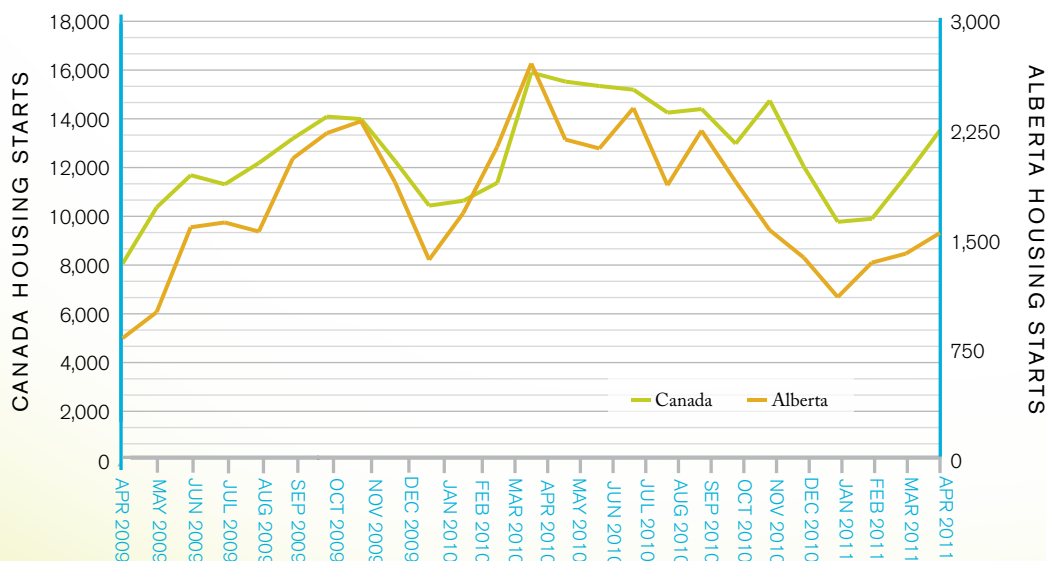


Housing Bulletin MONTHLY REPORT

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HOUSING STARTS DECREASE YEAR-OVER-YEAR in CANADA and ALBERTA

Preliminary Housing Starts in Alberta* and Canada*,
April 2009 to April 2011



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

- In April 2011, Canada's total preliminary housing starts increased 16 per cent over March 2011 and decreased 15 per cent compared to April 2010.
- Across Alberta, preliminary housing starts declined 43 per cent year-over-year from 2,711 units in April 2010 to 1,552 units in April 2011. Month-over-month, Alberta housing starts increased 10 per cent.
- According to Canada Mortgage and Housing Corporation, housing starts in Alberta's seven major centres decreased in April 2011 as a result of fewer starts on multi-family dwellings.

ISSUE HIGHLIGHTS

Capital Expenditures
Total investment forecast to rise in Alberta.

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Building Permits
Compared to other provinces, Alberta recorded the largest decrease in building permits.

Page 5

Interest Rates
Overnight lending rates remain stable.

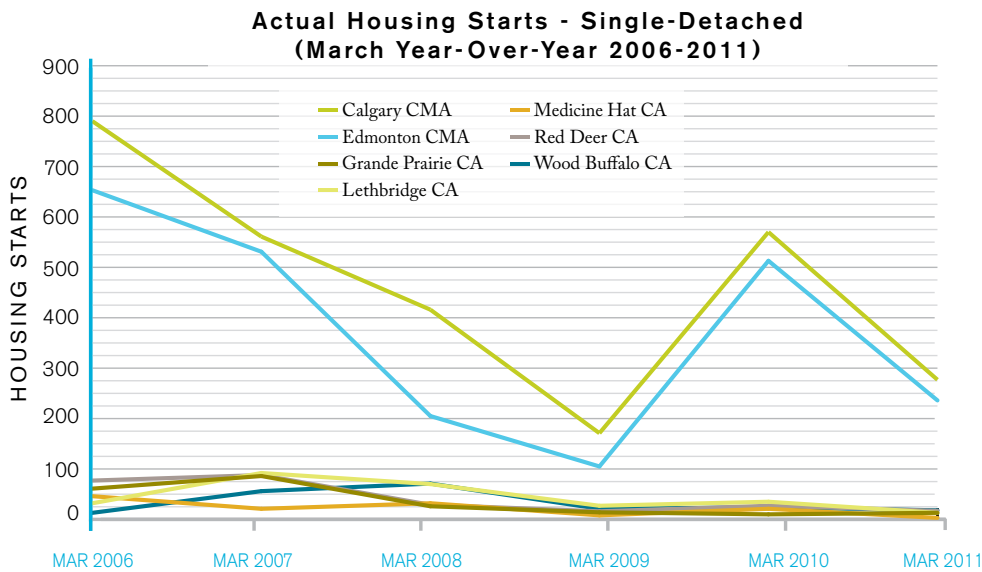
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At the national level, MLS sales are expected to decline by 1.3 per cent in 2011 and rebound by 2.6 per cent in 2012

(CREA).

ing market activity (CREA). While interest rates are expected to rise later this year, they will still be within short reach of current levels and remain supportive for housing market activity (CREA). While interest rates are

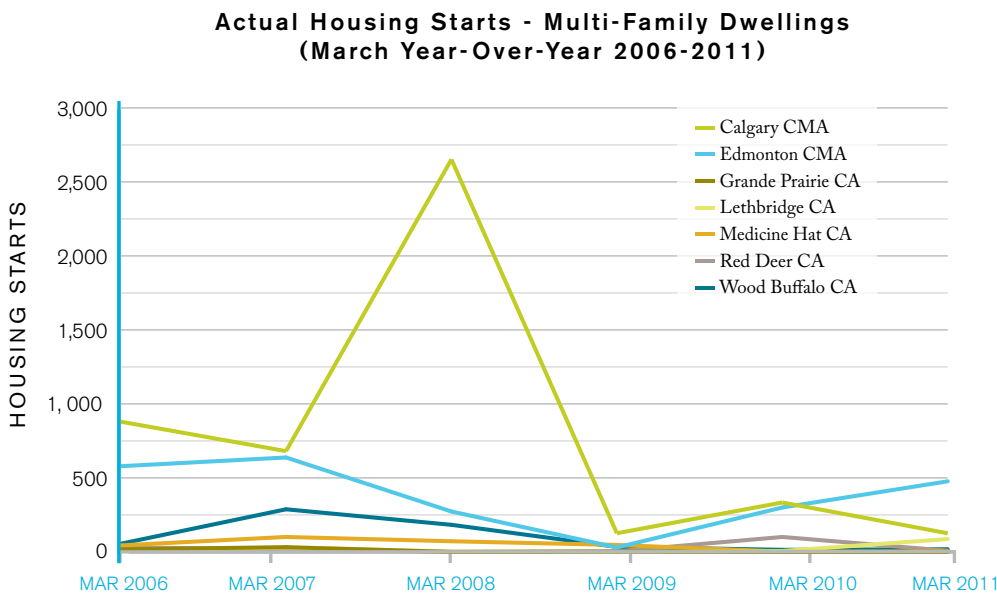
SINGLE-DETACHED HOUSING STARTS DECLINED ACROSS SIX OF ALBERTA'S SEVEN MAJOR CENTRES



- In March 2011, single-detached housing starts fell across Alberta by an average of 52 per cent year-over-year.
- From March 2010 to 2011, single-detached housing starts fell in Calgary (-51 per cent), Edmonton (-54 per cent), Lethbridge (-63 per cent), Medicine Hat (-86 per cent), Red Deer (-37 per cent) and Wood Buffalo (-25 per cent).
- Grande Prairie experienced the only year-over-year increase in single-detached housing starts from 10 new homes in March 2010 to 13 new homes in March 2011.

Source: Canada Mortgage and Housing Corporation

MODERATE DECREASE in MULTI-FAMILY HOUSING STARTS ACROSS ALBERTA



- In March 2011, multi-family housing starts increased in four of Alberta's seven major centres (Edmonton, Lethbridge, Medicine Hat, and Wood Buffalo); however, the Alberta average saw a decrease of 5 per cent year-over-year.
- In Edmonton, multi-family housing starts totalled 477 units in March 2011, representing an increase of 59 per cent from the 300 units started in March 2010.
- In Calgary, multi-family housing starts totalled 126 units in March 2011, a 62.3 per cent decrease from the 334 units started in March 2010.

Source: Canada Mortgage and Housing Corporation

ht direction (NATIONAL POST). The federal government has intervened three times over the last three years to toughen mortgage rules and there is no need for further action as conditions in the market are moving in the right direction (NATIONAL POST). The fe

DOWNWARD HOUSING PRICE TREND CONTINUES in EDMONTON

Year-over-Year Comparison of Housing Resale Activity in Edmonton in the Month of April

	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					
Apr 06	\$269,314	\$163,790	\$224,628	28	2,177	2,220	101	91
Apr 07	\$419,635	\$260,653	\$340,676	21	3,120	2,555	81	88
Apr 08	\$383,785	\$255,514	\$308,612	53	4,308	1,795	41	46
Apr 09	\$356,143	\$237,141	\$285,346	55	2,933	1,847	62	52
Apr 10	\$387,042	\$252,728	\$326,485	40	3,768	1,873	49	56
Apr 11	\$379,075	\$234,220	\$300,906	49	3,278	1,487	45	46

- The average resale price of a single-family dwelling in Edmonton decreased 2 per cent from April 2010 to April 2011. Over the same period, the average price fell for condominiums (7 per cent) and for duplexes and rowhouses (8 per cent).
- The average time a resale home spent on the market in Edmonton in April 2011 was 49 days, an increase of 23 per cent over April 2010.
- Year-over-year residential listings in April 2011 declined 13 per cent, while residential sales declined 21 per cent.

Source: Realtors' Association of Edmonton

CALGARY'S HOUSING MARKET is POSITIONED for a GRADUAL SPRING THAW

Year-over-Year Comparison of Housing Resale Activity in Calgary in the Month of April

	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
Apr 07	\$474,250	2,881	3,100	2,086	24	\$329,429	898	1,157	839	23
Apr 08	\$474,564	6,881	3,377	1,363	40	\$312,586	3,214	1,493	581	45
Apr 09	\$426,311	4,130	2,010	1,290	52	\$277,953	2,043	967	579	58
Apr 10	\$460,378	4,986	3,082	1,352	36	\$289,588	2,445	1,335	639	41
Apr 11	\$479,575	4,395	2,299	1,217	41	\$289,158	2,005	971	535	53

- The number of single-family homes sold in Calgary decreased 10 per cent whereas the average resale price increased 4 per cent year-over-year in April 2011.
- In April 2011, the number of condominiums sold in Calgary fell 16 per cent year-over-year, while resale prices decreased 0.1 per cent over the same period.
- New resale listings decreased 25 per cent for single-family homes and decreased 27 per cent for condominiums from April 2010 to April 2011.

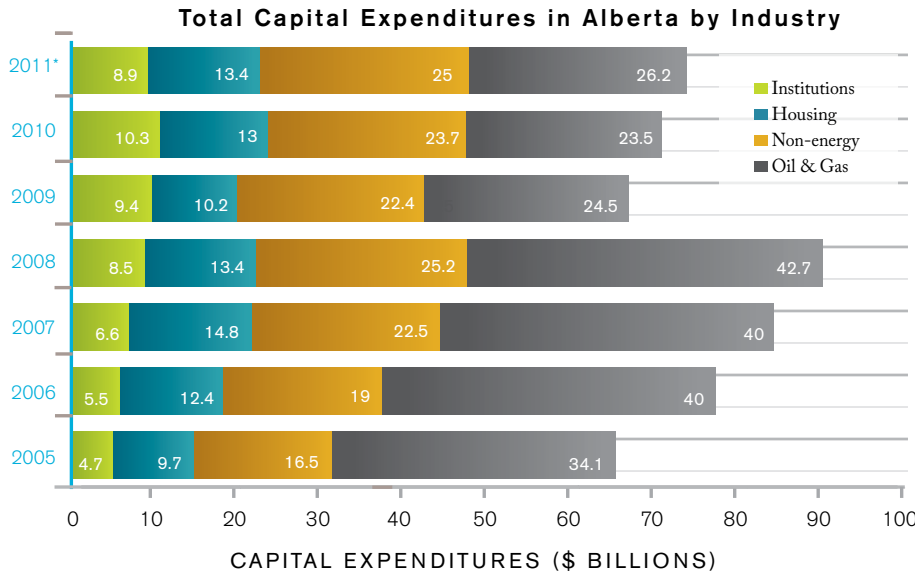
Source: Calgary Real Estate Board

starts a year ago (CALGARY HERALD). Housing starts in the Calgary census metropolitan area plunged compared to the number of housing starts a year ago (CALGARY HERALD). Housing s

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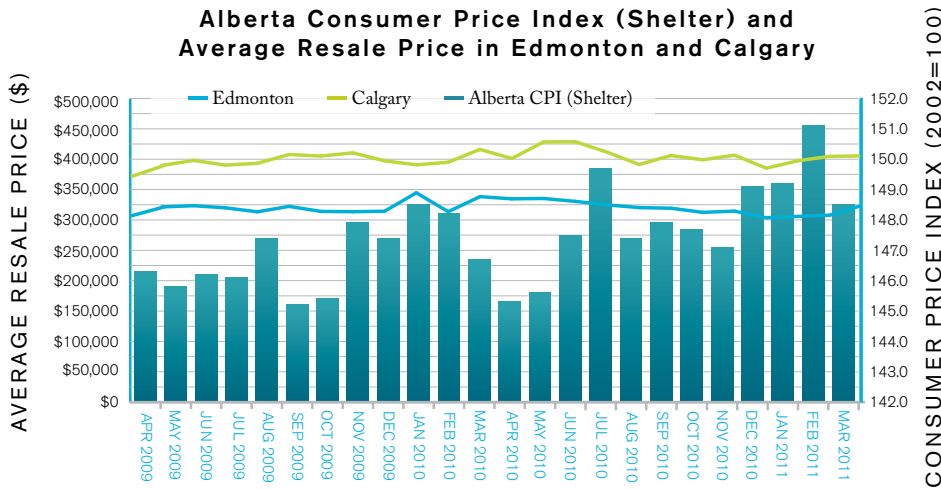
TOTAL CAPITAL INVESTMENT in ALBERTA EXPECTED to INCREASE for the SECOND CONSECUTIVE YEAR



* Investment Intentions.
Source: Statistics Canada

- Total 2011 capital investment in Alberta is expected to reach \$73.5 billion in capital expenditures in the institutions, housing, non-energy and oil and gas industries.
- Capital expenditures in 2011 are expected to increase by 4 per cent year-over-year and by 11 per cent over 2009 investment levels.
- According to the Alberta Economic Development Authority, attractive public policy attracts capital and Alberta is a leading destination for capital in Canada with almost \$452 billion invested between 2005 and 2010.
- The increase in capital expenditures suggests the economy is performing well, which may further stimulate migration and accelerate housing demand.

ALBERTA'S CONSUMER PRICE INDEX for SHELTER DECLINES in MARCH 2011



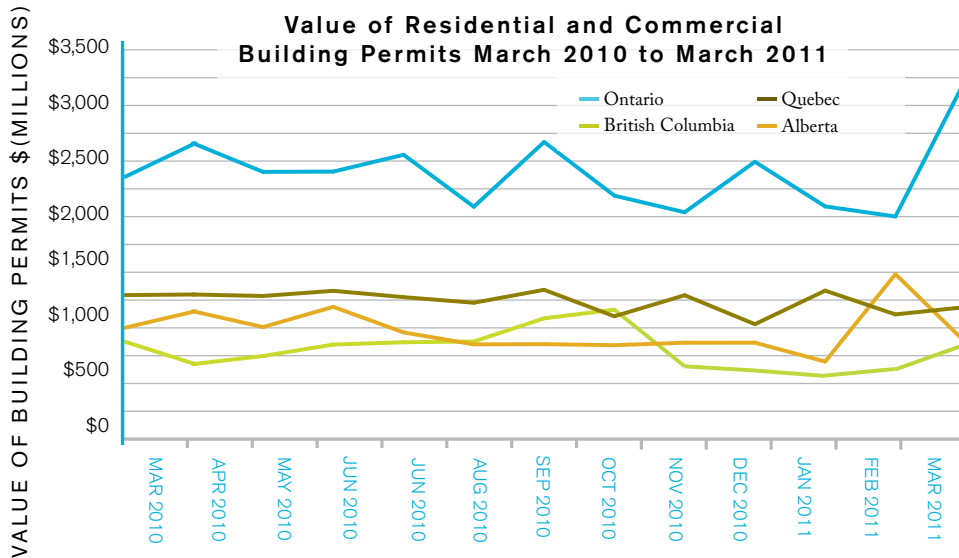
province in Canada to record a decline in the average housing resale price, which may be a factor in the decline of the shelter CPI.

Source: Statistics Canada, Realtors Associations of Edmonton and Calgary Real Estate Board

- Statistics Canada's shelter component of the Consumer Price Index (CPI) attempts to capture the costs of housing, including rent plus utilities for rental accommodation and the costs of mortgage interest, replacement, insurance, maintenance, repairs and property taxes for home owners.
- Alberta's average shelter CPI was 147.4 during the period of March 2009 to March 2011.
- Alberta's shelter CPI peaked in February 2011 at 151.1 and then fell to 148.5 in March 2011.
- In March 2011, Alberta was the only

According to Export Development Canada, Canadian exports are forecast to hit pre-recession levels by 2012, largely due to the high price of oil and recovery of the lumber industry (GLOBE AND MAIL).

VALUE of BUILDING PERMITS DECREASED in ALBERTA



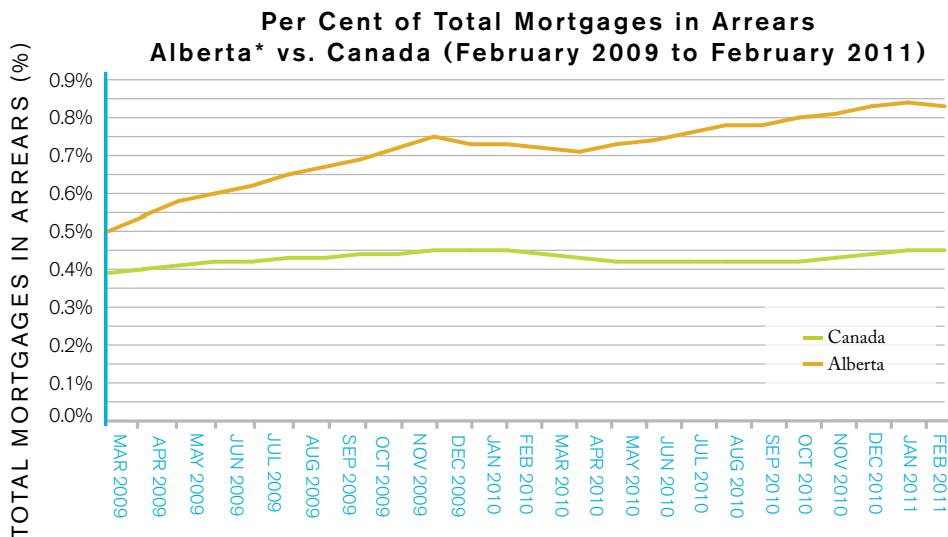
- Residential permits issued in Alberta in March 2011 totalled \$867.9 million, a decrease of 42 per cent over February 2011, and year-over-year decrease of 13 per cent. Compared to other provinces in Canada, Alberta recorded the largest monthly decrease due to the lower intentions for industrial and commercial construction.
- While the value of building permits was up in eight provinces, Ontario posted the largest month-over-month increase of 62 per cent. The increase in Ontario came mostly from multi-family and institutional building permits.

- Both British Columbia and Quebec experienced an increase in building permits, with a month-over-month increase of 36 per cent and 6 per cent, respectively.

* Preliminary.

Source: Statistics Canada

MORTGAGE ARREARS in ALBERTA DROP SLIGHTLY



* Data for Northwest Territories and Nunavut are included in Alberta.

Source: Canadian Bankers Association

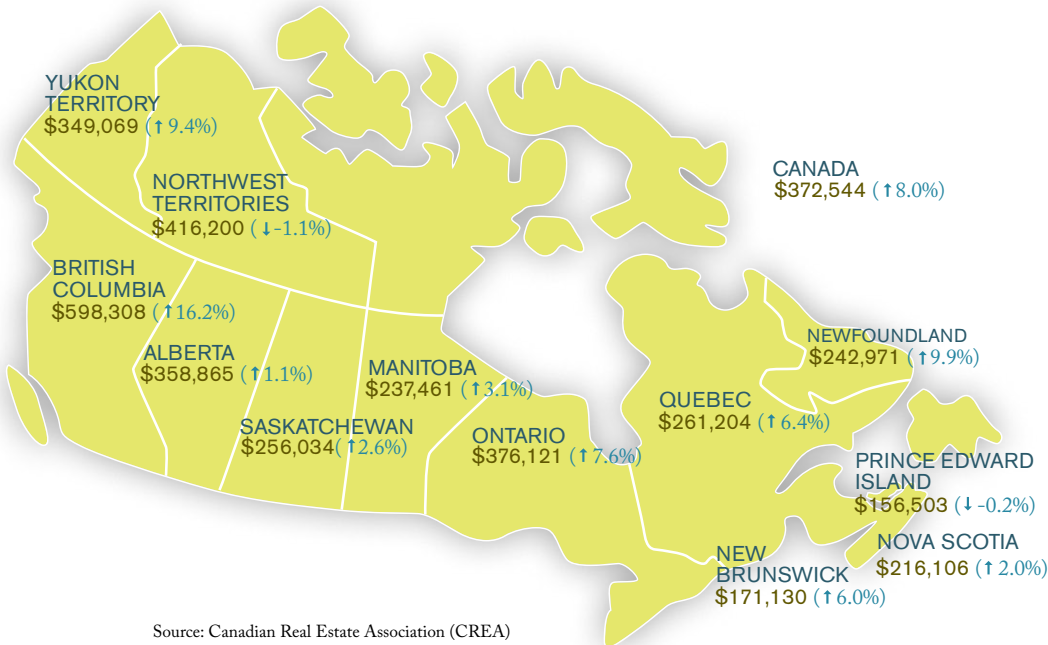
- According to the Canadian Imperial Bank of Commerce, the dramatic decline in Alberta's real estate values led to a sizeable negative equity position. This, along with the high correlation of the province's job market to the oil industry, positioned Alberta to see an increase in default rates over the past few years.
- As of February 2011, 0.45 per cent of mortgages in Canada were in arrears, the same level as in February 2010.
- In February 2011, mortgage arrears in Alberta decreased month-over-month for the first time since April 2010, down to 0.83 per cent.
- Alberta's proportion of mortgages in arrears remains the highest in Canada. In Quebec, Ontario and British Columbia, mortgage arrears are 0.38 per cent, 0.36 per cent and 0.49 per cent, respectively.

a (GLOBE AND MAIL). Homeowners in Alberta are nearly twice as likely to fall behind in making their mortgage payments as those in the rest of Canada (GLOBE AND MAIL). Homeowners in Alberta ar

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STRONGER THAN EXPECTED ACTIVITY in BRITISH COLUMBIA INCREASES CANADA'S AVERAGE RESALE PRICE

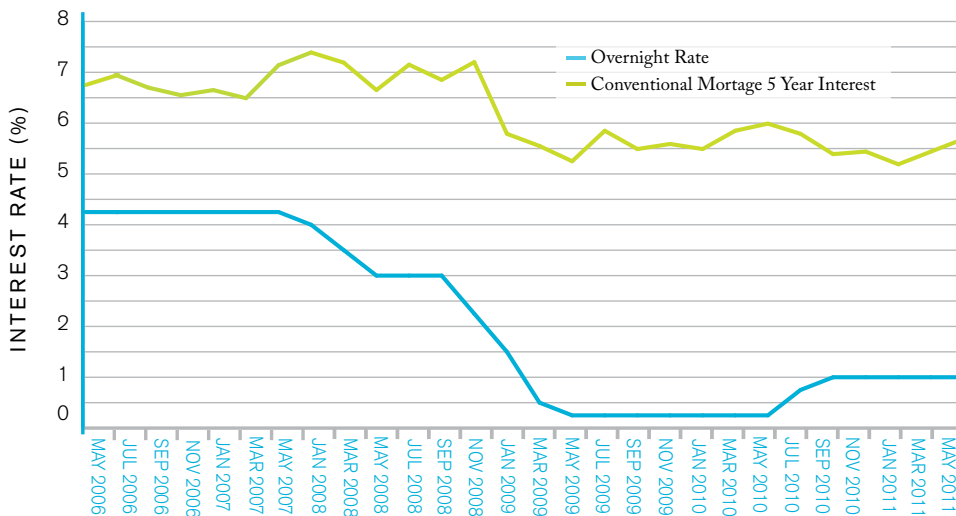


Source: Canadian Real Estate Association (CREA)

- From April 2010 to April 2011, the average price for a resale home in Canada increased 8 per cent from \$345,104 to \$372,544.
- Alberta's average resale price in April 2011 increased 1 per cent over April 2010 from \$355,102 to \$358,865.
- Higher than anticipated multi-million dollar property sales in Greater Vancouver skewed the average sale prices for British Columbia and nationally, prompting the average price forecast to be revised.
- According to the Canadian Real Estate Association's Chief Economist, the recent changes to mortgage regulations brought forward some sales activity into the first quarter that would have otherwise occurred later in the year, particularly in some of Canada's more expensive housing markets.

OVERNIGHT LENDING RATE is EXPECTED to GRADUALLY INCREASE in LATER HALF OF 2011

Overnight Lending Rate and Conventional Mortgage Interest Rate (5 year)*
May 2006 to May 2011



- On April 12, 2011, the Bank of Canada announced that it would maintain its target for the overnight lending rate at 1 per cent.
- The overnight lending rate is expected to rise gradually. TD Economics has suggested the next rate hike will likely occur in July 2011, with a year-end target of 2 per cent.
- According to the Bank of Canada, aggregate demand is rebalancing toward business investment and net exports, and away from government and household expenditures.
- Overall, the Bank projects that the economy will expand by 2.9 per cent in 2011 and 2.6 per cent in 2012.

* The rates shown are the most typical of those charged by the major chartered bank on residential 5-year mortgages, on the last Wednesday of the month.

Source: Canada Mortgage and Housing Corporation

re (TD ECONOMICS). The steady absorption of spare capacity will eventually necessitate the withdrawal of monetary stimulus in Canada as central banks strive to contain growing inflationary pressure (TD ECONOMICS). The ste

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