

CMHC Rental Market Survey Summary

The annual National apartment vacancy rate was unchanged over the past year, according to the Canada Mortgage and Housing Corporation's (CMHC). In their **Rental Market Survey**, released December 15th, 2005, the CMHC states that the average rental apartment vacancy rate in Canada's 28 major centres was unchanged at 2.7 per cent in October 2005, as compared to last year. Average rents for two-bedroom apartments increased in 25 of the 28 major centres over October last year, though these increases were low (averaging 1.6% overall) except in Kitchener (6.0%), Victoria (4.8 %) and Quebec (4.2%). To view the CMHC press release in its entirety, please link to <http://www.cmhc-schl.gc.ca/en/News/nere/2005/2005-12-15-0815.cfm>.

For further detailed information, we have attached CMHC's Fourth Quarter Housing Market Outlook as well as CMHC's 2005 Canadian Housing Observer. For your convenience, we've pulled some tables from the Housing Market Outlook and added them below with some of our comments.

Rental Vacancy was affected by the following key drivers in 2005:

- A solid economy and strong job creation resulted in increased household formation over the last year.
- High levels of immigration and net migration over 2005 increased demand for rental housing, as the majority of newcomers initially settle in rental housing.
- The gap between the cost of home ownership and rental housing increased in 2005, resulting in more renters remaining in rental units as opposed to purchasing starter homes. However, home ownership demand remained strong throughout the last year, as indicated by the record levels of existing home sales in 2005.
- Continued high level of condominium completions
 - increased total numbers of rental units available, as investors purchased condos in order to rent them out.
 - Decreased total rental demand, as renters gave up rental units in favour of purchasing inexpensive homes.

Vacancy Rates in Privately Initiated Apartment Structures of Three Units and Over in Metropolitan Areas

Region		% of total Boardwalk portfolio region represents	October 2004	October 2005
British Columbia	Vancouver	1.4	1.3	1.4
	Victoria	0.5	0.6	0.5
Prairie	Calgary	15.3	4.3	1.6
	Edmonton	31.1	5.3	4.5
	Regina	8.0	2.7	3.2
	Saskatoon	6.0	6.3	4.6
Ontario	London	6.8	3.7	4.2
	Windsor	5.0	8.8	10.3
Quebec	Gatineau	1.0	2.1	3.1
	Montréal	13.9	1.5	2.0
	Québec	4.5	1.1	1.4

Strong net migration across Alberta, a rise in the cost of home ownership and declines in rental market universe contributed to decreased vacancy.

Slow down in auto sector continues to effect Windsor.

Total Housing Starts = Supply (units and annual percent change)							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	1,459	1,788	2,419	2,692	2,870	2,500	2,200
%	6.4	22.5	35.3	11.3	6.6	-12.9	-12.0
PEI	710	675	775	814	919	785	725
%	15.3	-4.9	14.8	5.0	12.9	-14.6	-7.6
NS	4,432	4,092	4,970	5,096	4,717	4,800	4,725
%	4.3	-7.7	21.5	2.5	-7.4	1.8	-1.6
NB	3,079	3,462	3,862	4,489	3,947	3,600	3,400
%	10.9	12.4	11.6	16.2	-12.1	8.8	-5.6
QUE	24,695	27,682	42,452	50,289	58,448	50,000	43,000
%	-4.1	12.1	53.4	18.5	16.2	-14.5	-14.0
ONT	71,521	73,282	83,597	85,180	85,114	80,500	75,200
%	6.4	2.5	14.1	1.9	-0.1	-5.4	-6.6
MAN	2,560	2,963	3,617	4,206	4,440	4,600	4,800
%	-18.3	15.7	22.1	16.3	5.6	3.6	4.3
SASK	2,513	2,381	2,963	3,315	3,781	3,250	3,500
%	-18.6	-5.3	24.4	11.9	14.1	-14.8	7.7
ALTA	26,266	29,174	38,754	36,171	36,270	40,000	38,000
%	3.2	11.1	32.8	-6.7	0.3	18.3	-5.0
BC	14,418	17,234	21,625	26,174	32,925	33,600	31,600
%	-11.6	19.5	25.5	21.0	25.8	2.1	-6.0
Canada	151,653	162,733	205,034	218,426	233,431	*223,600	*207,200
%	1.1	7.3	26.0	6.5	6.9	-4.2	-7.3

Supply
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Source: CMHC Forecast 2005-2006
(F) Forecast.
* Total does not add due to rounding.

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Average Residential Resale Price (dollars and annual percent change)							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	99,525	104,376	113,081	119,822	131,499	141,500	147,000
%	5.5	4.9	8.3	6.0	9.7	7.6	3.9
PEI	82,883	87,696	94,964	101,745	110,815	114,500	118,000
%	0.9	5.8	8.3	7.1	8.9	3.3	3.1
NS	109,839	115,485	126,669	136,292	146,096	161,500	168,000
%	7.0	5.1	9.7	7.6	7.2	10.6	4.0
NB	91,624	95,947	100,129	105,858	112,933	120,000	124,500
%	4.0	4.7	4.4	5.7	6.7	6.3	3.8
QUE	111,296	115,820	130,403	151,881	170,647	185,000	194,000
%	3.5	4.1	12.6	16.5	12.4	8.4	4.9
ONT	183,841	193,357	210,901	226,824	245,229	264,000	276,000
%	5.6	5.2	9.1	7.5	8.1	7.7	4.5
MAN	87,884	93,192	96,531	106,788	119,245	134,000	144,000
%	1.7	6.0	3.6	10.6	11.7	12.4	7.5
SASK	94,047	98,310	101,297	104,995	110,824	122,000	128,000
%	2.9	4.5	3.0	3.7	5.6	10.1	4.9
ALTA	146,258	153,737	170,253	182,845	194,769	220,000	235,000
%	4.8	5.1	10.7	7.4	6.5	13.0	6.8
BC	221,371	222,822	238,877	259,968	289,107	330,000	350,000
%	2.8	0.7	7.2	8.8	11.2	14.1	6.1
CAN**	164,036	171,801	188,785	207,162	226,283	*249,400	*261,500
%	3.7	4.7	9.9	9.7	9.2	10.2	4.9

↑ Going up as discussed
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Sources: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2005-2006.
(F) Forecast.
* Total does not add due to rounding. **Canada totals are for 10 provinces

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Demand Variable

Unemployment Rate (percent)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)	
NFLD	16.7	16.0	16.6	16.4	15.6	15.2	15.0	
PEI	12.1	12.0	12.1	11.0	11.3	10.8	10.9	
NS	9.1	9.8	9.6	9.1	8.8	8.3	8.3	
NB	10.0	11.1	10.2	10.3	9.8	9.8	9.8	
QUE	8.5	8.8	8.7	9.2	8.5	8.4	8.5	Stable
ONT	5.8	6.4	7.1	7.0	6.8	6.7	6.6	Stable
MAN	5.0	5.1	5.1	5.0	5.3	5.0	4.9	
SASK	5.2	5.8	5.7	5.6	5.3	4.8	4.5	↓
ALTA	5.0	4.7	5.3	5.1	4.6	3.8	3.6	↓
BC	7.2	7.7	8.5	8.0	7.2	6.1	6.1	Stable
CAN	6.8	7.2	7.7	7.6	7.2	6.8	6.7	

Sources: Statistics Canada, CMHC Forecast 2005-2006.
(F) Forecast.

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= Demand Variable

Real Gross Domestic Product (annual percent change)

	2000	2001	2002	2003	2004	2005 (F)	2006 (F)	
NFLD	5.2	1.3	16.7	6.8	-0.7	2.0	6.0	
PEI	1.9	-0.3	6.1	1.9	1.7	1.5	1.2	
NS	3.1	2.9	5.2	1.2	1.5	2.0	2.4	
NB	2.1	1.3	4.8	2.5	2.6	2.2	2.4	
QUE	4.3	1.1	4.1	1.9	2.2	2.5	2.5	
ONT	5.9	2.0	3.4	1.6	2.6	2.4	2.6	
MAN	4.3	0.8	2.2	1.5	2.3	3.0	3.1	
SASK	2.6	-1.8	-0.3	4.5	3.5	2.9	2.9	
ALTA	6.1	1.6	2.4	2.7	3.7	3.8	4.1	Great Growth ↓ ✓
BC	4.6	0.9	3.3	2.5	3.9	3.5	3.3	
CAN	5.2	1.8	3.4	2.0	2.9	2.9	3.0	

Sources: Statistics Canada, CMHC Estimate 2004, CMHC Forecast 2005-2006
(F) Forecast.

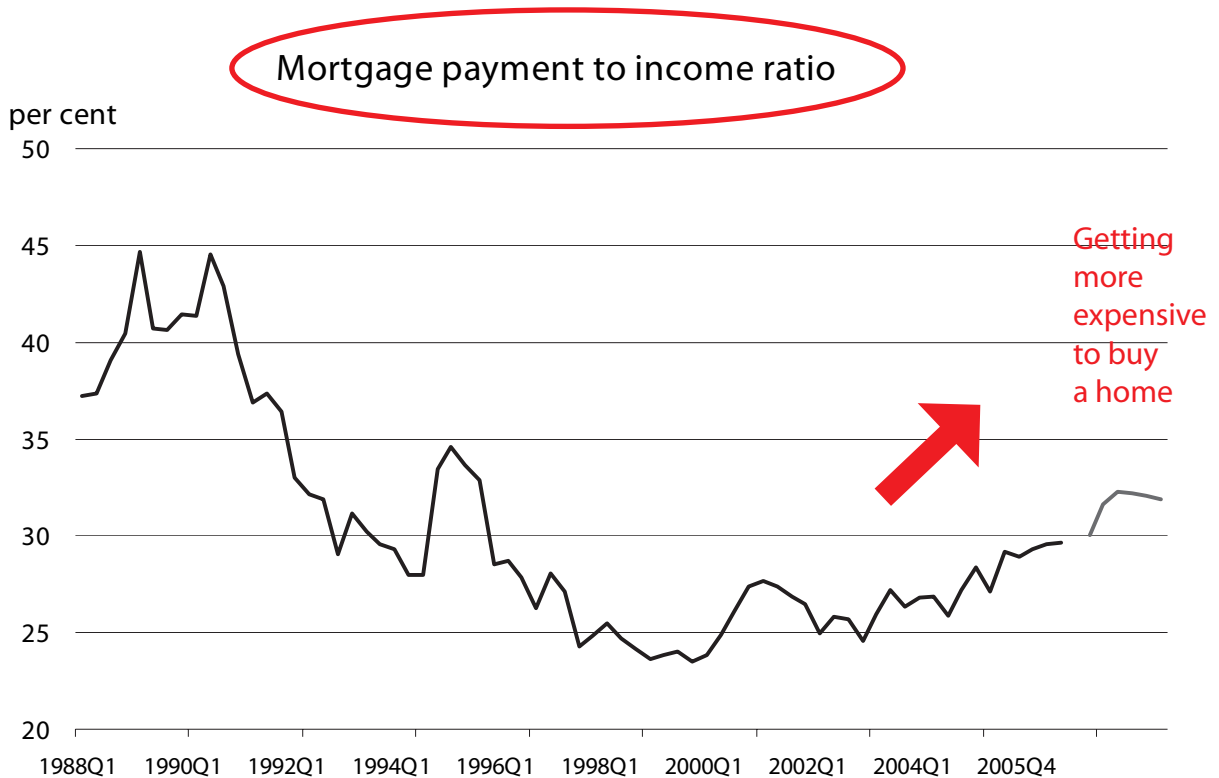
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= Demand Driver

Total Net Migration* (persons)							
	2000	2001	2002	2003	2004	2005 (F)	2006 (F)
NFLD	-4,725	-3,765	-2,718	-454	-1,878	-2,300	-3,000
PEI	20	357	151	461	78	250	225
NS	-564	-195	1,068	1,484	244	550	650
NB	-1,411	-1,175	543	-761	64	-900	-1,050
QUE	14,848	27,730	28,012	31,515	33,299	33,000	34,000
ONT	151,099	162,871	134,176	101,198	97,062	108,000	109,600
MAN	-377	-807	1,722	3,245	6,025	4,550	6,050
SASK	-7,648	-7,675	-6,334	-2,998	-1,711	-3,300	-2,500
ALTA	34,012	38,273	29,100	22,395	24,758	35,200	38,250
BC	14,483	28,700	23,105	31,660	35,556	40,000	44,000
CAN**	199,737	244,314	208,825	187,745	193,497	215,050	226,225

Sources: Statistics Canada, CMHC Estimate 2004. CMHC Forecast 2005-2006. (F) Forecast.
 * Sum of interprovincial migration, international migration, and non-permanent residents.
 ** Excludes Yukon, Northwest Territories, and Nunavut.

} Stable
 Stable
 Solid Growth



Sources: CMHC, Statistics Canada