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Starts declined in 2005

Weakness in the fourth quarter

Total housing starts in the fourth quarter declined 3.4 per cent when compared to the same period in 2004. The decline in starts activity was primarily focused on a 17.5 per cent decline in Newfoundland-Labrador and some softness in New Brunswick where starts were down 1.2 per cent in the fourth quarter.

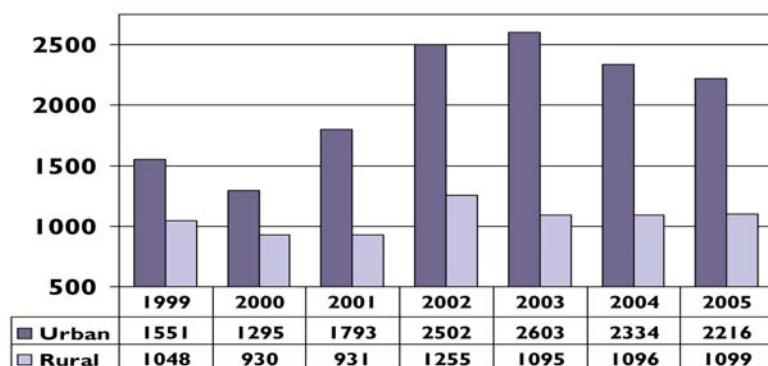
Urban starts dropped 5.1 per cent in the fourth quarter. This is due to the significant declines in St John's (-19 per cent), and Halifax (-13 per cent). These declines were offset by a rebound of activity in Truro (+24.1 per cent), Cape Breton (+14.3 per cent), Moncton, (+13.7 per

cent), and Charlottetown (+9.6 per cent). For the full year urban starts were down 4.7 per cent in 2005.

Rural starts were stable in the fourth quarter in Atlantic Canada and up 1.3 per cent for the full year period January to December. This was primarily due to the pick-up in Nova Scotia (+8.2 per cent) in 2005.

Completions declined 11.6 per cent in the fourth quarter and under construction was up 4.4 per cent as of Dec 31, 2005. Completions dropped 14.5 per cent in 2005.

**All Area Housing Starts
Atlantic Canada
(October-December)**



Source: CMHC.

Atlantic Canada

December 2005

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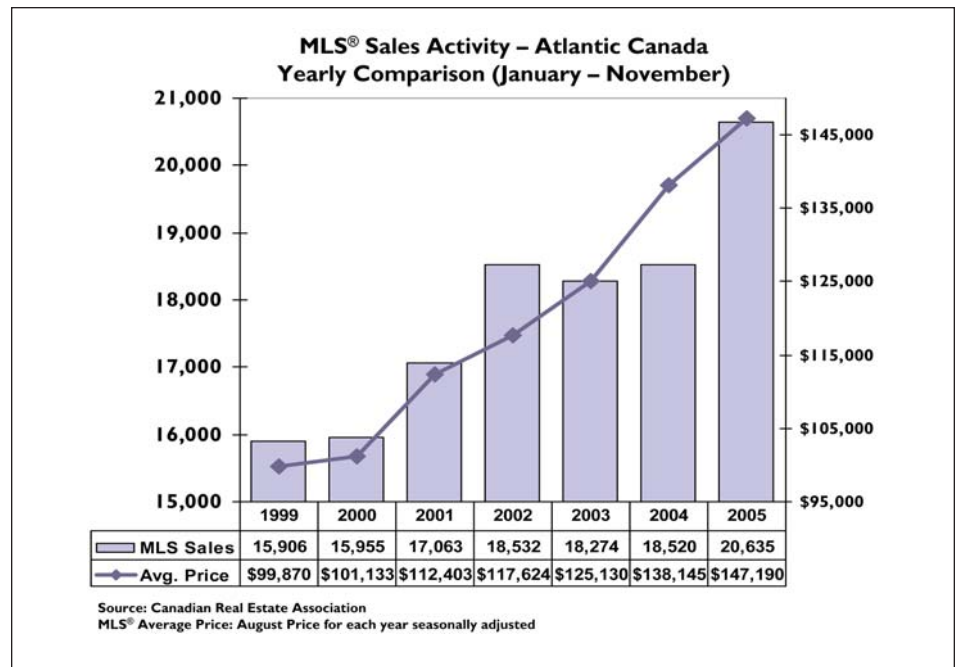
MLS® sales continued to rise in November

MLS® sales were up 27.3 per cent in November contributing to stronger activity in 2005 (+11.4 per cent) for the period (January-November) compared to a year ago. The pick-up in sales activity in November for Nova Scotia (+34.7 per cent) and New Brunswick (+41.4 per cent) is even stronger than the resurgence in activity that has occurred since June 2005. Together Nova Scotia and New Brunswick are contributing to the overall rebound in sales activity in Atlantic Canada in 2005.

Price growth in 2005 continues to be strong following similar trends experienced in the Atlantic housing market over the last four years. The average price (seasonally adjusted) is up 6.6 per cent overall in Atlantic Canada for November 2005 as compared to November 2004. Prices have risen 8.8 percent in 2005 over the period (January-November).

In Atlantic Canada the supply of homes on the market continued to rise in the fourth quarter with listings up 19.8 per cent in November and (+12.3 per cent) for the period (January to November).

The continued growth of listings is expected to dampen price growth in 2006 to less than 5 per cent as the increased supply of homes for sale will provide buyers with more choice.



Economic factors are weakening

For December the labour force continued the trend of weaker growth in Atlantic Canada declining 0.1 per cent. For the full year the labour force was also down 0.1 per cent.

For the full year employment increased 0.2 per cent in 2005 with positive job creation experienced in Prince Edward Island (+2.1 per cent) and Nova Scotia (+0.5 per cent) and no change in New Brunswick partially offset by slight weakness in Newfoundland-Labrador (-0.4 per cent). The unemployment rate increased slightly to 11.1 per cent in December 2005 as compared to 10.8 per cent in December 2004.

Continued strength in the housing market has been previously bolstered by low interest rates and stability in consumer confidence.

The high Canadian dollar and higher energy costs as well as weaker job creation, and an expectation of higher rates in 2006 will result in a decline in housing activity in Atlantic Canada in 2006.

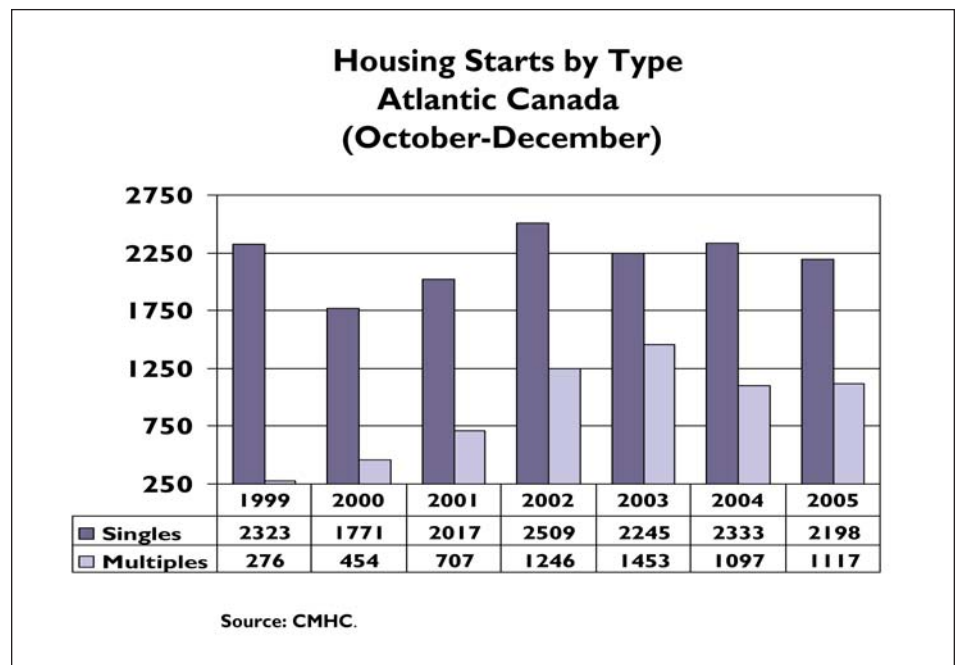


Table 1
Activity Summary By Area
Atlantic

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	4th Quarter			January-December			4th Quarter			January-December			As at December 31		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
Total Urban Areas	2216	2334	-5.1%	8241	8650	-4.7%	2826	3175	-11.0%	7983	9737	-18.0%	4473	4226	5.8%
Total Rural Areas	1099	1096	0.3%	3853	3803	1.3%	1353	1554	-12.9%	3759	3994	-5.9%	1640	1627	0.8%
Total Atlantic	3315	3430	-3.4%	12094	12453	-2.9%	4179	4729	-11.6%	11742	13731	-14.5%	6113	5853	4.4%

Source: CMHC

Table 2
Activity Summary By Area
Prince Edward Island

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	4th Quarter			January-December			4th Quarter			January-December			As at December 31		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
Charlottetown CA	125	114	9.6%	448	490	-8.6%	207	130	59.2%	505	451	12.0%	139	189	-26.5%
Summerside CA	10	14	-28.6%	106	113	-6.2%	15	55	-72.7%	89	132	-32.6%	32	14	##
Total Urban Areas	135	128	5.5%	554	603	-8.1%	222	185	20.0%	594	583	1.9%	171	203	-15.8%
Total Rural Areas	86	71	21.1%	308	316	-2.5%	88	150	-41.3%	281	304	-7.6%	87	70	24.3%
Total PEI	221	199	11.1%	862	919	-6.2%	310	335	-7.5%	875	887	-1.4%	258	273	-5.5%

Source: CMHC

##: Year-over-year change greater than 100 per cent

Table 3
Activity Summary By Area
Nova Scotia

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	4th Quarter			January-December			4th Quarter			January-December			As at December 31		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
Halifax CMA	587	675	-13.0%	2451	2627	-6.7%	972	1112	-12.6%	2241	2888	-22.4%	1839	1636	12.4%
Cape Breton CA	56	49	14.3%	262	288	-9.0%	54	60	-10.0%	240	254	-5.5%	58	46	26.1%
Kentville CA	36	29	24.1%	129	61	##	51	13	##	99	47	##	62	32	93.8%
New Glasgow CA	40	26	53.8%	104	124	-16.1%	35	44	-20.5%	100	112	-10.7%	48	44	9.1%
Truro CA	98	79	24.1%	311	214	45.3%	96	47	##	311	225	38.2%	158	160	-1.3%
Total Urban Areas	817	858	-4.8%	3257	3314	-1.7%	1208	1276	-5.3%	2991	3526	-15.2%	2165	1918	12.9%
Total Rural Areas	443	385	15.1%	1518	1403	8.2%	588	510	15.3%	1465	1370	6.9%	737	1786	-58.7%
Total N.S.	1260	1243	1.4%	4775	4717	1.2%	1796	1786	0.6%	4456	4896	-9.0%	2902	3704	-21.7%

Source: CMHC

##: Year-over-year change greater than 100 per cent

Table 4
Activity Summary By Area
Newfoundland and Labrador

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	4th Quarter			January-December			4th Quarter			January-December			As at December 31		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
St. John's CMA	419	517	-19.0%	1534	1834	-16.4%	480	436	10.1%	1672	1663	0.5%	929	1066	-12.9%
Corner Brook CA	23	30	-23.3%	97	103	-5.8%	25	28	-10.7%	102	83	22.9%	44	48	-8.3%
Gander CA	11	13	-15.4%	72	62	16.1%	18	16	12.5%	76	47	61.7%	23	27	-14.8%
Grand Falls-Windsor CA	12	35	-65.7%	58	91	-36.3%	14	24	-41.7%	83	111	-25.2%	19	44	-56.8%
Labrador CA	0	0	0.0%	0	1	-100.0%	0	0	0.0%	0	1	-100.0%	0	0	0.0%
Total Urban Areas	465	595	-21.8%	1761	2091	-15.8%	537	504	6.5%	1933	1905	1.5%	1015	1185	-14.3%
Total Rural Areas	193	203	-4.9%	737	779	-5.4%	259	310	-16.5%	682	830	-17.8%	411	389	5.7%
Total N.L.	658	798	-17.5%	2498	2870	-13.0%	796	814	-2.2%	2615	2735	-4.4%	1426	1574	-9.4%

Source: CMHC

###: Year-over-year change greater than 100 per cent

Table 5
Activity Summary By Area
New Brunswick

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	4th Quarter			January-December			4th Quarter			January-December			As at December 31		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
Bathurst CA	15	11	36.4%	55	56	-1.8%	19	31	-38.7%	57	70	-18.6%	17	19	-10.5%
Campbellton CA	16	5	###	46	16	###	28	4	###	33	16	###	17	4	###
Edmundston CA	5	22	-77.3%	46	66	-30.3%	26	42	-38.1%	52	74	-29.7%	9	15	-40.0%
Fredericton CA	257	254	1.2%	792	803	-1.4%	287	290	-1.0%	751	878	-14.5%	322	282	14.2%
Miramichi CA	10	6	66.7%	38	34	11.8%	10	10	0.0%	39	30	30.0%	15	16	-6.3%
Moncton CA	348	306	13.7%	1191	1151	3.5%	303	647	-53.2%	980	2127	-53.9%	577	367	57.2%
Saint John CA	148	149	-0.7%	501	516	-2.9%	186	186	0.0%	553	528	4.7%	165	217	-24.0%
Total Urban Areas	799	753	6.1%	2669	2642	1.0%	859	1210	-29.0%	2465	3723	-33.8%	1122	920	22.0%
Total Rural Areas	377	437	-13.7%	1290	1305	-1.1%	418	584	-28.4%	1331	1490	-10.7%	405	433	-6.5%
Total N.B.	1176	1190	-1.2%	3959	3947	0.3%	1277	1794	-28.8%	3796	5213	-27.2%	1527	1353	12.9%

Source: CMHC

###: Year-over-year change greater than 100 per cent

Table 6
MLS® Sales Activity
Atlantic Summary

Area	UNIT SALES (Number of Units)						LISTINGS						AVERAGE PRICE (\$000's) (S.A.)		
	November (S.A.)			January-November			November (S.A.)			January-November			November (S.A.)		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
Prince Edward Island	119	139	-14.4%	1351	1365	-1.0%	258	213	21.1%	2725	2508	8.7%	127.6	120.3	6.1%
Nova Scotia	966	717	34.7%	9821	8491	15.7%	1599	1359	17.7%	17622	15727	12.0%	166.7	157.1	6.1%
Newfoundland-Labrador	281	266	5.6%	2984	3018	-1.1%	610	499	22.2%	6534	5776	13.1%	138.6	132.5	4.6%
New Brunswick	632	447	41.4%	6479	5646	14.8%	1102	907	21.5%	11914	10534	13.1%	124.8	116.5	7.1%
Atlantic	1998	1569	27.3%	20635	18520	11.4%	3569	2978	19.8%	38795	34545	12.3%	147.2	138.1	6.6%

Source: Canadian Association of Real Estate

MLS® is a registered trademark of the Canadian Real Estate Association

S.A. : Seasonally Adjusted

**Table 7
Employment
Atlantic Summary**

Area	LABOUR FORCE (000's)						EMPLOYMENT (000's)						UNEMPLOYMENT RATE %		
	December (S.A.)			January-December			December (S.A.)			January-December			December (S.A.)		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
Prince Edward Island	76.8	76.7	0.1%	76.3	75.2	1.5%	68.4	68.7	-0.4%	68.1	66.7	2.1%	10.9	10.4	4.8%
Nova Scotia	482.5	486.6	-0.8%	484.2	484.4	0.0%	441.5	443.4	-0.4%	443.6	441.6	0.5%	8.5	8.9	-4.5%
Newfoundland-Labrador	249.8	252.2	-1.0%	252.7	255	-0.9%	211.1	216	-2.3%	214.3	215.2	-0.4%	15.5	14.4	7.6%
New Brunswick	394.1	389.4	1.2%	388.0	388.3	-0.1%	356.2	352.9	0.9%	350.4	350.4	0.0%	9.6	9.4	2.1%
Atlantic	1203.2	1204.9	-0.1%	1201.2	1202.9	-0.1%	1077.2	1081	-0.4%	1076.4	1073.9	0.2%	11.1	10.8	2.8%

Source: Statistics Canada - Labour Force Survey

S.A. : Seasonally Adjusted

**Table 8
Key Provincial Economic Indicators**

Area	RETAIL SALES (Millions of Dollars)						BUILDING PERMITS (Millions of Dollars)						POPULATION (000's)		
	October(S.A.)			January-October			November(S.A.)			January-November			4th Quarter 2005		
	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg	2005	2004	% chg
Prince Edward Island	117.1	117.2	-0.1%	1168	1139	2.5%	21.6	22.4	-3.6%	232	211	9.8%	138.3	137.8	0.4%
Nova Scotia	887.8	875.4	1.4%	8595	8411	2.2%	95.6	107.2	-10.8%	1124	1071	4.9%	938.1	938.8	-0.1%
Newfoundland-Labrador	496.6	485.7	2.2%	4767	4665	2.2%	33.1	43	-23.0%	478	483	-0.8%	515.6	517.1	-0.3%
New Brunswick	705.1	662.3	6.5%	6849	6481	5.7%	59.2	59.6	-0.7%	801	769	4.1%	751.7	752.3	-0.1%
Atlantic	2207	2141	3.1%	21379	20696	3.3%	209.5	232.2	-9.8%	2635.1	2534	4.0%	2343.7	2346.0	-0.1%

Sources:

Statistics Canada - Monthly Retail Sales Survey

Statistics Canada - Monthly Building Permits Survey

Statistics Canada - Quarterly Population Survey

S.A. : Seasonally Adjusted

###: Year-over-year change greater than 100 per cent

**Table 9
Other Financial and Economic Indicators**

INDICATOR	December			January-December		
	2005	2004	% chg	2005	2004	% chg
	Cdn Dollar Foreign Exchange in (\$U.S.)	0.86	0.82	5.0%	0.83	0.77
Five Year Mortgage Rate (%)	6.30	6.05	4.1%	5.99	6.23	-3.9%
Index of Consumer Attitudes, Atlantic (1991=100)	125.0	123.0	1.6%	118.4	120.5	-1.7%

Sources:

Bank of Canada

Conference Board of Canada Monthly Survey of Consumer Attitudes

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