

H

HOUSING NOW

Kelowna / Southern Interior

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Construction Highlights

Housing Starts Reach Twelve Year High in 2004

The Kelowna area new home market maintained a blistering pace in 2004. Housing starts edged up 4% to 2,228 units from 2,138 units last year. Both the singles and multifamily sectors saw gains.

Demand for new detached homes, though remaining high, has begun to flatten out in response to soaring prices and stronger competition from the resale market. The inventory of complete and unoccupied single detached units trended up in both the third and fourth quarters. Rising land, land development and other costs have pushed up new home prices by more than a third in just five years.

Condo starts were down in 2004, the decline due more to supply, rather than demand side constraints. Absorption remains strong, keeping inventories low. Pre sales are holding

up - 80% of units under construction have already been sold. Retirees, move-down buyers and others seeking resort and lifestyle oriented housing remain the biggest sources of demand.

Townhouse starts surged ahead in 2004, reaching the highest level since the mid 1990s. Affordability has been the key driver. Though upscale housing remains the focus of new home demand, builders are now bringing forward a range of more moderately priced housing - until recently, a largely untapped market.

Strong employment growth has spurred in-migration, fueling demand for both new and resale homes. Also, an aging population and growing profile among Vancouver area and out-of-province buyers have lead to sharply rising demand for retiree, resort and lifestyle oriented housing. Low mortgage rates continue to support high levels of sales and residential construction activity.

BC Starts Up Sharply in 2004

BC starts, lead by the multifamily sector, jumped 26% to 32,925 units in 2004. New home construction was more widespread this year, the upswing extending into rural areas. Nationally, housing starts climbed to a 17 year high. Housing starts increased 6.7% to an estimated 233,000 units in 2004 from 218,426 the previous year. BC recorded the biggest increase.

December 2004

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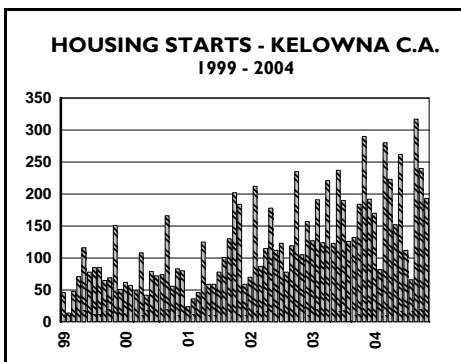
CMHC Kelowna Noticeboard

♦ **January 2005 Housing Starts: Local, BC, and National news releases** scheduled for Feb. 8, 2005.

♦ **The 2004 Kelowna Rental Market Report is now available.** For an in-depth look at Kelowna area new construction, resale, rental and seniors' housing markets, turn to CMHC Market Analysis reports - Information you need to know to grow your business! **Ask for CMHC's Fall 2004 Kelowna Housing Market Outlook and 2004 Okanagan Seniors Housing Market Survey Reports.**

♦ **To subscribe to CMHC Housing Market reports call:** Lisa Preston - Administrator, Products and Services. Telephone: (604) 737-4088. Fax: (604) 737-4021. E-mail: lpreston@cmhc-schl.gc.ca

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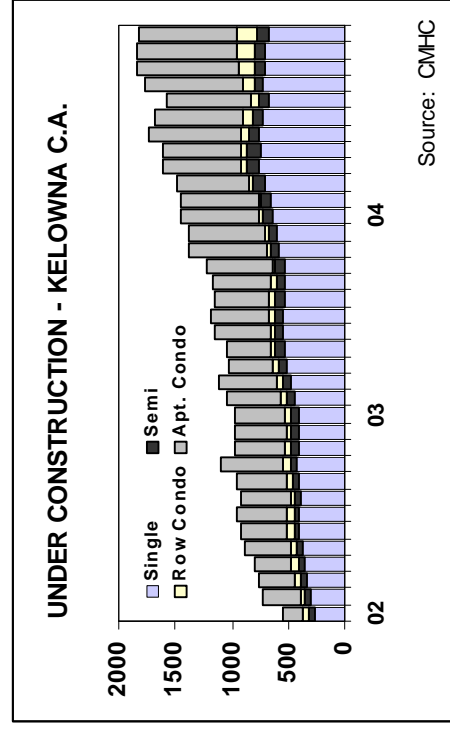
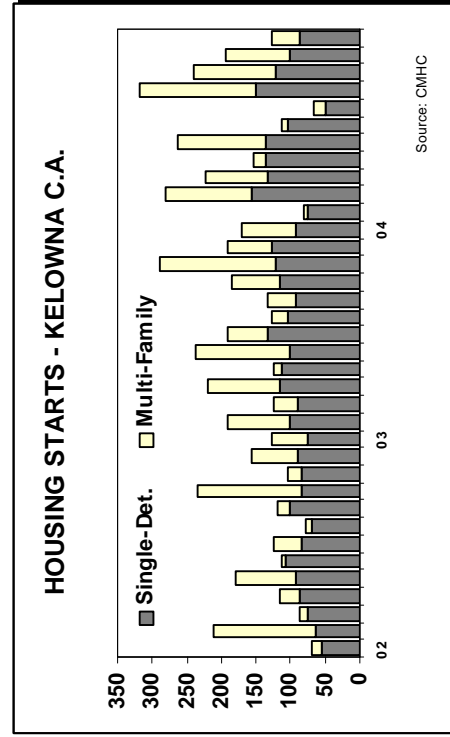
New Home Market Remains Strong.

KELOWNA C.A.

**STARTS/COMPLETIONS/UNDER CONSTRUCTION
DECEMBER 2004 & YEAR-TO-DATE 2004**

	STARTS						COMPLETIONS						UNDER CONSTRUCTION						
	Single	Semi	Condo	Row Rental	Apt Condo	Total	Single	Semi	Condo	Row Rental	Apt Condo	Total	Single	Semi	Condo	Row Rental	Apt Condo	Total	
Kelowna City	57	14	16	0	0	87	81	4	4	0	0	89	467	56	147	2	823	102	1,597
Sub. J*	18	2	0	0	0	20	27	2	0	0	0	29	125	30	13	0	0	0	168
Sub. I*	2	0	0	0	0	2	4	2	0	0	0	6	20	4	0	0	0	0	24
Lake Country	4	0	3	0	0	7	5	0	0	0	0	5	24	2	12	0	0	0	38
Peachland	2	4	0	0	0	6	0	0	0	0	0	0	13	10	0	0	56	0	79
Indian Res.	5	0	0	0	0	5	4	0	0	0	0	4	29	0	0	0	0	0	29
MONTH TOTAL	88	20	19	0	0	127	121	8	4	0	0	133	678	102	172	2	879	102	1,935
YEAR-TO-DATE	1,341	148	171	5	461	2,228	1,267	120	28	4	252	1,784							

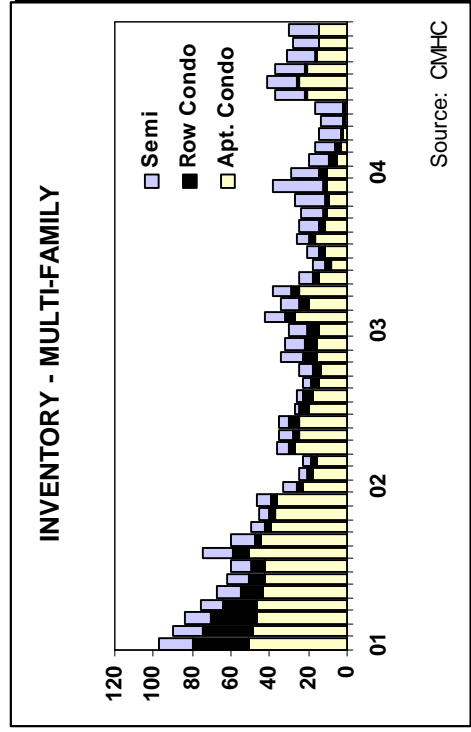
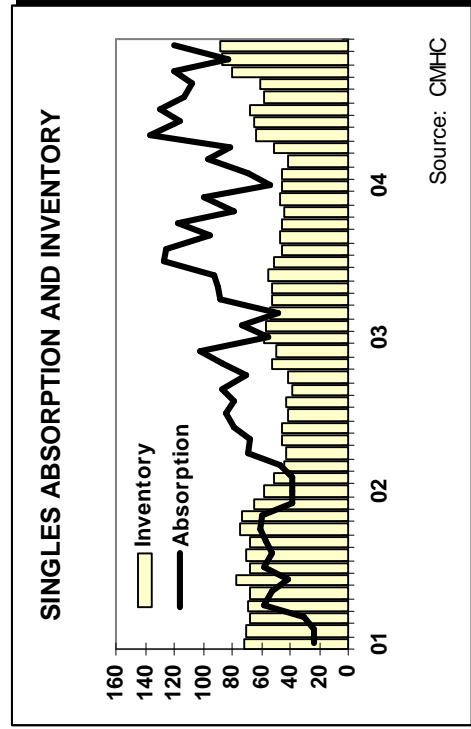
* Sub. J - Westside (former Sub. G and H) - Glenrosa, Westbank, Smith Creek, Shannon Heights, West Kelowna, Lakeview Heights, Westside/Fintry. Sub. I - Joe Rich, Elision.



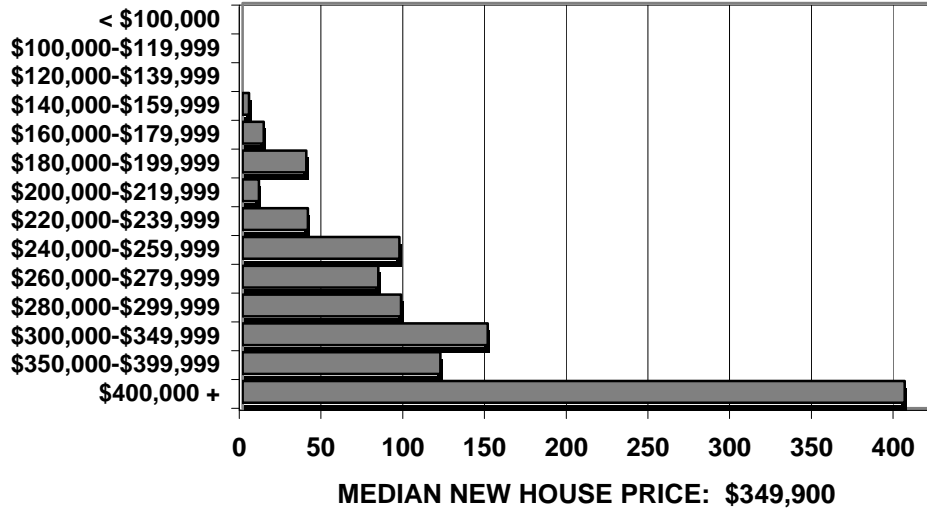
**KELOWNA C.A.
INVENTORY AND ABSORPTION
DECEMBER 2004 & YEAR-TO-DATE 2003 & 2004**

INVENTORY OF NEW HOMES										ABSORPTION OF NEW HOMES									
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Total			Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single	Grand Total			
Kelowna City	14	0	0	0	8	58	80			9	0	12	0	4	82	107			
Sub. J	0	0	1	0	3	25	29			0	0	0	0	0	26	26			
Sub. I	0	0	0	0	2	2	4			0	0	0	0	2	4	6			
Lake Country	0	0	0	0	0	0	0			0	0	0	0	0	5	5			
Peachland	0	0	0	0	2	0	2			0	0	0	0	0	0	0			
Indian Reserve	0	0	0	0	0	3	3			0	0	0	0	0	3	3			
MONTH TOTAL	14	0	1	0	15	88	118			9	0	12	0	6	120	147			
Y.T.D. Average 2004*	12	19	2	0	13	63	109			398	114	104	4	115	1,226	1,961			
Y.T.D. Average 2003*	17	25	3	0	9	51	105			594	50	31	4	96	1,089	1,864			

Absorption does not include assisted rental units. * Rounded.



PRICES OF SINGLES ABSORBED AT COMPLETION
Kelowna C.A. January - December 2004



Sub Area	Singles Starts By Sub Area		Singles Absorption By Sub Area	
	Y.T.D. 2004	Y.T.D. 2003	Y.T.D. 2004	Y.T.D. 2003
Black Mountain	77	43	47	49
Dilworth Mountain	50	36	30	41
Ellison	87	63	60	51
Glenrosa	19	35	22	24
Glenmore	14	53	28	50
I.R.	51	8	26	3
Core Area*	181	189	176	164
Lakeview Heights	70	104	84	79
Lower Mission	59	58	49	48
North Glenmore	79	18	48	12
Peachland	18	21	16	26
Rutland North	36	70	41	64
Rutland South	3	1	2	11
S. E. Kelowna	48	77	56	64
Shannon Lake	30	64	39	62
Upper Mission	320	257	319	165
Westbank	24	12	14	10
Winfield	34	35	33	32
West Kelowna	72	96	81	99
Other**	69	50	55	35
Total	1341	1290	1226	1089

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

HOUSING ACTIVITY SUMMARY - KELOWNA CA DECEMBER 2004

	OWNERSHIP				RENTAL				TOTAL
	FREEHOLD		CONDOMINIUM		PRIVATE		ASSISTED		
	Single	Semi	Row	Apt.	Row	Apt.	Row	Apt.	
Starts									
Dec. 2004	88	20	19	0	0	0	0	0	127
YTD 2004	1,341	148	171	461	5	102	0	0	2,228
YTD 2003	1,290	100	30	664	0	54	0	0	2,138
Under Construction									
Dec. 2004	678	102	172	879	2	102	0	0	1,935
Dec. 2003	604	74	30	677	0	106	0	0	1,491
Completions									
Dec. 2004	121	8	4	0	0	0	0	0	133
YTD 2004	1,267	120	28	252	4	113	0	0	1,784
YTD 2003	1,086	96	47	440	4	8	0	0	1,681
Inventory									
Dec. 2004	88	15	1	14	0	0			118
Dec. 2003	47	10	2	26	0	1			86
Total Supply									
Dec. 2004	766	117	173	893	2	102	0	0	2,053
Dec. 2003	651	84	32	703	0	107	0	0	1,577
Absorption									
Dec. 2004	120	6	12	9	0	0			147
3 Mo. Ave.	103	15	19	36	1	10			184
12 Mo. Ave.	101	10	8	33	1	10			163

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
DECEMBER 2004 AND YEAR-TO-DATE 2004

	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									
																						5	2	0	0	0	0	7	9	0
Cranbrook City	5	2	0	0	0	0	7	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18	2	0	0	0	0	0	20
E. Kootenay C	10	0	0	0	0	0	10	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	63	0	0	0	0	0	0	63
Cranbrook CA	15	2	0	0	0	0	17	19	0	0	0	0	0	0	0	0	0	0	0	0	0	81	2	0	0	0	0	0	83	
Y.T.D. 2004	94	2	0	0	0	0	96	50	0	0	0	0	0	0	0	0	0	0	0	0	0	142	38	16	0	0	0	0	196	
Kamloops C.	16	0	0	0	0	0	16	22	4	0	0	0	0	0	0	0	0	0	0	0	0	20	0	0	0	0	6	0	26	
Kamloops IR	1	0	0	0	0	0	1	3	0	0	0	0	0	0	0	0	0	0	0	0	0	162	38	16	0	0	6	0	222	
Kamloops CA	17	0	0	0	0	0	17	25	4	0	0	0	0	0	0	0	0	0	0	0	0	29	38	16	0	0	6	0	222	
Y.T.D. 2004	298	70	22	0	0	0	390	228	56	27	42	0	0	0	0	0	0	0	0	0	0	353	10	39	102	0	0	0	190	
Penticton City	6	4	0	52	0	0	62	1	0	0	53	0	0	0	0	0	0	0	0	0	0	54	0	0	0	0	0	0	54	
Sub. D	1	0	0	0	0	0	1	3	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	3	
Sub. E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub. F	1	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	
Penticton IR	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Penticton CA	8	4	0	52	0	0	64	6	0	0	53	0	0	0	0	0	0	0	0	0	0	59	10	39	102	0	0	0	224	
Y.T.D. 2004	126	12	39	133	8	0	318	123	6	28	131	12	0	0	0	0	0	0	0	0	0	300	41	14	12	12	0	0	79	
Salmon Arm	7	2	0	0	0	0	9	14	2	0	0	0	0	0	0	0	0	0	0	0	0	16	0	0	0	0	0	0	16	
Y.T.D. 2004	91	12	12	12	0	0	127	87	4	10	0	0	3	0	0	0	0	0	0	0	0	104	19	0	10	0	0	0	29	
Summerland	0	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0	0	0	4	
Y.T.D. 2004	35	0	10	0	0	0	45	31	0	0	0	0	0	0	0	0	0	0	0	0	0	31	0	0	0	0	0	0	31	
Vernon City	28	0	21	0	0	0	49	18	0	21	0	0	0	0	0	0	0	0	0	0	0	39	8	52	0	0	0	0	207	
Coldstream	2	0	0	0	0	0	2	11	0	0	0	0	0	0	0	0	0	0	0	0	0	11	0	0	0	0	0	0	11	
Sub. C	0	0	0	0	0	0	0	8	4	0	0	0	0	0	0	0	0	0	0	0	0	12	10	0	0	0	0	0	22	
Sub. D	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1	9	0	0	0	0	0	9	
Sub. E	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	
Lumby	1	0	0	0	0	0	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2	8	0	0	0	0	0	8	
I. R.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	4	
Vernon CA	31	0	21	0	0	0	52	40	4	21	0	0	0	0	0	0	0	0	0	0	0	65	205	18	52	0	4	0	279	
Y.T.D. 2004	379	28	68	0	4	0	479	317	32	29	0	0	0	0	0	0	0	0	0	0	0	378	317	32	29	0	0	0	378	

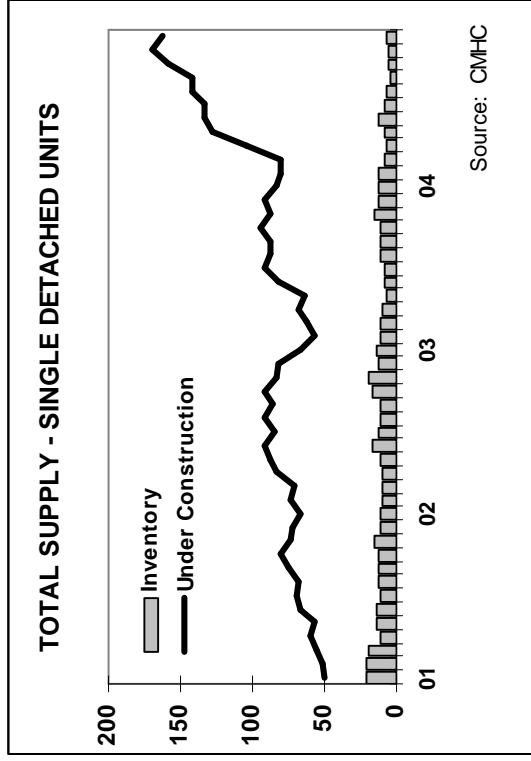
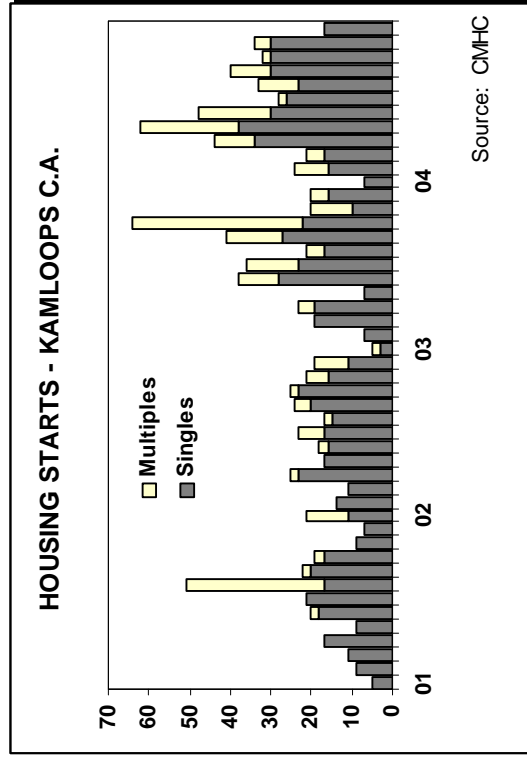
KAMLOOPS CA

Inventory and Absorption by Municipality

DECEMBER 2004 AND YEAR-TO-DATE 2003 & 2004

	INVENTORY OF NEW HOMES						ABSORPTION OF NEW HOMES							
	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single Total	Apt Condo	Apt Rental	Row Condo	Row Rental	Semi	Single Total	Grand Total	
Kamloops City	10	0	0	0	6	6	22	Kamloops City	0	0	2	0	4	20
Kamloops IR	0	0	0	0	0	1	1	Kamloops IR	0	0	0	0	0	3
MONTH TOTAL	10	0	0	0	6	7	23	MONTH TOTAL	0	0	2	0	4	23
Y.T.D. Average 2004*	12	0	2	0	8	8	30	Y.T.D. TOTAL 2004	46	0	23	0	61	233
Y.T.D. Average 2003*	20	0	2	0	14	11	47	Y.T.D. TOTAL 2003	19	0	24	0	37	189

Absorption does not include assisted rental units. * Rounded.



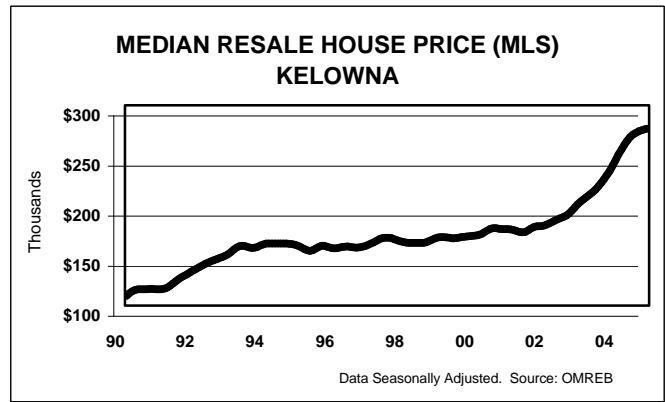
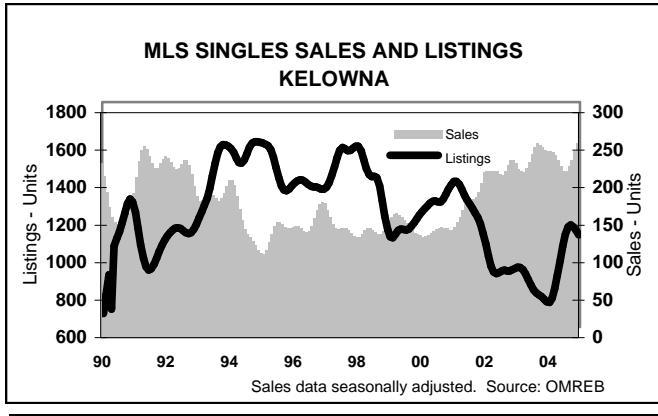
Resale Market Highlights

Kelowna resale markets maintained a blistering pace in 2004, sales closely approaching last year's record high. Third and fourth quarter singles sales slowed in response to sharply rising prices, but maintained a brisk pace through year-end. The supply of singles listings has increased sharply from last fall's fifteen year low, expectations of big price gains drawing more sellers into the marketplace. The sales to active listings ratio has come down, but for now, remains in seller's market territory.

Strong demand and reduced supply have meant stiff upward pressure on price levels. The median resale singles price jumped 17% and 21% in 2003 and 2004,

respectively. Rising supply points to smaller price increases in 2005. The resale apartment and townhouse condo markets have seen a similar upswing. Though continuing to favour sellers, Kelowna area resale markets are beginning to move towards a more balanced market position.

The Kamloops, Salmon Arm, Vernon and Penticton resale markets saw sales rise to levels not seen since the early 1990s. The supply of listings has tumbled to record lows, and unlike Kelowna, stayed down. Prices are on the rise, the rate of increase accelerating through second half of 2004. All four centres remain seller's markets.



SOUTHERN INTERIOR RESALE MARKETS

MLS SALES	DECEMBER				YEAR-TO-DATE			
	Sales Dec. 2004	Percent Change Dec. 03	Median Price Dec. 04	Percent Change Dec. 03	Sales YTD 2004	Percent Change YTD 03	Median Price YTD 2004	Percent Change YTD 03
Single Detached								
Kelowna	156	-9%	\$271,000	16%	2,884	-0.9%	\$266,950	21%
Kamloops	33	-37%	\$185,000	17%	1,260	13%	\$177,500	12%
Vernon Area	77	8%	\$205,000	15%	1,649	12%	\$191,000	14%
Penticton	20	100%	\$245,000	58%	404	5%	\$215,000	25%
Salmon Arm	15	36%	\$182,500	32%	279	13%	\$175,000	0.5%
Cranbrook	11	38%	\$129,000	-4%	308	26%	\$125,000	7%

MLS - Multiple Listing Service is a registered trademark owned by The Canadian Real Estate Association (CREA).

Current month MLS data is preliminary.