

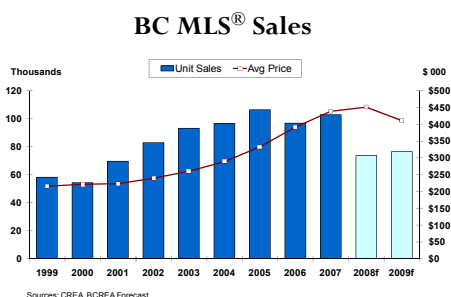
HOUSING FORECAST

ECONOMICS

FALL 2008

CONSUMER CONFIDENCE STALLS HOME SALES

Residential unit sales on the Multiple Listing Service® (MLS®) in BC are forecast to decline 28 per cent to 73,700 units this year. Reduced consumer confidence has many households delaying the purchase of a home this year.



While eroded affordability was expected to slow sales in 2008, a sharp increase in fuel prices in the spring caused a tipping point in consumer confidence. More recently, the global liquidity crisis and volatile equity markets have households concerned about a weakening economy and an erosion of their retirement savings. This combination is problematic to consumer spending on big-ticket items. Under the strain, many households are tightening their monthly budgets and putting major purchases on hold.



While BC economic performance is among the strongest in the country, weaker growth is forecast

for this year and in 2009. Economic growth in the province is expected to decline from 3.1 per cent in 2007 to 1.4 per cent this year. An increase in consumer spending in the second half of 2009 is expected to boost economic growth next year to 1.6 per cent.

Most BC housing markets are experiencing a sharp decline in home sales and much larger inventories. The imbalance between supply and demand is putting downward pressure on home prices in many markets. Conditions are expected to improve next year, with home sales forecast to increase a modest 4 per cent to 76,500.

While the average MLS® residential price in BC is forecast to rise 3 per cent to \$453,000 this year, the increase is a result of record prices in the first quarter. Home prices have been edging lower since the spring and most of the correction in prices will be observed this year.

Despite low consumer confidence, the fundamentals of the housing market warrant a higher level of sales. Once global financial and equity markets stabilize, The housing market will again reflect the fundamentals of employment, wages and population growth.

See **HOUSING STARTS** Page 3

MLS®	07	08f	09f
Sales	102,805 6%	73,700 (28%)	76,500 4%
Avg Price	438,975 12%	453,000 3%	413,000 (9%)
\$ Volume	45.1 Bil 7%	33.2 Bil (26%)	31.4 Bil (5%)
Housing Starts¹			
Total	39,195 8%	38,500 (2%)	29,000 (25%)
Single	14,474 (6%)	12,700 (12%)	11,500 (9%)
Multiple	24,721 18%	25,800 4%	17,500 (32%)

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1. Sources: CMHC, BCREA Forecast



ECONOMIC OUTLOOK

Economic growth in the province is slowing. Weaker consumer confidence, global liquidity problems, volatile equity markets and recessionary conditions in the US are all negatively impacting the BC economy. Real GDP growth is forecast to decline from 3.1 per cent in 2007 to 1.4 per cent in 2008.

Weakness in the forest sector will persist until US housing markets improve. The value of solid wood product exports was down 30 per cent year-to-date through August. A recovery is not expected until late 2009 at the earliest. In addition, belt tightening by US consumers will also limit the number of US tourists to BC through next year.

Consumer confidence has weakened, reaching a 26-year low in Canada. Declines in housing and automobile sales are a result of consumer reticence to undertake major purchases. Retail sales growth has slowed, and is expected to increase by approximately 1 per cent this year and in 2009, on an inflation-adjusted basis. A timely end to the financial and equity market turmoil is needed to restore a higher level of consumer confidence.

Labour market conditions in the province are forecast to ebb as the economy weakens in tandem with world industrialized countries. While the BC economy is expected to continue out-performing the nation, lower employment growth and higher unemployment is forecast. The unemployment rate in BC fell from 4.8 per cent in 2006 to 4.2 per cent last year. This year, the unemployment rate is expected to average 4.4 per cent and rise to 4.9 per cent in 2009. Growth in construction employment that has more than offset job losses in the forest sector is expected to slow, with the potential of shedding some jobs toward the end of next year. While the ranks of the unemployed will grow, the jobless rate will nevertheless remain relatively low from a historical perspective.

Employment growth has moderated from an annual rate of 3.2 per cent in 2007 to an expected 2.4 per cent this year. Further deterioration in employment growth is forecast in 2009, to 1.8 per cent. Weaker labour market conditions will contribute to slower growth in wages and personal disposable income. However, wages and incomes are expected to surpass the headline inflation rate, thereby increasing modestly in real terms.

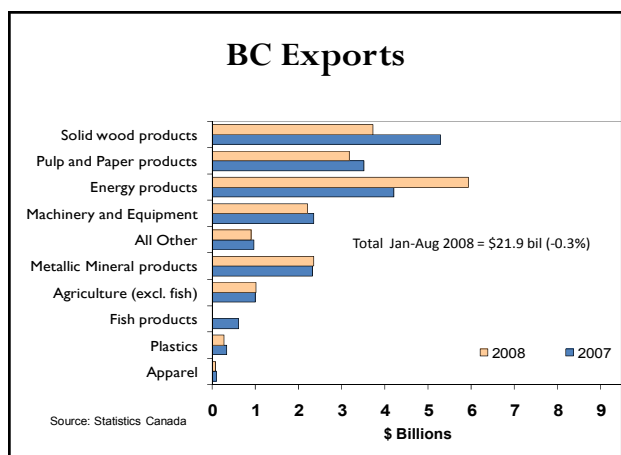
	07	08f	09f
Real GDP Growth	3.1%	1.4%	1.6%
Employment (Millions)	2.27	2.32	2.37
	3.2%	2.4%	1.8%
Unemployment (000s)	100.0	104.9	119.0
Rate	4.2%	4.4%	4.9%
Personal Disposable Income (\$ Millions)	115,928	122,650	128,900
	6%	5.8%	5.1%
Average Weekly Wage	\$748	\$778	\$804
	3.0%	4.0%	3.5%
Retail Sales (\$Billions)	56.4	57.9	59.6
	7%	2.6%	3.0%
Net International Migration	39,617	42,000	43,500
	5%	6%	4%
Net Interprovincial Migration	13,385	9,000	10,000
	31%	(33%)	11%
Total Net Migration	53,002	51,000	53,500
	10%	(4%)	5%

Sources: Statistics Canada, BC Stats, BCREA Forecast



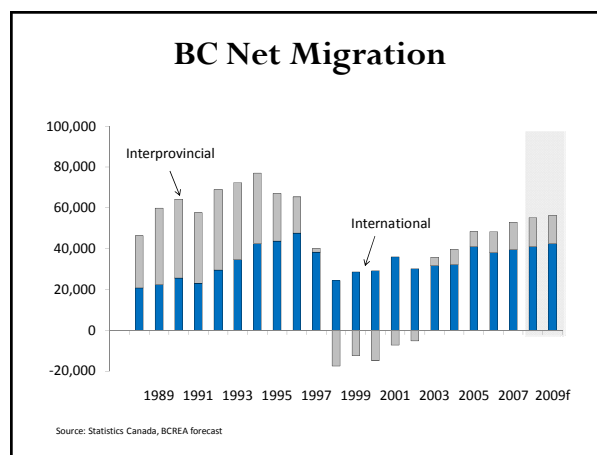
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After a 31 per cent increase in net interprovincial migration in 2007, fewer migrants from other provinces are expected this year. While the provincial economy is expected to out-perform the country, fewer employment opportunities in the province and a general risk aversion by Canadian households is expected to curb net interprovincial migration to 9,000 individuals this year, with a modest increase to 10,000 in 2009.



International migration is continuing on an upward trend. Total net international migration is forecast to reach 42,000 individuals this year, an increase of 6 per cent. International migration is not as susceptible to the ebbs and flows of the business cycle and appears limited only by federal government policy.

While the provincial economy will not go unscathed by global economic weakness, households will remain on a relatively solid financial footing.

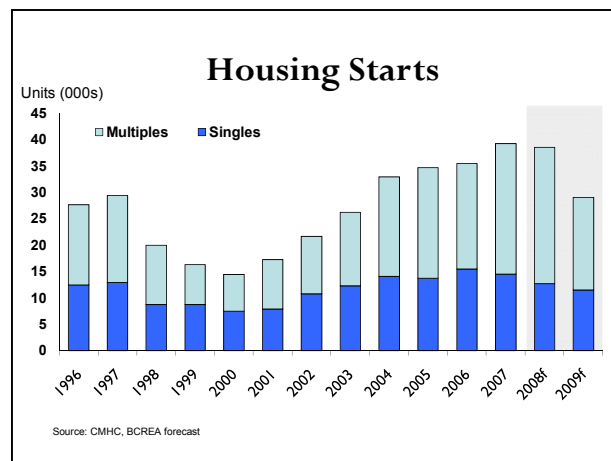


HOUSING STARTS

Waning consumer demand, rising new home inventories and tighter credit conditions are a strong signal to builders and developers to cut back production. Housing starts in the province are expected to dip a modest 2 per cent to 38,500 units this year on the strength of the first six months of the year. However, BC housing starts are forecast to decline 25 per cent to 29,000 units in 2009.

High-density housing has gained a larger proportion of total housing starts in recent years as a result of land supply and affordability constraints and consumer preferences. Multiple housing starts comprised 63 per cent of total housing starts in the province in 2007. However, market risk and tighter credit will curb multiple starts in the province in 2009 which are forecast to decline 32 per cent to 17,500 units.

Single detached housing starts are expected to decline 12 per cent to 12,700 units this year. Low consumer confidence and expanded inventories in the resale market are



impacting absorptions of new homes and increasing the number of complete and unoccupied units. Continuing demand-side weakness is forecast to slow single detached housing starts again next year; a decline of 9 per cent to 11,500 units is expected in 2009.

VICTORIA REAL ESTATE BOARD

MLS® residential sales through the Victoria Real Estate Board are forecast to decline 21 per cent to 6,650 units this year. A marked reduction in consumer confidence is impacting island housing markets as many potential homebuyers take a wait-and-see approach. Improvement in global credit and equity markets will have a positive impact on housing demand. Reinvigorated consumer confidence and a boost in affordability is expected to increase home sales 4 per cent to 6,900 units in 2009.

Fewer home sales and a sizable increase in the number of homes for sale has pulled the Victoria housing market firmly into a buyers' market. Home prices have been edging lower for several months and this condition will likely persist until

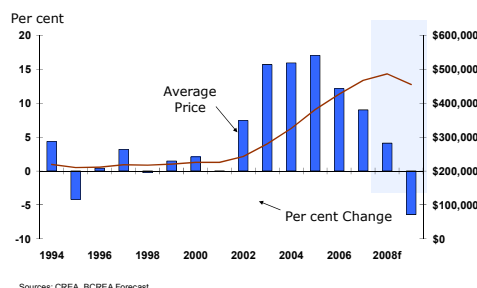
next year, when more balance between supply and demand is expected. In the coming months, the supply of homes for sale will likely diminish as some home sellers pull their homes off the market in anticipation of a better market ahead.



The region continues to record the lowest unemployment rate among all census metropolitan areas in Canada, while the labour force has expanded at a rate above 4 per cent this year. Nearly 8,500 more people were employed in August than a year earlier, representing a 4.8 per cent increase. Net migration, which surpassed 3,500 individuals in 2006-2007, will also support housing demand in the Capital Region over the medium term. Victoria draws about 65 per cent of its migrants from other provinces, a sizable number of households relocating employment and retirement purposes.

Housing starts in Victoria are forecast to decline 10 per cent to 2,330 units this year and a further 17 per cent to 1,925 units in 2009. A large inventory of resale homes and reduced consumer demand are increasing the inventory of new homes that are complete and unoccupied. This is a strong signal to builders and developers to cut back production. In addition, lower home prices cut into profit margins, since the cost of construction continues to remain high.

MLS® Prices

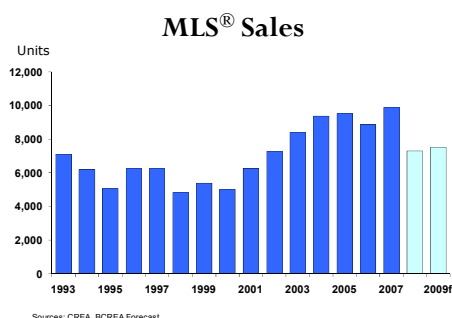


MLS®	07	08f	09f
Sales:			
Total ¹	8,403	6,650	6,900
	12%	(21%)	4%
Detached	4,888	3,875	4,010
	11%	(21%)	4%
Attached	905	710	740
	28%	(22%)	4%
Apartment	2,378	1,880	1,950
	10%	(21%)	4%
Avg Price:			
Total	466,974	486,300	455,000
	9%	4%	(6%)
Detached	563,531	586,500	555,000
	8%	4%	(5%)
Attached	404,499	425,800	400,000
	10%	5%	(6%)
Apartment	317,969	321,000	298,000
	11%	1%	(6%)
Housing Starts²			
Victoria CMA			
Total	2,579	2,330	1,925
	(6%)	(10%)	(17%)
Single	795	710	675
	(5%)	(11%)	(5%)
Multiple	1,784	1,620	1,250
	(2%)	(9%)	(23%)

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

VANCOUVER ISLAND REAL ESTATE BOARD



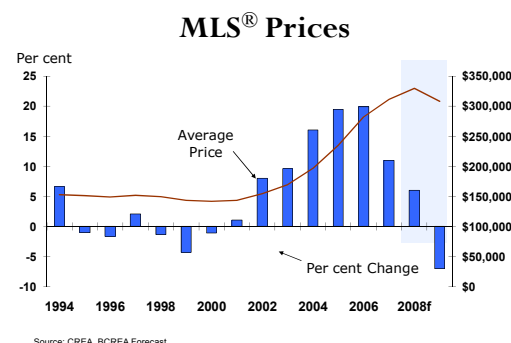
MLS®	07	08f	09f
Sales:			
Total ¹	9,887	7,300	7,520
	12%	(26%)	3%
Detached	6,343	4,700	4,850
	11%	(26%)	3%
Attached	1,193	860	885
	18%	(28%)	3%
Apartment	1,091	770	800
	13%	(29%)	4%
Avg Price:			
Total	311,472	329,600	308,000
	11%	6%	(7%)
Detached	342,546	361,000	340,000
	11%	5%	(6%)
Attached	240,896	247,000	235,000
	10%	3%	(5%)
Apartment	195,683	212,000	195,000
	3%	8%	(8%)
Housing Starts²			
Nanaimo CA			
Total	833	970	780
	6%	16%	(20%)
Single	538	450	450
	5%	(16%)	0%
Multiple	295	520	330
	7%	53%	(36%)

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

Housing market activity in the Vancouver Island Real Estate Board (VIREB) area has trended lower for most of the year, reflecting overall provincial conditions. Eroded affordability due to rising home prices, lower consumer confidence, higher energy costs, a weakened forestry sector and other economic uncertainties have reined in demand on the island this year. Despite these challenges, which will contribute to a 26 per cent decline in sales in 2008, home sales are forecast to rise 3 per cent in 2009, as an aging population continues to drive housing demand.

Vancouver Island is a favoured retirement destination, given the region's mild temperatures and natural environment. More than 35 per cent of all purchases transacted through VIREB were for retirement purposes in 2007, albeit lower than in previous years. While all areas of the region attract a significant number of retiree homebuyers, the Parksville-Qualicum, Islands and Comox Valley areas experience the highest ratio of retirees to total buyers.



Excluding the Capital Region, the share of Vancouver Island residents aged 55 and above is estimated to rise to 39 per cent of the population in the next decade. A significant number of retiring Canadians will look toward Vancouver Island as their retirement approaches. The continued growth of this population segment will benefit and diversify local economies as new services and industries are created to meet their growing needs.

BCREA forecasts VIREB's 2008 average MLS® price to reach \$329,600, a 6 per cent increase over 2007. Next year, the average MLS® price is forecast to decline 7 per cent to \$308,000. Most of the downward pressure on home prices will occur in 2008, with home prices beginning to flatten in the second half of 2009. A decline in the number of homes for sale and an increase in affordability are expected to shift market conditions toward balance next year.

POWELL RIVER SUNSHINE COAST REAL ESTATE BOARD

MLS® sales in the Powell River area are forecast to decline 24 per cent to 225 units this year. Weak consumer confidence has negatively impacted home sales across the province. Local economic conditions remain relatively strong. However, the global financial crisis and volatile equity markets are weighing heavily on consumer attitudes. This is particularly relevant in markets that appeal to investor and recreation buyers as these purchases are more easily delayed.

The local economy is geared more toward the resource sector, but is slowly diversifying away from this dependency. Tourism is a growing sector, but is being impacted by a downturn in US visits to Canada and belt-tightening by BC households. A weaker BC economy and declining commod-

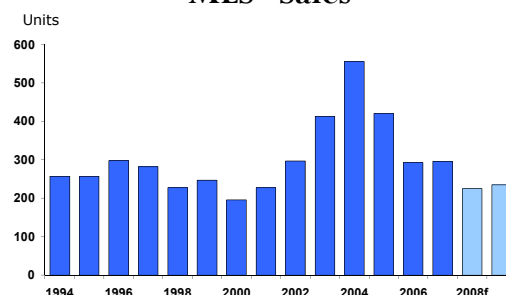
ity prices will keep home sales in Powell River in the 235 unit range in 2009.

After experiencing strong sellers' market conditions in the last few years, the market is now firmly in a buyers market. Fewer sales

and a 89 per cent increase in the number of active listings has put some downward pressure on home prices. The average MLS® residential price in Powell River is forecast to increase 4 per cent to \$250,000 this year. However, home prices have been edging lower over the last several months. In 2009, the average residential price is forecast to decline 8 per cent to \$230,000. This reflects more price stability in Powell River next year as most of the decline in home prices will occur by the end of this year.

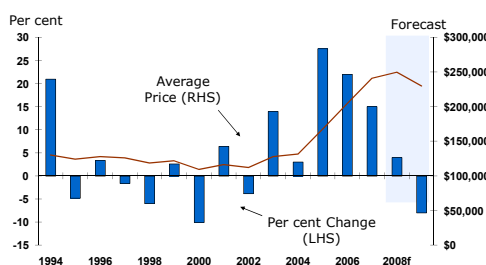
The imbalance between supply and demand is expected to ease after the second quarter of 2009. A modest increase in home sales will be induced by improved affordability and a moderate uptick in consumer confidence. Meanwhile, the supply of homes for sale is expected to diminish as many potential home sellers delay putting their properties on the market. This combination will trend the market toward more balance and stabilize Powell River home prices.

MLS® Sales



Sources: CREA, BCREA Forecast

MLS® Prices



Sources: CREA, BCREA Forecast

MLS®	07	08f	09f
Sales:			
Total ¹	296	225	235
	1%	(24%)	4%
Detached	238	165	175
	5%	(31%)	6%
Condo	35	35	35
	(17%)	0%	0%
Avg Price:			
Total	241,083	250,000	230,000
	18%	4%	(8%)
Detached	269,050	285,000	260,000
	16%	6%	(9%)
Condo	163,183	162,000	151,000
	8%	(1%)	(7%)
Housing Starts²			
Powell River CA			
Total	35	38	30
	(47%)	9%	(21%)

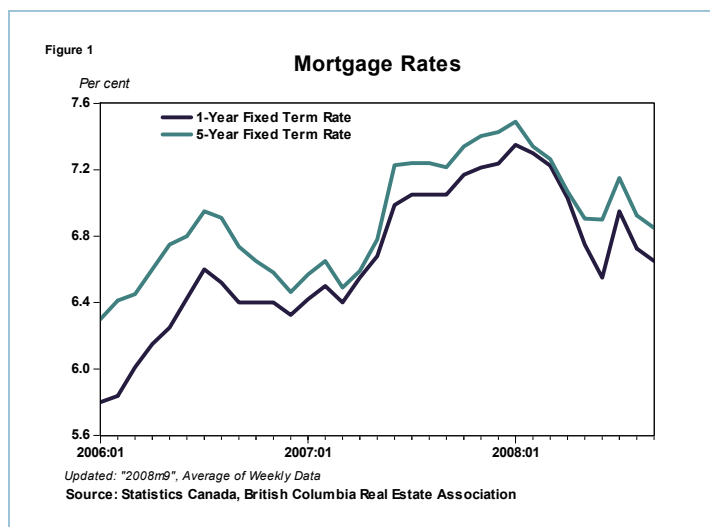
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

MORTGAGE RATE FORECAST

Borrowing costs on three- and five-year fixed-rate mortgages rose during the last week of September by 30 basis point (bps) to 7.05 and 7.20 per cent, negating the declines recorded in early August. One-year rates have dropped 30 basis points to 6.35 per cent (Figure 1).

BCREA forecasts mortgage rates to drop from current levels in the near term and remain flat for most of 2009 before trending upward. In the short term, tight credit market conditions are expected to partially offset the impact of monetary easing by the Bank of Canada (BoC).



Global financial market turmoil is the latest chapter of the credit crisis that began more than a year ago as a US subprime mortgage issue. Equity markets have experienced a drop in value since the last week of September, as credit markets seized and fears of a significant global economic downturn emerged. Rising foreclosures, falling home prices and non-performing mortgage loans in the US, combined with the packaging and selling of this bad debt through complex financial instruments in global markets, have pushed financial markets into crisis. Massive write downs on mortgage assets have led to the failure of financial giants, the conservatorship of Fannie and Freddie Mac, and a consolidation of the financial sector, while holders of mortgage backed securities have suffered significant losses.

Governments around the world have implemented multi-billion dollar bailout packages, nationalized banks and flooded markets with liquidity in a bid to thaw credit markets and restore confidence to the financial system.

A lack of trust in the financial markets and efforts to shore up internal balance sheets by lenders have contributed to tighter credit markets worldwide. While increases in credit risk premiums in Canada have been milder vis-à-vis other nations, consumers and businesses face higher borrowing costs and tighter lending restrictions. For homebuyers, this has meant an increase in effective mortgage rates, either through higher posted rates or a lowering of the discounts commonly offered during the last few years. In the variable rate market, consumers are paying at or above the prime rate, in contrast to the discounts offered last year reflecting higher cost of raising funds in capital markets.

The credit crisis has further compounded what was already a weakening US economy and is contributing to an even sharper downturn in domestic spending and business investment, while pushing unemployment up further. As a result, the near-term economic prospect for Canada, which counts the US as its largest export destination, has eroded. An economic slowdown in Canada and lower energy prices will dampen inflationary fears despite high headline inflation in September. However, the recent drop in the value of Canada's currency vis-à-vis the US may increase import costs, providing some offset to lower inflation pressures.

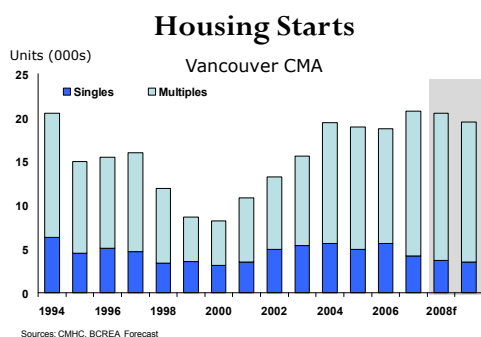
The BoC slashed its key interest rate by 50 bps on October 8 in a coordinated effort with central banks around the world and a further 25 bps on October 21 to support the economy. BCREA expects the BoC to cut rates by another 25 basis points by year end, as economic conditions deteriorate and downside risks to inflation grow. Rates are expected to rise near the tail end of 2009, reflecting better economic conditions in 2010. While mortgage rates should also lower, high credit risk premiums will offset some of the BoC's interest rate cuts in the near term, despite lower inflationary expectation for the future. Expect credit markets to normalize in 2009.

Mortgage Rate Forecast								
	2008				2009F			
Term	Q1	Q2	Q3	Q4F	Q1	Q2	Q3	Q4
1-Year	7.30	6.80	6.79	6.15	6.05	6.00	6.00	6.20
5-Year	7.37	6.97	6.99	7.10	7.00	6.80	6.80	7.10

REAL ESTATE BOARD OF GREATER VANCOUVER

A marked decline in consumer confidence occurred earlier this year in the wake of rising fuel prices and eroded home affordability. As a result, housing demand fell to a level not seen since the beginning of the decade. The global financial crisis and volatile equity markets are keeping consumer sentiment low, and the prospect of a US recession and near recession in Canada are causing many households to delay major purchases.

Waning consumer demand and a sizable increase in the number of homes for sale has weighted the market heavily in favor of homebuyers. While homebuyers are benefiting from a wide selection of homes for sale, the imbalance between supply and demand has put some downward pressure on home prices. The average MLS® residential price is expected

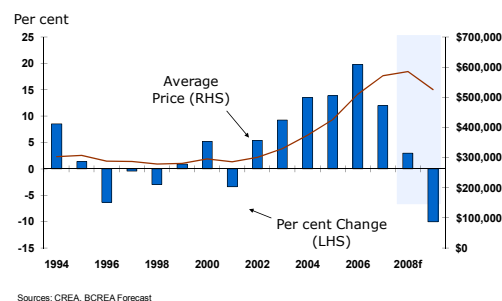


the average residential price is forecast in 2009, most of that decline will have already occurred by the end of 2008.

MLS® residential sales in Vancouver are expected to decline 31 per cent to 27,000 units this year. However, the combination of increased affordability and some improvement in consumer confidence are expected to lift home sales by 4 per cent to 28,000 units in 2009. While a small increase in home sales is not sufficient on its own to firm up home prices, a reduction in the inventory of homes for sale is expected to trend the market toward more balanced conditions in 2009.

Housing starts are forecast to increase 2 per cent this year as a result of project commitments during the first two quarters. However, reduced demand, rising inventories and difficulties securing affordable credit are expected to cut new home production by 22 per cent to 16,500 units in 2009. A notably slower expansion of the housing stock will contribute to a narrowing of the gap between supply and demand.

MLS® Prices



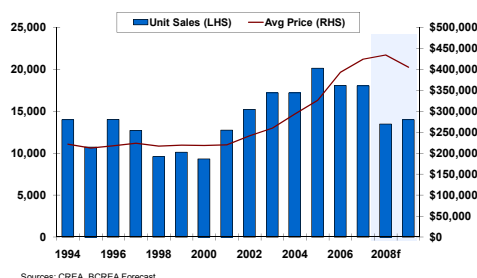
MLS®	07	08f	09f
Sales:			
Total ¹	38,978	27,000	28,000
	7%	(31%)	4%
Detached	14,934	10,000	10,300
	5%	(33%)	3%
Attached	6,843	4,800	5,000
	8%	(30%)	4%
Apartment	16,479	11,750	12,150
	9%	(29%)	3%
Avg. Price:			
Total	570,795	585,000	525,000
	12%	3%	(10%)
Detached	814,132	870,000	780,000
	12%	7%	(10%)
Attached	477,804	495,000	450,000
	14%	4%	(9%)
Apartment	387,967	394,000	352,000
	13%	2%	(11%)
Housing Starts²			
Vancouver CMA			
Total	20,736	21,050	16,500
	11%	2%	(22%)
Single	4,211	3,950	3,500
	(25%)	(6%)	(11%)
Multiple	16,525	17,100	13,000
	26%	4%	(24%)

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

FRASER VALLEY REAL ESTATE BOARD

MLS® Activity



MLS®	07	08f	09f
Sales:			
Total ¹	18,032	13,500	14,000
	0%	(25%)	4%
Detached	9,278	6,750	7,150
	(5%)	(27%)	6%
Attached	3,654	3,050	3,200
	7%	(16%)	5%
Apartment	3,648	2,775	2,885
	8%	(24%)	4%
Avg. Price:			
Total	423,761	434,000	405,000
	8%	2%	(7%)
Detached	520,087	532,000	495,000
	11%	2%	(7%)
Attached	326,611	339,000	320,000
	12%	4%	6%
Apartment	216,941	235,000	215,000
	15%	8%	(9%)
Housing Starts²			
Abbotsford CMA			
Total	1,088	1,355	940
	(9%)	25%	(31%)
Single	527	400	340
	23%	(24%)	(15%)
Multiple	561	955	600
	(28%)	70%	(37%)

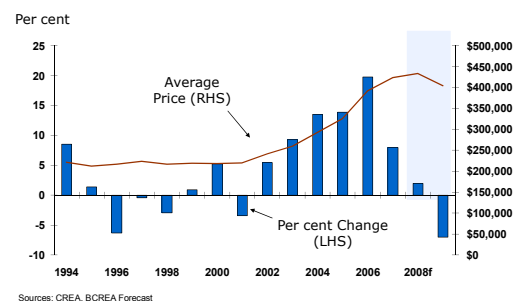
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

After three years of record-breaking performance, MLS® residential sales are expected to decline 25 per cent to 13,500 units this year, before edging up 4 per cent to 14,000 units in 2009. Despite a relatively strong economy, consumer confidence has been low. Concern for household budgets and uncertainty surrounding the financial and equity markets is curtailing housing demand.

Fewer home sales and a sizable increase in the number of homes for sale has created imbalance in the market and put downward pressure on home prices. However, unlike conditions in the US, Fraser Valley households are on a solid footing. Foreclosure rates are near historic lows and with a low unemployment rate and low interest rates, home sellers are not facing financial hardship and are not obliged to liquidate their real estate assets. As a result, many potential home sellers are expected to delay putting their homes on the market until conditions improve. This will reduce the number of homes for sale, creating a more balanced marketplace and firm home prices.

MLS® Prices



Despite home prices edging lower since the spring, the average MLS® residential price is forecast to increase 2 per cent this year to \$434,000. This is a result of record prices being recorded in the first quarter. Next year, the average residential price is forecast to decline 7 per cent to \$405,000. It should be noted that most of the decline in home prices will occur in 2008, and that firmer prices are expected next year.

A 25 per cent increase in Abbotsford housing starts this year has increased new home inventories in the face of waning demand. A larger inventory of new homes and tighter credit conditions are expected to reduce new home construction in 2009. Housing starts in the Abbotsford CMA are forecast to decline 31 per cent to 940 units in 2009. The most significant decline will occur in multiple starts, down 37 per cent to 600 units. A timely response by home builders to slower consumer demand will contribute to reducing an oversupply in the overall housing market.

CHILLIWACK AND DISTRICT REAL ESTATE BOARD

Chilliwack residential MLS® sales reached a record 3,268 units in 2007. However, homes sale are expected pull back 31 per cent to 2,250 units this year, following a province-wide slowdown in consumer demand. Despite a relatively strong economy, consumer confidence has significantly weakened due to uncertainty around household budgeting, the global financial crisis and volatile equity markets. Market conditions in Chilliwack mirror a provincial imbalance between supply and demand.

At the end of September, there were 1,918 homes for sale in Chilliwack, a 65 per cent increase from the previous year. The combination of reduced demand and larger inventories has tilted the market in favour of homebuyers. The magnitude of the difference between supply and demand has put some downward pressure on home prices, which peaked early in the year and have edged lower over the last several months. The average MLS® price is forecast to decline 8 per

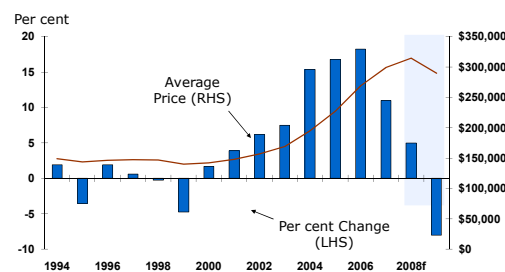
cent to \$290,000 in 2009. The brunt of that decline will be experienced this year, with the 2009 average price reflecting more stable home prices.

Significant price corrections are typically generated by

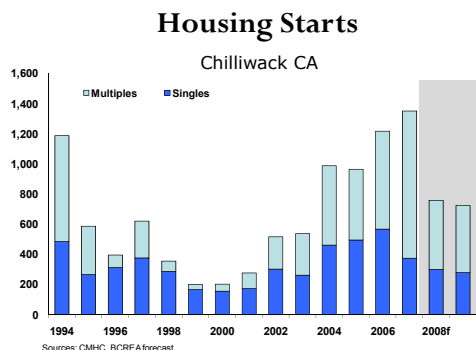
rapidly rising interest rates and/or a high level of unemployment. The unemployment rate in September was 50 per cent less than at the beginning of the decade, and interest rates remain near historic lows. Chilliwack home owners are on a relatively solid financial footing and not likely to need to liquidate their real estate assets.

Chilliwack home builders have already scaled back production in the face of reduced consumer demand. Housing starts this year are expected to decline 46 per cent to 760 units, with the sharpest decline occurring in condominium construction. Higher new home inventories and tighter credit conditions will contribute to a further 5 per cent decline in 2009.

MLS® Prices



Sources: CREAA, BCREA Forecast



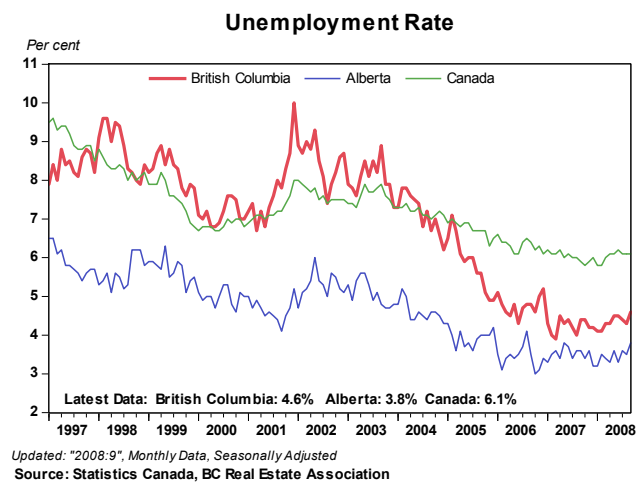
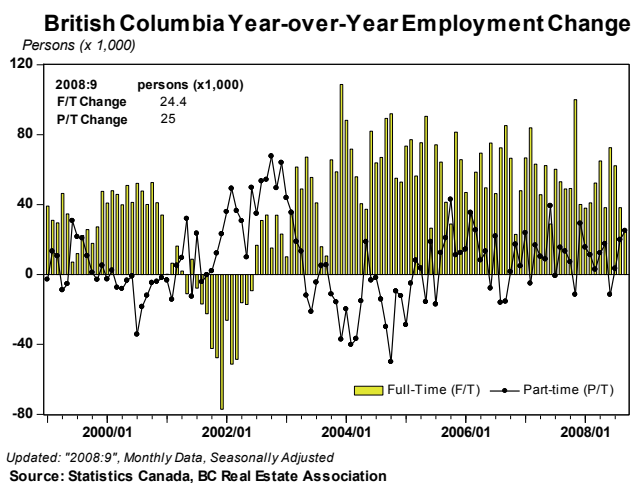
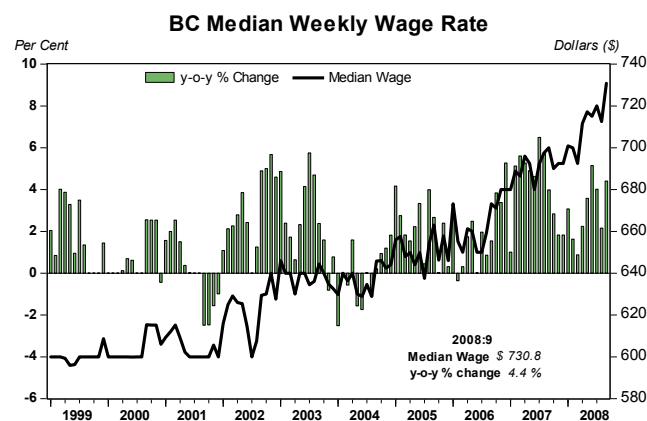
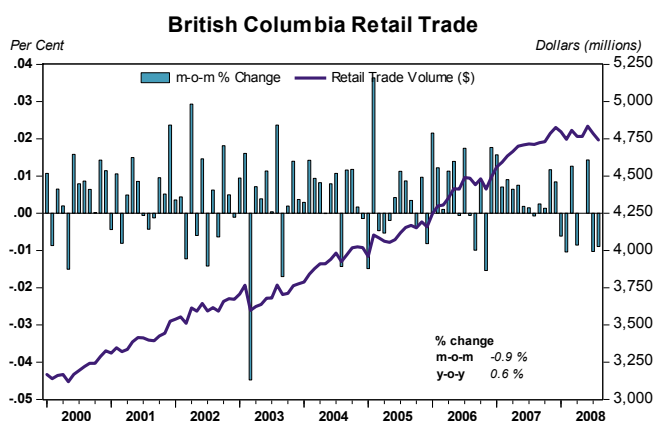
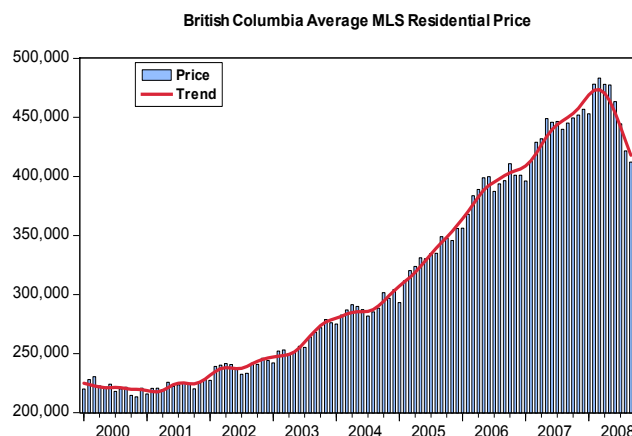
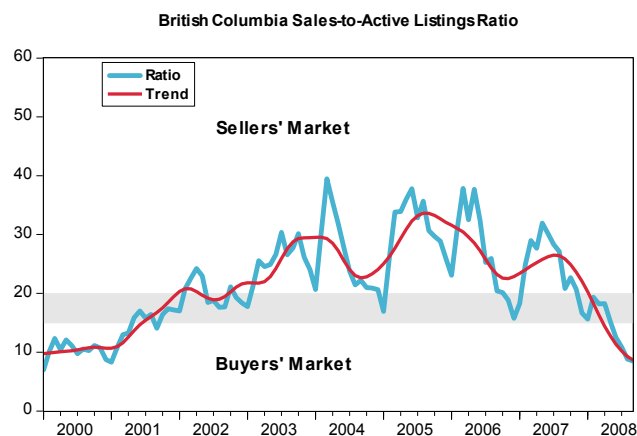
Sources: CMHC, BCREA Forecast

MLS®	07	08f	09f
Sales:			
Total ¹	3,268	2,250	2,375
	2%	(31%)	6%
Detached	1,874	1,250	1,310
	2%	(33%)	5%
Condo	1,205	865	920
	9%	(28%)	6%
Avg. Price:			
Total	299,592	315,000	290,000
	11%	5%	(8%)
Detached	335,660	351,000	323,000
	12%	5%	(8%)
Condo	221,177	233,000	217,000
	18%	5%	(7%)
Housing Starts²			
Chilliwack CA			
Total	1,401	760	725
	15%	(46%)	(5%)
Single	375	300	280
	(34%)	(20%)	(7%)
Multiple	977	460	445
	50%	(53%)	(3%)

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

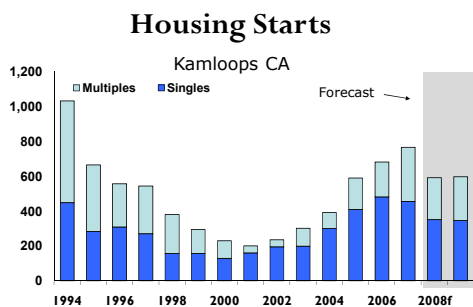
BC MARKET INDICATORS



KAMLOOPS AND DISTRICT REAL ESTATE ASSOCIATION

Weaker consumer confidence has slowed home sales in Kamloops this year, echoing reduced consumer demand across the province. After achieving a record number of home sales in 2007, MLS® residential sales are forecast to decline 31 per cent to 2,400 units this year. While local economic conditions remain relatively strong, the global financial crisis and volatile equity markets are weighing heavily on consumer psychology. This is particularly evident in the investor and recreation home markets, where buying decisions are more easily delayed.

The inventory of homes for sale in Kamloops was 73 per cent higher in September than a year ago. Higher inventory levels, combined with slower consumer demand, have shifted the market in favour of homebuyers. While the average MLS® residential price is expected to increase 11 per cent to \$306,000 this year, the imbalance between supply and demand that began earlier in the year is causing prices to edge lower. In 2009, the average MLS® residential price is

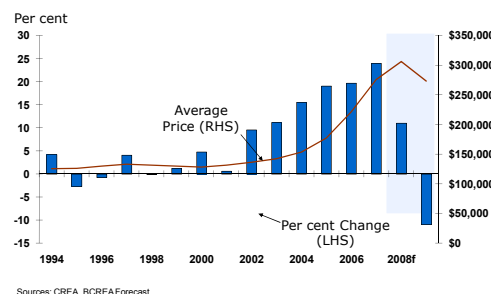


forecast to decline 11 per cent to \$273,000. Most of the decline in prices is expected to occur prior to the end of 2008, with home prices in 2009 being more stable.

Affordability has already improved in the Kamloops market and this, along with a moderate increase in consumer confidence, is expected to boost home sales by 4 per cent to 2,500 units in 2009. In contrast to the US housing market, BC household finances are in relatively good condition.

Housing starts in the Kamloops CA are on track to decline 23 per cent to 590 units this year. The quick response by home builders to pull back on production in light of waning demand will help curb new home inventories and benefit the overall housing market. In addition, tighter credit conditions will continue to slow construction activity through 2009, as the availability and cost of financing hits the bottom line.

MLS® Prices

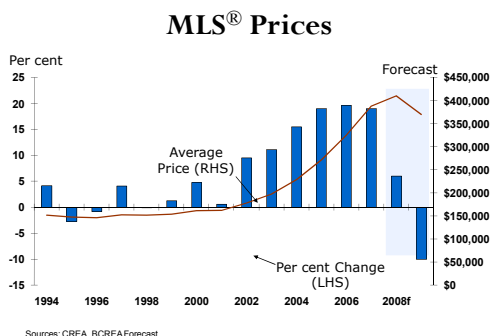


MLS®	07	08f	09f
Sales:			
Total ¹	3,501	2,400	2,500
	6%	(31%)	4%
Detached	2,300	1,580	1,640
	8%	(31%)	4%
Attached	493	350	360
	0%	(29%)	3%
Apartment	271	185	195
	1%	(32%)	5%
Avg Price:			
Total	275,474	306,000	273,000
	24%	11%	(11%)
Detached	309,074	345,000	308,000
	20%	12%	(11%)
Attached	264,363	280,000	255,000
	34%	6%	(9%)
Apartment	174,579	205,000	186,000
	19%	17%	(9%)
Housing Starts²			
Kamloops CA			
Total	763	590	490
	12%	(23%)	(17%)
Single	455	350	310
	(5%)	(23%)	(11%)
Multiple	308	240	180
	55%	(22%)	(25%)

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

OKANAGAN MAINLINE REAL ESTATE BOARD



MLS®	07	08f	09f
Sales:			
Total ¹	8,702	5,800	6,100
	12%	(33%)	5%
Detached	4,687	3,050	3,200
	10%	(35%)	5%
Attached	1,176	740	785
	26%	(37%)	6%
Apartment	1,499	1,045	1,100
	23%	(30%)	5%
Avg Price:			
Total	387,523	410,000	370,000
	19%	6%	(10%)
Detached	457,325	484,000	440,000
	18%	6%	(9%)
Attached	325,609	348,000	320,000
	17%	7%	(8%)
Apartment	257,541	282,000	250,000
	13%	10%	(11%)
Housing Starts²			
Kelowna CMA			
Total	2,805	2,810	2,010
	4%	0%	(29%)
Single	1,130	850	810
	1%	(25%)	(5%)
Multiple	1,675	1,960	1,200
	7%	17%	(39%)

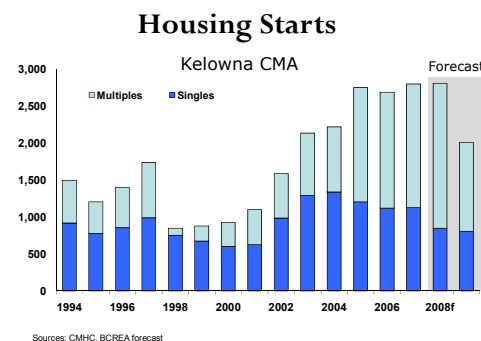
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

Home sales in the Kelowna, Vernon and Shuswap areas have declined, alongside most markets in the province. Weak consumer confidence has negatively impacted the recreation and investment markets, and caused many potential owner-occupiers to take a wait-and-see approach. The global financial crisis and volatility in the equity market will likely keep some consumers from undertaking major purchases over the next several months. MLS® residential sales are expected to decline 33 per cent to 5,800 units this year.

While bad news appears to be top of mind for consumers, home affordability is quietly improving. The combination of growing affordability and a moderate increase in consumer confidence is expected to trigger a modest increase in home sales next year. MLS® residential sales are forecast to increase 5 per cent to 6,100 units in 2009.

Home prices have been edging lower for several months. However, because home prices reached a cyclical high earlier in the year, the average MLS® residential price for 2008 is expected to increase 6 per cent to \$410,000. The number of homes for sale was 87 per cent higher in September compared to a year ago. This imbalance between supply and demand is expected to ease, as many prospective home sellers delay putting their homes on the market until conditions improve. As a result, home prices are expected to stabilize during the first half of 2009, with most of the decline in prices occurring by the end of 2008. The average MLS® residential price in 2009 is forecast to be 10 per cent less than in 2008.



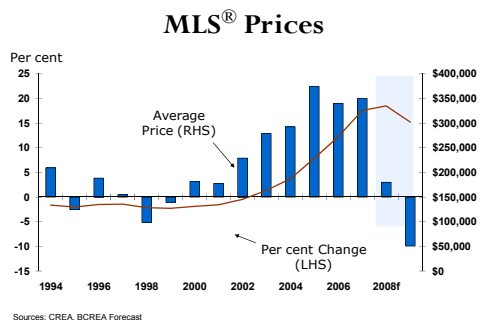
Rising new home inventories and weaker demand, especially from recreation and investment buyers, will slow housing starts next year. Tighter credit conditions will also impact the amount of new residential construction in the region. Housing starts are forecast to decline 29 per cent to 2,010 units in 2009. Multiple unit housing starts are expected to experience the most significant decline.

SOUTH OKANAGAN REAL ESTATE BOARD

MLS® residential sales are expected to decline 37 per cent to 1,550 units this year. After seven years of strong housing demand, consumer confidence has declined. The global financial crisis and volatile equity markets are having a negative impact on housing demand as households, concerned about their monthly budgets, delay major purchases. Recreation and investment purchases are particularly affected, as they are more easily delayed.

The inventory of homes for sale has increased 62 per cent from last year. This has created an imbalance between supply and demand that is putting some downward pressure on home prices. Over the next several months, the number of residential listings is expected to wane as many potential sellers avoid putting their homes on the market until conditions improve. While the provincial economy is weakening, household finances are on a solid footing. A relatively low unemployment rate and low interest rates are a signal that there is little pressure on homeowners to sell.

MLS® residential sales are forecast to edge up 5 per cent to 1,620 units in 2009.



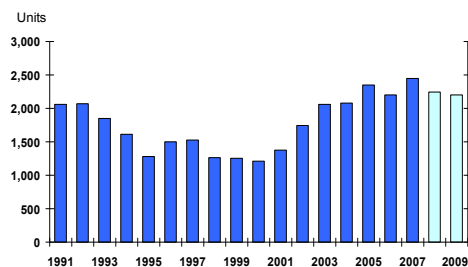
Sources: CREA, BCREA Forecast

Increased affordability and a moderate rise in consumer confidence will contribute to a higher level of home sales next year. In addition, a moderate increase in home sales, combined with lower

inventories, is expected to stabilize home prices and trend the market toward more balance. The average MLS® residential price is forecast to rise 3 per cent to \$335,000 this year on the strength of record prices earlier in the year. A forecasted decline in the average price of 10 per cent to \$302,000 in 2009 is mostly the result of prices edging lower in 2008 and remaining unchanged for most of next year.

Housing starts in Penticton are expected to decline 29 per cent to 210 units in 2008. Reduced consumer demand and tighter credit markets for builders and developers will constrain new home construction through 2009. A slowing in the expansion of the housing stock will help reduce the overall supply of homes for sale in the market.

MLS® Sales



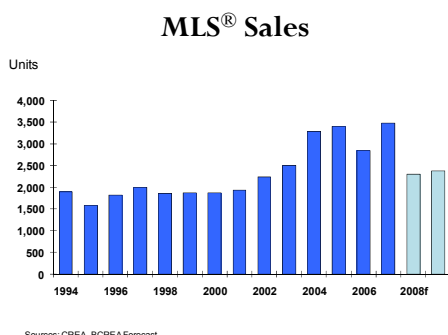
Sources: CREA, BCREA Forecast

MLS®	07	08f	09f
Sales:			
Total ¹	2,447	1,550	1,620
	11%	(37%)	5%
Detached	1,286	835	870
	11%	(35%)	4%
Attached	338	230	240
	19%	(32%)	4%
Apartment	501	265	275
	31%	(47%)	4%
Avg Price:			
Total	325,667	335,000	302,000
	20%	3%	(10%)
Detached	405,295	418,000	382,000
	19%	3%	(9%)
Attached	296,242	290,000	265,000
	20%	(2%)	(9%)
Apartment	250,652	260,000	235,000
	23%	4%	(10%)
Housing Starts²			
Penticton CA			
Total	295	210	215
	(37%)	(29%)	2%
Single	83	70	65
	(17%)	(16%)	(7%)
Multiple	212	140	150
	(42%)	(34%)	7%

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®	07	08f	09f
Sales:			
Total ¹	3,476	2,300	2,380
	22%	(34%)	4%
Detached	2,143	1,420	1,470
	*	(34%)	4%
Attached	219	145	150
	*	(34%)	3%
Apartment	269	175	185
	*	(35%)	6%
Avg Price:			
Total	272,138	288,000	258,000
	30%	6%	(10%)
Detached	291,177	312,000	282,000
	*	7%	(10%)
Attached	262,926	258,000	232,000
	*	(2%)	(10%)
Apartment	177,895	189,000	172,000
	*	6%	(9%)
Housing Starts²			
Cranbrook CA			
Total	192	205	170
	14%	7%	(17%)
Single	173	170	150
	7%	(2%)	(12%)
Multiple	19	35	20
	-	84%	(43%)

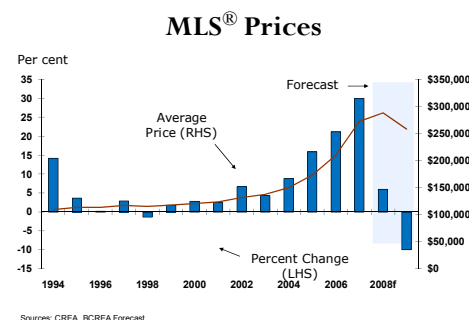
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

Low consumer confidence, the global credit crisis and volatility in the equity markets have slowed home sales in the Kootenays this year. Fewer recreation and investment buyers combined with risk adverse first time buyers will pull home sales 34 per cent lower this year.

While the Kootenay economy has posted strong performance in recent years, eroded affordability and weak consumer confidence have shifted the Kootenay housing market firmly into buyers' market territory. Fewer sales and a 75 per cent increase in the number of homes for sale is putting some downward pressure on home prices. The imbalance between supply and demand is expected to persist through the first quarter of 2009.

The financial condition of Kootenay households remains relative strong. Unlike south of the border, significant job losses are not occurring and interest rates remain low. This means Kootenay homeowners face little pressure to liquidate their real estate assets.



Many potential home sellers are expected to delay putting their homes on the market until conditions improve. Some improvement in consumer confidence and decline in the number of homes for sale is expected to stabilize the market next year. MLS® residential sales are forecast to increase a modest 4 per cent to 1,470 units in 2009.

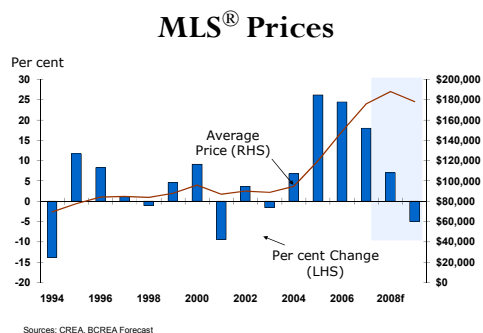
Home prices peaked earlier in the year and have since edged lower. However, the average MLS® residential price is expected to be up 6 per cent to \$288,000 this year. In 2009, the average home price is forecast to decline 10 per cent to \$258,000. Most of the decline in home prices will occur by the end of 2008, with prices stabilizing after the first quarter of 2009.

Housing starts in the Cranbrook CA are expected to increase 7 per cent to 205 units this year. However, waning demand, rising new home inventories and tighter credit conditions will curtail new home construction in 2009. Housing starts in the Cranbrook CA are forecast to decline 17 per cent to 170 units in 2009.

NORTHERN LIGHTS REAL ESTATE BOARD

The Northern Lights Real Estate Board represents the census agglomeration of Dawson Creek, and the municipalities of Chetwynd and Tumbler Ridge. Buoyed by significant interest in oil and natural gas exploration in the area, investments in alternative energy, and mining, the region has been an economic strength for the province in recent years. This has been reflected in elevated residential MLS® sales, which are forecast to reach 480 homes in 2008, down a relatively mild 4 per cent from 2007. A weaker general economy and a recent pullback in natural gas prices are expected to contribute to a further decline in home sales of 6 per cent in 2009.

The strength of the local economy drove significant gains in employment in the Dawson Creek region. The area averaged 8,600 employed individuals through the first nine months of

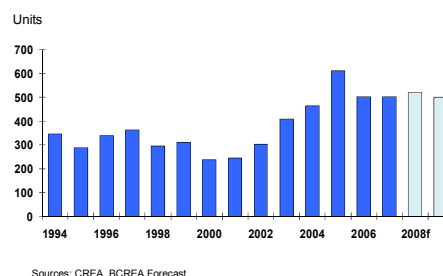


MLS® sales activity elsewhere in the province. Improved labour market conditions are also evident in other communities in the Northeast Development Region of BC which also includes Fort St. John, Hudson's Hope and Fort Nelson.

The region's robust economic environment points to a relatively strong year of housing activity, both this year and in 2009. While sales are forecast to edge down, the Northern Lights area continues to exhibit a market that is more balanced than the rest of the province. As a result, the average MLS® home price in 2008 is forecast to reach \$194,000, up 10 per cent from 2007 and a further 3 per cent to \$199,500 in 2009.

In the new home market, single-detached housing starts are expected to drop to 15 units this year, after averaging nearly 60 units during the last two years. From 1990 to 2005, Dawson Creek averaged 19 single-family home starts annually. Single-family starts are forecast to reach 20 units in 2009.

MLS® Sales



MLS®	07	08f	09f
Sales:			
Total ¹	502	480	450
	0%	(4%)	(6%)
Detached	424	394	372
	4%	(7%)	(6%)
House & Acreage	54	50	47
	(25%)	(7%)	(6%)
Avg Price:			
Total	175,818	194,000	199,500
	18%	10%	3%
Detached	167,352	193,000	199,000
	20%	15%	3%
House & Acreage	237,079	281,000	275,000
	5%	19%	(2%)
Housing Starts²			
Dawson Creek CA			
Single	53	15	20
Detached	(16%)	(72%)	33%

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

BC NORTHERN REAL ESTATE BOARD

MLS®	07	08f	09f
Sales:			
Total ¹	5,400 (4%)	4,240 (22%)	4,400 4%
Detached	3,040 (9%)	2,670 (12%)	2,740 3%
House & Acreage	735 39%	675 (8%)	690 2%
Avg Price:			
Total	195,487 18%	215,700 10%	200,000 (7%)
Detached	216,759 17%	234,000 8%	217,000 (7%)
House & Acreage	279,613 18%	295,000 6%	282,000 (4%)
Prince George			
Sales:			
Detached	1,092 (9%)	880 (19%)	850 (3%)
Avg. Price:			
Detached	240,442 22%	241,000 0%	234,000 (3%)
Housing Starts²			
Prince George			
Total	328 3%	230 (30%)	195 (15%)
Single	288 2%	175 (39%)	160 (9%)
Multiple	40 8%	55 38%	35 (36%)

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

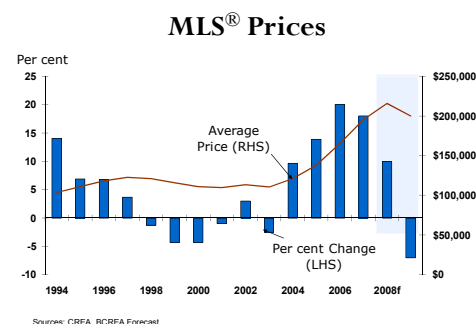
2. Sources: CMHC, BCREA Forecast

BC Northern Real Estate Board's geographic area spans Kitimat and Prince Rupert on the western shores of the province, Prince George, Quesnel, 100 Mile House in the northern interior, and Fort St. John and Fort Nelson in the upper northeast. Numerous economic factors affect the region's housing demand.

MLS® sales activity has slowed considerably this year, with 22 per cent fewer MLS® residential transactions forecast for 2008. Housing sales are expected to increase by 4 per cent in 2009, as improved affordability draws more buyers into the market. However, the imminent US recession will be a drag on the economy and the expansion of resale market activity. The slowdown in activity will also be reflected in a moderation in home prices through 2009. While the average price is forecast to be 10 per cent higher this year, most of the gains were realized during the first six months of 2008. The average MLS® residential price in 2009 is expected to be 7 per cent lower.

While housing demand has remained robust in municipalities in the northeast due to relatively strong energy markets, most other regions have weakened. Communities closely tied to the forest industry, particularly those in the Cariboo Region, have recorded larger relative declines in home sales. US demand for BC lumber products is historically low; in August US housing starts fell to the lowest level since January 1991.

The Northern economy is not as dependant on logging as it once was and continues to diversify. A growing international market has emerged for wood pellets, and pulp and paper products. The increased shipping volume in Prince Rupert has helped to push down shipping costs for firms in the north looking to take advantage of the link to overseas markets. Kitimat and Prince Rupert are moving forward in establishing their break bulk and container deep water ports. Considering the impact of the forestry industry, unemployment rates in the north remain historically low.



HOUSING FORECAST SUMMARY— FALL 2008

Board Area	Unit Sales			Average MLS® Price (\$)		
	2007	2008F	2009F	2007	2008F	2009F
Victoria	8,403 12%	6,650 (21%)	6,900 4%	466,974 9%	486,300 4%	455,000 (6%)
Vancouver Island	9,887 12%	7,300 (26%)	7,520 3%	311,472 11%	329,600 6%	308,000 (7%)
Powell River Sunshine Coast	296 1%	225 (24%)	235 4%	241,083 18%	250,000 4%	230,000 (8%)
Greater Vancouver	38,978 7%	27,000 (31%)	28,000 4%	570,795 12%	585,000 3%	525,000 (10%)
Fraser Valley	18,032 0%	13,500 (25%)	14,000 4%	423,761 8%	434,000 2%	405,000 (7%)
Chilliwack and District	3,268 2%	2,250 (31%)	2,375 6%	299,592 11%	315,000 5%	290,000 (8%)
Kamloops and District	3,501 6%	2,400 (31%)	2,500 4%	275,474 24%	306,000 11%	273,000 (11%)
Okanagan Mainline	8,702 12%	5,800 (33%)	6,100 5%	387,523 19%	410,000 6%	370,000 (10%)
South Okanagan	2,447 11%	1,550 (37%)	1,620 5%	325,667 20%	335,000 3%	302,000 (10%)
Kootenay	3,476 22%	2,300 (34%)	2,380 4%	272,138 30%	288,000 6%	258,000 (10%)
Northern Lights	502 0%	480 (4%)	450 (6%)	175,818 18%	194,000 10%	199,500 3%
BC Northern	5,400 (4%)	4,240 (21%)	4,400 4%	195,487 18%	215,700 10%	200,000 (7%)
BC Total	102,892 6%	73,700 (28%)	76,500 4%	438,975 12%	453,000 3%	413,000 (9%)

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

This publication/research is generously funded, in part, by the Real Estate Foundation of British Columbia.



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British Columbia Real Estate Association

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