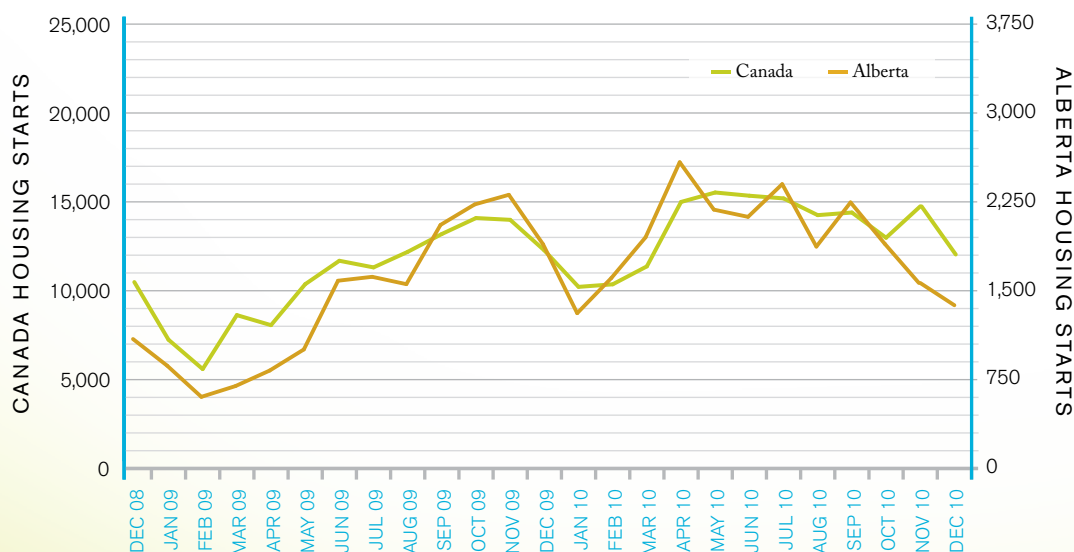


Housing Bulletin MONTHLY REPORT

ALBERTA'S PRELIMINARY HOUSING STARTS DECLINED IN DECEMBER 2010

Preliminary Housing Starts in Alberta* and Canada*, December 2008 to December 2010



* Data reflects centres with a population of 10,000 and over.
Source: Canada Mortgage and Housing Corporation

- Canada's total preliminary housing starts for December 2010 declined 18 per cent over November 2010 and declined 2 per cent year-over-year.
- Across Alberta, preliminary housing starts declined 27 per cent year-over-year from 1,899 units in December 2009 to 1,384 units in December 2010. Month-over-month starts declined 12 per cent.
- According to Desjardins Economic Studies, the recent downward trend in preliminary housing starts shows that residential investment is flagging.

ISSUE HIGHLIGHTS

Actual Housing Starts

Starts continue to fall across Alberta.

[Page 2](#)

Rental Market

Edmonton and Calgary rental vacancy rates rank higher amongst Canadian cities.

[Page 3](#)

Migration Trends

Alberta continues to see loss of non-permanent residents.

[Page 5](#)

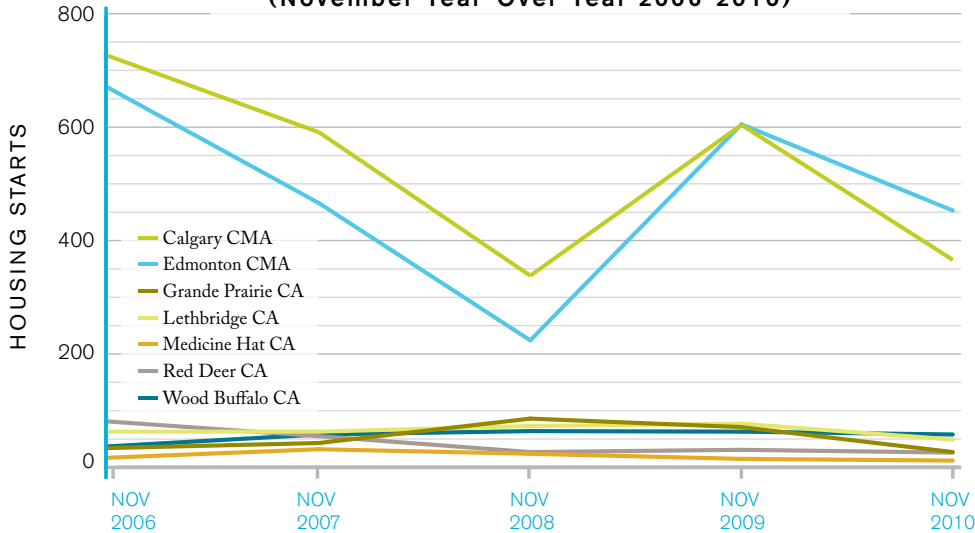
2011 is expected to unfold much like 2010, when close to 60 per cent of sales volume occurred in the first half of the year in anticipation of interest rate increases that never materialized

(ROYAL LEPAGE REAL ESTATE SERVICES).

(STATISTICS CANADA). Building permits, an indicator of housing activity, declined 11.2 per cent across Canada in November 2010, the second consecutive monthly decline (STATISTICS CANADA). Building permits,

SINGLE-DETACHED HOUSING STARTS DECLINED ACROSS ALL SEVEN MAJOR URBAN CENTRES

Actual Housing Starts - Single-Detached
(November Year-Over-Year 2006-2010)

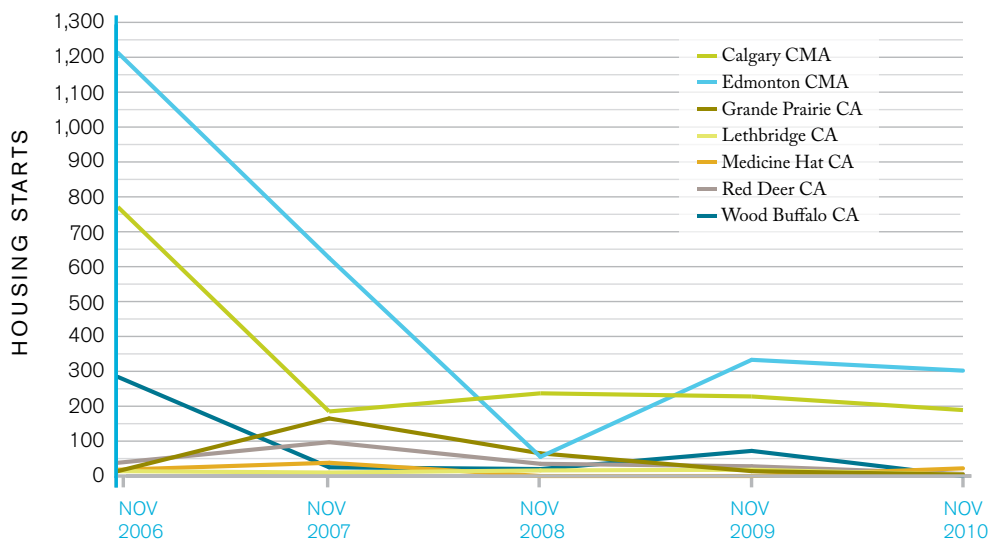


- In November 2010, single-detached housing starts fell across all seven major urban centres, averaging a decline of 32.4 per cent year-over-year.
- In Edmonton and Calgary, single-detached housing starts fell 25.1 per cent and 39.4 per cent, respectively, from November 2009 to November 2010.
- Grande Prairie recorded the largest drop in single-family housing starts, falling 62 per cent from 71 units in November 2009 to 27 units in November 2010.

Source: Canada Mortgage and Housing Corporation

MULTI-FAMILY HOUSING STARTS DECLINED ACROSS MOST of ALBERTA'S MAJOR CENTRES

Actual Housing Starts - Multi-Family Dwellings
(November Year-Over-Year 2006-2010)

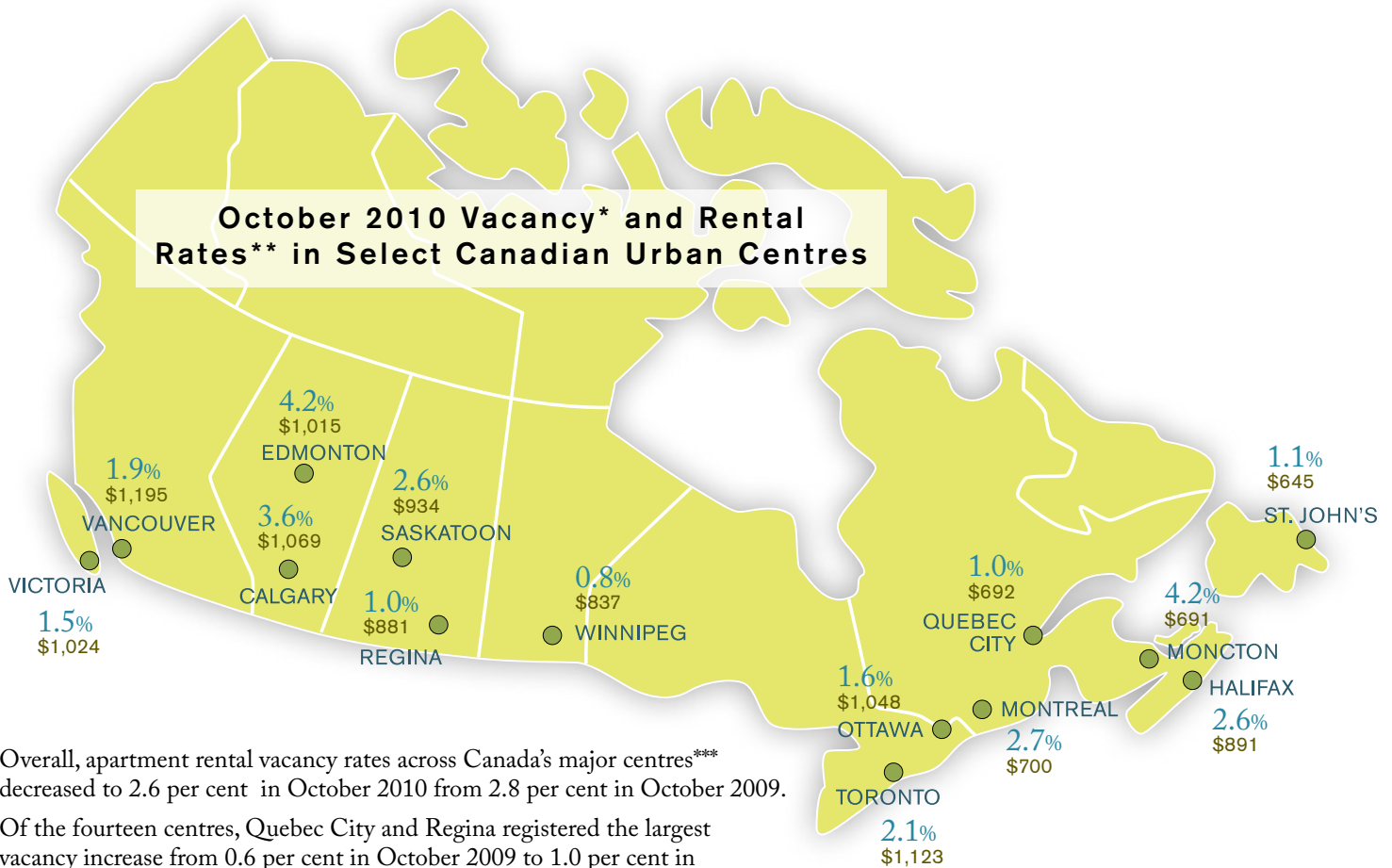


- Multi-family housing starts declined in six of Alberta's seven major centres in November 2010.
- In Edmonton, multi-family starts totalled 302 units in November 2010, representing a decline of 9.3 per cent from the 333 units in November of last year.
- In Calgary, multi-family housing starts totalled 189 units in November 2010, a 17.1 per cent decrease from the 228 units built in November of last year.
- Medicine Hat recorded the only year-over-year increase in multi-family housing starts, from no starts in November 2009 to 22 starts in November 2010.

Source: Canada Mortgage and Housing Corporation

The threat of rising interest rates in late 2009 and early 2010 probably prompted some interested buyers to get into the housing market sooner, leaving the pool of potential buyers fairly thin for the rest of 2010 (ATB FINANCIAL).

AVERAGE APARTMENT VACANCY RATES are HIGHEST in MAJOR CENTRES of ALBERTA and NEW BRUNSWICK



- Overall, apartment rental vacancy rates across Canada's major centres*** decreased to 2.6 per cent in October 2010 from 2.8 per cent in October 2009.
- Of the fourteen centres, Quebec City and Regina registered the largest vacancy increase from 0.6 per cent in October 2009 to 1.0 per cent in October 2010 - an increase of 66.7 per cent for both cities.
- In October 2010, Edmonton, Moncton and Calgary had higher vacancy rates than most other Census Metropolitan Areas (CMAs)**** in Canada.
- Both Calgary and Edmonton recorded the strongest affordability index increase, as measured by the level of a household's income and the level of rent, making these centres more affordable to the public. Provincially, the highest average monthly rental rates across Canada's major centres*** were in Alberta (\$1,036), British Columbia (\$1,019) and Ontario (\$980).

* Average vacancy rates includes all unit types (i.e., Bachelor, 1-Bedroom, 2-Bedroom, and 3-Bedroom+).

** Average monthly rental rate for a 2-Bedroom apartment. Source: Canada Mortgage and Housing Corporation

*** Major centres are based on Statistics Canada CMAs with the exception of the Ottawa-Gatineau CMA which is treated as two centres for Rental Market Survey purposes and Charlottetown which is a Census Agglomeration (CA).

**** Other smaller (CMAs)**** not presented (Windsor and Peterborough, Ontario and Abbotsford, British Columbia) had higher vacancy rates than Calgary and Edmonton.

Source: Canada Mortgage and Housing Corporation

HC). Despite decreases in apartment rental vacancy rates in Calgary and Edmonton, vacancy rates are still high compared to other major centres across Canada (CMHC). Desp

EDMONTON SINGLE-FAMILY and CONDO PRICES EDGE LOWER in DECEMBER 2010

Year-to-Year Comparison of Housing Resale Activity in Edmonton in the Month of December

| | AVERAGE PRICE | | | Days on the Market | Residential Listings | Residential Sales | Monthly Sales to Listings Ratio | Average Year to Date Sales to Listings Ratio |
|--------|------------------------|-------------|-------------------|--------------------|----------------------|-------------------|---------------------------------|--|
| | Single-Family Dwelling | Condominium | Duplex / Rowhouse | | | | | |
| Dec 06 | \$346,617 | \$229,281 | \$293,747 | 30 | 969 | 1,081 | 111 | 92 |
| Dec 07 | \$380,774 | \$254,654 | \$298,300 | 55 | 1,375 | 857 | 62 | 55 |
| Dec 08 | \$353,970 | \$235,427 | \$292,123 | 63 | 1,259 | 543 | 43 | 45 |
| Dec 09 | \$365,241 | \$240,796 | \$290,384 | 53 | 1,051 | 881 | 83 | 64 |
| Dec 10 | \$355,271 | \$223,454 | \$304,645 | 66 | 1,110 | 784 | 70 | 50 |

- The average price of a single-family dwelling in Edmonton fell 2.7 per cent from December 2009 to December 2010. Over the same period, the average price of condominiums fell 7.2 per cent, while the average price for duplex and rowhouses increased 4.9 per cent.
- An Edmonton home spent an average of 66 days on the market in December 2010, 24.5 per cent longer than in December 2009.
- Residential listings in December 2010 are up 5.6 per cent year-over-year; however, sales are down 11.0 per cent.

Source: Realtors' Association of Edmonton

RESALE PRICES in CALGARY DECLINE SLIGHTLY in DECEMBER 2010

Year-to-Year Comparison of Housing Resale Activity in Calgary in the Month of December

| | SINGLE-FAMILY DWELLING | | | | | CONDOMINIUM | | | | |
|--------|------------------------|---------------------|--------------------|-------|--------------------|---------------|---------------------|--------------------|-------|--------------------|
| | Average Price | Month End Inventory | New Listings Added | Sales | Days on the Market | Average Price | Month End Inventory | New Listings Added | Sales | Days on the Market |
| Dec 07 | \$444,769 | 3,364 | 984 | 846 | 51 | \$304,719 | 1,535 | 468 | 393 | 49 |
| Dec 08 | \$417,398 | 3,860 | 836 | 449 | 61 | \$274,919 | 1,863 | 431 | 205 | 61 |
| Dec 09 | \$451,349 | 2,054 | 806 | 799 | 47 | \$288,640 | 1,204 | 444 | 341 | 47 |
| Dec 10 | \$441,341 | 2,712 | 744 | 734 | 59 | \$282,768 | 1,429 | 369 | 320 | 62 |

- The number of single-family homes sold in Calgary fell 8.1 per cent, and prices decreased 2.2 per cent year-over-year in December 2010.
- The number of condominiums sold in Calgary fell 6.2 per cent, and prices decreased 2.0 per cent year-over-year in December 2010.
- New listings fell 7.7 per cent for single-family homes, and 16.9 per cent for condominiums from December 2009 to December 2010.

- According to the president of the Calgary Real Estate Board, "Employment and net-migration have been slower to pick up here in Calgary...The good news is we are now seeing marked improvements in investment and employment in the energy sector."

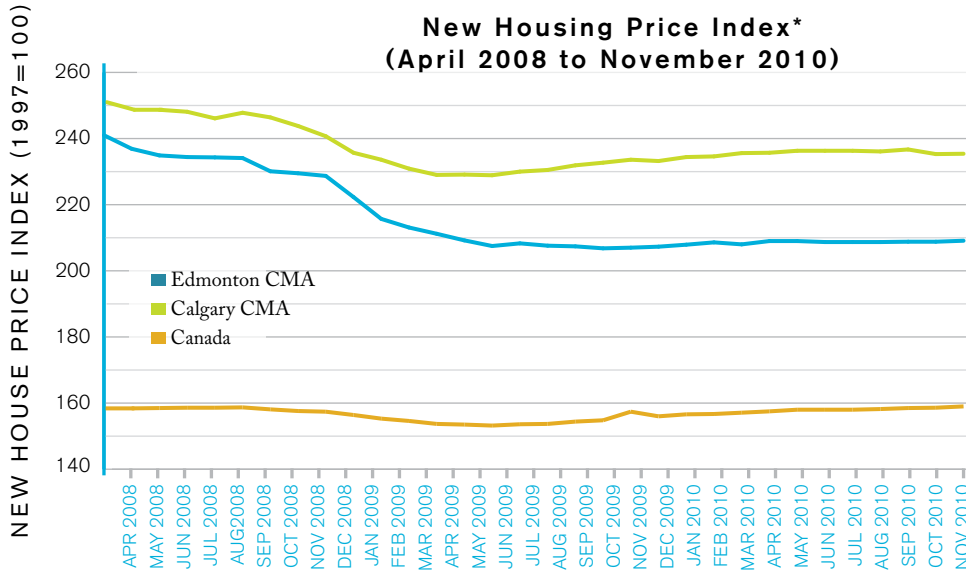
Source: Calgary Real Estate Board

Encouraged in part by low-interest rates, Canadian household credit has expanded rapidly during the recession and throughout the recovery. As a consequence, the proportion of households with stretched financial positions has grown significantly (BANK OF CANADA).

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PRICE for NEW HOMES ACROSS CANADA REMAINS STEADY

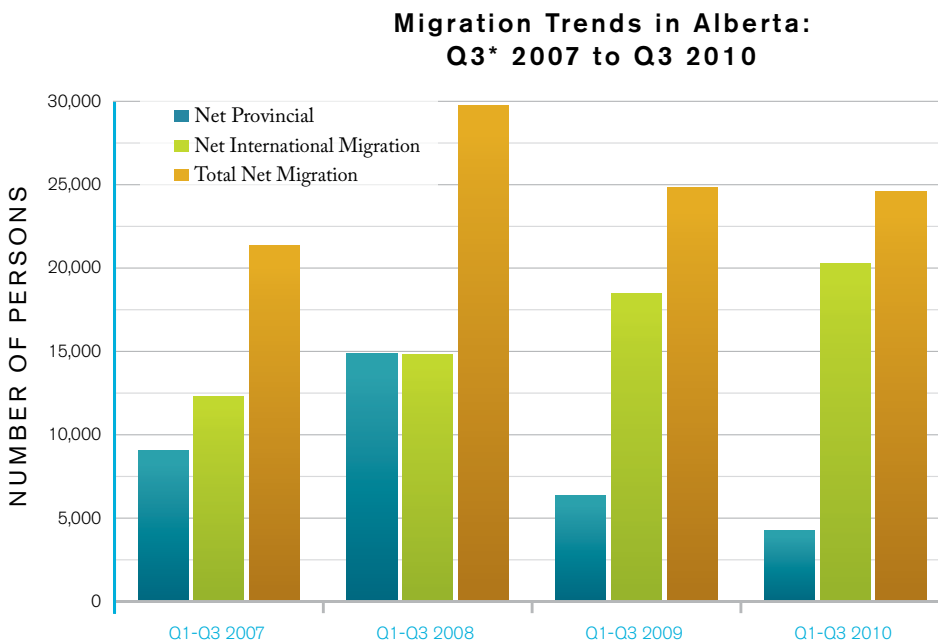


- The New Housing Price Index (NHPI) is designed to measure the changes in the selling prices of new houses where detailed specifications pertaining to each house remain the same between two consecutive periods.
- Across Canada, new house prices increased 1 per cent from November 2009 to November 2010 and increased by 0.3 per cent from October 2010 to November 2010.
- Both Edmonton and Calgary registered year-over-year increases of 1.0 per cent and 0.8 per cent respectively. For the past three months, the NHPI in Edmonton and Calgary remained stable.

* Total value includes land and house.

Source: Statistics Canada

DESPITE OVERALL GAINS in TOTAL NET MIGRATION, ALBERTA CONTINUED to LOSE NON-PERMANENT RESIDENTS



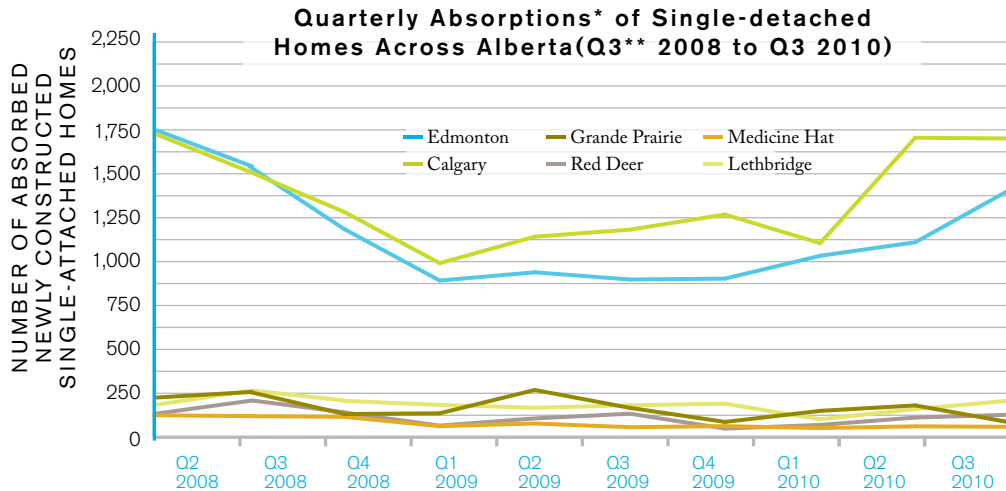
- In the third quarter of 2010 (Q3 2010), Alberta had a moderate gain of 1,155 persons in interprovincial migration. This is the province's third quarterly interprovincial migration gain this year.
- In the third quarter of 2010, Alberta received a net total of 6,361 international migrants, 40 per cent more than the third quarter of last year. Although international migration remained strong as Canada still welcomed immigrants, Alberta continued to lose non-permanent residents due to weakened labour market conditions.
- The province had a net loss of 1,643 non-permanent residents between July 1 and September 30, 2010, the fourth quarterly loss since October 1, 2009.

*Q1 = January to March; Q2 = April to June; Q3 = July to September; Q4 = October to December.

Source: Alberta Finance and Enterprise.

ated (CREA). The Bank of Canada said the global economic recovery was proceeding at a somewhat faster than expected pace, but noted the risk remains elevated (CREA). The Ba

MIXED PERFORMANCE in QUARTERLY ABSORPTIONS of SINGLE-DETACHED HOMES in ALBERTA



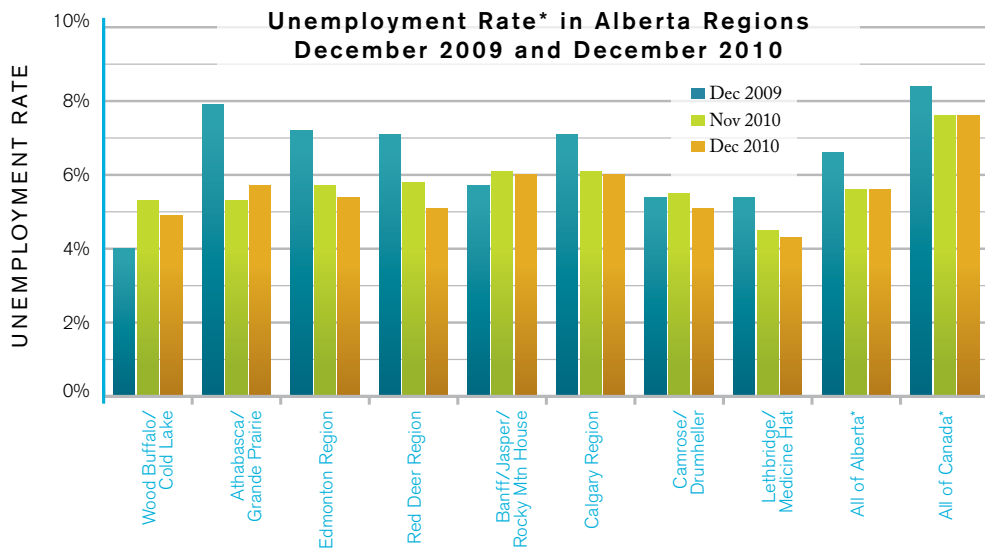
*The term "absorbed" means a newly built housing unit is no longer on the market. This usually occurs when a binding contract is secured between a builder and a qualified purchaser by a non-refundable deposit.

** Q1= January - March, Q2 = April - June, Q3 = July - September, Q4 = October - December.

Source: Canada Mortgage and Housing Corporation

- Between Q3** 2008 and Q3 2010, the absorption of newly constructed homes throughout Alberta dropped 3 per cent. In Calgary, the absorption of single-detached homes increased 13 per cent between Q3 2008 and Q3 2010; while in Edmonton, absorption rates decreased 9 per cent over the same period of time.
- From Q2 2010 to Q3 2010, absorptions of newly constructed homes increased 10 per cent across Alberta with the most notable increases in Lethbridge (31 per cent), Edmonton (27 per cent) and Red Deer (14 per cent).
- Grande Prairie experienced the largest drop in absorptions over the Q3 2008 to Q3 2010 period (-67 per cent), followed by Medicine Hat (-51 per cent), Red Deer (-39 per cent), Lethbridge (-21 per cent) and Edmonton (-9 per cent).

UNEMPLOYMENT RATES REMAIN CONSTANT ACROSS ALL ALBERTA



- Alberta's unemployment rate declined from 6.6 per cent in December 2009 to 5.6 per cent in December 2010 but remained constant month-over-month.
- Unemployment rose 0.9 per cent in the Wood Buffalo/Cold Lake region and by 0.3 percent in the Banff/Jasper/Rocky Mountain House region on a year-over-year basis.
- In December 2010, unemployment was highest in the Calgary and Banff/Jasper/Rocky Mountain House regions, where it reached 6.0 per cent, down 0.1 per cent from November 2010.
- Unemployment rates in Alberta remain lower than the national unemployment rate, which remained steady, month-over-month, at 7.6 per cent.

* Seasonally adjusted.

Source: Alberta Employment and Immigration

ENT AND IMMIGRATION) Between November and December 2010, the labour force decreased by 3,600 people and employment by 2,400 people (ALBERTA EMPLOYMENT AND IMMIGRATION). Between

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