

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Construction Highlights

Date Released: July 2006

Kelowna New Home Market Remains Strong

The Kelowna area new home market, led by the condominium sector, has maintained a blistering pace in 2006. Second quarter starts, though down from last year's all time quarterly high, remained at near record levels. Year-to-date housing starts are up by 11% over the same six month period in 2005.

Multi-family housing, especially condominiums, continues to see the strongest growth in demand. Kelowna's condo market is attracting a broader range of buyers - retirees, buyers seeking resort-oriented housing, and more recently, first-time buyers.

Absorption remains strong, keeping inventories of complete and unsold units near historical lows. Pre-sales have held up despite an increasingly competitive market. Balancing presale activity with rapidly escalating construction costs has emerged as **the** key challenge for developers of multi-family housing.

Singles starts have flattened out in response to sharply rising prices. Strong demand for upscale homes in combination with soaring lot prices and other costs have pushed up new home prices. Also, larger more complex homes, challenging hillside building sites and an ongoing shortage of skilled trades have led to extended construction times. Delays, have in turn, contributed to

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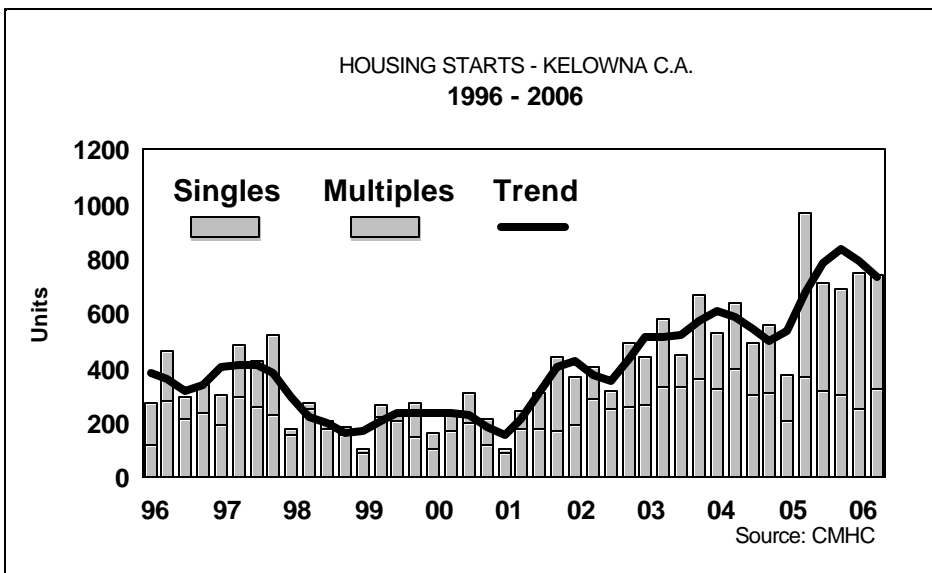
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Multi-family starts continue to outstrip singles construction.

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New Homes con't.

The year-to-date median new home price jumped to \$449,450 by June 2006, up 25% from \$359,900 just one year ago.

Skyrocketing new home prices and slightly higher interest rates have begun to temper growth in demand. The demand side fundamentals remain positive. Strong employment growth has spurred in-migration. Regional amenities remain a big draw, boosting population growth. An aging population and hot BC and Alberta economies have also meant sustained demand for retiree, resort and lifestyle-oriented housing. Interest rates, though steadily edging up since last year, remain low by historical standards.

Second quarter starts were up slightly in both Kamloops and Vernon. Penticton starts fell back, the volatile multi-family sector accounting for most of the decline. All three centres continue to see high levels of construction activity.

Resale Market Highlights

Sales Level Out in Second Quarter

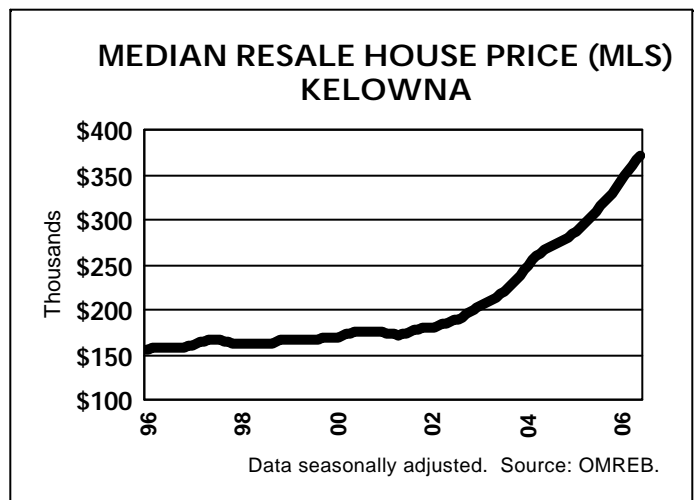
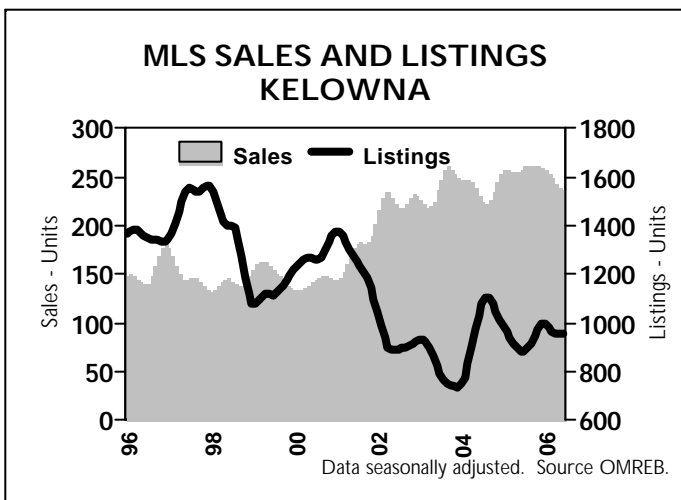
Resale market activity has leveled out, second quarter singles and townhouse sales dropping back from last year's record pace. Condo sales have seen small gains. Year-to-date, sales are up on the strength of strong first quarter condo sales. Like the new home market, demand has moderated in the face of sustained upward pressure on prices and higher interest rates. Sales activity remains at high levels despite the decline. For now, the Kelowna area resale market remains in sellers' market territory.

Condo sales, though continuing to trend up, have seen more modest gains to date this year. More first-time buyers are now turning to the condo and townhouse markets, pushing up sales. Price is the key driver. Retirees, move-down buyers and lifestyle buyers remain big sources of demand. Supply has remained adequate to meet demand due to high levels of condo construction in

recent years. Second quarter singles sales were down 8% from last year, big price gains triggering stronger competition from new and resale multifamily sectors. The supply of singles listings has stabilized and begun to trend back up, expectations of windfall price gains drawing more sellers into the marketplace.

Prices continue to move up sharply, recording month over month gains in 2006. The second quarter median resale singles price jumped 22% to \$381,000 from \$311,650 in 2005.

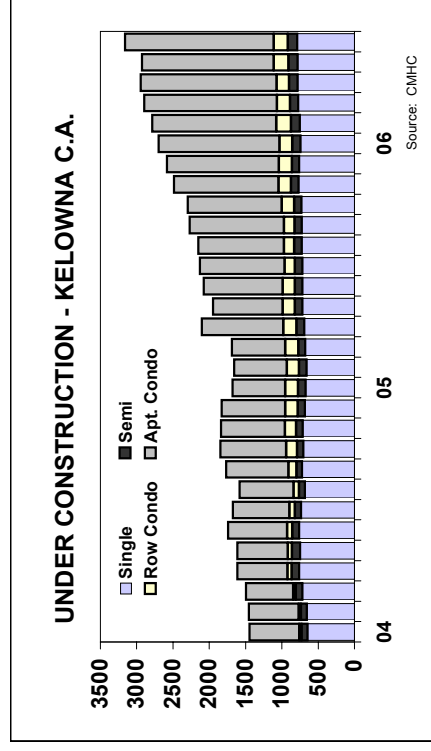
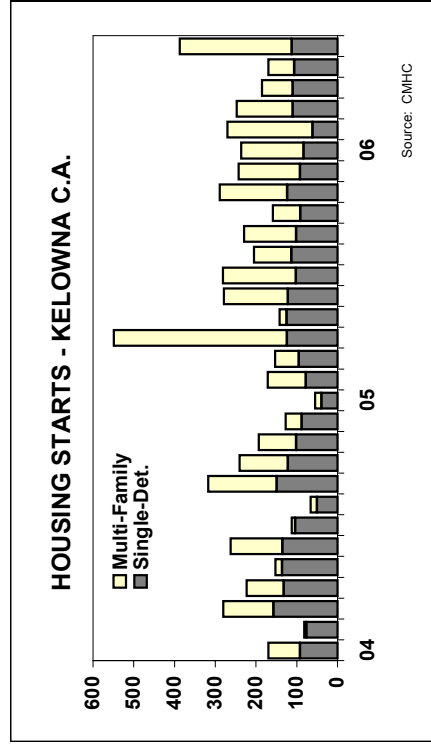
Sales activity also moderated in most other larger centres across the BC southern interior. Sales leveled out in both Cranbrook and Penticton, declining slightly in Kamloops, Vernon and Salmon Arm. The decline was due to big price increases and, in some centres, ongoing supply constraints. Prices have continued to trend up in all five centres, the second quarter median resale price climbing 17%-30% from 2005.



KELOWNA C.A. STARTS/COMPLETIONS/UNDER CONSTRUCTION JUNE 2006 & YEAR-TO-DATE 2006

	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	61	14	0	0	131	0	206	51	8	0	0	27	28	114	493	100	151	3	1,638	0	2,385
CORD Sub. J*	34	2	0	0	46	0	82	35	0	9	0	0	0	44	178	8	20	0	128	0	334
CORD Sub. I*	2	0	0	0	0	0	2	2	0	0	0	0	0	2	21	18	0	0	0	0	39
Lake Country	14	0	0	0	82	0	96	20	0	0	0	0	0	20	80	0	0	0	161	25	266
Peachland	1	0	0	0	0	0	1	0	2	0	0	0	0	2	14	6	23	0	121	0	164
MONTH TOTAL	112	16	0	0	259	0	387	108	10	9	0	27	28	182	786	132	194	3	2,048	25	3,188
YEAR-TO-DATE	582	84	110	3	716	0	1,495	527	56	97	1	209	137	1,027							

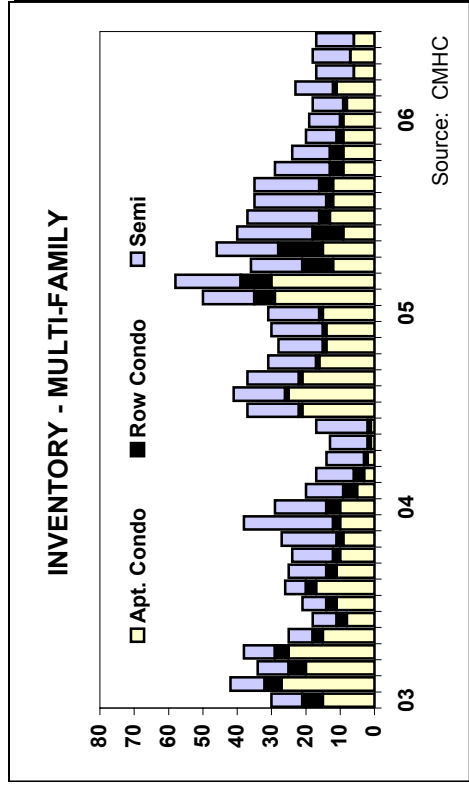
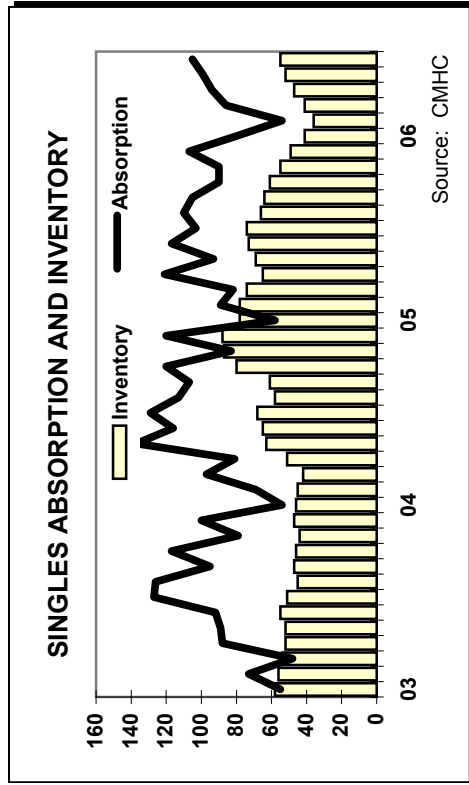
* CORD - Regional District of Central Okanagan. Sub. J - Westside (former Sub. G and H) - Glenrosa, Westbank, Smith Creek, Shannon Heights, West Kelowna, Lakeview Heights, Westside/Fintry. Sub. I - Eastside - Joe Rich, Ellison. Please note, effective January 2006, Indian Reserves are no longer included in CMHC's monthly Starts and Completions and Absorption Surveys.



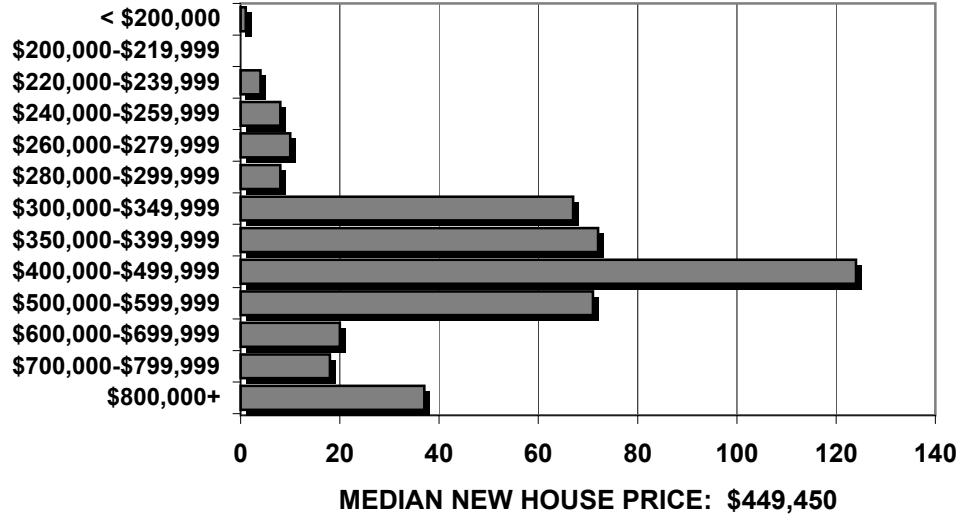
**KELOWNA C.A.
INVENTORY AND ABSORPTION
JUNE 2006 & YEAR-TO-DATE 2005 & 2006**

INVENTORY OF NEW HOMES										ABSORPTION OF NEW HOMES										
	Apt		Row		Semi		Single		Total		Apt Condo	Apt		Row		Semi		Single		Grand Total
	Condo	Rental	Condo	Rental	Condo	Rental	Condo	Rental	Condo	Rental		Condo	Rental	Condo	Rental	Condo	Rental	Condo	Rental	
Kelowna City	4	4	0	0	7	0	40	0	55	6	28	0	0	8	0	0	0	50	92	
CORD Sub. J	0	0	0	0	1	0	11	0	12	4	0	0	0	0	0	0	0	33	37	
CORD Sub. I	0	0	0	0	3	0	0	0	3	0	0	0	0	0	0	0	0	2	2	
Lake Country	0	0	0	0	0	0	4	0	4	0	0	0	0	0	0	0	0	20	20	
Peachland	2	0	0	0	0	0	0	0	2	0	0	0	0	2	0	0	0	0	2	
MONTH TOTAL	6	4	0	0	11	0	55	0	76	10	28	0	0	10	0	0	105	153		
Y.T.D. Average 2006*	8	1	1	0	10	0	45	0	65	232	55	30	1	54	1	54	518	890		
Y.T.D. Average 2005*	18	0	8	0	17	0	73	0	116	467	53	100	2	47	2	47	560	1,229		

CORD - Regional District of Central Okanagan. Absorption does not include assisted rental units. * Rounded.
Please note, effective January 2006, Indian Reserves are no longer included in CMHC's monthly Starts and Completions and Absorption Surveys



PRICES OF SINGLES ABSORBED AT COMPLETION
Kelowna C.A. January - June 2006



Sub Area	Singles Starts By Sub Area		Singles Absorption By Sub Area	
	Y.T.D. 2006	Y.T.D. 2005	Y.T.D. 2006	Y.T.D. 2005
Black Mountain	49	40	40	43
Dilworth Mountain	11	19	13	24
Ellison	10	13	12	37
Glenrosa	3	0	2	3
Glenmore	5	11	8	6
Core Area*	25	60	50	59
I.R.	n/a	5	n/a	20
Lake Country	75	61	63	18
Lakeview Heights	29	33	21	32
Lower Mission	13	25	16	32
North Glenmore	68	41	42	37
Peachland	9	13	11	10
Rutland North	20	25	17	11
Rutland South	0	0	0	0
S. E. Kelowna	11	20	10	22
Shannon Lake	31	38	32	19
Upper Mission	151	121	131	124
Westbank	15	4	6	12
West Kelowna	26	25	16	26
Other**	31	29	28	25
Total	582	583	518	560

* Kelowna North/South/Springfield-Spall. ** Fintry/Joe Rich/Oyama/Other. Please note, effective January 2006, Indian Reserves are no longer included in CMHC's monthly Starts and Completions and Absorption Surveys.

HOUSING ACTIVITY SUMMARY - KELOWNA CA JUNE 2006

	OWNERSHIP				RENTAL				TOTAL
	FREEHOLD		CONDOMINIUM		PRIVATE		ASSISTED		
	Single	Semi	Row	Apt.	Row	Apt.	Row	Apt.	
Starts									
June 2006	112	16	0	259	0	0	0	0	387
YTD 2006	582	84	110	716	3	0	0	0	1,495
YTD 2005	583	56	81	573	1	15	0	40	1,349
Under Construction									
June 2006	786	132	194	2,048	3	0	0	25	3,188
June 2005	716	104	166	1,088	1	109	0	40	2,224
Completions									
June 2006	108	10	9	27	0	28	0	0	182
YTD 2006	527	56	97	209	1	137	0	0	1,027
YTD 2005	545	54	87	273	2	8	0	0	969
Inventory									
June 2006	55	11	0	6	0	4			76
June 2005	73	22	9	9	0	0			113
Total Supply									
June 2006	841	143	194	2,054	3	4	0	25	3,264
June 2005	789	126	175	1,097	1	109	0	40	2,337
Absorption									
June 2006	105	10	0	10	0	28			153
3 Mo. Ave.	93	11	6	33	1	9			153
12 Mo. Ave.	95	10	15	64	1	6			191

Absorption does not include assisted rentals.

RECORD OF STARTS - KELOWNA C.A.					
YEAR	SINGLE	SEMI	ROW	APT	TOTAL
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
2005	1205	112	206	1232	2755

OTHER CENTRES
Starts/Completions/Under Construction
JUNE 2006 AND YEAR-TO-DATE 2006

	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									
																						Single	Semi	Row Condo	Apt. Condo	Row Rental	Apt. Rental	Total	Single	Semi
Cranbrook City	13	0	0	0	0	0	13	12	0	0	0	0	0	12	57	6	0	0	0	0	63									
E. Kootenay C	11	0	0	0	0	0	11	10	0	0	0	0	0	10	56	0	0	0	0	0	56									
Cranbrook CA	24	0	0	0	0	0	24	22	0	0	0	0	0	22	113	6	0	0	0	0	119									
Y.T.D. 2006	71	6	0	0	0	0	77	78	0	0	0	27	105																	
Kamloops C.	48	10	0	0	0	0	58	33	0	0	43	0	76	240	128	51	0	0	0	0	419									
TNRD Sub. J*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0	0	0	6									
TNRD Sub. P*	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12	0	0	0	0	0	12									
Logan Lake DM	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
Kamloops CA	48	10	0	0	0	0	58	33	0	0	43	0	76	258	128	51	0	0	0	0	437									
Y.T.D. 2006	225	78	32	179	0	0	335	171	42	12	43	0	268																	
Penticton City	6	2	10	0	0	0	18	8	2	0	0	0	10	35	12	105	392	0	0	0	544									
RDOS Sub. D*	6	0	0	0	0	0	6	5	0	0	0	0	5	27	0	0	0	0	0	0	27									
RDOS Sub. E*	0	0	0	0	0	0	0	0	0	0	0	0	0	16	0	0	0	0	0	0	16									
RDOS Sub. F*	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	2									
Penticton CA	12	2	10	0	0	0	24	13	2	0	0	0	15	80	12	105	392	0	0	0	589									
Y.T.D. 2006	52	12	43	179	0	0	286	56	6	19	83	0	164																	
Salmon Arm	14	2	0	0	0	0	16	20	0	3	0	0	23	70	14	0	16	0	0	18	118									
Y.T.D. 2006	77	10	0	0	0	0	87	61	8	3	0	0	72																	
Summerland	4	0	0	0	0	0	4	2	0	0	0	0	2	32	6	10	0	0	0	0	48									
Y.T.D. 2006	20	6	10	0	0	0	36	14	2	0	0	0	16																	
Vernon City	28	0	0	0	0	0	28	13	0	0	0	0	13	173	24	23	0	0	0	15	235									
Coldstream	6	4	0	0	0	0	10	2	0	0	0	0	2	57	4	0	0	0	0	0	61									
NORD Sub. B*	1	0	0	0	0	0	1	1	0	0	0	0	1	6	0	0	0	0	0	0	6									
NORD Sub. C*	2	0	0	0	0	0	2	2	0	0	0	0	2	20	4	0	0	0	0	0	24									
Vernon CA	37	4	0	0	0	0	41	18	0	0	0	0	18	256	32	23	0	0	0	15	326									
Y.T.D. 2006	177	10	11	0	0	0	198	133	12	17	0	3	165																	

* TNRD - Regional District of Thompson-Nicola. RDOS - Regional District of Okanagan Similkameen. NORD - Regional District of North Okanagan.
Please note, effective January 2006, Indian Reserves are no longer included in CMHC's monthly Starts and Completions and Absorption Surveys.

KAMLOOPS CA

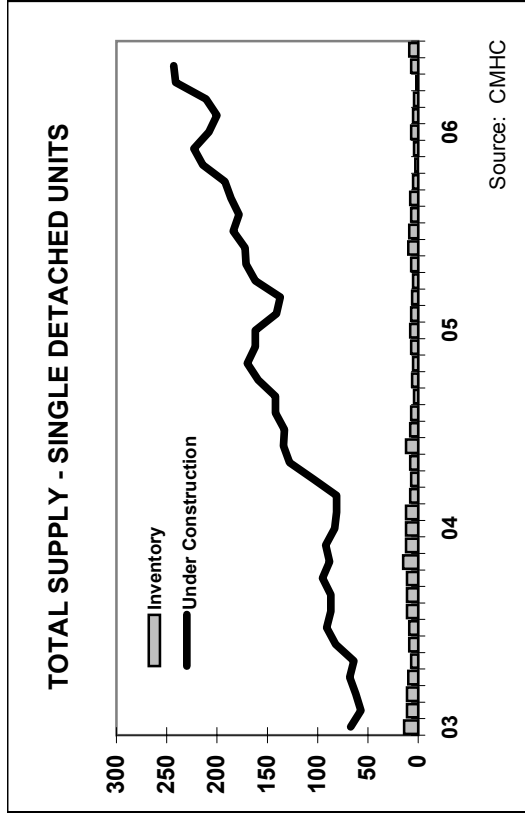
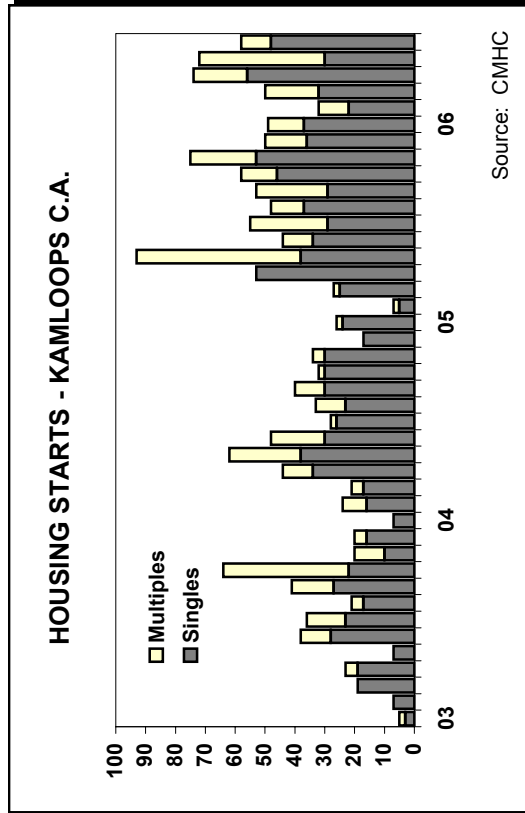
Inventory and Absorption by Municipality

JUNE 2006 AND YEAR-TO-DATE 2005 & 2006

INVENTORY OF NEW HOMES										ABSORPTION OF NEW HOMES									
	Apt		Row		Semi		Single		Total	Apt		Row		Semi		Single		Grand Total	
	Condo	Rental	Condo	Rental	Condo	Rental	Condo	Rental		Condo	Rental	Condo	Rental	Condo	Rental	Condo	Rental		
Kamloops City	5	0	0	0	2	2	9	9	16	Kamloops City	0	0	0	0	0	0	0	31	31
TNRD Sub. J	0	0	0	0	0	0	0	0	0	TNRD Sub. J	0	0	0	0	0	0	0	0	0
TNRD Sub. P	0	0	0	0	0	0	0	0	0	TNRD Sub. P	0	0	0	0	0	0	0	0	0
Logan Lake DM	0	0	0	0	0	0	0	0	0	Logan Lake DM	0	0	0	0	0	0	0	0	0
MONTH TOTAL	5	0	0	0	2	2	9	9	16	MONTH TOTAL	0	0	0	0	0	0	0	31	31
Y.T.D. Average 2006*	6	0	0	0	1	1	6	6	13	Y.T.D. TOTAL 2006	10	0	8	0	42	166	226	226	226
Y.T.D. Average 2005*	8	0	1	0	5	7	7	7	21	Y.T.D. TOTAL 2005	22	0	12	0	29	166	229	229	229

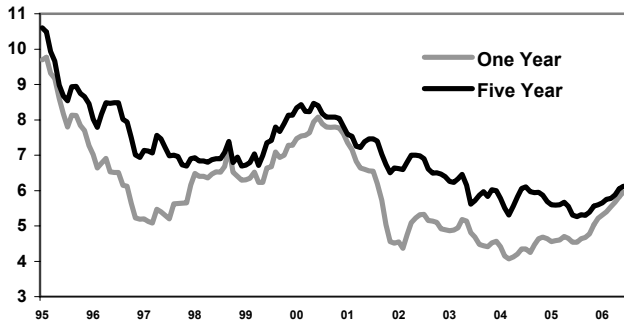
TNRD - Regional District of Thompson/Nicola. Absorption does not include assisted rental units. * Rounded.

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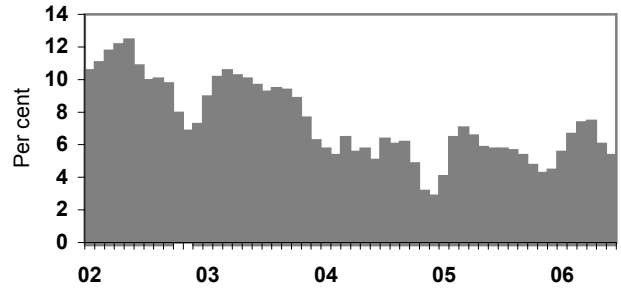


KEY ECONOMIC INDICATORS

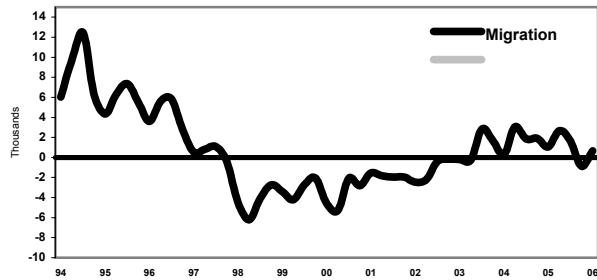
MORTGAGE RATES



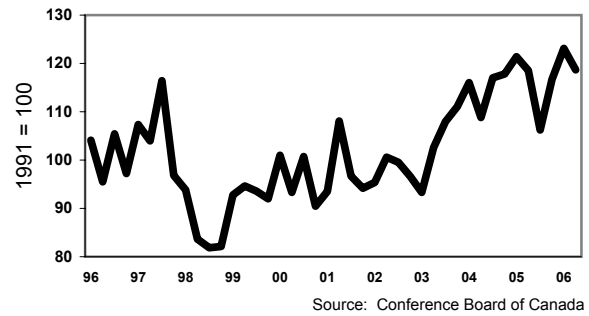
UNEMPLOYMENT RATE - KELOWNA



BC NET INTER-PROVINCIAL MIGRATION



BC INDEX OF CONSUMER ATTITUDES



SOUTHERN INTERIOR RESALE MARKETS

MLS SALES	JUNE				YEAR-TO-DATE			
	Sales June 2006	Percent Change June 05	Median Price June 06	Percent Change June 05	Sales YTD 2006	Percent Change YTD 05	Median Price YTD 2006	Percent Change YTD 05
Single Detached								
Kelowna	286	-9%	\$386,250	23%	1,571	-4%	\$365,000	22%
Kamloops	84	-38%	\$289,000	34%	708	-3%	\$262,500	35%
Vernon Area	147	-14%	\$315,000	34%	839	0	\$287,500	26%
Penticton	43	5%	\$302,500	17%	246	12%	\$298,000	17%
Salmon Arm	18	-38%	\$276,000	23%	124	-24%	\$289,700	35%
Cranbrook	33	-11%	\$198,000	29%	180	-9%	\$194,250	n/a

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Current month MLS data is preliminary.

CMHC – HOME TO CANADIANS

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CANADIAN WOOD-FRAME

This national best-selling guide to constructing a wood-frame house is the ideal learning tool and job-site manual. The new edition of Canadian Wood-Frame House Construction has been updated to reflect the residential requirements of the 2005 National Building Code of Canada. In addition, many changes have been made to bring the book in line with current building science research, construction methods and construction materials.

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