

HOUSING MARKET OUTLOOK

British Columbia Region Highlights

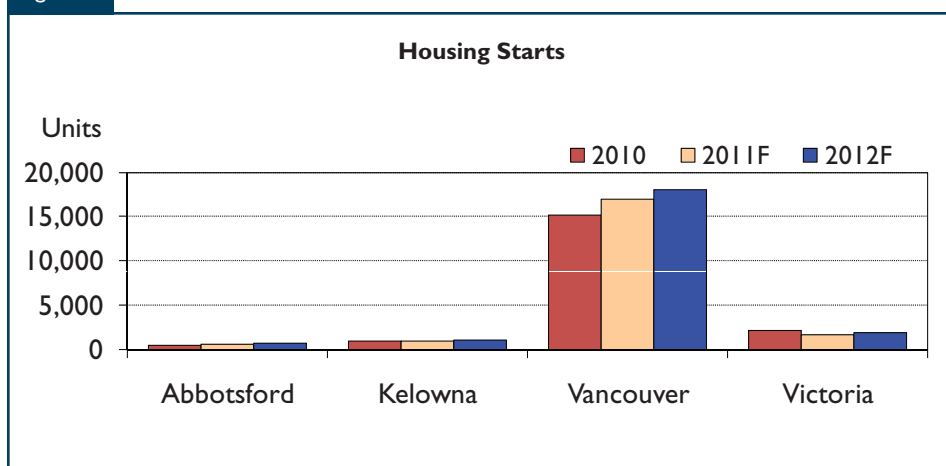


CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Starts Forecast to Increase in 2012

Figure 1



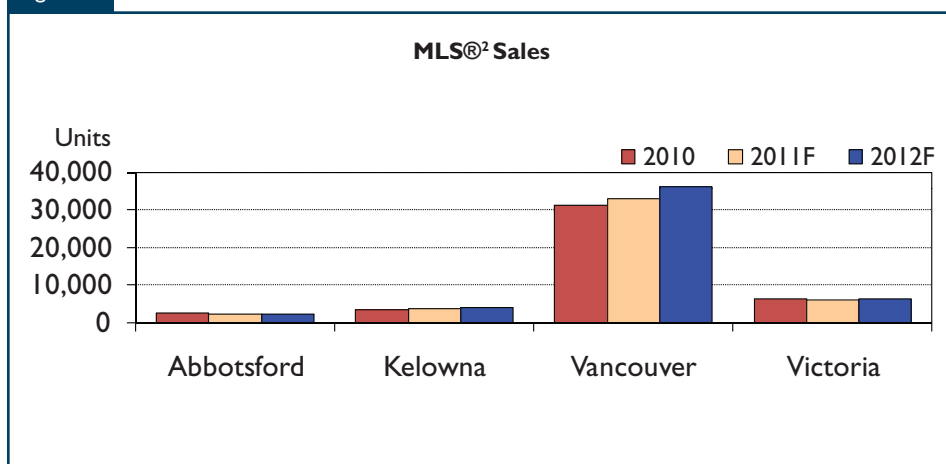
Overview¹

- Housing starts are forecast to increase next year, following a period of stable home building in 2011.
- Resale market conditions in British Columbia will remain balanced.
- Sales of existing homes are forecast to increase to 81,900 transactions in 2012, from a projected 77,200 transactions in 2011.
- The average MLS®² price is forecast to be \$564,900 in 2012, down one per cent from the 2011 projected price.

¹ 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 October 5, 2011, except for the addition of new information regarding the British Columbia and Nova Scotia shipbuilding contracts of October 19th, 2011.

² Multiple Listing Service® (MLS®) is a registered trademark owned by the Canadian Real Estate Association.

Figure 2



Economic Outlook

The pace of economic growth is expected to remain positive in 2012 supporting new housing construction, but stay below its trend rate of three per cent. Overall growth in construction levels will be supported by population-driven housing demand and consumers will benefit from relatively low mortgage interest rates.

Improving labour market conditions will lend support to the housing sector as job creation is expected to shift to more full-time employment. Service-based industries, such as health care, will see employment growth stemming from a growing population. While job gains in 2011

were concentrated in the Vancouver Census Metropolitan Area, 2012 is expected to see improvement in labour markets in other parts of the province. Demand from the economies in the Asia-Pacific region for key British Columbia resource-based exports will be a positive indicator for housing markets outside of Vancouver.

Population growth in the province has slowed but is expected to add about 26,000 households per year, and this will be concentrated in Vancouver. Interprovincial migration is assumed to add to the provincial population but could be affected by people looking for job opportunities in other parts of Canada and fewer

people moving to British Columbia from other provinces. International migration is expected to support housing demand, particularly in specific housing markets in Vancouver.

Mortgage rates		
1 Year	Q3 2011	3.50
	Change from Q3 2010	0.13
	2011 (F)	3.60
	2012 (F)	3.56
5 Year	Q3 2011	5.39
	Change from Q3 2010	-0.13
	2011 (F)	5.42
	2012 (F)	5.43

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q3 2011 data

Housing Market Outlook

Housing starts are forecast to increase in 2012, following a period of stable home building in 2011. Single-detached home starts picked up the pace in the second and third quarters of 2011, but will remain below their ten-year average level, as competition from a well-supplied existing home market holds back housing starts. Job creation and population growth will boost single-detached home starts in 2012.

Multi-family home starts will continue their upward trend during the forecast period. Demand for denser home types, particularly apartment condominiums, will reflect demographic trends such as an aging population. There are also affordability concerns and transportation considerations that influence demand for multi-family homes, as condominiums tend to be priced lower than single-detached homes, are located near major transportation routes, and can require less home maintenance.

The pace of resales is forecast to pick up gradually during 2012. Resale market conditions in British Columbia will remain balanced during 2012, however some regions of the province will see market conditions favouring home buyers rather than sellers.

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	Q3 2011	-0.6	6.1	n/a	Q3 2011	158	76	82	438	\$358,722
	Q3 2010	-3.7	8.2	n/a	Q3 2010	112	97	15	427	\$381,941
	Change ¹	3.2	-2.1	-	% Change	41.1	-21.6	**	2.6	-6.1
Nanaimo	Q3 2011	-15.6	9.8	n/a	Q3 2011	295	83	212	393	\$330,541
	Q3 2010	12.1	7.8	n/a	Q3 2010	166	92	74	372	\$334,089
	Change ¹	-27.7	2.0	-	% Change	77.7	-9.8	186.5	5.6	-1.1
Prince George	Q3 2011	1.6	7.5	n/a	Q3 2011	49	46	3	336	\$243,561
	Q3 2010	13.0	8.7	n/a	Q3 2010	90	64	26	261	\$229,549
	Change ¹	-11.4	-1.1	-	% Change	-45.6	-28.1	-88.5	28.7	6.1
Abbotsford	Q3 2011	-1.2	8.0	751	Q3 2011	109	77	32	712	\$346,999
	Q3 2010	2.5	7.7	768	Q3 2010	113	84	29	885	\$358,061
	Change ¹	-3.8	0.3	-2.2%	% Change	-3.5	-8.3	10.3	-19.5	-3.1
Kelowna	Q3 2011	1.1	6.9	745	Q3 2011	312	163	149	839	\$420,157
	Q3 2010	3.7	8.7	798	Q3 2010	230	188	42	713	\$424,047
	Change ¹	-2.7	-1.8	-6.6%	% Change	35.7	-13.3	**	17.7	-0.9
Vancouver	Q3 2011	2.6	7.1	861	Q3 2011	4,788	1,085	3,703	7,332	\$763,906
	Q3 2010	2.1	7.3	847	Q3 2010	4,256	1,223	3,033	6,787	\$672,544
	Change ¹	0.5	-0.2	1.7%	% Change	12.5	-11.3	22.1	8.0	13.6
Victoria	Q3 2011	1.3	6.3	843	Q3 2011	537	188	349	1,456	\$499,924
	Q3 2010	-0.9	5.2	830	Q3 2010	557	198	359	1,274	\$485,771
	Change ¹	2.1	1.1	1.6%	% Change	-3.6	-5.1	-2.8	14.3	2.9
B.C.	September 11	1.5	6.7	839	Q3 2011	7,551	2,776	4,775	19,032	\$535,109
	September 10	1.5	7.6	830	Q3 2010	7,259	3,101	4,158	16,885	\$491,156
	Change ¹	0.1	-0.9	1.1%	% Change	4.0	-10.5	14.8	12.7	8.9
CANADA	September 11	1.7	7.1	840	Q3 2011	55,615	24,803	30,812	116,664	\$354,637
	September 10	1.7	8.0	824	Q3 2010	52,671	25,929	26,742	103,252	\$328,925
	Change ¹	0.0	-0.9	1.9%	% Change	5.6	-4.3	15.2	13.0	7.8

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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

NOTE: Some of the data in this table, such as the MLS(R) sales and average price for Q3, became available after the cut-off date of October 5th 2011. As a result, this data was not considered for the forecast.

British Columbia Housing Market Outlook											
(units and percentage change)											
	2006	2007	2008	2009	2010	2011(F)	2012(F)	2011Q1	2011Q2	2011Q3(F)	2011Q4(F)
Housing Starts:											
Single	15,433	14,474	10,991	7,892	11,462	8,800	10,500	7,400	9,000	9,400	9,400
%	12.5	-6.2	-24.1	-28.2	45.2	-23.2	19.3	-18.7	21.6	4.4	0.0
Multiple	21,010	24,721	23,330	8,185	15,017	17,800	18,000	16,800	17,300	18,900	18,200
%	0.3	17.7	-5.6	-64.9	83.5	18.5	1.1	3.1	3.0	9.2	-3.7
Total	36,443	39,195	34,321	16,077	26,479	26,600	28,500	24,200	26,300	28,300	27,600
%	5.1	7.6	-12.4	-53.2	64.7	0.5	7.1	-4.7	8.7	7.6	-2.5
Existing Home Markets:											
MLS® Sales	96,671	102,805	68,923	85,028	74,640	77,200	81,900	86,584	74,004	71,500	76,800
%	-9.1	6.3	-33.0	23.4	-12.2	3.4	6.1	15.6	-14.5	-3.4	7.4
MLS® Average Price	390,963	439,119	454,599	465,725	505,178	570,500	564,900	578,889	579,899	562,000	559,500
%	17.7	12.3	3.5	2.4	8.5	12.9	-1.0	12.6	0.2	-3.1	-0.4

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Source: CMHC (Starts and Completions Survey), CREA

All data in this table, except the MLS (R) average price, is seasonally adjusted at annual rates. The MLS (R) average price data is actual.

Actual existing home markets data for the third quarter of 2011 became available after the cut-off date of October 5th 2011. As a result, this data was estimated.

B.C. Region - Housing Forecast Ranges						
	2011			2012		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	26,600	27,161	23,080	28,500	30,931	24,251
Multiple	17,800	17,929	15,236	18,000	18,595	15,058
Single	8,800	9,232	7,843	10,500	12,336	9,193
MLS® Sales	77,200	80,652	72,512	81,900	90,869	72,194
MLS® Average Price (\$)	570,500	588,238	553,397	564,900	596,062	542,348
Canada						
Housing Starts	191,000	196,000	167,000	186,750	204,600	159,900
Multiple	108,800	109,800	93,500	103,000	106,800	86,400
Single	82,200	86,200	73,500	83,750	97,800	73,500
MLS® Sales	450,100	470,000	423,500	458,500	508,000	405,100
MLS® Average Price (\$)	363,900	375,200	353,000	368,200	388,500	353,500

Sources : CMHC

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B.C. Region Housing Forecast - New Construction									
	Housing Starts	2010	2011(F)*	% chg (2010/2011)	2012(F)*	% chg (2011/2012)	YTD 2011**	YTD 2010**	% chg (2010/2011)
Kamloops	Single-Detached	360	250	-30.6	350	40.0	176	291	-39.5
	Multiple	281	275	-2.1	275	0.0	241	193	24.9
	Total	641	525	-18.1	625	19.0	417	484	-13.8
Nanaimo	Single-Detached	410	250	-39.0	300	20.0	197	333	-40.8
	Multiple	376	500	33.0	475	-5.0	388	287	35.2
	Total	786	750	-4.6	775	3.3	585	620	-5.6
Prince George	Single-Detached	151	135	-10.6	155	14.8	92	124	-25.8
	Multiple	62	50	-19.4	35	-30.0	39	44	-11.4
	Total	213	185	-13.1	190	2.7	131	168	-22.0
Abbotsford	Single-Detached	355	275	-22.5	250	-9.1	189	277	-31.8
	Multiple	161	300	86.3	400	33.3	173	74	133.8
	Total	516	575	11.4	650	13.0	362	351	3.1
Kelowna	Single-Detached	595	575	-3.4	700	21.7	398	476	-16.4
	Multiple	362	375	3.6	425	13.3	321	293	9.6
	Total	957	950	-0.7	1,125	18.4	719	769	-6.5
Vancouver	Single-Detached	4,533	3,300	-27.2	3,500	6.1	2,744	3,596	-23.7
	Multiple	10,684	13,700	28.2	14,500	5.8	10,516	7,541	39.5
	Total	15,217	17,000	11.7	18,000	5.9	13,260	11,137	19.1
Victoria	Single-Detached	827	590	-28.7	650	10.2	478	696	-31.3
	Multiple	1,291	1,110	-14.0	1,200	8.1	803	1,013	-20.7
	Total	2,118	1,700	-19.7	1,850	8.8	1,281	1,709	-25.0

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

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

** YTD = January - September

B.C. Region Housing Forecast - Resale Market									
		2010	2011(F)*	% chg (2010/2011)	2012(F)*	% chg (2011/2012)	YTD 2011**	YTD 2010**	% chg (2010/2011)
Kamloops¹	MLS [®] Sales(#)	1,614	1,750	8.4	2,000	14.3	1,318	1,342	-1.8
	MLS [®] Avg. Price (\$)	370,991	372,000	0.3	380,000	2.2	370,256	376,231	-1.6
Nanaimo¹	MLS [®] Sales(#)	1,598	1,600	0.1	1,700	6.3	1,209	1,293	-6.5
	MLS [®] Avg. Price (\$)	330,774	330,000	-0.2	333,000	0.9	327,989	333,272	-1.6
Prince George¹	MLS [®] Sales(#)	1,034	995	-3.8	1,000	0.5	870	833	4.4
	MLS [®] Avg. Price (\$)	240,667	247,500	2.8	253,000	2.2	246,716	242,702	1.7
Abbotsford	MLS [®] Sales(#)	2,582	2,300	-10.9	2,200	-4.3	1,263	1,535	-17.7
	MLS [®] Avg. Price (\$)	341,854	335,000	-2.0	330,000	-1.5	339,087	349,816	-3.1
Kelowna	MLS [®] Sales(#)	3,289	3,500	6.4	3,900	11.4	2,611	2,691	-3.0
	MLS [®] Avg. Price (\$)	419,884	405,000	-3.5	415,000	2.5	406,536	417,763	-2.7
Vancouver	MLS [®] Sales(#)	31,144	33,000	6.0	36,000	9.1	26,482	24,276	9.1
	MLS [®] Avg. Price (\$)	675,853	788,000	16.6	805,000	2.2	791,331	668,356	18.4
Victoria	MLS [®] Sales(#)	6,169	5,900	-4.4	6,300	6.8	4,535	4,943	-8.3
	MLS [®] Avg. Price (\$)	504,561	500,000	-0.9	505,000	1.0	502,495	504,215	-0.3

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

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

** YTD = January - September

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2010	2011(F)	Oct 2010	Oct 2011(F)	Oct 2010	Oct 2011(F)
Kamloops	2.6	3.0	685	690	816	820
Nanaimo	3.3	3.6	648	670	789	810
Prince George	7.7	8.0	592	600	709	705
Abbotsford	6.5	6.5	655	665	785	800
Kelowna	3.5	5.5	740	745	898	910
Vancouver	1.9	2.5	940	965	1,195	1,230
Victoria	1.5	1.9	806	810	1,024	1,040
Canada¹	2.9	2.5	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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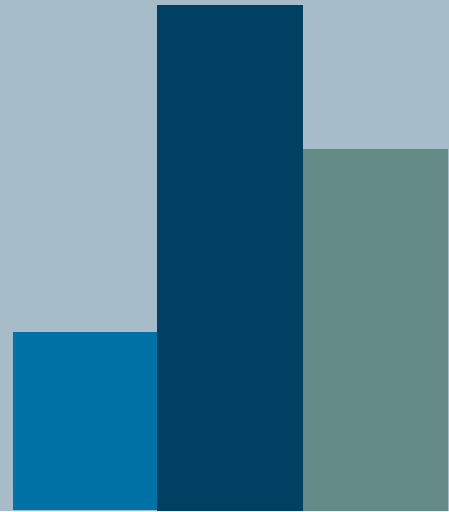
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