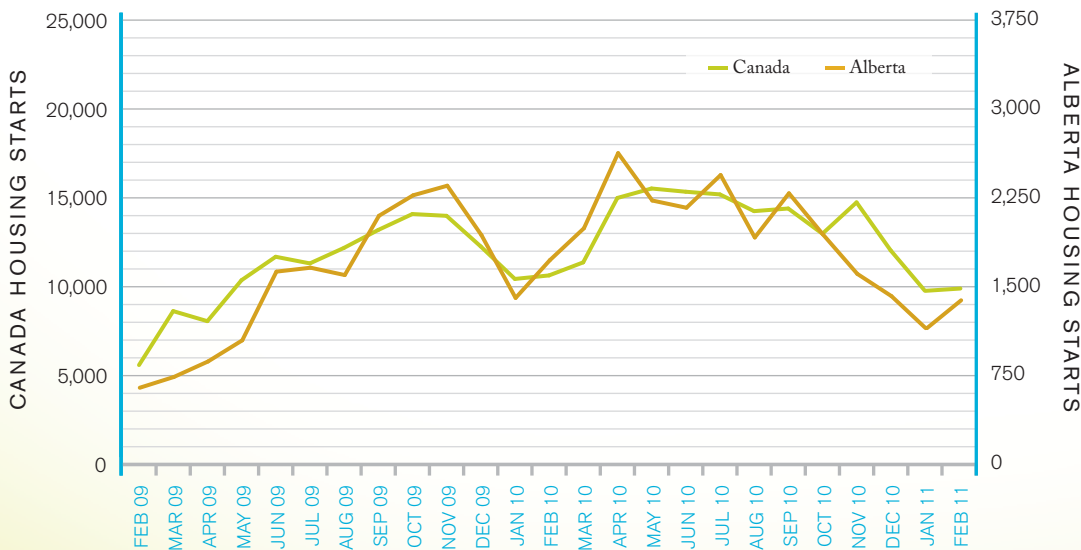


Housing Bulletin MONTHLY REPORT

ALBERTA'S PRELIMINARY HOUSING STARTS INCREASED MONTH-OVER-MONTH in FEBRUARY 2011

Preliminary Housing Starts in Alberta* and Canada*
February 2009 to February 2011



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

- In February 2011, Canada's total preliminary housing starts increased one per cent over January 2011 and declined seven per cent compared to February 2010.
- Across Alberta, preliminary housing starts declined 20 per cent from February 2010 to February 2011. Month-over-month housing starts increased 21 per cent.
- According to the Canada Mortgage and Housing Corporation (CMHC), housing starts across Canada moved higher in February mainly due to increases in Ontario and the Prairie provinces.

ISSUE HIGHLIGHTS

Building Permits
Building permit values decline in Alberta.

Page 4

Consumer Price Index
CPI continues to climb across Western Canada.

Page 5

Net Migration
Total net migration declines in Alberta.

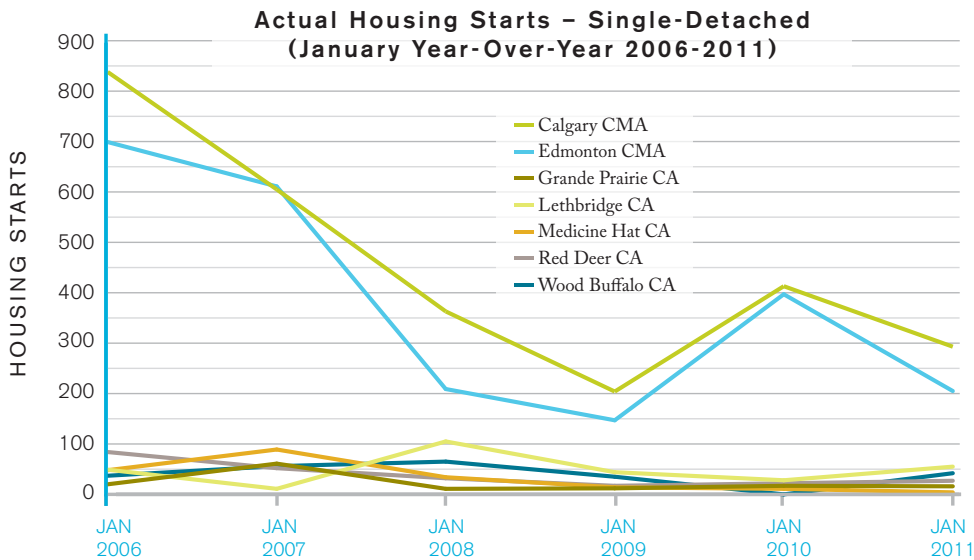
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The recovery in Canada is proceeding slightly faster than expected, and there is more evidence of the anticipated rebalancing of demand

(BANK OF CANADA).

ANCING). Canadians believe in the long-term benefits of owning a home, including the value it can provide, both personally and as a long-term investment (RBC HEAD OF HOME-EQUITY FINANCING). Cana

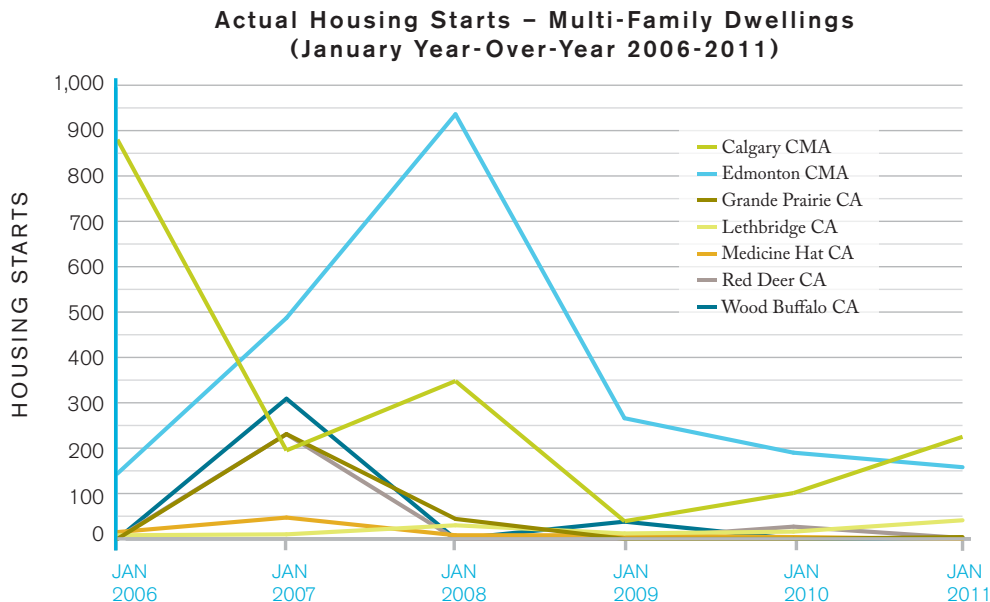
SINGLE-DETACHED HOUSING STARTS SHOW MIXED PERFORMANCE ACROSS ALBERTA'S SEVEN MAJOR CENTRES



- In January 2011, single-detached housing starts fell across Alberta, averaging a decline of 27.7 per cent year-over-year.
- In Calgary, Edmonton, Grande Prairie and Medicine Hat, single-detached housing starts fell 29.1 per cent, 48.4 per cent, 5.9 per cent and 63.6 per cent, respectively, from January 2010 to January 2011.
- In Lethbridge, Red Deer and Wood Buffalo, single-detached housing starts increased over the same period.
- Compared to January 2009, single-detached housing starts increased in six of Alberta's seven major centres, at an average of 35.7 per cent.

Source: Canada Mortgage and Housing Corporation

MULTI-FAMILY HOUSING STARTS INCREASE MODERATELY in CALGARY



- In January 2011, multi-family housing starts increased in four of Alberta's seven major centres, Calgary, Grande Prairie, Lethbridge and Wood Buffalo, averaging an increase of 31.3 per cent year-over-year.
- In Edmonton, multi-family housing starts totalled 158 units in January 2011, representing a decline of 12.2 per cent from the 180 units built in January 2010.
- In Calgary, multi-family housing starts totalled 225 units in January 2011, a 122.8 per cent increase from the 101 units built in January 2010.

Source: Canada Mortgage and Housing Corporation

der wraps (CIBC). We continue to expect a softening in overall housing starts, particularly with the anticipated higher interest rates and a slower second half of the year keeping home prices under wraps (CIBC). We contin

EDMONTON RESALE PRICES DIP YEAR-OVER-YEAR

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

	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					
Feb 07	\$376,273	\$248,493	\$314,518	27	3,857	3,487	92	90
Feb 08	\$383,251	\$263,963	\$297,042	56	4,843	2,440	37	50
Feb 09	\$349,810	\$229,685	\$281,406	64	3,876	1,875	42	48
Feb 10	\$371,467	\$232,425	\$321,570	49	3,615	2,223	52	61
Feb 11	\$359,934	\$230,911	\$303,440	62	4,769	1,866	39	39

Source: Realtors' Association of Edmonton

- The average price of a single-family dwelling in Edmonton decreased 3.1 per cent from February 2010 to February 2011. Over the same period, the average price of condominiums fell 0.7 per cent and decreased 5.6 per cent for duplexes and rowhouses.
- A home in Edmonton spent an average of 62 days on the market in February 2011, an increase of 26.5 per cent over February 2010.
- Residential listings in February 2011 are up 31.9 per cent year-over-year; however, sales are down 16.1 per cent.

SINGLE-FAMILY HOME SALES RISE WHILE CONDOMINIUM SALES CONTINUE to FALL in CALGARY

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

	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
Feb 07	\$448,557	2,032	2,206	1,942	29	\$301,812	654	889	895	28
Feb 08	\$471,696	4,985	2,981	1,252	39	\$311,812	2,301	1,244	562	45
Feb 09	\$415,568	4,352	2,057	825	51	\$268,971	2,065	892	343	51
Feb 10	\$458,254	3,106	2,154	1,035	34	\$282,880	1,741	1,109	536	43
Feb 11	\$461,786	3,504	2,268	1,169	45	\$290,145	1,750	971	468	52

Source: Calgary Real Estate Board

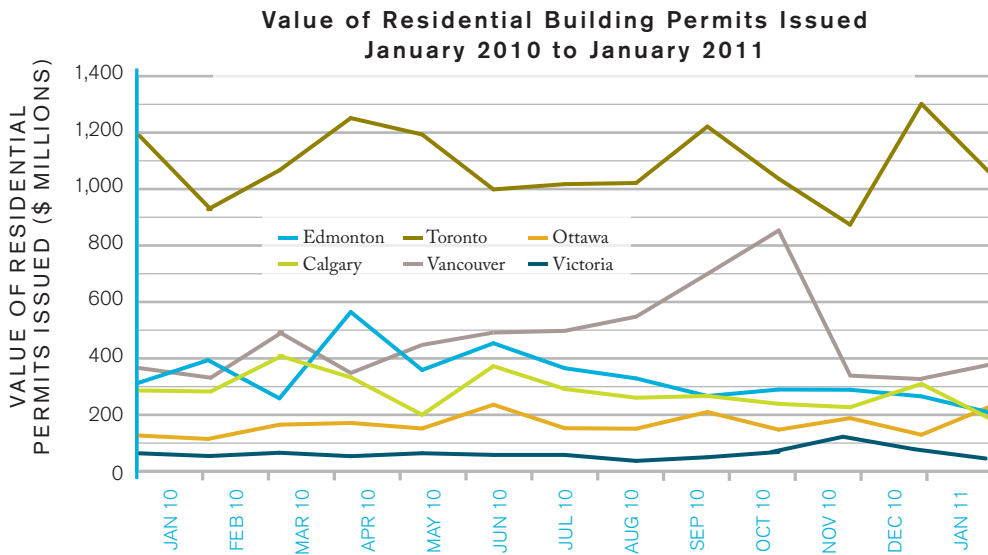
- The number of single-family homes sold in Calgary increased 12.9 per cent and the average resale price increased 0.8 per cent year-over-year in February 2011.
- In February 2011, the number of condominiums sold in Calgary fell 12.7 per cent year-over-year, while prices increased 2.6 per cent over the same period.
- New listings increased 5.3 per cent for single-family homes, and decreased 12.4 per cent for condominiums from February 2010 to February 2011.

DESJARDINS ECONOMICS: There is no doubt that the upward trend in employment growth is continuing as jobs lost during the recession have now been completely recovered. In the coming months, we should expect the job market to show more sustainable, long-term growth (DESJARDINS ECONOMICS). There is no doubt that the upward

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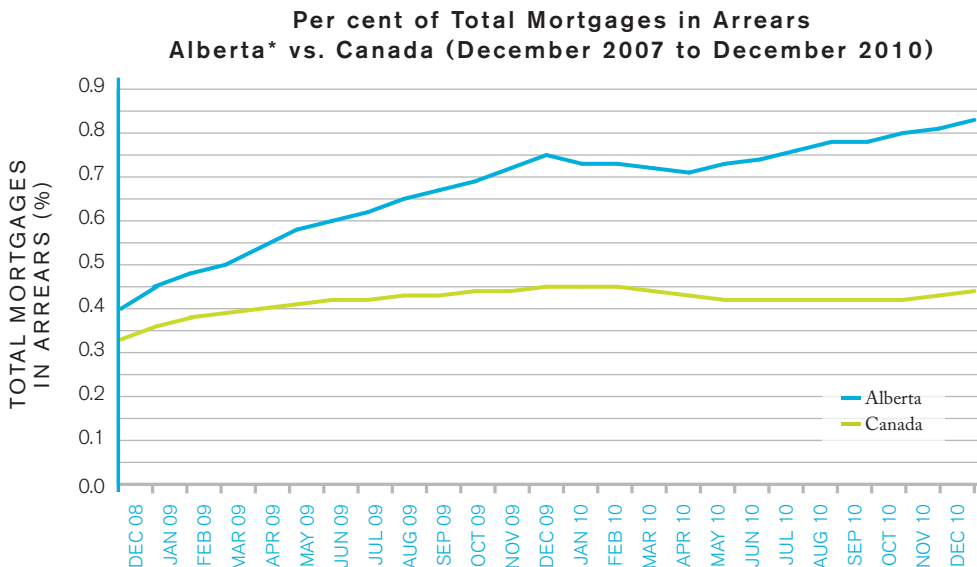
BUILDING PERMIT VALUE DECLINES in CALGARY and EDMONTON



Source: Statistics Canada

- Residential permits issued in Alberta in January 2011 totalled \$665.5 million, a decrease of 23.2 per cent over December 2010. Year-over-year, the value of residential permits issued in Alberta increased 10.3 per cent.
- In January 2011, the total value of Edmonton residential building permits fell 22.5 per cent month-over-month and 33.9 per cent year-over-year.
- In January 2011, the total value of Calgary residential building permits fell 41.3 per cent month-over-month and 36.6 per cent year-over-year.
- Both Vancouver and Ottawa experienced an increase in residential building permits, with a year-over-year increase of 4.0 per cent and 83.7 per cent, respectively.

PROPORTION of MORTGAGES in ARREARS CONTINUED UPWARD TREND in DECEMBER 2010



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

Source: Canadian Bankers Association

- Across Canada, mortgage arrears remain low, at less than half of one per cent. As of December 2010, 0.44 per cent of mortgages in Canada were in arrears, a month-over-month increase of 2.3 per cent.
- In Alberta, 0.83 per cent of mortgages were in arrears in December 2010 compared to 0.75 per cent of mortgages in December 2009 and 0.4 per cent of mortgages in December 2008.
- Alberta's proportion of mortgages in arrears remains the highest in Canada. In British Columbia and the Atlantic provinces, 0.46 per cent and 0.45 per cent of mortgages are in arrears, respectively. Mortgage arrears in the rest of Canada fall below the Canadian average.

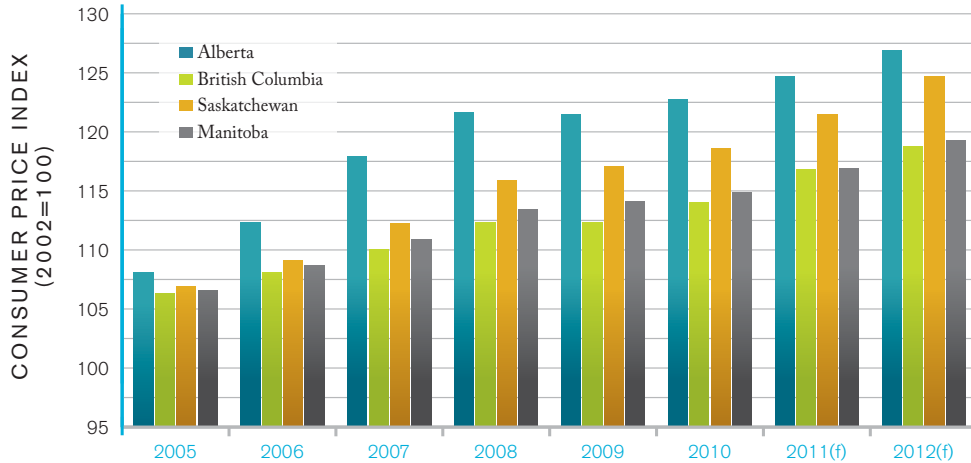
DA) While the value of single-family and multi-family permits have moved in opposite directions, overall, the total value of permits fell in 21 of 34 census metropolitan areas in Canada (STATISTICS CANADA). Wh

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THE COST of GOODS and SERVICES CONTINUES to CLIMB ACROSS WESTERN CANADA

Consumer Price Index (CPI) for Western Canada, Actual and Forecast(f), 2002=100

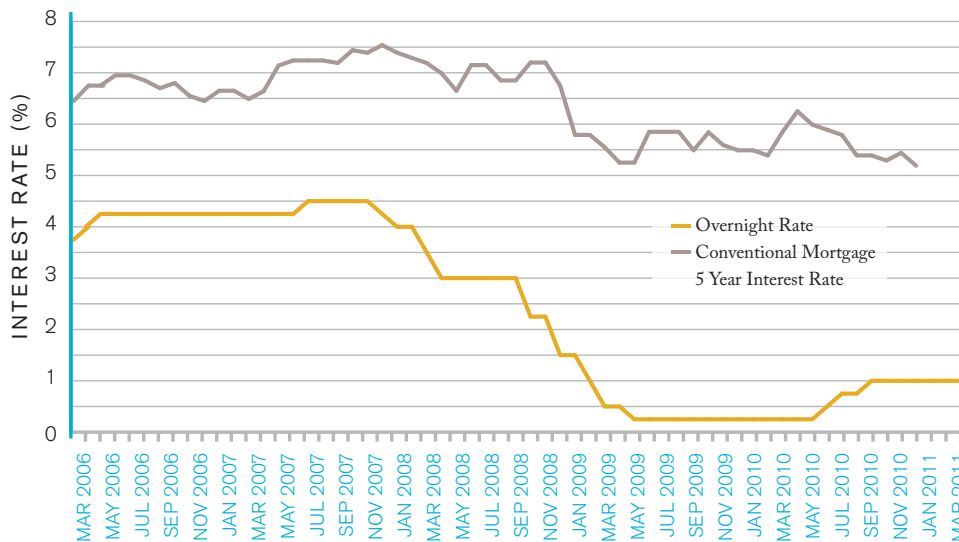


(f) Alberta government forecasts for the calendar year.
Source: Royal Bank of Canada

- The change in the price level of consumer goods and services increased across Western Canada between 2009 and 2010 and is forecast to rise over the next two years.
- The consumer price index in Alberta remains the highest in Western Canada. Across Western Canada, prices rose 1.1 per cent in Alberta, 1.6 per cent in British Columbia, 1.2 per cent in Saskatchewan, and 0.7 per cent in Manitoba between 2009 and 2010.
- According to Statistics Canada, on a year-over-year basis, prices increased in seven of the eight major components of the consumer price index in January 2011.

INTEREST RATES REMAIN STABLE in MARCH 2011

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



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

Source: Bank of Canada

- The target for the overnight lending rate is the main tool used by the Bank of Canada to conduct monetary policy. When the Bank changes the target for the overnight rate, this change usually affects other interest rates, including mortgage rates and prime rates charged by commercial banks.
- The Bank of Canada announced that it is maintaining its target for the overnight rate at 1 per cent.
- According to the Bank of Canada, the recovery in Canada is proceeding slightly faster than expected, and there is more evidence of the anticipated rebalancing of demand for housing.
- While consumption growth remains strong, there are signs that household spending is moving more in line with the growth in household incomes.

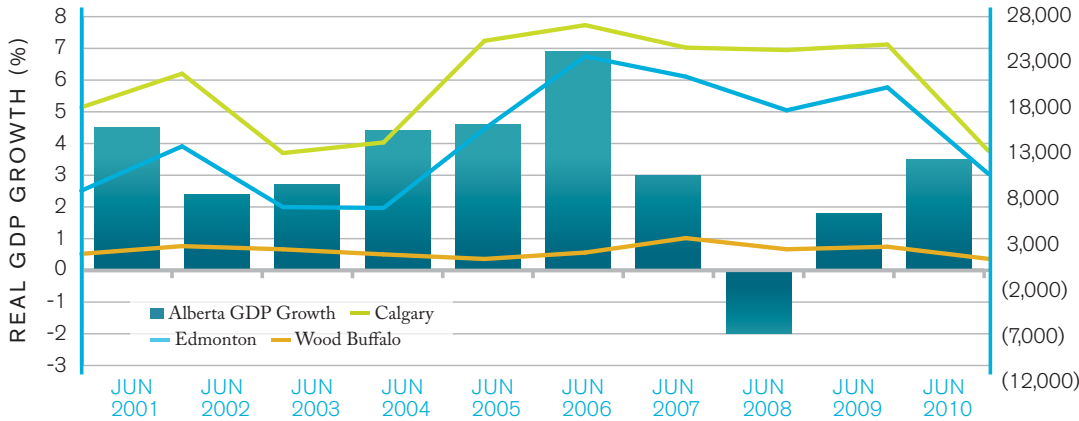
Alberta's strong net asset position combined with solid expected growth should mean that Alberta is able to regain its fiscal footing in a relatively short period of time (ROYAL BANK OF CANADA). *Albe*

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RECESSIONARY TOLL on NET MIGRATION in ALBERTA'S MAJOR CENTRES

Total Net Migration in Edmonton, Calgary and Wood Buffalo June 2001 to June 2010



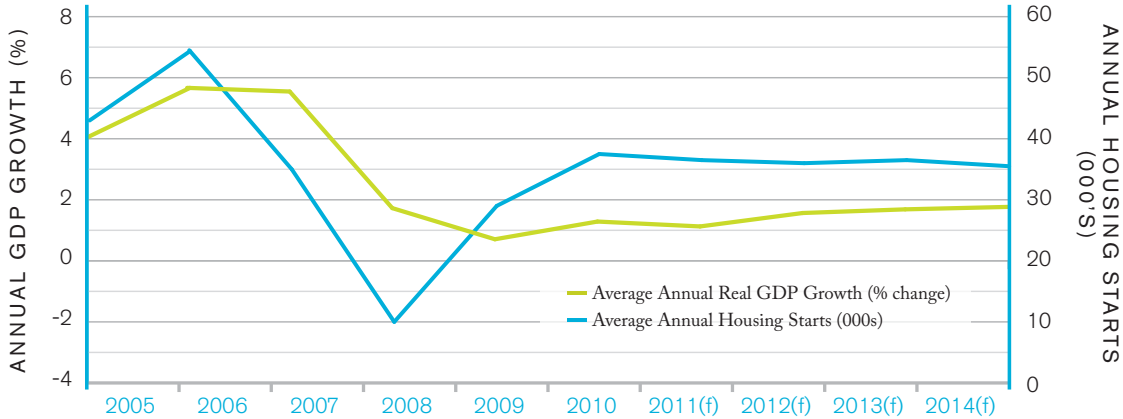
- According to a special March 2011 report by Alberta Finance and Enterprise, net migration to Edmonton and Calgary peaked in 2006, particularly as oil sands capital investment increased.
- From 2009 to 2010, following the global recession and weakened labour markets, net migration saw a sharp decline of 48 per cent in both Calgary and Edmonton.

- Net migration to Wood Buffalo peaked in 2007 as oil sands investment continued to increase. From 2009 to 2010, net migration to Wood Buffalo fell 62 per cent, due mostly to a loss of 1,701 interprovincial migrants.

Sources: Alberta Finance and Enterprise

RELATIONSHIP BETWEEN the HOUSING INDUSTRY and ECONOMIC GROWTH

Alberta's Real Gross Domestic Product (GDP) vs. Housing Starts Forecasts (2005-2014f)



- GDP as an indicator can be used to determine the overall health of an economy.
- Economists generally agree that a range of 2 to 3 per cent growth is optimum as it is not so fast that it causes rapid inflation or too slow so that individuals' standard of living declines.
- Alberta's economic recovery in 2010 was stronger than initial forecasts predicted. As the oil sector continues to pick up,

Alberta's economy is expected to shift from recovery to expansion from 2011 onwards at a healthy growth rate near 3 per cent annually.

- Housing starts in Alberta recorded a strong recovery in 2010 driven by the improving economy and historically low interest rates. Provincial housing starts are expected to continue to rise, albeit at a slower pace, which is more in line with demographic requirements.

(f) are Alberta government forecasts for the calendar year.

Source: Alberta Finance and Enterprise

MAIL Alberta is confidently projecting another energy boom that would drive a return to surplus and claim the province a spot at the forefront of Canada's economic recovery (GLOBE AND MAIL). Alberta is con

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