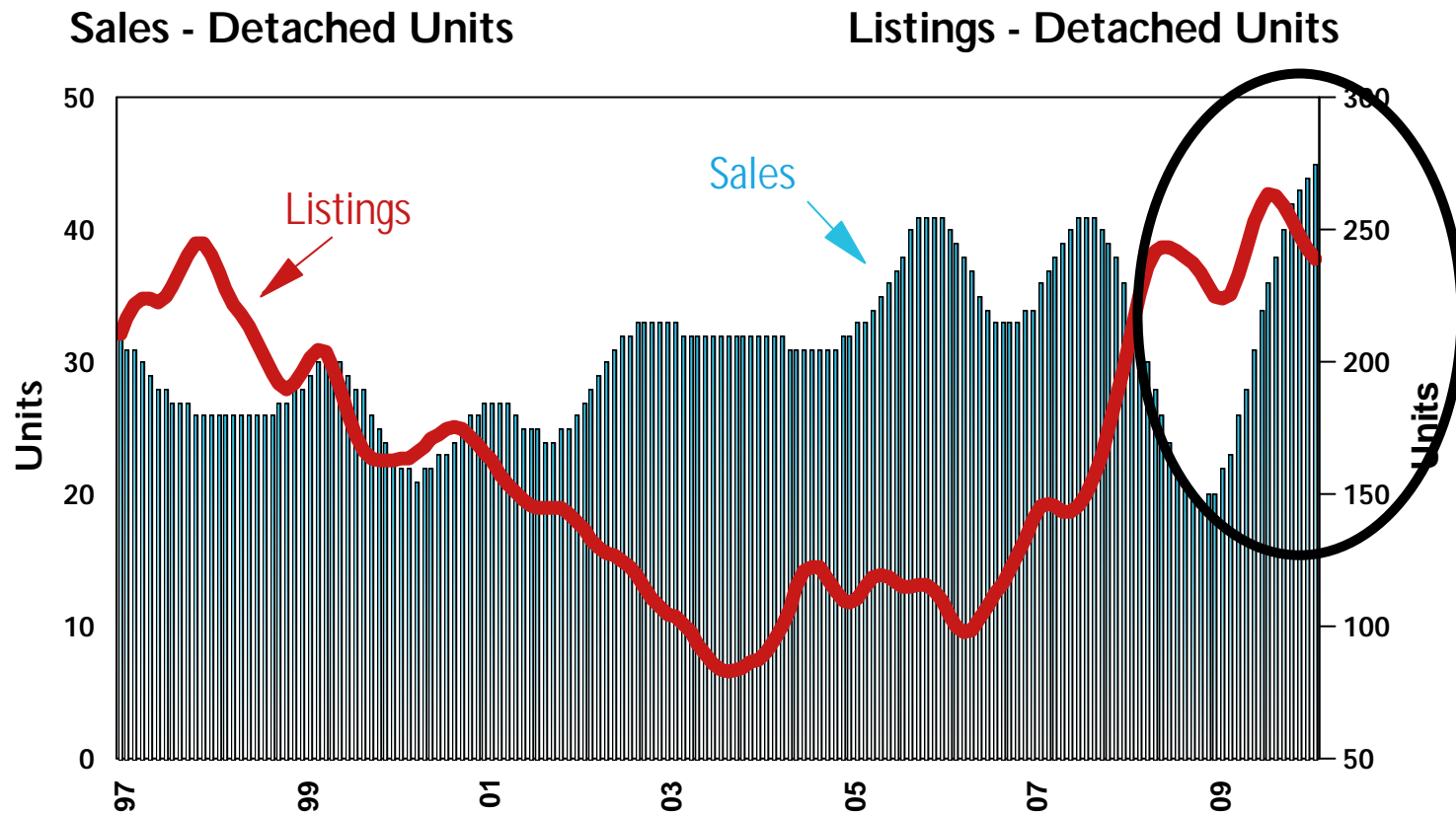


Penticton Housing Markets Outlook and Trends



Penticton Housing Markets

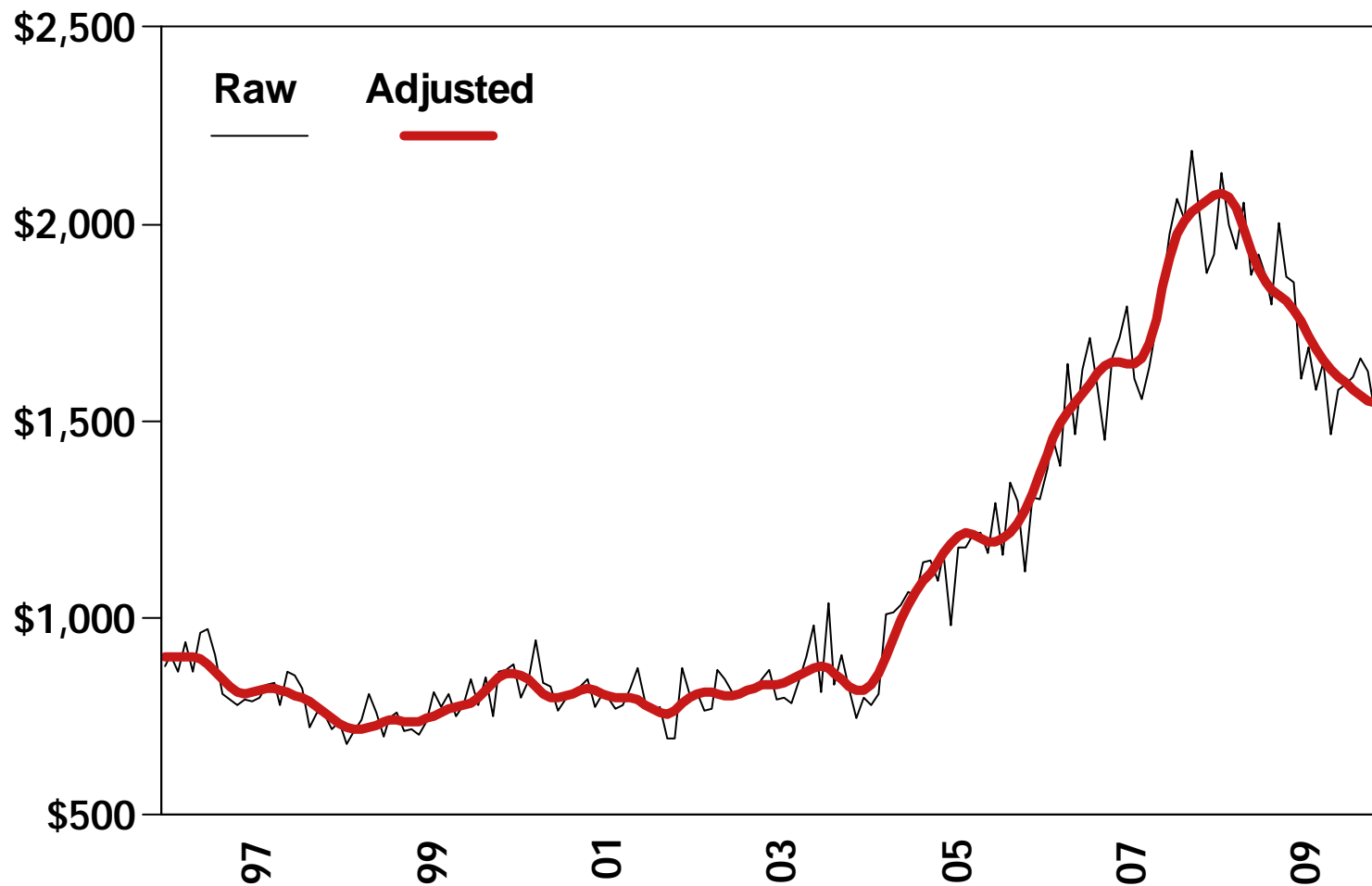
Sales of Existing Homes Rebound



Source: SOREB. MLS® Multiple Listing Service (MLS®) is a registered certification mark owned by the Canadian Real Estate Association. Data seasonally adjusted.

Lower Monthly Payments Attract Home Buyers

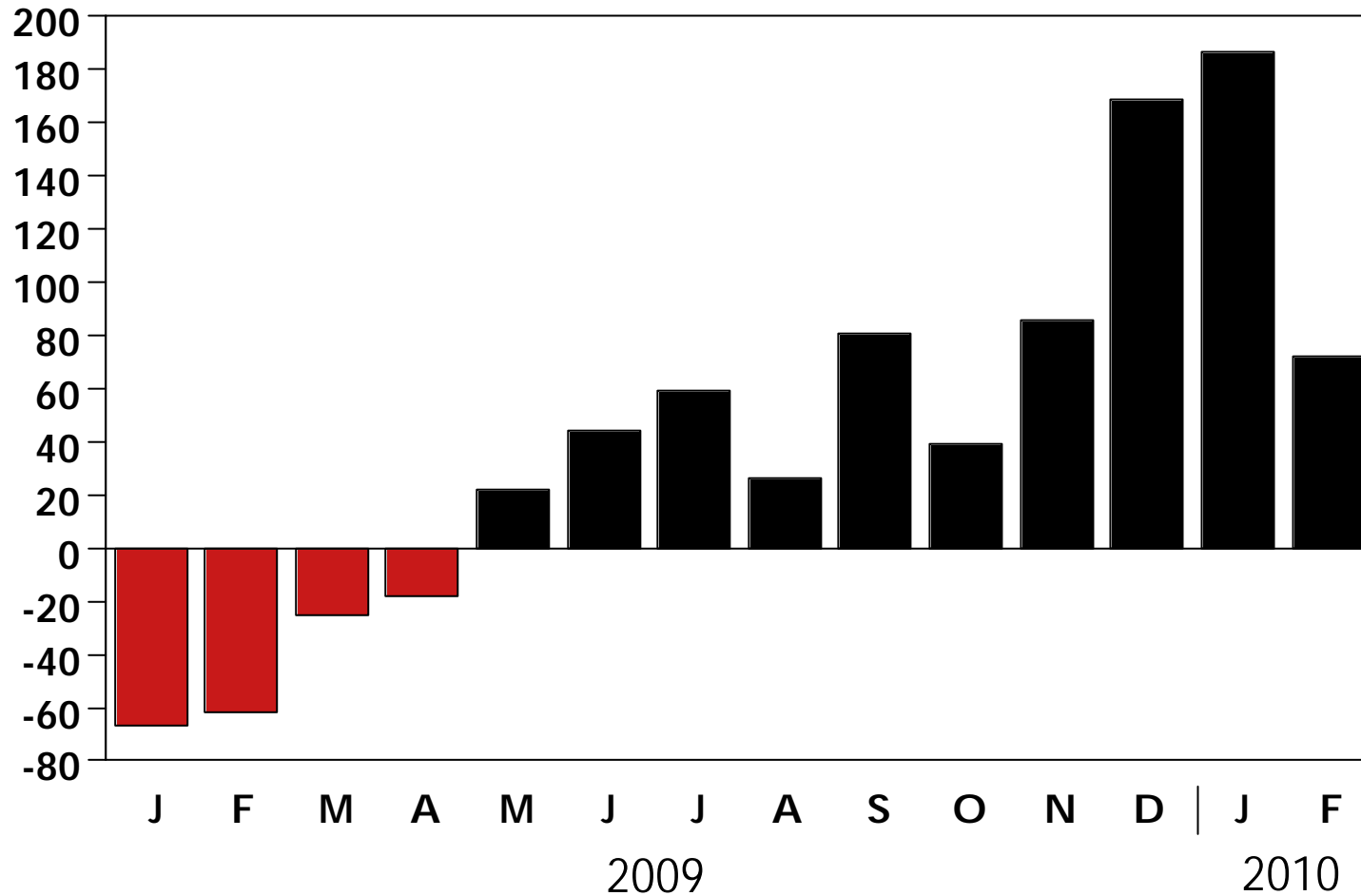
Average Monthly Mortgage Payment (2009\$) - Detached Homes



Sources: South Okanagan Real Estate Board . CMHC. Assumes MLS® average monthly detached home price, 25% down payment, posted 5-year mortgage rate, 25-year amortization.

Upswing Carries Over into 2010

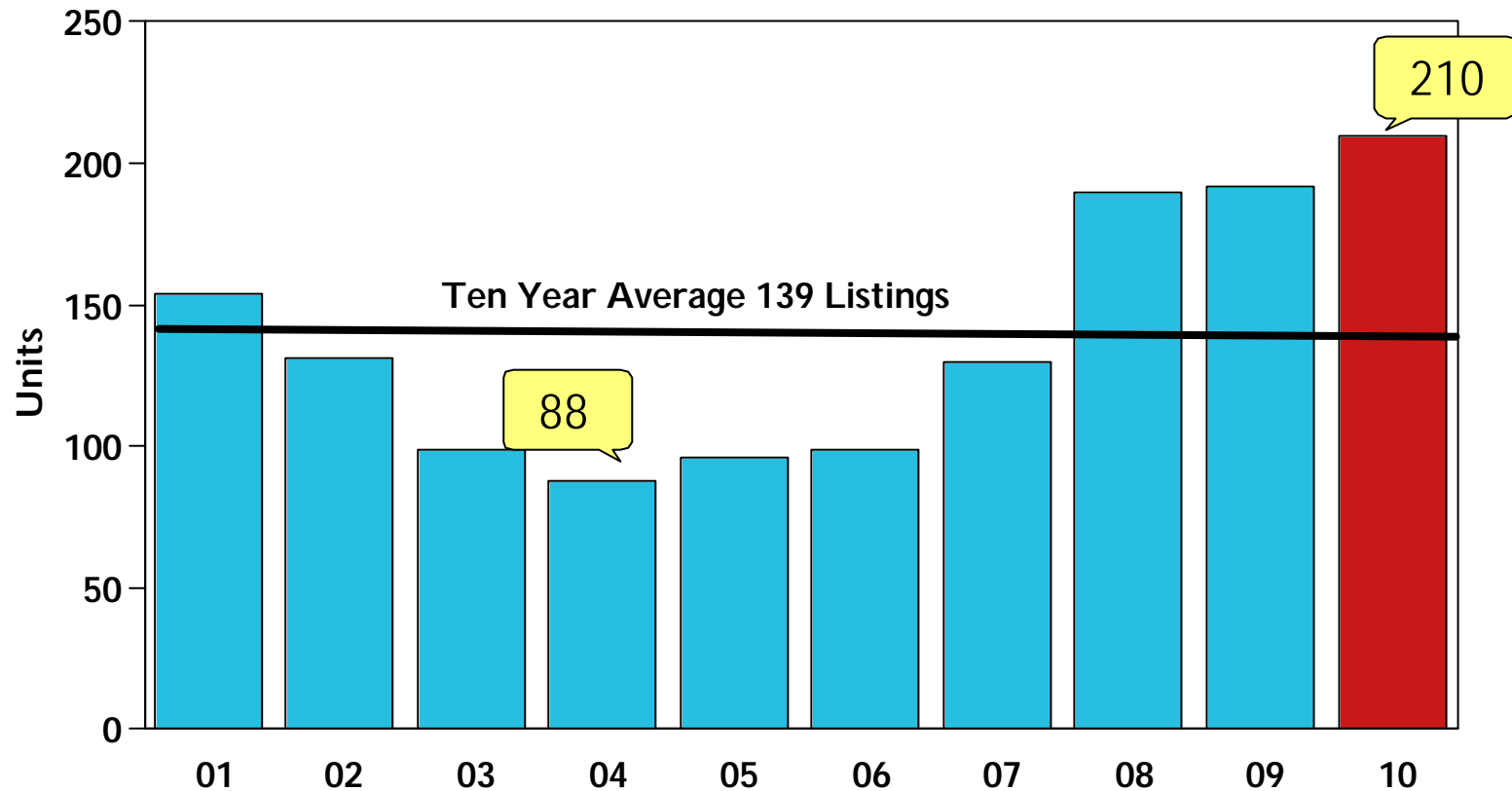
Percent Change in Year-Over-Year MLS® Sales



Source: SOREB. Single Family Residential, Apartment and Townhouses. MLS® Multiple Listing Service (MLS®) is a registered certification mark owned by the Canadian Real Estate Association.

Home Buyers Benefit From Ample Supply

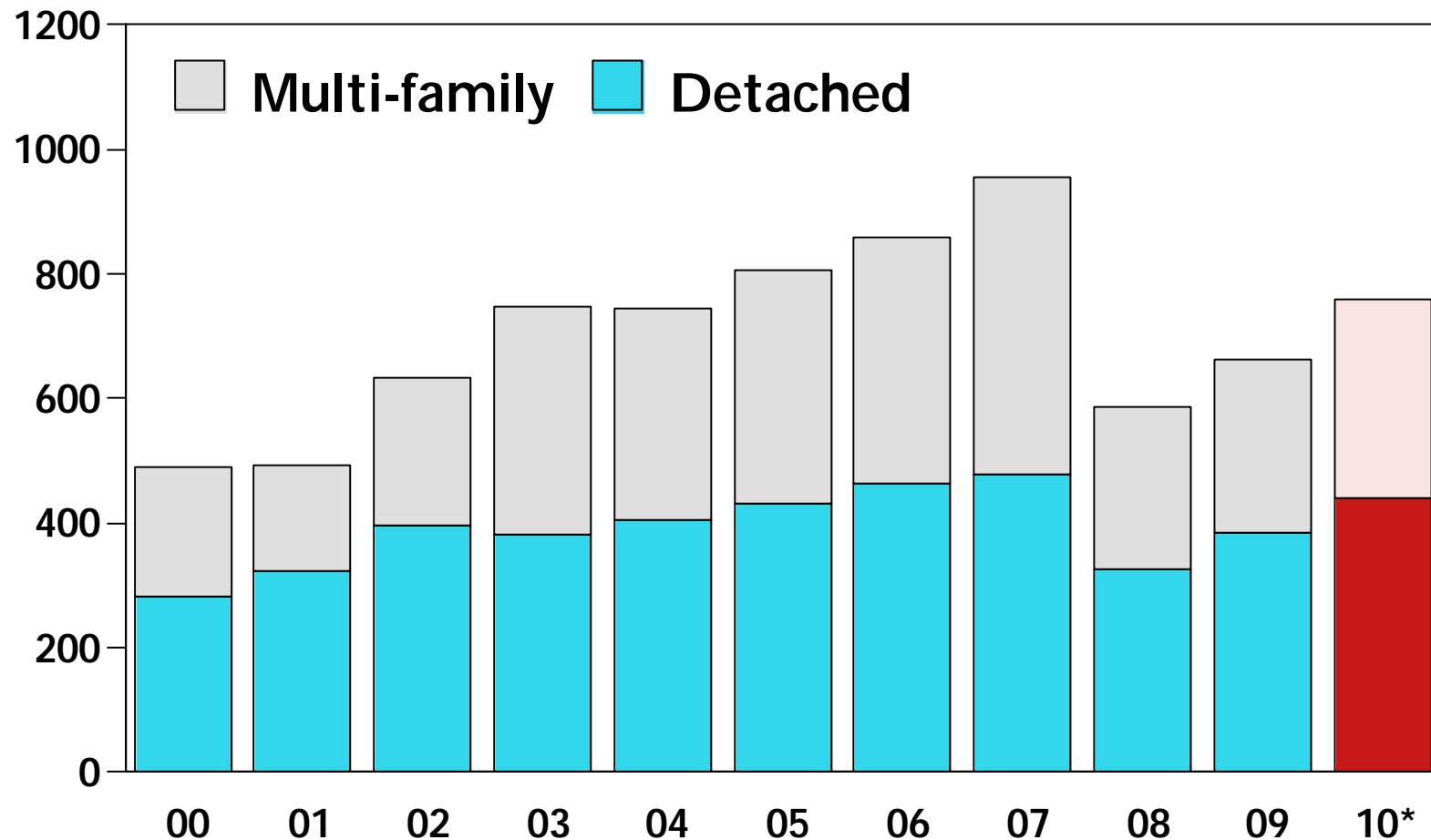
Active Listings Single Family Residential 2001-2010 (February)



Source: SOREB. Single Family Residential. MLS® Multiple Listing Service (MLS®) is a registered certification mark owned by the Canadian Real Estate Association.

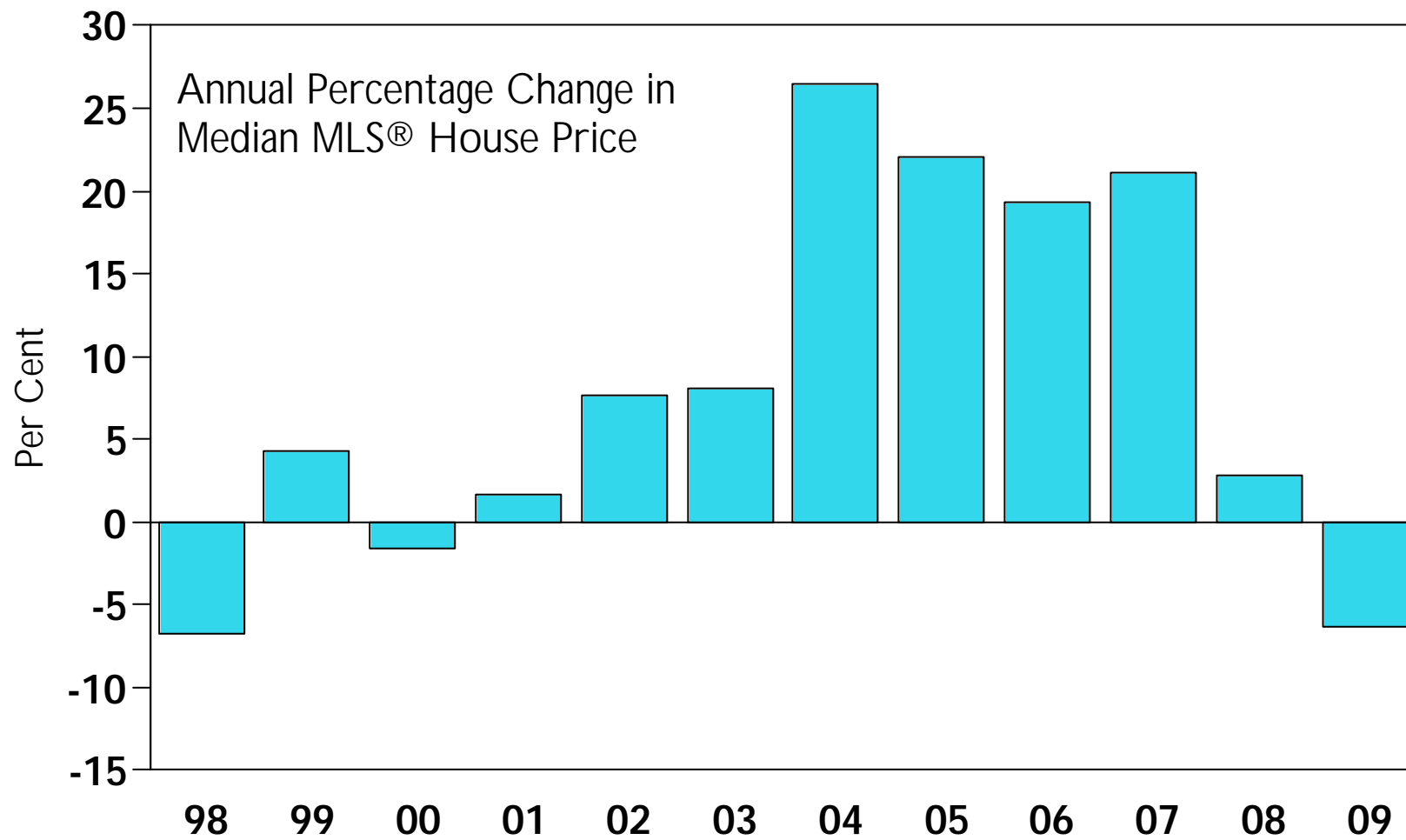
Existing Home Sales Move Up Through 2010

MLS Sales[®]



Source: SOREB. Multiples: Apartment and Townhouses. CMHC Forecast. MLS[®] Multiple Listing Service (MLS[®]) is a registered certification mark owned by the Canadian Real Estate Association.

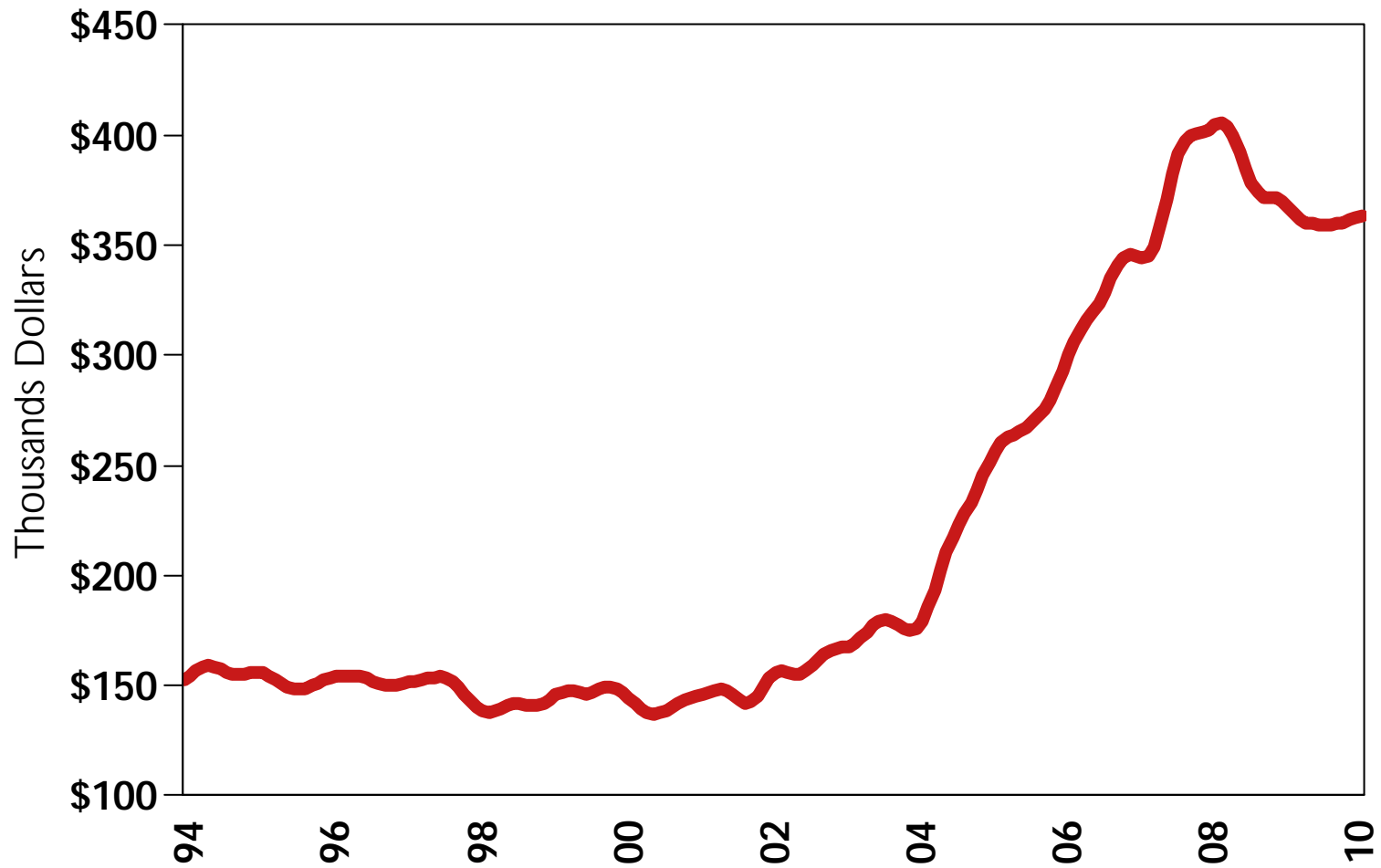
Prices Adjust to Reduced Demand and Increased Supply of Listings



Source: SOREB

Existing Home Prices Stabilize in 2009

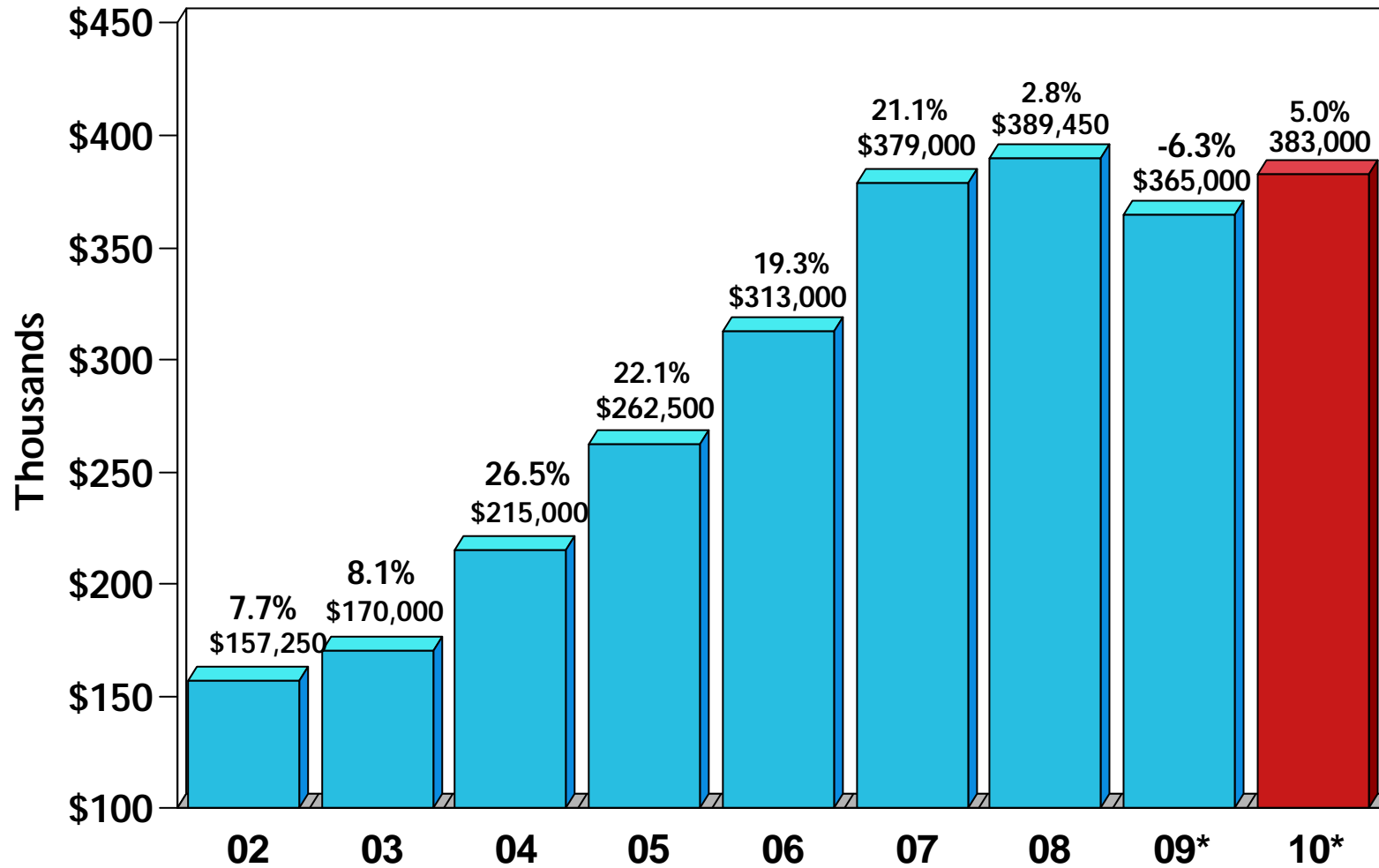
Median Price - Detached Units



Source: SOREB. Data Seasonally Adjusted.

Perspective - Prices Decline After Doubling in Just Five Years

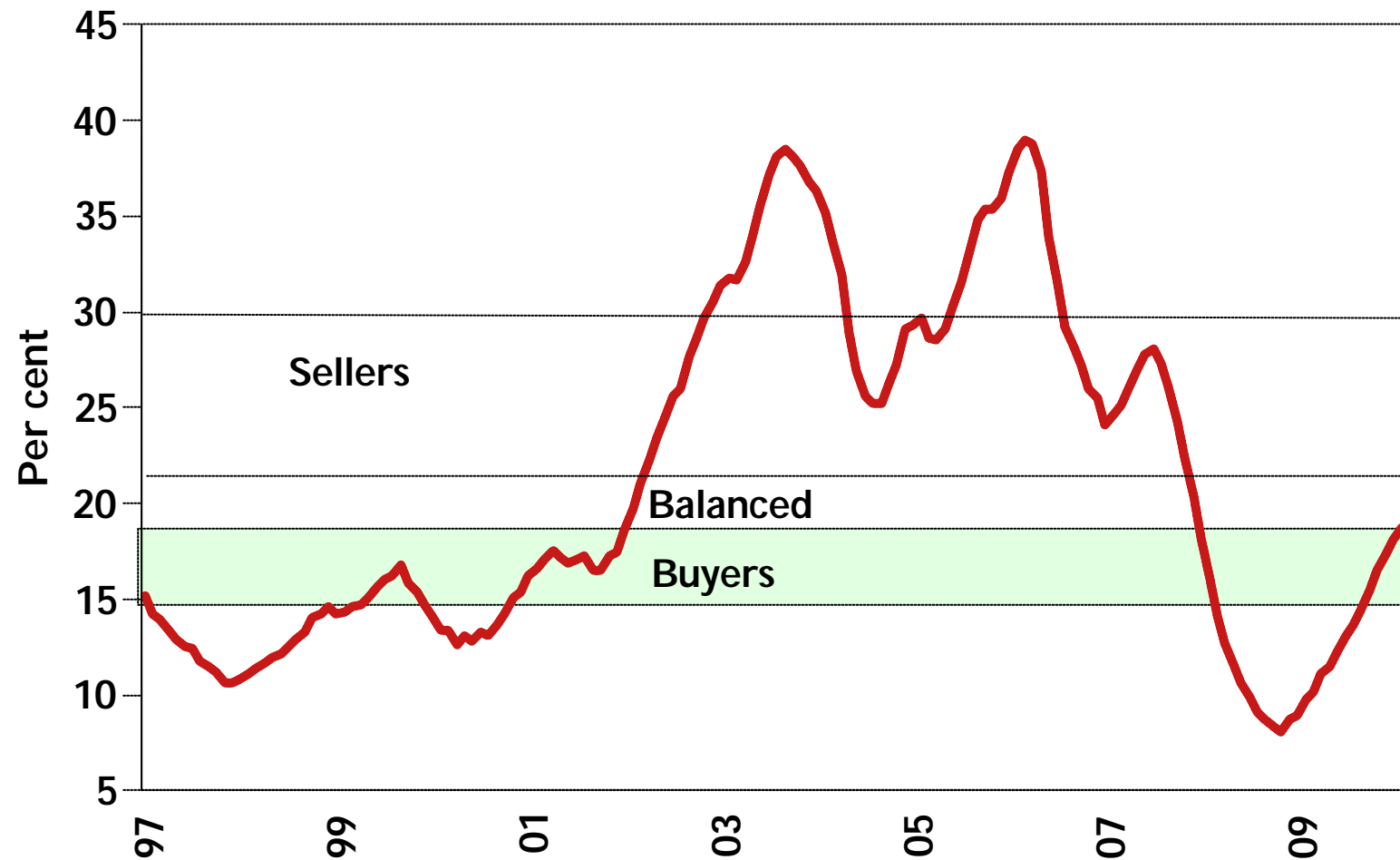
Annual Median MLS® Detached Home Price



Source: SOREB * CMHC Forecast.

Penticton Moves To Balanced From Buyer's Market

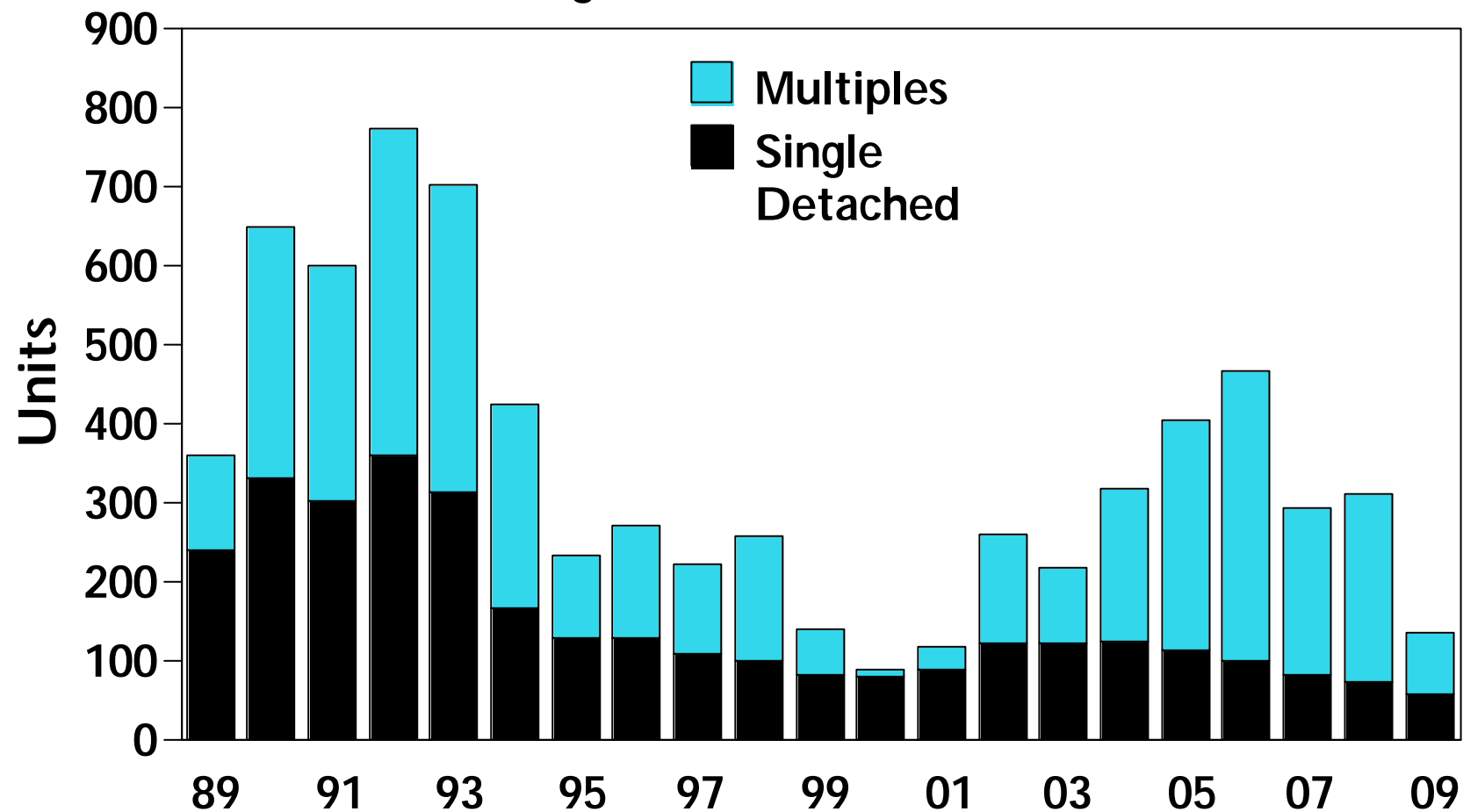
Sales to Active Listings Ratio (Per cent) - Detached Units



Source: SOREB. CMHC.

Housing Starts Move Down From Thirteen Year High

Housing Starts - Penticton CA

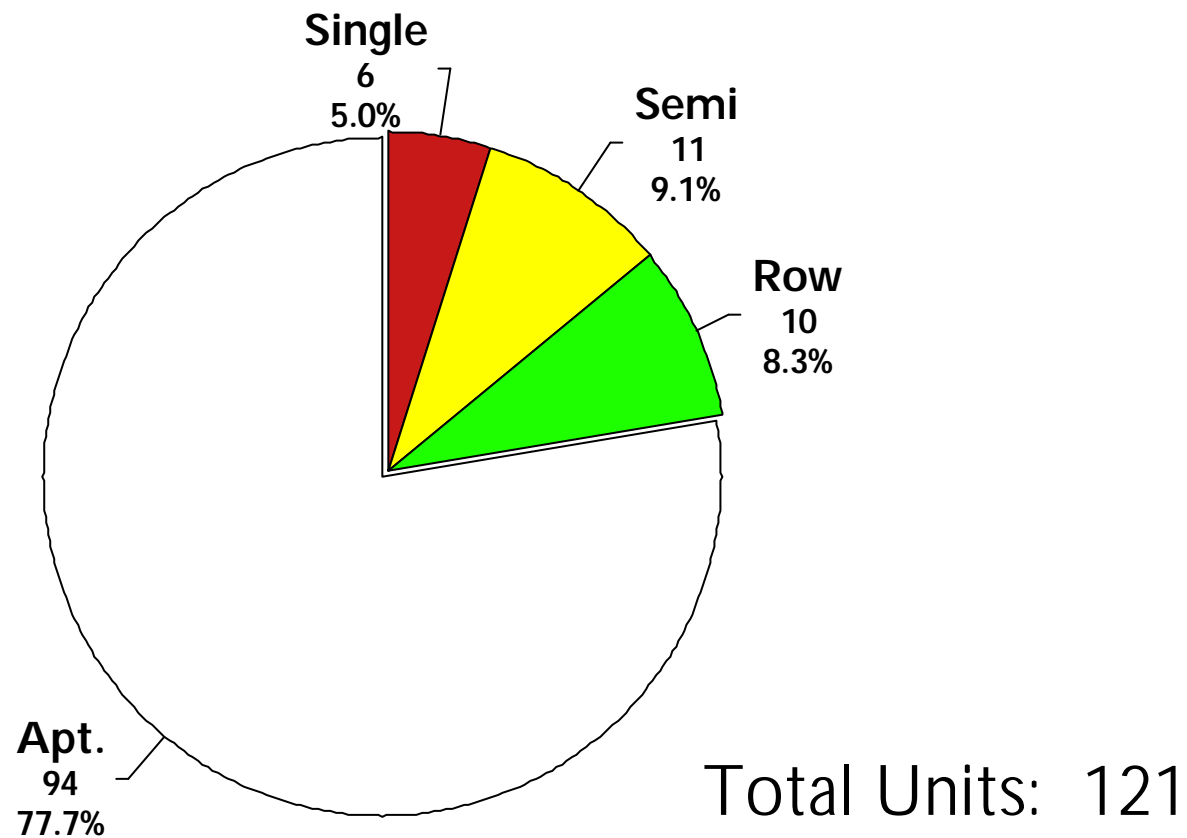


Source: CMHC.

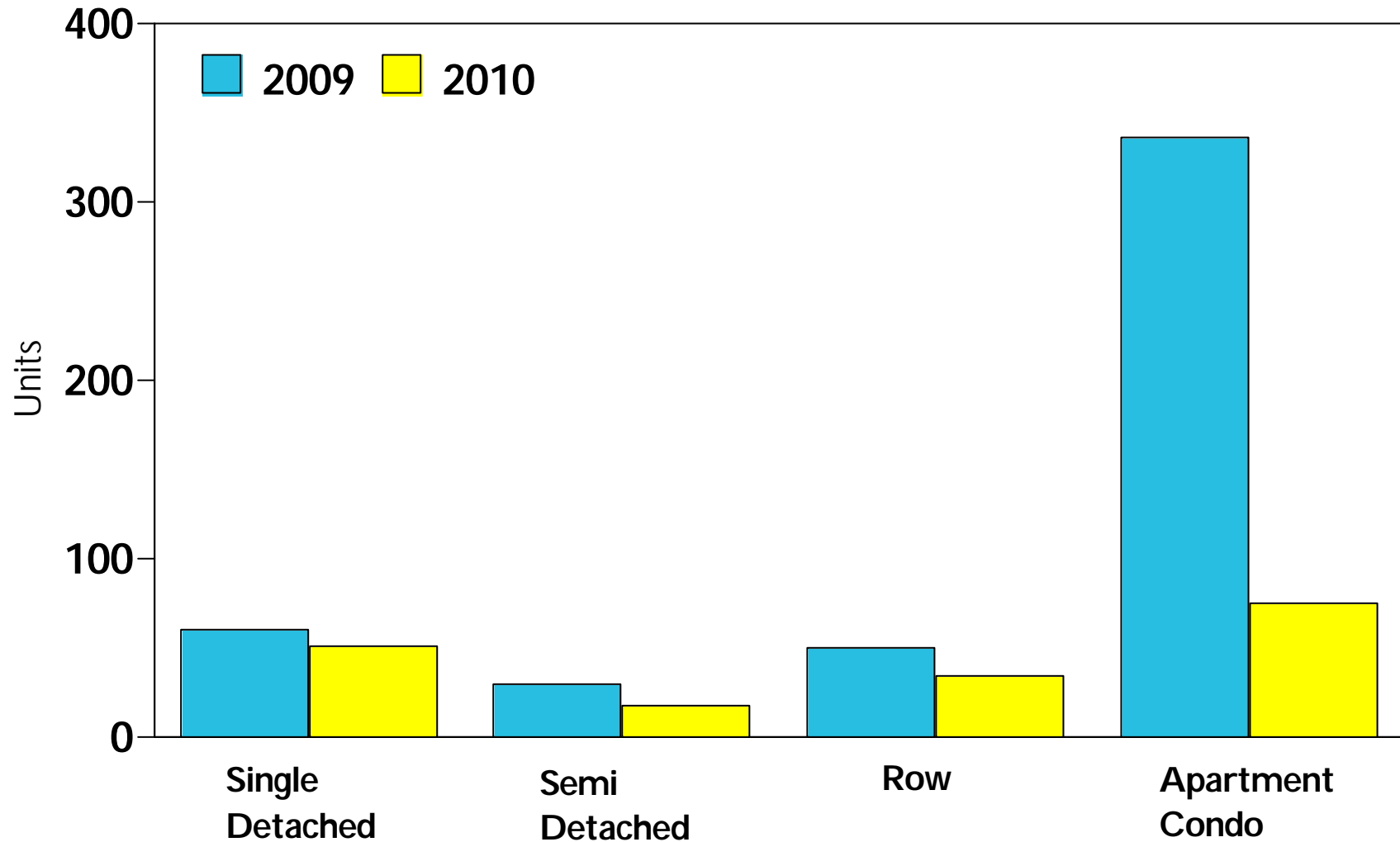
Demand for Resort Homes Moderates

- Demand for discretionary housing cools off as economies across North America experience slower growth.
- Investors pull back in the wake of heightened uncertainty and softening prices.
- High C\$ - stronger competition from US resort markets.
- Stronger competition from resort markets elsewhere in the Okanagan and across the BC southern interior.
- New condo sector faces rising competition from a well supplied resale market.

Inventory of Completed and Unoccupied Homes February 2010



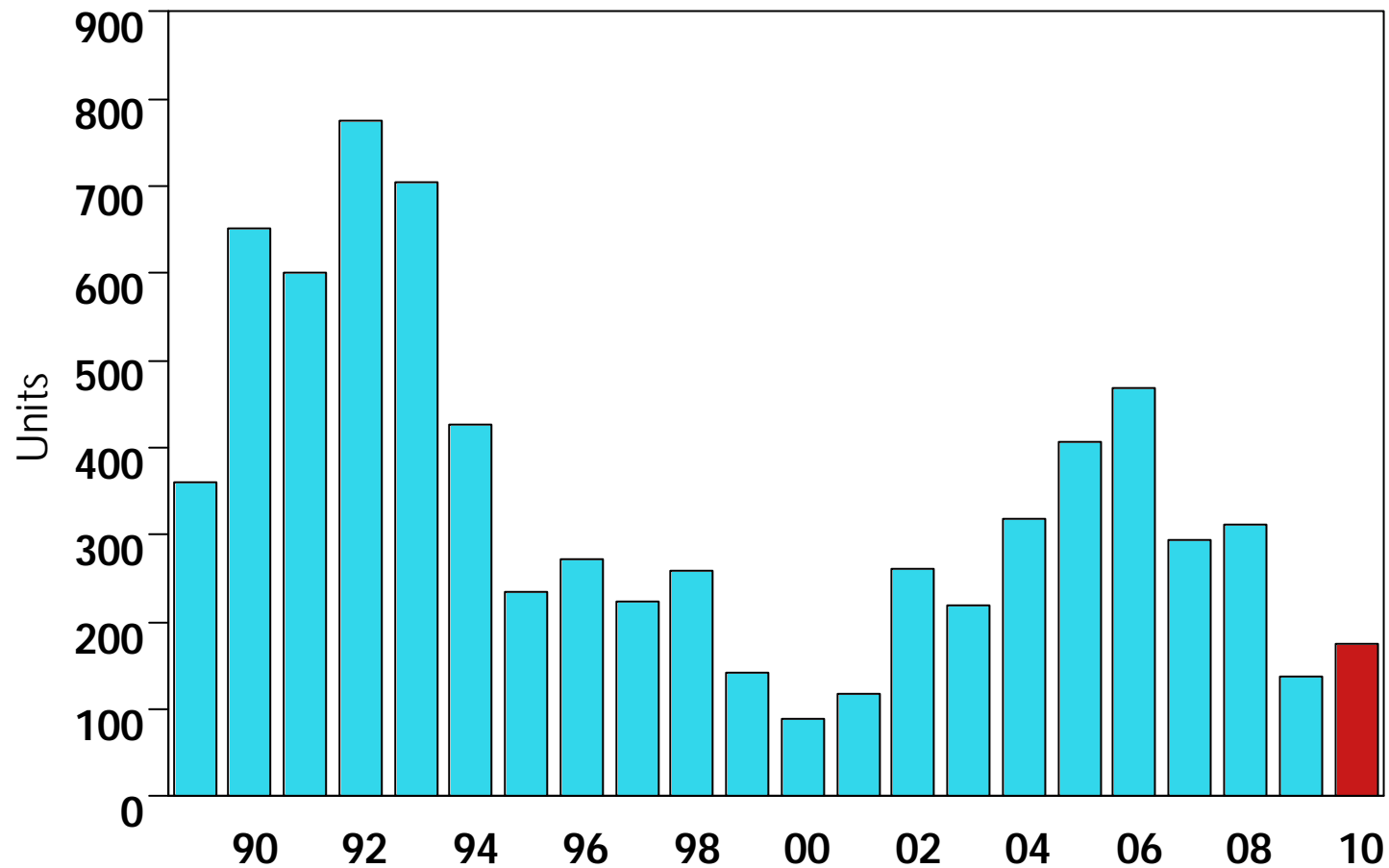
Supply of Homes Under Construction Comes Down



Source: CMHC.

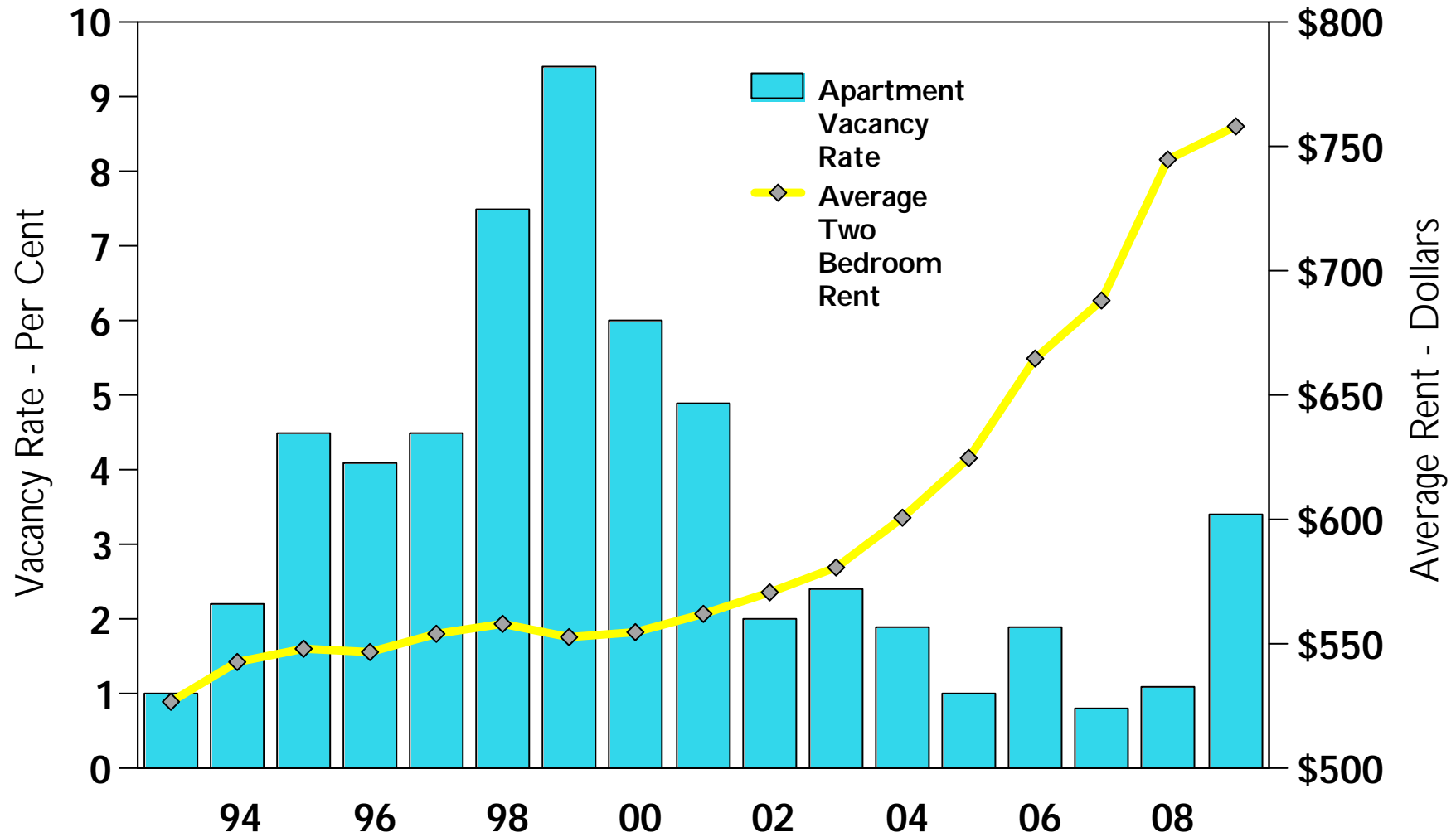
Well Supplied Resale Market Tempers New Home Demand

Housing Starts - Penticton CA



Source: CMHC

Tight Rental Markets Ease



Source: CMHC. CMHC Forecast.

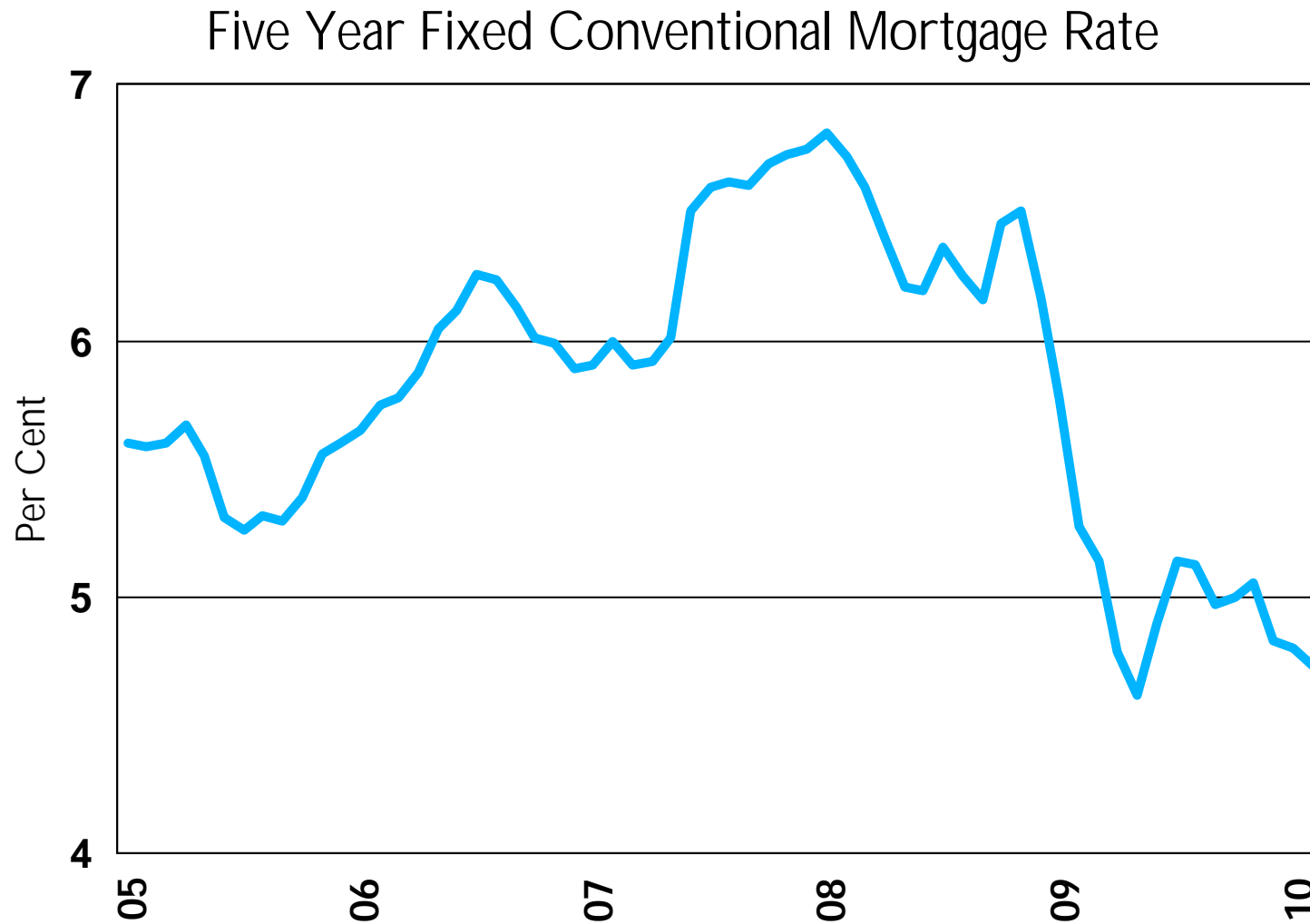
Looking Forward -The Big Picture

BC Economy Returns to Growth in 2010

- Consumer spending and business investment key drivers in 2010.
- Labour market improves.
- Migration grows population equals demand for housing.
- Demand for exports picks up in tandem with global recovery.
- Non-residential investment adds to economic growth.
- Winter Olympics boost retail and tourism related spending.



Low Interest Rates Drive Existing Home Demand



Source: CMHC (Average monthly rate from selected lenders).



Housing Demand - Moderating Influences

- Modest employment growth.
- Unemployment rate slow to come down.
- Rising interest rates later this year.
- HST.
- New parameters on Government Mortgage Insurance.

Housing Demand Outlook More Positive in 2010

- Okanagan economy is more diversified and better positioned to cope with slower growth than in past downturns. Economy and employment see stronger growth in 2010.
- Demographics favour growth in the longer term.
 - Aging population.
- Buyers benefit from good supply and selection of both new and existing homes, lower construction costs and strong price competition.
- Low interest rates.

Penticton - What to Expect in 2010 and 2011

- Migration, economy and employment see modest growth in 2010.
- Sales of existing homes move higher in 2010 - sales strongest in first half of 2010.
- Strong price competition from a well supplied resale market and high inventories of new, completed and unoccupied condo units constrain new home construction in 2010.
- Prices are forecast to begin moving up this year as demand improves and the supply of existing homes available of sale and inventories of new homes slowly come down. Gains will be modest.
- Vacancy rates remain at higher level in 2010. Upward pressure on rents will moderate as vacancy in response to higher vacancy rates.