



BC INTERIOR TO LEAD GROWTH IN 2012

Home buying activity in the province is expected to remain at a moderate pace through 2013 as headwinds in the global economy limit economic expansion here at home. Residential sales through the Multiple Listing Service® (MLS®) in British Columbia are forecast to edge back 2.2 per cent to 75,200 units this year, before rising 4.9 per cent to 78,900 units in 2013. Since 2009, BC home sales have hovered in the 74,000 to 78,000 unit range. A record 106,310 units traded hands in 2005.

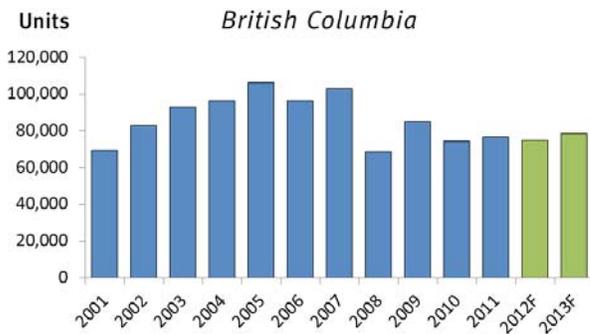
rate of growth will likely not put much downward pressure on the provincial unemployment rate, which is expected to hover around 6.5 to 7 per cent for most of this year. We anticipate a slight acceleration of economic growth in 2013 to 2.8 per cent as a gradually improving employment picture spurs consumer spending and increased confidence in the global economic recovery.

Despite historically low mortgage interest rates, relatively weak employment growth in 2011 is curbing overall housing demand this year. However, both employment and consumer spending has posted more positive growth during the first four months of the year. As a result, housing demand is expected to show some improvement in the latter half of the year and into 2013.

The average annual MLS® residential price in the province is forecast to dip 3.9 per cent to \$539,400 this year before increasing 1.4 per cent to \$547,000 in 2013. The decline in the average is largely the result of improved market conditions outside of the Lower Mainland creating an increased number of lower priced transactions, thereby skewing the average lower. In addition, a notable shift in the mix of home types sold in Vancouver last year artificially skewed average prices in the market. This isn't being repeated in 2012 leading to declining average price statistics where the typical home price is stable.

MLS®	11e	12f	13f
Sales	76,817 2.9%	75,200 -2.2%	78,900 4.9%
Avg Price	561,026 11.1%	539,400 -3.9%	547,000 1.4%
\$ Volume	43.1 Bil 14%	40.5 Bil -5.9%	43.1 Bil 6.4%
Housing Starts¹			
Total	26,400 -0.3%	26,800 1.5%	28,400 6%
Single	8,867 -22.6%	8,900 0.4%	9,400 5.6%
Multiple	17,533 16.8%	17,900 2.1%	19,000 6.1%
INSIDE			
2	Economic Outlook		
4	Van. Island/ Sunshine Coast		
7	Mortgage Rate Forecast		
8	Lower Mainland		
11	Kamloops		
12	Okanagan		
14	Kootenay		
15	Northern BC		
16....	Forecast Summary		

MLS® Residential Sales



Source: BCREA

Regionally, Lower Mainland markets are expected to experience fewer sales this year than last as an exceedingly strong first quarter of 2011 didn't repeat itself in 2012. However, Interior markets are expected to post much stronger results, with Kamloops, the Okanagan and the North posting the strongest year-over-year increases.



The economy is forecast to grow by 2.5 per cent in 2012 following an estimated 2.7 per cent in 2011. This relatively muted

1. Sources: CMHC, BCREA Forecast

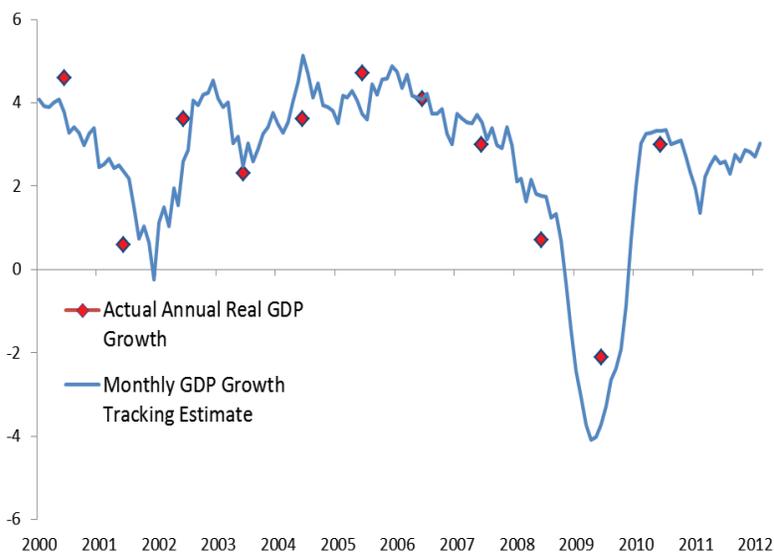
ECONOMIC OUTLOOK

Incoming data from the first quarter of 2012 shows that the BC economy is sustaining, and even building on, the momentum it gained towards the end of 2011. Growth in consumer spending has been buoyed by an improving labour market and residential and non-residential investment continues to be supported by historically low interest rates.

While BC's economic growth has been steady to start the year, uncertainty in the global economy continues to loom over 2012. A Eurozone recession and the significant risk of a Greek exit from the Euro have rattled financial markets. First quarter growth in BC exports to the United States and Japan softened as have sales to Asian markets outside of China. Indeed, China is the only major market in which BC exports grew year-over-year, and even that growth will slow if the Chinese economy falters as some analysts expect. On a positive note, economic growth in the United States is very likely to improve on last year's anemic pace which should help to support BC exports.

While elevated household debt remains the principal domestic risk to the provincial economy, historically low interest rates mean that BC households are more than able to meet their current debt obligations. As a result we do not view the debt being carried by consumers as a cause for alarm.

Steady Growth in the BC Economy



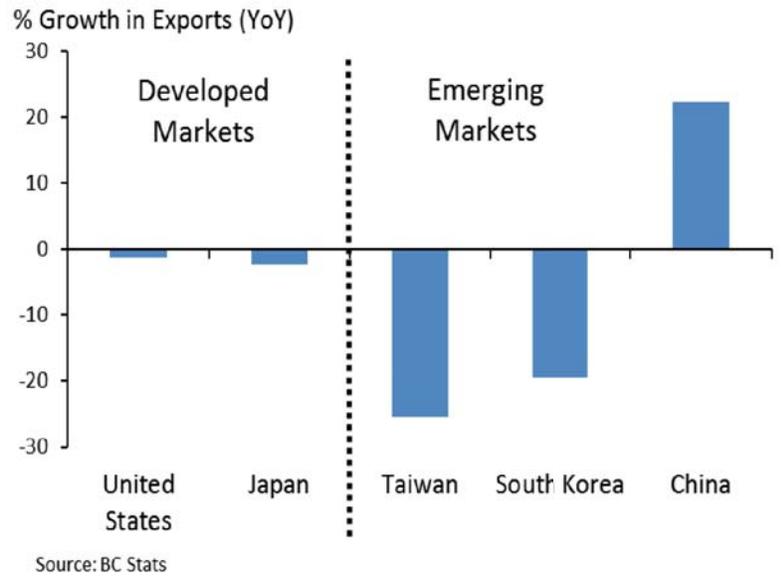
However, a high level of household debt does have medium-run implications for growth and financial vulnerability that cannot be ignored. An increasing debt burden magnifies the vulnerability of BC households to economic shocks such as loss of employment. Moreover, as interest rates normalize, the cost of servicing debt will consume a growing share of household disposable income. As a result, consumers may cut back on other expenditures thereby creating a drag on economic growth until their debt level becomes less onerous.

	2011	2012 ^f	2013 ^f
Real GDP Growth*	2.7%	2.5%	2.8%
Employment (\$ millions)	2.26	2.32	2.37
Unemployment (000s)	0.8%	1.9%	2.2%
Unemployment Rate	183.4	178.2	174.1
Personal Disposable Income (\$ millions)	7.5%	7.1%	6.8%
Average Weekly Wage	139.8	147.8	156.6
Retail Sales (\$ billions)	5.6%	5.5%	5.8%
Net International Migration	\$837	\$855	\$870
Net Interprovincial Migration	1.8%	2.1%	1.8%
Total Net Migration	\$60	\$62.6	\$65.9
	3.1%	4.3%	5.3%
Net International Migration	35,882	35,750	37,500
Net Interprovincial Migration	-4%	-0.4%	4.9%
Total Net Migration	-1,920	2,500	3,000
	-141%	-230.2%	20%
Total Net Migration	33,962	38,250	40,500
	-29.9%	-12.6%	5.9%

* Data not yet available for 2011 has been estimated

We forecast economic growth of 2.5 per cent in 2012 following an estimated 2.7 per cent in 2011. That rate of growth will likely not be enough to put much downward pressure on the provincial unemployment rate, which we expect will hover around 6.5 to 7 per cent for most of this year. However, we do anticipate a slight acceleration of economic growth in 2013 to 2.8 per cent as a gradually improving employment picture spurs consumer spending and increased confidence in the global economic recovery drives higher levels of business investment and exports.

China Drives Q1 BC Exports

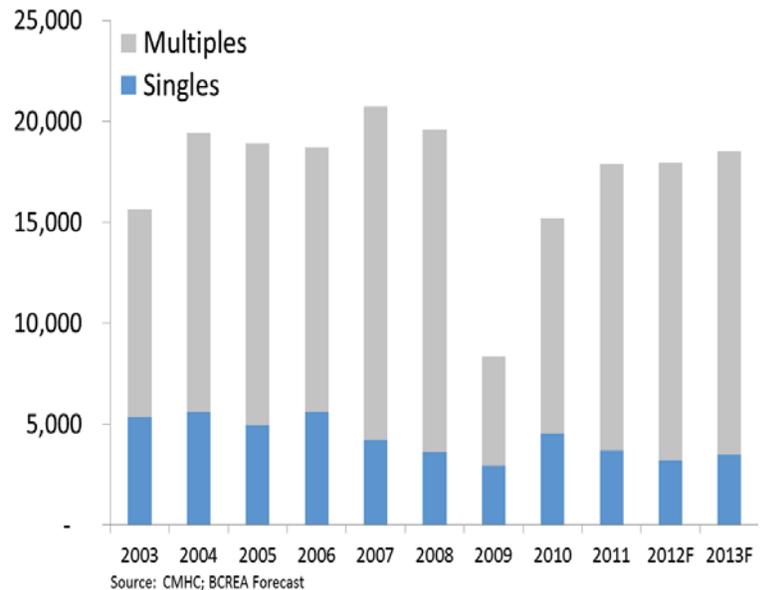


HOUSING STARTS

Housing starts are forecast to remain relatively unchanged this year, albeit up 1.5 per cent from last year to 26,800 units. As has been the trend for several years now, most new construction activity in the province will be focused in the multi-family sector. Total multi-family starts are forecast to rise 2.1 per cent this year to just under 18,000 units with construction concentrated in Metro Vancouver. The region did record a notable 7 per cent jump in multi-family starts during the first quarter. We anticipate strength in the multi-family sector to continue into 2013 with starts rising to 19,000 units.

Single-family home construction, on the other hand, has moderated downward in recent years from the robust pace of the early 2000s. Constraining factors such as affordability and land supply are expected to continue to limit the construction of single family homes in coming years, although affordability has been improved by an increased Harmonized Sales Tax (HST) rebate threshold and the temporary first-time new homebuyer rebate. We are forecasting total single-family starts to come in just under 9,000 units this year and 9,400 units in 2013.

Vancouver Housing Stock Continues to Shift Toward Multi-Family Units



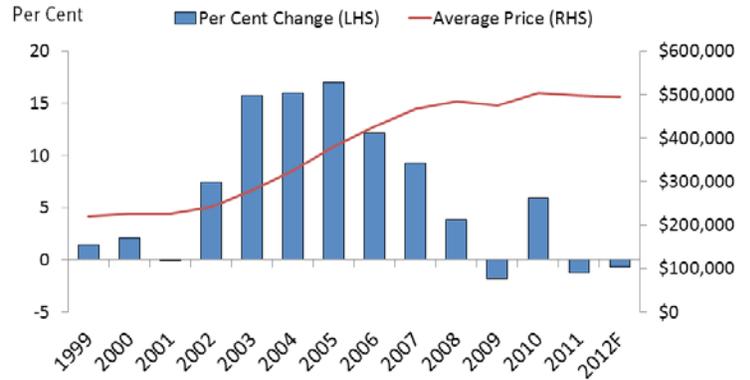
VICTORIA REAL ESTATE BOARD

Headwinds in the global economy have moderated both employment growth and migration to the Capital Regional District over the past 18 months. After declining a little over 6 per cent in 2011, home sales are expected to remain relatively unchanged this year, albeit down by 1 per cent to 5,700 units. While stronger economic conditions are expected to unfold during the second half of the year and into 2013, gradually rising mortgage interest rates are expected to offset some of the growth benefits. As a result, MLS® residential sales are forecast to increase 3.8 per cent to a little over 5,900 units in 2013.

The Victoria housing market continues to be well supplied by both resale and new housing. The combination of ample supply and moderate growth in consumer demand is expected to keep market conditions in relative balance, meaning no particular advantage to either buyers or sellers. Home prices are expected to remain relatively unchanged from their current levels. A forecast decline of the average annual MLS® price of 2.1 per cent to \$488,000 this year is largely the result of starting 2012 at a marginally lower level.

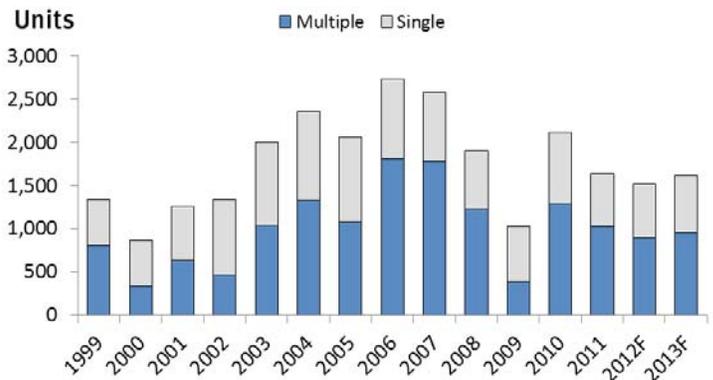
Total housing starts in the Victoria CMA fell 23 per cent last year, with some weakness in both the single and multi-family markets. Growth in the Victoria market last year was confounded by elevated inventories of unsold homes, an issue that along with softer re-sale housing market conditions will continue to hamper the Victoria construction market this year. We expect that total housing starts will decline by roughly another 7 per cent to 1,525 units in 2012, before picking up to 1,620 units in 2013.

MLS® Residential Price Victoria



Source: BCREA

Housing Starts Victoria



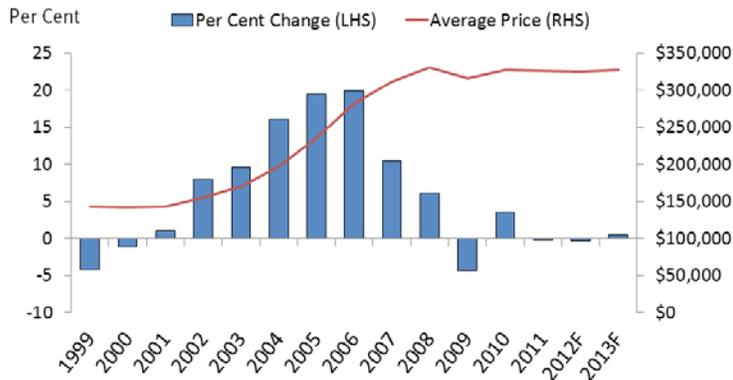
Source: CMHC, BCREA Forecast

MLS®	Sales				Total	Avg Price			Housing Starts ²		
	Total ¹	Detached	Attached	Apartment		Detached	Attached	Apartment	Total	Single	Multiple
11	5,773	3,381	636	1,590	498,300	604,538	432,906	325,569	1,642	609	1,033
	-6.4%	-4.6%	-6.6%	-9.9%	-1.2%	-2.7%	-2.0%	0.6%	-22.5%	-26.4%	-20%
12f	5,700	3,330	650	1,550	488,000	598,000	415,000	321,000	1,525	625	900
	-1.3%	-1.5%	2.2%	-2.5%	-2.1%	-1.1%	-4.1%	-1.4%	-7.1%	2.6%	-12.9%
13f	5,915	3,430	690	1,615	492,500	601,000	428,000	325,000	1,620	670	950
	3.8%	3.0%	6.2%	4.2%	0.9%	0.5%	3.1%	1.2%	6.2%	7.2%	5.6%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Victoria CMA Sources: CMHC, BCREA Forecast

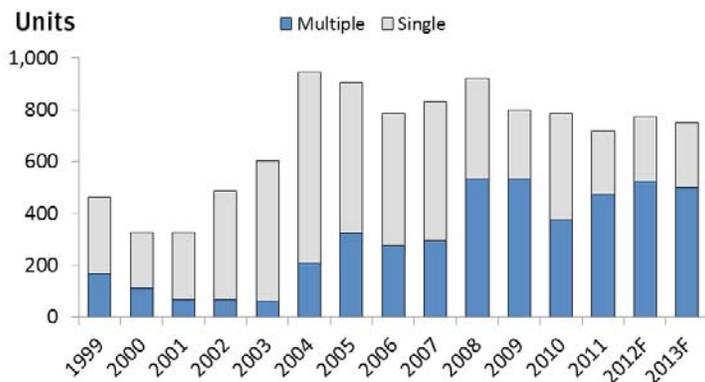
VANCOUVER ISLAND REAL ESTATE BOARD

MLS® Residential Price Vancouver Island



Source: BCREA

Housing Starts Nanaimo



Source: CMHC, BCREA Forecast

Vancouver Island has weathered two years of declining home sales activity, weighed down by a particularly challenging local condo market. We anticipate that MLS® residential sales activity will stabilize in 2012, buttressed by historically low mortgage rates, improved affordability and stronger local employment growth. Longer-term, the Island region will benefit from the continued aging of the population and the subsequent migration of retirees to Vancouver Island's traditional retirement communities. We are forecasting a 1 per cent increase in home sales this year, resulting from a recovery in the condo segment of the market. We also expect the market to continue to improve in 2013, however housing demand will remain below long-term average levels at 6,700.

Market conditions on Vancouver Island have stabilized in buyer's market territory as consumer demand struggles to catch up to existing inventories of homes for sale. This excess supply exerted mild downward pressure on prices last year, a dynamic we expect to stabilize in 2012, albeit with the MLS® average price edging back 0.4 per cent this year to \$325,300. We expect that a pick-up in demand and a drawing-down of existing supply will help to stabilize prices towards the end of 2012 and into 2013. We forecast a 0.5 per cent uptick in the MLS® average price to \$326,900 next year.

New home construction in the Nanaimo CA was mixed in 2011 with single-family starts plunging 40 per cent while multi-family starts rose 26 per cent. We anticipate continued strength in the multi-family segment with starts forecast to rise 11 per cent to 525 units before declining modestly to 500 units in 2013. We further expect single-family starts to remain lower than in past years, stabilizing at an average of around 250 starts over the next two years.

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	6,367	4,261	396	538	326,513	356,802	256,216	202,828	720	246	474
	-2.8%	-1.6%	-5.9%	-4.3%	-0.2%	-0.2%	-0.2%	-7.5%	-8.4%	-40%	26.1%
12f	6,425	4,275	440	540	325,300	355,500	249,000	201,000	775	250	525
	0.9%	0.3%	11.1%	0.4%	-0.4%	-0.4%	-2.8%	-0.9%	7.6%	1.6%	10.8%
13f	6,700	4,400	475	560	326,900	357,800	250,250	202,000	750	250	500
	4.3%	2.9%	8.0%	3.7%	0.5%	0.6%	0.5%	0.5%	-3.2%	0%	-4.8%

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

2. Nanaimo CA Sources: CMHC, BCREA Forecast

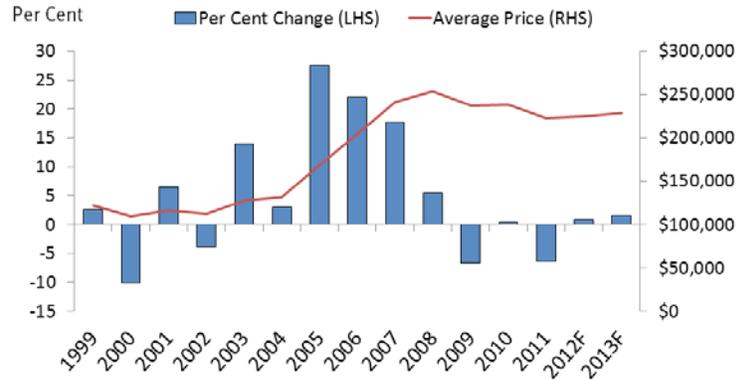
POWELL RIVER SUNSHINE COAST REAL ESTATE BOARD

MLS® residential sales in the Powell River board area posted strong growth in 2011 with sales rising close to 16 per cent to 313 largely due to improvements in affordability brought on by softer pricing and record low mortgage rates. We anticipate that the market will build on that momentum in 2012 with total sales rising to 320. Beyond 2012, we forecast that the Powell River market will level out as marginally stronger economic growth is partially offset by rising interest rates. We anticipate relatively stable consumer demand in 2013.

Market conditions in the Powell River board area through the first quarter of 2012 were roughly in balance. We anticipate that stronger consumer demand will help the MLS® average price recover from a 6 per cent decline in 2011, increasing close to 1 per cent this year, followed by 1.6 per cent gain in 2013.

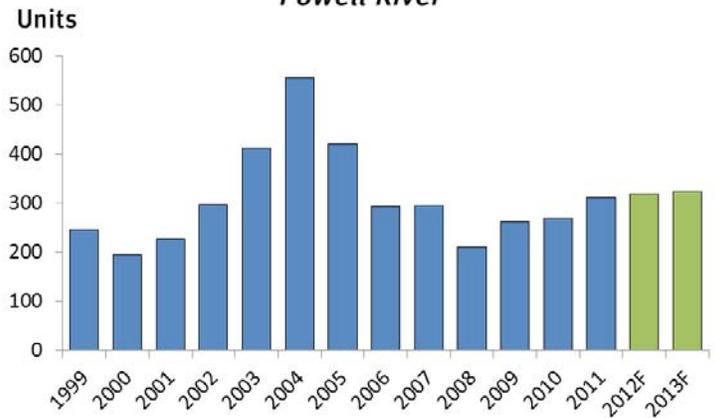
Following a dip in 2011, housing starts in Powell River CA are expected to stabilize in 2012 and 2013 in a range of 20 to 30 starts with single-family units accounting for the majority. We anticipate multi-family starts to trend around 10 units a year, though given the relatively small market size of Powell River, a single large condominium project could significantly alter this forecast.

MLS® Residential Price Powell River



Source: BCREA

MLS® Residential Sales Powell River



Source: BCREA

MLS®	Sales			Avg Price			Housing Starts ²
	Total ¹	Detached	Condo	Total ¹	Detached	Condo	Total
11	313 15.9%	242 17.5%	54 25.6%	223,183 -6.3%	247,628 -6%	166,612 -17%	19 -40.6%
12f	320 2.2%	245 1.2%	55 1.9%	225,200 0.9%	250,100 1%	174,300 4.6%	20 5.3%
13f	325 1.6%	250 2.0%	50 -9.1%	228,900 1.6%	255,800 2.3%	178,100 2.2%	25 25%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Powell River CA Sources: CMHC, BCREA Forecast

MORTGAGE RATE FORECAST

Mortgage Rate Forecast								
	2012				2013			
Term	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
1-Year	3.32	3.20	3.20	3.20	3.45	3.65	3.85	4.10
5-Year	5.24	5.34	5.25	5.35	5.45	5.60	5.75	5.90

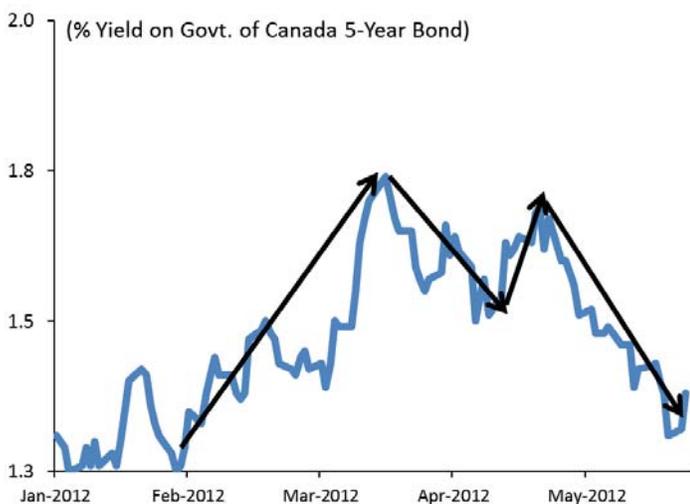
The opening months of 2012 saw a competitive frenzy in the Canadian mortgage market with many lenders offering rates heavily discounted from posted levels. For example, the average five-year fixed rate dipped 15 basis points to an all-time low of 5.14 per cent in early February before rising to 5.24 per cent just two weeks later. Over that same period, many banks were offering headline grabbing promotional deals such as a 2.99 per cent five-year fixed rate. However, discounts could not be sustained in the current environment of eroding profit margins and a potential rise in funding costs, not to mention disapproval from federal regulators.

Mortgage rates began inching upward in the second quarter as an improved economic outlook and a more hawkish tone from the Bank of Canada pushed key bond-yields sharply higher. However, global financial markets have since been hit with a tsunami of anxiety regarding the Eurozone and the subsequent flight to safety has again sent Canadian bond yields tumbling back once again to historic lows.

Falling bond-yields will likely open the door for banks to reduce posted mortgage rates, though tighter proposed mortgage lending standards and a rationing of portfolio insurance will place a floor under rates. We forecast the benchmark five-year fixed mortgage rate will average 5.3 per cent for the remainder of the year.

Shorter-term and variable rates, which are more immediately impacted by changes to the Bank of Canada policy, will likely remain fairly constant as potential Bank of Canada interest rate hikes have been likely forced off the schedule by prevailing global economic uncertainty.

Bond Market Roller-Coaster



Source: Bank of Canada

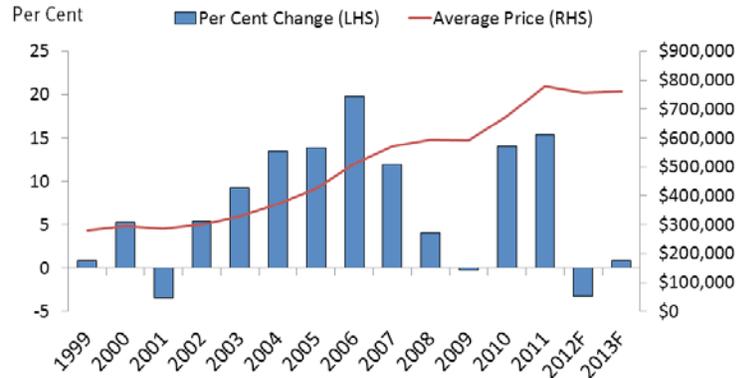
REAL ESTATE BOARD OF GREATER VANCOUVER

Low mortgage interest rates and immigration will continue to be key drivers of the housing market in 2012. Stronger employment and retail sales growth during the first four months of 2012 will also bolster housing market activity in the final half of the year. However, spring activity is more muted than in 2011 and will contribute to a 6.8 per cent decline in annual MLS® residential sales by year-end. Contrary to recent sensational news headlines, the Vancouver housing market has trended with moderate consumer demand for two years with little speculation or price fluctuation in the condominium market.

Demand and supply conditions are expected to remain in relative balance through 2013. This means little change in the aggregate price level. While a decline in the annual MLS® residential price is forecast for 2011, the change is largely the result of a temporary upward skewing of aggregate prices during the spring of 2011.

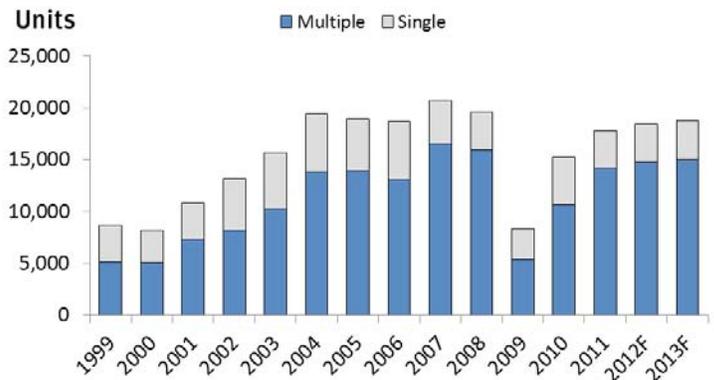
The pace of new home construction in Vancouver has been strong over the past six months in spite of a growing backlog of unabsorbed units. New construction has had a clear bias toward the multi-family market with starts in that segment 23 per cent higher than the first quarter of 2011. We are forecasting another strong year in the multiples segment with starts reaching 14,750 units this year and 15,000 units in 2013. Single-family construction continues to lag behind with just 700 new units breaking ground through the first three months of the year. Both affordability and land constraints have created a shift in the Vancouver new home market away from single-family homes and we expect new construction of single-detached homes to remain in a range of 3,500 to 4,000 units over the next two years.

MLS® Residential Price Greater Vancouver



Source: BCREA

Housing Starts Vancouver



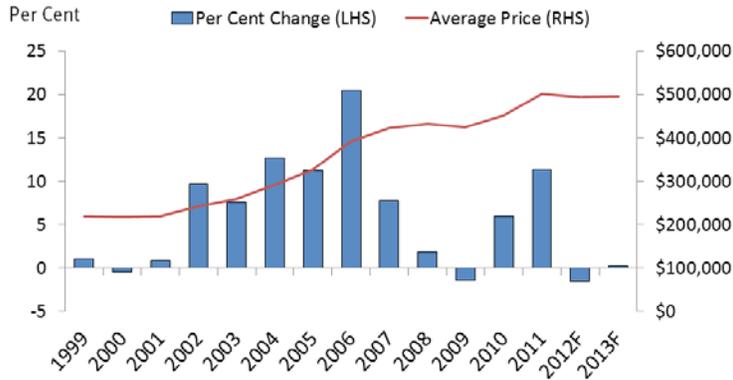
Source: CMHC, BCREA Forecast

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	32,936	14,079	5,473	12,885	779,730	1,166,178	563,531	454,146	17,857	3,686	14,171
	5.8%	14.5%	4.1%	-1.6%	15.4%	17.1%	3.8%	5.0%	17.3%	-18.7%	32.6%
12f	30,700	12,500	5,250	12,450	755,000	1,110,000	570,000	464,000	18,450	3,700	14,750
	-6.8%	-11.2%	-4.1%	-3.4%	-3.2%	-4.8%	1.1%	2.2%	3.3%	0.4%	4.1%
13f	32,900	12,900	5,600	13,900	762,000	1,125,000	574,000	469,000	18,800	3,800	15,000
	7.2%	3.2%	6.7%	11.6%	0.9%	1.4%	0.7%	1.1%	1.9%	2.7%	1.7%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Vancouver CMA Sources: CMHC, BCREA Forecast

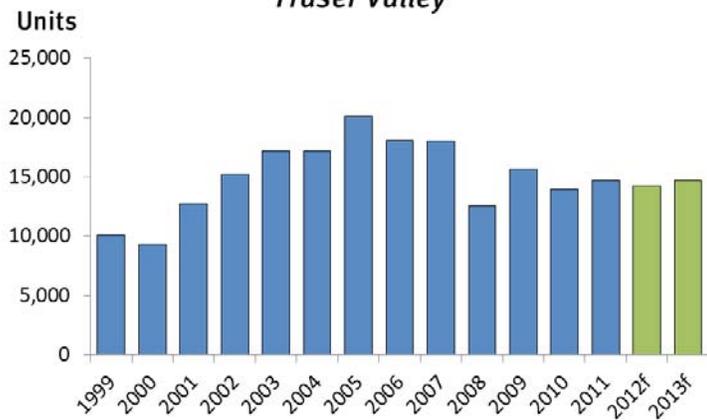
FRASER VALLEY REAL ESTATE BOARD

MLS® Residential Price Fraser Valley



Source: BCREA

MLS® Residential Sales Fraser Valley



Source: BCREA

Consumer demand in the Fraser Valley is expected to continue trending at the 10 to 15 year average both this year and in 2013. Headwinds in the global economy are likely to persist, thereby acting as a governor on employment and wage growth. MLS® residential sales are forecast to dip a little over 3 per cent to 14,260 units this year, before regaining a similar per cent in 2013. The benefit of improving economic conditions next year will be somewhat offset by gradually rising mortgage interest rates and their impact on affordability and purchasing power.

The combination of moderate demand and sufficient inventories is expected to keep market conditions in relative balance through the forecast horizon. This means price levels should exhibit stability, with little change on a year-over-year basis. The average annual MLS® residential sales price is forecast to edge down 1.5 per cent this year to \$495,000, and remain relatively unchanged in 2013.

The new construction market in Abbotsford started to even out in 2011 following two challenging years. While inventories have trended lower, consumer demand continues to be moderate and in line with overall economic activity. New home construction is expected to continue coming in below levels seen prior to 2009. However, we do expect gains in new construction both this year and next. We are forecasting total housing starts to increase nearly 12 per cent to 600 units in 2012, followed by 21 per cent increase to 725 units in 2013. New household formations and inventory absorption is expected to be the catalyst that drives construction activity higher.

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	14,727	8,311	2,945	2,513	502,562	610,269	347,741	226,898	537	245	292
	5.2%	11.1%	-1.0%	-8.0%	11.4%	9.1%	2.6%	0.9%	4.1%	-31.0%	81.4%
12f	14,260	7,850	3,000	2,460	495,000	610,000	345,000	228,000	600	325	275
	-3.2%	-5.5%	1.9%	-2.1%	-1.5%	0%	-0.8%	0.5%	11.7%	32.7%	-5.8%
13f	14,700	8,100	3,100	2,550	496,000	612,000	349,000	232,000	725	400	325
	3.1%	3.2%	3.3%	3.7%	0.2%	0.3%	1.2%	1.8%	20.8%	23.1%	18.2%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Abbotsford CMA Sources: CMHC, BCREA Forecast

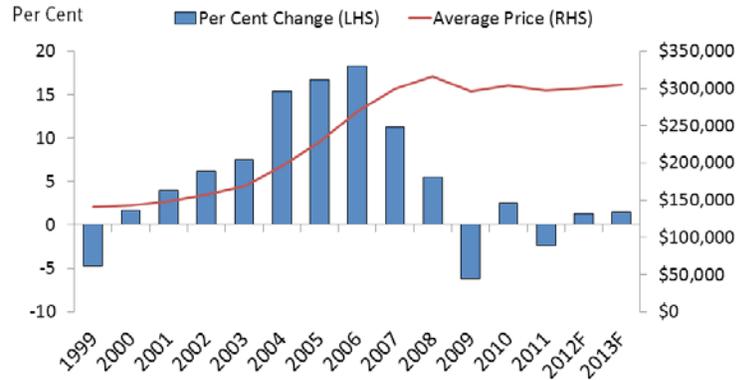
CHILLIWACK AND DISTRICT REAL ESTATE BOARD

MLS® residential sales in Chilliwack are forecast to decline for the third consecutive year, with sales falling just about 1 per cent to 2,010 units in 2012. Like much of the province, Chilliwack has weathered difficult labour market conditions over the past two years which has had a pronounced effect on the local housing market. While we expect soft market conditions to prevail in 2012, we are forecasting that housing demand will improve slightly in 2013 as broadly improved economic conditions are partially offset by rising borrowing costs. We anticipate that residential sales will rise 1 per cent in 2013 to 2,030.

Overall market conditions in Chilliwack continue to favour homebuyers as listing activity has outpaced consumer demand for the past several months. Following a decline in average home prices in 2011, we anticipate a levelling out over the next two years with home prices rising 1.3 per cent in 2012 and 1.5 per cent in 2013 as markets move towards balance.

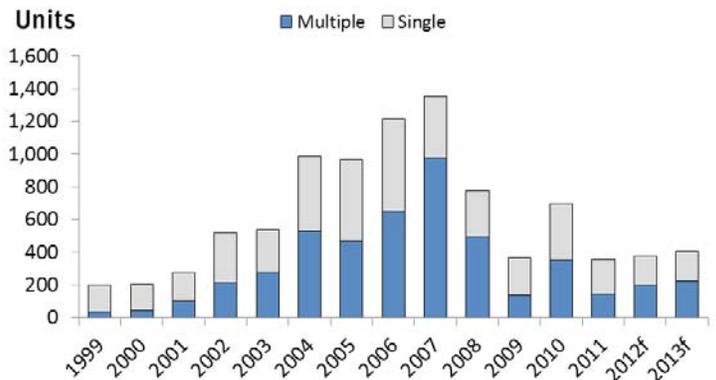
Construction activity in Chilliwack has been modest to begin 2012, though 23 per cent higher compared to a lackluster first quarter last year. Single-family starts are on pace to reach about 175 units this year and will likely flatten out at that level in 2013 as well. Multi-family construction in Chilliwack has been a little stronger to start the year and should eclipse last year's modest construction activity, finishing the year at about 200 starts before rising to 225 starts in 2013.

MLS® Residential Price Chilliwack



Source: BCREA

Housing Starts Chilliwack



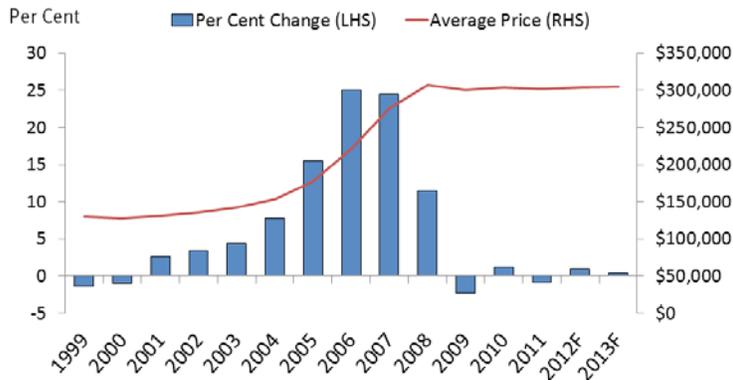
Source: CMHC, BCREA Forecast

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	2,025	1,190	467	220	296,695	331,275	240,786	153,082	354	211	143
	-1%	-0.4%	-1.5%	13.4%	-2.4%	-3.7%	0.2%	-9.8%	-49.1%	-39.7%	-58.7%
12f	2,010	1,170	470	225	300,500	345,000	238,000	159,500	375	175	200
	-0.7%	-1.7%	0.6%	2.3%	1.3%	4.1%	-1.2%	4.2%	5.9%	-17.1%	39.9%
13f	2,030	1,175	475	225	305,100	349,500	239,000	161,700	405	180	225
	1%	0.4%	1.1%	0%	1.5%	1.3%	0.4%	1.4%	8.0%	2.9%	12.5%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Chilliwack CA Sources: CMHC, BCREA Forecast

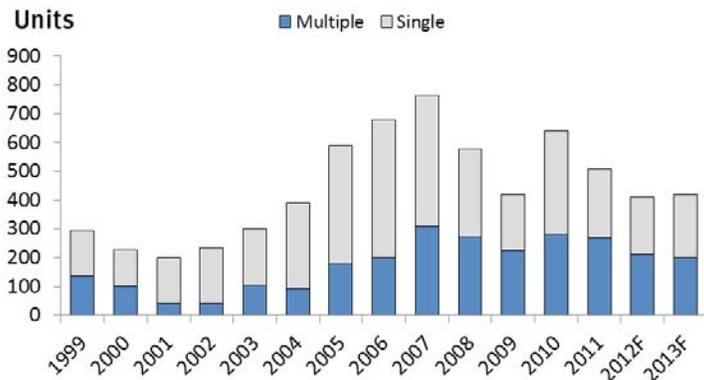
KAMLOOPS AND DISTRICT REAL ESTATE ASSOCIATION

MLS® Residential Price Kamloops



Source: BCREA

Housing Starts Kamloops



Source: CMHC, BCREA Forecast

MLS® sales in the Kamloops region have had a strong start to 2012, rising 11.4 per cent through April compared to the same period in 2011. Sales have been boosted by improved affordability, record low mortgage interest rates and stronger provincial employment growth. We are forecasting that sales will total 2,240 units this year, a nearly 8 per cent increase from 2011. An expected rise in mortgage rates will work to offset further gains in employment next year, thereby slowing the pace of growth in consumer demand, with total MLS® sales rising 3.6 per cent to 2,320.

Difficult market conditions in the Kamloops and District board area have weighed on home prices for several years as inventories of existing homes have outpaced consumer demand. However, listings activity has slowed in 2012 which, combined with an uptick in sales activity, is gradually moving the Kamloops market towards balance. We expect that improved market conditions will help stabilize prices in the region, with the MLS® average price forecast to rise to \$304,000 in 2012 and \$305,150 in 2013.

After a 20 per cent decline in housing starts in 2011, new home construction in Kamloops is likely set to fall again in 2012 to 410 total units. Activity in the Kamloops market is being constrained by moderate consumer demand in the overall housing market as well as elevated inventories of new homes. We anticipate a shift toward increased demand for new home construction beginning in 2013.

MLS®	Sales				Avg Price			Housing Starts ²			
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	2,077	1,416	283	166	301,300	341,599	271,430	209,391	510	242	268
	-2.1%	-2.6%	0.7%	2.5%	-0.8%	-0.2%	-3.5%	-3.5%	-20.4%	-32.8%	-4.6%
12f	2,240	1,475	300	185	304,000	345,000	271,500	208,100	410	200	210
	7.8%	4.2%	6.0%	11.4%	0.9%	1.0%	0%	-0.6%	-19.6%	-17.4%	-21.6%
13f	2,320	1,490	310	180	305,150	347,000	273,200	209,900	420	220	200
	3.6%	1.0%	3.3%	-2.7%	0.4%	0.6%	0.6%	0.9%	2.4%	10%	-4.8%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Kamloops CA Sources: CMHC, BCREA Forecast

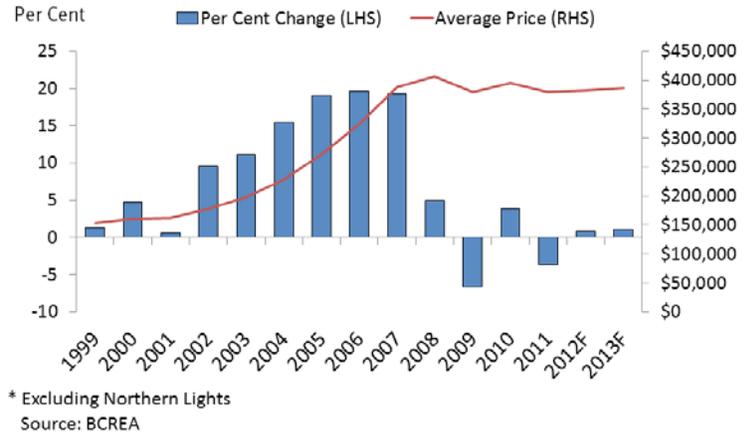
OKANAGAN MAINLINE REAL ESTATE BOARD

MLS® residential sales within the Okanagan Mainline Real Estate Board are forecast to rise 7.4 per cent to 5,190 units in 2012, following two consecutive years of declining sales activity. A recovery in consumer demand this year is being aided by improved affordability due to more attractive home prices and as well as historically low interest rates. Moreover, consumer demand is being given a boost by stronger employment growth in BC as well as Alberta, a key driver of the recreational market in the Okanagan. As the economy continues to improve in 2013, we anticipate that sales activity will continue to pick-up. However, interest rates are likely to begin rising towards the end of 2012 and into next year which will operate to limit overall demand. We are forecasting MLS® residential sales to rise another 4 per cent to 5,400 in 2013.

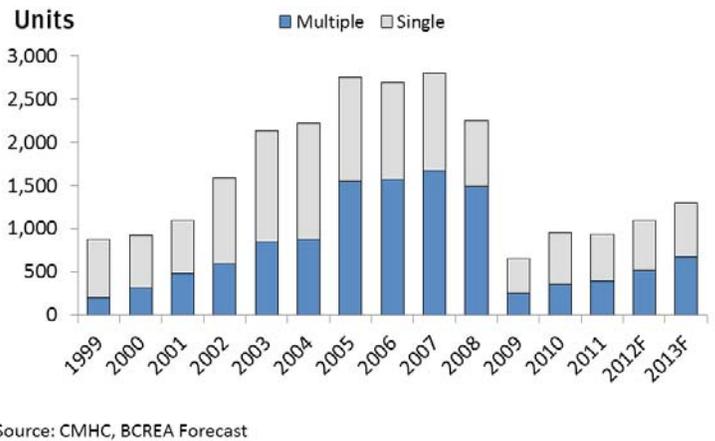
The average MLS® average price finished 2011 nearly 4 per cent lower as elevated inventories of existing homes for sale was more than enough for market demand. However, market conditions in the Okanagan Mainline board area are on a gradual path towards balanced conditions which will likely keep prices relatively flat in 2012, albeit up less than 1 per cent to \$382,800. We are forecasting a further 1.1 per cent increase in 2013 to an average price of \$387,000.

The Kelowna new home market continues to be constrained by elevated inventories in both the single-family and multi-family segments as well as flagging consumer demand for recreational properties. Moreover, developers are hesitant to break ground given difficult market conditions. Given rising single-family inventories, we anticipate single-family home construction will remain well below pre-recession levels, averaging around 550 to 625 units over the next two years. In the multi-family sector, where inventories have steadily fallen over the past year, we expect a slight increase of starts to 450 units in 2012 before rising 600 units in 2013.

MLS® Residential Price Okanagan Mainline



Housing Starts Kelowna

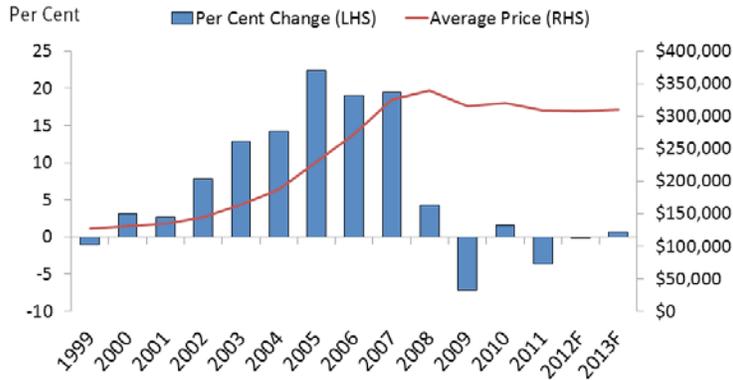


MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	4,831	2,692	681	776	379,837	443,444	323,653	237,620	934	539	395
	-0.1%	0.3%	-3.8%	2.4%	-3.7%	-4.4%	-1.7%	-4.4%	-2.4%	-9.4%	9.1%
12f	5,190	2,800	700	860	382,800	449,000	326,000	241,000	1,025	575	450
	7.4%	4.0%	2.8%	10.8%	0.8%	1.3%	0.7%	1.4%	9.7%	6.7%	13.9%
13f	5,400	2,940	740	890	387,000	452,000	332,500	245,750	1,225	625	600
	4.0%	5.0%	5.7%	3.5%	1.1%	0.7%	2.0%	2.0%	19.5%	8.7%	33.3%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
2. Kelowna CMA Sources: CMHC, BCREA Forecast

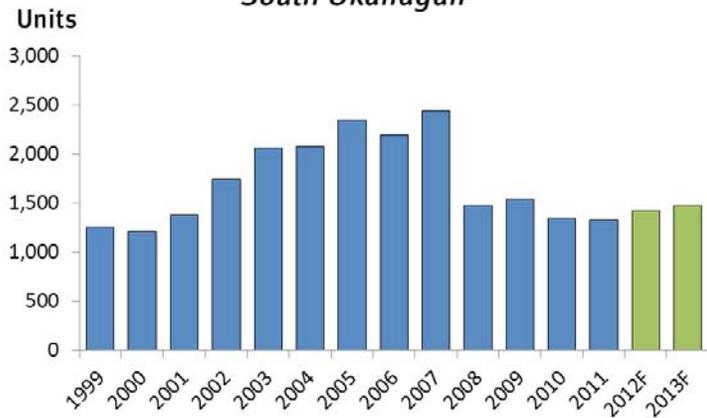
SOUTH OKANAGAN REAL ESTATE BOARD

MLS® Residential Price South Okanagan*



* Excluding Northern Lights
Source: BCREA

MLS® Residential Sales South Okanagan*



* Excluding Northern Lights
Source: BCREA

Following two challenging years of declining sales, the residential market in the South Okanagan region is starting to turn around. We are forecasting that MLS® home sales will rise more than 8 per cent in 2012 to 1,425 units as improved affordability, record low interest rates and stronger employment growth drive consumer demand higher. Stronger economic growth will help bolster the market next year as well, though expected higher interest rates will likely operate to counterbalance demand. Moreover, a lackluster recreational market will keep total sales in the South Okanagan region well below the robust levels observed in the mid-2000s. We are forecasting 2013 MLS® sales to rise 3.5 per cent to 1,475 units.

Market conditions throughout the Okanagan have been tilted strongly in favour of buyers due to elevated inventories of existing homes. This excess supply in the market weighed on the MLS® average price in 2011, leading to a decline of nearly 4 per cent. While market conditions in the South Okanagan are improving and listings activity has slowed, we are forecasting only a gradual return to a balanced market. This means that the next two years will see little in the way of price movement with the average price staying roughly flat this year at around \$308,000 before rising by less than 1 per cent in 2013 to \$310,000.

New housing construction activity in the Penticton CA fell 66 per cent in 2011 due to both high inventory levels and soft consumer demand. We anticipate that activity will remain somewhat muted in 2012 and 2013 with new construction of roughly 90 to 100 total units.

MLS®	Sales					Avg Price				Housing Starts ²		
	South Okanagan				Northern Lights	South Okanagan				Northern Lights	Penticton CA	Dawson Creek CA
	Total ¹	Detached	Attached	Apartment	Total	Total	Detached	Attached	Apartment	Total	Total	Total
11	1,317	724	172	229	511	308,261	369,517	271,581	245,084	216,470	89	69
	-2.2%	3.0%	-1.7%	-6.9%	0.4%	-3.6%	-6.0%	-2.0%	-1.4%	5.5%	99.2%	181.1%
12f	1,425	780	185	250	555	308,000	385,000	265,000	240,000	242,000	85	75
	8.2%	7.7%	7.6%	9.2%	8.6%	-0.1%	4.2%	-2.4%	-2.1%	11.8%	-4.5%	8.7%
13f	1,475	810	180	260	575	310,000	386,000	268,000	242,000	246,000	90	90
	3.5%	3.8%	-2.7%	4.0%	3.6%	0.6%	0.3%	1.1%	0.8%	1.7%	5.9%	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

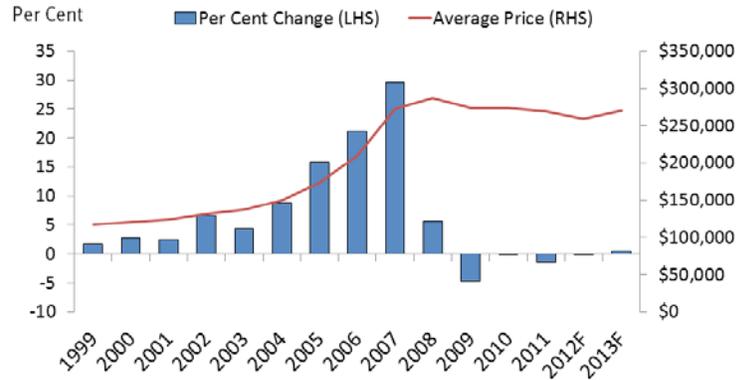
KOOTENAY REAL ESTATE BOARD

The Kootenay housing market weathered a difficult first quarter in 2012 with unit sales down over 10 per cent compared to last year. While we expect the pace of sales to accelerate in the spring and summer months, we are forecasting that MLS® residential sales will decline close to 3 per cent in 2012 to 1,990 units. The recreational and investor market that drove sales prior to the 2008/09 recession is still struggling under the weight of slow employment growth and competitive pricing south of the border. Looking ahead to 2013, we anticipate that a better employment picture will push consumer demand higher but higher interest rates may work to constrain the growth of home sales. Given these conflicting forces, we are forecasting residential sales to grow 1.5 per cent to 2,020 units in 2013.

Elevated inventory of existing homes continues to weigh on the Kootenay market and will limit the appreciation of home prices in the board area. Market conditions remain tilted strongly towards buyers with prices expected to decline moderately in 2012 to an average of \$268,875. Modestly improved market conditions and a pick-up in consumer demand will keep home prices roughly flat next year, with average prices increasing by about 0.5 per cent.

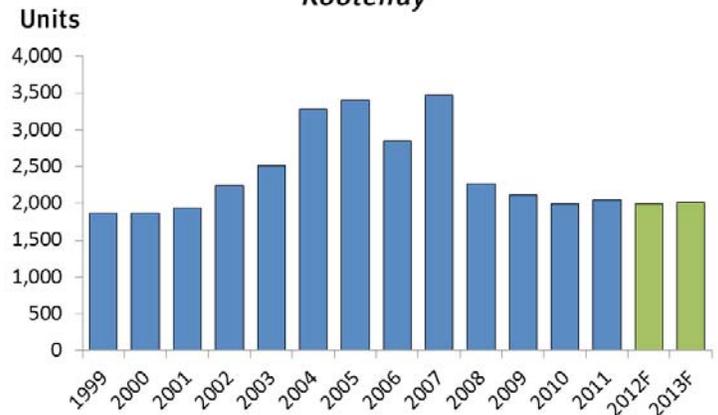
New home construction in the Cranbrook CA has had a relatively strong first quarter in 2012 compared to the slow start to construction activity in 2011. We anticipate that construction activity will rise from 75 units in 2011 to just over 100 total starts in each of the next two years. However, given the small market size, this forecast could vary significantly from actual activity if a new multi-family project comes online next year.

MLS® Residential Price Kootenay



Source: BCREA

MLS® Residential Sales Kootenay



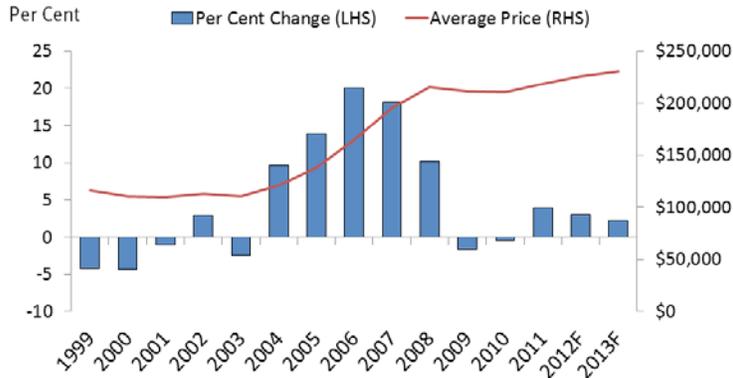
Source: BCREA

MLS®	Sales				Avg Price				Housing Starts ²		
	Total ¹	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	2,049	1,225	84	158	269,025	290,199	240,763	180,492	75	72	3
	2.7%	-1.5%	-22.2%	-1.3%	-1.7%	-0.9%	-18.3%	-7.4%	-56.6%	-46.7%	-92.1%
12f	1,990	1,190	90	160	268,875	295,250	260,500	176,900	105	95	10
	-2.9%	-2.9%	7.1%	1%	-0.1%	1.7%	8.2%	-2%	40%	31.9%	233.3%
13f	2,020	1,220	95	155	270,200	297,400	261,750	179,000	105	90	15
	1.5%	2.5%	5.6%	-2.9%	0.5%	0.7%	0.5%	1.2%	0%	-5.3%	50%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
 2. Cranbrook CA Sources: CMHC, BCREA Forecast

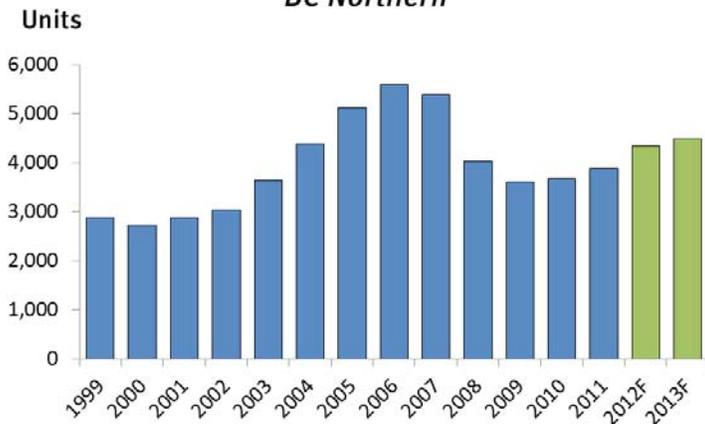
BC NORTHERN REAL ESTATE BOARD

MLS® Residential Price BC Northern



Source: BCREA

MLS® Residential Sales BC Northern



Source: BCREA

The real estate market in Northern BC continues to be a bright spot in the province with sales on pace to grow nearly 12 per cent in 2012 following a strong year in 2011. The northern market is being given a welcome boost by strong resource sector investment and a burgeoning recovery in the forestry industry. We are forecasting that the BC Northern market will remain strong over the next two years with sales of 4,350 units this year and 4,500 units in 2013.

Housing demand in the BC Northern board area has outpaced listing activity through the first few months of 2012 pushing the market towards the upper-bound of balanced conditions. Increased consumer demand should put some upward pressure on home prices which we are forecasting to rise 3 per cent this year to \$225,600 and just over 2 per cent in 2013 to \$230,500

Housing starts in the Prince George CA have gotten off to a sluggish start in 2012 with just 15 total starts through the first quarter of the year. However, northern markets tend to pick-up in the second and third quarter, and given the current strength of the Northern housing market, as the weather improves we expect activity in the Prince George CA to pick-up. Total housing starts are expected to rise 34 per cent to 210 units in 2012 and a further 18 per cent to 245 units in 2013.

BC Northern Real Estate Board

MLS®	Sales			Avg Price		
	Total ¹	Detached	House & Acreage	Total	Detached	House & Acreage
11	3,891 5.8%	2,340 8.7%	541 -2.7%	219,061 3.9%	227,000 0%	282,000 0.7%
12f	4,350 11.8%	2,550 9.0%	550 1.7%	225,600 3.0%	233,500 2.9%	292,000 3.5%
13f	4,500 3.4%	2,710 6.3%	575 4.5%	230,500 2.2%	239,338 2.5%	296,380 1.5%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
2. BC Northern Real Estate Board Sources: CMHC, BCREA Forecast

Prince George

MLS®	Sales		Avg Price		Housing Starts ²	
	Detached	Detached	Detached	Total	Single	Multiple
11	823 4.7%	246,484 2.3%	157 0%	116 -23.2%	41 -33.9%	
12f	890 8.1%	248,300 0.7%	210 33.8%	120 3.4%	90 119.5%	
13f	925 3.9%	252,400 1.7%	245 16.7%	145 20.8%	100 11.1%	

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage
2. Prince George CA Sources: CMHC, BCREA Forecast

Housing Forecast Summary – Second Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2011	2012F	2013F	2011	2012F	2013F
Victoria	5,773 -6.4%	5,700 -1.3%	5,915 3.8%	498,300 -1.2%	488,000 -2.1%	492,500 0.9%
Vancouver Island	6,367 -2.8%	6,425 0.9%	6,700 4.3%	326,513 -0.2%	325,300 -0.4%	326,900 0.5%
Powell River Sunshine Coast	313 15.9%	320 2.2%	325 1.6%	223,183 -6.3%	225,200 0.9%	228,900 1.6%
Greater Vancouver	32,936 5.8%	30,700 -6.8%	32,900 7.2%	779,730 15.4%	755,000 -3.2%	762,000 0.9%
Fraser Valley	14,727 5.2%	14,260 -3.2%	14,700 3.1%	502,562 11.4%	495,000 -1.5%	496,000 0.2%
Chilliwack and District	2,025 -1.0%	2,010 -0.7%	2,030 1.0%	296,695 -2.4%	300,500 1.3%	305,100 1.5%
Kamloops and District	2,077 -2.1%	2,240 7.8%	2,320 3.6%	301,300 -0.8%	304,000 0.9%	305,150 0.4%
Okanagan Mainline	4,831 -0.1%	5,190 7.4%	5,400 4.0%	379,837 -3.7%	382,800 0.8%	387,000 1.1%
South Okanagan*	1,317 -2%	1,425 8.2%	1,475 3.5%	308,261 -3.6%	308,000 -0.1%	310,000 0.6%
Northern Lights	511 0.4%	555 8.6%	575 3.6%	216,470 5.5%	242,000 11.8%	246,000 1.7%
Kootenay	2,049 2.7%	1,990 -2.9%	2,020 1.5%	269,025 -1.7%	268,900 0%	270,200 0.5%
BC Northern	3,891 5.8%	4,350 11.8%	4,500 3.4%	219,061 3.9%	225,600 3.0%	230,500 2.2%
BC Total	76,817 2.9%	75,165 -2.2%	78,860 4.9%	561,026 11.1%	539,400 -3.9%	547,000 1.4%

NOTE: The Northern Lights Real Estate Board (NLREB) became part of the South Okanagan Real Estate Board (SOREB) on January 1, 2011.

*Excluding Northern Lights

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

The British Columbia Real Estate Association (BCREA) represents 11 member real estate boards and their approximately 18,000 REALTORS® on all provincial issues, providing an extensive communications network, standard forms, economic research and analysis, government relations, applied practice courses and continuing professional education (cpe).

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that encourage economic vitality, provide housing opportunities, respect the environment and build communities with good schools and safe neighbourhoods.

Send questions and comments about the Housing Forecast to:

Cameron Muir, Chief Economist,
cmuir@bcrea.bc.ca; 604.742.2780

Brendon Ogmundson, Economist,
bogmundson@bcrea.bc.ca; 604.742.2796

Additional economics information is available on BCREA's website at: www.bcrea.bc.ca.

To sign up for BCREA news releases by email visit:
www.bcrea.bc.ca/news-and-publications/publications/manage-subscriptions.

This publication/research is generously funded, in part, by The Real Estate Foundation of British Columbia.

Housing Forecast is published quarterly by the British Columbia Real Estate Association. Real estate boards, real estate associations and REALTORS® may reprint this content, provided that credit is given to BCREA by including the following statement: "Copyright British Columbia Real Estate Association. Reprinted with permission."

BCREA makes no guarantees as to the accuracy or completeness of this information.