Kelowna / Southern Interior

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Construction Highlights

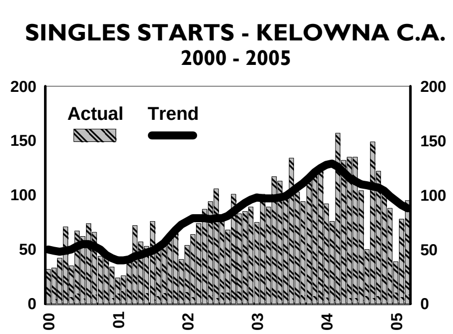
March 2005

First Quarter Housing Starts Down in Kelowna

The Kelowna area new home market has begun the year on a slower note. First quarter housing starts totaled 379 units, down by almost a third from 532 units in 2004. Fewer singles starts accounted for most of the decline. March housing starts slipped to 153 units from 171 units in February.

Singles starts have dropped back from last spring's near record pace, slowing in response to sharply rising new home prices. Also, rebuilds of homes destroyed in the Okanagan Mountain Park wild fire contributed to higher levels of construction activity, during the first half of 2004. On a similar note, last year's summer-long labour dispute among concrete suppliers caused singles starts to spike up in September and October.

Supply has adjusted to reduced demand. The inventory of complete and unoccupied single-detached units has stabilized after trending up through the third and fourth quarters.



Singles starts trend down.

More new home buyers are turning to the new condo and townhouse markets. Affordability and lifestyle are the key drivers. Pre-sales activity has remained strong despite an increasingly competitive market. Expect condo and townhouse starts to ramp up over the next several months.

Strong employment growth has spurred in-migration, fueling demand for new homes. Also, an aging population has meant sustained demand for retiree, resort, and lifestyle-oriented housing. Low interest rates have continued to support high levels of sales and construction activity.

Elsewhere, Kamloops, Vernon and Penticton starts were up over the same three month period in 2004. Absorption remains steady, keeping inventories low. All three markets are well positioned to see additional expansion in 2005.

BC Starts Up Sharply

BC starts, lead by the Vancouver area multifamily sector, surged ahead in March. Vancouver area starts recorded the highest March level since 1994. Nationally, March housing starts edged up to 218,500 units, seasonally adjusted at annual rates (SAAR), from 217,800 units (SAAR), in February. Gains in BC and prairie region offset small declines in Ontario, Quebec and Atlantic Canada.

IN THIS ISSUE

CMHC Kelowna Noticeboard

- **April 2005** Housing Starts: Local, BC, and National news releases scheduled for May. 9, 2005.
- **The 2004 Kelowna Rental Market Report is now available. Coming soon - CMHC'S Spring 2005 Kelowna Housing Market Outlook Report.** For an in-depth look at Kelowna area new construction, resale, rental and seniors' housing markets, turn to CMHC Market Analysis reports - Information you need to know to grow your business!
- **To subscribe to CMHC Housing Market reports call:** Lisa Preston - Administrator, Products and Services. Telephone: (604) 737-4088. Fax: (604) 737-4021. E-mail: lpreston@cmhc-schl.gc.ca

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Canada

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HOME TO CANADIANS

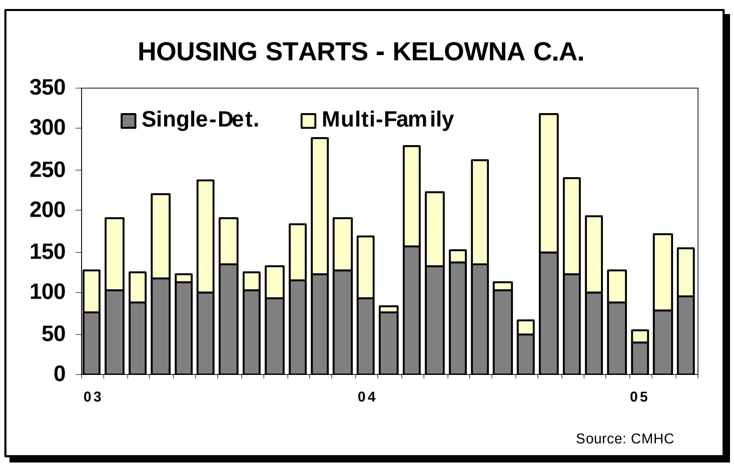
KELOWNA C.A.

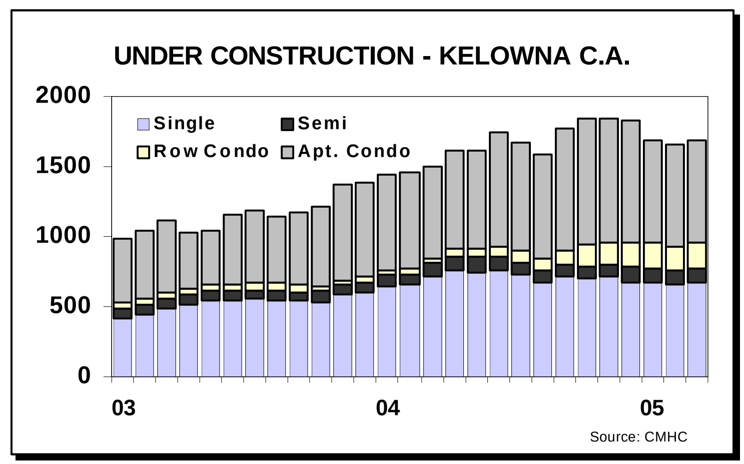
STARTS/COMPLETIONS/UNDER CONSTRUCTION

MARCH 2005 & YEAR-TO-DATE 2005

	STARTS							COMPLETIONS							UNDER CONSTRUCTION						
	Single	Semi	Row Condo	Row Rental	Apt Condo	Apt Rental	Total	Single	Semi	Row Condo	Row Rental	Apt Condo	Apt Rental	Total	Single	Semi	Row Condo	Row Rental	Apt Condo	Apt Rental	Total
Kelowna City	46	2	28	0	0	0	**76**	63	2	19	0	17	0	**101**	428	56	152	1	655	117	**1,409**
Sub. J*	24	2	0	0	0	0	**26**	9	6	0	0	0	0	**15**	147	26	14	0	0	40	**227**
Sub. I*	0	0	0	0	0	0	**0**	2	2	0	0	0	0	**4**	17	4	0	0	0	0	**21**
Lake Country	18	0	0	0	0	0	**18**	1	0	0	0	0	0	**1**	39	2	12	0	0	0	**53**
Peachland	5	0	0	0	26	0	**31**	1	0	0	0	0	0	**1**	16	10	0	0	82	0	**108**
Indian Res.	2	0	0	0	0	0	**2**	2	0	0	0	0	0	**2**	28	0	0	0	0	0	**28**
MONTH TOTAL	**95**	**4**	**28**	**0**	**26**	**0**	**153**	**78**	**10**	**19**	**0**	**17**	**0**	**124**	**675**	**98**	**178**	**1**	**737**	**157**	**1,846**
YEAR-TO-DATE	**212**	**12**	**36**	**0**	**64**	**55**	**379**	**215**	**16**	**30**	**1**	**115**	**0**	**377**							

** Sub. J - Westside (former Sub. G and H) - Glenrosa, Westbank, Smith Creek, Shannon Heights, West Kelowna, Lakeview Heights, Westside/Fintry. Sub. I - Joe Rich, Ellision.*





KELOWNA C.A.

INVENTORY AND ABSORPTION

MARCH 2005 & YEAR-TO-DATE 2004 & 2005

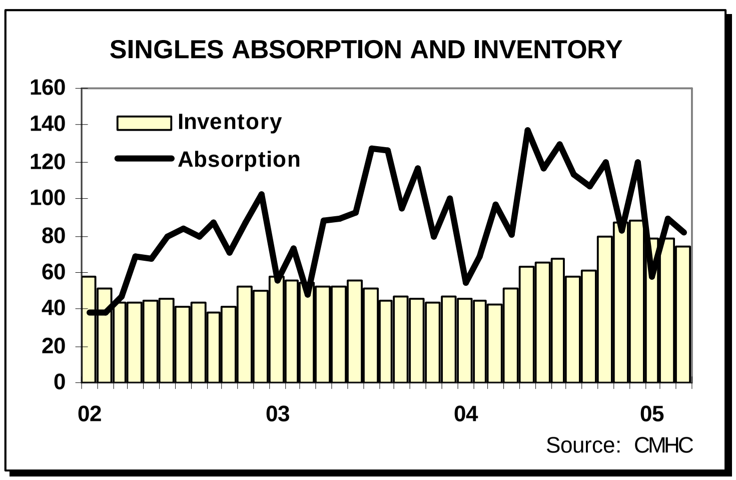
INVENTORY OF NEW HOMES

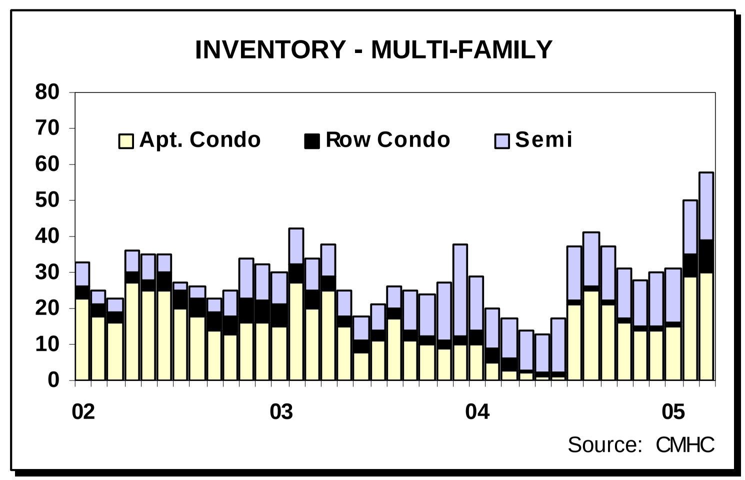
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total
Kelowna City	30	0	9	0	10	49	**98**
Sub. J	0	0	0	0	5	19	**24**
Sub. I	0	0	0	0	2	2	**4**
Lake Country	0	0	0	0	0	1	**1**
Peachland	0	0	0	0	2	0	**2**
Indian Reserve	0	0	0	0	0	3	**3**
MONTH TOTAL	**30**	**0**	**9**	**0**	**19**	**74**	**132**
Y.T.D. Average 2005*	**25**	**0**	**5**	**0**	**16**	**77**	**123**
Y.T.D. Average 2004*	**8**	**12**	**4**	**0**	**11**	**44**	**79**

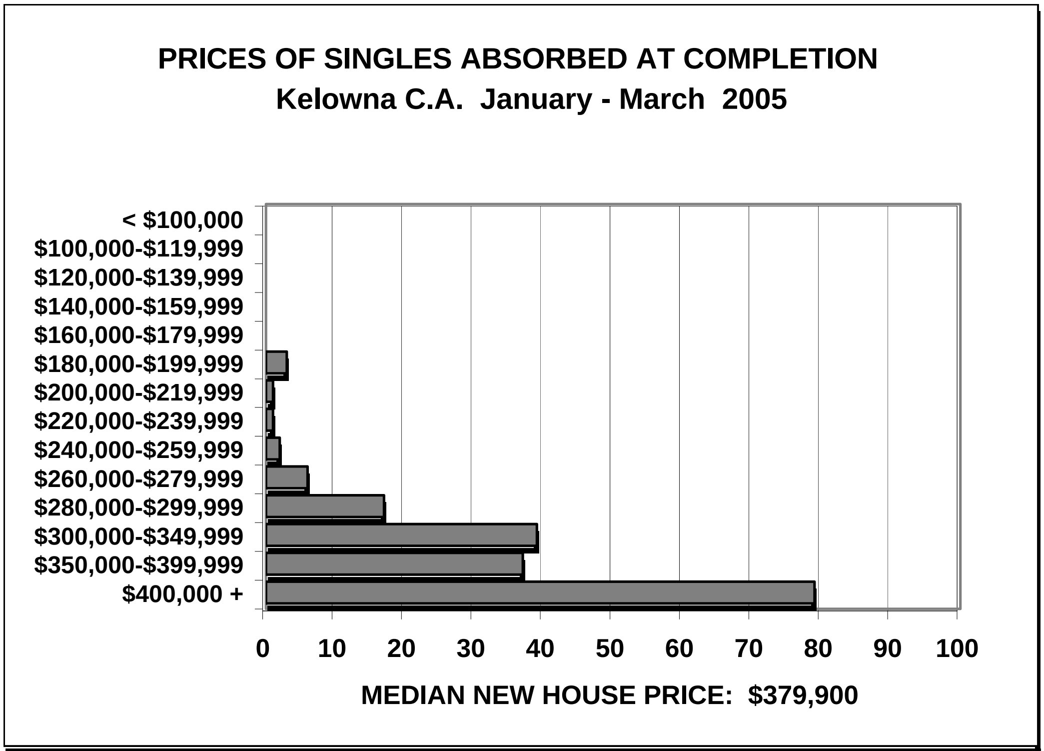
ABSORPTION OF NEW HOMES

	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total
Kelowna City	16	45	6	0	0	64	**131**
Sub. J	0	0	2	0	4	12	**18**
Sub. I	0	0	0	0	2	2	**4**
Lake Country	0	0	0	0	0	1	**1**
Peachland	2	0	0	0	0	1	**3**
Indian Reserve	0	0	0	0	0	2	**2**
MONTH TOTAL	**18**	**45**	**8**	**0**	**6**	**82**	**159**
Y.T.D. Total 2005	**67**	**45**	**36**	**1**	**12**	**229**	**390**
Y.T.D. Total 2004	**147**	**36**	**5**	**0**	**15**	**220**	**423**

*Absorption does not include assisted rental units. * Rounded.*







	Singles Starts By Sub Area		Singles Absorption By Sub Area	
Sub Area	**Y.T.D. 2005**	**Y.T.D. 2004**	**Y.T.D. 2005**	**Y.T.D. 2004**
Black Mountain	16	12	22	8
Dilworth Mountain	3	6	15	3
Ellison	5	16	16	12
Glenrosa	0	2	1	9
Glenmore	0	6	4	8
I.R.	2	10	3	1
Core Area*	20	55	26	36
Lakeview Heights	19	17	11	27
Lower Mission	10	11	15	5
North Glenmore	14	12	9	2
Peachland	8	0	5	5
Rutland North	3	14	5	16
Rutland South	0	0	0	1
S. E. Kelowna	11	14	11	8
Shannon Lake	15	6	5	8
Upper Mission	46	100	58	42
Westbank	2	6	5	1
Winfield	18	7	5	5
West Kelowna	12	21	10	20
Other**	8	10	3	3
Total	**212**	**325**	**229**	**220**

** Kelowna North/South/Springfield-Spall   ** Fintry/Joe Rich/Oyama/Other*

HOUSING ACTIVITY SUMMARY - KELOWNA CA
MARCH 2005

	OWNERSHIP				RENTAL				TOTAL
	FREEHOLD		CONDOMINIUM		PRIVATE		ASSISTED		
	Single	Semi	Row	Apt.	Row	Apt.	Row	Apt.	
Starts									
Mar. 2005	95	4	28	26	0	0	0	0	153
YTD 2005	212	12	36	64	0	15	0	40	379
YTD 2004	325	36	6	76	0	89	0	0	532
Under Construction									
Mar. 2005	675	98	178	737	1	117	0	40	1,846
Mar. 2004	714	94	33	652	0	156	0	0	1,649
Completions									
Mar. 2005	78	10	19	17	0	0	0	0	124
YTD 2005	215	16	30	115	1	0	0	0	377
YTD 2004	215	16	3	94	0	46	0	0	374
Inventory									
Mar. 2005	74	19	9	30	0	0			132
Mar. 2004	42	11	3	3	0	11			70
Total Supply									
Mar. 2005	749	117	187	767	1	117	0	40	1,978
Mar. 2004	756	105	36	655	0	167	0	0	1,719
Absorption									
Mar. 2005	82	6	8	18	0	45			159
3 Mo. Ave.	89	4	13	19	1	0			126
12 Mo. Ave.	104	9	11	28	1	8			161

Absorption does not include assisted rentals.

RECORD OF STARTS - KELOWNA C.A.

YEAR	SINGLE	SEMI	ROW	APT	TOTAL
1992	1484	80	292	763	**2619**
1993	1149	44	194	584	**1971**
1994	918	152	169	255	**1494**
1995	776	92	170	167	**1205**
1996	859	131	85	307	**1382**
1997	987	192	131	428	**1738**
1998	751	88	9	0	**848**
1999	675	46	62	96	**879**
2000	603	77	94	154	**928**
2001	625	66	115	305	**1111**
2002	987	100	73	430	**1590**
2003	1290	100	30	718	**2138**
2004	1341	148	176	563	**2228**

OTHER CENTRES
Starts/Completions/Under Construction
MARCH 2005 AND YEAR-TO-DATE 2005

	STARTS							COMPLETIONS							UNDER CONSTRUCTION						
	Single	Semi	Row Condo	Apt. Condo	Row Rental	Apt. Rental	Total	Single	Semi	Row Condo	Apt. Condo	Row Rental	Apt. Rental	Total	Single	Semi	Row Condo	Apt. Condo	Row Rental	Apt. Rental	Total
Cranbrook City	5	0	0	0	0	0	**5**	6	0	0	0	0	0	**6**	18	2	0	0	0	0	**20**
E. Kootenay C	3	0	0	0	0	0	**3**	9	0	0	0	0	0	**9**	47	0	0	0	0	0	**47**
Cranbrook CA	8	0	0	0	0	0	**8**	15	0	0	0	0	0	**15**	65	2	0	0	0	0	**67**
Y.T.D. 2005	13	0	0	0	0	0	**13**	29	0	0	0	0	0	**29**							
Kamloops C.	19	2	0	0	0	0	**21**	23	8	4	0	0	0	**35**	116	32	16	0	0	0	**164**
Kamloops IR	6	0	0	0	0	0	**6**	6	0	0	0	0	0	**6**	21	0	0	0	6	0	**27**
Kamloops CA	25	2	0	0	0	0	**27**	29	8	4	0	0	0	**41**	137	32	16	0	6	0	**191**
Y.T.D. 2005	54	6	0	0	0	0	**60**	79	12	4	0	0	0	**95**							
Penticton City	7	0	7	59	0	0	**73**	8	2	12	0	0	0	**22**	30	8	34	161	0	0	**233**
Sub. D	1	0	0	0	0	0	**1**	1	0	0	0	0	0	**1**	21	0	0	0	0	0	**21**
Sub. E	3	0	0	0	0	0	**3**	0	0	0	0	0	0	**0**	10	0	0	0	0	0	**10**
Sub. F	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	1	0	0	0	0	0	**1**
Penticton IR	1	0	0	0	0	0	**1**	0	0	0	0	0	0	**0**	1	0	0	0	0	0	**1**
Penticton CA	12	0	7	59	0	0	**78**	9	2	12	0	0	0	**23**	63	8	34	161	0	0	**266**
Y.T.D. 2005	16	2	11	59	0	0	**88**	26	4	16	0	0	0	**46**							
Salmon Arm	9	0	0	0	0	0	**9**	2	0	3	6	0	0	**11**	42	16	9	6	0	0	**73**
Y.T.D. 2005	17	2	0	0	0	0	**19**	16	0	3	6	0	0	**25**							
Summerland	1	0	0	0	0	0	**1**	2	0	6	0	0	0	**8**	14	0	4	0	0	0	**18**
Y.T.D. 2005	2	0	0	0	0	0	**2**	7	0	6	0	0	0	**13**							
Vernon City	25	12	0	0	0	0	**37**	14	0	5	0	0	0	**19**	132	18	59	0	0	0	**209**
Coldstream	4	0	0	0	0	0	**4**	2	0	0	0	0	0	**2**	30	0	0	0	0	0	**30**
Sub. C	0	0	0	0	0	0	**0**	2	10	0	0	0	0	**12**	10	0	0	0	0	0	**10**
Sub. B	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**
I. R.	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0	0	4	0	**4**
Vernon CA	29	12	0	0	0	0	**41**	18	10	5	0	0	0	**33**	172	18	59	0	4	0	**253**
Y.T.D. 2005	64	12	12	0	0	0	**88**	79	12	5	0	0	0	**96**							

KAMLOOPS CA

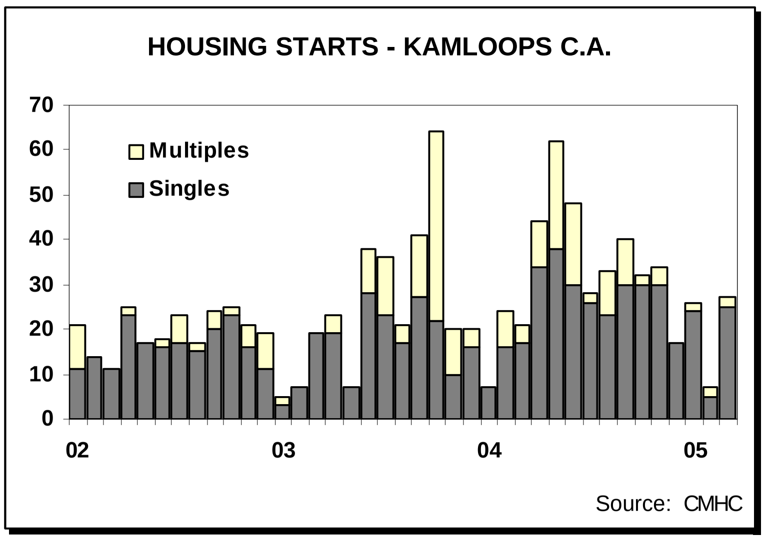
Inventory and Absorption by Municipality

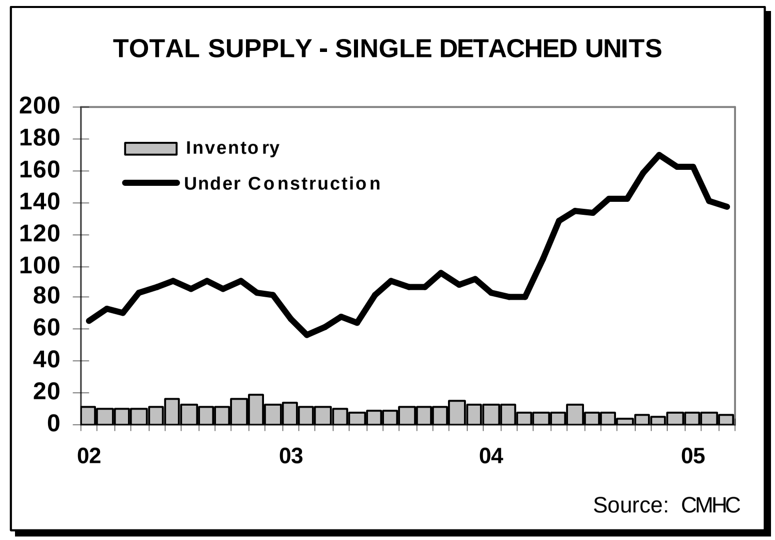
MARCH 2005 AND YEAR-TO-DATE 2004 & 2005

INVENTORY OF NEW HOMES	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total
Kamloops City	8	0	0	0	4	5	**17**
Kamloops IR	0	0	0	0	0	1	**1**
MONTH TOTAL	**8**	**0**	**0**	**0**	**4**	**6**	**18**
Y.T.D. Average 2005*	**8**	**0**	**0**	**0**	**4**	**7**	**19**
Y.T.D. Average 2004*	**13**	**0**	**3**	**0**	**12**	**11**	**39**

ABSORPTION OF NEW HOMES	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total
Kamloops City	0	0	1	0	8	24	**33**
Kamloops IR	0	0	0	0	0	6	**6**
MONTH TOTAL	**0**	**0**	**1**	**0**	**8**	**30**	**39**
Y.T.D. TOTAL 2005	**2**	**0**	**7**	**0**	**14**	**80**	**103**
Y.T.D. TOTAL 2004	**31**	**0**	**3**	**0**	**7**	**55**	**96**

*Absorption does not include assisted rental units. * Rounded.*



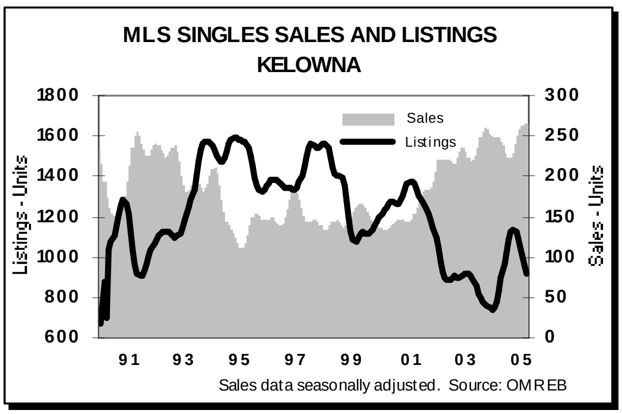


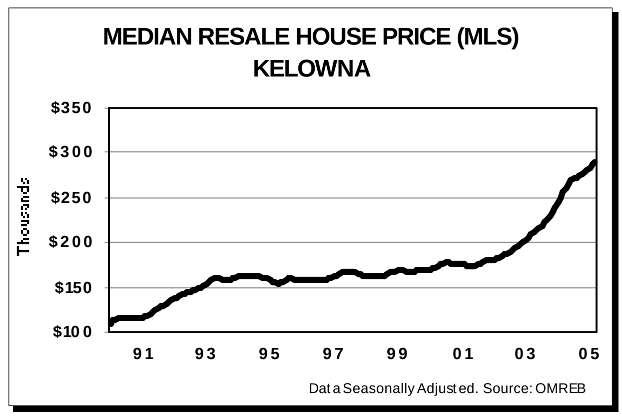
Resale Market - First Quarter Highlights

Kelowna resale markets recorded a strong first quarter performance, last fall's upswing carrying over into 2005. Singles sales reached the highest first quarter level in over a decade. Sales have picked up in response to soaring new home prices and increased supply of listings. Though singles listings have begun to trend back down, the market remains better supplied than a year ago. The resale singles market continues to see stiff upward pressure on price levels, the first quarter median sale price climbing to $287,500.

The resale apartment and townhouse condominium markets have also maintained a blistering pace. With few singles priced at less than $200,000, the resale condo and townhouse markets have now become the focus of first-time buyer demand. Both sectors are well supplied with listings, high levels of condo, and townhouse completions, boosting supply. Rising demand continues to push up prices. For now the Kelowna resale market remains firmly in seller's market territory.

First quarter sales in both Kamloops and the Vernon area were down slightly from a year ago, supply constraints and stronger competition from the new home market accounting for the decline. Both Penticton and Salmon Arm posted gains. Like Kelowna, prices continue to rise, trending up in the face of sustained demand and reduced supply. All four centres remain seller's markets.





SOUTHERN INTERIOR RESALE MARKETS								
MLS SALES	**MARCH**				**YEAR-TO-DATE**			
Single Detached	Sales Mar. 2005	Percent Change Mar. 04	Median Price Mar. 05	Percent Change Mar. 04	Sales YTD 2005	Percent Change YTD 04	Median Price YTD 2005	Percent Change YTD 04
Kelowna	297	-4%	$288,500	13%	715	4%	$287,500	17%
Kamloops	112	-8%	$190,000	12%	291	-6%	$184,000	10%
Vernon Area	156	-4%	$228,250	23%	337	-6%	$209,000	19%
Penticton	37	0%	$255,000	42%	95	3%	$242,000	42%
Salmon Arm	26	24%	$215,000	31%	57	19%	$199,000	21%
Cranbrook	33	83%	$149,000	34%	81	19%	$145,500	n/a

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