 2013, compared to 2012, reaching a total population of nearly 1.15 million. The majority of the growth was driven by over 19,000 migrants coming to the city. While it is no surprise that the surge of migrants in the past two years have contributed to the rise in demand for residential housing, the number of people entering the city this year has far exceeded expectations.



In 2014, improving global economic conditions are expected to make it harder to attract the same number of people to the city, with migration levels expected to decline to 15,000. Despite the slower population growth, the rise in net migration is strong enough to support housing sector growth.

Calgary Housing

For the second year in a row, City of Calgary resale sales growth reached double digits. Moreover, 2013 was the first year since the recession of 2008 during which sales activity rose above long-term trends. The benchmark price averaged \$411,417 for the entire year: nearly eight per cent higher than last year. When considering annual averages, the unadjusted benchmark price (i.e. unadjusted for inflation and seasonal factors) has risen above the 2007 highs, driven by the gains in the single-family sector.

Easing net migration in 2014 should help ease some of the housing demand pressure in 2014. Overall, the pace of resale price growth in the City of Calgary is forecast to ease to 4.3 per cent this year.

While the majority of available homes are priced between \$300,000 and \$500,000, there has also been a significant rise in availability of higher-priced homes. Price gains have been higher in the lower end of the market than the higher end, providing opportunity for those looking to upgrade.

Sales activity in the single-family sector is expected to grow this year at a rate of 2.4 per cent, notably slower than the 2013 growth of eight per cent. Increasing affordability pressures may cause many buyers to turn to surrounding towns for their housing needs. Overall, single-family price growth is expected to ease from nearly eight per cent in 2013 to 3.8 per cent this year.