

HOUSING FORECAST

ECONOMICS FALL 2009

HOUSING MARKET REBOUND

Residential unit sales on the Multiple Listing Service® (MLS®) in BC are estimated to increase 20 per cent to 82,900 units this year. A sharp rebound in consumer demand, particularly in Victoria, Vancouver and the Fraser Valley, has pushed home

BC MLS® residential sales are forecast to climb an additional 8 per cent to 89,600 units in 2010. Further improvement in consumer demand is expected in the interior and Vancouver Island (outside Victoria). Housing demand in the major metropolitan markets of the Lower Mainland and Victoria is expected to moderate from the recent highs as a pent-up demand is expended.

The average annual BC MLS® residential price is estimated to increase 2 per cent to \$463,200 this year, a record high. However, the increase is largely the result of a greater proportion of home sales this year occurring in BC's higher priced markets. Next year, a modest increase in the BC MLS® residential prices are forecast, climbing 4 per cent to \$482,800. Tighter market conditions in many BC regions will contribute to the gain.

BC's housing markets have fared extremely well since the beginning of the year. However, higher prices are again eroding affordability in some markets and by all accounts growth in the economy is expected to be at a modest pace next year. Greater stability in BC's housing markets is forecast through 2010.

sales beyond expectations earlier in the year.

Pent-up demand, low mortgage interest rates and attractive home prices are key drivers in the market. Consumer confidence is also playing a large role as recovery in the economy is on the horizon.

Prominent differences in regional markets exist. A dramatic rebound in consumer demand on the south coast is in contrast with a more gradual, and arguably sustainable, increase in demand in the interior of the province. Despite weak economic conditions, home sales in Vancouver have recently trended near historically high levels.



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MLS®	08	09f	10f
Sales	68,923 (33%)	82,900 20%	89,600 8%
Avg Price	454,599 4%	463,200 2%	482,800 4%
\$ Volume	31.3 Bil (31%)	38.4 Bil 23%	43.3 Bil 13%
Housing Starts¹			
Total	34,321 (12%)	14,400 (58%)	21,000 46%
Single	10,991 (24%)	6,250 (43%)	8,100 30%
Multiple	23,330 (6%)	8,150 (65%)	12,900 58%

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1. Sources: CMHC, BCREA Forecast



ECONOMIC OUTLOOK

The BC Economy is expected to expand in 2010 after contracting an estimated 2.6 per cent this year. Weak demand for commodities, a strong Canadian dollar and tepid consumer spending will set the stage for the slowest post-recession recovery since the early 1980s. Continuing economic malaise in the US will continue to retard economic growth as imports from BC continue to trend below long term averages.

Total employment in the province is estimated to decline 2.5 per cent this year on an annual basis. Particularly hard hit is the goods producing sector where employment contracted 11 per cent January through October, compared to the same period last year. Manufacturing and construction employment is down 12 per cent over the same period. Service sector employment is fairing relatively better, declining just 0.2 per cent through October. However, transportation and warehousing employment, part of the service sector, is down 10 per cent, largely the result of its reliance on goods producers. Total employment in BC is forecast to increase a modest 1.6 per cent in 2010.

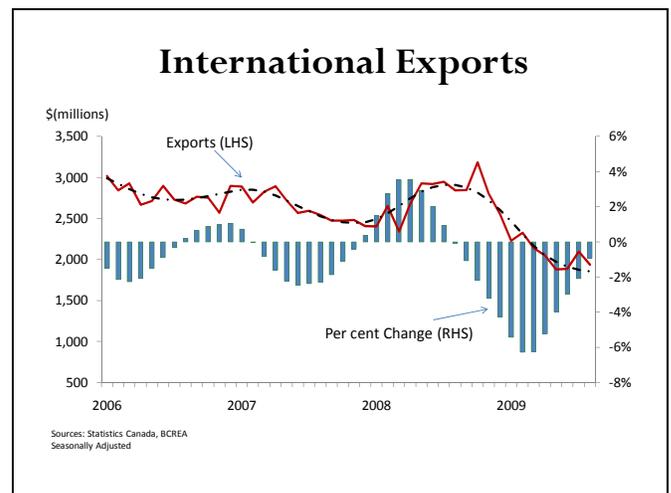
Once the overhang in US new home inventories draws down, housing starts south of the border should increase from a pace of 500-600k per annum to approximately 1.4 million in order to keep pace with household formation. However, the increase is likely not to manifest until late in 2010. Demand for commodities is also expected to increase next year, but at a pace equivalent to the slow recovery in the global economy.

A dramatic rebound in home sales would suggest a corresponding increase in retail sales. However, retail sales have improved only modestly, signaling overall consumer demand has yet to return to normalcy. After declining an estimated 6.7 per cent this year, retail sales are forecast to grow by a relatively modest 4.5 per cent in 2010. Home sales on south coast are expected to moderate from current record levels, as waning pent-up demand and eroding affordability come into play next year.

Broad recovery in the BC economy is expected to be a rather slow and arduous affair. As a result, the economy could be many quarters out of a technical recession before

	08	09f	10f
Real GDP Growth	(0.3%)	(2.6%)	2.2%
Employment (Millions)	2.31	2.26	2.29
Unemployment (000s)	111.6	186.1	189.4
Rate	4.6%	7.6%	7.6%
Personal Disposable Income (\$ Millions)	125,386	124,759	129,749
Average Weekly Wage	7%	(0.5%)	4%
Retail Sales (\$Billions)	\$781	\$801	\$817
Net International Migration	4.4%	2.6%	2.0%
Net Interprovincial Migration	56.6	52.8	55.1
Total Net Migration	0%	(6.7%)	4.5%
	54,941	52,500	55,900
	31%	(4%)	6%
	8,379	5,700	6,200
	(50%)	(32%)	9%
	63,320	58,200	62,100
	8%	(8%)	7%

Sources: Statistics Canada, BC Stats, BCREA Forecast

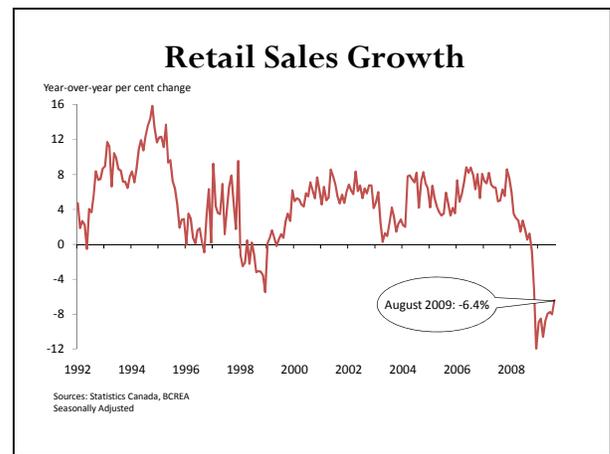
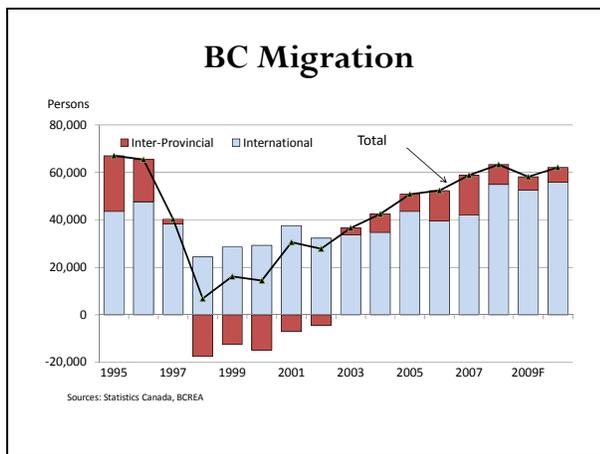


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there is any significant decline in the unemployment rate.

Net migration is not only an important component to the economy, but vital to new construction activity, the resale and rental markets. A positive natural rate of increase (births minus deaths) has little impact on household formation until decades after the fact. The largest component of migration stems from international origins. These migrants comprise approximately 90 per cent of all net

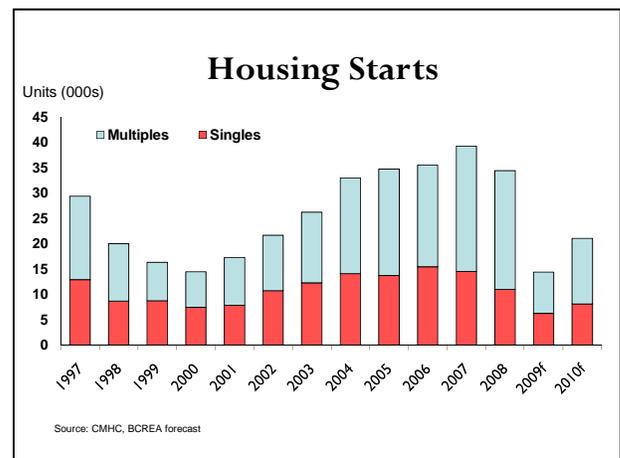
migrants to the province. Net international migration is forecast to decline 4 per cent to 52,500 individuals this year, and then increase 6 per cent to 55,900 individuals in 2010. Inter-provincial migration is largely influenced by the relative strength of provincial economies. The current economic climate has made employment opportunities relatively scarce in all provinces. Net inter-provincial migration is forecast to decline 32 per cent to 5,700 this year and increase 9 per cent to 6,200 individuals in 2009.



HOUSING STARTS

BC housing starts were on track earlier in the year to record their worst performance since 1962. However, recent increases in new construction activity are estimated to boost the annual total to match the year 2000. The sharp pull-back in housing starts corresponded with the financial crisis and the global recession. A sharp decline in consumer demand, rising inventories of complete and unoccupied units and tighter credit conditions virtually stalled building permits during the first half of the year.

Low mortgage interest rates combined with price adjustments contributed to a recent surge in home sales and many builders are now experiencing a decline of their inventories. While housing starts are expected to climb next year, as builders respond to the stronger market conditions, the overall level of new construction activity will be relatively low compared to the past several years. Consumer demand can change quickly and new home construction typically lags market changes. This is particularly prominent with large condominium projects.



Housing starts in the province are estimated to total 14,400 units this year, a 58 per cent decline over 2008. The sharpest decline is in multiple starts, where a 65 per cent decline is expected. Next year, BC housing starts are forecast to increase 46 per cent to 21,000 units. However, this level is considerably less than the 34,321 units started in 2008.

VICTORIA REAL ESTATE BOARD

Home sales in Victoria posted a dramatic rebound this year. Seasonally adjusted MLS® residential sales climbed 87 per cent January to September on the strength of improved affordability and pent-up demand. Reduced home prices and low mortgage interest rates contributed to a sizable increase in affordability during last spring. At the end of March, the carrying cost of the average priced home in Victoria was 25 per cent lower than the previous year. This drew first-time buyers back into the market and enabled move-up buyers to sell their current homes. The inventory of homes for sale has declined by one-third over the past twelve months and home prices are now facing some upward pressure. Market conditions in Victoria moved from a weak buyer's market at the

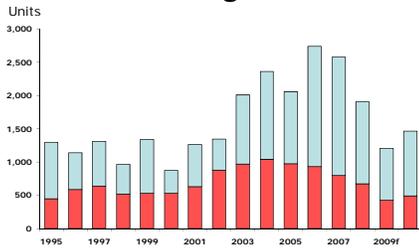
beginning of the year to a strong seller's market this fall.

Looking forward, homes sales are expected wane from their recent highs. Pent-up demand that welled up last winter and largely responsible for skyrocketing

home sales will likely be expended in the next few months. In addition, rising home prices are again eroding affordability despite attractive mortgage interest rates. These factors will offset in the impact of improvement in Victoria's labour market in 2010. Despite demand slowing from the current frenetic pace, MLS® residential sales are forecast to increase 5 per cent to 7,800 units next year, well above the ten-year average of 6,900 units. The average MLS® residential price is estimated to decline 2 per cent to \$475,000 this year. However, recent prices gain combined with modest appreciation in 2010 are expected to push home prices to an annual record of \$505,000 in 2010.

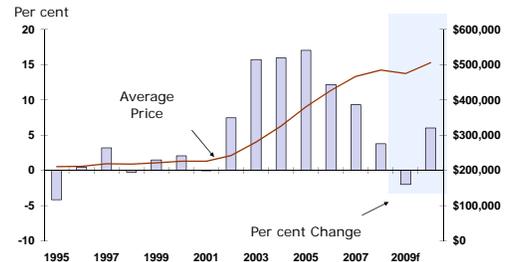
Housing starts are estimated to fall 54 per cent this year on the heels of a 26 per cent decline in 2008. Slower expansion of the housing stock is having a positive impact on home prices as inventory in both the new and resale market is being pulled lower. While home builders are expected to increase production by 62 per cent in 2010, total housing starts will be approximately one-half of the level of home building in 2006.

Housing Starts



Source: CMHC, BCREA Forecast

MLS® Prices



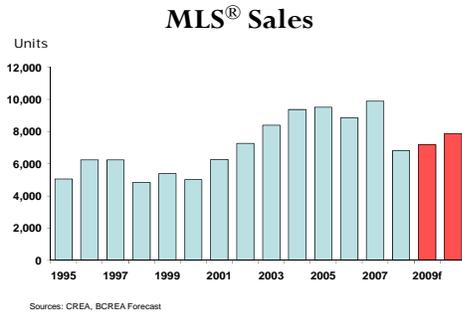
Sources: CREA, BCREA Forecast

MLS®	08	09f	10f
Sales:			
Total ¹	6,171	7,450	7,800
	(27%)	21%	5%
Detached	3,646	4,390	4,580
	(25%)	20%	4%
Attached	648	855	850
	(28%)	32%	0%
Apartment	1,700	2,085	2,200
	(29%)	23%	6%
Avg Price:			
Total	484,898	475,000	505,000
	4%	(2%)	6%
Detached	586,281	573,000	612,000
	4%	(2%)	7%
Attached	427,216	422,000	446,000
	6%	(1%)	6%
Apartment	320,207	310,000	325,000
	1%	(3%)	5%
Housing Starts²			
Victoria CMA			
Total	1,905	880	1,425
	(26%)	(54%)	62%
Single	673	560	675
	(15%)	(17%)	21%
Multiple	1,232	320	750
	(31%)	(74%)	134%

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

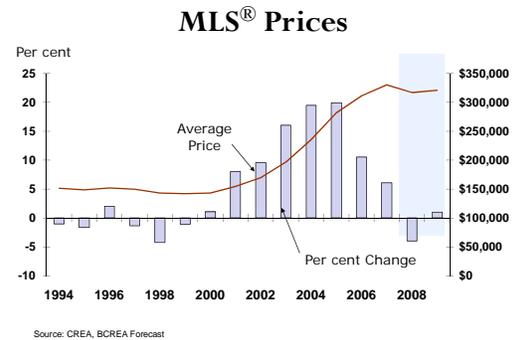
VANCOUVER ISLAND REAL ESTATE BOARD



After declining 31 per cent in 2008, residential sales activity through the Vancouver Island Real Estate Board (VIREB) region are forecast to increase both this year and in 2010. The first three quarters of 2009 have been marked by significant volatility in many real estate markets. After falling to decade-low sales level in March, VIREB MLS® sales have since more than doubled. BCREA forecasts MLS® sales to reach 7,200 units by the end of 2009, up 4 per cent from 2008, with a further 8 per cent increase in 2010. Sales levels will be comparable to those recorded in 2002-2003.

MLS®	08	09f	10f
Sales:			
Total ¹	6,817 (31%)	7,200 6%	7,900 10%
Detached	4,403 (31%)	4,900 11%	5,200 6%
Attached	778 (35%)	710 (9%)	870 22%
Apartment	692 (37%)	610 (12%)	810 33%
Avg Price:			
Total	330,556 6%	317,000 (4%)	321,000 1%
Detached	362,566 6%	342,000 (6%)	350,000 2%
Attached	242,827 4%	238,500 (2%)	245,000 3%
Apartment	214,644 10%	199,800 (7%)	200,000 0%
Housing Starts²			
Nanaimo CA			
Total	921 11%	720 (14%)	510 (29%)
Single	389 28%	220 (43%)	250 14%
Multiple	532 80%	500 (6%)	260 (48%)

The early year buyers' market has given way to more balanced conditions in the region, with Nanaimo, the region's largest urban centre, strengthening into a sellers' market. Local demand has rebounded due to low mortgage rates and improved consumer confidence. Meanwhile, resale inventory has retreated from late 2008 highs. Higher demand has been especially prevalent in the single-detached home market, which is largely responsible for the sales increase expected this year. Apartment MLS® sales are still tepid. However, they are forecast to rebound sharply in 2010 as buyers respond to their relative affordability. The average MLS® residential price is estimated to be down 4 per cent to \$317,000 this year, before edging up 1 per cent in 2010.



Economic conditions on the island are beginning to stabilize despite a weaker labour market with job losses in the tourism, construction and manufacturing sectors. Recent population gains and a growing number of retirees with stable incomes have provided additional economic stability to the region. However, a rebound in markets dependent on inflows of retirees and recreational buyers typically lags increased activity from younger end-users as they are more dependent on wealth and confidence levels. 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.

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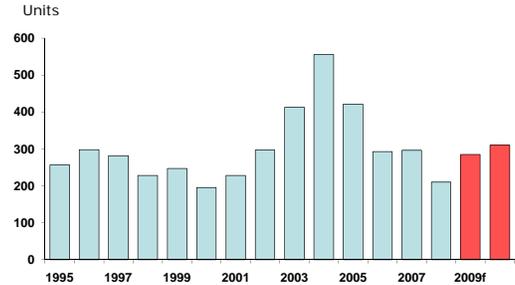
2. Sources: CMHC, BCREA Forecast

POWELL RIVER SUNSHINE COAST REAL ESTATE BOARD

MLS® residential sales in the Powell River area are estimated to increase 36 per cent this year, after a 29 per cent decline in 2008. Market conditions have also improved as the inventory of homes for sale wanes in light of stronger consumer demand. Improved affordability led by low mortgage interest rates is largely driving the rebound in home sales. Greater stability in the market bodes well for the coming year as the retiree segment of the market is expected to play a role in a further 9 per cent increase in residential home sales through 2010. However, slow recovery in the provincial recovery will restrain employment growth and keep home sales near the long term average in the region.

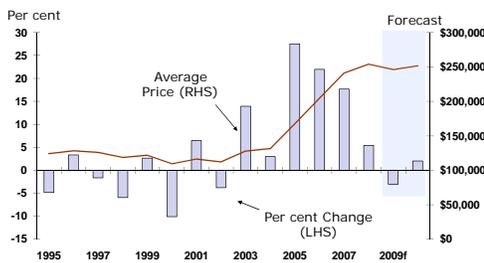
After increasing 5 per cent in 2008, home prices in Powell

MLS® Sales



Sources: CREA, BCREA Forecast

MLS® Prices



Sources: CREA, BCREA Forecast

River are estimated to be 3 per cent lower in 2009, as an annual average. However, home prices have recovered most of the ground lost during last year's downturn and are forecast to rise 2 per cent to

\$252,000 in 2010. Housing markets depend on the financial condition and confidence of households. With a provincial economy that will post only modest gains in output next year, another run up in property values is not expected. In short, Powell River home prices are expected to exhibit stability next year.

New home construction in the Powell River CA can vary significantly. A relatively small population base means that a single condominium project, for example, could instantly double the previous year's annual total. Housing starts increased 169 per cent in 2008 with foundations poured on just 43 units. BCREA expects 25 to 30 housing starts per annum this year and next. However, because of the extreme volatility in Powell River new construction activity, readers should be cautious in extrapolating the housing start forecast.

MLS®	08	09f	10f
Sales:			
Total ¹	210 (29%)	285 36%	310 9%
Detached	159 (33%)	225 42%	240 7%
Condo	34 (3%)	35 3%	40 14%
Avg Price:			
Total	254,117 5%	246,000 (3%)	252,000 2%
Detached	291,355 8%	275,800 (5%)	282,000 2%
Condo	176,882 8%	182,000 3%	185,000 2%
Housing Starts²			
Powell River CA			
Total	43 169%	37 (14%)	45 22%

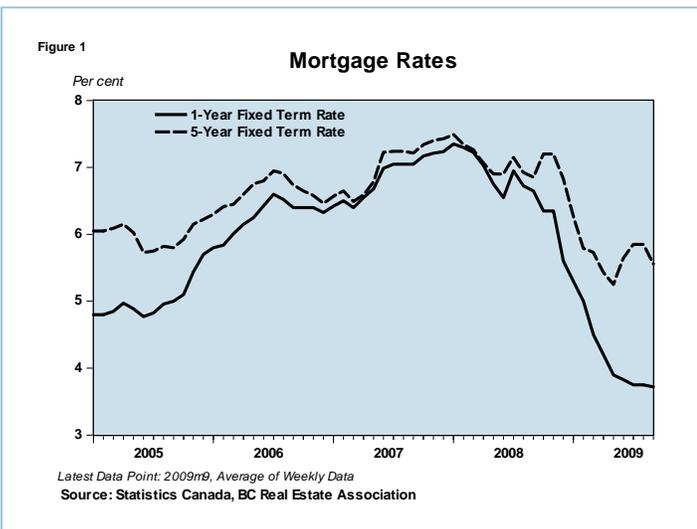
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

MORTGAGE RATE FORECAST

Prospective homebuyers took advantage of historically low mortgage rates through the summer and into fall, fuelling a housing rebound in BC and across Canada. BCREA expects a low interest rate environment to persist through 2009 and into 2010. Mortgage rates are forecast to fluctuate within a narrow range near current levels for the remainder of the year, before rising modestly through 2010 as the economy improves.

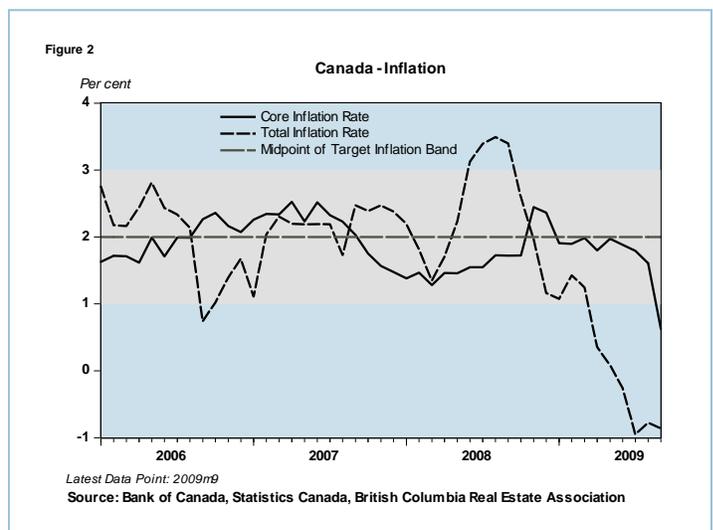
Declining interest rates since late 2008 have been the product of the worldwide economic downturn which led to a global coordinated effort to mitigate further damage through fiscal and monetary stimulus. The resulting cuts to short-term central bank interest rates, when combined with continued economic weakness, higher investor risk aversion and lower expectations of inflation lowered bond market yields and contributed to declines in bank administered interest rates for products such as mortgages.



Precluding discounts offered by lenders to clients with preferred credit histories, posted mortgage have settled at decades-low levels during the last few months. The borrowing cost on a fixed-rate one-year term mortgage remained stable, fluctuating near 3.75 per cent from September and into October, after declining 320 basis points (bps) from August 2008 to June 2009. After dropping to 5.49 per cent in September, the fixed-rate 5-year term mortgage rate edged back up to 5.84 per cent in October. The 5-year term rate declined to a low of 5.25 per cent in April (Fig.1). Despite this increase, the rate remains near record

lows and continues to support home-ownership demand.

BCREA’s outlook reflects continued monetary stimulus from the Bank of Canada (BoC). On October 20, the BoC reaffirmed its conditional commitment to anchor its policy interest rate at 0.25 per cent until the end of the second quarter of 2010 to achieve its inflation target. This will maintain flat borrowing costs on variable rate mortgages until the second half of 2010. A gradual 1 percentage point increase is forecast for the latter half of next year as prime rates rise to meet BoC’s rate hikes. Fixed-rate term mortgage rates, which move closely with bond yields and deposit rates of similar maturity will likely edge up later this year and next. Any increase is expected to be modest as the stronger Canadian dollar and the adverse affects on Canada’s export sector works to offset more favourable conditions in domestic demand supported by monetary and fiscal stimulus, firm commodity prices, increased household wealth and higher confidence, leading to a more prolonged pick up in inflation.



Mortgage Rate Forecast								
Term	2009				2010F			2011
	Q2	Q3	Q4F	Q1	Q2	Q3	Q4	Ave
1-Year	3.99	3.74	3.85	4.00	4.25	4.40	4.75	5.50
5-Year	5.44	5.74	5.90	6.00	6.10	6.25	6.50	6.95

¹ Average of weekly data

Source: Bank of Canada, BCREA Forecast

REAL ESTATE BOARD OF GREATER VANCOUVER

The Vancouver housing market experienced a dramatic rebound this year. MLS® residential sales increased threefold January to October on a seasonally adjusted basis, and is trending on record levels. A marked increase in affordability during the spring induced many potential buyers into the market and the resulting momentum quickly turned a buyer's market into a seller's market with upward pressure on home prices.

Rising home prices are again eroding affordability and the demand that welled up last winter during the height of the financial crisis is now largely expended. This means the pace of home sales recorded this autumn will likely moderate over the coming months. However, despite some moderation in consumer demand, home sales in Greater Vancouver

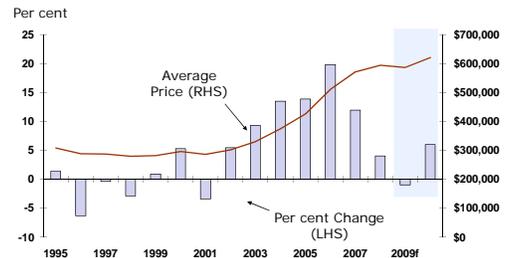
are expected to remain relatively strong through 2010. After posting an estimated 41 per cent increase to 35,500 units this year, home sales are forecast rise an additional 5 per cent to 37,100 units in

2010, well above the ten-year average of 33,000 units.

The annual average MLS® residential sales price in Greater Vancouver is estimated to decline 1 per cent to \$586,000 this year. This reflects the cyclical low recorded early in the year and the recent price acceleration. The average annual price is forecast to rise 6 per cent to \$620,000 in 2010. However, much of the increase will have occurred by the end of this year, with greater stability in home prices expected next year.

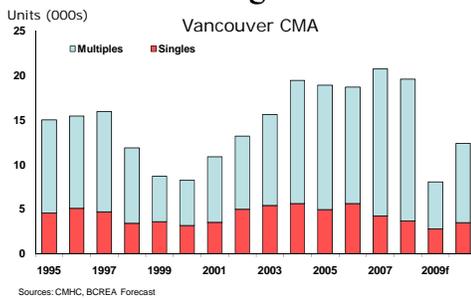
Housing starts in the Vancouver CMA are estimated to fall to their lowest in more than four decades this year. A sharp decline in units under construction and inventory levels that peaked at a relatively low level is setting the stage for home builders to ramp up production in 2010. The lag between conception and completion of new housing may create a period of under-supply in the new home market. This condition will help underpin price levels in both the new and resale markets in Greater Vancouver.

MLS® Prices



Sources: CRE, BCREA Forecast

Housing Starts



Sources: CMHC, BCREA Forecast

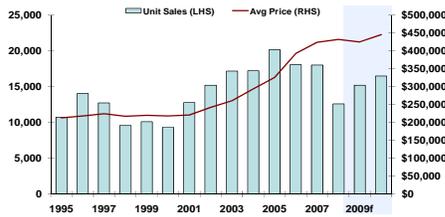
MLS®	08	09f	10f
Sales:			
Total ¹	25,149	35,500	37,100
	(36%)	41%	5%
Detached	9,317	13,900	14,500
	(38%)	49%	4%
Attached	4,409	6,440	6,600
	(36%)	46%	3%
Apartment	11,051	14,700	15,400
	(33%)	33	5%
Avg. Price:			
Total	593,767	586,000	620,000
	4%	(1%)	6%
Detached	868,715	851,000	910,000
	7%	(2%)	7%
Attached	501,772	484,500	515,000
	5%	(3%)	6%
Apartment	399,972	392,000	410,000
	3%	(2%)	5%
Housing Starts²			
Vancouver CMA			
Total	19,591	8,050	12,350
	(6%)	(59%)	53%
Single	3,634	2,750	3,450
	(14%)	(24%)	26%
Multiple	15,957	5,300	8,900
	(3%)	(67%)	68%

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



Sources: CREA, BCREA Forecast

MLS®	08	09f	10f
Sales:			
Total ¹	12,588 (30%)	15,200 21%	16,500 9%
Detached	6,365 (31%)	8,390 32%	8,600 3%
Attached	2,824 (28%)	3,450 22%	3,650 6%
Apartment	2,590 (29%)	2,540 (2%)	3,300 30%
Avg. Price:			
Total	431,781 2%	425,000 (2%)	445,000 5%
Detached	538,326 3%	521,000 (3%)	545,000 5%
Attached	337,344 3%	322,000 (5%)	332,000 3%
Apartment	229,530 6%	219,000 (5%)	228,000 4%
Housing Starts²			
Abbotsford CMA			
Total	1,285 18%	350 (73%)	660 89%
Single	358 (32%)	175 (51%)	335 91%
Multiple	927 65%	175 (81%)	325 86%

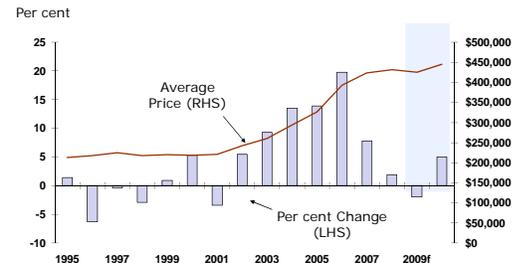
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

The Fraser Valley housing market is experiencing a similar rebound in home sales as Vancouver and Victoria. MLS® residential sales climbed more than 250 per cent January to October on a seasonally adjusted basis. This rapid ascent reflects home sales beginning the year at a 20-year low then rising to near record levels this fall. Pent-up demand, more attractive home prices and low mortgage interest rates are key drivers in the market. Increased first-time buyer activity is enabling move-up buyer's to sell their current homes and complete on their new purchases.

MLS® residential sales in the Fraser Valley are estimated to climb 21 per cent to 15,200 units this year on an annual basis. The recent spike in home sales is unlikely to be maintained past the new year. The combination of expended pent-up demand and some erosion of affordability will moderate sales growth next year to 9 per cent or 16,500 units. However, the housing market is expected to remain the brightest light in an otherwise sluggish economy next year.

MLS® Prices



Sources: CREA, BCREA Forecast

Residential active listings are trending lower, down 30 per cent over the past twelve months. Fewer homes for sale and strong consumer demand has propelled market conditions in favour of home sellers. As a result, the average annual residential price is estimated to be down 2 per cent this year, before rising 5 per cent in 2010. While home prices in 2010 are not expected to rise significantly from their current levels, home prices are forecast to reach a record level on an average annual basis.

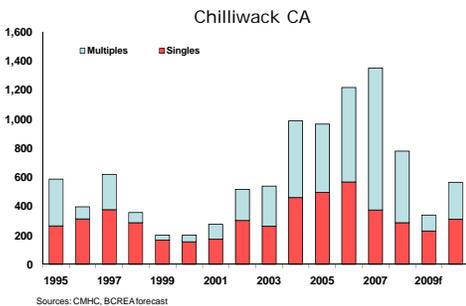
Housing starts in the Vancouver CMA, in which North Delta, Surrey and Langley are included, will decline by an estimated 59 per cent this year. Housing starts in the Abbotsford CMA have also pulled back dramatically, with an estimated 73 per cent decline expected. However, a rebound in consumer demand is lowering inventories and stabilizing prices. Home builders are expected to increase production in 2010.

CHILLIWACK AND DISTRICT REAL ESTATE BOARD

After declining 38 per cent last year, MLS® residential sales in Chilliwack will increase an estimated 6 per cent to 2,150 units in 2009. Improved affordability and some pent-up demand has lifted home sales 71 per cent since the beginning of the year on a seasonally adjusted basis. A sharp increase in consumer demand in Vancouver and the Fraser Valley is beginning to filter into the Chilliwack market. Rising prices and eroding affordability in the former markets is widening the relative price gap and will contribute to increasing consumer demand in Chilliwack through 2010.

MLS® residential sales are forecast to rise a further 7 per cent to 2,300 units next year. Condominium sales which are estimated to remain flat this year will experience the largest proportional increase as demand from both first-time buyers and retirees is expected to increase. In addition, investors are beginning to return to the province's real estate markets which will bolster sales of townhouses and apartments in Chilliwack in 2010.

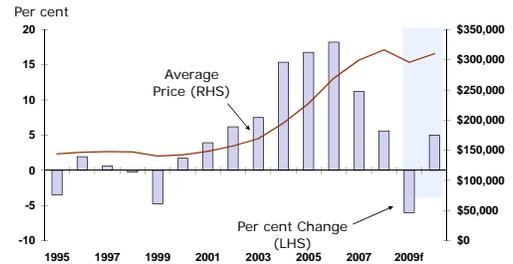
Housing Starts



Market conditions have returned to balance as increased consumer demand and lower inventories have leveled the playing field for home sellers. Home prices stabilized during the summer months and are expected to experience moderate upward pressure next year. The average annual MLS® residential price is estimated to be down 6 per cent this year from record \$316,229 in 2008. However, improving market conditions are expected to lift home prices by 5 per cent to \$310,00 on an average annual basis in 2010.

Housing starts in Chilliwack reflect a province-wide reduction in residential construction. After declining 44 per cent in 2008, housing starts in the Chilliwack CA are estimated to decline a further 56 per cent to 340 units this year. Declining new home inventories and increased consumer demand will boost residential construction activity in 2010. Total housing starts are forecast to increase 66 per cent to 565 units next year, with the largest increase occurring in multi-family units, up 132 per cent from 2009.

MLS® Prices



Sources: CREAA, BCREA Forecast

MLS®	08	09f	10f
Sales:			
Total ¹	2,036	2,150	2,300
	(38%)	6%	7%
Detached	1,130	1,210	1,300
	(40%)	7%	7%
Condo	783	795	875
	(35%)	2%	10%
Avg. Price:			
Total	316,229	296,000	310,000
	6%	(6%)	5%
Detached	355,625	334,000	347,000
	6%	(6%)	4%
Condo	236,383	222,000	229,000
	7%	(6%)	(3%)
Housing Starts²			
Chilliwack CA			
Total	779	340	565
	(44%)	(56%)	66%
Single	286	230	310
	(24%)	(20%)	35%
Multiple	493	110	255
	(50%)	(78%)	132%

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

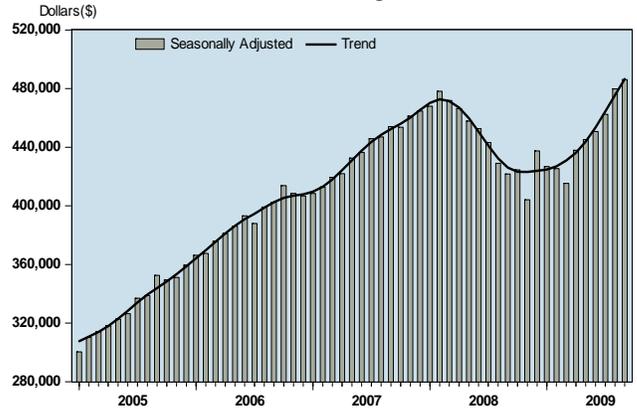
BC MARKET INDICATORS

BC Province Sales-to-Active Listings Ratio



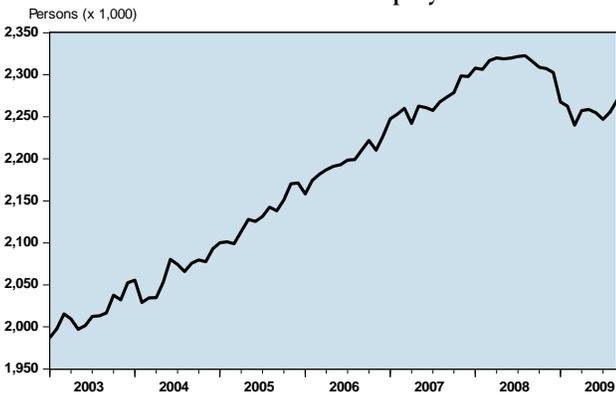
Latest Data Point: 2009m9, Monthly Data
 Source: Canadian Real Estate Association, BC Real Estate Association

BC Province Average MLS® Price



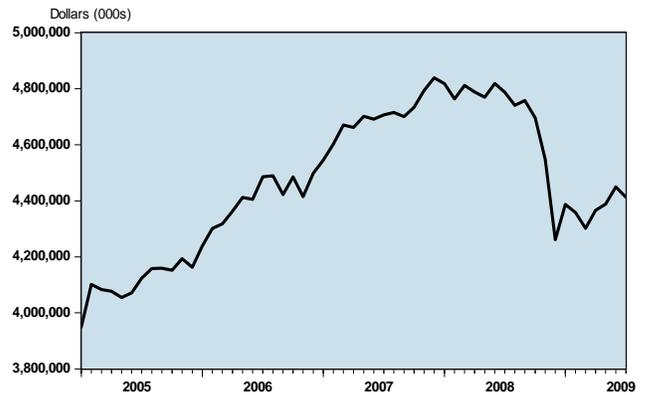
Updated: 2009m9, Monthly Data, Seasonally Adjusted
 Source: Canadian Real Estate Association, BC Real Estate Association

British Columbia Employment



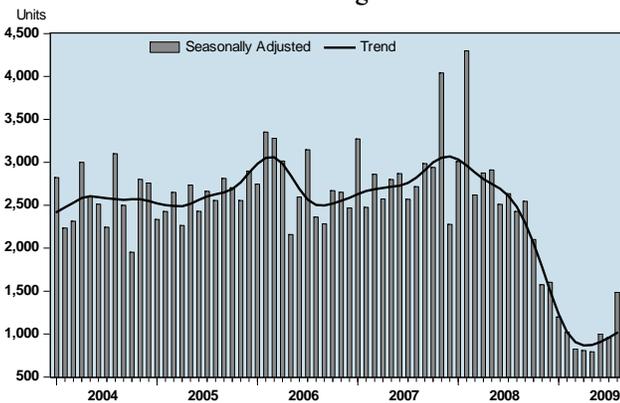
Latest Data Point: 2009m9, Monthly Data, Seasonally Adjusted
 Source: Statistics Canada, BC Real Estate Association

British Columbia Retail Trade



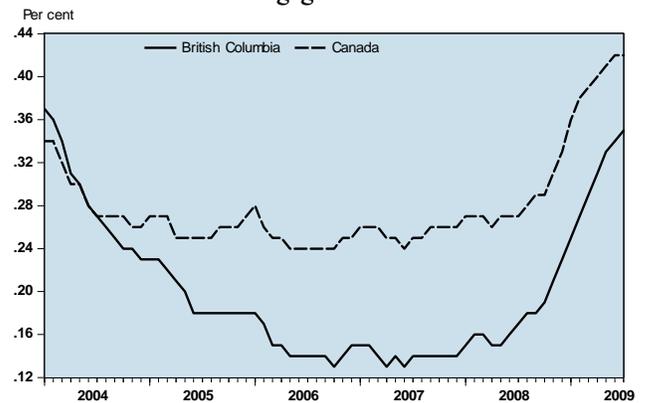
Latest Data Point: 2009m7, Monthly Data, Seasonally Adjusted
 Source: Statistics Canada, BC Real Estate Association

BC Housing Starts



Latest Data Point: 2009m8, Monthly Data, Centres with 10,000+ Population
 Source: Canada Mortgage and Housing Corporation, BC Real Estate Association

Mortgages in Arrears



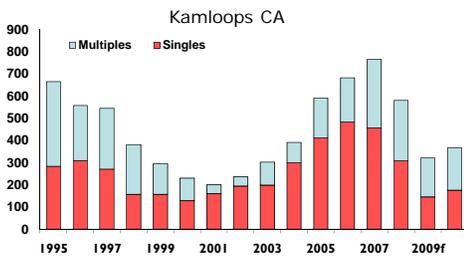
Latest Data Point: 2009m9, Monthly Data
 Source: Canadian Bankers Association, BC Real Estate Association

KAMLOOPS AND DISTRICT REAL ESTATE ASSOCIATION

The Kamloops housing market is exhibiting balanced conditions and stable home prices, with buyers and sellers on equal footing. MLS® residential sales in Kamloops are estimated to decline 2 per cent this year to 2,200 units. However, an increasingly diversified local economy has lessened the impact of the recession and will contribute to a double-digit rebound in home sales next year.

While an increase in home sales to end users has been evident of the past several months, recreation buyers have yet to come back into the market in significant force. Recreation buyers typically lag improved market conditions and are expected to increase their buying activity in 2010. MLS® residential sales are forecast to rise 18 per cent to 2,600 units in 2010. From a historical perspective, homes sales in 2010 will post a similar level to that recorded in the 2003-2004 period.

Housing Starts



Source: CMHC, BCREA forecast

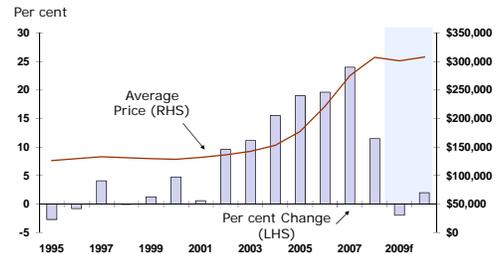
Despite the financial crisis and a global recession, the average MLS® residential price in Kamloops is estimated to be down 2 per cent on an annual basis from a record \$307,369 in 2008.

In contrast to the

last 18 months, home prices in Kamloops are expected to be relatively stable in 2010, albeit forecast to climb 2 per cent to \$308,000 as an annual average. Larger price appreciation in 2010 is less likely as improvement in the economy will be offset by expected increases in mortgage interest rates during the latter half of the year.

After declining 24 per cent in 2008, housing starts in the Kamloops CA are estimated to fall an additional 28 per cent to 415 units this year. A slowdown in the expansion of the housing stock helps support home prices in both the new and resale housing markets. However, lower inventory levels and stronger consumer demand is expected to induce increased new construction activity in 2010. A total of 545 housing starts are forecast for the Kamloops CA next year, with the largest increase occurring in single detached construction.

MLS® Prices



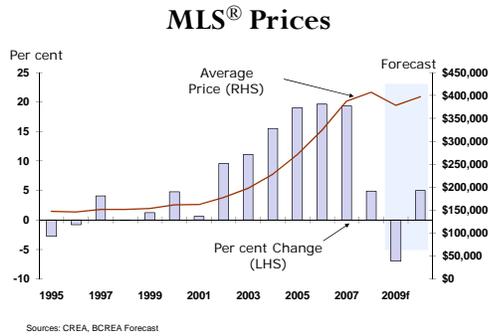
Sources: CREA, BCREA Forecast

MLS®	08	09f	10f
Sales:			
Total ¹	2,235 (35%)	2,200 (2%)	2,600 18%
Detached	1,484 (35%)	1,500 1%	1,750 16%
Attached	313 (37%)	340 10%	390 14%
Apartment	171 (37%)	145 (15%)	200 38%
Avg Price:			
Total	307,369 12%	301,000 (2%)	308,000 2%
Detached	349,495 13%	337,000 (4%)	342,000 2%
Attached	282,870 7%	278,000 (2%)	283,000 2%
Apartment	207,632 19%	206,000 (1%)	208,000 1%
Housing Starts²			
Kamloops CA			
Total	578 (24%)	415 (28%)	545 31%
Single	307 (33%)	165 (46%)	255 55%
Multiple	271 (12%)	250 (8%)	290 16%

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®	08	09f	10f
Sales:			
Total ¹	5,460 (37%)	5,650 4%	6,900 22%
Detached	2,915 (38%)	3,170 9%	3,750 19%
Attached	701 (40%)	895 28%	950 6%
Apartment	968 23%	875 (10%)	1,100 26%
Avg Price:			
Total	406,647 5%	378,500 (7%)	397,000 5%
Detached	482,036 5%	443,000 (8%)	465,000 5%
Attached	347,425 7%	328,000 (6%)	339,000 3%
Apartment	283,783 10%	248,000 (13%)	259,000 4%
Housing Starts²			
Kelowna CMA			
Total	2,257 (20%)	530 (77%)	845 59%
Single	765 (32%)	340 (56%)	450 32%
Multiple	1,492 (11%)	190 (87%)	395 -

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

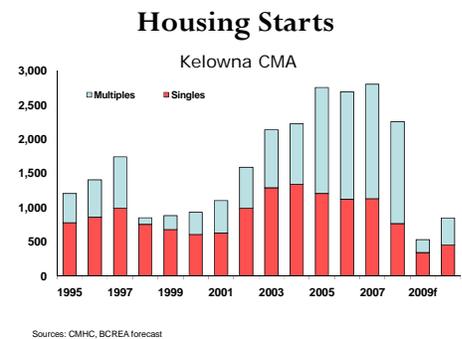
MLS® residential sales through the Okanagan Mainline Real Estate Board (OMREB) climbed more than 125 per cent January to October on a seasonally adjusted basis. Home sales in the third quarter were more reflective of the overall economic climate than at the beginning of the year and has stabilized home prices. While home sales in Vancouver have rebounded more dramatically, a slower recovery in the Okanagan is expected because of a greater reliance on recreation and retiree buyers, particularly from Alberta. Since these participants typically lag a market recovery, their impact will be more prominent in 2010.

MLS® residential sales in the combined areas of Kelowna, Vernon and Shuswap that make up the OMREB are estimated to increase 4 per cent to 5,650 units this year, on the heels of a 37 per cent decline in 2008. Stronger home sales experienced this fall are expected to continue through 2010 as increases in all buyer segments emerge. MLS® residential sales are forecast to climb 22 per cent to 5,900 units next year. Demand for apartments is expected to rise as lower prices draw in-creased interest from price conscious buyers.

The average annual MLS® residential price is estimated to decline 7 per cent to \$378,500 this year.

However, lower inventory levels and increased consumer demand is expected to push home prices higher in 2010. The average annual MLS® residential price is forecast to increase 5 per cent to \$397,000 next year. As in most BC urban housing markets, 2010 will likely be a year of much less volatility in real estate markets.

Housing starts in the Kelowna CMA are estimated to decline 77 per cent to 530 units this year. The pull back in residential construction activity combined with stronger consumer demand is enabling home builders to sell off existing inventories. Lower new home inventories and a slower expansion of the housing stock is contributing to price stability in the overall market. Total housing starts are forecast to increase 59 per cent to 845 units in 2010.

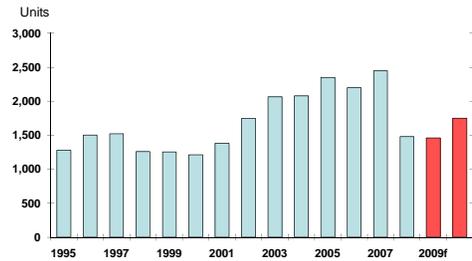


SOUTH OKANAGAN REAL ESTATE BOARD

MLS® residential sales in the South Okanagan region are estimated to decline 1 per cent to 1,460 units this year. This reflects a significant increase in consumer demand from the beginning of the year as home sales during first quarter suggested an annual level of just 850 units. Homes sales in the South Okanagan climbed 120 per cent since January on a seasonally adjusted basis. Stronger consumer demand is stabilizing home prices and inventory levels are expected to trend lower in the coming months.

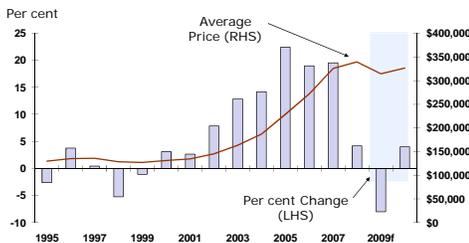
Recreation and retiree purchases are expected to increase next year alongside recovery in the economy. In addition, rising prices in Vancouver and Calgary are boosting home-owner equity and providing the necessary underpinning for second home purchases. This combination will increase overall housing demand through 2010. MLS® residential sales are forecast to increase 20 per cent to 1,750 units next year.

MLS® Sales



Sources: CREA, BCREA Forecast

MLS® Prices



Sources: CREA, BCREA Forecast

The average MLS® residential price is estimated to decline 8 per cent to \$314,000 this year. However, a trend toward more balance between supply and demand is emerging with home prices stabilizing in the third

quarter. Stronger market conditions are expected to push home prices moderately higher next year. The average MLS® residential price is forecast to increase 4 per cent to \$326,600 in 2010.

A significant reduction in new home construction this year will slow the expansion of the housing stock and help underpin home prices in the new and resale market. Total housing starts in the Penticton CA are estimated to decline 76 per cent to 75 units this year. The overhang of units complete and unoccupied in beginning to wane which will lead to a modest increase in construction activity next year. A total of 155 housing starts are forecast for 2010, up 107 per cent. However, new residential construction activity we be only 50 per cent of the 2008 level.

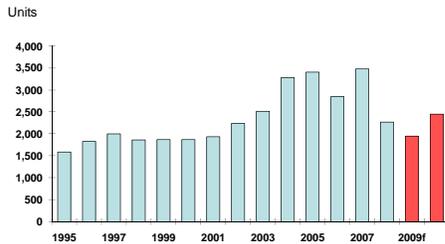
MLS®	08	09f	10f
Sales:			
Total ¹	1,481 (40%)	1,460 (1%)	1,750 20%
Detached	807 (37%)	800 (1%)	940 17%
Attached	201 (41%)	180 (10%)	220 23%
Apartment	243 (51%)	275 13%	325 19%
Avg Price:			
Total	339,394 4%	314,000 (8%)	326,600 4%
Detached	412,973 2%	372,000 (10%)	384,000 3%
Attached	293,030 (1%)	269,000 (8%)	284,500 6%
Apartment	277,930 11%	248,000 (11%)	252,000 2%
Housing Starts²			
Penticton CA			
Total	313 6%	75 (76%)	155 107%
Single	75 (10%)	45 (40%)	65 44%
Multiple	238 12%	30 (87%)	90 -

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® Sales



Sources: CREA, BCREA Forecast

MLS®	08	09f	10f
Sales:			
Total ¹	2,265 (35%)	1,950 (14%)	2,450 26%
Detached	1,370 (36%)	1,260 (8%)	1,525 21%
Attached	126 (17%)	90 (29%)	140 56%
Apartment	185 (16%)	105 (43%)	180 69%
Avg Price:			
Total	287,549 6%	275,000 (4%)	282,000 3%
Detached	315,291 8%	292,000 (7%)	295,000 1%
Attached	270,550 3%	255,000 (6%)	262,000 3%
Apartment	182,113 2%	210,000 15%	215,000 2%
Housing Starts²			
Cranbrook CA			
Total	210 9%	97 (54%)	130 34%
Single	174 0%	85 (51%)	110 29%
Multiple	36 -	12 (66%)	20 67%

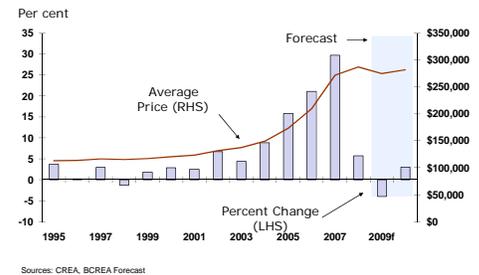
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

The Kootenay housing market is trending away from a seller's market toward balanced conditions. Home sales nearly doubled January to September reflecting greater affordability and improved consumer confidence. While recreation and retiree buyers have been largely absent from the market this year, they are expected to play a larger role in 2010. Stronger market conditions in both Calgary and Vancouver has put upward pressure on home prices in those markets, increasing the net worth of households and setting the stage for greater interest in second home and retirement purchases.

MLS® residential sales are estimated to decline 14 per cent this year on an annual basis. However, pent-up demand and increased activity from second home purchasers is expected to contribute to a 26 per cent jump in home sales to 2,450 units in 2010. Recovery in the regional economy is expected to be gradual and a return to the frenetic buying activity experienced in the 2004-2007 period is unlikely next year.

MLS® Prices



Sources: CREA, BCREA Forecast

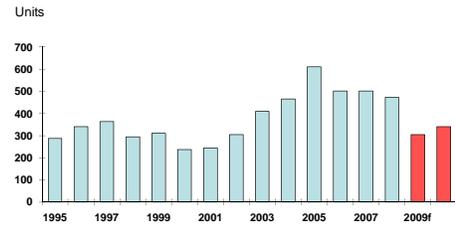
The average MLS® residential price in the Kootenay region is estimated to decline 4 per cent to \$275,000 this year from a record \$287,549 posted in 2008. Balanced market conditions should prevail next year, providing greater price stability, albeit with modest gains. The average MLS® residential price is forecast to increase 3 per cent to \$282,000 in 2010.

Housing starts in the Cranbrook CA are estimated to decline 54 per cent to 97 units this year. This mirrors the overall provincial trend as the main focus of builders was reducing their inventories of units under construction and complete and unoccupied. Housing starts are expected to trend higher in 2010 as more robust consumer demand and waning inventories induce home builders to increase production. Housing starts in the Cranbrook CA are forecast to climb 34 per cent to 130 units in 2010.

NORTHERN LIGHTS REAL ESTATE BOARD

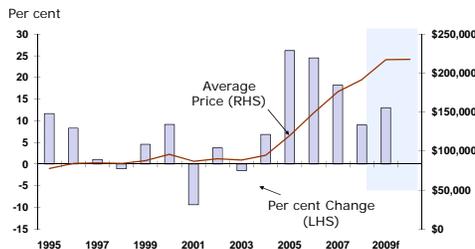
MLS® residential home sales in the Northern Lights Real Estate Board area, which includes the census agglomeration of Dawson Creek, and the municipalities of Chetwynd and Tumbler Ridge, are estimated to decline 36 per cent to 305 units this year. The slowdown in the housing market will be temporary as interest in the region’s shale rock natural gas deposits, particularly in the area south of Dawson Creek, grow and companies are attracted by the province’s attractive royalty policies. After a weak first three quarters, oil and gas rights sales surged to \$700 million in October, surpassing 2006 full-year figures. Continued investment and related jobs will underpin housing demand moving forward.

MLS® Sales



Sources: CREAA, BCREA Forecast

MLS® Prices



Sources: CREAA, BCREA Forecast

Home sales are expected to increase 11 per cent to 340 units in 2010. However, activity is expected to remain lower than in recent years, and on par with sales recorded from 2002-2003 as

lower energy prices hold-back employment growth. The region’s annual home price is expected to average \$217,000 in 2009, 13 per cent above 2008. More balance between supply and demand is expected to keep home price stable next year. The MLS® residential price in the region is forecast to average \$217,500 in 2010.

BC’s northeastern communities have helped propel provincial economic growth in recent years. Record commodity prices fueled interest in oil and natural gas exploration in the province’s northeast quadrant as well as investments in alternative energy and mining. This resulted in higher regional employment levels and home sales. While a number of commodity prices are in a recovery mode after collapsing during the depths of the recession, natural gas prices remain two-thirds below mid-2008 peaks and close to 2002 levels amidst oversupply concerns. Lower prices and credit concerns have contributed to a slowdown in drilling and other energy related activity which is a particular concern in the area surrounding Dawson Creek.

MLS®	08	09f	10f
Sales:			
Total ¹	473 (6%)	305 (36%)	340 12%
Detached	388 (8%)	255 (34%)	280 10%
House & Acreage	52 (4%)	36 (30%)	40 10%
Avg Price:			
Total	191,685 9%	217,000 13%	217,500 0%
Detached	190,069 14%	216,000 14%	217,000 1%
House & Acreage	266,735 13%	276,000 4%	280,000 1%
Housing Starts²			
Dawson Creek CA			
Single	22	25	35
Detached	(59%)	14%	40%

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®	08	09f	10f
Sales:			
Total ¹	4,038 (25%)	3,550 (12%)	3,650 3%
Detached	2,307 (24%)	2,080 (10%)	2,100 1%
House & Acreage	597 (19%)	560 (7%)	540 (4%)
Avg Price:			
Total	215,358 10%	210,500 (2%)	211,000 0%
Detached	233,345 8%	225,400 (3%)	226,000 0%
House & Acreage	293,240 5%	279,000 (5%)	282,000 1%
Prince George			
Sales:			
Detached	862 (21%)	820 (5%)	830 1%
Avg. Price:			
Detached	240,764 0%	232,500 (3%)	235,000 1%
Housing Starts²			
Prince George			
Total	215 (35%)	135 (37%)	120 (11%)
Single	146 2%	95 (35%)	85 (11%)
Multiple	69 73%	40 (42%)	35 (13%)

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

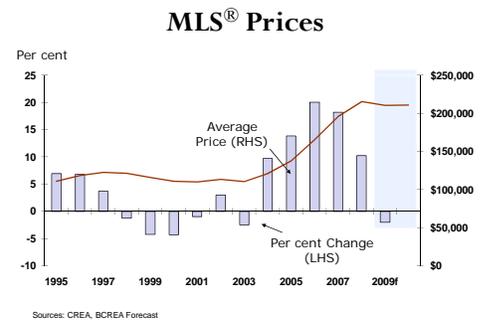
2. Sources: CMHC, BCREA Forecast

Residential home sales in the BC Northern Real Estate Board (BCNREB) area are estimated to decline 12 per cent in 2009, with a total of 3,550 homes changing hands through the Multiple Listing Service® (MLS). In 2010, MLS® sales are forecast to rise 3 per cent to 3,650 units, bringing sales closer to the level recorded in 2003. A stabilizing housing market and low mortgage rates will keep home prices relatively unchanged this year at an annual average of \$210,500, albeit down 2 per cent from 2008. Home prices are expected to remain stable reflecting balanced conditions in the market.

Northern BC is a large and increasingly diverse economic region that includes the communities of Kitimat, Prince George, Quesnel and Fort St. John. After decline in energy and base material prices early in the year, commodity prices have leveled out, albeit to levels well below mid-2008 highs.

A continued recovery in the global economy and improved trade flows are expected to elevate commodity prices and improve economic prospects, particularly in the Peace River, Bulkley-Nechako and Kitimat-Stikine regions. However, communities reliant on forestry will continue to face challenges from a weak US housing market. Despite recent signs of a US housing market stabilization, a meaningful recovery will be hampered by a glut of vacant homes and the potential expiration of a tax incentive for first-time US home buyers.

While improving economic conditions suggests that the region is in the early stages of recovery, unemployment rates in the Cariboo, and North Coast and Nechako development regions increased to 12 and 10 per cent respectively in September. Labour markets are expected to improve alongside the economy. However, that improvement will be gradual. This means northern housing markets are in a period of stability, both in sales levels and home prices.



HOUSING FORECAST SUMMARY— FALL 2009

Board Area	Unit Sales			Average MLS® Price (\$)		
	2008	2009F	2010F	2008	2009F	2010F
Victoria	6,171 (27%)	7,450 21	7,800 5%	484,898 4%	475,000 (2%)	505,000 6%
Vancouver Island	6,817 (31%)	7,200 6%	7,900 10%	330,556 6%	317,000 (4%)	320,500 1%
Powell River Sunshine Coast	210 (29%)	285 36%	310 9%	254,117 5%	246,000 (3%)	252,000 2%
Greater Vancouver	25,149 (36%)	35,500 41%	37,100 5%	593,767 4%	586,000 (1%)	620,000 6%
Fraser Valley	12,588 (30%)	15,200 21%	16,500 9%	431,781 2%	425,000 (2%)	445,000 5%
Chilliwack and District	2,036 (38%)	2,150 7%	2,300 7%	316,229 6%	296,000 (6%)	310,000 5%
Kamloops and District	2,235 (35%)	2,200 (2%)	2,600 18%	307,369 12%	301,000 (2%)	308,000 2%
Okanagan Mainline	5,460 (37%)	5,650 4	6,900 22%	406,647 5%	378,500 (7%)	397,000 5%
South Okanagan	1,481 (40%)	1,460 (1%)	1,750 20%	339,394 4%	314,000 (8%)	326,600 (4%)
Kootenay	2,265 (35%)	1,950 (14%)	2,450 26%	287,549 6%	275,000 (4%)	282,000 3%
Northern Lights	473 (6%)	305 (36%)	340 12%	191,685 9%	217,000 13%	220,500 2%
BC Northern	4,038 (25%)	3,550 (12%)	3,650 3%	215,358 10%	210,500 (2%)	213,000 1%
BC Total	68,923 (33%)	82,900 20%	89,600 8%	454,599 4%	463,200 2%	482,800 4%

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

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British Columbia Real Estate Association

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