



MARKET INSIGHT

second QUARTER 2006

CANADA MORTGAGE AND HOUSING CORPORATION

BC AT A GLANCE

A growing economy, gains in employment and high levels of consumer confidence partly offset the impact of rising mortgage interest rates on the housing sector so far this year. Although second quarter resale transactions were down compared to the second quarter of 2005, new home construction exceeded year-ago levels and existing home prices continued to climb.

Almost 70,000 more people were employed than during the second quarter compared to the same period in 2005. The unemployment rate dipped to 4.3% in June, well below Canada's 6.1%, making BC an attractive destination for people from other provinces. The province recorded a small net gain from interprovincial migration during the first

quarter of 2006, despite the magnetic pull of Alberta.

Most resale markets continued to favour sellers as demand exceeded supply. However, rising mortgage interest rates slowed resale activity. During the second quarter, resales were 6.3% below year-earlier levels. An increase in active listings in some markets, including Victoria and Kelowna, will provide more choice for consumers and move markets towards more balanced conditions in 2007.

About 8,400 new homes were started in urban British Columbia (areas with a population of 10,000 or more) during the second quarter, up four per cent from the same quarter last year.

HOUSING MARKET TRENDS

	Vancouver	Victoria	Abbotsford	Kelowna	Prince George	Kamloops	Nanaimo
Housing Starts							
(Jan. - June 2006)	9,961	1,100	610	1,495	122	335	434
% chge. from Jan. - June 2005	16.2%	8.5%	23.5%	11%	-5.4%	34%	28.0%
Total MLS Sales							
(Jan. - June 2006)	20,570	3,642	1,366	2,426	NA	1,381	1,029
% chge. from Jan. - June 2005	-5.0%	-7.1%	-4.1%	-3.2%		15.2%	-10.8%
MLS Average SD House Price							
(Jan. - June 2006)	\$704,218	\$521,053	\$356,491	\$420,433	NA	\$272,437	\$302,818
% chge. from Jan. - June 2005	24.7%	17.2%	17.7%	23.5%		30.2%	19.1%

SD = Single Detached NA = Not Available

Sources: (1) CMHC Market Analysis Publications.

(2) Real Estate Boards of: Greater Vancouver, Victoria, Fraser Valley, Okanagan Mainline, BC Northern, Kamloops, and Vancouver Island.

Multiple Listing Service (MLS)® is a registered certification mark owned by the Canadian Real Estate Association.

Sales include single and multi-family residential homes. Sales totals do not include mobile homes.

BC'S ECONOMIC TRENDS

	2005 Recent Statistics	2006 Forecast
GDP Growth (% change)	3.5%	3.5%
Employment Growth (% change)	3.3%	3.1%
Mortgage Rate (3 year term)	5.5%	6.0% - 6.5%
Net Interprovincial Migration (# of migrants)	4,527	5,500
Net International Migration (# of migrants)	38,579	38,700
Population Growth (% change)	1.3%	1.3%

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DID YOU KNOW?

More new homes are built in Kelowna than Victoria. Kelowna now has more multiple-unit housing starts than single-detached housing starts. Find out more interesting housing facts that will enhance your decision-making.

Kelowna, Victoria, Vancouver and BC Housing Now second quarter reports are now available at

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NEED MORE INFORMATION?**BC Inquiries**

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