HOUSING NOW

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Construction Highlights

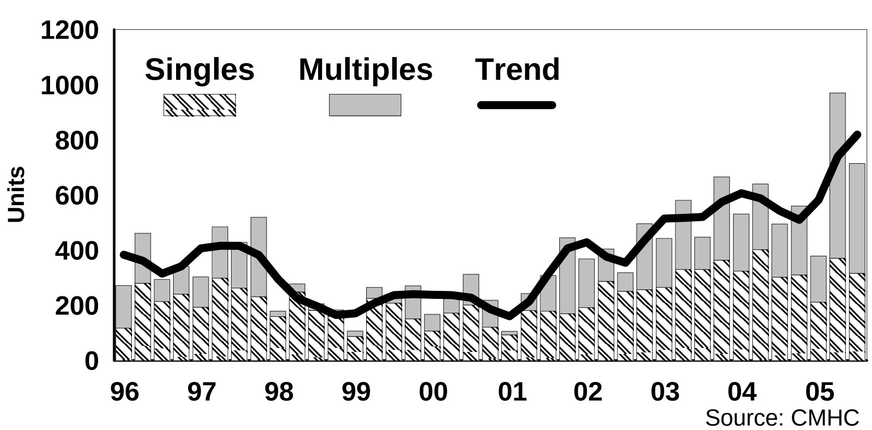
September 2005

Third Quarter Housing Starts Remain at High Levels

The Kelowna area new home market has maintained a blistering pace, housing starts rising to the highest third quarter level in over a decade. Housing starts, led by the multi-family sector are on track to reach record highs in 2005. For the first time since the early 1980s, multi-family starts will surpass singles construction.

Soaring demand for condominium and other types of multi-family housing continue to fuel this year's big surge in construction activity. Price and lifestyle have been key drivers. The condo market is attracting a broader range of buyers this year. More first-time buyers are now turning to the new condo and townhouse markets. Retirees, move-down buyers and others seeking resort-oriented housing, also remain big sources of demand. Absorption remains strong, keeping inventories of complete and unsold units near historical lows. Pre-sales have held up despite an increasingly competitive market. Almost 75% of units under construction have already been sold.

Singles starts, though matching last year's third quarter performance, have edged down in 2005. Sharply rising new home prices have led to stronger competition from both the new and resale multi-family sectors. The focus of singles construction



Condo starts continue to outstrip singles construction.

IN THIS ISSUE

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New Homes con't.

is shifting outward as municipalities extend infrastructure into outlying areas. Lake Country and Shannon Lake have seen the strongest growth in singles starts activity, the availability of more modestly priced building lots fueling the increase.

Kelowna's economy is firing on all cylinders, the unemployment rate dropping to decade lows Strong employment growth has, in turn, spurred in-migration. The search for lifestyle also remains a big draw, boosting population growth and demand for housing. Low interest rates remain a key driver.

Third quarter starts were also up sharply in Kamloops, both single and multi-family sectors recording big gains over last year. Penticton and Salmon Arm posted smaller increases. Vernon area starts have dropped back from last year's third quarter surge in construction activity, but remain at a high level.

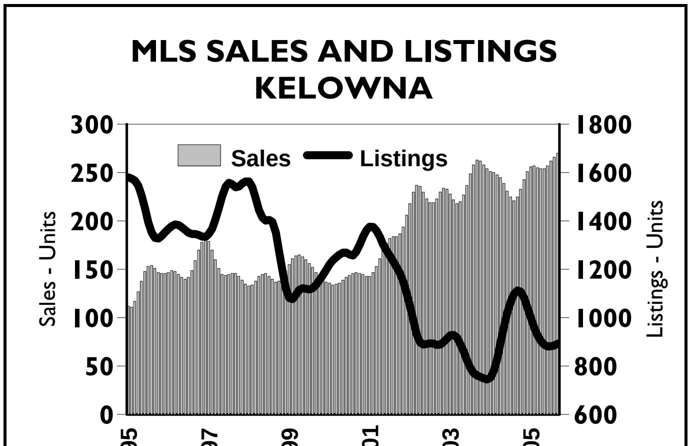
Resale Market Highlights

Resale Markets Strong

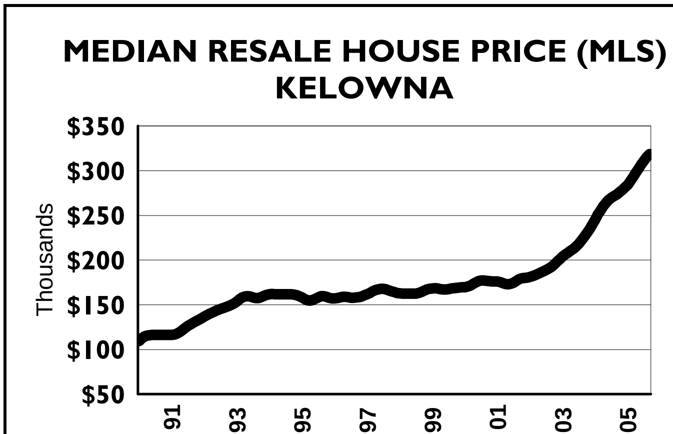
Kelowna area resale markets have continued to see high levels of sales activity. Third quarter sales were up 30% over last year, growth in condo and townhouse sales outpacing the singles sector. With the price of detached units trending up sharply, more buyers are turning to higher density housing. Like the new home market, retirees, move-down buyers and lifestylers remain big sources of demand. Both sectors are well supplied with listings, high levels of condo and townhouse completions boosting supply. Rising demand has meant stronger upward pressure on price levels.

Singles sales have increased at a more moderate pace. Soaring resale singles prices have triggered stronger competition from the new singles and new and resale multifamily sectors. More builders are focusing on the production of moderately priced single detached and multifamily homes this year. The supply of singles listings has stabilized after trended down earlier this year, but remains tight overall. Strong demand in combination with tight supply continues to drive up prices. The year-to-date median resale singles price has jumped 15% to $302,000 from $265,000 in 2004. The resale singles sector has seen double-digit price increases for three straight years, the median resale house price climbing 64% since 2002. For now, the Kelowna area resale market remains firmly in sellers' market territory.

Kamloops, Salmon Arm, Vernon, Penticton and Cranbrook also remain sellers' markets. Year-to-date, sales are up in all centres except the Vernon area. Vernon's resale market remains buoyant despite the decline, sales closely approaching last year's record pace. The supply of listings remains near historical third quarter lows in most centres. Prices continue to trend up sharply in response to strong demand and reduced supply, increases ranging from 18-27% over 2004.



Data seasonally adjusted. Source OMREB.



Data seasonally adjusted. Source: OMREB.

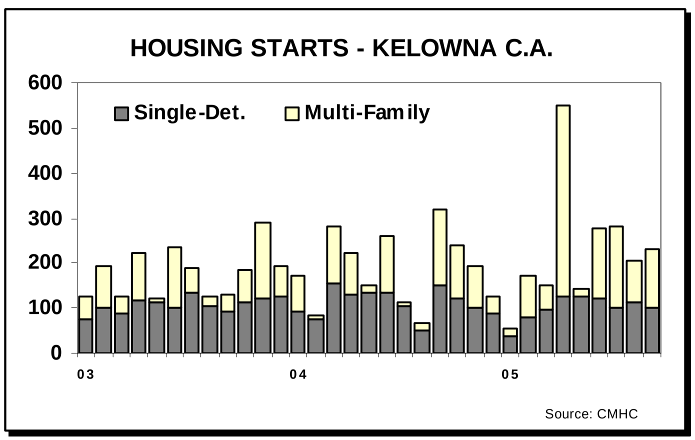
KELOWNA C.A.

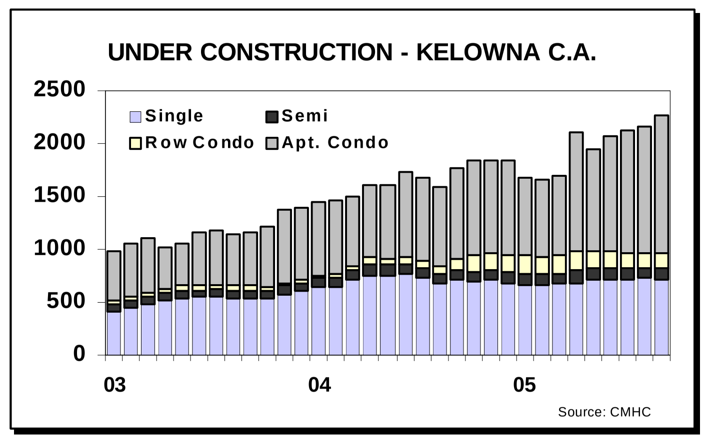
STARTS/COMPLETIONS/UNDER CONSTRUCTION

SEPTEMBER 2005 & YEAR-TO-DATE 2005

	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	56	0	36	0	86	0	**178**	60	6	26	0	59	0	**151**	459	74	125	1	1,179	137	**1,975**
Sub. J*	25	2	0	0	0	0	**27**	32	0	3	0	0	0	**35**	130	10	15	0	42	40	**237**
Sub. I*	3	4	0	0	0	0	**7**	0	0	0	0	0	0	**0**	24	10	0	0	0	0	**34**
Lake Country	12	0	0	0	0	0	**12**	7	0	0	0	0	0	**7**	75	0	3	0	0	0	**78**
Peachland	1	0	0	0	0	0	**1**	0	4	0	0	0	0	**4**	17	6	3	0	82	0	**108**
Indian Res.	4	0	0	0	0	0	**4**	4	0	0	0	0	0	**4**	18	0	0	0	0	0	**18**
MONTH TOTAL	**101**	**6**	**36**	**0**	**86**	**0**	**229**	**103**	**10**	**29**	**0**	**59**	**0**	**201**	**723**	**100**	**146**	**1**	**1,303**	**177**	**2,450**
YEAR-TO-DATE	**899**	**86**	**146**	**1**	**849**	**83**	**2,064**	**854**	**88**	**172**	**2**	**425**	**8**	**1,549**							

** Sub. J - Westside (former Sub. G and H) - Glenrosa, Westbank, Smith Creek, Shannon Heights, West Kelowna, Lakeview Heights, Westside/Fintry. Sub. I - Joe Rich, Ellision.*





KELOWNA C.A.
INVENTORY AND ABSORPTION
SEPTEMBER 2005 & YEAR-TO-DATE 2004 & 2005

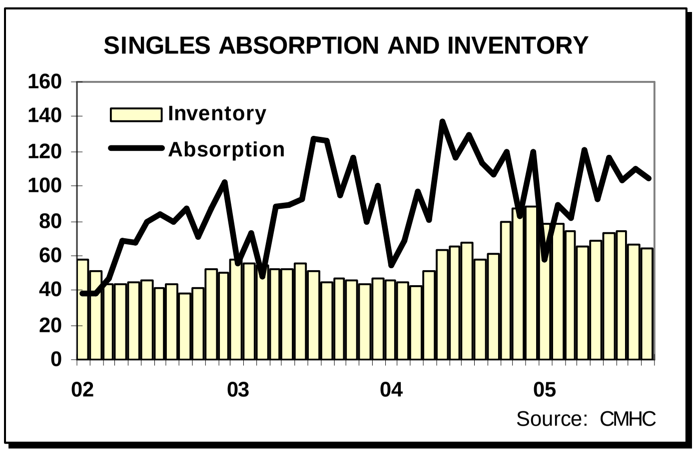
INVENTORY OF NEW HOMES

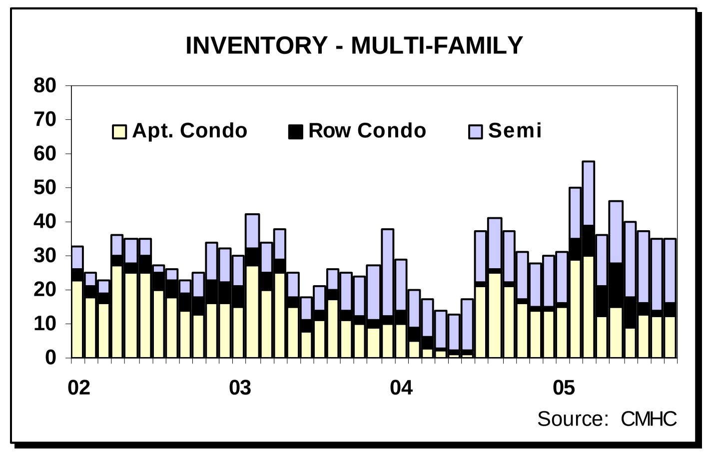
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total
Kelowna City	12	0	2	0	12	52	**78**
Sub. J	0	0	2	0	2	7	**11**
Sub. I	0	0	0	0	3	1	**4**
Lake Country	0	0	0	0	0	0	**0**
Peachland	0	0	0	0	2	0	**2**
Indian Reserve	0	0	0	0	0	4	**4**
MONTH TOTAL	**12**	**0**	**4**	**0**	**19**	**64**	**99**
Y.T.D. Average 2005*	**16**	**0**	**6**	**0**	**18**	**71**	**111**
Y.T.D. Average 2004*	**10**	**25**	**2**	**0**	**13**	**55**	**105**

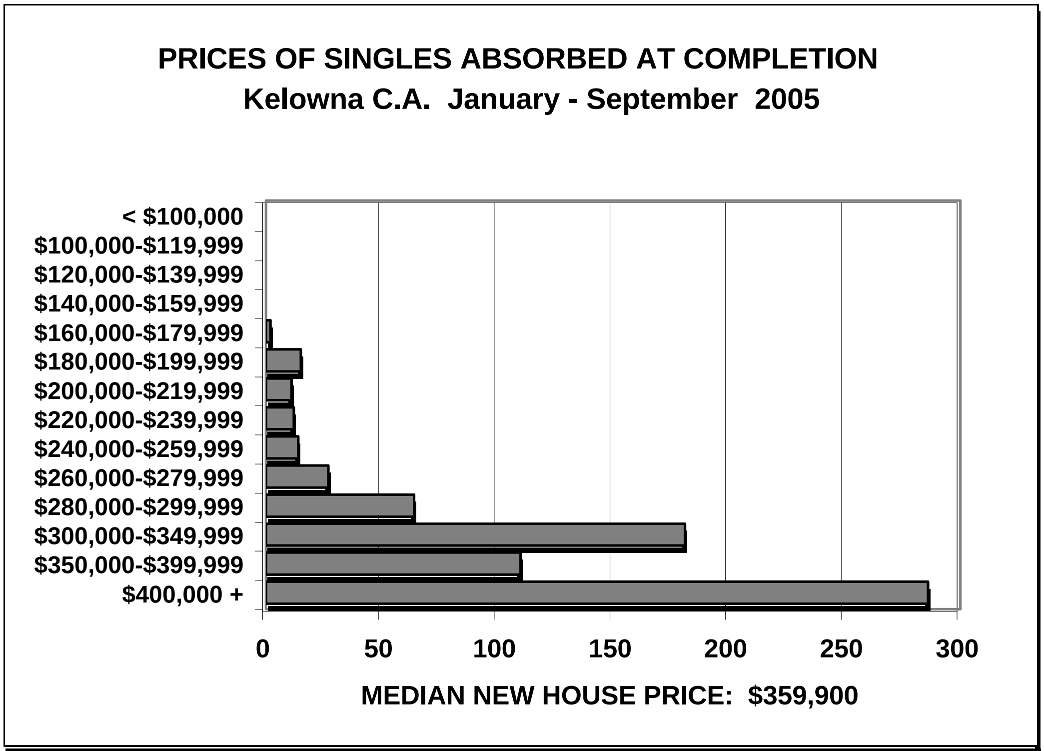
ABSORPTION OF NEW HOMES

	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total
Kelowna City	146	0	29	0	7	63	**245**
Sub. J	5	0	0	0	1	32	**38**
Sub. I	0	0	0	0	0	0	**0**
Lake Country	0	0	1	0	0	7	**8**
Peachland	0	0	0	0	4	0	**4**
Indian Reserve	0	0	0	0	0	3	**3**
MONTH TOTAL	**151**	**0**	**30**	**0**	**12**	**105**	**298**
Y.T.D. Total 2005	**684**	**53**	**166**	**2**	**84**	**878**	**1,867**
Y.T.D. Total 2004	**292**	**84**	**41**	**4**	**81**	**903**	**1,405**

*Absorption does not include assisted rental units. * Rounded.*







	Singles Starts By Sub Area		Singles Absorption By Sub Area	
Sub Area	**Y.T.D. 2005**	**Y.T.D. 2004**	**Y.T.D. 2005**	**Y.T.D. 2004**
Black Mountain	54	57	63	31
Dilworth Mountain	26	39	33	16
Ellison	20	65	52	43
Glenrosa	3	12	9	18
Glenmore	20	13	7	21
I.R.	18	34	28	18
Core Area*	100	145	100	142
Lakeview Heights	43	55	53	66
Lower Mission	35	46	43	36
North Glenmore	68	55	55	25
Peachland	16	14	12	12
Rutland North	45	28	24	36
Rutland South	0	1	2	1
S. E. Kelowna	27	37	35	42
Shannon Lake	49	23	30	29
Upper Mission	188	259	184	230
Westbank	9	14	16	13
Winfield	89	26	46	24
West Kelowna	35	57	45	62
Other**	54	50	41	38
Total	**899**	**1030**	**878**	**903**

** Kelowna North/South/Springfield-Spall   ** Fintry/Joe Rich/Oyama/Other*

HOUSING ACTIVITY SUMMARY - KELOWNA CA
SEPTEMBER 2005

	OWNERSHIP				RENTAL				TOTAL
	FREEHOLD		CONDOMINIUM		PRIVATE		ASSISTED		
	Single	Semi	Row	Apt.	Row	Apt.	Row	Apt.	
Starts									
Sept. 2005	101	6	36	86	0	0	0	0	229
YTD 2005	899	86	146	849	1	43	0	40	2,064
YTD 2004	1,030	94	96	354	5	89	0	0	1,668
Under Construction									
Sept. 2005	723	100	146	1,303	1	137	0	40	2,450
Sept. 2004	717	82	108	862	1	89	0	0	1,859
Completions									
Sept. 2005	103	10	29	59	0	0	0	0	201
YTD 2005	854	88	172	425	2	8	0	0	1,549
YTD 2004	917	86	18	162	4	113	0	0	1,300
Inventory									
Sept. 2005	64	19	4	12	0	0			99
Sept. 2004	61	15	1	21	0	30			128
Total Supply									
Sept. 2005	787	119	150	1,315	1	137	0	40	2,549
Sept. 2004	778	97	109	883	1	119	0	0	1,987
Absorption									
Sept. 2005	105	12	30	151	0	0			298
3 Mo. Ave.	110	12	24	48	0	0			194
12 Mo. Ave.	100	10	17	54	2	7			190

Absorption does not include assisted rentals.

RECORD OF STARTS - KELOWNA C.A.

YEAR	SINGLE	SEMI	ROW	APT	TOTAL
1992	1484	80	292	763	**2619**
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**

OTHER CENTRES
Starts/Completions/Under Construction
SEPTEMBER 2005 AND YEAR-TO-DATE 2005

	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	12	0	0	0	0	0	**12**	0	0	0	0	0	0	**0**	65	0	0	0	0	0	**65**
E. Kootenay C	4	0	0	0	0	0	**4**	5	0	0	0	0	0	**5**	51	0	0	0	0	0	**51**
Cranbrook CA	16	0	0	0	0	0	**16**	5	0	0	0	0	0	**5**	116	0	0	0	0	0	**116**
Y.T.D. 2005	107	0	0	0	0	0	**107**	72	2	0	0	0	0	**74**							
Kamloops C.	25	16	8	0	0	0	**49**	17	0	0	0	0	0	**17**	167	76	19	43	0	0	**305**
Kamloops IR	4	0	0	0	0	0	**4**	4	0	0	0	0	0	**4**	19	0	0	0	0	0	**19**
Kamloops CA	29	16	8	0	0	0	**53**	21	0	0	0	0	0	**21**	186	76	19	43	0	0	**324**
Y.T.D. 2005	274	78	11	43	0	0	**406**	250	40	16	0	6	0	**312**							
Penticton City	6	0	4	0	0	0	**10**	0	0	4	0	0	0	**4**	45	10	62	296	0	0	**413**
Sub. D	2	0	0	0	0	0	**2**	2	0	0	0	0	0	**2**	28	0	0	0	0	0	**28**
Sub. E	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	16	0	0	0	0	0	**16**
Sub. F	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**
Penticton IR	2	0	0	0	0	0	**2**	0	0	0	0	0	0	**0**	2	0	0	0	0	0	**2**
Penticton CA	10	0	4	0	0	0	**14**	2	0	4	0	0	0	**6**	91	10	62	296	0	0	**459**
Y.T.D. 2005	88	4	48	194	0	0	**334**	70	4	25	0	0	0	**99**							
Salmon Arm	14	0	0	0	0	0	**14**	11	4	0	0	0	0	**15**	51	10	0	16	0	0	**77**
Y.T.D. 2005	85	10	0	16	0	0	**111**	75	14	12	12	0	0	**113**							
Summerland	5	0	0	0	0	0	**5**	1	0	4	0	0	0	**5**	25	2	0	0	0	0	**27**
Y.T.D. 2005	22	2	0	0	0	0	**24**	16	0	10	0	0	0	**26**							
Vernon City	17	8	0	0	0	0	**25**	16	0	21	0	0	0	**37**	136	32	49	0	3	0	**220**
Coldstream	4	0	0	0	0	0	**4**	5	0	0	0	0	0	**5**	40	0	0	0	0	0	**40**
Sub. C	3	0	0	0	0	0	**3**	0	0	0	0	0	0	**0**	15	2	0	0	0	0	**17**
Sub. B	0	0	0	0	0	0	**0**	1	0	0	0	0	0	**1**	9	0	0	0	0	0	**9**
I. R.	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**	0	0	0	0	0	0	**0**
Vernon CA	24	8	0	0	0	0	**32**	22	0	21	0	0	0	**43**	200	34	49	0	3	0	**286**
Y.T.D. 2005	256	32	32	0	3	0	**323**	243	16	35	0	4	0	**298**							

KAMLOOPS CA

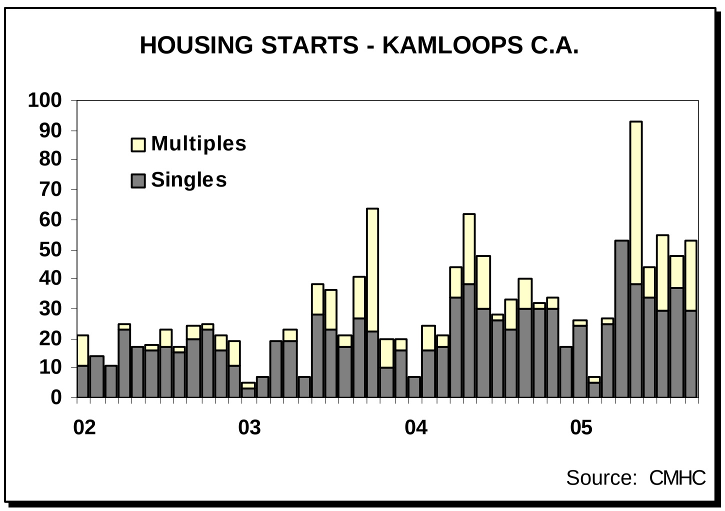
Inventory and Absorption by Municipality

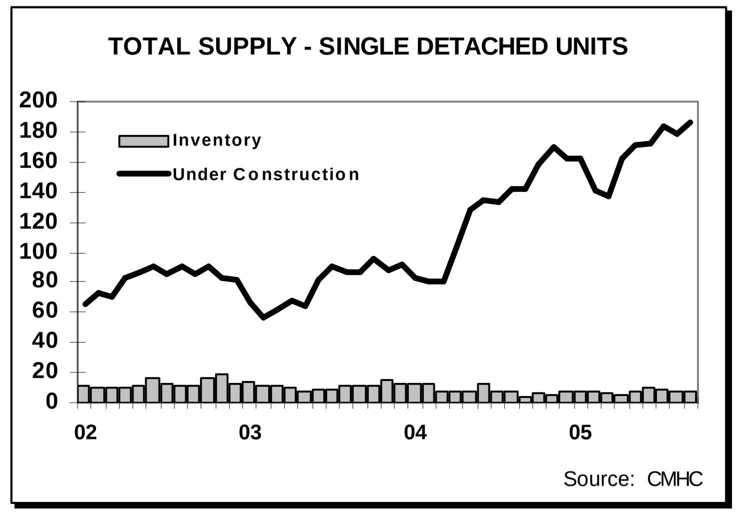
SEPTEMBER 2005 AND YEAR-TO-DATE 2004 & 2005

INVENTORY OF NEW HOMES	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total
Kamloops City	8	0	1	0	4	7	**20**
Kamloops IR	0	0	0	0	0	1	**1**
MONTH TOTAL	**8**	**0**	**1**	**0**	**4**	**8**	21
Y.T.D. Average 2005*	**8**	**0**	**1**	**0**	**5**	**7**	21
Y.T.D. Average 2004*	**12**	**0**	**3**	**0**	**9**	**9**	33

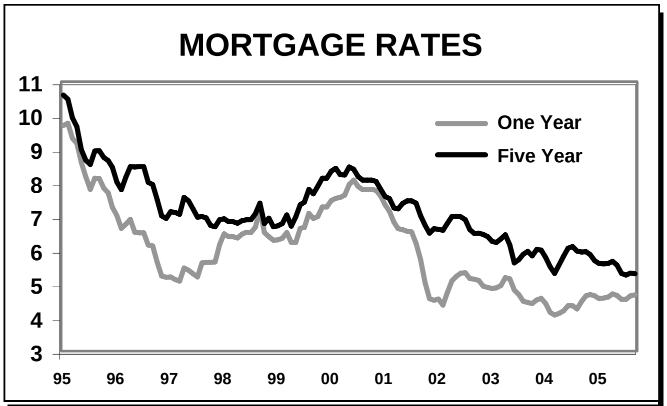
ABSORPTION OF NEW HOMES	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total
Kamloops City	0	0	3	0	0	16	**19**
Kamloops IR	0	0	0	0	0	4	**4**
MONTH TOTAL	**0**	**0**	**3**	**0**	**0**	**20**	**23**
Y.T.D. TOTAL 2005	**22**	**0**	**15**	**0**	**42**	**249**	**328**
Y.T.D. TOTAL 2004	**44**	**0**	**19**	**0**	**35**	**179**	**277**

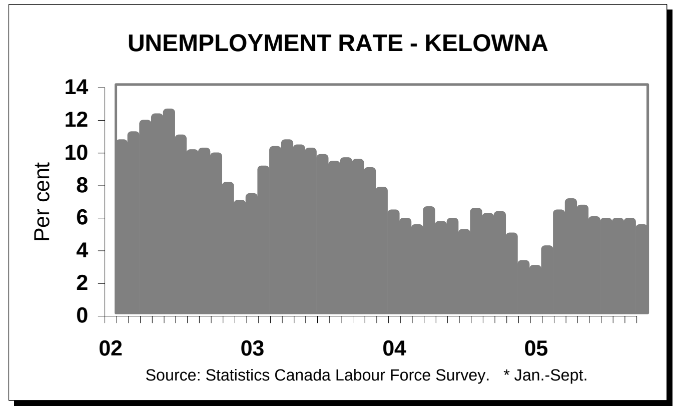
*Absorption does not include assisted rental units. * Rounded.*

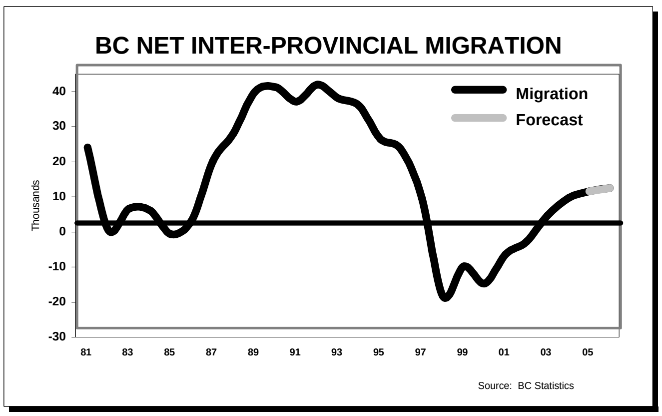


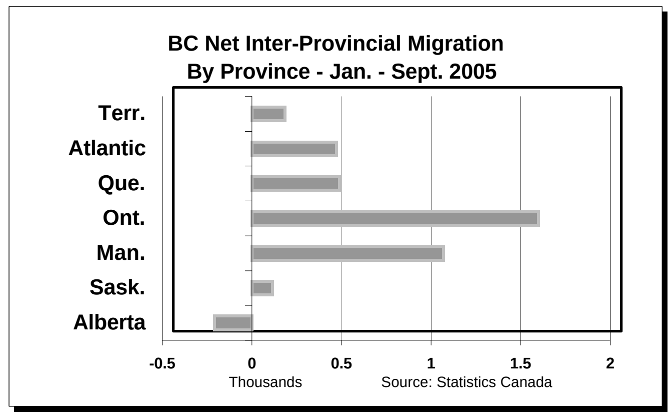


KEY ECONOMIC INDICATORS









SOUTHERN INTERIOR RESALE MARKETS

MLS SALES	SEPTEMBER				YEAR-TO-DATE			
Single Detached	Sales Sept. 2005	Percent Change Sept. 04	Median Price Sept. 05	Percent Change Sept. 04	Sales YTD 2005	Percent Change YTD 04	Median Price YTD 2005	Percent Change YTD 04
Kelowna	266	11%	$320,500	15%	2,519	9%	$304,900	15%
Kamloops	114	-1%	$220,000	22%	1,101	4%	$209,000	18%
Vernon Area	116	-25%	$259,950	38%	1,256	-4%	$236,000	25%
Penticton	36	20%	$294,000	23%	338	1%	$259,000	24%
Salmon Arm	31	3%	$239,000	30%	272	19%	$222,000	27%
Cranbrook	24	-17%	$171,000	37%	283	11%	$152,000	23%

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