

HOUSING MARKET OUTLOOK

British Columbia Region Highlights

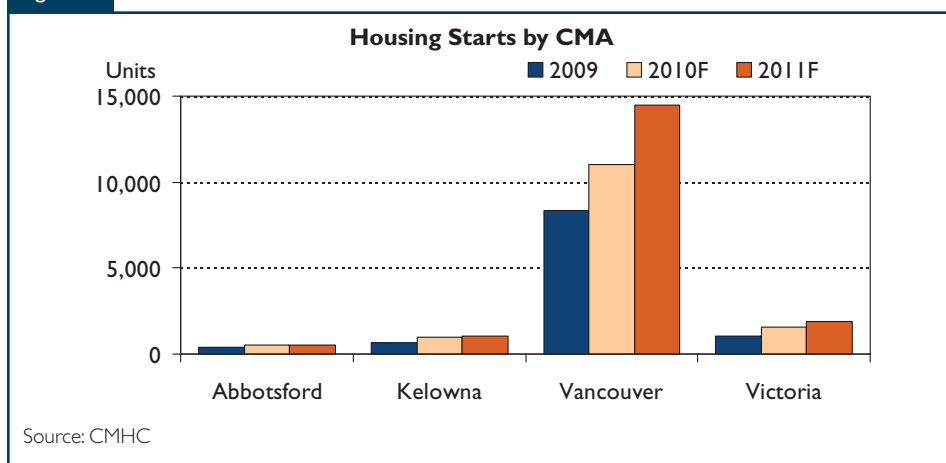


CANADA MORTGAGE AND HOUSING CORPORATION

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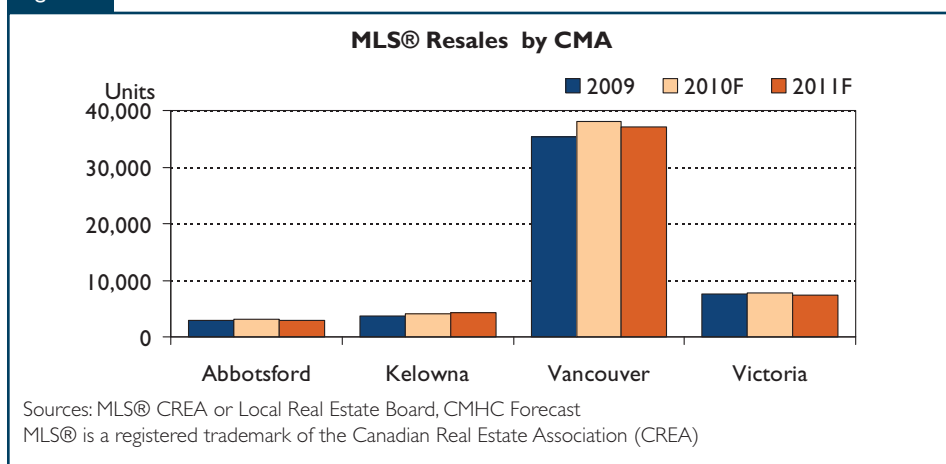
Housing Starts To Increase

Figure 1



- Improved demand and rising supply will characterize housing market conditions in the province. Demand will benefit from increased momentum of the economy.
- Builders will respond by increasing new home construction. Housing starts will gradually approach their ten-year average during 2011.
- The sales-to-listings ratio, a key predictor of future home prices, is currently high and will trend lower starting in mid-2010.

Figure 2



The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of February 16, 2010.

Economic Outlook

The British Columbia economic outlook bodes well for the housing outlook. Increased consumer spending and business investment will be the key drivers underlying stronger economic growth. Low interest rates will encourage investment in machinery and equipment and housing market activity. Residential investment, including renovation spending, will grow. Retail and tourism related spending will get a boost from the 2010 Winter Olympic Games; Central 1 estimates the 2010 Winter Olympic Games will add 0.8 percentage points to economic growth in Vancouver during 2010. The global economic recovery bodes well for British Columbia in terms of increased demand for key exports. The province's geographic orientation to the Asia Pacific and deep seaports

will benefit transportation and shipping. Overall, the forecast is for the economy to expand 2.7 per cent this year and 2.8 per cent next year.

As the economy grows, the housing sector is forecast to expand. Existing home sales and prices will increase in 2011, but at a slower pace than 2010. Housing starts will total 22,050 units this year and 26,200 units next year as the number of single-detached and multiple-unit starts increase.

Mortgage rates fell over the course of 2009, but are now expected to remain relatively stable going forward. Posted mortgage rates will gradually increase throughout the course of 2010, but will do so at a slow pace. For 2010, the one-year posted mortgage rate is assumed to be in the 3.7-4.3 per cent range, while three and five-year

posted mortgage rates are forecast to be in the 4.4-6.0 per cent range. For 2011, the one-year posted mortgage rate is assumed to be in the 4.7-5.4 per cent range, while three and five-year posted mortgage rates are forecast to be in the 5.1-6.7 per cent range.

Mortgage rates		
1 Year	Q4 2009	3.67
	% pt. chg from Q4 2008	-2.43
	2010 (F)	3.90
	2011 (F)	5.06
5 Year	Q4 2009	5.64
	% pt. chg from Q4 2008	-1.41
	2010 (F)	5.82
	2011 (F)	6.48

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q4 2009 data

Housing Outlook

Improved demand and rising supply will characterize the housing market conditions in the province. Demand will benefit from increased momentum of the economy.

An improving economy and job market, together with relatively low mortgage interest rates during the first half of the year, will push sales of existing homes higher in 2010. Most of this increase will occur in the first quarter of 2010. Purchasers, who postponed buying a home during uncertain economic times, are returning to the housing market. In 2011, gradually rising mortgage rates may have a dampening effect on home sales.

Existing home prices in British Columbia increased sharply during the

second half of 2009. The momentum in resale prices is not expected to be sustained in 2010 as the supply of listings increases relative to sales. Resale prices will see only modest growth in 2011.

The number of single-detached home starts will rise in response to growing homeownership demand. The introduction of the Harmonized Sales Tax (HST) may move forward some home starts, offsetting starts that would have occurred in the second half of the year. Expect 10,150 single-detached home starts in 2010, and 11,000 in 2011.

Growing housing demand, combined with low and declining inventories of new and existing multiple-unit homes,

will encourage more multiple-unit projects. Builders will focus on phased projects, brought to the market as demand picks up. Expect an increase in the number of larger multiple-unit projects in 2011.

B.C. Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA ² (%)	Unemp. Rate SA ² (%)	Average Weekly Earnings (\$)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ³ (\$)
Kamloops	Q4 2009	0.2	7.2	n/a	Q4 2009	91	79	12	386	\$361,559
	Q4 2008	8.4	5.6	n/a	Q4 2008	49	41	8	175	\$349,010
	Change ¹	-8.2	1.6	-	% Change	85.7	92.7	50.0	120.6	3.6
Nanaimo	Q4 2009	-11.9	9.0	n/a	Q4 2009	172	94	78	435	\$331,201
	Q4 2008	15.5	4.3	n/a	Q4 2008	113	57	56	204	\$332,555
	Change ¹	-27.4	4.8	-	% Change	52.2	64.9	39.3	113.2	-0.4
Prince George	Q4 2009	-9.4	13.6	n/a	Q4 2009	42	40	2	253	\$247,263
	Q4 2008	-1.9	5.6	n/a	Q4 2008	56	20	36	199	\$232,210
	Change ¹	-7.5	8.0	-	% Change	-25.0	100.0	n/a	27.1	6.5
Abbotsford	Q4 2009	1.6	7.3	786	Q4 2009	119	91	28	726	\$356,104
	Q4 2008	3.8	5.9	737	Q4 2008	79	59	20	390	\$340,486
	Change ¹	-2.2	1.4	6.7%	% Change	50.6	54.2	40.0	86.2	4.6
Kelowna	Q4 2009	10.4	7.1	795	Q4 2009	297	156	141	869	\$417,489
	Q4 2008	2.5	5.8	788	Q4 2008	144	122	22	414	\$380,706
	Change ¹	7.9	1.4	0.9%	% Change	106.3	27.9	540.9	109.9	9.7
Vancouver	Q4 2009	-0.1	7.7	824	Q4 2009	2,695	1,109	1,586	9,467	\$630,444
	Q4 2008	0.4	4.7	815	Q4 2008	3,927	681	3,246	3,209	\$545,115
	Change ¹	-0.5	3.0	1.2%	% Change	-31.4	62.8	-51.1	195.0	15.7
Victoria	Q4 2009	-3.2	7.5	758	Q4 2009	414	237	177	1,666	\$494,854
	Q4 2008	1.1	3.8	767	Q4 2008	211	125	86	781	\$448,680
	Change ¹	-4.2	3.7	-1.2%	% Change	96.2	89.6	105.8	113.3	10.3
B.C.	December 09	-1.2	8.3	809	Q4 2009	5,284	2,795	2,489	21,509	\$490,356
	December 08	0.0	5.5	794	Q4 2008	6,120	2,007	4,113	9,181	\$415,408
	Change ¹	-1.2	2.8	1.8%	% Change	-13.7	39.3	-39.5	134.3	18.0
CANADA	December 09	-1.1	8.4	813	Q4 2009	46,577	24,643	21,934	106,415	\$338,807
	December 08	0.4	6.8	796	Q4 2008	47,067	20,882	26,185	67,095	\$282,667
	Change ¹	-1.5	1.6	2.1%	% Change	-1.0	18.0	-16.2	58.6	19.9

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¹Changes to the Unemployment Rate and Employment Growth represent the **absolute** difference between current rates and the rates for the same period in the previous year.

²Seasonally adjusted Labour Force data is not available for Kamloops, Nanaimo, Prince George, and Kelowna, therefore, raw data was used.

³MLS® Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA

"SA" means Seasonally Adjusted

British Columbia Housing Market Outlook											
(units and percentage change)											
	2005	2006	2007	2008	2009	2010(F)	2011(F)	2010Q1 (F)	2010Q2 (F)	2010Q3 (F)	2010Q4 (F)
Housing Starts:											
Single	13,719	15,433	14,474	10,991	7,892	10,150	11,000	10,900	10,300	9,800	9,600
%	-2.4	12.5	-6.2	-24.1	-28.2	28.6	8.4	-5.2	-5.5	-4.9	-2.0
Multiple	20,948	21,010	24,721	23,330	8,185	11,900	15,200	11,200	11,000	12,000	13,400
%	11.0	0.3	17.7	-5.6	-64.9	45.4	27.7	21.7	-1.8	9.1	11.7
Total	34,667	36,443	39,195	34,321	16,077	22,050	26,200	22,100	21,300	21,800	23,000
%	5.3	5.1	7.6	-12.4	-53.2	37.2	18.8	6.8	-3.6	2.3	5.5
Existing Home Markets:											
MLS® Sales	106,310	96,671	102,805	68,923	85,028	92,500	89,000	105,000	92,000	88,000	85,000
%	10.3	-9.1	6.3	-33.0	23.4	8.8	-3.8	-6.1	-12.4	-4.3	-3.4
MLS® Average Price	332,224	390,963	439,119	454,599	465,725	487,000	492,100	496,000	488,000	484,000	478,000
%	14.9	17.7	12.3	3.5	2.4	4.6	1.0	0.4	-1.6	-0.8	-1.2

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Source: CMHC (Starts and Completions Survey), CREA

B.C. Region - Housing Forecast Ranges						
	2010			2011		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	22,050	24,500	20,200	26,200	29,200	22,800
Multiple	11,900	13,500	10,900	15,200	17,100	13,000
Single	10,150	11,000	9,300	11,000	12,100	9,800
MLS [®] Sales	92,500	96,000	87,000	89,000	93,000	80,000
MLS [®] Average Price (\$)	487,000	495,000	475,000	492,100	510,000	480,000
Canada						
Housing Starts	171,250	189,300	152,000	175,150	205,600	156,400
Multiple	84,800	93,150	74,200	89,300	104,350	79,900
Single	86,450	96,150	77,800	85,850	101,250	76,500
MLS [®] Sales	486,700	509,900	455,350	469,950	494,600	426,300
MLS [®] Average Price (\$)	340,700	346,300	334,600	346,700	362,500	338,700

Sources : CMHC

MLS[®] is a registered trademark of the Canadian Real Estate Association (CREA).

B.C. Region Housing Forecast - New Construction									
	Housing Starts	2009	2010(F)*	% chg (2009/2010)	2011(F)*	% chg (2010/2011)	YTD 2009	YTD 2008	% chg (2008/2009)
Kamloops	Single-Detached	195	250	28.2	300	20.0	195	307	-36.5
	Multiple	225	250	11.1	250	0.0	225	271	-17.0
	Total	420	500	19.0	550	10.0	420	578	-27.3
Nanaimo	Single-Detached	267	520	94.8	550	5.8	267	389	-31.4
	Multiple	534	480	-10.1	550	14.6	534	532	0.4
	Total	801	1,000	24.8	1,100	10.0	801	921	-13.0
Prince George	Single-Detached	113	140	23.9	160	14.3	113	146	-22.6
	Multiple	32	50	56.3	60	20.0	32	69	-53.6
	Total	145	190	31.0	220	15.8	145	215	-32.6
Abbotsford	Single-Detached	210	220	4.8	220	0.0	210	358	-41.3
	Multiple	155	280	80.6	330	17.9	155	927	-83.3
	Total	365	500	37.0	550	10.0	365	1,285	-71.6
Kelowna	Single-Detached	404	525	30.0	600	14.3	404	765	-47.2
	Multiple	253	425	68.0	475	11.8	253	1,492	-83.0
	Total	657	950	44.6	1,075	13.2	657	2,257	-70.9
Vancouver	Single-Detached	2,929	3,500	19.5	4,000	14.3	2,929	3,634	-19.4
	Multiple	5,410	7,500	38.6	10,500	40.0	5,410	15,957	-66.1
	Total	8,339	11,000	31.9	14,500	31.8	8,339	19,591	-57.4
Victoria	Single-Detached	647	830	28.3	850	2.4	647	673	-3.9
	Multiple	387	740	91.2	1,060	43.2	387	1,232	-68.6
	Total	1,034	1,570	51.8	1,910	21.7	1,034	1,905	-45.7

* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

B.C. Region Housing Forecast - Resale Market									
		2009	2010(F)*	% chg (2009/2010)	2011(F)*	% chg (2010/2011)	YTD 2009	YTD 2008	% chg (2008/2009)
Kamloops¹	MLS [®] Sales(#)	1,916	2,150	12.2	2,250	4.7	1,916	1,652	16.0
	MLS [®] Avg. Price (\$)	359,072	380,000	5.8	395,000	3.9	359,072	381,633	-5.9
Nanaimo¹	MLS [®] Sales(#)	1,830	1,930	5.5	1,780	-7.8	1,830	1,599	14.4
	MLS [®] Avg. Price (\$)	318,616	340,000	6.7	353,000	3.8	318,616	332,555	-4.2
Prince George¹	MLS [®] Sales(#)	1,101	1,200	9.0	1,200	0.0	1,101	1,168	-5.7
	MLS [®] Avg. Price (\$)	235,424	250,000	6.2	255,000	2.0	235,424	240,240	-2.0
Abbotsford	MLS [®] Sales(#)	2,904	3,025	4.2	3,000	-0.8	2,904	2,674	8.6
	MLS [®] Avg. Price (\$)	340,206	350,000	2.9	355,000	1.4	340,206	355,099	-4.2
Kelowna	MLS [®] Sales(#)	3,660	4,100	12.0	4,300	4.9	3,660	3,445	6.2
	MLS [®] Avg. Price (\$)	400,450	425,000	6.1	445,000	4.7	400,450	430,755	-7.0
Vancouver	MLS [®] Sales(#)	36,257	38,000	4.8	37,000	-2.6	36,257	25,149	44.2
	MLS [®] Avg. Price (\$)	592,441	630,000	6.3	647,000	2.7	592,441	593,767	-0.2
Victoria	MLS [®] Sales(#)	7,660	7,800	1.8	7,300	-6.4	7,660	6,171	24.1
	MLS [®] Avg. Price (\$)	476,137	508,000	6.7	522,000	2.8	476,137	484,898	-1.8

* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.

MLS[®] is a registered trademark of the Canadian Real Estate Association (CREA).

¹ MLS[®] Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only

Source: CREA

(F) = CMHC Forecast

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2009	2010(F)	Oct 2009	Oct 2010(F)	Oct 2009	Oct 2010(F)
Kamloops	1.5	1.5	688	695	819	830
Nanaimo	3.4	2.5	629	645	768	780
Prince George	7.6	6.5	595	605	692	700
Abbotsford	6.1	4.5	646	650	781	795
Kelowna	3.0	3.0	737	730	897	890
Vancouver	2.1	1.5	919	945	1,169	1,210
Victoria	1.4	1.2	790	815	1,001	1,050
Canada¹	3.0	2.9	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

¹ All centres 100,000+

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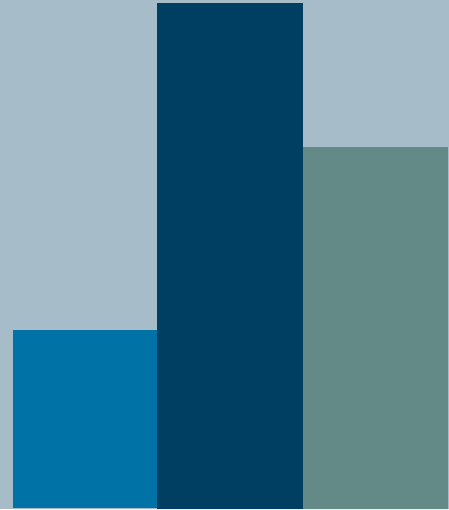
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