



HOUSING MARKET TO EXHIBIT STABILITY

After declining 12 per cent in 2010, residential unit sales through the Multiple Listing Service® (MLS®) in BC are forecast to rise by 3 per cent to 77,000 units in 2011 and a further 4 per cent to 80,000 units in 2012. However, BC home sales will remain relatively low by historic measures, falling short of their 10-year average of 87,600 units. While low mortgage interest rates are expected to persist through 2012 accommodating housing demand, headwinds in the global economy will act to restrain BC economic and employment growth.

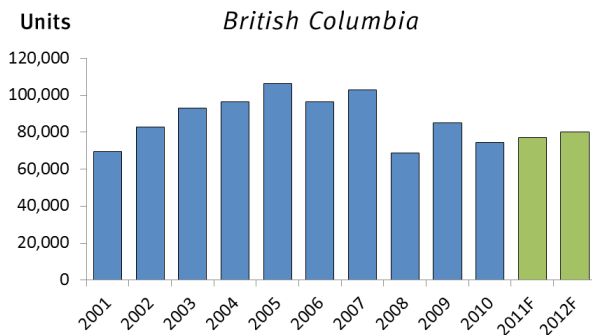
per cent this year. While emerging Asian markets have tilted some BC exports in an upward trajectory, domestic demand has stagnated. Retail sales in the province are estimated to increase just 1.5 per cent this year after climbing 5 to 6 per cent per annum over much of the last decade. Against this backdrop, moderate consumer demand for housing and relatively flat home prices are forecast through 2012.

Despite more moderate consumer demand, average home prices have climbed dramatically this year.

The average annual BC MLS® residential price is estimated to increase 12 per cent to \$564,600 in 2011. Rather than reflecting market conditions, the upward skewing of average price data was the result of a change in regional demand patterns and a shift in the mix of home types sold rather than as a

result of a return to pre-recession market froth. By the winter months, most of the upward bias in average price data will have dissipated which will contribute to the average annual BC MLS® residential price decline of 2.5 per cent to \$550,500 in 2012. Market conditions in most BC regions are expected to remain in buyers' to balanced market conditions, meaning the typical BC home will see little change in value through 2012.

MLS® Residential Sales



Source: BCREA

BC economic growth slowed from an Olympic charged 3.8 per cent in 2010 to a forecast 2.1 per cent this year. Lackluster economic performance is largely the result of weaker than expected US economic activity, some belt tightening and deleveraging by households, and the Euro-zone debt crisis. Employment growth in the province is estimated to fall to 1.1



MLS®	10	11f	12f
Sales	74,640 -12.2%	77,000 3.2%	80,000 3.9%
Avg Price	505,178 8.5%	564,600 11.8%	550,500 -2.5%
\$ Volume	37.7 Bil -4.9%	43.5 Bil 15.4%	44 Bil 1.1%
Housing Starts¹			
Total	26,479 64.7%	27,550 4%	27,500 -0.2%
Single	11,462 45.2%	9,250 -19.3%	10,000 8.1%
Multiple	15,017 83.5%	18,300 21.9%	17,500 -4.4%
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1. Sources: CMHC, BCREA Forecast

ECONOMIC OUTLOOK

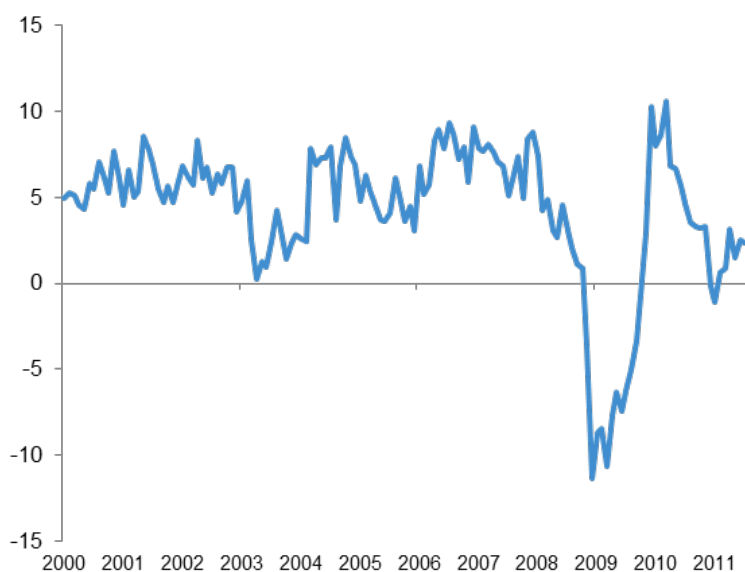
The BC economy is muddling through a fairly unremarkable 2011. While still growing at a moderate pace thanks to decent export growth, the BC economy is being held back by disappointing job growth and associated low consumer spending.

Employment growth this year will reach just 1.1 per cent and the meagre job creation that has occurred has mainly been concentrated in part-time work. The BC labour market did experience a long-overdue, and probably temporary, surge of close to 40,000 new full-time jobs in September. However, even that impressive jump still leaves full-time employment 3 per cent below its pre-recession peak. We anticipate the pace of job creation will start to pick up in 2012, pushing the provincial unemployment rate down slightly, albeit to a still elevated level of 7.4 per cent.

The lack of quality full-time job creation has significantly impacted consumer spending. After posting average growth of nearly 6 per cent in the years before the 2008/2009 recession, year-to-date retail sales are just 1.4 per cent higher than in 2010 and will struggle to reach 2 per cent growth for the year. Since consumer spending comprises about 65 per cent of BC GDP, a slowdown in household consumption has created a significant drag on economic growth in 2011.

Weak Consumer Spending Constraining Economic Growth

Retail Sales (Year-over-Year per cent change)



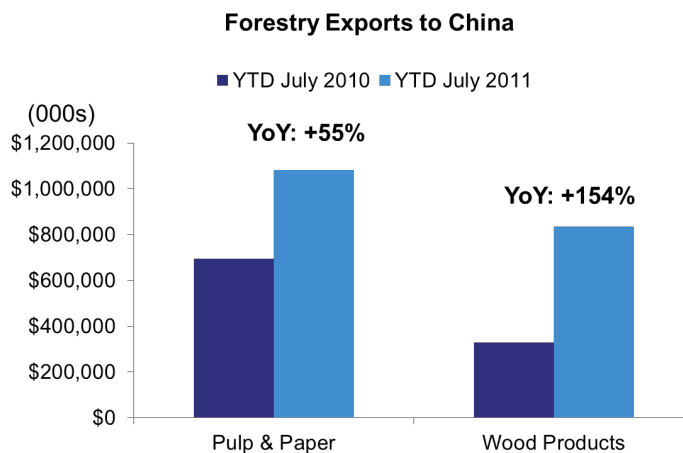
However, export growth fared quite well, expanding 13 per cent over 2010. BC's export performance is especially surprising given the economic woes of the United States and Japan, which combined purchase two-thirds of BC's export. Credit for the province's strong export performance belongs to a shift in the composition of trade towards emerging Asian markets.

One of the early beneficiaries of this diversification is the long-suffering BC forest industry whose exports have risen 10.2 per cent this year due to an 80 per cent jump in forestry exports to China.

	2010	2011f	2012f
Real GDP Growth	3.8%	2.1%	2.4%
Employment (\$ millions)	2.26	2.28	2.32
	1.7%	1.1%	1.6%
Unemployment (000s)	186.2	189.8	184.6
Unemployment Rate	7.6%	7.7%	7.4%
Personal Disposable Income (\$ millions)	132.2	137.1	141.7
	5.5%	3.7%	3.4%
Average Weekly Wage	\$822	\$839	\$852
	3%	2.1%	1.5%
Retail Sales (\$ billions)	\$58.1	\$59	\$60.9
	5.3%	1.5%	3.3%
Net International Migration	37,349	38,000	43,000
	-25.8%	1.7%	13.2%
Net Interprovincial Migration	4,678	1,500	2,500
	-51.6%	-67.9%	66.7%
Total Net Migration	42,027	39,500	45,500
	-29.9%	-6%	15.2%

While export growth has been a positive for the economy, increasing uncertainty in the global economy due to the Euro-zone debt crisis presents a significant threat to economic growth. However, financial market volatility caused by the Euro-crisis has forced long-term interest rates to record low levels and will keep the Bank of Canada on hold for an extended period. A deferral of higher borrowing costs should allow consumers time to shore up household balance sheets which may continue to constrain consumer spending in the short-term. Therefore, we are forecasting economic growth of just 2.1 per cent this year, followed by 2.4 per cent in 2012.

Export Growth Given a Boost by Increased Asian Trade



Source: BC Stats

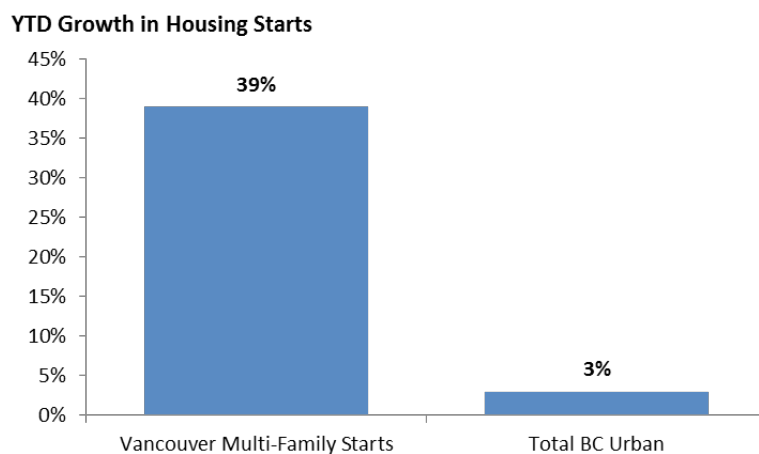
HOUSING STARTS

Housing starts in 2011 are on pace to match 2010's rate of about 27,000 units. Building activity has been largely concentrated in the multi-family sector and largely in the Greater Vancouver area where multi-family starts are 40 per cent higher than last year. Elevated inventory levels and weak employment growth have constrained new construction in many other areas of the province; a trend we expect will continue into 2012.

The elimination of the HST, scheduled for early 2013, will very likely defer some demand in 2012 for new single-family homes in larger markets like Vancouver and Victoria as consumers look to avoid paying the tax. Low levels of single-family inventory and weak construction activity in that segment of the market may translate to an increase in starts towards the end of 2012 in order to service pent-up demand created by the HST.

Overall, we expect that housing starts will grow in-line with new household formations over the next years, though with a clear bias towards multi-family units. Our forecast is for 27,550 total units in 2011 and 27,500 in 2012. Single family housing starts are expected to be well below average levels

Vancouver Multi-Family Units Driving New Home Construction



seen in the past five years, reaching just 9,250 units in 2011 and 10,000 units in 2012. However, a strong trend in multi-family housing is expected to continue, with multi-family starts of 18,300 forecast for 2011 and 17,500 units projected for 2012.

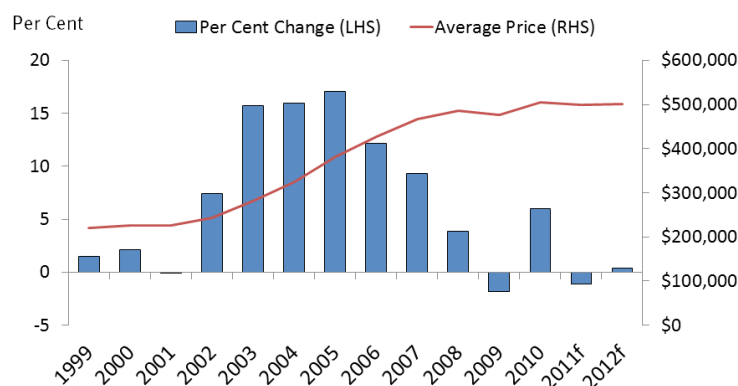
VICTORIA REAL ESTATE BOARD

The Victoria housing market is being impacted by slower growth in employment, reduced interprovincial migration flows and continuing weakness in US tourism. In addition, tighter credit conditions for low-equity home buyers introduced last spring have diminished the purchasing power of some households, particularly first-time buyers. However, these headwinds are somewhat counterbalanced by persistently low mortgage interest rates. As a result, MLS® residential sales are expected to decline 7 per cent to 5,725 units this year, before increasing 6.6 per cent to 6,100 units in 2012. While increased consumer demand is forecast for next year, total unit sales will fall below the ten-year average of 7,200 units.

Total active residential listings in Victoria remain relatively high, giving home buyers a large selection from which to choose. Overall market conditions are expected to remain tilted slightly in favour of home buyers through 2012, meaning price fluctuations will be muted over the period. The annual average MLS® residential price in Victoria is forecast to edge back 1.1 per cent to \$499,000 this year, and remain relatively unchanged at \$501,000 in 2012, albeit up by 0.4 per cent.

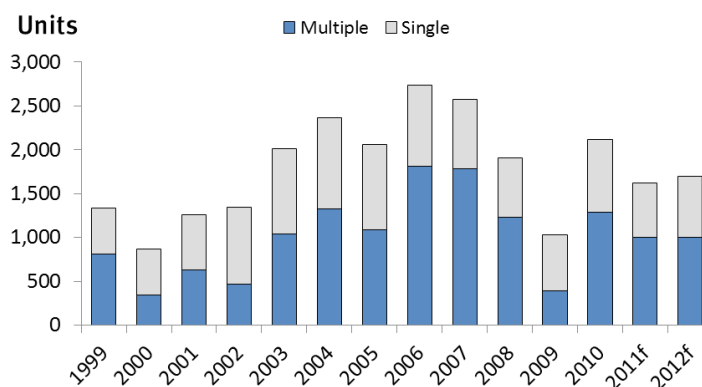
The Victoria new home market is being impacted by an elevated inventory of newly completed homes for sale. Following a relatively strong 2010, total housing starts in the Victoria CMA are estimated to fall 23 per cent to 1,625 units this year. We anticipate a slow reduction in new home inventories over 2012, prompting little response from home builders. Total housing starts in 2012 are forecast to rise 1.5 per cent to 1,650 units.

MLS® Residential Price Victoria



Source: BCREA

Housing Starts Victoria



Source: CMHC, BCREA Forecast

MLS®

Sales

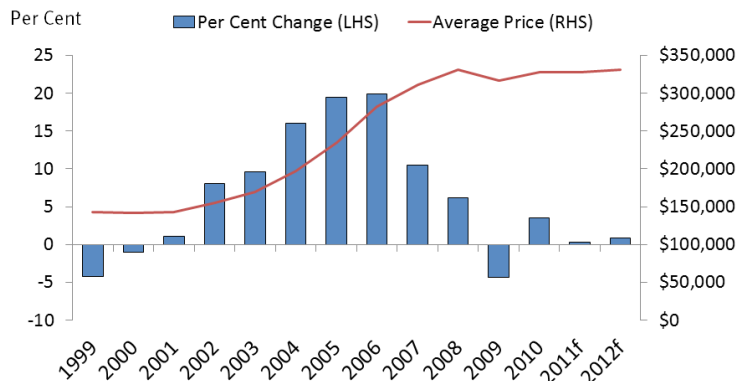
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	6,169	3,544	681	1,765	504,561	621,216	441,579	323,513	2,118	827	1,291
	-19.5%	-20.9%	-21.7%	-18.4%	6%	7.9%	3.3%	4.1%	104.8%	27.8%	233.6%
11f	5,725	3,275	640	1,620	499,000	615,000	444,000	329,000	1,625	625	1,000
	-7.2%	-7.6%	-6%	-8.2%	-1.1%	-1%	0.5%	1.7%	-23.3%	-24.4%	-22.5%
12f	6,200	3,475	690	1,740	501,000	618,000	441,000	330,000	1,650	650	1,000
	8.3%	6.1%	7.8%	7.4%	0.4%	0.5%	-0.7%	0.3%	1.5%	4%	0%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Victoria CMA Sources: CMHC, BCREA Forecast

VANCOUVER ISLAND REAL ESTATE BOARD

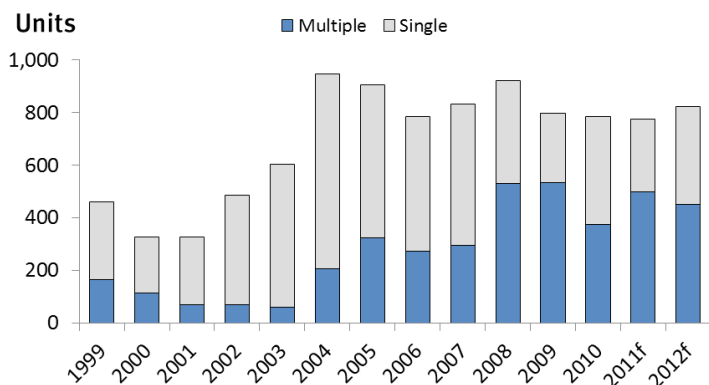
MLS® Residential Price Vancouver Island



Source: BCREA

Residential sales activity through the Vancouver Island Real Estate Board are forecast to remain relatively unchanged this year with a total of 6,450 unit sales. This comes on the heels of a 10 per cent decline in unit sales in 2010. Tepid economic growth and related employment combined with reduced interprovincial migration flows is expected to restrain housing demand to below long-term averages. However, persistently low mortgage interest rates are providing an incentive for many potential home buyers, thereby helping underpin consumer demand. In addition, growing demand from emerging markets for forestry related products has generated some resurgence in regional exports. MLS® residential sales are forecast to increase 3.5 per cent to 6,100 units in 2012, alongside overall improvement in the regional economy.

Housing Starts Nanaimo



Source: CMHC, BCREA Forecast

Market conditions on Vancouver Island remain tilted in favour of home buyers, as the total number of homes for sale remains relatively high compared to demand. However, this imbalance is not expected to be sufficient enough to move average home prices. The annual average MLS® residential price is forecast to remain unchanged this year at \$328,000, before increasing 0.9 per cent to \$331,000 in 2012.

Like many other markets in BC, the Nanaimo construction market has been defined by strong growth in the multi-family sector and significant weakness in the single-family market. Single family starts are on pace to fall nearly a third from their levels last year while multi-family construction is projected to rise by a third this year. We continue to anticipate that the pace of multi-family will be aided by a continued influx of retirees to the region. Our forecast is for a 6.5 per cent increase in total starts in 2012, to a level of 825 units, driven by a rebound in the single-family market and a slight moderation of multi-family construction from the robust pace set in 2011.

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	6,549	4,332	421	562	327,179	357,533	256,682	219,335	786	410	376
	-10.0%	-12.5%	-5.4%	-8.6%	3.5%	4.9%	6.2%	10.6%	-1.5%	55.3%	-29.6%
11f	6,450	4,380	430	575	328,000	361,000	255,000	210,000	775	275	500
	-1.5%	1.1%	2.1%	2.3%	0.3%	1%	-0.7%	-4.3%	-1.4%	-32.9%	33%
12f	6,675	4,425	440	600	331,000	364,000	255,000	212,000	825	375	450
	3.5%	1%	2.3%	4.3%	0.9%	0.8%	0%	1%	6.5%	36.4%	-10%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Nanaimo CA Sources: CMHC, BCREA Forecast

POWELL RIVER SUNSHINE COAST REAL ESTATE BOARD

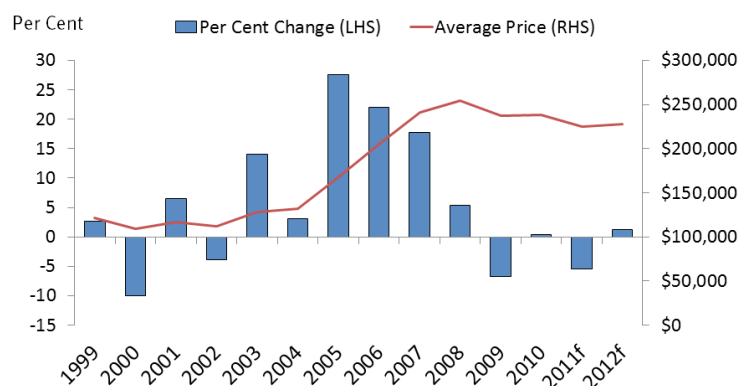
MLS® residential sales in Powell River are forecast to increase 7 per cent to 290 units this year, following 270 unit sales in 2010. While sales activity is not expected to return to levels experienced during the 2003-2005 period, growth in consumer demand has exceeded expectations this year.

However, weaker economic fundamentals led by slow employment growth and fewer migrants will limit consumer demand in 2012. As a result, residential sales are forecast to rise 2 per cent to 295 units in 2012.

The annual average MLS® residential price is estimated to decline by nearly 6 per cent \$225,000 this year, after remaining unchanged in 2010. The inventory of homes for sale has edged higher this year, keeping housing market conditions in favour of home buyers. A modest increase in home sales combined with some reduction in the inventory of homes for sale contribute to a forecast 1.3 per cent increase in the average annual sales price in 2012 to \$228,000.

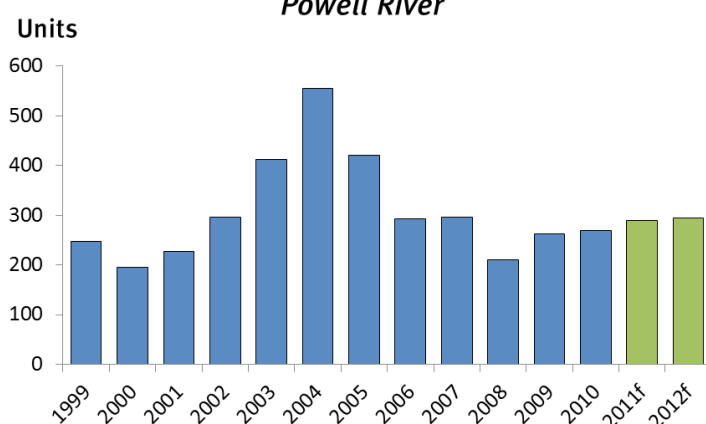
Housing starts in the Powell River CA are expected to decline slightly to approximately 25 units in 2011, with single-family units accounting for the majority of starts. We anticipate multi-family starts to trend around 10 units a year, though given the relatively small market size of Powell River, a single large condominium project could significantly alter this forecast and so readers should be cautious in extrapolating the housing start forecast.

MLS® Residential Price Powell River



Source: BCREA

MLS® Residential Sales Powell River



Source: BCREA

MLS®	Sales			Avg Price			Housing Starts ²
	Total ¹	Detached	Condo	Total ¹	Detached	Condo	Total
10	270 2.7%	206 0.5%	43 16.2%	238,067 0.4%	263,319 -1.7%	200,749 23.4%	32 -15.8%
11f	290 7.4%	225 9.2%	45 4.7%	225,000 -5.5%	262,000 -0.5%	204,000 1.6%	25 25%
12f	295 1.7%	220 -2.2%	45 0%	228,000 1.3%	265,000 1.1%	209,000 2.5%	35 12.5%

¹ Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
² Powell River CA Sources: CMHC, BCREA Forecast

MORTGAGE RATE FORECAST

Mortgage Rate Forecast								
	2011				2012			
Term	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F
1-Year	3.50	3.62	3.52	3.50	3.60	3.60	3.75	4.00
5-Year	5.34	5.56	5.37	5.30	5.30	5.50	5.60	5.60

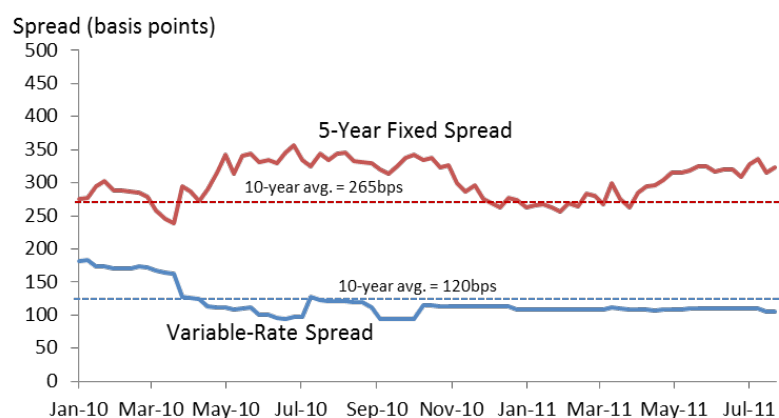
The third quarter saw a stunning collapse in government bond yields as markets digested weak US economic data and an increasingly serious debt crisis in the Euro-zone. The yield on 5-year Government of Canada debt fell to an incredible 1.28 per cent, the lowest level on record, before posting a modest rebound to still nearly unfathomable levels around 1.5 per cent.

The current level of bond yields would normally prompt a dramatic fall in mortgage rates. However, there are a number of factors complicating the normal arithmetic. First, some lenders are offering deeper discounts for the most credit-worthy borrowers. This allows banks to provide competitive rates while also filtering out higher-risk borrowers. Second, the emerging potential of a credit crisis in Europe has raised the short-term cost of funding for financial institutions

worldwide. Finally, the increasing popularity, and much lower profitability, of variable rate mortgages may also be playing a role in the delay. Nearly a third of mortgages are variable rate compared with 25 per cent five years ago and just ten percent a decade ago. The lower profitability of mortgage portfolios, created by the shift in consumer preferences to variable rate mortgages, recently prompted a rare increase in variable rates in the absence of a prime rate change.

Our forecast for the remainder of 2011 assumes that very low bond yields will persist through the end of the year, but a squeeze on profitability will keep the five-year fixed rate from falling below 5.19 per cent. The 1-year rate is expected to average 3.5 per cent. We expect that rates will move higher in the second half of next year, with the five-year rate hitting 5.6 per cent and the 1-year rate reaching 4 per cent.

Bank Profitability Being Squeezed by Low-Margin Variable Rate Mortgages



Note: The 5-year spread is the 5-year posted rate minus 5-year Govt. Bond Yield;
Variable rate spread is Bank of Canada estimated variable rate minus 3-month Bankers Acceptance

Source: Bank of Canada

Once the economy sees its way through the current global economic tempest, interest rates will need to normalize. However, the Bank of Canada is unlikely to make any significant movements on interest rates over the next two to three quarters. Indeed, further monetary tightening will be highly contingent on a brighter growth outlook in the United States and a credible solution to the Euro sovereign debt crisis. Therefore, we expect the Bank of Canada to remain on the sidelines through the end of 2011 and the first half of 2012 before potentially tightening rates towards the end of 2012.

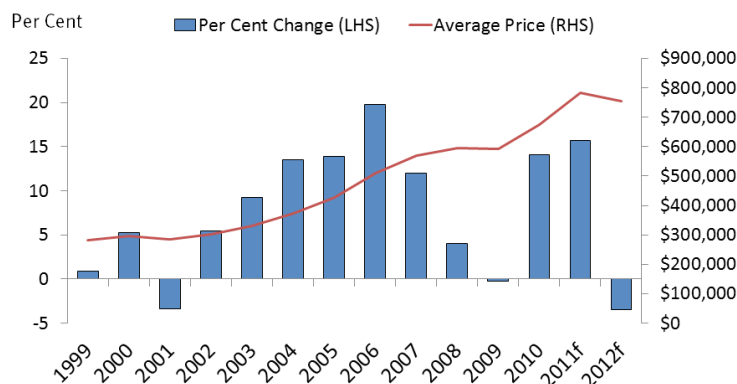
REAL ESTATE BOARD OF GREATER VANCOUVER

Home sales in Vancouver are expected to rebound this year after declining 14 per cent to 31,144 units in 2010. Relatively strong immigration continues to bolster the Vancouver housing market while the overall economy and related job growth faces headwinds from an anemic US economy. However, mortgage interest rates are expected to remain low through 2012 keeping affordability and purchasing power on an even keel. Nevertheless, consumer demand is expected to remain near the ten-year average of 35,000 units both this year and next. MLS® residential sales in Vancouver are estimated to increase 7 per cent to 33,400 units this year and forecast to rise a further 3 per cent to 34,300 units in 2012.

As reported in the spring Housing Forecast, the average MLS® residential sales price in Greater Vancouver was being skewed well above what market conditions suggest. A greater proportion of detached home sales in the region's priciest markets catapulted the average price into the stratosphere. Since the second quarter, regional demand has trended toward more typical patterns, with average prices more representative of market conditions. While the average home prices are forecast to oscillate between a 16 per cent increase this year and a 3.5 per cent decline in 2012, the typical home price in Vancouver is expected to remain relatively unchanged through next year.

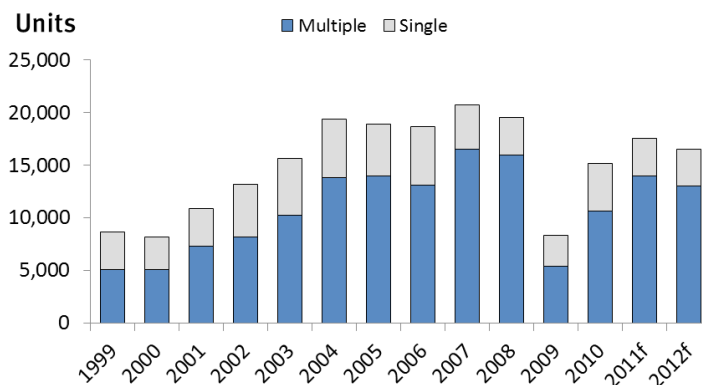
There is a distinct split between the single-family and multi-family new home construction this year. While multi-family construction is on pace for over 30 per cent growth, single-family units will likely end the year down 20 per cent. Moreover, the elimination of the HST in 2013 may further hinder activity in the HST sensitive Vancouver new home market in 2012 if consumers delay their purchase to avoid paying the tax. We estimate a 16 per cent increase in total starts in 2011 based on 31 per cent growth in multi-family starts and a 21 per cent decline in single-family starts. We anticipate a 6 per cent decline in total housing starts in 2012 as the pace of multi-family starts slows.

MLS® Residential Price Greater Vancouver



Source: BCREA

Housing Starts Vancouver



Source: CMHC, BCREA Forecast

MLS®

Sales

Avg Price

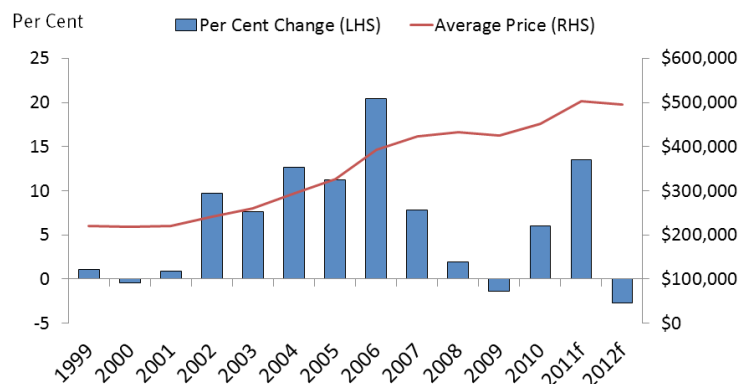
Housing Starts²

	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	31,144	12,277	5,259	12,998	675,853	995,590	542,902	432,244	15,217	4,533	10,684
	-14.1%	-12.8%	-18.5%	-14.7%	14.1%	16.7%	11.3%	9.1%	82.5%	54.8%	97.5%
11f	33,400	14,600	5,300	12,900	782,000	1,165,000	568,000	457,000	17,600	3,600	14,000
	7.2%	18.9%	0.8%	-0.8%	15.7%	17%	4.6%	5.7%	15.7%	-20.6%	31%
12f	34,300	13,900	5,600	14,180	755,000	1,150,000	572,000	462,000	16,500	3,500	13,000
	2.7%	-4.8%	5.7%	9.9%	-3.5%	-1.3%	0.7%	1.1%	-6.3%	-2.8%	-7.1%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Vancouver CMA Sources: CMHC, BCREA Forecast

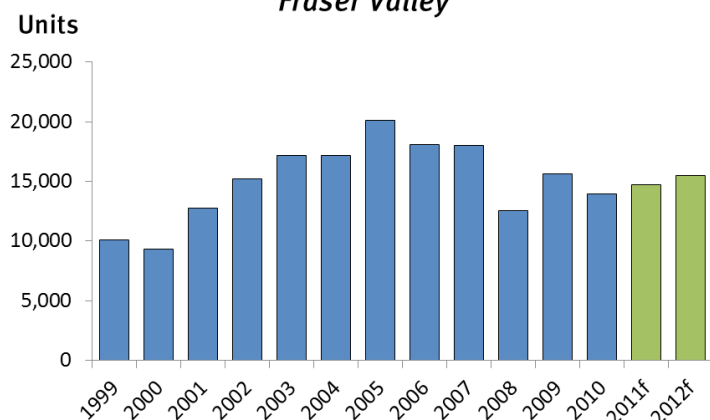
FRASER VALLEY REAL ESTATE BOARD

MLS® Residential Price Fraser Valley



Source: BCREA

MLS® Residential Sales Fraser Valley



Source: BCREA

MLS® residential sales in the Fraser Valley are forecast to increase 5.5 per cent to 14,750 units this year after declining nearly 11 per cent 2010. Continuing low mortgage interest rates are underpinning the market by helping to maintain affordability and consumer purchasing power. However, the economic outlook has deteriorated since early in the year, which will keep home sales in the Fraser Valley from rising above the ten-year average of 16,000 units both this year and in 2012. MLS® residential sales through the Fraser Valley Real Estate Board are estimated to increase 5.5 per cent to 14,750 units this year and are forecast to rise an additional 5 per cent to 15,500 units in 2012.

Average home prices in the Fraser Valley were skewed higher than market conditions suggested this year. A greater than usual proportion of detached home sales contributed to an average overall price level to be much higher than market conditions warranted. The nearly 12 per cent expected rise in the average residential price this year and subsequent 2 per cent decline in 2012 is largely the result of a return to more typical product demand patterns. A relatively high inventory of homes for sale, both this year and next, points to little upward pressure in the price of a typical home.

Residential construction in Abbotsford has struggled for the past two years as the result of elevated inventory levels in multiples. Some absorption of inventory this year has triggered a modest rebound in condominium construction. However, multi-unit starts remain at relatively low levels compared to recent history. The single-detached market is also having a difficult year with starts down considerably from 2010. We forecast total new residential construction of 425 units in 2011, a decline of 20 per cent over 2010. However, strong household growth projected over the next decade is expected to draw down inventories and stimulate increased construction activity.

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	13,997 -10.6%	7,480 -12.9%	2,974 -14.8%	2,733 0.8%	451,221 6%	559,442 7.5%	338,929 5.5%	224,874 2%	516 41.4%	355 69%	161 3.9%
11f	14,750 5.4%	8,500 13.6%	2,850 -4.2%	2,550 -6.7%	503,000 11.5%	612,000 9.4%	348,000 2.7%	225,000 0.1%	425 -17.6%	175 -50.7%	250 55.3%
12f	15,500 5.1%	8,650 1.8%	3,100 8.8%	2,850 11.8%	495,000 -1.6%	605,000 -1.1%	350,000 0.6%	228,000 1.3%	700 64.7%	300 71.4%	400 60%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Abbotsford CMA Sources: CMHC, BCREA Forecast

CHILLIWACK AND DISTRICT REAL ESTATE BOARD

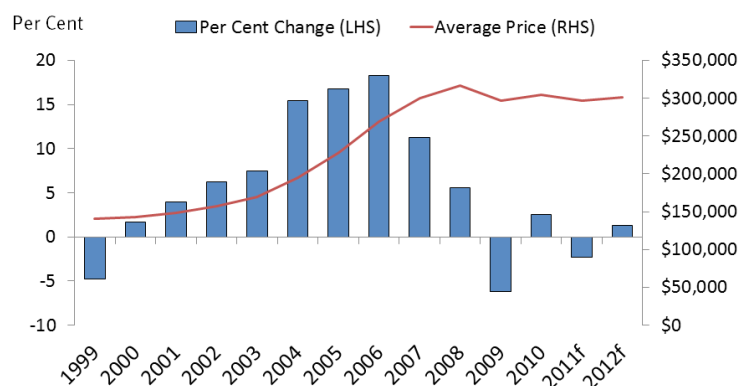
MLS® residential sales in Chilliwack are forecast to decline 2.7 per cent to 1,990 units this year, on the heels of a 10 per cent decline in 2010. Housing demand in Chilliwack has been held back over the past two years due to more stringent mortgage financing rules and modest employment growth. However, an unexpected continuation of low mortgage rates into 2012 should help support demand. Therefore, we anticipate a moderate bounce in consumer demand in 2012 with sales rising by 2.5 per cent to 2,040 units.

Market conditions in Chilliwack are currently in favour of homebuyers due to a rise in active listings. This relatively high level of inventory will likely constrain growth in home prices this year and next. We are forecasting a modest decline in average home prices in 2011 of 2.3 per cent, followed by a slight increase of 1.3 per cent next year as markets move towards balance.

It has been a very difficult year in the Chilliwack residential construction market with total housing starts down 60 per cent from 2010. Housing starts are on track to record just over 300 units this year, well below the low mark set during the 2009 recession.

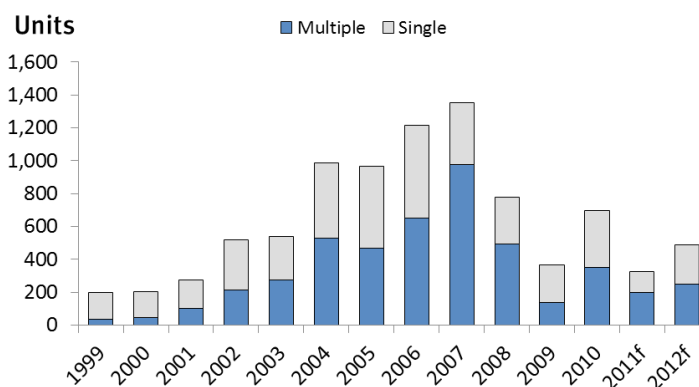
Persistent high levels of single-family inventory throughout the year are largely to blame for weakness in building activity and this overhang of inventory may continue to hamper construction into the coming year. We are forecasting total housing starts of 325 units this year, followed by a slight increase to 450 units in 2012.

MLS® Residential Price Chilliwack



Source: BCREA

Housing Starts Chilliwack



Source: CMHC, BCREA Forecast

MLS®

Sales

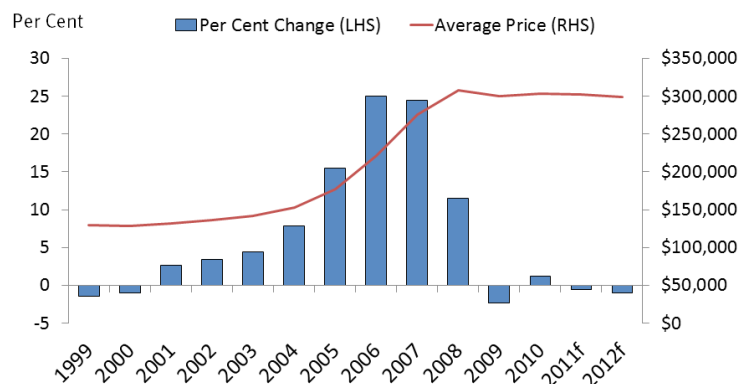
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	2,046	1,195	474	194	304,081	343,954	240,191	169,790	696	350	346
	-10.0%	-5.6%	-15.2%	-33.8%	2.5%	2.2%	-0.4%	-5%	41.4%	69%	3.9%
11f	1,991	1,165	465	205	297,000	325,000	250,000	160,000	325	200	125
	-2.7%	-2.5%	-1.9%	5.7%	-2.3%	-5.5%	4.1%	-5.8%	-53.3%	-42.9%	-63.9%
12f	2,040	1,195	485	235	300,800	335,000	248,000	168,000	490	250	240
	2.5%	2.6%	4.3%	14.6%	1.3%	3.1%	-0.8%	5%	50.8%	25%	92%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Chilliwack CA Sources: CMHC, BCREA Forecast

KAMLOOPS AND DISTRICT REAL ESTATE ASSOCIATION

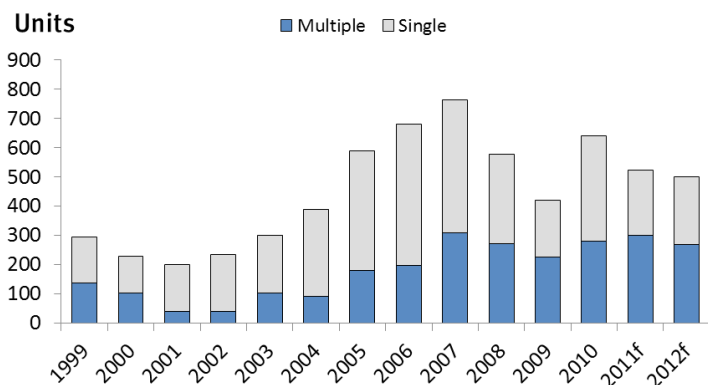
MLS® Residential Price Kamloops



Source: BCREA

Tepid economic growth and attendant modest gains in employment are expected to restrain home sales to an annual pace near 2,100 units through 2012. While low mortgage interest rates are expected to persist through next year, underpinning affordability and consumer demand, slow growth in the US economy and some belt-tightening by BC households will act as a counterbalance. Corresponding to most BC housing markets, MLS® residential sales are forecast to track below the long-term average. Over the past ten years, home sales in Kamloops have averaged approximately 2,500 units. MLS® residential sales in Kamloops are estimated to edge down 3 per cent to 2,050 units this year, and increase 4 per cent to 2,140 units in 2012.

Housing Starts Kamloops



Source: CMHC, BCREA Forecast

Market conditions in Kamloops are expected to remain tilted slightly in favour of home buyers as the inventory of homes for sale remains elevated. As a result, home prices are expected to stay relatively stable through 2012, albeit the average MLS® residential price in Kamloops is forecast to edge down 0.6 per cent to 302,000 this year, and a further 1 per cent to \$299,000 in 2012.

Persistently high single-family inventories lead to fairly soft home-building conditions in the Kamloops area in 2011. New home construction is estimated to decline nearly 20 per cent in 2011, mainly due to a large decline in single-family starts from 360 in 2010 to 225 this year. We anticipate construction activity in 2012 will be largely the same as this year, with a total of 500 new starts.

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	2,121 -9.1%	1,454 -7.7%	281 -22.4%	162 -10.5%	303,831 1.2%	342,169 1.1%	281,142 2.6%	216,877 6.5%	641 52.6%	360 84.6%	281 24.9%
11f	2,050 -3.3%	1,400 -3.7%	275 -2.1%	155 -4.3%	302,000 -0.6%	341,000 -0.3%	279,000 -0.8%	220,000 1.4%	525 -18.1%	225 -37.5%	300 6.8%
12f	2,140 4.4%	1,435 2.5%	300 9.1%	180 16.1%	299,000 -1%	340,000 -0.3%	280,000 0.4%	224,000 1.8%	500 -4.8%	230 2.2%	270 -10%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Kamloops CA Sources: CMHC, BCREA Forecast

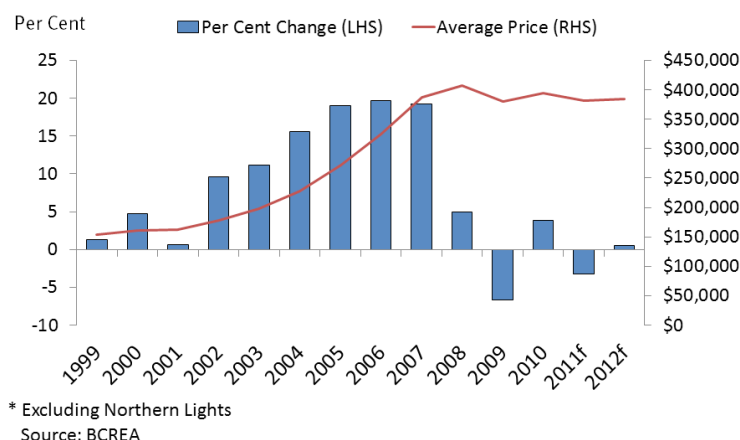
OKANAGAN MAINLINE REAL ESTATE BOARD

MLS® residential sales through the Okanagan Mainline Real Estate Board are estimated to edge down 1 per cent to 4,790 units this year. While continuing low mortgage interest rates are underpinning the market by helping to maintain affordability and consumer purchasing power, slower economic and employment growth, consumer belt-tightening and more moderate net-migration are providing some headwinds to housing demand. In addition, many recreation and investment buyers are being diverted to the United States by relative bargains. Next year, we anticipate an improvement in consumer demand will be driven by stronger job growth locally and in Alberta, whose residents account for approximately 15 per cent of home sales in the Okanagan. MLS® residential sales in 2012 are forecast to increase 5 per cent to 5,020 units.

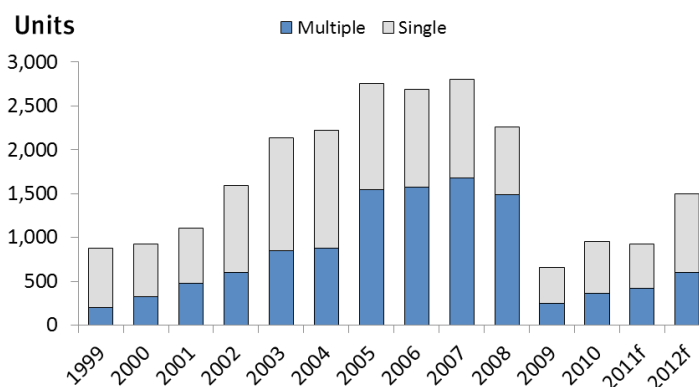
The average annual MLS® residential price is forecast to edge down 3 per cent to \$382,000 this year, after increasing 4 per cent in 2009. The inventory of active residential listings remains relatively high. This imbalance between supply and consumer demand is expected to keep home prices unchanged in 2012, albeit up 0.5 per cent to \$384,000.

A significant accumulation of newly completed homes in the Kelowna market has hampered construction activity over the past two years. However, there are some nascent signs of recovery in the multi-family market, which have posted double-digit growth this year. Nonetheless, total multi-family starts remain well below levels seen in years leading up to the 2009 recession. Single family starts, however, remain a source of weakness in the Kelowna construction market, down nearly 20 per cent year-to-date. Overall, we expect total housing starts in Kelowna to decline 3 per cent this year, followed by slight pick-up in activity next year of 8 per cent.

MLS® Residential Price Okanagan Mainline



Housing Starts Kelowna



Source: CMHC, BCREA Forecast

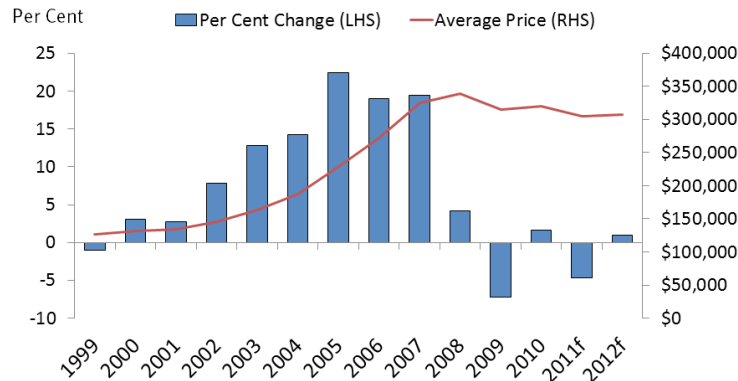
MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	4,838 -14.8%	2,685 -15.7%	708 -19.2%	758 -14.1%	394,481 3.9%	463,728 4.6%	329,403 0.1%	248,468 0.6%	957 45.7%	595 47.3%	362 43.1%
11f	4,790 -1.0%	2,700 0.6%	690 -2.5%	820 8.2%	382,000 -3.2%	454,000 -2.1%	325,000 -1.3%	242,000 -2.6%	925 -3.3%	500 -16%	425 17.4%
12f	5,020 4.8%	2,800 3.7%	740 7.2%	880 7.3%	384,000 0.5%	460,000 1.3%	326,000 0.3%	242,000 0%	1,500 62.2%	900 80%	600 41.2%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Kelowna CMA Sources: CMHC, BCREA Forecast

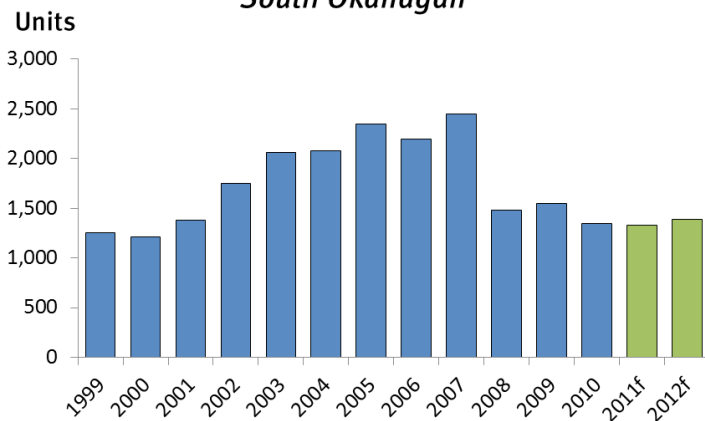
SOUTH OKANAGAN REAL ESTATE BOARD

MLS® Residential Price South Okanagan*



* Excluding Northern Lights
Source: BCREA

MLS® Residential Sales South Okanagan*



* Excluding Northern Lights
Source: BCREA

MLS® residential sales in the South Okanagan region are estimated to decline 1 per cent to 1,330 units this year, after falling 13 per cent in 2010. Housing demand has maintained relative strength in 2011 in spite of lackluster provincial economic performance. Slow employment growth, tighter credit conditions and a weak recreation and investor market are expected to persist through 2012.

However, low mortgage interest rates will act as a counterweight to these forces, keeping affordability and purchasing power strong. That said, home sales are not expected to surpass the ten-year average through next year. MLS® residential sales in the South Okanagan are forecast to increase 4.5 per cent to 1,390 units in 2012.

Moderate consumer demand combined with relative high home inventories will continue to keep market conditions tilted in favour of home buyers. Nonetheless, new listing activity has trended lower for several months, indicating stronger market conditions may be in store next year. This shift in market conditions is expected to provide greater stability to home prices in 2011. While, the average MLS® residential price is expected to decline nearly 5 per cent to \$305,000 this year, the average home price is forecast to remain relatively unchanged in 2012, albeit up by 1 per cent to \$308,000.

New housing construction activity in the Penticton CA is on pace to decline 60 per cent this year, due mainly to a pull-back in multi-family construction. Multi-family starts totalled just 11 units through August this year, compared with 150 units in 2010. Total housing starts are forecast to reach 105 units this year before rebounding to 205 units in 2012 as declining inventories in multiple units trigger increased production.

MLS®	Sales					Avg Price				Housing Starts ²		
	South Okanagan				Northern Lights	South Okanagan				Northern Lights	Penticton CA	Dawson Creek CA
	Total ¹	Detached	Attached	Apartment	Total	Total	Detached	Attached	Apartment	Total	Total	Total
10	1,346	703	175	2,162	509	319,881	392,578	276,973	259,561	205,154	263	149
	-12.9%	-17.8%	-5.4%	27%	49.7%	1.6%	5.3%	4%	7.8%	-7.7%	99.2%	181.1%
11f	1,330	700	180	1,775	475	305,000	373,000	270,000	253,000	209,000	105	70
	-1.2%	-0.4%	2.9%	-17.9%	-6.7%	-4.7%	-5%	-2.5%	-2.5%	1.9%	-60.1%	-53%
12f	1,390	725	180	1,850	490	308,000	376,000	272,000	250,000	212,000	205	100
	4.5%	3.6%	0%	4.2%	3.2%	1%	0.8%	0.7%	-1.2%	1.4%	95.2%	42.9%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
2. Sources: CMHC, BCREA Forecast

KOOTENAY REAL ESTATE BOARD

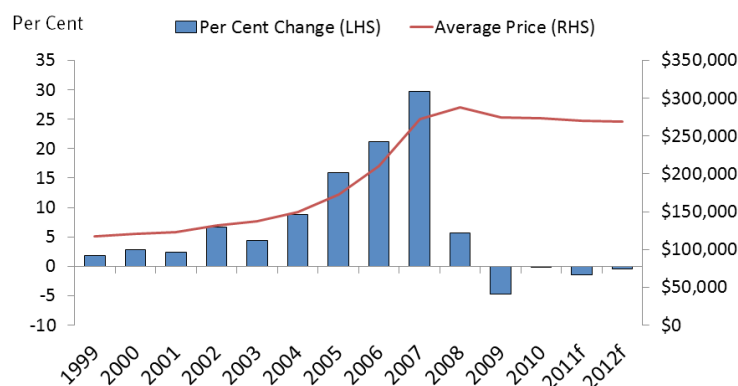
MLS® residential sales are estimated to decline 6 per cent to 1,880 units this year after dipping by the same amount in 2010. Continuing low mortgage interest rates are underpinning the market by helping to maintain affordability and consumer purchasing power. However, the economic outlook has deteriorated since early in the year, which will operate to keep housing demand at moderate levels through 2012.

In addition, the recreation and investor market has yet to fully recover to pre-recession levels as relative bargains south of the border divert Canadian investment abroad. Improvement in consumer demand in 2012 will coincide with local job growth as well as strength in the Alberta housing market. MLS® residential sales are forecast to increase 4 per cent to 1,955 units in 2012, in line with overall economic and population growth.

Strong inventories and moderate consumer demand are expected to keep market conditions tilted in favour of home buyers. This means home sellers need to be keenly aware of their completion when determining their listing price. Home prices, however, have and will likely remain relatively stable. The average MLS® residential price is estimated to edge down approximately 1 per cent to \$270,000 this year and remain unchanged in 2012, albeit down by 0.4 per cent to \$269,000.

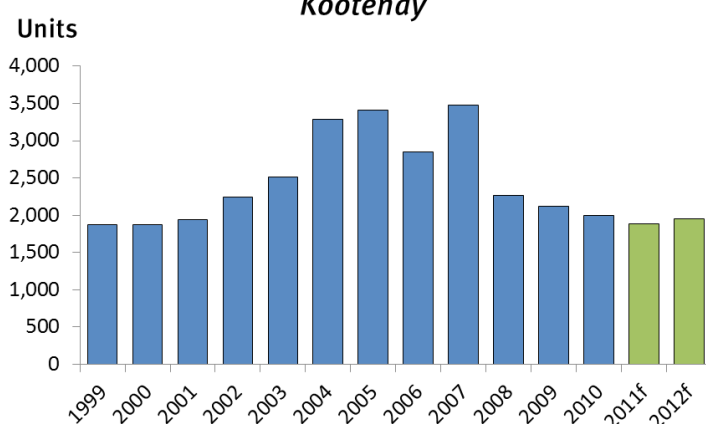
New home construction in the Cranbrook CA is on pace to decline 65 per cent this year. We anticipate a normalization in construction activity in 2012 to just over 100 starts. However, given the small market size, this forecast could vary significantly from actual activity if a new multi-family project comes online next year.

MLS® Residential Price Kootenay



Source: BCREA

MLS® Residential Sales Kootenay



Source: BCREA

MLS®

Sales

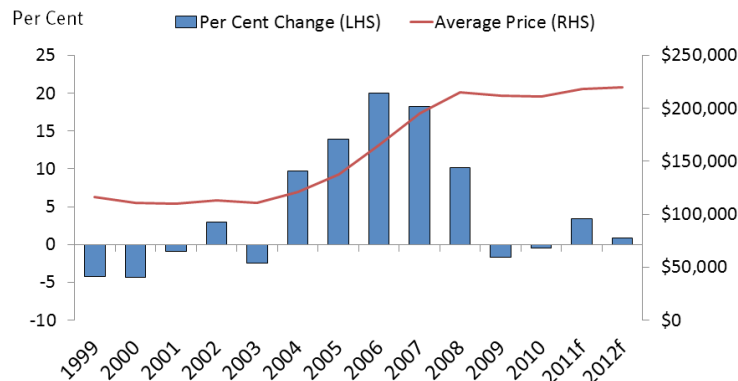
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
10	1,995	1,244	108	160	273,723	292,882	294,587	194,920	173	135	38
	-5.9%	-7.4%	3.8%	27%	-0.1%	0.4%	10.6%	-6.1%	63.2%	32.4%	85.0%
11f	1,880	1,200	110	155	270,000	287,000	287,000	186,000	60	50	10
	-5.8%	-3.5%	1.9%	-3.1%	-1.4%	-2%	-2.6%	-4.6%	-65.3%	-63.0%	-73.7%
12f	1,955	1,250	115	155	269,000	288,000	288,000	187,000	115	100	15
	4.0%	4.2%	4.5%	0%	-0.4%	0.3%	0.3%	0.5%	91.7%	100%	50%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Cranbrook CA Sources: CMHC, BCREA Forecast

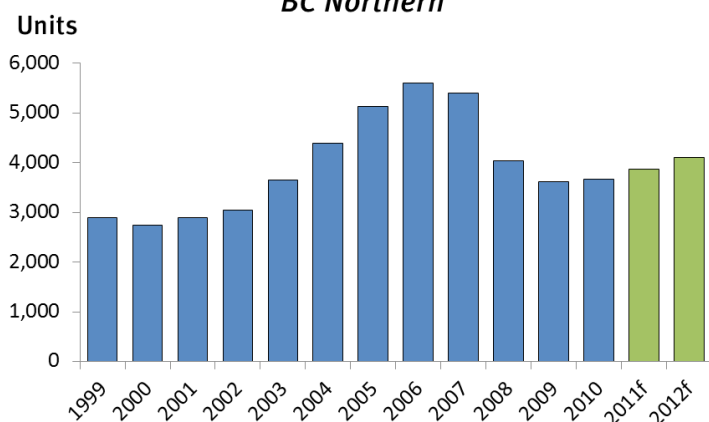
BC NORTHERN REAL ESTATE BOARD

MLS® Residential Price BC Northern



Source: BCREA

MLS® Residential Sales BC Northern



Source: BCREA

The real estate market in Northern BC has been one of the province's strongest performers in 2011, with sales on pace to grow 6 per cent this year to 3,890 units. The local market has been undoubtedly aided by a nascent recovery in BC's forestry sector as well as increased activity in other areas of the natural resource sector.

Moreover, the recently approved export license for the Kitimat liquid natural gas terminal should bring further prosperity and job creation to the North as Canadian natural gas exports expand into growing Asian markets. We are forecasting continued strength in 2012 for the Northern BC market, with sales of 4,100 units.

Listing activity in the BC Northern board area has outpaced demand over the past few months and so market conditions, which can vary across the diverse board area, are currently near the lower end of a balanced market. Therefore, following a projected 3.4 per cent increase in 2011 to \$218,000, we anticipate that home prices may rise only slightly, by about 1 per cent next year, to \$220,100.

Housing starts in the Prince George CA are on pace to reach about 185 units in 2011, a 13 per cent decline from 2010. New home construction has been on par with historical average levels in the multi-family market while the larger single-family market softened considerably from last year. We anticipate a modest rebound in the single-family market next year to 150 units paired with continued strength in the multi-family sector at 60 new starts.

BC Northern Real Estate Board

MLS®	Sales			Avg Price		
	Total ¹	Detached	House & Acreage	Total	Detached	House & Acreage
10	3,676 1.6%	2,152 3.4%	556 -8.6%	210,911 -0.4%	227,019 0.5%	280,018 0.3%
11f	3,890 5.8%	2,290 6.4%	600 7.9%	218,000 3.4%	232,300 2.3%	301,000 7.5%
12f	4,100 5.4%	2,360 3%	625 4.2%	220,000 0.9%	236,000 1.6%	305,000 1.3%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
2. BC Northern Real Estate Board Sources: CMHC, BCREA Forecast

Prince George

MLS®	Sales		Avg Price		Housing Starts ²	
	Detached	Detached	Detached	Detached	Total	Single
10	786 -5.5%	240,867 2.3%	213 46.9%	151 33.6%	62 93.8%	
11f	810 3.1%	248,300 3.1%	185 -13.1%	125 -17.2%	60 -3.2%	
12f	820 1.2%	252,400 1.7%	210 13.5%	150 20%	60 0%	

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
2. Prince George CA Sources: CMHC, BCREA Forecast

Housing Forecast Summary — Fourth Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2010	2011F	2012F	2010	2011F	2012F
Victoria	6,169 -19.5%	5,725 -7.2%	6,200 8.3%	504,561 6%	499,000 -1.1%	501,000 0.4%
Vancouver Island	6,549 -10%	6,450 -1.5%	6,675 3.5%	327,179 3.5%	328,000 0.3%	331,000 0.9%
Powell River Sunshine Coast	270 2.7%	290 7.4%	295 1.7%	238,067 0.4%	225,000 -5.5%	228,000 1.3%
Greater Vancouver	31,144 -14.1%	33,400 7.2%	34,300 2.7%	675,853 14.1%	782,000 15.7%	755,000 -3.5%
Fraser Valley	13,977 -10.6%	14,750 5.4%	15,500 5.1%	451,221 6%	503,000 11.5%	495,000 -1.6%
Chilliwack and District	2,046 -10%	1,990 -2.7%	2,040 2.5%	304,081 2.5%	297,000 -2.3%	300,800 1.3%
Kamloops and District	2,121 -9.1%	2,050 -3.3%	2,140 4.4%	303,831 1.2%	302,000 -0.6%	299,000 -1%
Okanagan Mainline	4,838 -14.8%	4,790 -1%	5,020 4.8%	394,481 3.9%	382,000 -3.2%	384,000 0.5%
South Okanagan*	1,346 -12.9%	1,330 -1.2%	1,390 4.5%	319,881 1.6%	305,000 -4.7%	308,000 1%
Northern Lights	509 49.7%	475 -6.7%	490 3.2%	205,154 -7.7%	209,000 1.9%	212,000 1.4%
Kootenay	1,995 -5.9%	1,880 -5.8%	1,955 4%	273,723 -0.1%	270,000 -1.4%	269,000 -0.4%
BC Northern	3,676 1.6%	3,890 5.8%	4,100 5.4%	210,911 -0.4%	218,000 3.4%	220,000 0.9%
BC Total	74,640 -12.2%	77,000 3.2%	80,000 3.9%	505,178 8.5%	564,600 11.8%	550,500 -2.5%

NOTE: The Northern Lights Real Estate Board (NLREB) became part of the South Okanagan Real Estate Board (SOREB) on January 1, 2011.

*Excluding Northern Lights

BCREA Economics provides timely research, analysis and information on economic factors affecting British Columbia and its housing markets.

The British Columbia Real Estate Association (BCREA) represents 11 member real estate boards and their approximately 18,000 REALTORS® on all provincial issues, providing an extensive communications network, standard forms, economic research and analysis, government relations, applied practice courses and continuing professional education (cpe).

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that encourage economic vitality, provide housing opportunities, respect the environment and build communities with good schools and safe neighbourhoods.

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