

HOUSING FORECAST

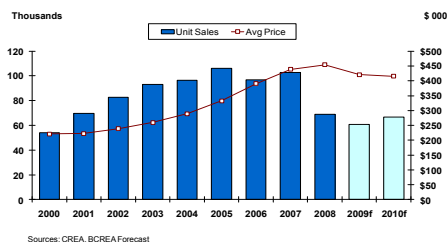
ECONOMICS SPRING 2009

HOUSING MARKET STABILIZING

Residential unit sales on the Multiple Listing Service® (MLS®) in BC are forecast to decline 12 per cent to 60,755 units this year, largely the result of a weak first quarter. However, home sales have climbed out of the trough recorded during the win-

ter months, posting double-digit gains for three consecutive months on a seasonally adjusted basis. Despite the recessionary environment, home sales are now more in line with expectations. Home sales going forward will likely mirror the level experienced at the beginning of the decade, before the most recent bull market.

BC MLS® Sales



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Despite the recessionary environment, home sales are now more in line with expectations. Home sales going forward will likely mirror the level experienced at the beginning of the decade, before the most recent bull market.

Recent elevated sales activity is expected to continue for the balance of the year and through 2010. BC MLS® residential sales are forecast to climb 10 per cent to 66,740 units next year.

Housing affordability has improved markedly. The combination of lower home

prices and record low mortgage interest rates has reduced the monthly carrying cost of the average priced home 24 per cent over the last year. Housing affordability is now at a three year high. First-time buyers were largely absent in the late fall and winter months, making it more difficult for move-up buyers to sell their current homes. The increase in affordability has now brought many first-time buyers back into the market, thereby oiling the chain of ownership.

Increased consumer demand combined with a downward trend in the number of homes for sale has improved market conditions. Balanced markets are now emerging in Victoria, Vancouver and the Fraser Valley, with the interior markets likely soon to follow.

The forecast for home prices has been revised upwards to reflect stronger market conditions. The average BC MLS® residential price is forecast to decline 8 per cent to \$420,600 this year. Most of the decline has already occurred and relatively stable prices are expected to filter out from Victoria and the Lower Mainland into the interior over the balance of the year.

See **HOUSING STARTS** Page 3

MLS®	08	09f	10f
Sales	68,923 (33%)	60,755 (12%)	66,740 10%
Avg Price	454,599 4%	420,600 (8%)	415,200 (1%)
\$ Volume	31.3 Bil (31%)	25.6 Bil (18%)	27.7 Bil 8%
Housing Starts¹			
Total	34,321 (12%)	16,600 (52%)	21,460 29%
Single	10,991 (24%)	6,400 (42%)	7,560 18%
Multiple	23,330 (6%)	10,200 (56%)	13,900 36%

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1. Sources: CMHC, BCREA Forecast



ECONOMIC OUTLOOK

Weak demand for commodities, continuing problems in the financial markets and lower asset prices are expected to restrain the economy again this year. After contracting 0.3 per cent last year, real GDP growth in the province is forecast to decline 2.1 per cent in 2009, and then climb 2.2 per cent in 2010.

Demand for BC resources is unlikely to markedly improve until 2010. However, early signs of rising consumer confidence are emerging. BC MLS® home sales have posted gains in three consecutive months on a seasonally adjusted basis. Low interest rates are making big-ticket items more affordable and will likely provide a boost to consumer spending during the second half of the year. Improvement in retail sales will be a strong signal that recovery in the economy is underway.

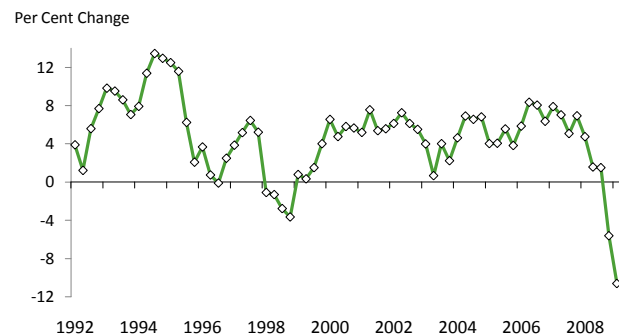
Employment growth is expected to remain tepid for the balance of the year as firms continue to curb expenses and adjust to lower demand levels. Employment in the province is forecast to decline 2.6 per cent this year. Resource extraction, manufacturing, construction and transportation will be the hardest hit, while health, social services and education will be the brightest lights on the job front. The unemployment rate is expected to average 7.5 per cent this year, well above the 4.6 per cent recorded in 2008. However, previous recessions have induced much higher unemployment rates. Next year the unemployment rate is forecast to decline to 6.6 per cent on the strength of higher commodity prices, Olympic related tourism, increased construction activity and stronger retail sales.

Despite weakness in the economy, BC households are faring much better than those in the US. The average weekly wage is expected grow at a much slower rate both this year and next. However, with low price inflation, workers will unlikely experience a decline in their purchasing power. In addition, more than 45 per cent of recent home purchases in the US involved a distressed sale, and 7.88 per cent of mortgages were in arrears. In contrast, Canada is also experiencing an increase in mortgages in arrears, but were a relatively tame 0.39 per cent at the end of the first quarter. Mortgages in arrears in BC were lower than the national average, reaching 0.29 per cent in March.

	08	09f	10f
Real GDP Growth	(0.3%)	(2.1%)	2.2%
Employment (Millions)	2.31	2.26	2.29
	2.1%	(2.6%)	1.6%
Unemployment (000s)	111.6	165.9	160.2
Rate	4.6%	7.5%	6.6%
Personal Disposable Income (\$ Millions)	125,386	124,759	129,749
	7%	(0.5%)	4%
Average Weekly Wage	\$781	\$795	\$808
	4.4%	2.0%	1.6%
Retail Sales (\$Billions)	56.6	53.7	55.8
	0%	(5.1%)	3.9%
Net International Migration	55,109	53,500	55,900
	29%	(3%)	4.5%
Net Interprovincial Migration	6,450	6,000	7,400
	(58%)	(8.0%)	23%
Total Net Migration	61,559	59,500	63,300
	6%	(3%)	6%

Sources: Statistics Canada, BC Stats, BCREA Forecast

BC Retail Sales Growth

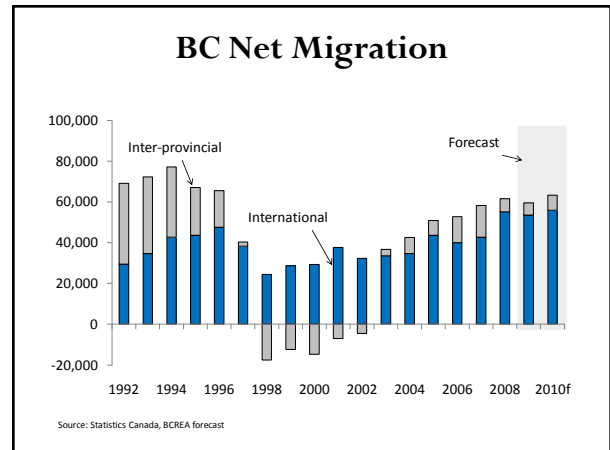
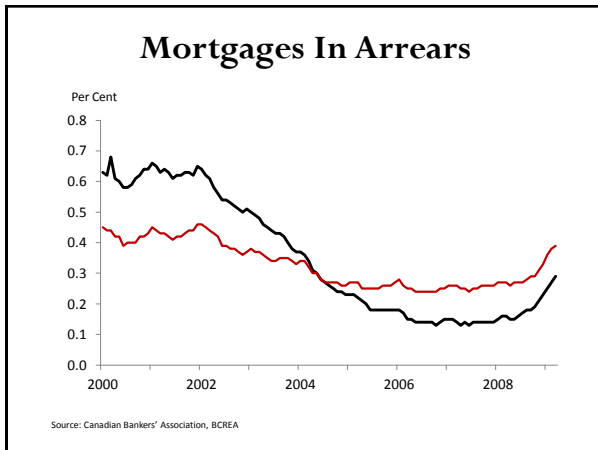


Sources: Statistics Canada, BC Real Estate Association, y-o-y per cent change

... Continued on Page 3

Net migration is an important component to the economy and the housing market. International migration is not as susceptible to the ebbs and flows of the business cycle as inter-provincial migration. More than 55,000 net individuals immigrated to the province last year, comprising 90 per cent of all net migrants. While net international migration is forecast to decline 3 per cent to 53,500 individuals this year, it is a sizable number, representing 1.2 per cent of BC's population.

Inter-provincial migration is influenced by the relative strength of provincial economies. The current economic climate has made employment opportunities relatively scarce in all provinces. After declining 58 per cent to 6,450 individual last year, net inter-provincial migration is forecast to decline another 8 per cent to 6,000 individuals in 2009. However, total net migration is expected to edge down by just 3 per cent this year and then rise by 6 per cent in 2010.

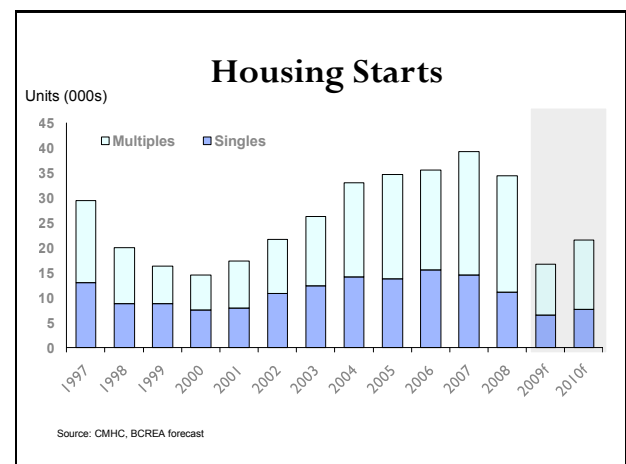


HOUSING STARTS

BC home builders have dramatically pulled back construction. Housing starts in the province's urban areas were down 70 per cent Jan.-Apr. compared to the previous year. Weak consumer demand, rising inventories of complete and unsold homes and tighter credit conditions have many builders concentrating on inventory reduction rather than increasing production.

Housing starts in the province are forecast to decline 52 per cent to 16,600 units this year, the lowest annual total since 2000 when just 14,418 residential units were started. The largest declines will occur in multiple unit construction, where complete and unsold units have increased most rapidly. Multiple housing starts are forecast to decline 56 per cent to 10,200 units this year. Single-detached housing starts are forecast to decline 42 per cent to 6,400 units in 2009.

A slower expansion of the housing stock will enable the overhang of new home inventory to draw down. Reduced



new construction also helps underpin home prices as the total number of homes for sale, both new and resale, trends lower. By 2010, builders are expected to begin increasing production as rising demand, lower inventories and a signals of recovery in the economy focus their attention on market opportunities.

VICTORIA REAL ESTATE BOARD

Victoria is proving to be the most resilient housing market during the current downturn in the provincial economy. With a relatively large proportion of workers on government payrolls, concern for job security is less widespread. In addition, a sizable number of major projects underway in the region are helping to offset weaker activity in the tourism sector. While the global economic recession will continue to negatively impact the province through 2009, Victoria is expected to fair relatively better than other BC major centres.

A sharp downturn in home sales was experienced last year, declining 27 per cent over 2007. While recent data suggests improvement in consumer demand, the low level of sales

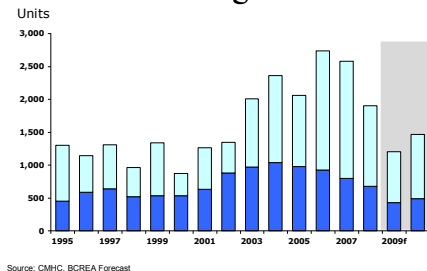
recorded at the beginning of the year will pull the annual total lower again in 2009. MLS® residential sales through Victoria Real Estate Board are forecast to decline a further 5 per cent to 5,850 units this year.

However, housing

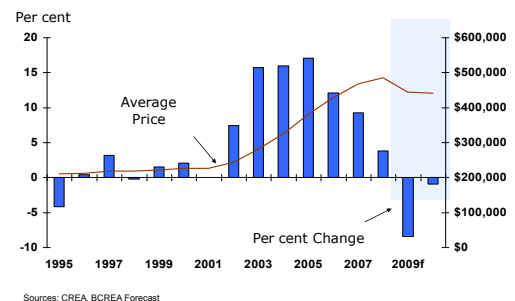
demand is now well above the trough recorded during the winter months and home sales are expected to remain higher for the balance of this year and through 2010. MLS® residential sales are forecast to increase 6 per cent to 6,200 units next year.

A marked improvement in housing market conditions over the last three months has shifted Victoria from a buyer's market to a balanced market. The combination of fewer homes for sale and increased consumer demand is putting little, if any, downward pressure on home prices. Lower home prices and record low mortgage interest rates have contributed to a sizable increase in affordability. At the beginning of April, the carrying cost of the average priced home in Victoria was 25 per cent less than the previous year. This is drawing first-time buyers back into the market and enabled move-up buyers to sell their current homes. A significant pull-back in housing starts this year is limiting growth in the housing stock and setting the stage for a much healthier market in the months to come.

Housing Starts



MLS® Prices

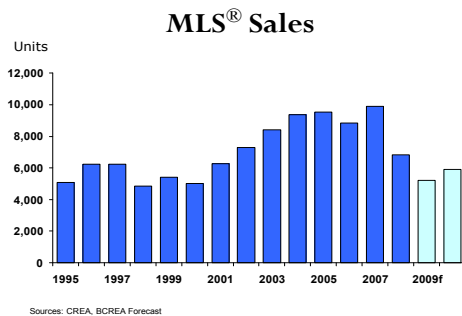


MLS®	08	09f	10f
Sales:			
Total ¹	6,171 (27%)	5,850 (5%)	6,200 6%
Detached	3,646 (25%)	3,460 (5%)	3,690 7%
Attached	648 (28%)	615 (5%)	650 6%
Apartment	1,700 (29%)	1,590 (6%)	1,665 5%
Avg Price:			
Total	484,898 4%	444,000 (9%)	445,000 (0%)
Detached	586,281 4%	534,000 (9%)	535,000 0%
Attached	427,216 6%	394,000 (8%)	390,000 (1%)
Apartment	320,207 1%	282,000 (12%)	279,000 (1%)
Housing Starts²			
Victoria CMA			
Total	1,905 (26%)	1,205 (37%)	1,415 17%
Single	673 (15%)	425 (37%)	490 15%
Multiple	1,232 (31%)	780 (37%)	925 19%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

VANCOUVER ISLAND REAL ESTATE BOARD



MLS®	08	09f	10f
Sales:			
Total ¹	6,817 (31%)	5,200 (24%)	5,900 14%
Detached	4,403 (31%)	3,440 (22%)	3,875 13%
Attached	778 (35%)	580 (25%)	670 16%
Apartment	692 (37%)	480 (31%)	550 15%
Avg Price:			
Total	330,556 6%	300,000 (9%)	296,000 (1%)
Detached	362,566 6%	328,000 (10%)	324,000 (1%)
Attached	242,827 4%	220,200 (9%)	218,000 (1%)
Apartment	214,644 10%	177,500 (17%)	178,000 0%
Housing Starts²			
Nanaimo CA			
Total	921 11%	415 (55%)	490 18%
Single	389 28%	165 (58%)	215 30%
Multiple	532 80%	250 (53%)	275 10%

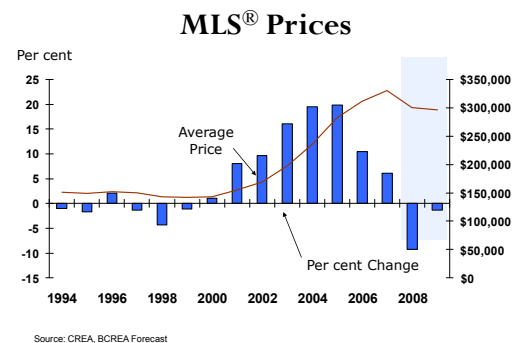
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

MLS® residential sales activity through the Vancouver Island Real Estate Board (VIREB) region are expected to stabilize after declining sharply in 2008 and early this year. BCREA forecasts home sales to reach 5,200 units in 2009, a 24 per cent decline from 2008, before rebounding by 10 per cent in 2010. However, sales will remain lower by historical standards and comparable with levels seen in the 2001-2002 period. Buyer's market conditions are expected to persist in the near term, particularly in the apartment market, providing some further downward pressure on prices. The annual MLS® home price is forecast to average \$300,000 in 2009, representing a 9 per cent decline from 2008, with a further 1 per cent drop in 2010.

In tandem with the rest of the province, economic conditions on the Island have weakened in the last few quarters. Jobs have been shed, particularly in the forestry sector, leading to higher unemployment rates. However, recent population gains and a large cohort of retirees with stable incomes is helping to offset generally weaker economic conditions. Growth in retiree residents is benefiting local economies as increasing demand for health and financial services creates high paying jobs.

Markets dependent on inflows of retirees and recreational buyers also experience lower home sales in recessionary conditions. Retiree and recreational purchases are dependent on wealth and confidence levels which have all been negatively impacted by the current economic conditions and equity market declines. While all areas of the region attract a significant number of retiree homebuyers, the Parksville-Qualicum, Islands and Comox Valley areas experience the highest ratio of retirees to total buyers and while improving, market conditions will favour homebuyers until the fall. Retiree demand will likely rebound over the next few years as a greater number of boomers enter their retirement years. A stabilization in sales in the near-term will be driven by local buyers drawn back into the market by improved affordability from lower prices and mortgage rates.

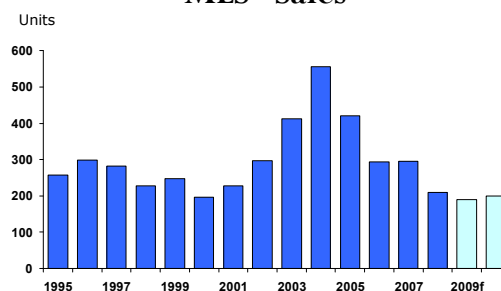


POWELL RIVER SUNSHINE COAST REAL ESTATE BOARD

MLS® sales in the Powell River area are forecast to decline another 10 per cent to 190 units this year. However, this reflects the extraordinarily weak demand experienced province-wide during the winter months. Market conditions are improving as the imbalance between supply and demand narrows. Lower home prices and historically low mortgage interest rates have boosted affordability to a 24 month high. Increased affordability and more favorable economic conditions by year-end is expected to increase demand. Home sales are forecast to rebound by 5 per cent to 200 units in 2010.

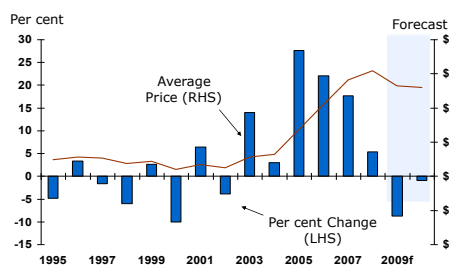
The local economy is geared toward the resource sector, but is slowly diversifying away from this dependency. Tourism is

MLS® Sales



Sources: CREA, BCREA Forecast

MLS® Prices



Sources: CREA, BCREA Forecast

a growing sector, but is being impacted by the global economic recession. US visits to Canada are down and some continued belt-tightening by BC households means summer vacation plans may be cur-

tailed. Weaker pulp and other commodity prices will likely persist through this year and into 2010.

After increasing 5 per cent in 2008, home prices in Powell River are forecast to be 10 per cent lower this year, averaging \$232,000. However, most of the downward adjustment in home prices has already occurred and a stabilization of home prices is expected in the coming months. The sharpest decline has occurred in condominiums as larger inventories and fewer high-end buyers has put additional downward pressure on the average price of this home type.

Housing starts in the Powell River CA fluctuate dramatically. Over the last ten years new residential construction has ranged from 0 to 90 units per year. A resource-oriented economy with a relatively small population typically experiences ebbs and flows in housing construction that correlates with commodity cycles. As a result, housing starts are expected to decline 40 per cent to 26 units this year. A recovery in the BC economy is expected to boost housing starts in the Powell River CA 23 per cent to 32 units in 2010.

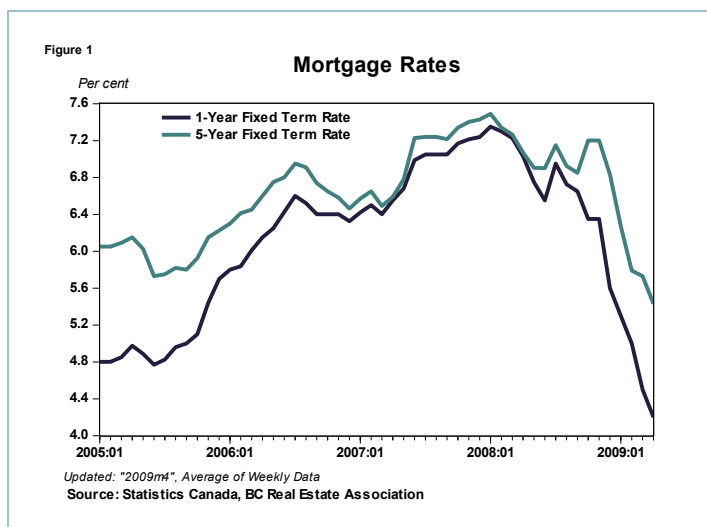
MLS®	08	09f	10f
Sales:			
Total ¹	210	190	200
	(29%)	(10%)	5%
Detached	159	145	155
	(33%)	(31%)	6%
Condo	34	35	35
	(3%)	3%	0%
Avg Price:			
Total	254,117	232,000	230,000
	5%	(9%)	(1%)
Detached	291,355	265,000	262,000
	8%	(9%)	(1%)
Condo	176,882	145,000	145,000
	8%	(18%)	0%
Housing Starts²			
Powell River CA			
Total	43	26	32
	169%	(40%)	23%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

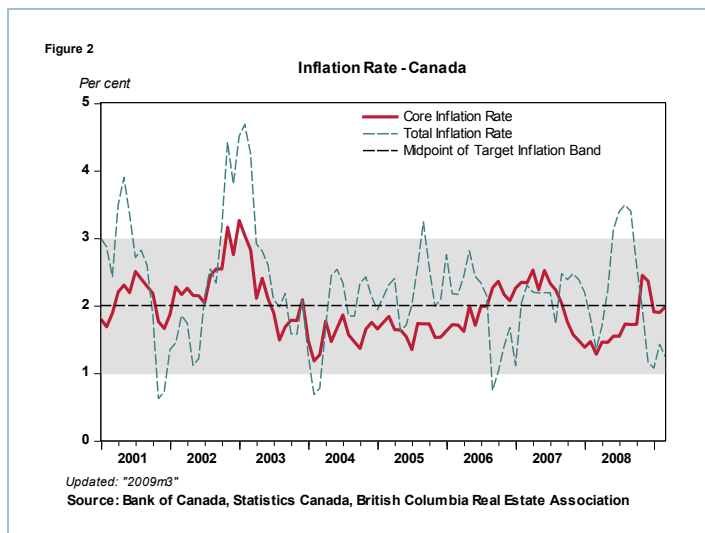
MORTGAGE RATE FORECAST

Canadian home buyers have benefited from sharp declines in mortgage rates this year. The posted one-year borrowing cost on a fixed term mortgage fell to 3.9 per cent at the end of April, marking a 170 basis points (bps) decline since the end of 2008. The five-year fixed term mortgage rate fell to 5.25 per cent, down from 6.5 per cent during the same period. Rates are now at the lowest level on record, precluding any discounts often offered by lenders (Fig. 1). BCREA forecasts posted mortgage rates to remain near-record low levels before rising in 2010.



A weak economy and moderate risk of inflation in the near future has set the stage for a continuation of low mortgage rates in the next year. The global economy remains mired in the deepest recession in the post-World War II period. Households and businesses have cut back on spending and investment, impacting global trade flows and confidence around the world. Lower US demand for Canadian produced goods like vehicles, auto supplies and lumber coupled with drops in commodity prices have weakened export volumes, while declines in domestic demand have created excess capacity in Canada's economy and job losses.

These factors have lowered price levels, particularly for products such as gasoline and vehicle leasing and purchasing. Consumer price inflation fell to 1.2 per cent in March, down from a high of 3.5 per cent in August 2008 and below the Bank of Canada's (BOC) target of 2 per cent (Fig. 2). As a result, the BOC lowered its target for the overnight interest rate on April 21 to 0.25 per cent in a further effort to



stimulate the economy. The BOC also stated in its Monetary Policy Report that this rate would hold until the second quarter of 2010, contingent on its inflation outlook.

Variable mortgage rates, which generally move in lock-step with the prime and hence the overnight rate, have essentially dropped to the lowest level possible with the latest rate decline. Fixed term mortgage rates which are closely related to bond yields and deposit rates of similar maturity, are expected to remain stable near current levels before rising in the first quarter of 2010 when expectations for an economic recovery and higher price inflation yield higher expected future interest rates. In the meantime, gradual improvements in credit market conditions should lower the cost of mortgage market funds raised in capital markets, providing modest downward pressure on mortgage rates during the next two quarters.

Mortgage Rate Forecast							
	2008	2009				2010F	
Term	Q4	Q1	Q2F	Q3F	Q4F	Q1	Average
1-Year	6.08	4.93	4.00	3.85	3.85	4.00	4.30
5-Year	7.07	5.93	5.30	5.20	5.20	5.30	5.50

¹ Average of weekly data

Source: Bank of Canada, BCREA Forecast

REAL ESTATE BOARD OF GREATER VANCOUVER

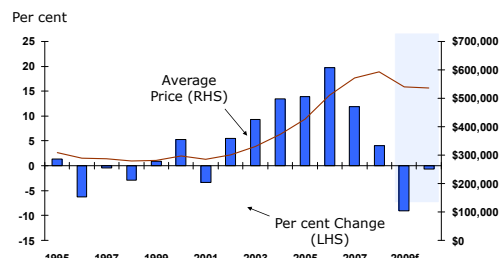
The Vancouver housing market is exhibiting strong signs of improvement compared to the beginning of the year. While the global recessionary environment continues to loom, housing demand increased for three consecutive months through April. The market is now expected to show stability for the balance of the year.

A marked improvement in affordability is inducing many first-time buyers to get off the fence and enter the market. At the beginning of April, the carrying cost of the average priced home was 26 per cent less than a year ago, and the lowest in more than three years. The combination of lower home prices and record low mortgage interest rates is pushing up demand. The re-emergence of first-time buyers is helping to grease the chain of ownership. As a result, move-

up buyers are now better able to sell their own homes and complete on their new purchase.

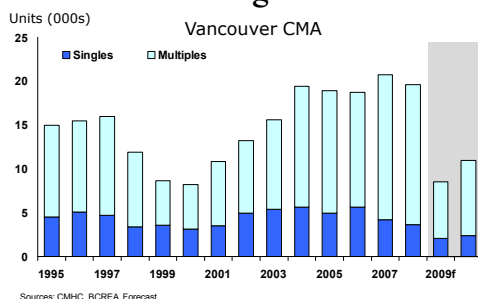
MLS® residential sales through the Real Estate Board of Greater Vancouver are forecast to edge down another 5 per

MLS® Prices



Sources: CREAA, BCREA Forecast

Housing Starts



Sources: CMHC, BCREA Forecast

cent this year to 23,500 units. This reflects the extremely low sales level at the beginning of the year. A much higher number of sales are expected through the balance of this year and through 2010. MLS® residential sales are forecast to increase 9 per cent to 26,000 units in 2010.

The imbalance between supply and demand that was experienced in the fall and winter months has waned. Market conditions have improved from a buyers to a balanced market over the first four months of the year. This means that going forward there will likely be little downward pressure on home prices. The average MLS® residential sales price is forecast to be down 9 per cent to \$540,000 this year. However, most of the decline has already occurred and greater price stability is expected for the balance of the year. A sharp pullback in housing starts this year will also moderate expansion of the housing stock and keep the overall inventory of homes for sale more closely in line with demand.

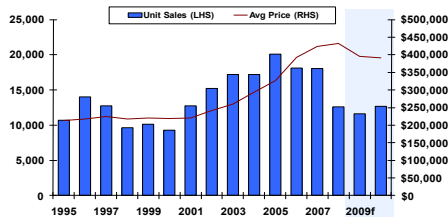
MLS®	08	09f	10f
Sales:			
Total ¹	25,149 (36%)	23,800 (5%)	26,000 9%
Detached	9,317 (38%)	8,545 (8%)	9,400 10%
Attached	4,409 (36%)	4,100 (7%)	4,600 12%
Apartment	11,051 (33%)	10,450 (5%)	11,600 11%
Avg. Price:			
Total	593,767 4%	540,000 (9%)	536,000 (1%)
Detached	868,715 7%	787,000 (9%)	785,000 0%
Attached	501,772 5%	448,000 (11%)	445,000 (1%)
Apartment	399,972 3%	359,000 (10%)	352,000 (2%)
Housing Starts²			
Vancouver CMA			
Total	19,591 (6%)	9,900 (49%)	12,700 28%
Single	3,634 (14%)	1,950 (46%)	2,300 18%
Multiple	15,957 (3%)	7,950 (50%)	10,400 31%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

FRASER VALLEY REAL ESTATE BOARD

MLS® Activity



Sources: CREA, BCREA Forecast

MLS®	08	09f	10f
Sales:			
Total ¹	12,588	11,600	12,700
	(30%)	(8%)	10%
Detached	6,365	5,750	6,375
	(31%)	(10%)	11%
Attached	2,824	2,610	2,800
	(28%)	(8%)	7%
Apartment	2,590	2,415	2,640
	(29%)	(7%)	9%
Avg. Price:			
Total	431,781	395,000	391,000
	2%	(9%)	(1%)
Detached	538,326	495,000	490,000
	3%	(8%)	(1%)
Attached	337,344	305,000	300,500
	3%	(10%)	(2%)
Apartment	229,530	208,000	205,000
	6%	(9%)	(1%)
Housing Starts²			
Abbotsford CMA			
Total	1,285	615	750
	18%	(52%)	22%
Single	358	225	285
	(32%)	(37%)	27%
Multiple	927	390	465
	65%	(58%)	19%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

The Fraser Valley housing market is expected to reach balanced conditions by the end of spring this year. MLS® residential sales have improved markedly from the winter months on a seasonally adjusted basis. The imbalance between supply and demand that led to falling home prices has narrowed considerably.

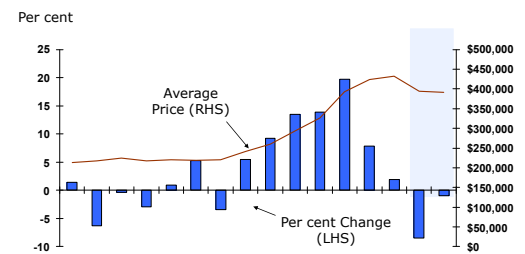
Despite higher sales activity this spring, the low level of sales recorded at the beginning of the year will pull total sales in 2009 lower. MLS® residential sales are forecast to decline a further 8 per cent this year to 11,600 units. However, stronger sales activity is expected for the balance of the year and through 2010. Total MLS® residential sales are expected to climb 10 per cent in 2010 to 12,700 units.

Historically low mortgage interest rates have magnified the impact of lower home prices on affordability. Heading into the spring market, the carrying cost of the average priced home was 24 per cent less than a year ago. This is equivalent to a 24 per cent decline in home prices at last year's interest rate. Housing affordability in the Fraser Valley is at a three-year high and many first-time buyers are taking advantage of this boost.

The average MLS® residential price is forecast to decline 9 per cent to \$395,000 this year. However, most of the reduction in home prices has already occurred. The Fraser Valley is expected experience relatively stable home prices through the balance of the year.

Housing starts are forecast to pull back dramatically this year. Rising inventories and tighter credit conditions will curb residential construction in 2009. As a result, housing starts in the Abbotsford CMA are forecast to decline 52 per cent 615 units. A slower expansion of the housing stock will have a positive impact on home prices as the combined inventory of new and resale homes trends lower.

MLS® Prices



Sources: CREA, BCREA Forecast

CHILLIWACK AND DISTRICT REAL ESTATE BOARD

The Chilliwack housing market has mirrored the rest of the province over the last year. MLS® residential sales in Chilliwack fell 38 per cent to 2,036 units in 2008. The financial crisis, sharp correction in the equity markets and looming recession caused many households to pull back on major purchases. However, the housing market has exhibited strong improvement since the winter months when home sales hit bottom.

MLS® residential sales are forecast to decline a further 14 per cent to 1,760 units this year. The decline is largely the result of poor first quarter results and higher sales levels are expected through the balance of this year. Stronger market performance now being experienced in Vancouver and the Fraser Valley is beginning to filter into Chilliwack. A marked increase in affordability is driving many first-time buyers into the market. At the beginning of April, the carrying cost on the average priced home in Chilliwack was 26 less than a

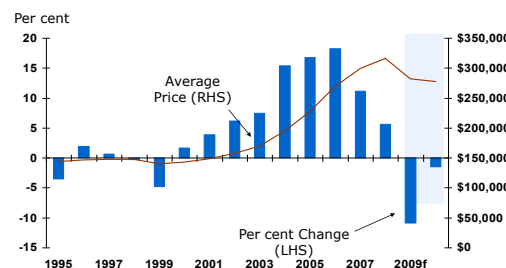
year ago, making homes more affordable than at any time in the last three years. The Chilliwack market is now trending away from a buyer's market toward balanced conditions. MLS® residential sales are forecast to

increase 9 per cent next year to 1,920 units.

The average MLS® residential price is forecast to decline 11 per cent to \$281,800 this year. However, most of that decline has already occurred and stability in home prices is likely to develop over the summer months. Next year, a 2 per cent decline in the average home price is expected. This reflects stable home prices developing this year and carrying through 2010.

Housing starts in Chilliwack reflect the province-wide reduction in residential construction. A total of 345 foundations are expected to be poured this year, a 56 per cent decline. This will likely be a temporary condition as home builders concentrate on reducing their standing inventories. Housing starts are forecast to rebound 42 per cent in 2010.

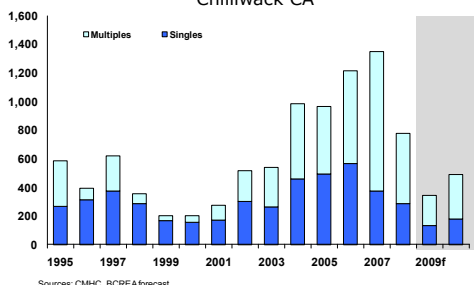
MLS® Prices



Sources: CREAA, BCREA Forecast

Housing Starts

Chilliwack CA



Sources: CMHC, BCREA Forecast

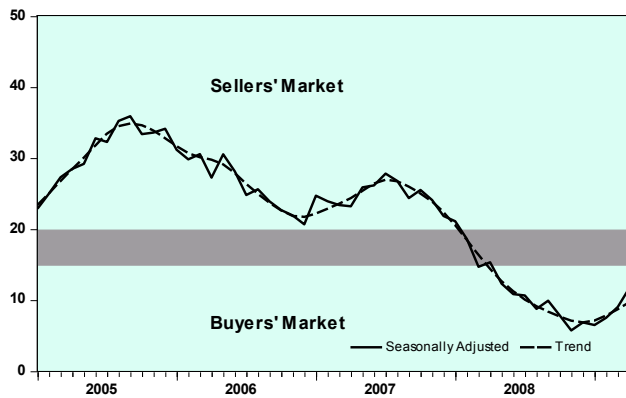
MLS®	08	09f	10f
Sales:			
Total ¹	2,036 (38%)	1,760 (14%)	1,920 9%
Detached	1,130 (40%)	955 (16%)	1,050 10%
Condo	783 (35%)	680 (13%)	735 8%
Avg. Price:			
Total	316,229 6%	281,800 (11%)	277,500 (2%)
Detached	355,625 6%	321,000 (10%)	318,000 (1%)
Condo	236,383 7%	217,000 (8%)	212,000 (2%)
Housing Starts²			
Chilliwack CA			
Total	779 (44%)	345 (56%)	490 42%
Single	286 (24%)	135 (53%)	180 33%
Multiple	493 (50%)	210 (57%)	310 32%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

BC MARKET INDICATORS

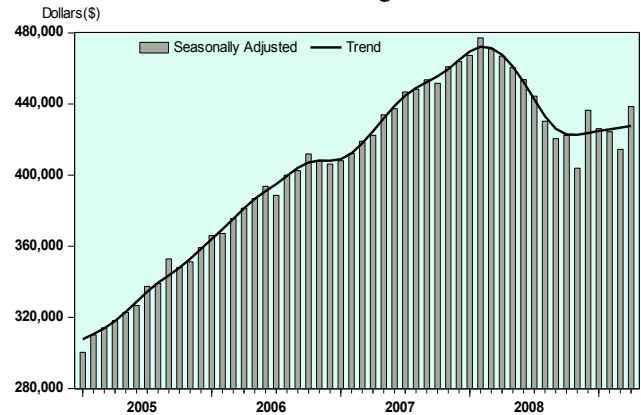
BC Province Sales-to-Active Listings Ratio



Latest Data Point: "2009m4", Monthly

Source: Canadian Real Estate Association, BC Real Estate Association

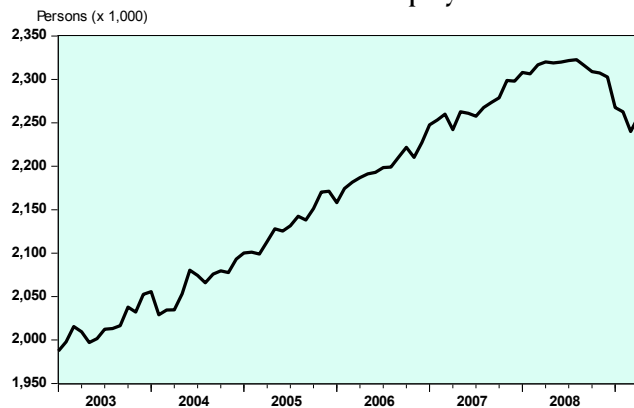
BC Province Average MLS® Price



Latest Data Point: "2009m4", Monthly Data, Seasonally Adjusted

Source: Canadian Real Estate Association, BC Real Estate Association

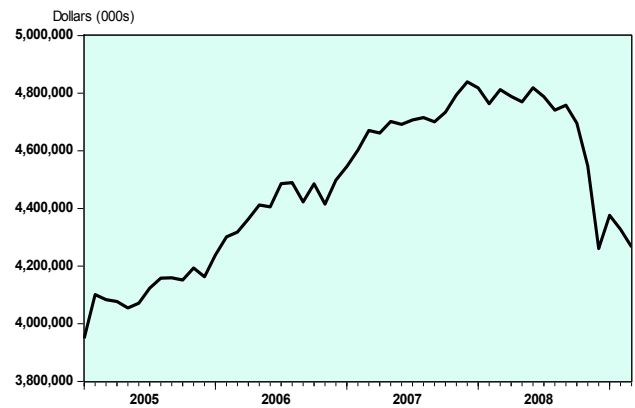
British Columbia Employment



Latest Data Point: "2009m4", Monthly Data, Seasonally Adjusted

Source: Statistics Canada, BC Real Estate Association

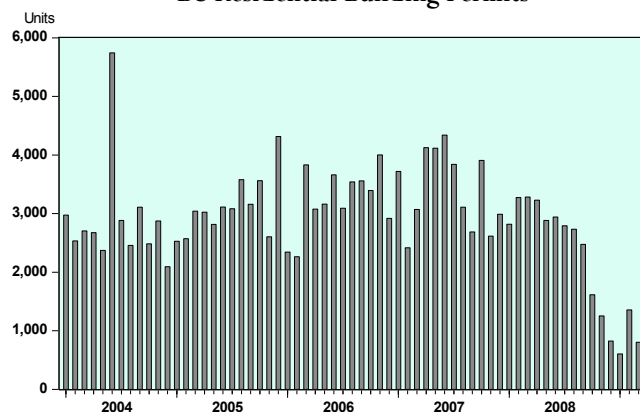
British Columbia Retail Trade



Latest Data Point: "2009m3", Monthly Data, Seasonally Adjusted

Source: Statistics Canada, BC Real Estate Association

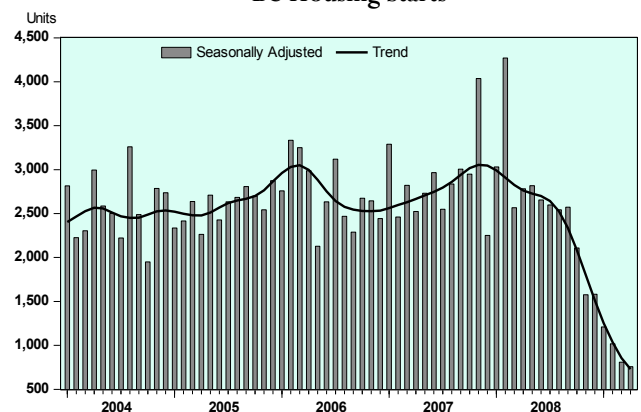
BC Residential Building Permits



Latest Data Point: "2009m3", Monthly Data, Seasonally Adjusted

Source: Statistics Canada, BC Real Estate Association

BC Housing Starts



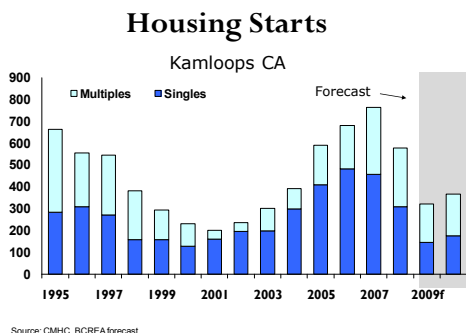
Latest Data Point: "2009m4", Monthly Data, Centres with 10,000+ Population

Source: Canada Mortgage and Housing Corporation, BC Real Estate Association

KAMLOOPS AND DISTRICT REAL ESTATE ASSOCIATION

Homes sales in Kamloops are beginning to rebound from the lows experienced during the fall and winter months. While the weaker provincial economy will continue to impact housing demand, sales activity is expected to improve through the balance of the year. A sizable increase in affordability is beginning to increase first-time buyer activity in the marketplace. The combination of lower home prices and historically low mortgage interest rates has made homes more affordable than at any time in the last two years. At the beginning of April, the carrying cost on the average priced home was 24 per cent less than a year ago. An increase in first-time buyers lubricates the chain of ownership by allowing move-up buyers to more easily sell their current homes and complete their new purchase.

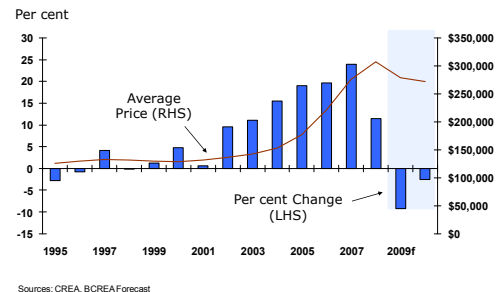
While home sales are expected to improve in the coming months, low sales levels in the first quarter will pull down the annual total. MLS® residential sales in Kamloops are forecast to decline a further 17 per cent to 1,860 units this year. A moderate improvement is expected in 2010, with MLS® residential sales expected to climb 8 per cent to 2,000 units.



Recent data suggests market conditions in Kamloops are improving. Active listings are trending lower with home sales edging higher. The large imbalance between supply and demand that was evident early in the year is beginning to wane. A continuation of this trend will likely cause home prices to stabilize in the next quarter. The average annual MLS® residential price is forecast to be 9 per cent lower this year. However, most of this decline has already occurred and more price stability is expected for the balance of the year.

Housing starts in the Kamloops CA will follow the province-wide pull-back this year. Housing starts are forecast to decline 45 per cent to 320 units in 2009 and then increase 14 per cent to 365 in 2010. Slowing growth in the housing stock will help stabilize home prices by reducing the total number of homes available for purchase in Kamloops.

MLS® Prices

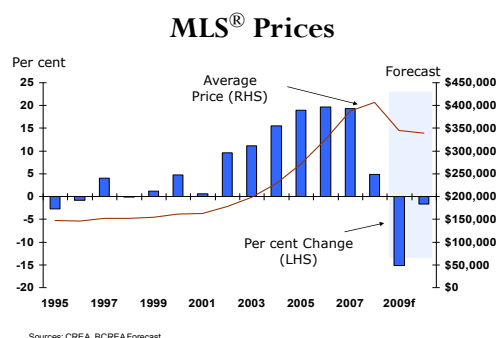


MLS®	08	09f	10f
Sales:			
Total ¹	2,235	1,860	2,000
	(35%)	(17%)	8%
Detached	1,484	1,235	1,330
	(35%)	(17%)	8%
Attached	313	255	270
	(37%)	(19%)	6%
Apartment	171	145	170
	(37%)	(15%)	17%
Avg Price:			
Total	307,369	279,000	272,000
	12%	(9%)	(3%)
Detached	349,495	317,000	309,000
	13%	(9%)	(3%)
Attached	282,870	250,600	246,000
	7%	(11%)	(2%)
Apartment	207,632	202,000	205,000
	19%	(3%)	2%
Housing Starts²			
Kamloops CA			
Total	578	320	365
	(24%)	(45%)	14%
Single	307	145	175
	(33%)	(53%)	(21%)
Multiple	271	175	190
	(12%)	(35%)	9%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

OKANAGAN MAINLINE REAL ESTATE BOARD



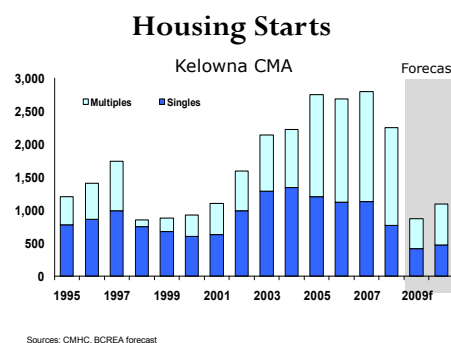
MLS®	08	09f	10f
Sales:			
Total ¹	5,460 (37%)	4,260 (22%)	4,900 15%
Detached	2,915 (38%)	2,375 (19%)	2,710 14%
Attached	701 (40%)	560 (20%)	620 11%
Apartment	968 23%	645 (33%)	760 18%
Avg Price:			
Total	406,647 5%	345,000 (15%)	339,000 (2%)
Detached	482,036 5%	408,000 (15%)	401,700 (2%)
Attached	347,425 7%	295,000 (15%)	290,000 (2%)
Apartment	283,783 10%	235,000 (17%)	226,000 (4%)
Housing Starts²			
Kelowna CMA			
Total	2,257 (20%)	870 (62%)	1,095 26%
Single	765 (32%)	410 (46%)	470 15%
Multiple	1,492 (11%)	460 (69%)	625 36%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

Home sales in the Kelowna, Vernon and Shuswap areas will be lower this year, reflecting the provincial trend. MLS® residential sales are forecast to decline 22 per cent to 4,260 units, before climbing 15 per cent to 4,900 units in 2010. Weaker economic conditions and reduced consumer confidence have a larger impact on markets with an above average proportion of recreation and retiree buyers, as purchase decisions are more easily delayed. However, market conditions are expected to improve this year. The South Coast markets are entering balanced conditions. In addition, the Calgary market is also showing early signs of improvement. The Okanagan market is expected to improve as a result of a dwindling inventory and stronger consumer demand trending the market toward balance.

Affordability has improved significantly. The combination of lower home prices and historically low mortgage interest rates has created a three-year high in affordability. The carrying cost of the average priced home was \$585 or 29 per cent less in April than a year ago. A large improvement in affordability tends to drive first-time buyers into the market. This anticipated increase in first-time buyers will enable move-up buyers to sell their existing home and then complete on their new purchase.



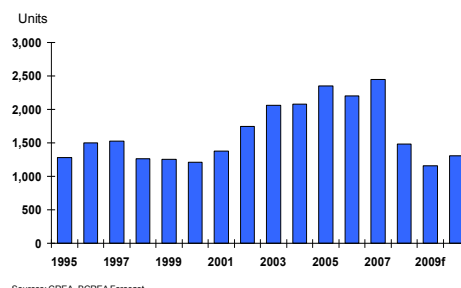
The average MLS® residential price is forecast to decline 15 per cent to \$345,000 this year. However, most of the price decline has already occurred. Prices are expected to be increasingly stable as the summer months progress.

Housing starts in the Kelowna CMA are forecast to decline 62 per cent to 870 units this year. Weaker demand, rising inventories and tighter credit conditions will have builders concentrating on selling their existing stock in 2009. Slowing the expansion of the housing stock constrains the total number of homes for sale, having a positive affect on home prices. Stronger demand conditions in 2010 are expected to boost new home construction by 26 per cent.

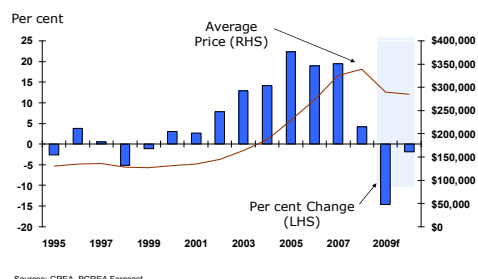
SOUTH OKANAGAN REAL ESTATE BOARD

MLS® residential sales in the South Okanagan region are forecast to reach 1,160 units in 2009, representing a 22 per cent decline from 2008. Recreation, retiree, and investment purchases are particularly affected by the provincial economic downturn, as they are easily delayed and more dependent on discretionary income and wealth levels. Recreation purchases will likely remain tepid in the near term until the broader economy improves. However, home sales are expected to improve in the second quarter of 2009, as a marked increase in affordability induces additional demand. At the beginning of April, the carrying cost of the average priced home was 29 per cent less than a year ago. The combination of lower home prices and historically low mortgage interest rates has made homes more affordable than at any time in the last three years. Next year, MLS® residential sales are forecast to rebound 13 per cent to 1,310 units as improved affordability and stronger consumer confidence generate additional demand.

MLS® Sales



MLS® Prices



The average MLS® residential price is forecast to decline 15 per cent to \$290,000 this year. Most of this decline has already occurred and a trend toward more balance between supply and demand is beginning to emerge. Next

year, the average MLS® residential price is expected to remain stable, albeit declining 2 per cent year-over-year as a result of beginning the year at a lower level.

Local economic challenges reflect the broader impact of the global recession. Unemployment rates in the Thompson-Okanagan region have risen since 2008, while the employment level has declined, particularly in construction and manufacturing. More cautious consumers have also meant less tourism activity. However, the South Okanagan's high concentration of retirees with stable incomes and spending is providing some stability to the regional economy. A significant reduction in new home construction this year will slow the expansion of the housing stock, allowing additional demand to spill over into the resale market.

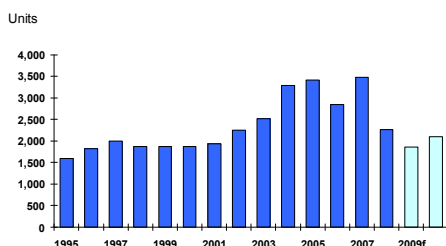
MLS®	08	09f	10f
Sales:			
Total ¹	1,481 (40%)	1,160 (22%)	1,310 13%
Detached	807 (37%)	630 (22%)	710 13%
Attached	201 (41%)	155 (23%)	175 13%
Apartment	243 (51%)	190 (22%)	220 16%
Avg Price:			
Total	339,394 4%	290,000 (15%)	284,600 (2%)
Detached	412,973 2%	352,000 (15%)	348,000 (1%)
Attached	293,030 (1%)	248,000 (15%)	245,000 (2%)
Apartment	277,930 11%	233,000 (16%)	227,000 (3%)
Housing Starts²			
Penticton CA			
Total	313 6%	105 (67%)	130 24%
Single	75 (10%)	30 (60%)	40 33%
Multiple	238 12%	75 (69%)	90 20%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

KOOTENAY REAL ESTATE BOARD

MLS® Sales



Sources: CREA, BCREA Forecast

MLS®	08	09f	10f
Sales:			
Total ¹	2,265 (35%)	1,850 (18%)	2,100 (14%)
Detached	1,370 (36%)	1,110 (19%)	1,250 (13%)
Attached	126 (17%)	105 (17%)	120 (14%)
Apartment	185 (16%)	155 (16%)	170 (10%)
Avg Price:			
Total	287,549 6%	252,000 (12%)	242,000 (4%)
Detached	315,291 8%	273,000 (13%)	265,000 (3%)
Attached	270,550 3%	235,000 (13%)	226,000 (4%)
Apartment	182,113 2%	168,000 (8%)	162,000 (4%)
Housing Starts²			
Cranbrook CA			
Total	210 9%	102 (51%)	145 42%
Single	174 0%	90 (48%)	125 39%
Multiple	36 -	12 (66%)	20 67%

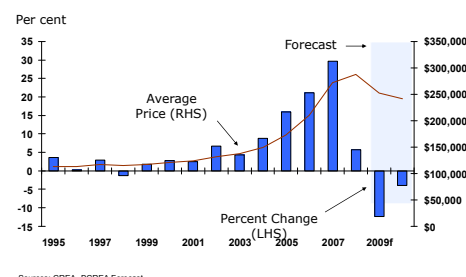
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

The global economic recession continues to impact the BC and Alberta economy. Lower consumer confidence has a large affect on recreation and investment real estate markets since those purchases are more easily delayed. Weak activity in the first quarter will pull the annual sales total lower again this year. As a result, MLS® residential sales are forecast to decline 18 per cent to 1,850 units this year. However, balanced markets are emerging on the South Coast and in Alberta which suggests renewed interest Kootenay real estate may not be far behind.

Market conditions are expected to trend toward balance this year. A marked increase in affordability has been achieved through lower home prices and historically low mortgage interest rates. At the beginning of April, the carrying cost of the average priced home in the Kootenays was 24 per cent lower than a year ago. This is a strong signal for first-time buyers to enter the marketplace. It also makes recreation property less of a drain on the pocketbook.

MLS® Prices



Sources: CREA, BCREA Forecast

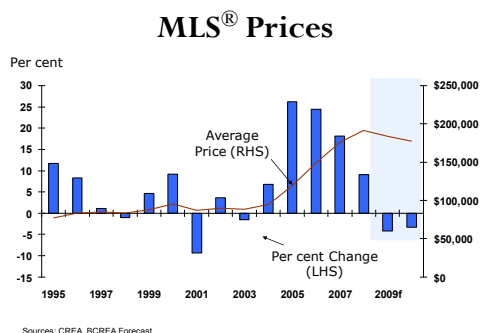
The average MLS® residential price is forecast to decline 12 per cent to \$252,000 this year. However, most of the price decline has already occurred. While the imbalance between supply and demand continues to play in the buyer's favour, prices are expected to stabilize during the second half of the year. A 4 per cent reduction in the average MLS® residential price in 2010 is the result of home prices beginning 2010 at a lower level. Home price stability is expected throughout the year.

Housing starts in the Cranbrook CA are forecast to decline 51 per cent to 102 units this year. This follows the province-wide trend of significant reduced new construction activity as builders concentrate on reducing their inventories. Slower growth in the housing stock will have a positive affect on home prices as the total number of homes for sale wanes. Housing starts are expected to rebound in 2010 in tandem with a stronger economy and higher consumer demand. Housing starts in the Cranbrook CA are forecast to climb 42 per cent to 145 units in 2010.

NORTHERN LIGHTS REAL ESTATE BOARD

The Northern Lights Real Estate Board (NLREB) area includes the census agglomeration of Dawson Creek, and the municipalities of Chetwynd and Tumbler Ridge. The area, along with other northeast communities, has helped drive the provincial economy in recent years as record commodity prices drove up interest in oil and natural gas exploration, investments in alternative energy and mining. This resulted in higher regional employment levels and home sales.

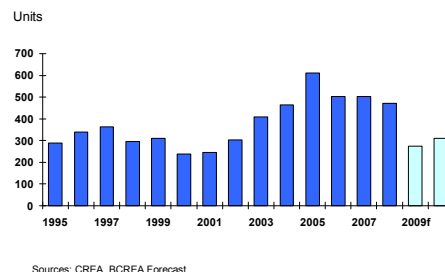
Recessionary conditions have cut into global energy demand, yielding higher inventories of natural gas and crude oil, driving prices to less than half of what they were last year. Energy related activity has since slowed, leading to a pull-back of economic growth in the Northeast.



Employment in the province's Northeast Development Region, which also includes Fort St. John, Hudson's Hope and Fort Nelson, has declined from late 2008 highs, but remains at an elevated level. However, Dawson Creek CA has lost relatively more jobs as weakness in regional construction and energy sectors have dampened consumer confidence, slowing local retail and industrial sales.

These factors, have lowered demand for homeownership in the NLREB area this year. After six strong years of activity, BCREA forecasts MLS® residential sales to decline to 275 homes in 2009, down 42 per cent from 2008. The NLREB area currently favours buyers which will contribute to a 4 per cent decline in the average MLS® residential price this year. In 2010, MLS® residential sales are forecast to rise 13 per cent to 310 units, in line with 2002 levels. Sales activity is expected to improve moving forward as energy markets rebound with the broader economy. However, a relatively high proportion of non-local workers may translate into greater demand for rental rather than ownership in the marketplace.

MLS® Sales



MLS®	08	09f	10f
Sales:			
Total ¹	473 (6%)	275 (42%)	310 13%
Detached	388 (8%)	234 (40%)	258 10%
House & Acreage	52 (4%)	27 (50%)	36 33%
Avg Price:			
Total	191,685 9%	183,600 (4%)	177,600 (3%)
Detached	190,069 14%	182,000 (4%)	175,000 (4%)
House & Acreage	266,735 13%	240,000 (10%)	230,000 (4%)
Housing Starts²			
Dawson Creek CA			
Single	22	25	35
Detached	(59%)	14%	40%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

BC NORTHERN REAL ESTATE BOARD

MLS®	08	09f	10f
Sales:			
Total ¹	4,038 (25%)	2,950 (27%)	3,200 9%
Detached	2,307 (24%)	1,720 (25%)	1,875 9%
House & Acreage	597 (19%)	420 (30%)	455 8%
Avg Price:			
Total	215,358 10%	197,000 (9%)	192,000 (3%)
Detached	233,345 8%	217,600 (7%)	212,000 (3%)
House & Acreage	293,240 5%	274,000 (7%)	270,000 (2%)
Prince George			
Sales:			
Detached	862 (21%)	750 (13%)	820 9%
Avg. Price:			
Detached	240,764 0%	229,800 (5%)	225,000 (2%)
Housing Starts²			
Prince George			
Total	215 (35%)	80 (63%)	120 50%
Single	146 2%	60 (58%)	85 41%
Multiple	69 73%	20 (71%)	35 75%

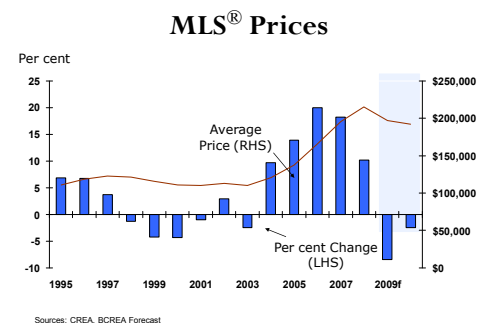
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Sources: CMHC, BCREA Forecast

Residential sales through the BC Northern Real Estate Board (BCNREB) area are expected to stabilize in 2009, albeit at a lower level than experienced in 2007. BCREA forecasts 2,950 MLS® residential sales in the region this year, down 27 per cent from 2008. However, home sales are expected to improve in the latter part of the year as the economy shows signs of stability, consumer confidence improves and enhanced affordability draws buyers back to the market. At the beginning of April, the carrying cost of the average priced home was 18 per cent less than a year ago.

MLS® residential sales are expected to rebound 9 per cent to 3,200 units in 2010. However, activity will likely reflect levels experienced in the 2001-2002 period. The current buyers' market is expected to move closer to balance conditions this year, easing any downward pressure on prices.

BCNREB's average MLS® residential price is forecast to decline 9 per cent to \$197,000 this year. However, most of the reduction in home prices has already occurred.



The ongoing global recession will continue to be a challenge for northern economies. While the US housing market has shown some signs of stabilization, the current glut of vacant homes will hold-back demand for new construction. Housing starts fell to an annualized rate of 485,000 in April, the lowest on record and 48 per cent below last year. This pull-back in demand has resulted in large declines in sawn-lumber production in BC, sawmill closures, and curtailments over the last couple of years. A significant rebound in US housing markets is unlikely to occur before 2010. Meanwhile, the recession has also pushed demand and prices lower for a number of energy and mining related commodities produced in the region impacting local economic prospects. The Prince George economy has increasingly diversified in recent years, enabling it to better withstand the volatility of commodity markets.

HOUSING FORECAST SUMMARY— SPRING 2009

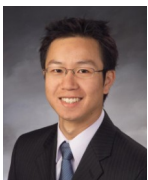
Board Area	Unit Sales			Average MLS® Price (\$)		
	2008	2009F	2010F	2008	2009F	2010F
Victoria	6,171 (27%)	5,850 (5%)	6,200 6%	484,898 4%	444,000 (8%)	445,000 0%
Vancouver Island	6,817 (31%)	5,200 (24%)	5900 14%	330,556 6%	300,000 (9%)	296,000 (1%)
Powell River Sunshine Coast	210 (29%)	190 (10%)	200 5%	254,117 5%	232,000 (9%)	230,000 (1%)
Greater Vancouver	25,149 (36%)	23,800 (5%)	26,000 9%	593,767 4%	540,000 (9%)	536,000 (1%)
Fraser Valley	12,588 (30%)	11,600 (8%)	12,700 10%	431,781 2%	395,000 (9%)	391,000 (1%)
Chilliwack and District	2,036 (38%)	1,760 (14%)	1,920 9%	316,229 6%	281,800 (11%)	277,500 (2%)
Kamloops and District	2,235 (35%)	1,860 (17%)	2000 8%	307,369 12%	279,000 (9%)	272,000 (3%)
Okanagan Mainline	5,460 (37%)	4,260 (22%)	4,900 15%	406,647 5%	345,000 (15%)	339,000 (2%)
South Okanagan	1,481 (40%)	1,160 (22%)	1,310 13%	339,394 4%	290,000 (15%)	284,600 (2%)
Kootenay	2,265 (35%)	1,850 (18%)	2,100 14%	287,549 6%	252,000 (12%)	242,000 (4%)
Northern Lights	473 (6%)	275 (42%)	310 (13%)	191,685 9%	183,600 (4%)	177,600 (3%)
BC Northern	4,038 (25%)	2,950 (27%)	3,200 9%	215,358 10%	197,000 (9%)	192,000 (3%)
BC Total	68,923 (33%)	60,755 (12%)	66,740 10%	454,599 4%	420,600 (8%)	415,200 (1%)

BCREA Economics provides timely research, analysis, and information on economic factors affecting British Columbia and its housing markets.

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British Columbia Real Estate Association

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To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports growth that encourages economic vitality, housing opportunities, environmental preservation, property owner rights and better communities.

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