

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Construction Highlights

Kelowna Housing Starts Drop Back in August

Kelowna area housing starts dropped back sharply in August. Housing starts fell to 111 units from 205 units in August 2005.

August's decline was not unexpected given the high levels of condominium starts recorded in both June and July. Construction began on seven projects totaling over 450 units in just two months. Kelowna's multi-family sector typically sees big month-to-month swings in new construction activity. Expect condo starts pick back up through the fourth quarter. Price and lifestyle remain key drivers. Singles starts posted a smaller decline in August.

Market fundamentals remain solid.

Strong employment growth has spurred in-migration, boosting demand for housing. Regional amenities remain a big draw fueling population growth. Skyrocketing new home prices in combination with slightly higher interest rates have begun to temper growth in demand. Singles starts have leveled out. The condo sector is becoming increasingly competitive. Kelowna's resale market has seen a similar trend in 2006. Singles sales are down six per cent to date this year. Condo sales, though continuing to rise, are growing slower pace than in the past few years.

Elsewhere, Vernon area starts, lead by the multiples sector, jumped to the highest monthly level to date this year. Kamloops and Penticton saw starts decline in August.

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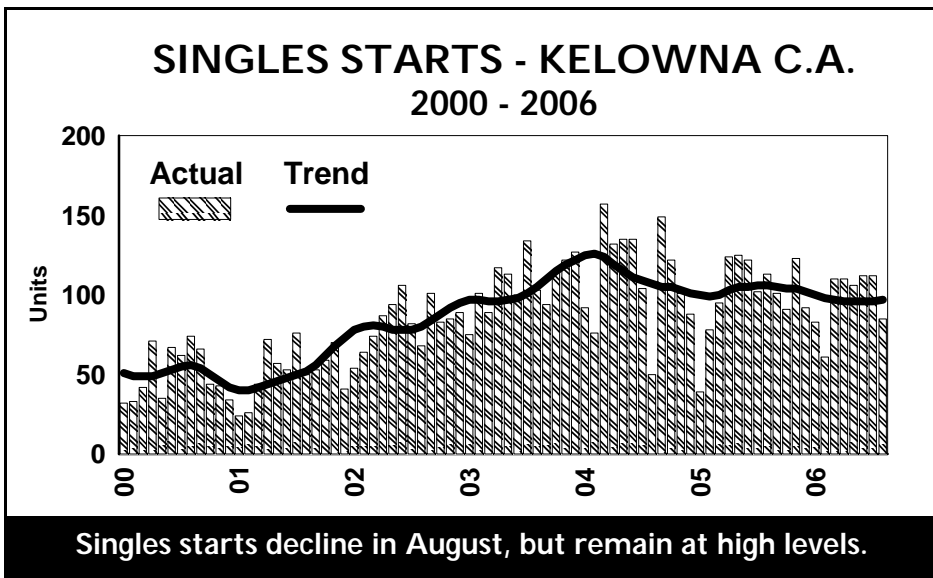
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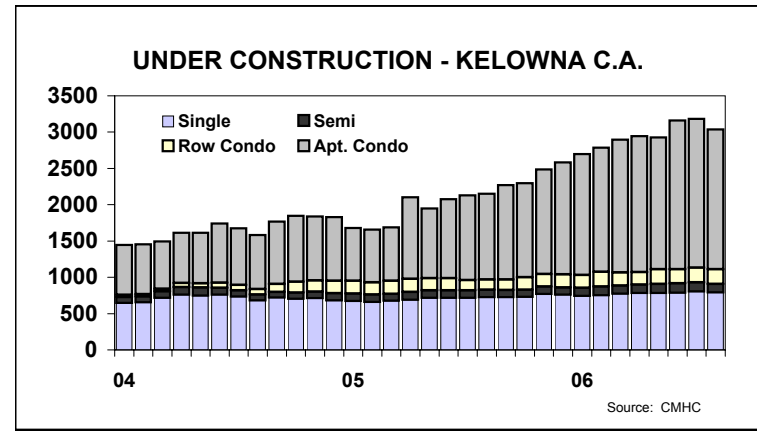
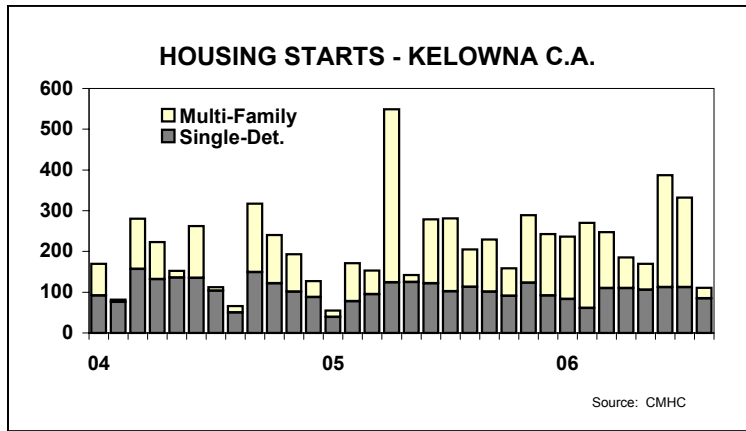
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KELOWNA C.A. STARTS/COMPLETIONS/UNDER CONSTRUCTION AUGUST 2006 & YEAR-TO-DATE 2006

	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	55	8	14	0	0	0	77	67	12	7	0	60	0	146	491	94	172	3	1,579	0	2,339
CORD Sub. J*	17	0	0	0	0	0	17	21	0	0	0	0	0	21	186	8	14	0	128	0	336
CORD Sub. I*	1	4	0	0	0	0	5	0	6	0	0	0	0	6	20	12	0	0	0	0	32
Lake Country	12	0	0	0	0	0	12	10	0	0	0	0	0	10	82	0	0	0	161	25	268
Peachland	0	0	0	0	0	0	0	2	2	3	0	63	0	70	10	4	20	0	58	0	92
MONTH TOTAL	85	12	14	0	0	0	111	100	20	10	0	123	0	253	789	118	206	3	1,926	25	3,067
YEAR-TO-DATE	779	106	141	3	909	0	1,938	721	92	116	1	524	137	1,591							

* 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.

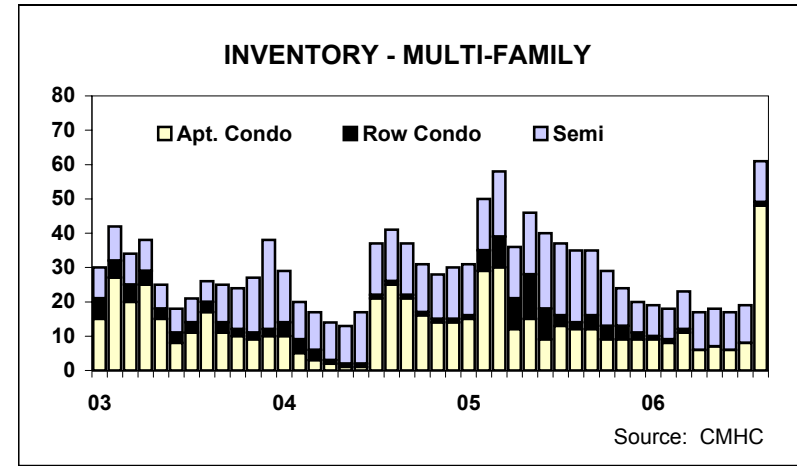
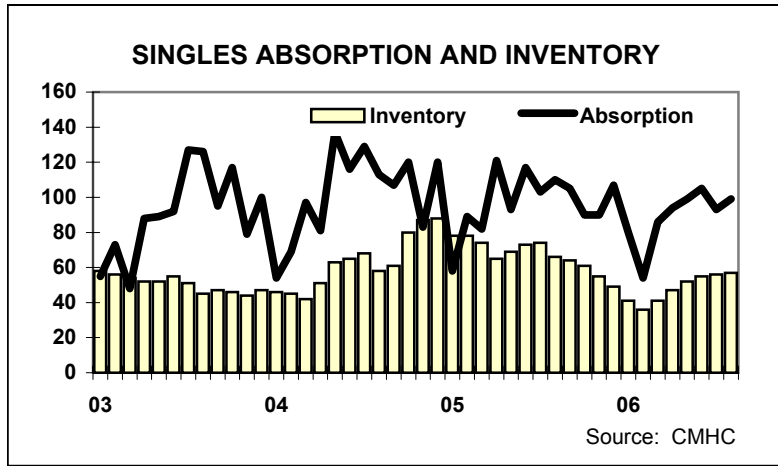


KELOWNA C.A. INVENTORY AND ABSORPTION AUGUST 2006 & YEAR-TO-DATE 2005 & 2006

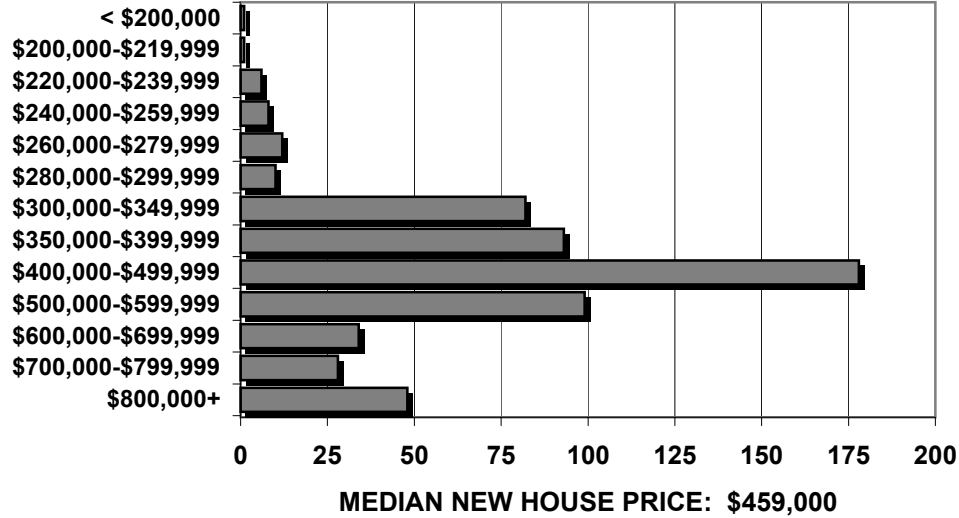
INVENTORY OF NEW HOMES								ABSORPTION OF NEW HOMES							
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total	
Kelowna City	47	4	0	0	6	36	93	Kelowna City	22	0	1	0	13	71	107
CORD Sub. J	0	0	0	0	1	14	15	CORD Sub. J	0	0	0	0	0	18	18
CORD Sub. I	0	0	0	0	3	0	3	CORD Sub. I	0	0	0	0	6	0	6
Lake Country	0	0	0	0	0	7	7	Lake Country	0	0	0	0	0	8	8
Peachland	1	0	1	0	2	0	4	Peachland	0	0	2	0	0	2	4
MONTH TOTAL	48	4	1	0	12	57	122	MONTH TOTAL	22	0	3	0	19	99	143
Y.T.D. Average 2006*	13	1	1	0	11	48	74	Y.T.D. Total 2006	284	55	36	1	89	710	1,175
Y.T.D. Average 2005*	17	0	7	0	18	72	114	Y.T.D. Total 2005	533	53	136	2	72	773	1,569

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 - August 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	61	52	47	58
Dilworth Mountain	13	24	20	29
Ellison	14	18	14	48
Glenrosa	3	3	2	7
Glenmore	6	17	11	6
Core Area*	36	88	59	90
I.R.	n/a	14	n/a	25
Lake Country	96	79	82	39
Lakeview Heights	36	40	29	47
Lower Mission	18	31	20	40
North Glenmore	92	60	68	47
Peachland	12	15	18	12
Rutland North	31	40	24	18
Rutland South	0	0	0	2
S. E. Kelowna	19	26	16	31
Shannon Lake	48	46	46	22
Upper Mission	197	170	189	166
Westbank	18	5	9	16
West Kelowna	37	31	24	42
Other**	42	39	32	28
Total	779	798	710	773

* 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 AUGUST 2006

	OWNERSHIP				RENTAL				TOTAL
	FREEHOLD		CONDOMINIUM		PRIVATE		ASSISTED		
	Single	Semi	Row	Apt.	Row	Apt.	Row	Apt.	
Starts									
Aug. 2006	85	12	14	0	0	0	0	0	111
YTD 2006	779	106	141	909	3	0	0	0	1,938
YTD 2005	798	80	110	763	1	43	0	40	1,835
Under Construction									
Aug. 2006	789	118	206	1,926	3	0	0	25	3,067
Aug. 2005	725	104	139	1,185	1	137	0	40	2,331
Completions									
Aug. 2006	100	20	10	123	0	0	0	0	253
YTD 2006	721	92	116	524	1	137	0	0	1,591
YTD 2005	751	78	143	366	2	8	0	0	1,348
Inventory									
Aug. 2006	57	12	1	48	0	4			122
Aug. 2005	66	21	2	12	0	0			101
Total Supply									
Aug. 2006	846	130	207	1,974	3	4	0	25	3,189
Aug. 2005	791	125	141	1,197	1	137	0	40	2,432
Absorption									
Aug. 2006	99	19	3	22	0	0			143
3 Mo. Ave.	99	12	2	14	0	13			140
12 Mo. Ave.	93	11	11	59	1	8			183

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
AUGUST 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
Cranbrook City	17	0	0	0	0	0	17	10	0	0	0	0	0	10	67	6	0	0	0	0	73
E. Kootenay C	12	0	0	0	0	0	12	2	0	0	0	0	0	2	64	0	0	0	0	0	64
Cranbrook CA	29	0	0	0	0	0	29	12	0	0	0	0	0	12	131	6	0	0	0	0	137
Y.T.D. 2006	109	6	0	0	0	0	115	98	0	0	0	0	27	125							
Kamloops C.	27	10	0	0	0	0	37	26	10	8	0	0	0	44	248	116	43	0	0	0	407
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	1	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1
Kamloops CA	28	10	0	0	0	0	38	26	10	8	0	0	0	44	267	116	43	0	0	0	426
Y.T.D. 2006	306	100	32	0	0	0	438	243	76	20	43	0	0	382							
Penticton City	4	0	0	0	0	0	4	7	0	0	177	0	0	184	33	12	95	215	13	0	368
RDOS Sub. D*	0	0	0	0	0	0	0	1	0	0	0	0	0	1	25	0	0	0	0	0	25
RDOS Sub. E*	1	0	0	0	4	0	5	1	0	0	0	0	0	1	17	0	0	0	4	0	21
RDOS Sub. F*	1	0	0	0	0	0	1	0	0	0	0	0	0	0	4	0	0	0	0	0	4
Penticton CA	6	0	0	0	4	0	10	9	0	0	177	0	0	186	79	12	95	215	17	0	418
Y.T.D. 2006	71	12	43	179	11	0	316	76	6	23	260	0	0	365							
Salmon Arm	17	0	0	0	0	0	17	17	2	0	0	0	0	19	79	12	0	16	0	18	125
Y.T.D. 2006	113	10	0	0	0	0	123	88	10	3	0	0	0	101							
Summerland	5	0	0	0	0	0	5	4	0	0	0	0	0	4	35	6	10	0	0	0	51
Y.T.D. 2006	30	6	10	0	0	0	46	21	2	0	0	0	0	23							
Vernon City	20	0	21	0	0	0	41	27	2	0	0	0	0	29	185	22	60	0	0	15	282
Coldstream	8	4	0	0	0	0	12	9	0	0	0	0	0	9	53	8	0	0	0	0	61
NORD Sub. B*	1	0	0	0	0	0	1	1	0	0	0	0	0	1	6	0	0	0	0	0	6
NORD Sub. C*	5	2	0	0	0	0	7	2	0	0	0	0	0	2	22	6	0	0	0	0	28
Vernon CA	34	6	21	0	0	0	61	39	2	0	0	0	0	41	266	36	60	0	0	15	377
Y.T.D. 2006	252	16	48	0	0	0	316	198	14	17	0	3	0	232							

* 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

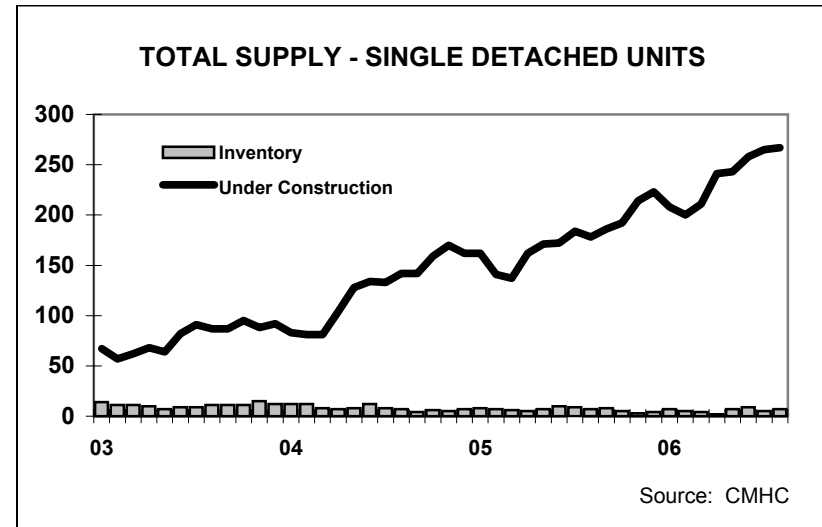
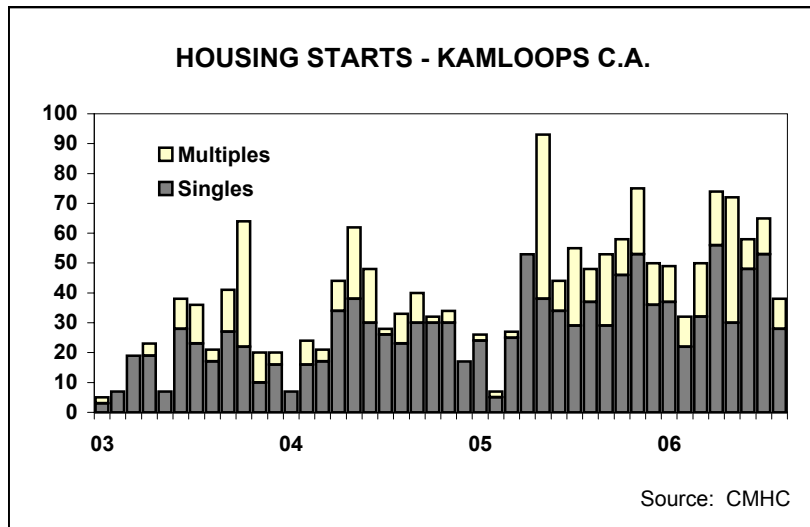
Inventory and Absorption by Municipality

AUGUST 2006 AND YEAR-TO-DATE 2005 & 2006

INVENTORY OF NEW HOMES								ABSORPTION OF NEW HOMES							
	Apt	Apt	Row	Row	Semi	Single	Total		Apt	Apt	Row	Row	Semi	Single	Grand
	Condo	Rental	Condo	Rental					Condo	Rental	Condo	Rental			
Kamloops City	4	0	0	0	3	7	14	Kamloops City	1	0	4	0	11	24	40
TNRD Sub. J	0	0	0	0	0	0	0	TNRD Sub. J	0	0	0	0	0	0	0
TNRD Sub. P	0	0	0	0	0	0	0	TNRD Sub. P	0	0	0	0	0	0	0
Logan Lake DM	0	0	0	0	0	0	0	Logan Lake DM	0	0	0	0	0	0	0
MONTH TOTAL	4	0	0	0	3	7	14	MONTH TOTAL	1	0	4	0	11	24	40
Y.T.D. Average 2006*	5	0	0	0	2	6	13	Y.T.D. TOTAL 2006	11	0	12	0	75	240	338
Y.T.D. Average 2005*	8	0	1	0	5	7	21	Y.T.D. TOTAL 2005	22	0	12	0	42	229	305

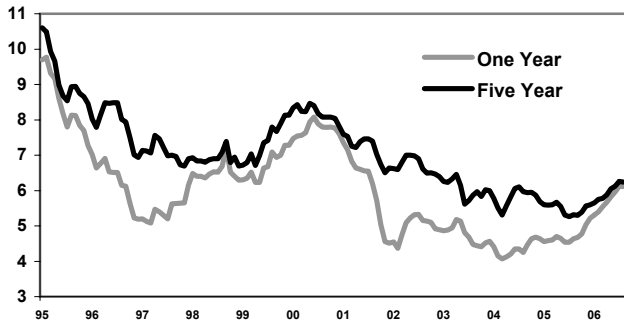
TNRD - Regional District of Thompson/Nicola. Absorption does not include assisted rental units. * Rounded.

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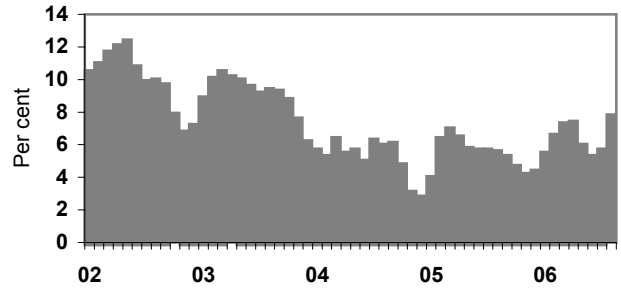


KEY ECONOMIC INDICATORS

MORTGAGE RATES

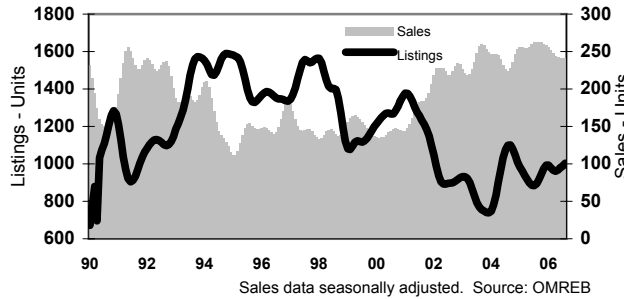


UNEMPLOYMENT RATE - KELOWNA



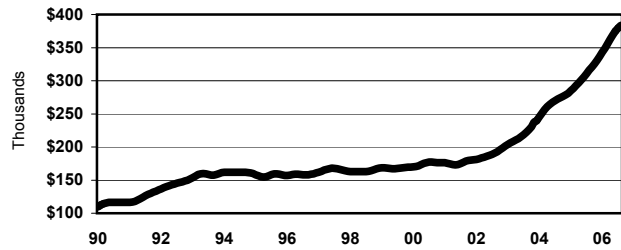
Source: Statistics Canada Labour Force Survey. * Jan.-Oct.

MLS SINGLES SALES AND LISTINGS KELOWNA



Sales data seasonally adjusted. Source: OMREB

MEDIAN RESALE HOUSE PRICE (MLS) KELOWNA



Data Seasonally Adjusted. Source: OMREB

SOUTHERN INTERIOR RESALE MARKETS

MLS SALES	AUGUST				YEAR-TO-DATE			
	Sales Aug. 2006	Percent Change Aug. 05	Median Price Aug. 06	Percent Change Aug. 05	Sales YTD 2006	Percent Change YTD 05	Median Price YTD 2006	Percent Change YTD 05
Single Detached								
Kelowna	265	-17%	\$380,000	21%	2,123	-6%	\$370,000	23%
Kamloops	127	13%	\$265,000	18%	1,005	2%	\$265,900	28%
Vernon Area	138	-9%	\$309,000	24%	1,114	-2%	\$290,000	23%
Penticton	34	-35%	\$340,000	32%	316	5%	\$311,000	21%
Salmon Arm	28	-24%	\$298,500	30%	174	-28%	\$289,700	31%
Cranbrook	28	8%	\$243,000	59%	246	-5%	\$198,000	33%

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Current month MLS data is preliminary.

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