Kelowna / Southern Interior

HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Construction Highlights

June 2005

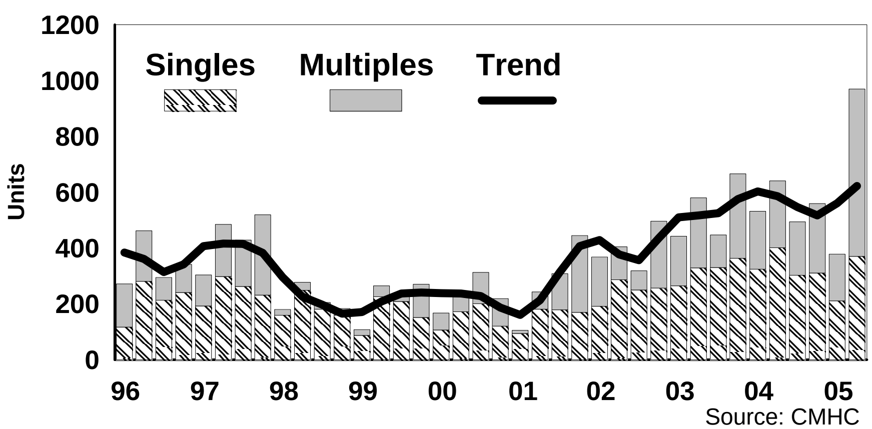
Second Quarter Housing Starts Reach Record High

The Kelowna area new home market surged ahead in the second quarter, housing starts reaching the highest quarterly level ever. Skyrocketing condominium starts accounted for all of the increase.

Demand for resort and other types of lifestyle-oriented multifamily housing has exploded during the past two year period. Retirees and move-down buyers also remain key markets. Higher density housing is becoming more widely accepted among first-time buyers. Affordability has been the key driver. More builders are now targeting this segment of the condo and townhouse markets. Inventories of complete and unoccupied units are low. Pre-sales activity has remained strong despite an increasingly competitive market. Multifamily starts are on track to surpass singles starts in 2005.

Singles starts have dropped back in response to sharply rising new home prices, but remain at a high level. Short-term lot supply constraints in some areas have contributed to the decline. Also, rebuilds of homes destroyed in the Okanagan Mountain Park wildfire boosted singles starts in 2004. Lake Country has seen the strongest growth in singles construction activity this year, the availability of more modestly priced

HOUSING STARTS - KELOWNA C.A.
1996 - 2005



Condo starts boost second quarter construction activity.

IN THIS ISSUE

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HOME TO CANADIANS

New Homes con't.

lots fueling the increase. Absorption remains strong. The inventory of complete and unoccupied detached units has edged up, stabilizing at slightly higher levels than a year ago.

Kelowna's economy continues to churn out jobs. Strong employment growth has, in turn, spurred in-migration. The search for lifestyle also remains a big draw, boosting population growth and demand for housing. Low interest rates remains a key driver.

The Kamloops, Vernon, Salmon Arm and Penticton new home markets also recorded a strong second quarter performance. Penticton area multi-family starts have increased sharply this year, due in part to a growing shortage of building lots. Singles remain the focus of construction activity in Kamloops, Vernon and Salmon Arm. Year-to-date, starts in all four centres have seen big gains over last year.

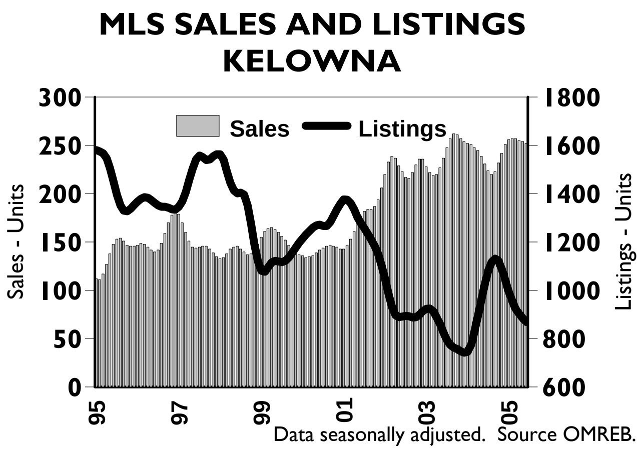
Resale Market Highlights

Resale Markets Strong

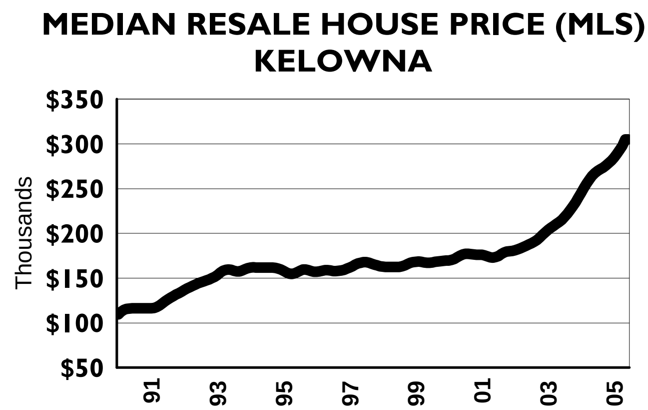
Kelowna area resale markets, led by the condominium sector, maintained a blistering pace in the second quarter. Apartment and townhouse condo sales were up 23% and 49%, respectively, over the same three month period last year. With the price of detached units continuing to trend up sharply, more buyers are turning to higher density housing. Like the new home market, retirees, move-down buyers and lifestylers remain big sources of demand. Both sectors are well supplied with listings, high levels of condo and townhouse completions boosting supply. Rising demand has meant stronger upward pressure on price levels.

Singles sales, though remaining at record levels, have flattened out. Soaring resale singles prices have triggered stronger competition from the new singles and new and resale multifamily sectors. More builders are focusing on the production of moderately priced single detached and multifamily homes this year. The supply of singles listings has trended down since last fall. Overall, supply remains tight. Strong demand in combination with tight supply continues to drive up prices. The year-to-date median resale singles price has jumped 15% to $298,000 from $259,000 in 2004. For now, the Kelowna area resale market remains firmly in sellers' market territory.

The Kamloops, Salmon Arm, Vernon, Penticton and Cranbrook resale markets also remained strong performers through the second quarter. Year-to-date, sales are up in all centres except the Vernon area. Salmon Arm and Cranbrook saw the biggest gains. Vernon area sales remained at a high level despite the decline. The supply of listings remains near historical second quarter lows in most centres. Prices continue to trend up sharply in response to strong demand and reduced supply. Kamloops, Salmon Arm and both Okanagan centres remain sellers' markets.



Data seasonally adjusted. Source OMREB.

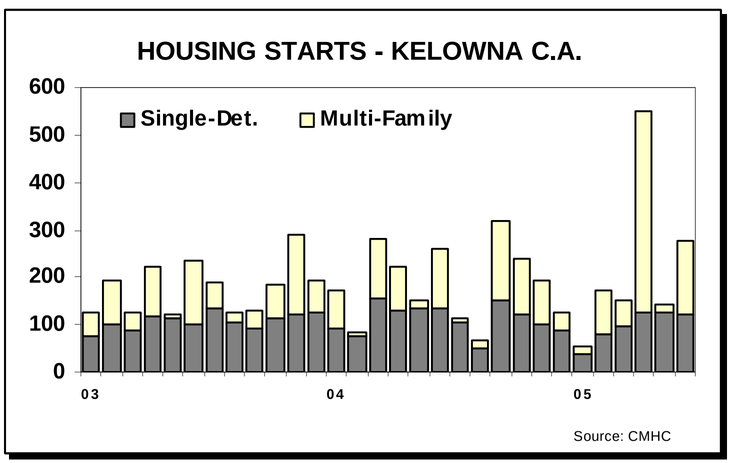


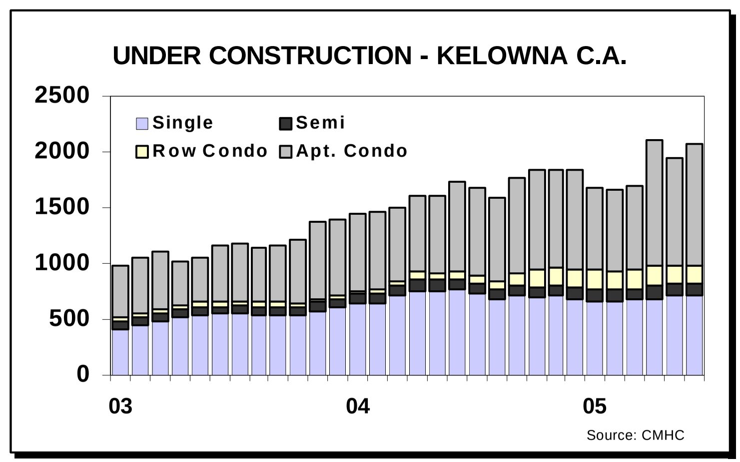
Data seasonally adjusted. Source: OMREB.

KELOWNA C.A.
STARTS/COMPLETIONS/UNDER CONSTRUCTION
JUNE 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	71	12	17	0	125	0	**225**	81	12	10	0	0	0	**103**	452	68	143	1	964	109	**1,737**
Sub. J*	23	0	0	0	0	0	**23**	22	2	3	0	0	0	**27**	150	18	11	0	42	40	**261**
Sub. I*	6	0	0	0	0	0	**6**	2	0	0	0	0	0	**2**	16	4	0	0	0	0	**20**
Lake Country	17	0	3	0	0	0	**20**	10	0	6	0	0	0	**16**	68	2	9	0	0	0	**79**
Peachland	3	0	0	0	0	0	**3**	3	0	0	0	0	0	**3**	16	12	3	0	82	0	**113**
Indian Res.	2	0	0	0	0	0	**2**	3	0	0	0	0	0	**3**	14	0	0	0	0	0	**14**
MONTH TOTAL	**122**	**12**	**20**	**0**	**125**	**0**	**279**	**121**	**14**	**19**	**0**	**0**	**0**	**154**	**716**	**104**	**166**	**1**	**1,088**	**149**	**2,224**
YEAR-TO-DATE	**583**	**56**	**81**	**1**	**573**	**55**	**1,349**	**545**	**54**	**87**	**2**	**273**	**8**	**969**							

** 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
JUNE 2005 & YEAR-TO-DATE 2004 & 2005

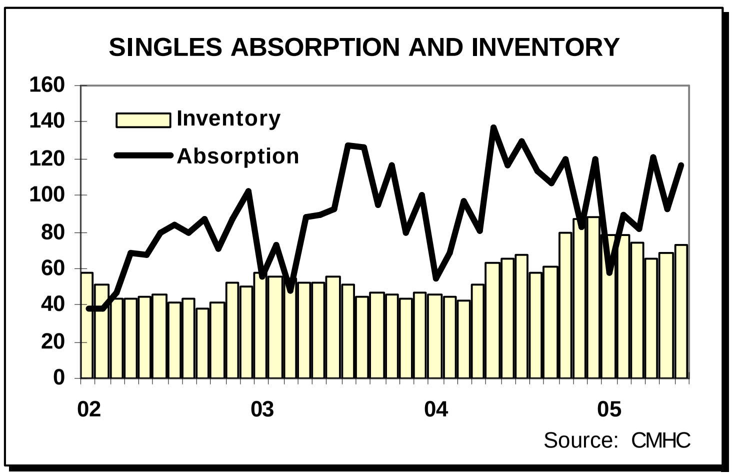
INVENTORY OF NEW HOMES

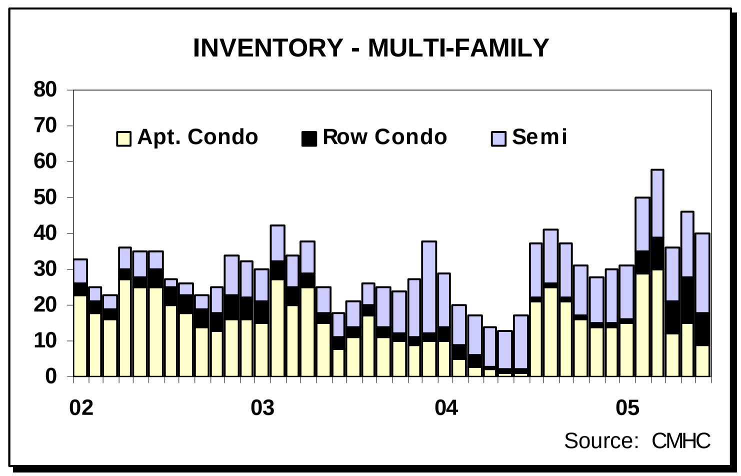
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total
Kelowna City	9	0	9	0	15	57	**90**
Sub. J	0	0	0	0	3	8	**11**
Sub. I	0	0	0	0	2	2	**4**
Lake Country	0	0	0	0	0	3	**3**
Peachland	0	0	0	0	2	0	**2**
Indian Reserve	0	0	0	0	0	3	**3**
MONTH TOTAL	**9**	**0**	**9**	**0**	**22**	**73**	**113**
Y.T.D. Average 2005*	**18**	**0**	**8**	**0**	**17**	**73**	**116**
Y.T.D. Average 2004*	**5**	**22**	**2**	**0**	**12**	**52**	**93**

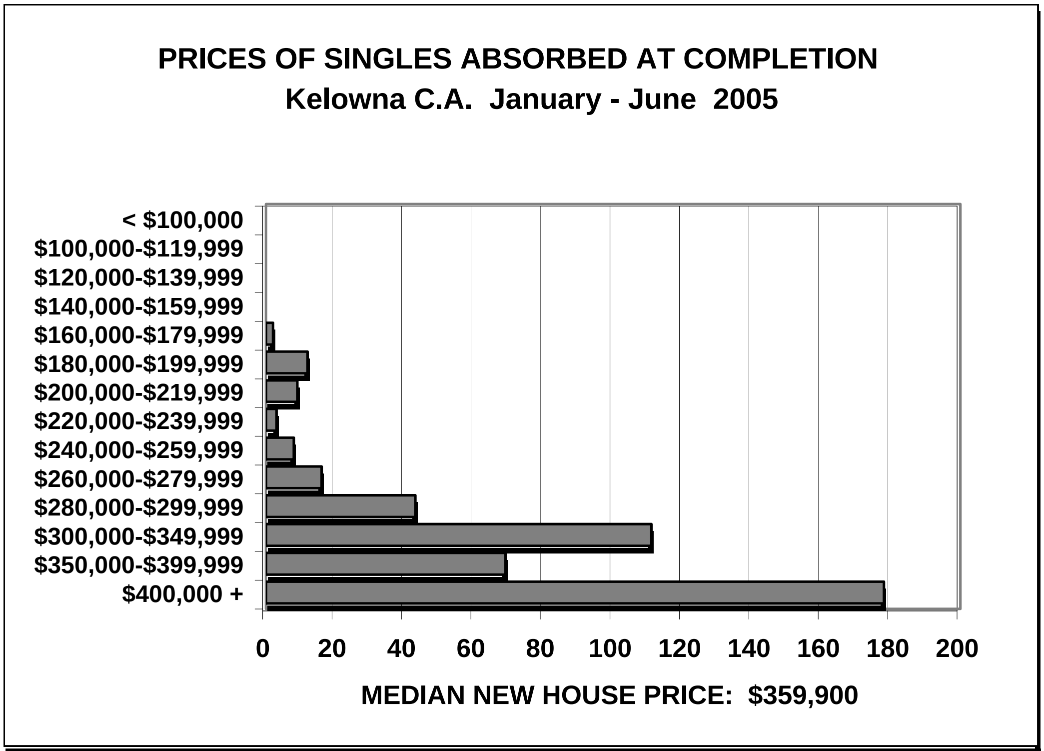
ABSORPTION OF NEW HOMES

	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total
Kelowna City	73	0	21	0	8	80	**182**
Sub. J	3	0	3	0	2	22	**30**
Sub. I	0	0	0	0	0	2	**2**
Lake Country	0	0	2	0	0	7	**9**
Peachland	3	0	0	0	0	3	**6**
Indian Reserve	0	0	0	0	0	3	**3**
MONTH TOTAL	**79**	**0**	**26**	**0**	**10**	**117**	**232**
Y.T.D. Total 2005	**467**	**53**	**100**	**2**	**47**	**560**	**1,229**
Y.T.D. Total 2004	**205**	**84**	**26**	**0**	**39**	**554**	**908**

*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	40	32	43	20
Dilworth Mountain	19	25	24	6
Ellison	13	43	37	24
Glenrosa	0	6	3	13
Glenmore	11	10	6	15
I.R.	5	21	20	10
Core Area*	60	108	59	87
Lakeview Heights	33	43	32	46
Lower Mission	25	27	32	22
North Glenmore	41	33	37	10
Peachland	13	4	10	8
Rutland North	25	22	11	29
Rutland South	0	1	0	1
S. E. Kelowna	20	25	22	28
Shannon Lake	38	16	19	18
Upper Mission	121	203	124	128
Westbank	4	8	12	9
Winfield	61	20	18	18
West Kelowna	25	44	26	40
Other**	29	36	25	22
Total	**583**	**727**	**560**	**554**

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

HOUSING ACTIVITY SUMMARY - KELOWNA CA
JUNE 2005

	OWNERSHIP				RENTAL				TOTAL
	FREEHOLD		CONDOMINIUM		PRIVATE		ASSISTED		
	Single	Semi	Row	Apt.	Row	Apt.	Row	Apt.	
Starts									
June 2005	122	12	20	125	0	0	0	0	279
YTD 2005	583	56	81	573	1	15	0	40	1,349
YTD 2004	727	66	47	239	5	89	0	0	1,173
Under Construction									
June 2005	716	104	166	1,088	1	109	0	40	2,224
June 2004	759	96	69	815	5	89	0	0	1,833
Completions									
June 2005	121	14	19	0	0	0	0	0	154
YTD 2005	545	54	87	273	2	8	0	0	969
YTD 2004	572	44	8	94	0	113	0	0	831
Inventory									
June 2005	73	22	9	9	0	0			113
June 2004	65	15	1	1	0	30			112
Total Supply									
June 2005	789	126	175	1,097	1	109	0	40	2,337
June 2004	824	111	70	816	5	119	0	0	1,945
Absorption									
June 2005	117	10	26	79	0	0			232
3 Mo. Ave.	99	10	15	113	1	18			256
12 Mo. Ave.	103	11	14	49	1	7			185

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
JUNE 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	12	0	0	0	0	0	**12**	4	0	0	0	0	0	**4**	49	2	0	0	0	0	**51**
E. Kootenay C	5	0	0	0	0	0	**5**	3	0	0	0	0	0	**3**	49	0	0	0	0	0	**49**
Cranbrook CA	17	0	0	0	0	0	**17**	7	0	0	0	0	0	**7**	98	2	0	0	0	0	**100**
Y.T.D. 2005	65	0	0	0	0	0	**65**	48	0	0	0	0	0	**48**							
Kamloops C.	29	10	0	0	0	0	**39**	30	10	0	0	0	0	**40**	152	32	4	43	0	0	**231**
Kamloops IR	5	0	0	0	0	0	**5**	3	0	0	0	0	0	**3**	20	0	0	0	0	0	**20**
Kamloops CA	34	10	0	0	0	0	**44**	33	10	0	0	0	0	**43**	172	32	4	43	0	0	**251**
Y.T.D. 2005	179	28	0	43	0	0	**250**	169	34	16	0	6	0	**225**							
Penticton City	9	0	8	24	0	0	**41**	8	0	0	0	0	0	**8**	38	8	55	296	0	0	**397**
Sub. D	5	0	0	0	0	0	**5**	1	0	0	0	0	0	**1**	24	0	0	0	0	0	**24**
Sub. E	3	0	0	0	0	0	**3**	0	0	0	0	0	0	**0**	14	0	0	0	0	0	**14**
Sub. F	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**
Penticton IR	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	1	0	0	0	0	0	**1**
Penticton CA	17	0	8	24	0	0	**49**	9	0	0	0	0	0	**9**	77	8	55	296	0	0	**436**
Y.T.D. 2005	54	2	32	194	0	0	**282**	50	4	16	0	0	0	**70**							
Salmon Arm	14	2	0	16	0	0	**32**	18	4	3	6	0	0	**31**	41	16	3	16	0	0	**76**
Y.T.D. 2005	47	8	0	16	0	0	**71**	47	6	9	12	0	0	**74**							
Summerland	3	0	0	0	0	0	**3**	5	0	0	0	0	0	**5**	14	0	4	0	0	0	**18**
Y.T.D. 2005	10	0	0	0	0	0	**10**	15	0	6	0	0	0	**21**							
Vernon City	18	0	3	0	0	0	**21**	26	4	0	0	0	0	**30**	147	20	66	0	3	0	**236**
Coldstream	6	0	0	0	0	0	**6**	8	0	0	0	0	0	**8**	35	0	0	0	0	0	**35**
Sub. C	2	0	0	0	0	0	**2**	4	0	0	0	0	0	**4**	7	0	0	0	0	0	**7**
Sub. B	2	0	0	0	0	0	**2**	0	0	0	0	0	0	**0**	7	0	0	0	0	0	**7**
I. R.	0	0	0	0	0	0	**0**	0	0	0	0	4	0	**4**	0	0	0	0	0	0	**0**
Vernon CA	28	0	3	0	0	0	**31**	38	4	0	0	4	0	**46**	196	20	66	0	3	0	**285**
Y.T.D. 2005	167	18	25	0	3	0	**213**	158	16	11	0	4	0	**189**							

KAMLOOPS CA

Inventory and Absorption by Municipality

JUNE 2005 AND YEAR-TO-DATE 2004 & 2005

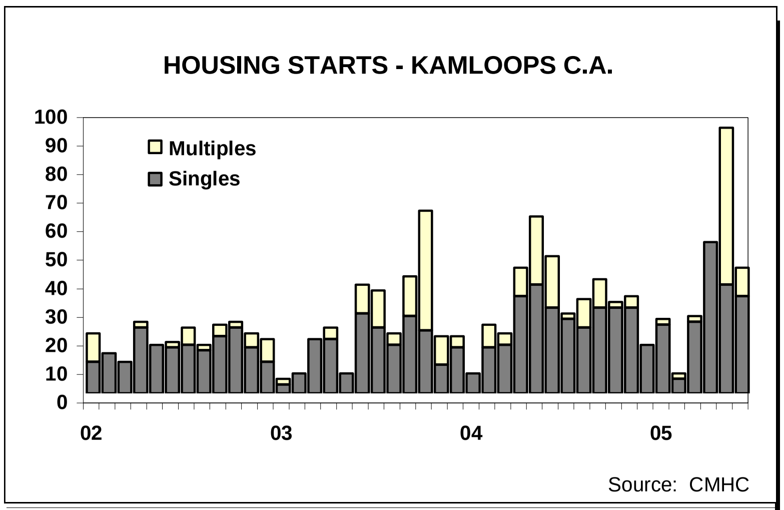
INVENTORY OF NEW HOMES

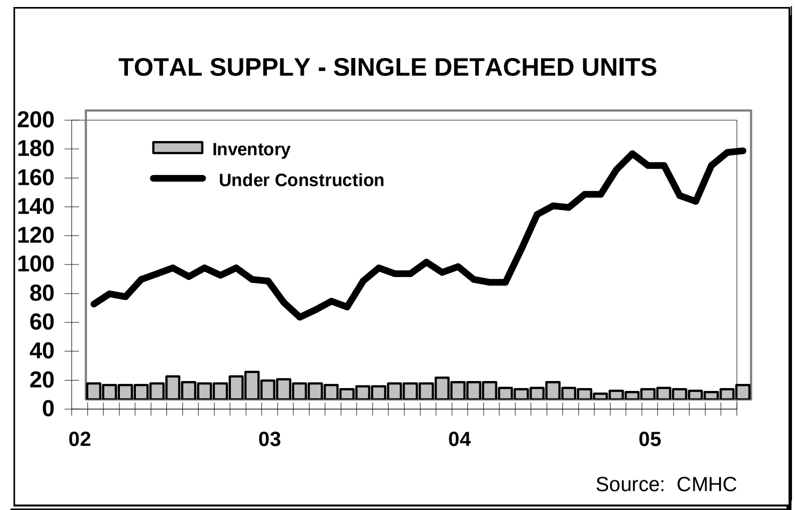
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total
Kamloops City	8	0	1	0	11	9	**29**
Kamloops IR	0	0	0	0	0	1	**1**
MONTH TOTAL	**8**	**0**	**1**	**0**	**11**	**10**	**30**
Y.T.D. Average 2005*	**8**	**0**	**1**	**0**	**5**	**7**	**21**
Y.T.D. Average 2004*	**12**	**0**	**3**	**0**	**10**	**10**	**35**

ABSORPTION OF NEW HOMES

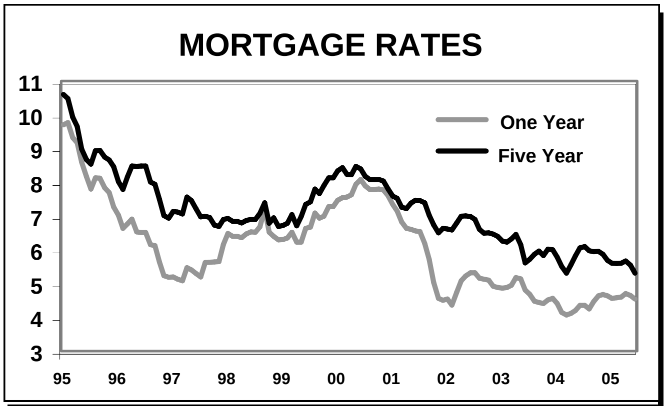
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total
Kamloops City	20	0	2	0	3	27	**52**
Kamloops IR	0	0	0	0	0	3	**3**
MONTH TOTAL	**20**	**0**	**2**	**0**	**3**	**30**	**55**
Y.T.D. TOTAL 2005	**22**	**0**	**12**	**0**	**29**	**166**	**229**
Y.T.D. TOTAL 2004	**40**	**0**	**10**	**0**	**21**	**100**	**171**

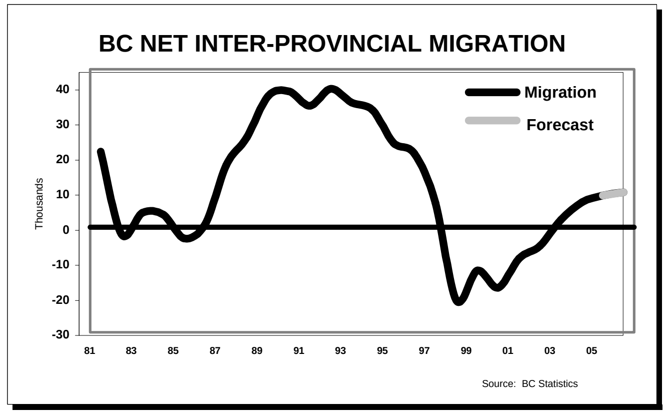
*Absorption does not include assisted rental units. * Rounded.*

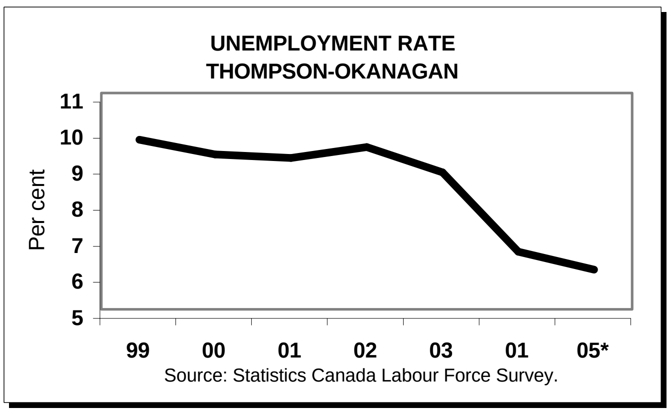


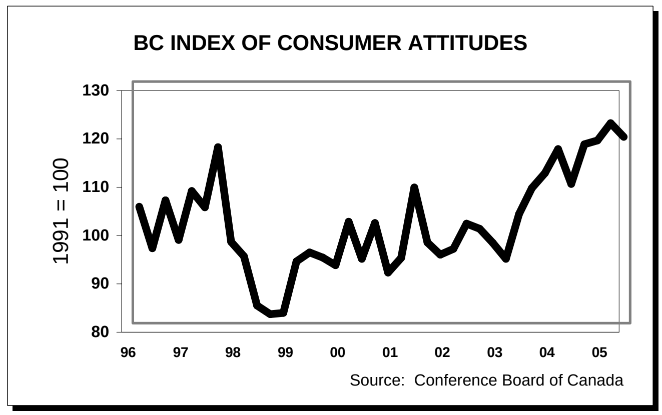


KEY ECONOMIC INDICATORS









SOUTHERN INTERIOR RESALE MARKETS

MLS SALES	JUNE				YEAR-TO-DATE			
Single Detached	Sales June 2005	Percent Change June 04	Median Price June 05	Percent Change June 04	Sales YTD 2005	Percent Change YTD 04	Median Price YTD 2005	Percent Change YTD 04
Kelowna	308	7%	$314,000	17%	1,627	3%	$298,000	15%
Kamloops	120	-8%	$213,000	15%	716	2%	$194,000	11%
Vernon Area	170	6%	$235,000	20%	840	-5%	$229,000	23%
Penticton	42	11%	$259,000	21%	221	2%	$255,000	31%
Salmon Arm	29	-12%	$225,000	38%	164	18%	$215,000	30%
Cranbrook	28	22%	$146,000	-3%	187	15%	$145,000	n/a

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