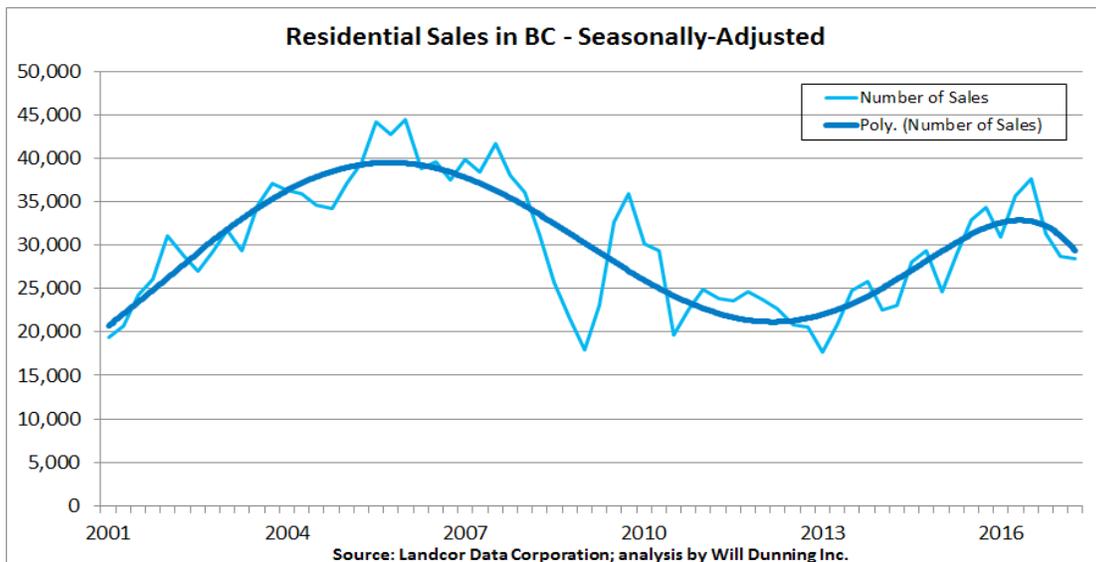


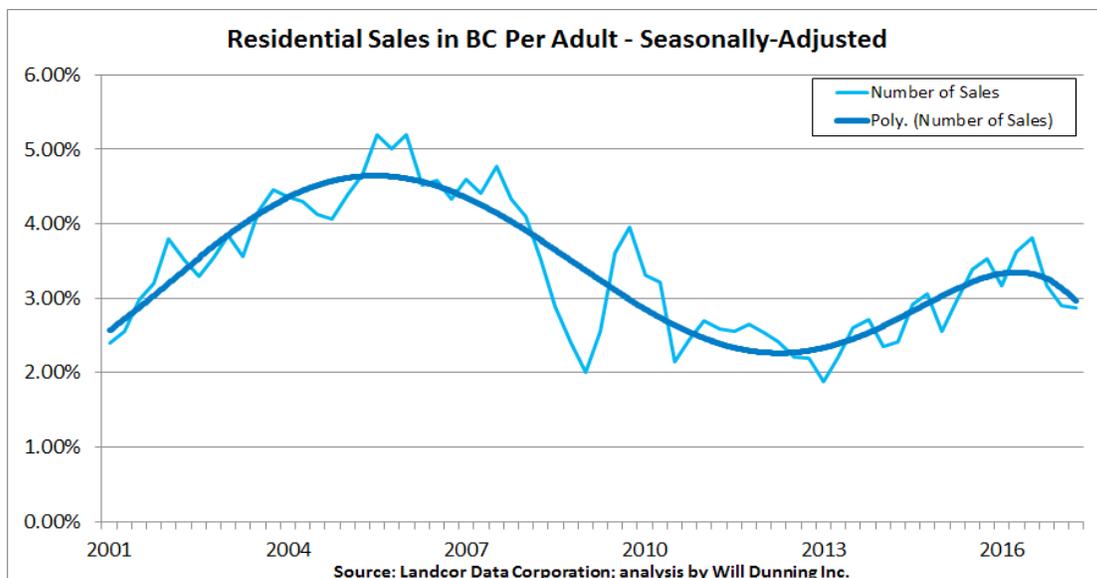
Report prepared by economist WILL DUNNING. Views expressed by Will Dunning are his own and do not necessarily represent those of Landcor Data Corporation. Will Dunning operates a consulting firm that specializes in analysis of housing markets.

BC Housing Market Overview

Landcor's data continues to show that housing demand in British Columbia is in a mid-range. The figure for the second quarter of 2017 (after seasonal-adjustment) is 5% below the average seen over the entire period.



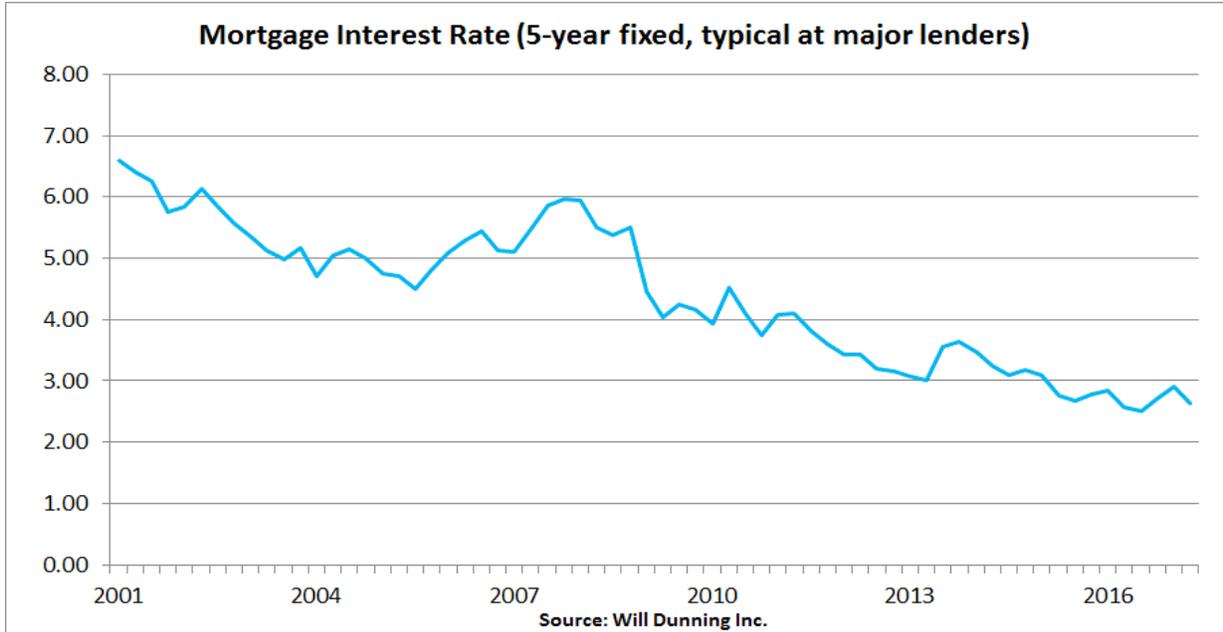
But, resale activity should tend to rise over time: the population is growing and the inventory of existing dwellings that might be sold is also expanding. The next chart looks at the data in a slightly different way: as sales on a per capita basis. Using this measure, second quarter sales are 15% below the average (which is 3.4%). On this basis, activity can be seen as weak.



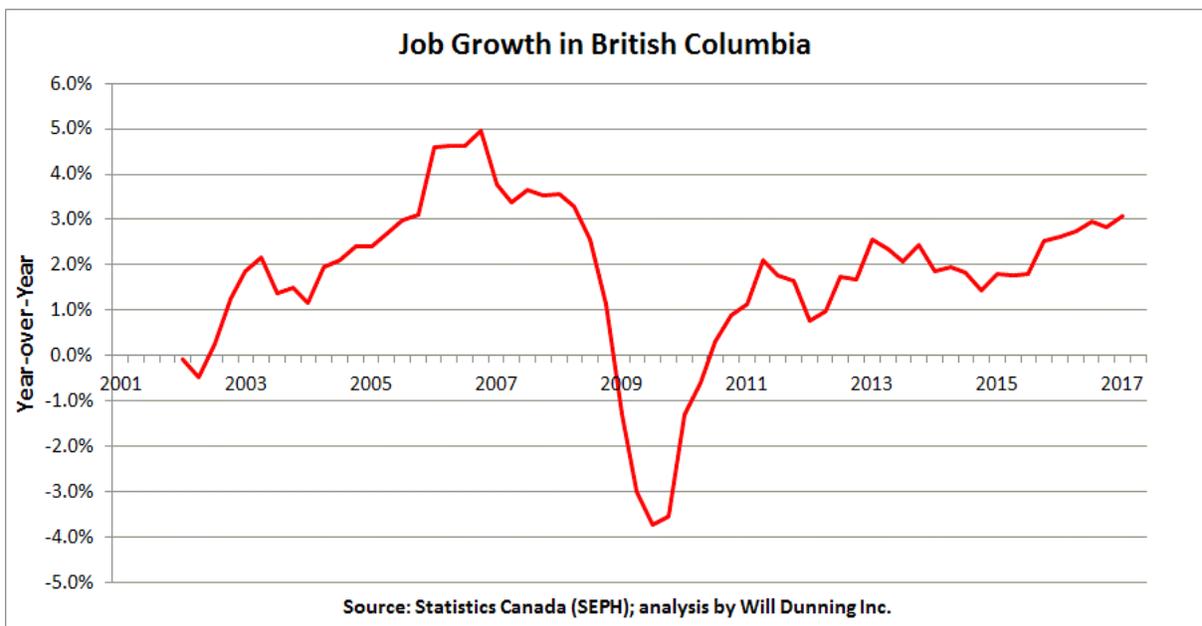
BC Housing Market Overview (cont'd)

Taking a quick look at some key factors:

1. Economic conditions are favourable. While mortgage interest rates increased during July and August, they had actually dipped during the second quarter.

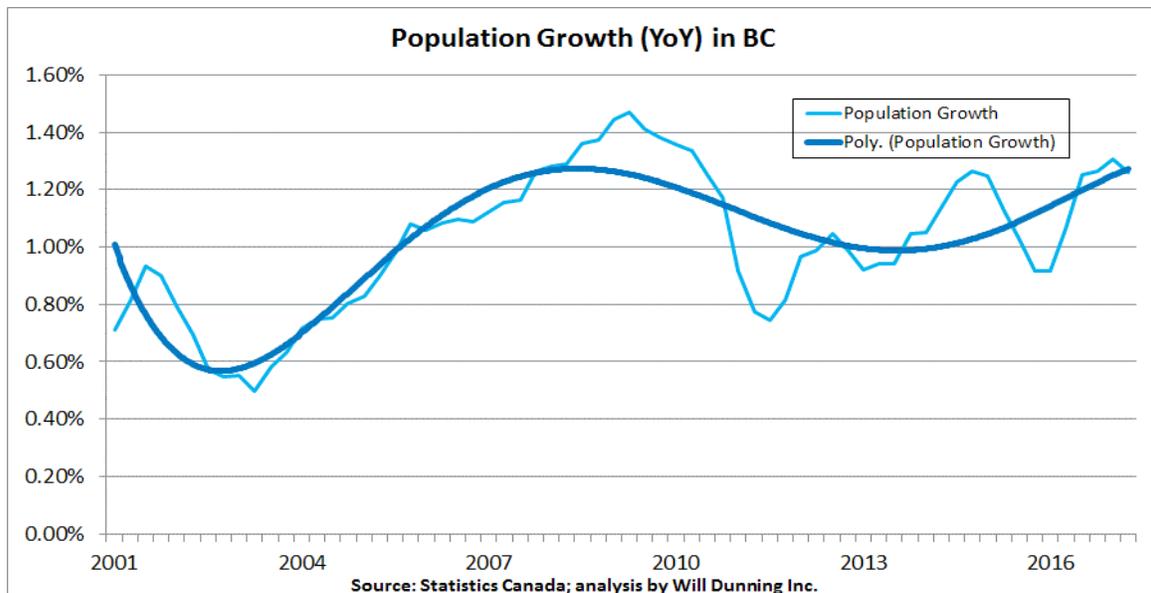


2. During the past half decade, job creation in BC has been strong in historic terms (and has strengthened during the past year and a half. It takes time for job growth to affect the housing market. This developing history should now be contributing to a stronger housing market.



BC Housing Market Overview (cont'd)

- Population growth is also supportive. As the Alberta economy has weakened, more people are moving into BC and fewer people are moving away. The increased rate of population growth should be bolstering housing demand in BC.



The three fundamental factors discussed above are each moderately positive in historic terms. This combination should be supporting activity that is relatively strong in historic terms, but the reality is that activity is weak: as was shown above, the current rate of sales is 5% below average, and sales per capita (which I think is the more important measure) is 15% below average. Housing activity in British Columbia is being constrained by:

- The foreign buyers' tax. At this time, the impact of the test may be quite small, but it is making a contribution to the relatively soft housing demand within the province.
- The mortgage insurance stress test that took effect last fall: borrowers' ability to pay must be tested using the "posted rate". During the second quarter, the test rate was 4.64%, more than two percentage points higher than the rates that were widely available in the mortgage market (2.6% for five year fixed rate mortgages, and even lower for shorter terms and variable rate mortgages).
- In addition, the gyrations in the market seen during the past year may be causing some potential home buyers to pause: consumers who were worried that prices would fall need have their confidence restored before they return to the market.

There is a further threat: OSFI (the Office of the Superintendent of Financial Institutions) is proposing that all new residential mortgages by federally-regulated lenders must be stress tested at two percentage points above the actual contracted rates. This has the potential to reduce housing activity (in BC and across Canada) by a further 10-15%. If this proposal takes effect, it would further depress housing activity in BC, not to record lows, but certainly to the low end of the historic range (in the second chart, the sales rate might fall to 2.4% to 2.6%, which would be far below the long-term average of 3.37%).

On the other hand, an OSFI stress test would cause some mortgage borrowers to seek financing from non-federally regulated lenders, which would benefit other types of lenders, such as credit unions and private mortgage lenders. These movements from federally regulated to other lenders would partially mitigate the negative effects of the OSFI measures.

Census Data on Housing Growth

Census Data for 2016 is in process of being released. The table below looks at growth in occupied housing stocks in selected areas of British Columbia (plus Canada) during 2006 to 2016. The total growth of the occupied housing stock in BC (14.6%) was slightly larger than for all of Canada (13.2%). But, the details are distinctly different in the province compared to Canada, and within the province there are some notable differences:

- There was much more growth for single-detached homes in all of Canada (9.8%) than in BC (3.1%). Within BC, the stock of single-detached homes shrank in Greater Vancouver, and there was limited growth in most of the remaining regions (apart from Nanaimo and Central Okanagan).
- BC also saw less growth of semi-detached homes than did Canada (again, Nanaimo and Central Okanagan are exceptions to this).
- On the other hand, BC saw more growth for row homes than did Canada. This was concentrated in Greater Vancouver (which accounted for almost three-quarters of the growth in the province).
- BC saw very large growth of “apartment in a detached duplex” (usually, this is the result of creation of a basement apartment within an existing home). BC accounted for almost 60% of the growth in Canada. Greater Vancouver alone accounted for 39% of the growth for all of Canada. (This activity seems to provide most of the explanation for the shrinkage of the single-detached inventory in Greater Vancouver).
- More than 60% of the growth in BC’s housing inventory was in apartment buildings (the two categories of buildings with 5 or more storeys and buildings with less than 5 storeys). Most of BC’s growth of high-rise apartments was in Greater Vancouver (more than 90% of the provincial total). Growth of low-rise apartments was also significant in other regions (apart from Nanaimo, Thompson-Nicola, and Fraser-Fort George).
- Movable dwellings accounted for substantial shares of growth in Nanaimo, Thompson-Nicola, and Fraser-Fort George.

**Growth of Occupied Dwellings, by Types of Dwellings
Selected Areas in British Columbia**

	Fraser Valley	Greater Vancouver	Capital	Nanaimo	Thompson-Nicola	Central Okanagan	Fraser-Fort George	British Columbia	Canada
Growth in Number of Units									
Single-detached house	3,095	-5,965	2,575	4,190	1,000	3,915	680	25,025	670,180
Semi-detached house	310	1,530	620	725	670	875	-175	6,825	107,210
Row house	2,670	26,390	1,570	535	480	1,060	220	36,460	200,815
Apt, detached duplex	4,230	42,210	5,430	2,105	1,600	2,625	540	62,855	108,010
Apt building, 5 or More Storeys	-45	55,790	2,755	270	-45	920	20	60,180	276,115
Apt building, < 5 Storeys	3,550	24,505	4,620	680	380	4,960	55	41,500	250,000
Other single attached house	5	180	5	-20	15	55	-5	435	-1,990
Movable dwelling	-50	-785	90	560	1,050	40	810	5,995	26,235
Total	13,765	143,855	17,665	9,045	5,150	14,450	2,145	239,275	1,636,575
Growth in Per Cent									
Single-detached house	5.8%	-2.1%	3.8%	10.3%	3.1%	10.2%	2.8%	3.1%	9.8%
Semi-detached house	11.1%	8.1%	11.1%	32.1%	24.8%	28.4%	-11.8%	13.5%	18.1%
Row house	36.4%	39.4%	17.8%	22.2%	14.7%	29.1%	13.2%	32.7%	29.1%
Apt, detached duplex	41.3%	37.0%	26.6%	65.2%	67.1%	54.1%	30.0%	37.6%	16.0%
Apt building, 5 or More Storeys	-3.3%	53.5%	36.0%	25.7%	-6.3%	118.7%	4.9%	51.2%	24.8%
Apt building, < 5 Storeys	20.9%	11.3%	11.6%	8.5%	5.8%	40.2%	1.2%	12.1%	10.9%
Other single attached house	3.6%	16.0%	1.6%	-12.1%	11.5%	37.9%	-12.5%	13.1%	-5.2%
Movable dwelling	-2.1%	-14.6%	4.7%	27.0%	37.0%	1.1%	35.8%	13.8%	16.0%
Total	14.5%	17.6%	11.6%	15.1%	10.2%	21.6%	5.9%	14.6%	13.2%

Source: Statistics Canada, 2006 and 2016 Census Profiles

Will Dunning has been analyzing housing markets since 1982. His consulting firm provides custom analysis to clients in the private, public, and non-governmental sectors. His website is www.wdunning.com

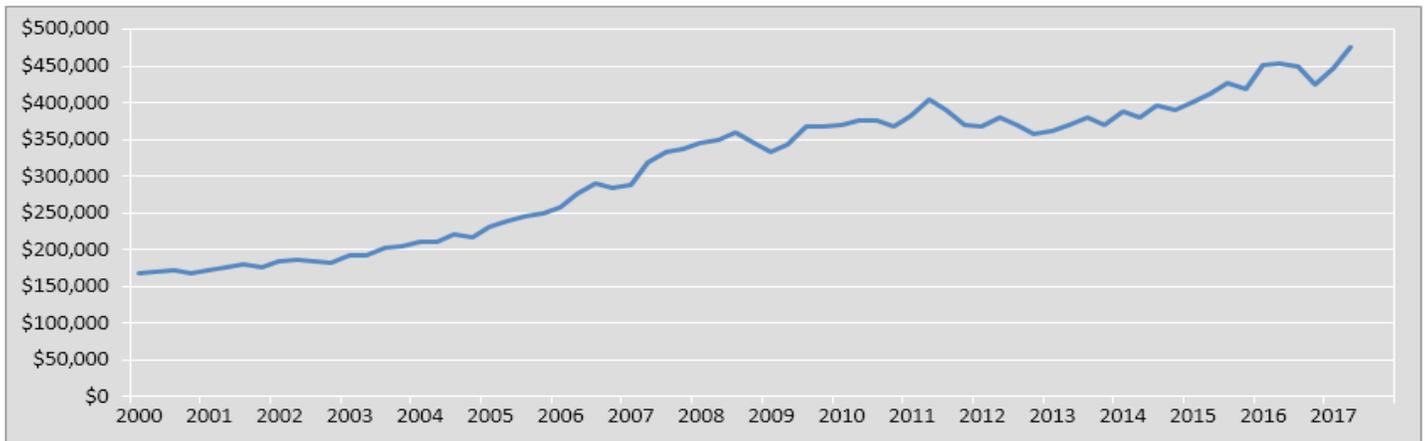
BC Residential Sales Summary for Q2, 2017

British Columbia - All

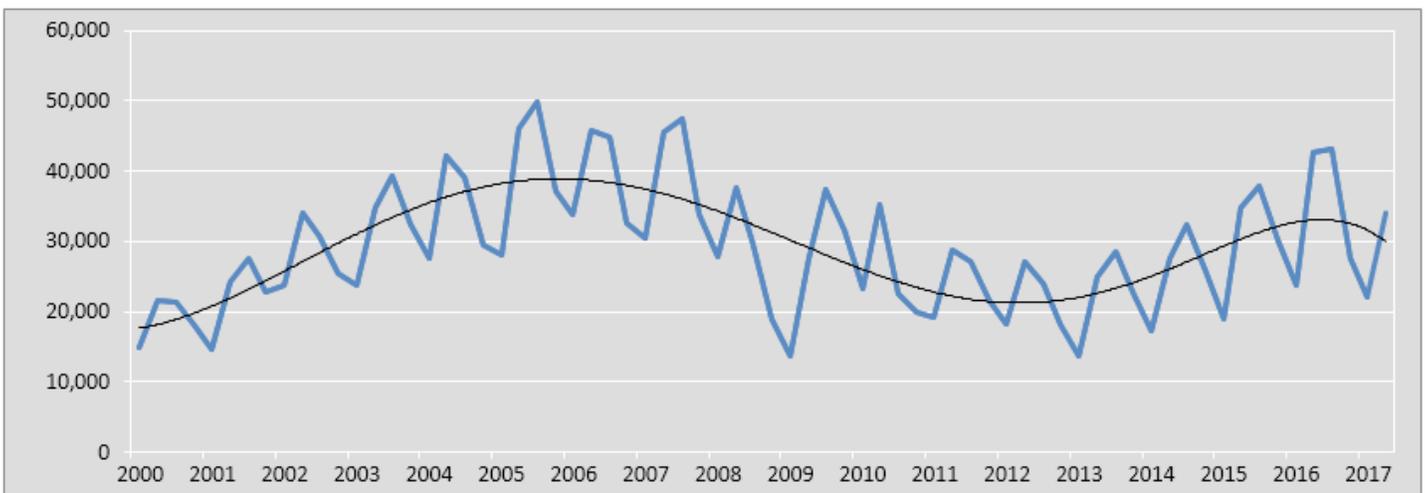
Quarterly Sales		Q2 2017	Q1 2017	% Chg ¹	Q2 2016	% Chg ²
Number of Sales		34,153	21,241	60.79%	43,307	-21.14%
Total Value of Sales		\$22.84B	\$14.11B	61.86%	\$29.86B	-23.51%
Detached	Average	\$883,370	\$879,276	0.47%	\$945,042	-6.53%
	Median	\$650,000	\$635,000	2.36%	\$650,000	0.00%
Condo	Average	\$472,923	\$488,198	-3.13%	\$442,605	6.85%
	Median	\$393,000	\$375,000	4.80%	\$359,000	9.47%
Attached	Average	\$570,926	\$533,763	6.96%	\$511,354	11.65%
	Median	\$485,000	\$460,000	5.43%	\$415,000	16.87%

¹%change Q2, 2017 - Q1, 2017 ²%change Q2, 2017 - Q2, 2016

Median Sale Prices/BC All



Sales Counts/BC All



Region: Greater Vancouver

Quarterly Sales		Q2 2017	Q1 2017	% Chg ¹	Q2 2016	% Chg ²
Number of Sales		14,021	9,354	49.89%	20,147	-30.41%
Total Value of Sales		\$13.89B	\$8.85B	56.89%	\$20.01B	-30.57%
Detached	Average	1,599,815	1,575,025	1.57%	\$1,643,881	-2.68%
	Median	1,288,000	1,238,048	4.03%	\$1,275,000	1.02%
Condo	Average	564,120	577,794	-2.37%	\$514,114	9.73%
	Median	479,000	440,000	8.86%	\$425,000	12.71%
Attached	Average	768,731	696,618	10.35%	\$666,620	15.32%
	Median	635,000	597,745	6.23%	\$555,000	14.41%

¹%change Q2, 2017 - Q1, 2017 ²%change Q2, 2017 - Q2, 2016

Monthly Sales		June	May	% Chg ³	April	% Chg ³
Number of Sales		5,693	5,085	11.96%	3,243	56.80%
Total Value of Sales		\$5.96B	\$4.86B	22.53%	\$3.07B	58.11%
Detached	Average	1,639,547	1,579,323	3.81%	\$1,553,892	1.64%
	Median	1,310,900	1,285,000	2.02%	\$1,235,000	4.05%
Condo	Average	603,143	525,278	14.82%	\$561,874	-6.51%
	Median	500,000	457,522	9.28%	\$473,750	-3.43%
Attached	Average	799,225	749,626	6.62%	\$741,823	1.05%
	Median	656,543	635,000	3.39%	\$605,694	4.84%

³%change month to previous month

Region: Vancouver Island

Quarterly Sales		Q2 2017	Q1 2017	% Chg ¹	Q2 2016	% Chg ²
Number of Sales		6,665	4,155	60.41%	7,647	-12.84%
Total Value of Sales		\$3.20B	\$1.98B	61.45%	\$3.41B	-6.21%
Detached	Average	587,837	578,593	1.60%	\$537,864	9.29%
	Median	519,900	495,000	5.03%	\$469,000	10.85%
Condo	Average	345,096	342,966	0.62%	\$315,394	9.42%
	Median	316,000	301,000	4.98%	\$285,000	10.88%
Attached	Average	425,540	401,432	6.01%	\$383,806	10.87%
	Median	380,000	358,500	6.00%	\$345,000	10.14%

¹%change Q2, 2017 - Q1, 2017 ²%change Q2, 2017 - Q2, 2016

Monthly Sales		June	May	% Chg ³	April	% Chg ³
Number of Sales		2,683	2,440	9.96%	1,542	58.24%
Total Value of Sales		\$1.31B	\$1.15B	14.32%	\$0.74B	54.61%
Detached	Average	606,030	574,471	5.49%	\$575,022	-0.10%
	Median	535,000	505,000	5.94%	\$505,000	0.00%
Condo	Average	345,092	344,967	0.04%	\$345,292	-0.09%
	Median	321,750	310,000	3.79%	\$316,750	-2.13%
Attached	Average	438,041	417,708	4.87%	\$414,283	0.83%
	Median	405,000	370,000	9.46%	\$369,900	0.03%

³%change month to previous month

Region: Kootenay

Quarterly Sales		Q2 2017	Q1 2017	% Chg ¹	Q2 2016	% Chg ²
Number of Sales		1,277	659	93.78%	1,120	14.02%
Total Value of Sales		\$363.15M	\$168.97M	114.92%	\$282.64M	28.49%
Detached	Average	350,201	342,251	2.32%	\$310,539	12.77%
	Median	328,000	303,000	8.25%	\$285,000	15.09%
Condo	Average	197,034	185,949	5.96%	\$156,647	25.78%
	Median	174,405	169,047	3.17%	\$150,000	16.27%
Attached	Average	281,269	302,149	-6.91%	\$289,815	-2.95%
	Median	259,750	254,900	1.90%	\$268,150	-3.13%

¹%change Q2, 2017 - Q1, 2017 ²%change Q2, 2017 - Q2, 2016

Monthly Sales		June	May	% Chg ³	April	% Chg ³
Number of Sales		535	459	16.56%	283	62.19%
Total Value of Sales		\$157.66M	\$134.76M	16.99%	\$70.74M	90.50%
Detached	Average	361,132	360,338	0.22%	\$309,452	16.44%
	Median	334,250	335,238	-0.29%	\$300,000	11.75%
Condo	Average	179,379	224,783	-20.20%	\$191,192	17.57%
	Median	152,500	225,000	-32.22%	\$175,000	28.57%
Attached	Average	289,664	278,511	4.00%	\$271,477	2.59%
	Median	260,000	262,000	-0.76%	\$242,000	8.26%

³%change month to previous month**Region: Okanagan**

Quarterly Sales		Q2 2017	Q1 2017	% Chg ¹	Q2 2016	% Chg ²
Number of Sales		5,595	2,990	87.12%	5,951	-5.98%
Total Value of Sales		\$2.26B	\$1.23B	83.51%	\$2.31B	-2.28%
Detached	Average	522,645	536,769	-2.63%	\$491,945	6.24%
	Median	470,000	470,100	-0.02%	\$440,000	6.82%
Condo	Average	300,700	281,569	6.79%	\$269,927	11.40%
	Median	285,000	261,000	9.20%	\$245,000	16.33%
Attached	Average	357,601	360,462	-0.79%	\$335,709	6.52%
	Median	335,000	344,900	-2.87%	\$319,000	5.02%

¹%change Q2, 2017 - Q1, 2017 ²%change Q2, 2017 - Q2, 2016

Monthly Sales		June	May	% Chg ³	April	% Chg ³
Number of Sales		2,345	1,938	21.00%	1,312	47.71%
Total Value of Sales		\$0.98B	\$0.75B	30.73%	\$0.53B	43.07%
Detached	Average	536,674	499,080	7.53%	\$530,404	-5.91%
	Median	480,952	461,000	4.33%	\$460,000	0.22%
Condo	Average	302,256	311,968	-3.11%	\$282,362	10.49%
	Median	285,900	288,000	-0.73%	\$280,000	2.86%
Attached	Average	367,163	353,077	3.99%	\$347,862	1.50%
	Median	347,000	325,000	6.77%	\$330,000	-1.52%

³%change month to previous month

Region: Fraser Valley

Quarterly Sales		Q2 2017	Q1 2017	% Chg ¹	Q2 2016	% Chg ²
Number of Sales		4,575	3,003	52.35%	6,456	-29.14%
Total Value of Sales		\$2.65B	\$1.62B	63.02%	\$3.36B	-21.29%
Detached	Average	779,613	742,642	4.98%	\$694,408	12.27%
	Median	700,000	655,000	6.87%	\$620,000	12.90%
Condo	Average	258,709	253,040	2.24%	\$206,736	25.14%
	Median	255,000	239,000	6.69%	\$198,000	28.79%
Attached	Average	437,065	415,745	5.13%	\$357,188	22.36%
	Median	425,000	412,000	3.16%	\$340,000	25.00%

¹%change Q2, 2017 - Q1, 2017 ²%change Q2, 2017 - Q2, 2016

Monthly Sales		June	May	% Chg ³	April	% Chg ³
Number of Sales		1,896	1,607	17.98%	1,072	49.91%
Total Value of Sales		\$1.11B	\$0.96B	15.48%	\$0.57B	68.69%
Detached	Average	765,417	808,803	-5.36%	\$760,180	6.40%
	Median	713,888	694,500	2.79%	\$681,000	1.98%
Condo	Average	264,638	259,250	2.08%	\$249,002	4.12%
	Median	266,000	248,125	7.20%	\$243,500	1.90%
Attached	Average	452,511	430,387	5.14%	\$419,012	2.71%
	Median	432,000	425,000	1.65%	\$418,500	1.55%

³%change month to previous month

Region: BC North / NW

Quarterly Sales		Q2 2017	Q1 2017	% Chg ¹	Q2 2016	% Chg ²
Number of Sales		2,020	1,080	87.04%	1,986	1.71%
Total Value of Sales		\$481.41M	\$252.44M	90.70%	\$485.09M	-0.76%
Detached	Average	300,127	291,440	2.98%	\$302,341	-0.73%
	Median	282,000	268,700	4.95%	\$282,000	0.00%
Condo	Average	115,208	128,688	-10.47%	\$162,215	-28.98%
	Median	87,250	122,000	-28.48%	\$149,500	-41.64%
Attached	Average	224,535	238,961	-6.04%	\$254,741	-11.86%
	Median	225,000	241,500	-6.83%	\$276,250	-18.55%

¹%change Q2, 2017 - Q1, 2017 ²%change Q2, 2017 - Q2, 2016

Monthly Sales		June	May	% Chg ³	April	% Chg ³
Number of Sales		830	721	15.12%	469	53.73%
Total Value of Sales		\$207.53M	\$162.38M	27.80%	\$111.50M	45.63%
Detached	Average	309,315	287,859	7.45%	\$301,686	-4.58%
	Median	290,000	275,000	5.45%	\$284,950	-3.49%
Condo	Average	129,002	123,468	4.48%	\$87,188	41.61%
	Median	90,000	90,000	0.00%	\$51,375	75.18%
Attached	Average	202,982	240,021	-15.43%	\$236,906	1.32%
	Median	185,000	250,000	-26.00%	\$237,500	5.26%

³%change month to previous month

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Over the years we've helped hundreds of clients achieve their goals by offering the most comprehensive real estate data, analysis and insight available. From real estate valuation and analysis to land economics research and systems development, our staff of highly qualified experts are here to help you find solutions to your real estate analysis and data needs. Landcor maintains the largest, most comprehensive database of historical sales and current information on BC residential and commercial real estate.

Landcor's database includes:

- BC Assessment data on 2.1+ million properties,
- Sales transaction data for BC, including prices updated weekly,
- Geographic location data used in reports

Rudy Nielsen, R.I., F.R.I
President



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