2005 Fourth Quarter Highlights

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Canada Mortgage and Housing Corporation

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BRITISH COLUMBIA

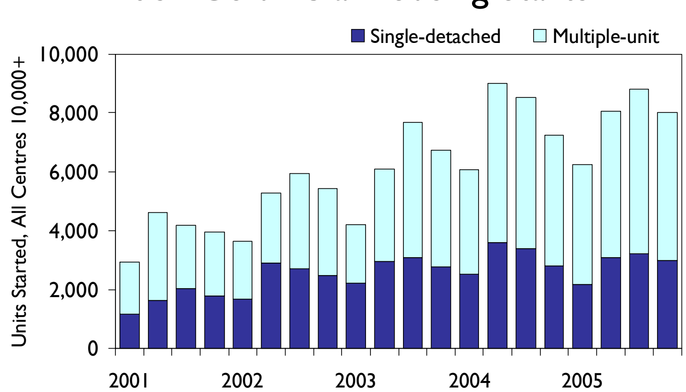
Housing Starts Exceed 30,000 for the second consecutive year

Builders in British Columbia started 34,667 new homes in 2005, an increase of 5.3 per cent from 2004. This was the second consecutive year that total housing starts in the province topped 30,000 units. The strong performance can be attributed to the surge in building activity during the fourth quarter.

Urban housing starts (in areas with a population of 10,000 or more) during the October to December quarter were 10 per cent higher than the same period in 2004, the best three month finish to a year since 1994. In the final three months of 2005 there were 36,630 units under construction in urban areas, the highest level on record. Despite the high levels of new home construction, inventory levels remain low held back by pre-sales and strong housing demand.

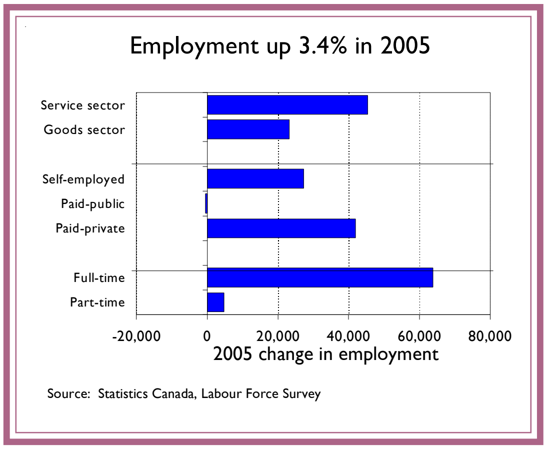
There were 19,664 multiple-family homes started in 2005, an increase of 6 per cent from 2004 levels. Single-detached homes, which are often the preferred product type, declined by 7 per cent as builders concentrated efforts on other forms of housing. The availability of developable land, particularly in urban areas, and high land costs emerged as key issues facing homebuilders in 2005.

British Columbia Housing Starts



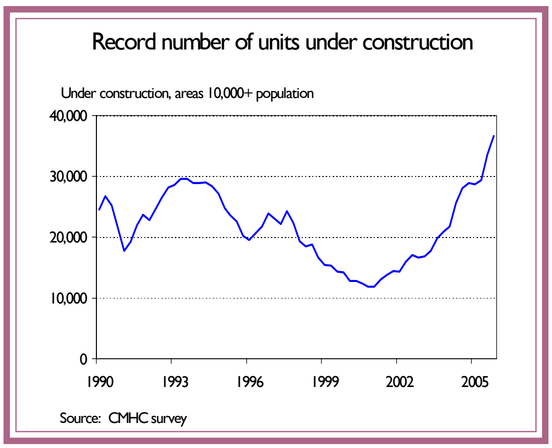
Source: CMHC

Improving economic conditions around the province resulted in more housing starts outside the major urban centres. Rural areas (with population less than 10,000 persons) accounted for 10.2 per cent of starts in 2005, up from 6.2 per cent in 2004.



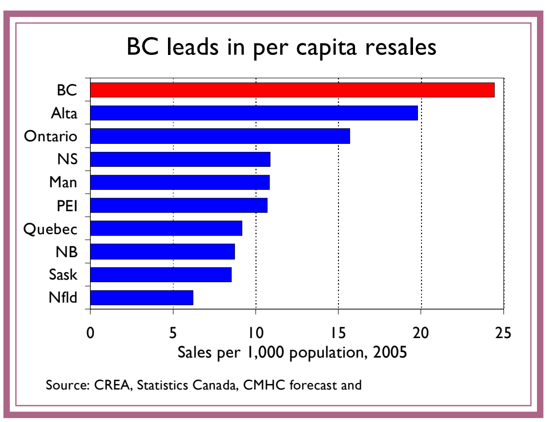
Employment up 3.4% in 2005

Source: Statistics Canada, Labour Force Survey



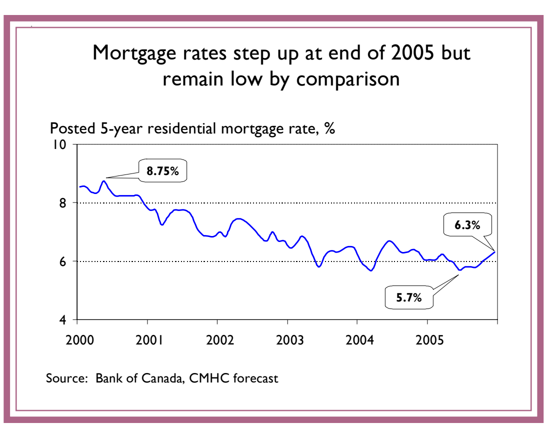
Record number of units under construction

Source: CMHC survey



BC leads in per capita resales

Source: CREA, Statistics Canada, CMHC forecast and



Mortgage rates step up at end of 2005 but remain low by comparison

Source: Bank of Canada, CMHC forecast

Solid Economic Fundamentals in 2005

Solid economic fundamentals are behind the current high levels of housing sector activity. The British Columbia economy is in mid-expansion, benefiting from high commodity prices, strong domestic demand and investment in the non-residential sector. Global demand for key BC commodities is generating record job growth and rejuvenating housing markets in resource-dependent areas of the province.

In 2005, British Columbia posted the largest percentage increase in employment since1994. Job gains were concentrated in full-time and paid-private employment. The unemployment rate declined steadily through the year posting an all-time low of 4.9 per cent in November 2005. The improving labour market conditions boosted consumer confidence. Growth in incomes combined with high consumer confidence and low interest rates are fuelling consumer spending and activity in the new and existing home markets.

Population growth and the formation of new households are generating housing demand in the province. The province recorded a 4.3 per cent increase in the number of people settling in BC from other provinces in the first three quarters of 2005 compared to 2004. Employment opportunties are one drawing feature. The province continues to be a favoured desintation for people moving to Canada from other countries. Net international migration totalled 31,677 persons during the first three quarters of 2005, a 16.7 per cent increase from the same period in 2004. The province's ongoing high levels of activity in the housing sector also reflect a faster pace of population growth. For the year ending July 1, 2005, the number of people living in British Columbia increased 1.3 per cent compared to 0.9 per cent for Canada.

Combined, these factors have boosted residential investment which continues to contribute to overall economic growth in the province.

Low Interest Rates Spurs Demand

Throughout 2005, low interest rates were the driving factor behind housing and interest-sensitive consumer spending. In September, the Bank of Canada embarked on a tightening of monetary conditions with the first rate increase since October 2004. During the fourth quarter, the Bank of Canada raised the target for the overnight lending rate three times for a total increase of 75 basis points.As a result, the short-term policy rate ended the year at 3.25 per cent.

Mortgage rates adjusted to reflect the Bank's actions. By December, the posted five-year mortgage rate had climbed to 6.3 per cent compared to just 5.8 per cent in October. The impact of rising interest rates on the economy typically operates with a 12 to 18 month lag, however some slowing in the resale market may be evident in 2006.

Resale Transactions Set New Record in 2005

British Columbia maintained its number one status with the most resales per person of all the provinces in 2005. There were 106,290 MLS® transactions in 2005, an increase of 10.3 per cent from 2004 levels, setting a new record high. This record resale activity translated into higher prices and record MLS® dollar volumes. Annual MLS® dollar volumes reached $35.3 billion, a 26.8 per cent increase from the previous year.

While demand for homes was strong, limited supply of new listings kept price pressure up. The average resale price in British Columbia increased an estimated 14 per cent from 2004. Price gains varied around the province and by product type. The average resale price in Vancouver was $425,745, a 14 per cent increase from 2004. In Victoria, the average resale price jumped 17 per cent to $380,897.

Regional Housing Starts Performance Varies

The regional housing starts performance varied in 2005. In Victoria, builders started 13 per cent fewer units in 2005 with a total of 2,058 foundations poured. In Vancouver, there was a 3 per cent decline in the number of starts. Meanwhile, builders in Kelowna started 24 per cent more homes last year compared to 2004. Kamloops, Duncan, Campbell River, Penticton and Fort St. John also stand out as centres with significant increases in the number of new home starts in 2005.

Rural Housing Starts Surge

The number of housing starts in areas with fewer than 10,000 people increased 73 per cent in 2005. Foundations were poured on 3,548 rural area homes last year, compared to 2,051 rural starts in 2004. Last year saw an increase in multi-family developments in rural British Columbia.

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Rural Housing Starts					
	Single Det.	**Semi**	**Row**	**Apt.**	**Total**
2004 Q1	260	26	30	2	318
2004 Q2	543	36	16	24	619
2004 Q3	561	79	13	0	653
2004 Q4	363	57	14	27	461
Total 2004	**1,727**	**198**	**73**	**53**	**2,051**
2005 Q1	183	39	32	29	283
2005 Q2	509	68	5	222	804
2005 Q3	867	45	62	456	1,430
2005 Q4	705	97	111	118	1,031
Total 2005	**2,264**	**249**	**210**	**825**	**3,548**

Urban Housing Starts					
	Single Det.	**Semi**	**Row**	**Apt.**	**Total**
2004 Q1	2,522	374	722	2,347	5,965
2004 Q2	3,609	504	1,074	3,821	9,008
2004 Q3	3,385	551	1,318	3,278	8,532
2004 Q4	2,813	435	1,200	2,807	7,255
Total 2004	**12,329**	**1,864**	**4,314**	**12,367**	**30,874**
2005 Q1	2,172	292	856	2,921	6,241
2005 Q2	3,090	411	1,295	3,276	8,072
2005 Q3	3,221	484	1,143	3,950	8,798
2005 Q4	2,972	355	955	3,726	8,008
Total 2005	**11,455**	**1,542**	**4,249**	**13,873**	**31,119**

Table 1

Housing Starts, Urban B.C.
October - December 2005

AREA	SINGLE DETACHED 2004	SINGLE DETACHED 2005	SINGLE DETACHED % Chg.	MULTIPLES 2004	MULTIPLES 2005	MULTIPLES % Chg.	TOTAL 2004	TOTAL 2005	TOTAL % Chg.
Metropolitan Areas									
Abbotsford	133	116	-13	62	93	50	195	209	7
Vancouver	1,213	1,224	1	3,018	3,757	24	4,231	4,981	18
Victoria	248	241	-3	565	258	-54	813	499	-39
CA's 50,000 - 99,000 pop.									
Chilliwack	86	186	116	164	29	-82	250	215	-14
Kamloops	77	135	75	6	48	##	83	183	120
Kelowna	311	306	-2	249	385	55	560	691	23
Nanaimo*	165	120	-27	62	59	-5	227	179	-21
Prince George	45	64	42	0	5	**	45	69	53
Vernon	102	69	-32	30	23	-23	132	92	-30
CA's 10,000 - 49,999 pop.									
Campbell River	22	92	318	2	72	##	24	164	##
Courtenay *	105	81	-23	70	83	19	175	164	-6
Cranbrook	26	53	104	2	27	##	28	80	186
Dawson Creek	14	5	-64	6	2	-67	20	7	-65
Duncan	50	43	-14	10	42	320	60	85	42
Fort St. John	30	23	-23	10	6	-40	40	29	-28
Kitimat	0	0	**	0	0	**	0	0	**
Parksville-Qualicum	56	67	20	32	22	-31	88	89	1
Penticton	30	27	-10	69	45	-35	99	72	-27
Port Alberni	19	20	5	0	2	**	19	22	16
Powell River	0	17	**	0	6	**	N/A	23	**
Prince Rupert	2	0	-100	0	0	**	2	0	-100
Quesnel	8	20	150	0	0	**	8	20	150
Terrace	0	2	**	0	0	**	0	2	**
Williams Lake	33	19	-42	0	0	**	33	19	-42
Cities 10,000 pop. +									
Salmon Arm	28	24	-14	21	22	5	49	46	-6
Squamish	6	6	0	64	50	-22	70	56	-20
Summerland	4	12	200	0	0	**	4	12	200
Total	**2,813**	**2,972**	**6**	**4,442**	**5,036**	**13**	**7,255**	**8,008**	**10**

**Data for 2004 and 2005 have been modified to account for Statistics Canada boundary changes. Provincial totals have not been adjusted.*
CMHC

Table 2

Housing Starts, Year-to-Date, Urban B.C.
January - December 2005

AREA	SINGLE DETACHED 2004	SINGLE DETACHED 2005	SINGLE DETACHED % Chg.	MULTIPLES 2004	MULTIPLES 2005	MULTIPLES % Chg.	TOTAL 2004	TOTAL 2005	TOTAL % Chg.
Metropolitan Areas									
Abbotsford	607	458	-25	476	554	16	1,083	1,012	-7
Vancouver	5,614	4,935	-12	13,816	13,979	1	19,430	18,914	-3
Victoria	1,038	974	-6	1,325	1,084	-18	2,363	2,058	-13
CA's 50,000 - 99,000 pop.									
Chilliwack	461	496	8	527	470	-11	988	966	-2
Kamloops	298	409	37	92	180	96	390	589	51
Kelowna	1,342	1,205	-10	882	1,550	76	2,224	2,755	24
Nanaimo	739	581	-21	208	324	56	947	905	-4
Prince George	181	259	43	128	25	-80	309	284	-8
Vernon	379	325	-14	100	90	-10	479	415	-13
CA's 10,000 - 49,999 pop.									
Campbell River	121	220	82	49	119	143	170	339	99
Courtenay	426	391	-8	252	322	28	678	713	5
Cranbrook	89	160	80	2	27	##	91	187	105
Dawson Creek	30	32	7	8	8	0	38	40	5
Duncan	187	209	12	28	179	##	215	388	80
Fort St. John	87	109	25	38	44	16	125	153	22
Kitimat	2	2	0	0	0	**	2	2	0
Parksville-Qualicum	272	206	-24	156	83	-47	428	289	-32
Penticton	126	115	-9	192	291	52	318	406	28
Port Alberni	51	81	59	16	2	-88	67	83	24
Powell River	0	41	**	0	48	**	0	89	**
Prince Rupert	4	4	0	0	0	**	4	4	0
Quesnel	30	41	37	0	0	**	30	41	37
Terrace	3	9	200	0	0	**	3	9	200
Williams Lake	89	40	-55	33	0	-100	122	40	-67
Cities 10,000 pop. +									
Salmon Arm	91	106	16	36	48	33	127	154	21
Squamish	28	13	-54	171	235	37	199	248	25
Summerland	34	34	0	10	2	-80	44	36	-18
Total	**12,329**	**11,455**	**-7**	**18,545**	**19,664**	**6**	**30,874**	**31,119**	**1**

CMHC

Table 3

Units Completed

	Single Detached	Semi Detached	Row Rental	Row Condo	Apt. Condo	Apt. Rental	Total
October - December 2005							
Metropolitan Areas							
Abbotsford	153	0	0	0	120	0	273
Vancouver	1,157	160	0	892	1,410	125	3,744
Victoria	237	20	0	25	39	0	321
Large Urban Centres & Urban Agglomerations							
Chilliwack	161	14	0	0	0	0	175
Kamloops	98	14	0	0	0	0	112
Kelowna	272	22	0	16	37	0	347
Nanaimo	147	18	0	3	40	0	208
Prince George	51	0	0	0	0	0	51
Vernon	57	8	0	20	0	0	85
Total	**2,333**	**256**	**0**	**956**	**1,646**	**125**	**5,316**
January - December 2005							
Metropolitan Areas							
Abbotsford	568	12	0	29	418	62	1,089
Vancouver	4,692	794	8	3,127	6,798	303	15,722
Victoria	935	87	4	159	688	0	1,873
Large Urban Centres & Urban Agglomerations							
Chilliwack	478	40	0	233	0	90	841
Kamloops	348	54	0	16	0	0	418
Kelowna	1,126	110	2	188	462	8	1,896
Nanaimo	543	64	0	12	40	0	659
Prince George	204	0	0	0	0	32	236
Vernon	300	24	0	55	0	0	379
Total	**9,194**	**1,185**	**14**	**3,819**	**8,406**	**495**	**23,113**

Note: Excludes Non-Profit and Co-op units
CMHC

Table 4

Absorption of Newly Completed Units

	Single Detached	Semi Detached	Row Rental	Row Condo	Apt. Condo	Apt. Rental	Total
October - December 2005							
Metropolitan Areas							
Abbotsford	138	0	0	1	96	0	235
Vancouver	1,095	184	1	923	1,307	114	3,624
Victoria	246	16	0	37	54	0	353
Large Urban Centres & Urban Agglomerations							
Chilliwack	128	14	0	0	0	0	142
Kamloops	102	16	0	1	2	0	121
Kelowna	287	32	0	18	40	0	377
Nanaimo	131	21	0	2	10	0	164
Prince George	46	0	0	0	0	0	46
Vernon	57	8	0	20	0	0	85
Total	**2,230**	**291**	**1**	**1,002**	**1,509**	**114**	**5,147**
January - December 2005							
Metropolitan Areas							
Abbotsford	569	14	0	29	367	62	1,041
Vancouver	4,811	884	11	3,137	6,815	435	16,093
Victoria	932	96	4	173	690	1	1,896
Large Urban Centres & Urban Agglomerations							
Chilliwack	464	38	0	239	0	90	831
Kamloops	351	58	0	16	4	0	429
Kelowna	1,165	116	2	187	467	8	1,945
Nanaimo	528	64	0	11	10	0	613
Prince George	198	0	0	0	0	32	230
Vernon	308	24	0	56	0	0	388
Total	**9,326**	**1,294**	**17**	**3,848**	**8,353**	**628**	**23,466**

Note: Excludes Non-Profit and Co-op units
CMHC

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