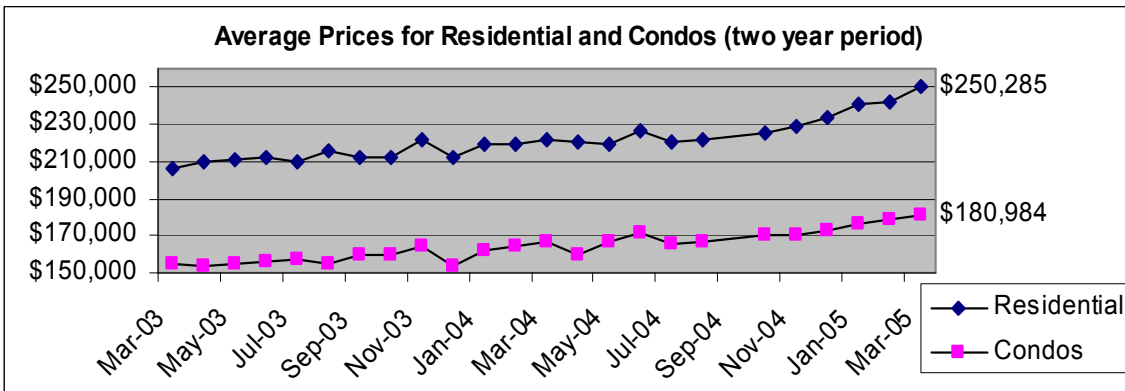
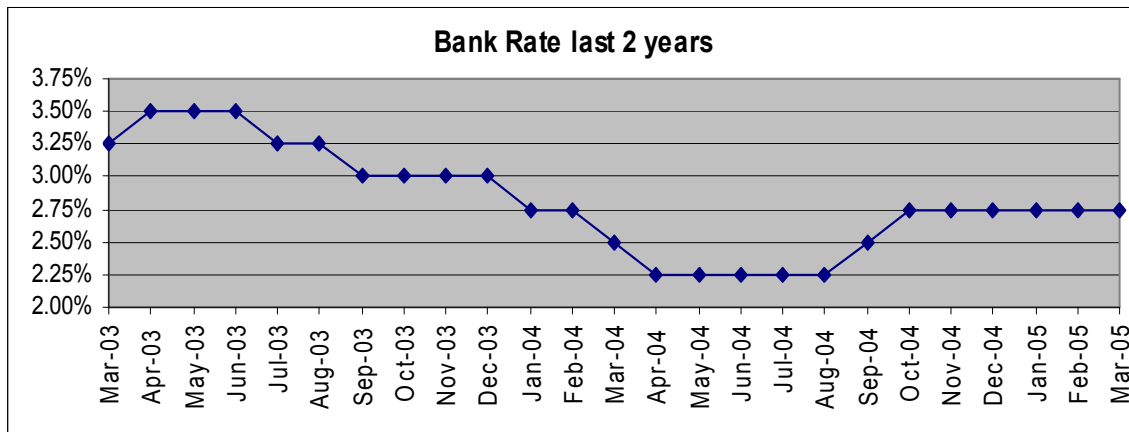


April, 2005

**Upbeat Market Activity.** The spring market is once again upon us and we are finding that prices are moving again. The market is brisk in most price ranges with the higher priced homes seeing the most activity, thus we are seeing our average price increase monthly. The influx of Imperial Oil clients and the overall health of our economy have pushed the average price to record highs. The lower price ranges are in a more balanced market and are not seeing spikes in the prices that the upper price ranges are seeing.



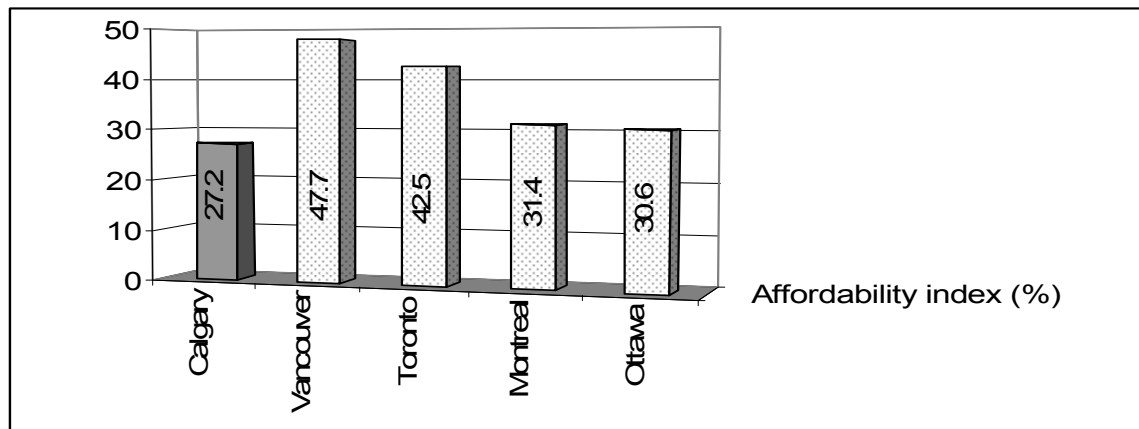
**Stable Interest Rates.** The Canadian dollar has seen significant appreciation and is forecast to remain strong. We are seeing the core inflation rate rise slightly from 1.4% in August, 2004 to 1.9% in March of this year. With inflation increasing slightly but still very much under control, the Bank Rate is expected to remain stable for the next six months. Towards the end of the year we may see the Bank rate notch slightly higher than the current rate of 2.75%. We are still seeing 5 year mortgage rates at less than 5%. If you are about to renew your mortgage please feel free to contact me to discuss your options. I am always watching the rates and can help you make the right choice with your mortgage decisions.



**Market Direction.** Where do we go from here? I often get asked the question “Are we headed towards a downturn in our market?”. I think to answer this question you need to

look at our economy and the affordability of homes in this city. Calgary's economy is firing on all cylinders. The increased spending on government infrastructure, the general strength of the economy, and of course the increased activity in the oil and gas business are all factors contributing to the overall health of Calgary's real estate market. Calgary also has the advantage of a highly skilled and well paid work force. This has allowed Calgary housing market to stay affordable in respect to a percentage of total living costs.

On March 8, 2005 The Royal Bank published an affordability overview for Canadian provinces and major cities reflecting each quarter. The affordability index is a calculation that uses housing costs like mortgage payments, taxes, utility costs on a detached bungalow as a percentage of the median pre-tax household income. In the fourth quarter of 2004, RBC reported that Calgary's affordability index sits at 27.2%. The chart below shows the affordability of homes in the major cities in Canada.



As you can see the price of an average bungalow in Calgary (\$233,200) would have to rise to \$411,500 to match Vancouver's affordability and \$368,700 to match Toronto's rate. Calgary's home owners are using much less of their income to support their housing costs than home owners in the other major cities. If you would like a copy of this report I would be happy to send or e-mail you a copy. Please feel free to call at any time.