REAL ESTATE INVESTMENT NETWORK

TOP TEN

BRITISH COLUMBIA

TOWNS AND CITIES

MEDIA EDITION

REIN REAL ESTATE INVESTMENT NETWORK

IN THIS REPORT:

- REIN'S PROPERTY GOLDMINE SCORECARD AT WORK
- LEARN WHERE THE TOP INVESTMENT TOWNS AND CITIES ARE IN REIN'S REAL ESTATE CYCLE
- REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS FOR EACH LOCATION

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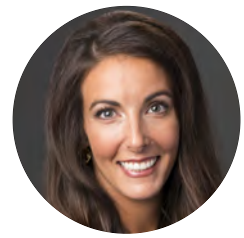

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REIN's TOP TEN TOWNS AND CITIES

BRITISH COLUMBIA

REIN's Property Goldmine Scorecard Economic and Demographic Drivers, and Market Influencers: Methodology

To generate a list of the top ten towns and cities in a province, the Real Estate Investment Network (REIN) began with the research-based **REIN Property Goldmine Scorecard** and **REIN Long-term Real Estate Success Formula**. This methodology includes all economic and demographic fundamental key drivers combined with the current market influencers impacting specific markets.

REIN combined this research with additional "on-the-street" research to uncover local influences that may affect the long-term future of a real estate market. For more than 25 years, this approach has allowed REIN to uncover cities that are about to see market increases in demand and values, long before they occur. The reverse is also true: when the research reveals markets with a great public reputation but are about to enter a market slowdown or "slump" in REIN's Real Estate Cycle.

For example, many REIN Members invested in Hamilton, ON and Surrey, B.C., or Airdrie AB long before these markets experienced a dramatic uptick in housing demand. Other Members extracted themselves from markets before it was too late.

For this Report, REIN's research team reviewed the details of 20 towns and cities in British Columbia, and through the above process narrowed it down to the Top 10 Towns and Cities with the best potential for the coming 5+ years.

In addition, for the first time, included here are the results of REIN's research team's analysis of trends, and the application of **REIN's Real Estate Cycle Scorecard and Clock** to identify exactly where each Top 10 Town or City's market sits in its real estate cycle (as outlined in the best-selling book **Secrets of the Canadian Real Estate Cycle**.) This is critical information for investors and homebuyers, as it tells them what's coming next **and** what tactics they should deploy in their specific market.

Also, for the first time, this report summarizes the main real estate tactics available, and when we recommend or advise against each tactic. **REIN's Real Estate Cycle Investment Tactics** include:

- Buy and Hold techniques
- Rent to Own techniques
- Fix and Flip techniques

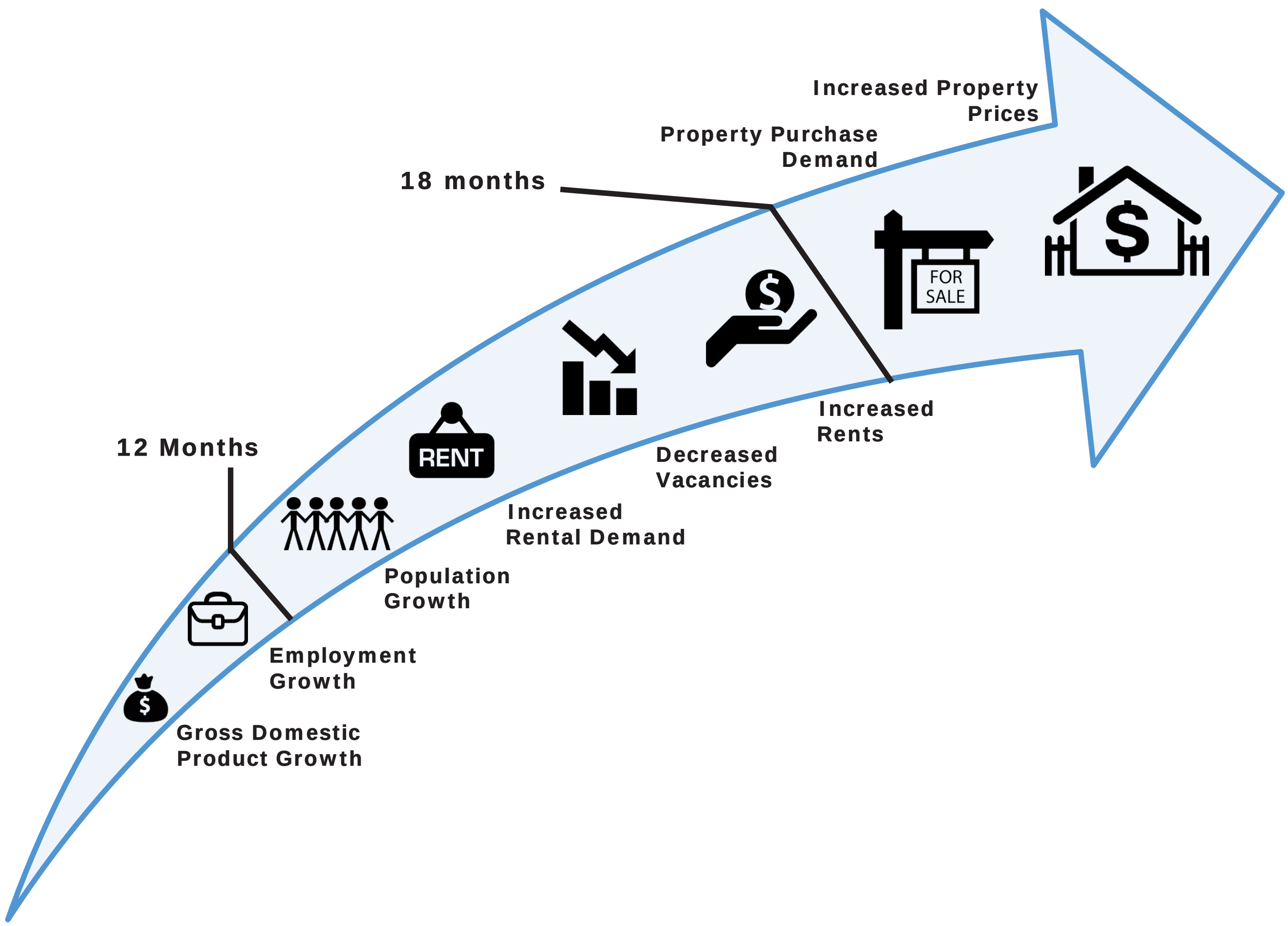
For much more detail on tactics, read chapter 15 in the **Secrets of the Canadian Real Estate Cycle** book. This chapter teaches more about why each specific tactic works best at different times in the real estate cycle.

For more insights into the methodology, refer to **REIN's Property Goldmine Scorecard** and **The Secrets of the Real Estate Cycle**.

REIN's Property Goldmine Scorecard Economic and Demographic Drivers, and Market Influencers: At a Glance

Market influencers are factors that affect the perception of an impending change in the real estate cycle. They have a temporary, and sometimes harmful, impact on the market so it is necessary to be aware of them, but not necessarily add them into your calculations.

REIN's Long Term Real Estate Success Formula

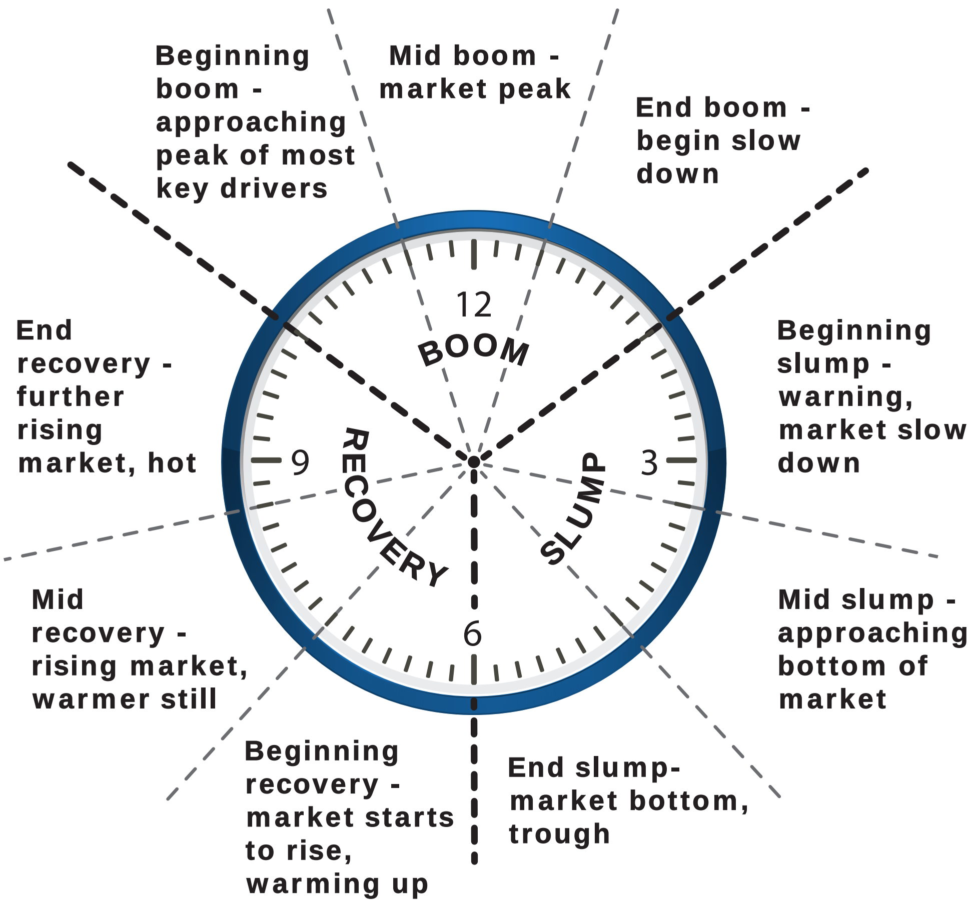


ECONOMIC FUNDAMENTALS: THE KEY DRIVERS

Key drivers are market factors that propel the real estate market through the real estate cycle. They directly affect supply and demand.

REAL ESTATE CYCLE CLOCK

Apply REIN's Real Estate Cycle Scorecard and Clock to identify what stage of the cycle the local market is in.



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS:

Given where each of these top towns' or cities' markets are in the real estate cycle, the real estate tactics you should use - or avoid - now. Here are **REIN's Real Estate Cycle Investment Tactics** - at a glance.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

Legend

Optimal	Good	Plausible	Tricky	Avoid

REIN's ANALYSIS

MARKET INFLUENCERS: MACRO - CANADA AND BRITISH COLUMBIA

When it comes to trade agreements, Canada (being a primarily commodity driven economy) plays a huge role in trade agreements such as the North American Free Trade Agreement (NAFTA.) Canada does a great job leveraging the fact it's a "trading nation" and proves it is a valuable player in the world's trade economy, reinforced by the signing of two large trade agreements with the European Union and the Trans-Pacific Partnership in 2016. When we consider Canada's role in the world economy at a national level, it reveals a plethora of factors going for the country, which ripple down to provincial economies and ultimately influence real estate prices. However, given the current state of NAFTA and other trade discussions with the US, there are additional risk factors in play and we cannot measure them directly until policy is set.

Ease of financing and mortgage rates are two other main factors analyzed to assess financing health for real estate investors and homeowners.

While real estate financing had been "very accessible" across Canada for many years, with all-time low interest rates, new mortgage rules enacted in 2016 impacted the ability to source financing. In 2017, additional mortgage qualification rules have gone and will continue to go into effect, further tightening the ability for Canadians to purchase property.

Assessment of mortgage rates is on a national level, and approximately two thirds of all mortgages in Canada are conventional five-year fixed mortgages. Even before the Bank of Canada began to raise their rate, major banks and other lenders "increased" their mortgage rates by shrinking or eliminating discounts from prime rate. So, Canadians have experienced 18 months of slowly rising mortgage rates.

Further, with Canada's economy growing at an astounding rate, many experts predict additional mortgage rate increases.

Combined, these recent changes indicate that real estate financing may become even more difficult to obtain, and more expensive, as we enter the last quarter of the year and into 2018.

Technically a key driver, **first-time home buyers,** are worth a mention in this macro and national and provincial view section. That's because, at this time, the recent changes that affect the ease of financing, combined with lack of affordability in larger centres in British Columbia (B.C.) for the last couple of years, first-time homebuyers struggle with the financial ability to enter the market.

Foreign exchange rate is another macro influencer evaluated on a national level. The Canadian dollar ranks as the seventh most traded currency on the Foreign Exchange market. Numerous central banks hold it as a reserve currency. The most common measure we use to evaluate the value of the currency is against the U.S. dollar. Currently (September 2017), one Canadian dollar is equivalent to approximately 0.81 US dollars. This is the highest it's been in 2017 after falling below 0.75 U.S. dollars earlier in the year. The lower value of the Canadian dollar from 2015 to 2017 is one of the main reasons Canada has seen a great increase in foreign investment, as well as strong exports. Although the Canadian dollar is on the rise, it is still not at a level that will severely impact foreign investment, even with large Canadian real estate markets such as Toronto and Vancouver having a foreign buyer's tax in place.

Another important market influencer is the **availability of, and access to, alternative investments.** There is a major trend towards hunting for yield as a large populous of Baby Boomers look for ways to replace or enhance their incomes. While investors have ready access to many other investment options such as bonds, stocks, and other investment funds, the return on these forms of investments are not, typically, nearly as high as real estate.

Inflation is another macro influencer that can help identify the overall health of the economy. Rising prices of everyday goods and services have a major impact on key factors affecting real estate such as cost of living, cost of business, cost of building, and cost of borrowing.

When it comes to increases in specific goods and services, generally a yearly increase of below two per cent is ideal. British Columbia averaged 1.89 per cent across the various categories of goods and services in 2016 and is on pace to continue slightly above this rate, at two per cent, through 2017. This is indicative of healthy inflation.

Lastly, we have **"What's Behind the Curtain" (WBTC).**

At the Real Estate Investment Network, we use this term to describe an incredibly important, but often unnoticed and overlooked, group of market influencers. The term serves as a reminder for investors to seek the truth behind the hype and misinformation and to dig deeper into other background factors that contribute to current economic conditions.

These include but are not limited to global trends, politics, policies, media, trade agreements, the political economy, and the effects of all these on the economy, which ultimately impact real estate.

B.C. MARKETS IN "RECOVERY" - HOW IS THAT POSSIBLE?

Many of the markets in this report may surprise you - especially those labeled in "recovery phase", despite the perceived ongoing boom. The label of "recovery" doesn't just mean it is coming out of a slump; it is a technical term describing the combination of the underlying fundamentals and comparing them to how the market could perform in the future. Strategic investors understand that the label is not what matters; it is the underlying structure. There's so much noise built into the statistics in B.C. after such a strong run upwards, it's hard to believe that the real "boom" statistics haven't hit yet.

The recovery phase can be quick, unpredictable, and subtle. Historically, non-strategic investors often do not recognize it and miss the opportunity. Because values are rising and many indicators make it look like a boom, many mistake this important market warming for the boom. Don't.

Specifically, in B.C., the province enjoyed consecutive GDP growth over the past few years. This healthy economic growth resulted in an overall increase in the expected drivers: property prices, property demand, rents, rental demand, population growth, jobs, and GDP. However, in 2018, expect this trend to change. Forecasted GDP growth for 2017 is 3 per cent, whereas for 2018, while growth is still in the forecast, it is expected to lower to 1.8 per cent.

As such, when we discuss the trends of increases in prices, rent etc., in this report, it is important to note the time horizon.

Overall, the long-term trend in B.C. is one of increasing indicators, however, with the new provincial Government putting many major job creation projects on hold (or under-review) and changing policies that may affect the credit rating and economic growth of the province, we can expect economic forecasts to shift lower.

The result of NAFTA negotiations, softwood lumber tariffs and continuing delays of high-paying energy projects will also play roles in changing the economic performance of the province and its ability to remain the fastest growing region of the country. Investors will want to pay close attention to policies and projects that influence the economy.

Market influencers (as described in chapter five of the book **"Secrets of The Canadian Real Estate Cycle"**) are at work. In addition to government policy, the province, especially in the Southern portion, feels the impact of being a safe-haven for the deployment of international capital.

Metro Vancouver's strategic location in international and national trade, including its role hosting Canada's largest port, help cushion the economy. Layer in low, but slightly rising interest rates and we can expect B.C.'s economy to remain relatively insulated from the worst that could befall the region with the new policies. Note, while REIN's Real Estate Cycle Scorecard and Clock can accurately predict what phase the real estate market is in, the duration is not predictable. Watch closely, stay connected to REIN, and ensure you are poised to take action, the right action.

1. SURREY

OVERVIEW

As the second largest, and fastest growing city in British Columbia, Surrey, once again tops this list. Located in Metro Vancouver with convenient access to Vancouver, the Fraser Valley, the Trans-Canada Highway, Vancouver International Airport, Port of Vancouver, and the U.S., Surrey sits strategically within close proximity to many major transportation routes. Surrey's enviable Pacific Rim location for international trade to Asia and the United States, combined with a diverse economy, deliver substantial business opportunities. Sectors such as clean energy, finance, insurance, real estate, technology, advanced manufacturing, education, health, agriculture and arts help safeguard Surrey's economy and make it one of the more resilient cities when it comes to economic booms and busts.

With more than 16,800 active businesses across a wide array of industries and a six per cent growth in businesses in 2016 over 2015, Surrey is a city to watch for economic development and growth.

EMPLOYMENT

With employment opportunities expanding and a municipal government dedicated to creating a vibrant business network that catalyzes the expansion of innovation, investment, entrepreneurship and jobs within the city, Surrey attracts business. They aim to be North America's next Metropolitan Centre. The city has a robust economic strategy outlining how it will become a regional nexus for commerce. Surrey plans to attract investment, grow innovation, build distinct and competitive business communities and create jobs.

In 2015, the median total income of households in Surrey was $77,494, an increase of 8.9 per cent from $71,177 in 2005.

POPULATION

With a population of more than 500,000 that is forecast to grow and surpass Vancouver by 2041 to become B.C.'s largest city, it's no wonder Surrey claims, "The future lives here." Over the period of 2011 to 2016, the population growth rate of Surrey was 10.6 per cent, nearly double the national and provincial averages. Surrey welcomes roughly 1,000 new residents each month.

Relative to other Canadian cities, this population growth is among the leaders. One of the most youthful cities in B.C., with a median age of 38.7 and one-third of its population under the age of 19, Surrey's population is at an optimal level. This encourages both economic and infrastructure development, which further attracts a younger demographic.

HOUSING – REAL ESTATE VALUES

Over the longer term, the average selling price for residential listings continues in an upward trend, as expected in its position in the real estate cycle. However, while increasing, Surrey's real estate remains more affordable than many of Metro Vancouver's communities, ranking 16 of 19.

While recent statistics show the average home price decreasing, this is not a reason for alarm as there has been a shift in the mix of homes sold from a majority of higher-priced homes to a majority of lower-priced. In other words, drawing on the affordability concerns that affect the Metro Vancouver real estate market, more budget-friendly condos and townhomes, rather than expensive single-family homes, are selling, affecting the average price. The benchmark price of a detached home crossed over one million dollars in September 2017.

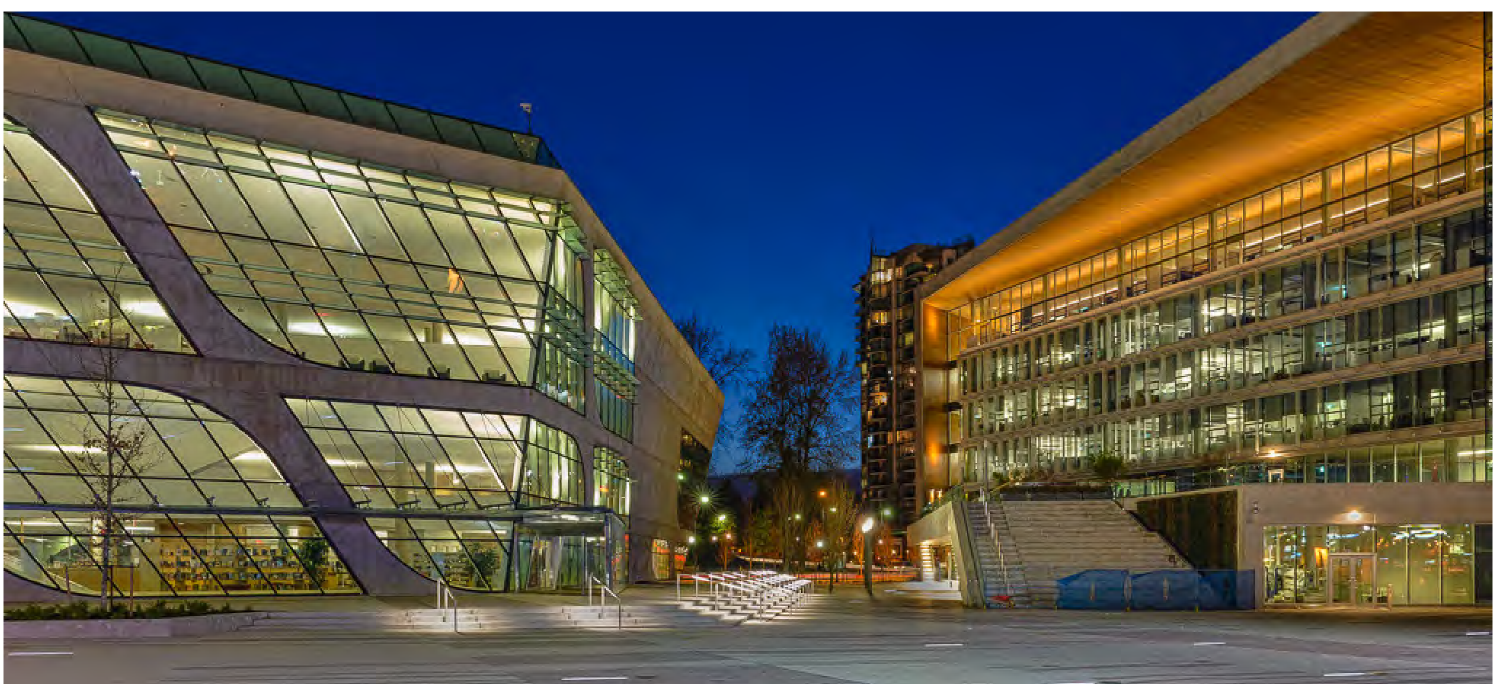
HOUSING – INVENTORY AND SALES

In September 2017, year-over-year sales increased and active listings decreased. However, demand remains strong. According to the Fraser Valley Real Estate Board (FVREB), growing demand for condos and townhomes led to the second strongest August historically in terms of sales. Additionally, the FVREB recently announced this was the fifth highest sales total for a September in the Board's history. The demand continues to be there despite the longer-term average price-increase trend.

RENTAL TREND AND VACANCY RATES

The impact of a growing population is also evident in the very low vacancy rate and the upward rental cost trend. Recently, the average single-bedroom rent rate was $901. However, according to PadMapper in October 2017, the median rent for a one-bedroom apartment increased by 38.74 per cent to $1,275. The two-bedroom rental rate increased 74 per cent over the previous month to $2400. This may be a statistical anomaly (given there were a high number of high-value rentals in that month,) or more likely the sign of a trend driven by demographics.

This trend upward of "family oriented" properties will continue to push rents up at a pace faster than the



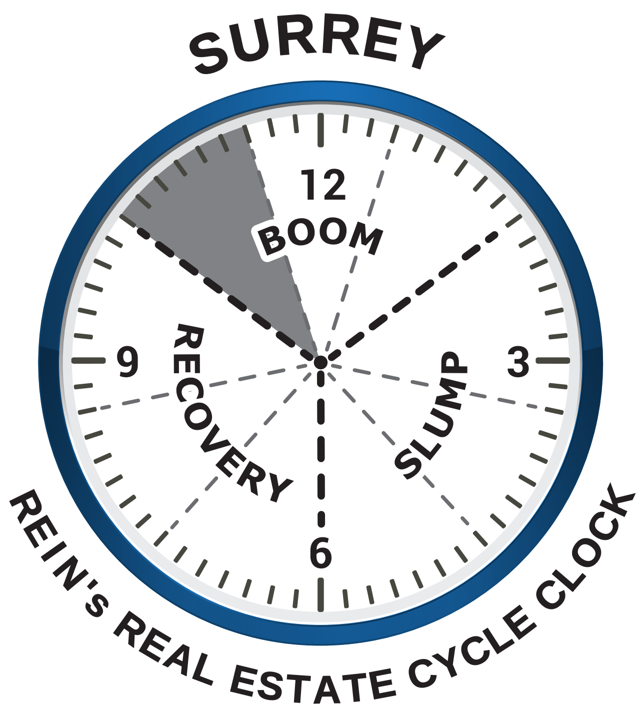
provincial average. Vacancy rates continue to drop due to the lack of availability, recently reaching as low as 1.2 per cent.

These rental increases and vacancy decreases, over the long- and short-term are consistent with the recovery to early boom phases of the real estate cycle.

The main conclusion for strategic investors from these key drivers is that Surrey is a unique combination of a youthful, growing city with a diverse economy that is relatively affordable compared to the rest of the Metro Vancouver region.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Surrey's real estate market is: "beginning of boom - approaching peak of most key drivers."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Based on being in the beginning of the boom, the "Fix and Flip" tactic is optimal.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

2. ABBOTSFORD

OVERVIEW

What used to be a city overlooked as "A City in the Country" with not much going on except berries, Abbotsford is now an economic jewel in B.C.'s crown, and its bloom seems to have just begun. Abbotsford has seen great economic diversification from its already successful agricultural roots.

Abbotsford, located in the Fraser Valley, and ranking as the fifth largest city by population in the province, is also the largest in geographic size in the province after Vancouver. While there is ample room in the city boundaries for expansion of suburbs, the city recently developed a new Official Community Plan (OCP) that clearly identifies where the growth is going to be directed within its urban boundaries. This new plan emphasizes creating a compact urban area anchored by a thriving city centre, while prioritizing increased density and diversity in its existing neighborhoods - rather than focusing on expansion. This will help keep service costs down, help to provide a viable transportation plan and make the city more livable. A financially sustainable model uses existing infrastructure and amenities, while planning for growth.

The city has unique geographic and infrastructure benefits with its proximity to the U.S., other urban areas in the Fraser Valley, and to B.C.'s southern interior. The city straddles the Trans-Canada Highway, boasts an international airport, and has class one railways. These make it attractive to a variety of businesses and industries. Abbotsford is building on an already varied economy by planning for future growth of its university, airport, healthcare, agriculture, industrial manufacturing, aerospace, and transportation infrastructure. This broadened economic approach mitigates economic risk and helps to move jobs to the city, rather than just commuters looking for an affordable home.

EMPLOYMENT

Recently, the unemployment rate reached a low of 4.7 per cent, one of the lowest in the country. With the wide-range of employment opportunities thanks to the diverse economy, the city attracts a diverse population. With unemployment decreasing and both GDP and employment trends increasing, Abbotsford's statistics indicate a rising real estate market. A recent survey of business owners in Abbotsford shows 73 per cent state their businesses are "good or increasing." The survey also shows that 64 per cent said what they liked most about doing business in Abbotsford is its location. Both survey results bode well for future economic conditions, growth, and jobs. Jobs are on the rise in Abbotsford and employment rates are above the national average.

This growth accompanies a steady increase in median family income. Statistics Canada lists the Abbotsford Census Metropolitan Area (CMA) median family income at $73,960, albeit slightly lower than B.C.'s average, it is expected to rise.

POPULATION

According to the latest federal census in 2016, Abbotsford had a population of 141,397 with a population growth rate of 5.9 per cent from 2011 to 2016; slightly beating out the national average of five per cent.

Abbotsford remains one of the fastest growing cities in the province. The city has designed a new plan to handle growth to 200,000 in the coming years. The plan defines housing, commercial and industrial needs to support this inevitable growth.

As for the median age, currently it sits at 39 and has been rising in the last decade. Despite this, it is still lower than the provincial median age of 43 and will begin to experience an influx of young families from regions farther west. Its median age remains within the range to support a city's development.

HOUSING – REAL ESTATE VALUES

The housing market in Abbotsford is among the leaders in B.C. when it comes to year-over-year growth. According to the FVREB, the benchmark residential property price increased about 17.6 per cent year-over-year from about $667,000 to $785,400 in September 2017. Condo prices saw the most growth in 2017, recently reaching a 40 per cent increase over 2016. But we must understand that there was tremendous growth in new condominiums, and these are more expensive than traditional older stock and thus skew the average numbers upwards.

These tremendous jumps in percentages are not sustainable and current market trends reflect decreasing prices and fewer new product sales. However, the longer-term view reflects a rise in residential housing demand, with many new projects coming on-stream, so we can expect the housing market to rise further.

HOUSING – INVENTORY AND SALES

Regarding the number of sales and listings, both were high in the summer. While both have gone down since then, a longer-view of the trend in Abbotsford real estate reveals that inventory has decreased, while sales increased. Both statistics indicate a rising market. With the rise in housing starts in Abbotsford (especially condos/apartments), there will be new inventory added. This supply is in support of the increase in demand, based on increased GDP and population growth, rather than speculative building.

RENTAL TREND AND VACANCY RATES

With a vacancy rate recently being the lowest in Canada, the Abbotsford rental market is one of the most occupied markets in the country. Despite a low vacancy rate, rents only saw a moderate rise from 2016 and remained relatively stagnant through much of 2017. This is about to change with major jumps being witnessed in "street-rents" in recent months.

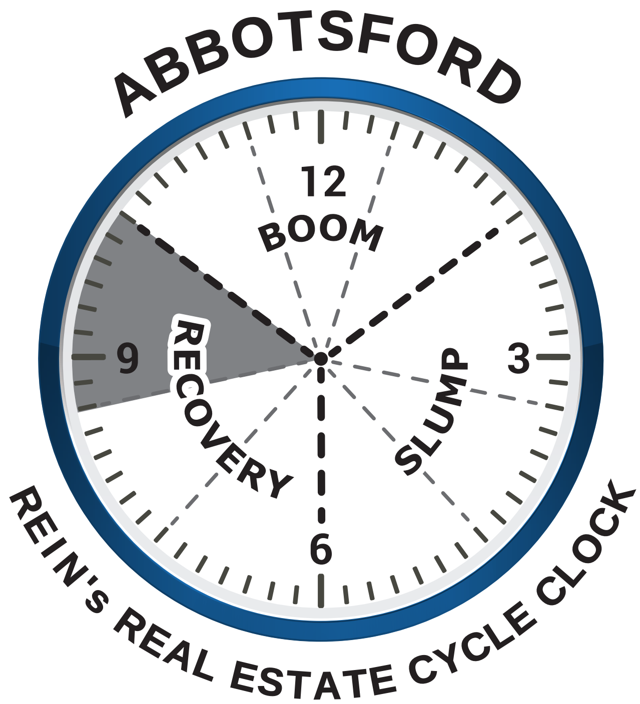
The average one-bedroom apartment rents for about $820. And until recently, two and three-bedrooms were renting for about $100 and $200 more respectively, about $900 -$1000. However, according to PadMapper, two and three-bedrooms units saw a 62 per cent increase in rents up to about $1500 this autumn. The recent rise in rents is not proportional to increases in housing prices, and that could present concern for

some investors. However, rises in rental rates are just beginning to gain momentum and will soon begin to make investment more appealing again. These record low vacancy rates will drive rental rates upwards more quickly than in most of the rest of the province.

The main conclusion for strategic investors from these key drivers is that Abbotsford is a uniquely located, growth oriented and energetic market well positioned for real estate investors.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard and Clock, the economic fundamental key drivers and the market influencers indicate Abbotsford's real estate market is: "end of recovery."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Being at the end of recovery, both "Buy and Hold" and "Fix and Flip" tactics are good. And, with its strong indicators for the beginning of the boom, the "Fix and Flip" tactic is optimal.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

3. NEW WESTMINSTER

OVERVIEW

Most research shows that Metro Vancouver will continue to be increasingly more densely populated and house prices will become out of reach for many. A result is the inevitable ripple effect of population movement out from the core into other surrounding cities. We have already witnessed the beginning – yes just the beginning – of this trend, as demand increases in many surrounding regions. New Westminster uniquely feels this impact, as it not only has geography on its side but also benefits from many other economic and demographic advantages.

With easier commuting thanks to multiple highway improvements and easy access to the Vancouver core from New Westminster's five SkyTrain (light rail) stations, more people now choose New Westminster as their home. New Westminster's leadership identified this and is working to make the city a place for families, with a focus on lifestyle, larger family style condominiums and a thoughtful design process.

The underlying economic and lifestyle factors of New Westminster have caught the eyes of investors, developers and homeowners alike, positioning the city early on the demand curve for future growth. Construction of housing and infrastructure is higher than it's been in decades; this indicates that New Westminster's growth is accelerating relative to surrounding cities in the lower mainland.

EMPLOYMENT

With an unemployment rate of 5.1 per cent, the city scores slightly lower than the provincial average of 5.3 for the month of July. This rate has seen a gradual decrease through 2017. With both job creation and population growth trending up, we can expect this to stabilize, and even see slight decreases, as we move to 2018. Health Care and Retail Trade are the largest industries of employment, while Translink employs more than 6,000 people, and the city itself employs 1,200 people. With the building of all this new infrastructure, housing, roads, etc., New Westminster's employment opportunities are strong.

POPULATION

The federal census in 2016 reported that New Westminster had a population of 70,996. The growth rate from 2011 to 2016 was 7.6 per cent, which was well above the national and provincial rates. Although there is a lack of current certified statistics regarding population, 2017 is the year when larger numbers of people discovered New Westminster and the resultant population growth is a key driver that New Westminster holds.

The city's population has a median age of 41.5. Even though the population is slightly older than the national average, and has increased slightly, it has certainly not been a detriment to housing growth and infrastructure development. We expect the median age to plateau or begin to decrease as the city attracts more students and young families as a result of relative affordability as well as its proximity and accessibility to Metro Vancouver's many universities.

HOUSING – REAL ESTATE VALUES

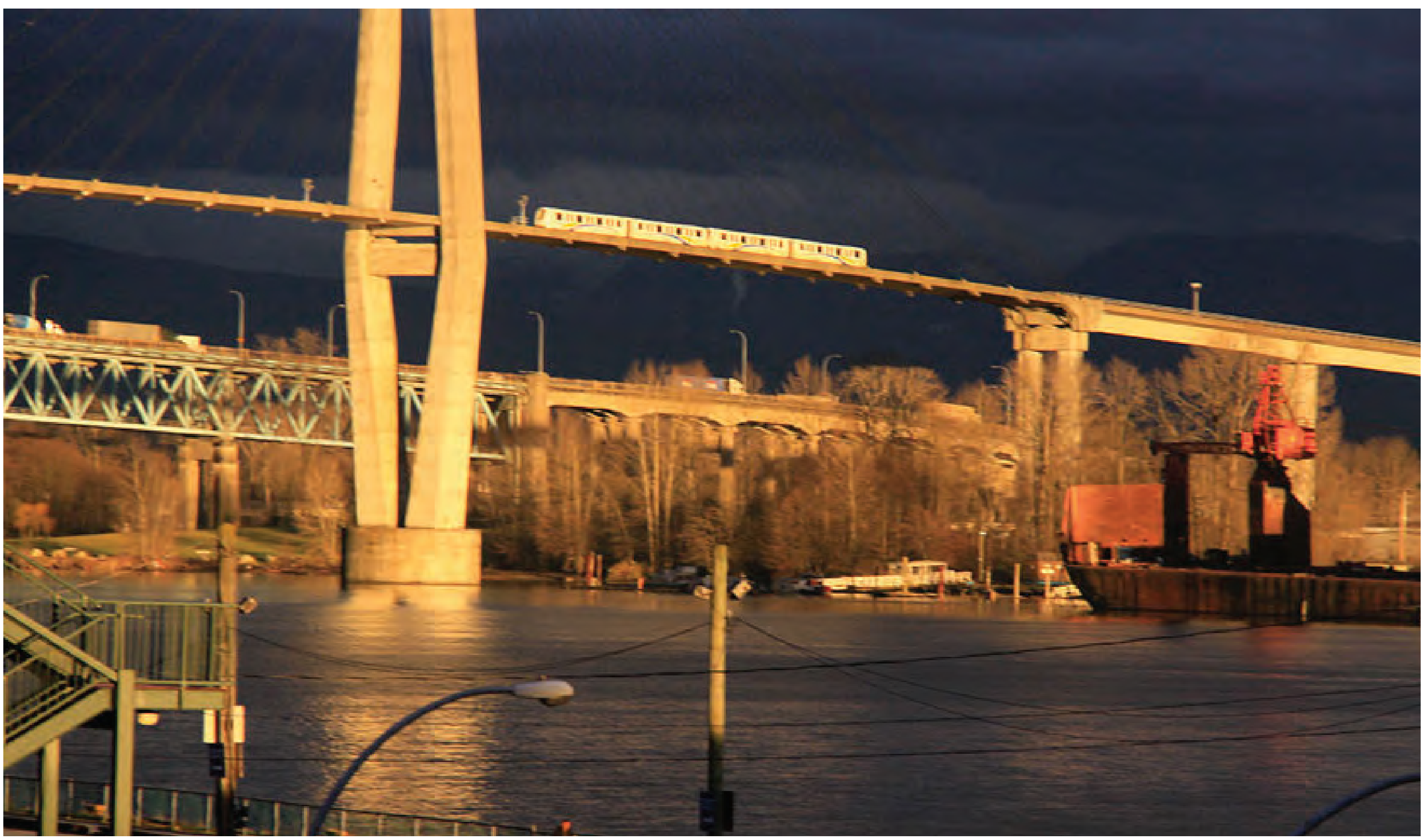
Despite being minutes from Vancouver, it is surprising to see real estate that is considerably more affordable than the City of Vancouver and most other Metro Vancouver cities. Typical in a rising market, values have steadily risen for several years. With a recent benchmark price of $649,200 for a single-family home, and increasing, New Westminster's real estate remains more affordable than nearly all other Metro Vancouver's cities. It ranks number 18 out of 19 for lowest priced real estate in the region.

HOUSING – INVENTORY AND SALES

Inventory rose steadily, while sales peaked recently and are now trending down. While this is uncharacteristic of a rising market, there are a number of market influencers that impact this key driver, such as:

- Similar to all markets on this part of REIN's Real Estate Cycle, longer-term residents are selling, wishing to "cash in their chips" from the recent run-up
- Completion and entry of new developments onto the market
- New mortgage rules make it more difficult to qualify for homes over $500,000; therefore, reducing demand for more expensive houses, while demand for inventory less than $500,000 remains strong
- Available inventory versus price point
- Typical seasonal shifts within the annual market calendar

This is why REIN studies multiple key drivers and market influencers to ensure a holistic picture and prediction for the future.



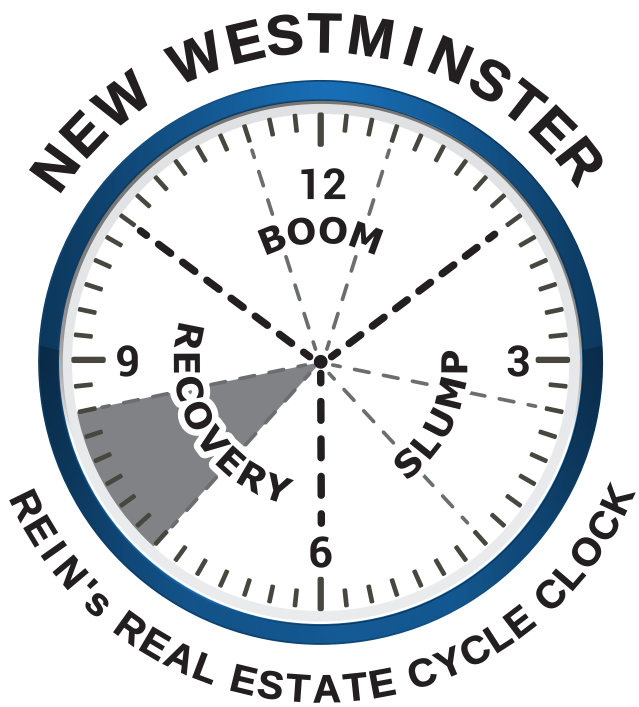
RENTAL TREND AND VACANCY RATES

Recently the average one-bedroom rent was listed at $1,085. However, according to PadMapper, in October 2017, the median rent for a one-bedroom apartment was $1,250 while the two-bedroom rent rate increased 35 per cent over the previous month to $1,963. Vacancy rates are continuing to drop, recently reaching as low as 1.2 per cent. These rental rates increases and vacancy decreases, over the long- and short-term are consistent with the recovery phase of the real estate cycle.

In conclusion, located on the north side of the Fraser River (one less bridge if commuting to the City of Vancouver's Central Business District), five SkyTrain stations, family forward planning and waterfront lifestyle availability, New Westminster is a unique combination for strategic investors. They see a city with a diverse economy that is one of the most affordable in the Metro Vancouver region.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate New Westminster's real estate market is: "middle of recovery."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Being in middle of recovery, "Rent to Own" is optimal, while "Buy and Hold" is good. Watch closely as this market moves towards the beginning of the boom, in which the "Fix and Flip" tactic will be optimal.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

4. VICTORIA

OVERVIEW

The capital city of British Columbia, Victoria, is located on the southern tip of Vancouver Island off Canada's Pacific Coast. The obvious economic driver in Victoria is the Provincial Government and the ancillary businesses that support it.

However, Victoria is slowly and quietly, becoming a technology and entrepreneurial hub. Layer on the city's place as a major tourism destination, the number of post-secondary institutions in the region, ocean and marine sectors, as well as health care, and you discover that Victoria's economy is robust, diverse, and well poised for the future.

Forward-thinking city leaders contribute to a positive political climate for businesses. Victoria plans to leverage its "Proud History" while preparing for a "Bright Future". This plan includes major investments in infrastructure improvements and protection of its famous lifestyle, to attract and keep businesses. Victoria shows the underpinnings of an economy set to follow REIN's Long-Term Real Estate Success Formula.

Victoria is keen to adopt sustainable practices to encourage business and create an environment ideal for expansion while still retaining its heritage. This will attract the next demographic wave to the city that will demand housing as well as support commercial businesses.

EMPLOYMENT

The growing economy resulted in both employment rate and median income increases, while unemployment decreased. Its newfound industrial diversity, combined with hosting the seat of government, supports resiliency during economic or industry changes.

According to the most recent data, Victoria surpasses the national median income, and boasts one of the highest median incomes in British Columbia at $89,640 compared to the provincial median income of $79,750. This, combined with affordability, attracts people from Metro Vancouver and beyond.

POPULATION

According to the federal census in 2016, the city of Victoria's population was 85,792, up from 80,017 in

2011, a growth rate of 7.2 per cent (while 2011 was only up 2.5 per cent from 2006.) The population reported in the census of metropolitan Victoria increased almost 11 per cent to 367,770. This growth outpaced both the national growth rate of 5 per cent and provincial growth rate 5.6 per cent over a five-year period. And this is the real reason behind the strong housing demand and price increases. Greater Victoria's population is projected to grow by four to five per cent every five years between 2015 and 2025.

Victoria residents' median age of 42.7 years is older than the national median of 41.2, yet slightly younger than the provincial median age of 43. Young families and entrepreneurs are discovering the city, and are continuing to be attracted to Victoria; this means the average age could drop when compared to the overall province. However, the city's region remains an attractive home for retirees, and as the Baby Boomers age and retire, we could see their migration West impact the median age.

Combined, the population trends are consistent with a rising market. The hot Canadian housing market has an interesting effect on the Victoria market; people across Canada are cashing in on the strong value increases of their homes and taking that money to live in the Victoria region, for its weather and "walk-able" lifestyle.

HOUSING – REAL ESTATE VALUES

Recently, the benchmark residential price was $823,100. This is a yearly increase of 10.9 per cent. Looking at the longer view, prices have trended steadily upward since 2013. Victoria's economic fundamental key drivers, such as GDP, employment and population growth, suggest it will continue to rise despite this very high benchmark price and increase. A move towards densification with condominium projects will help to temper the average price.

HOUSING – INVENTORY AND SALES

Sales appear to have hit a peak, and are finally heading back to long-term averages. The Victoria Real Estate Board explains that, while the current market is different when compared to last year's record-breaking numbers, "Now the tempo of the market is trending slowly – very slowly – towards more balanced conditions." While sales are softer year over year, sales in September exceeded the ten-year average by more than 10 per cent, indicating Victoria is in an active market with the availability of appropriate product.

Listings hit their lowest point recently and are just beginning to rise, in alignment with a market coming

into a boom phase of the real estate cycle. It is also important to note that the average residential listing stays on the market for only 22 days and should decrease as the market rises.

RENTAL TREND AND VACANCY RATES

One-bedroom apartments in Victoria rent for $1,331, which is among the highest rental rates in British Columbia. Rents continue to increase as a result of strong demand without a proportional increase in supply. Similarly, strong demand continues to drive down the vacancy rate, which hit a remarkable low of 0.5 per cent , and is yet another indication of the rising market. This could lead to future rental specific builds.

In conclusion, a strong rental market, a diverse economy, inherent seat-of-government stability, location, relative affordability, and high median income, are key factors that give Victoria an edge over other top towns and cities in British Columbia.

REIN’S REAL ESTATE CYCLE CLOCK

Based on REIN’s Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Victoria’s real estate market is: “middle to end of recovery.”

REIN’S REAL ESTATE CYCLE INVESTMENT TACTICS

Being in middle of recovery, “Rent to Own” is optimal, while “Buy and Hold” is good. Watch closely as this market moves towards beginning of the boom, in which the “Fix and Flip” tactic will be optimal.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

5. KAMLOOPS

OVERVIEW

Located in south central British Columbia, Kamloops is the largest community in the Thompson-Nicola Regional District and ranked 37 on the list of the 100 largest metropolitan areas in Canada. Strategically positioned, one of the city's largest assets is its ready accessibility to key transportation routes, including Highways 5 and 97, the Trans-Canada, and Yellowhead Highways. Both Canadian class one freight railroads, as well as passenger trains, connect Kamloops to the East and the West, and the Kamloops Airport hosts major Canadian airlines.

While location may be the most apparent benefit, and its role as a transportation hub serves Kamloops' economy well (attracting many primary resource-processing companies), other sectors support a diverse economy, namely, health care and a growing university. In fact, Thompson Rivers University, Open Learning (TRU-OL) is the biggest distance education provider in British Columbia and one of the largest in Canada and serves a student body of more than 10,000.

The City of Kamloops is actively planning for growth, expecting its population to increase about 25 per cent to around 120,000 over the next 22 years. Kamloops is now in phase three of its KAMPLAN. With this Official Community Plan (OCP), the city focuses on growing a sustainable and healthy community. The city addresses concerns while it works to create vibrant neighbourhoods where people want to live, work, and play. This includes densification, "complete neighbourhoods", diverse housing options, improved transportation and connectivity, and more. Kamloops is a community that encourages growth, development, and improvement.

EMPLOYMENT

We find a reflection of the city's focus on growth and development in the fact that Kamloops' unemployment rate is decreasing while the employment rate is increasing. This indicates favourable economic conditions as job creation keeps pace with the influx of citizens. It also points to a rising real estate market.

A statistic where Kamloops falls short of other cities in B.C. is median family income. With a median income of $ 61,639, the city ranks below average. However, taking into account housing prices and overall cost of living, the city is one of the more affordable markets in the province, which helps it attract industry and other job-creating companies.

POPULATION

The latest federal census (2016) reveals that Kamloops has a population of 90,280, reflecting a growth rate of 5.4 per cent between the years 2011 to 2016. Although this outpaces the national growth rate of five per cent, it ranks lower among cities in British Columbia, with the average growth rate of the cities studied being 6.32 per cent. However, the city has a history of steady growth.

When compared provincially, Kamloops' median age of 42.2 is just slightly younger than the average. In fact, it is in the healthy range for optimal growth. Given Kamloops' strategic location, affordability and growing economic base, it will attract a wide age range of new residents from students to seniors.

HOUSING – REAL ESTATE VALUES

The average residential price in Kamloops is (generally) experiencing an upward trend, adjusted for seasonality, hitting a record high this summer, breaking the $375,000 mark. However, these values are well below the British Columbia average home price of $606,787 and this continues to build Kamloops' reputation for relative affordability. Consistent with a market on the rise, home values are increasing more than the rate of inflation , negatively affecting affordability.

HOUSING – INVENTORY AND SALES

Sales have seen a consistent increase over the ten-year average since 2014. Inventory has been relatively flat but is now decreasing. These statistics align with a market on the rise - reduced listings with an increase in sales. We can expect the number of days on market to also decrease.

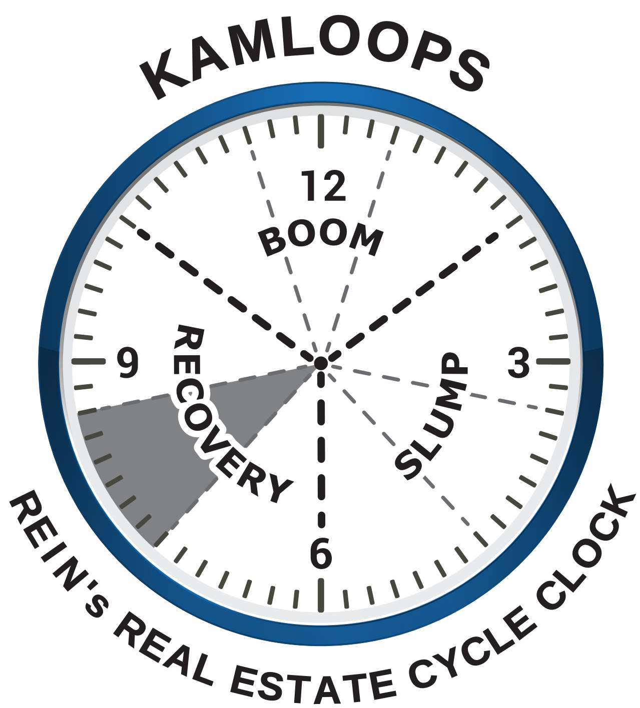
RENTAL TREND AND VACANCY RATES

A vacancy rate of three per cent indicates a balanced market. A recent CMHC Rental Market Report stated Kamloops' two-bedroom vacancy rate at 1.3 per cent, which is low and aligns with a rising real estate market. It is also indicative of an influx of young families to the area. Given Kamloops' economic fundamentals and real estate market heating up, one would expect to see the vacancy rate to stabilize or even further decrease.

Rent for a one-bedroom apartment is increasing and currently sits at about $1,075, with two-bedroom apartments renting for $1,575. For investors, this indicates potential for excellent returns-on-investment (ROI), given real estate values relative to other cities. In conclusion, when we consider the strong economic fundamentals, the city leadership planning for growth, and the real estate market getting warmer still, there is opportunity for long-term, slow, steady growth.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Kamloops' real estate market is: "middle of recovery."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Being in middle of recovery, "Rent to Own" is optimal, while "Buy and Hold" is good. Watch closely as this market moves towards beginning of the boom, in which the "Fix and Flip" tactic will be optimal.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

6. KELOWNA

OVERVIEW

As one of the largest metropolitan areas in British Columbia, and ranking twenty second largest in Canada, this city in the southern interior on Okanagan Lake is a recreational haven amid a growing and diversifying economy.

Traditionally, an agricultural and tourism city, Kelowna enjoys a reputation as a “high tech hotspot.” More than 600 tech businesses have been attracted to Kelowna contributing $1.3 billion to the local economy. With business licenses up 15.4 per cent over the last five years and ranked as the number one entrepreneurial region in Canada , Kelowna’s economic fundamentals look strong.

A diversifying economy, proactive city leadership, and attractive business climate in Kelowna, support their rating as “the most cost competitive place to do business in Western North America” by KPMG. Combined with plans to make the downtown a “true civic heart”, a destination to live, work, shop, learn and play, Kelowna makes an attractive environment for growth and investment.

EMPLOYMENT

Kelowna attracts businesses and jobs. Currently, the employment rate is 64 per cent, an increase of 6.8 per cent year over year. While median income is on the lower end compared to other B.C. towns and cities, it is steadily rising. According to the Central Okanagan Economic Indicators report, second quarter 2017: “The Kelowna CMA saw the largest gains in median household income levels in Canada from 2013 – 2014.” Each of these economic fundamentals indicates a further rise in the real estate market that’s approaching its next peak.

POPULATION

The latest Federal Census in 2016 lists Kelowna's population at 127,380, making it one of the largest cities outside of the B.C.'s Lower Mainland. The growth rate from 2011 to 2016 was 8.6 per cent, which surpasses both the national growth rate of five per cent, and provincial growth rate at 5.6 per cent. Kelowna ranks among the fastest growing cities in British Columbia. Kelowna attracts business and people – including Baby Boomers and Gen X'ers who relocate from the Lower Mainland to take advantage of the lifestyle and relative affordability the Okanagan offers; net migration is trending up.

HOUSING – REAL ESTATE VALUES

Over the long view, residential housing prices are trending up, with recent prices for single-family homes fetching more than $700,000. While single-family average sale prices decreased slightly over the summer compared to last year, property prices increased 14 per cent year-over-year.

Even as the number of days on market experienced a slight increase this summer, the long-term trend indicates this statistic to be decreasing. These trends are consistent with a hot real estate market in the throes of a booming demand.

HOUSING – INVENTORY AND SALES

In line with a hot market, listings decreased and sales increased. A lack of homes for sale in relation to demand buoys the prices. This trend has the potential to hit the region with even more upward impact in the spring of 2018.

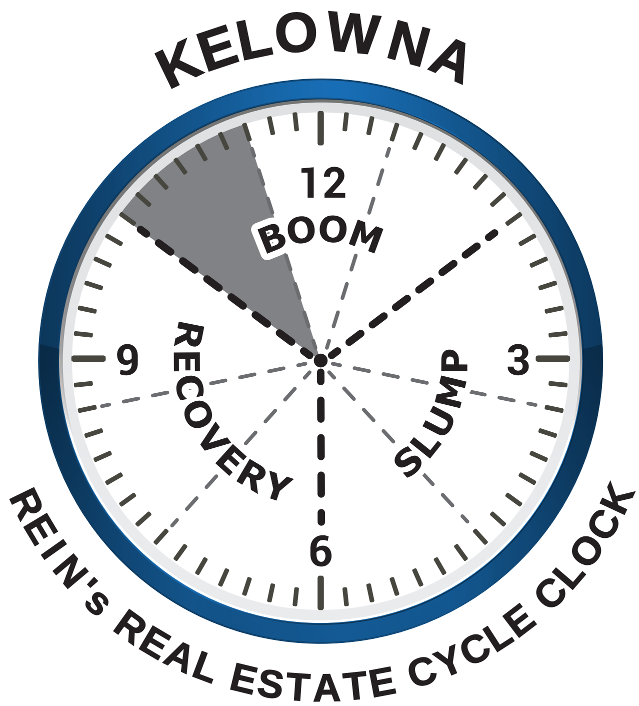
RENTAL TREND AND VACANCY RATES

According to PadMapper, recent median rent rates for a one-bedroom apartment is $2,500, but a search of Kijiji reflects a lower rental rate (of non-executive, furnished rentals) of $1,050. This also indicates the range of rental types and rates available in this booming market. It is important to note that Kelowna's tourism sector draws short-term and furnished rentals, which increase the median rates and skews the numbers upward. Kelowna's vacancy rate features a steady decrease, and is likely to reach a remarkable low of around 0.6 per cent in 2018.

In conclusion, poised for economic growth with new sectors, city plans, and development, we determine that Kelowna has a great rental market opportunity, where the right property can deliver solid monthly cash flow. Kelowna is now approaching a technical peak of the market, and in 2018, the numbers will begin to reflect this, as month-to-month numbers in sales, values and rentals could begin to send mixed signals. The market it still heating up as population-driven demand continues, but strategic investors are being very careful with the properties and neighbourhoods they choose and the tactics they use.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Kelowna's real estate market is: "beginning of boom."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

This market is approaching its next peak. "Buy and Hold" is plausible, and "Rent to Own" is good. However, "Fix and Flip" is an optimal tactic during this phase of the real estate cycle.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

7. CHILLIWACK

OVERVIEW

Surrounded by mountains, recreational areas and nestled in the seat of the Fraser Valley Regional District, Chilliwack is the seventh largest city in British Columbia. Historically an agricultural community, the city is quickly becoming an urban centre. People choose to live in Chilliwack because of lower tax rates, affordable housing costs and lifestyle opportunities.

With a commitment to efficiency, accountability and service for both current and prospective residents and businesses, Chilliwack is one of the fastest growing regions in B.C. Its population and employment growth outpace other municipalities and we expect the trend to continue, providing new opportunities for the local economy. In addition to a number of other initiatives, Chilliwack's Business Improvement Association, is focusing on redeveloping and attracting new businesses to its historic downtown. As an example of this development focus, Molson Coors Canada, recently decided to call Chilliwack home, thanks, in part, to low residential and business taxes. This will bring many new jobs, as well as construction activity to the area.

Chilliwack is open for business , with 4,593 business licenses issued in 2016.

EMPLOYMENT

Employment in Chilliwack is quite stable, though the employment rate of 60.1 per cent is lower than the national rate of 61.6. It is a city in economic transition. Steady job creation and drawing new businesses support the idea that employment levels should increase proportionally to the population increase (see below). In 2013, the median family income was $64,010, which is on the low end, when compared to other cities in B.C., and indicative of a city in transition.

POPULATION

According to the Federal Census in 2016, Chilliwack had a population of 83,788, reflecting a growth rate between the years 2011 to 2016 of 7.5 per cent, well above the provincial and national growth rates of 5.6 and 5, respectively. The median age nearly matches that of the national number of 41.3.

So, while not as youthful as other cities, it should still benefit from the impact a younger population contributes to development and the economy. The growing impact of the University of the Fraser Valley's Chilliwack campus is only just beginning to affect the growth of small spin-off businesses that consciously choose to tap into this resource of new graduates.

HOUSING – REAL ESTATE VALUES

The average sale price in Chilliwack (all property types) was recently about $430,000, which, over the long-term, is an upward trend, and shows a year-over-year increase of more than 16 per cent. A typical single-family home is in the range of $625,000 to $650,000. The longer-term view reflects a rising residential housing market.

It is definitely one of the most affordable cities in the region and continues to attract commuters to the area. Tempering this commuter demand is the increased congestion of the Trans-Canada Highway due in part to recent provincial government announcements, namely the removal of Port Mann Bridge tolls, which has increased traffic by an average of 30 per cent, and the delay of the proposed widening of the Trans-Canada Highway.

Media reports a cooling off period of the housing market. Don't believe it; the indicators are that it is just a short pause before it continues on its upward path.

HOUSING – INVENTORY AND SALES

Listings recently tallied at 195 and sales at 128, with an average of 22 days on market. Despite recent statistical slowdowns, long-term trends continue to show an increase in sales proportional to demand, as Chilliwack attracts people, and young families move up to larger units.

RENTAL TREND AND VACANCY RATES

With an average one-bedroom renting at $750, Chilliwack is one of the most affordable cities in which to rent in the province, but this won't last given the extremely low vacancy rates. It is very important to note that the range of rental prices is wide and strategic investors must pay close attention to specific neighbourhoods.

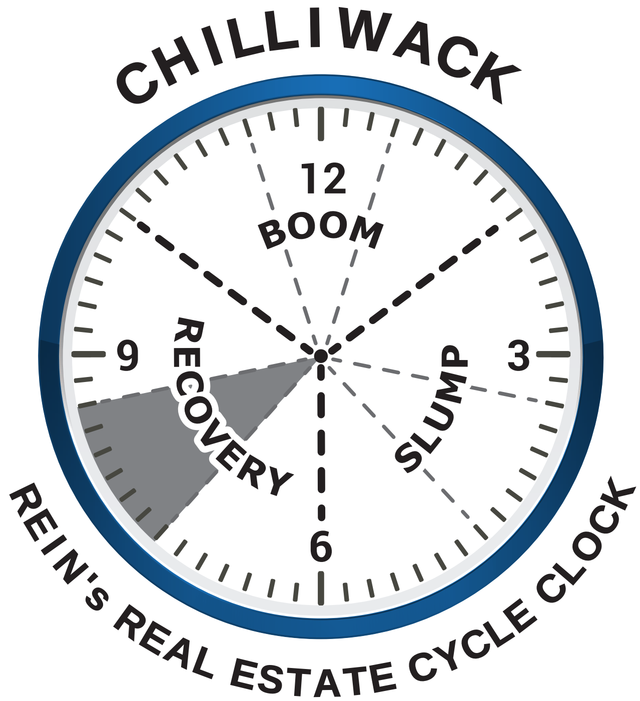
Vacancy rates are extremely low across the city, around 0.8 per cent, and are trending down. These rental increases and vacancy decreases, over the long-

and short-term are consistent with the recovery phase of the real estate cycle.

In conclusion, strategic investors will see that Chilliwack is in a favourable position for a strong, long-term real estate market. Are there distance and location challenges? Absolutely. However, the city leadership is working aggressively to bring job-creating businesses to the city, not just affordability driven commuters. This will help to provide long-term stability to the region.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Chilliwack's real estate market is: "middle of recovery."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Being in middle of recovery, "Rent to Own" is optimal, while "Buy and Hold" is good. Watch closely as this market moves towards beginning of the boom, in which the "Fix and Flip" tactic will be optimal.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

8. TRI-CITIES:
COQUITLAM, PORT COQUITLAM, PORT MOODY

OVERVIEW

The three adjacent suburban cities of Coquitlam, Port Coquitlam, and Port Moody are known informally as the Tri-Cities. As they have similar economic fundamentals and market influencers, we too have grouped them together for this report. An example of the cohesive nature of these cities, is that they operate one unified Tri-Cities Chamber of Commerce.

For the sake of expediency, most of the statistics used in this section refer to Coquitlam, as it is the largest city making up the Tri-Cities, but strategic investors understand that in large regions such as this, one requires diligence to understand the dynamics of each specific neighbourhood.

Located in the northeast sector of Metro Vancouver, the Tri-Cities have ready access to major highways, rail arterials, rapid transit, airports and the Port of Vancouver. This provides businesses and people with convenient access to Vancouver, the U.S., and the Pacific Rim. Recent transportation infrastructure improvements – namely the opening of the Evergreen light rail transit line in December 2016, with stations in both Port Moody and Coquitlam – and the widening of Trans-Canada Highway from Vancouver to the Port Mann Bridge make the Tri-Cities even more attractive and increases accessibility to the region. As a suburb of Vancouver, the Tri-Cities are 40 minutes from one of the largest economic engines in the province, and many people commute to and from work.

The Tri-Cities' business community includes major destination retail stores and businesses that serve all of Metro Vancouver, as well as industrial, health care, and education such as Douglas College. A balanced and vital job scene, buoyed by easy access to other communities, supports employment opportunities. There is a commitment to continuous improvement of the business environment to foster growth and prosperity.

EMPLOYMENT

Within the Census Metropolitan Area of Vancouver, the Tri-Cities employment rates align with those of the region; unemployment is down to about 5.8 per cent.

Recently, 2016 Federal Census income data shows the 2015 total median income of households as:

- Coquitlam: $74,383, up 6.1 per cent from $70,139 in 2005
- Port Coquitlam: $84,096, an 8.1 per cent increase since 2005
- Port Moody: $92,922, a 5.3 per cent increase since 2005

POPULATION

According to the 2016 Federal Census, the combined population for the Tri-Cities was 231,396, with a breakdown as follows:

- Coquitlam: 139,284.
- Port Coquitlam: 58,612
- Port Moody: 33,500

Population growth rates for the smaller cities are below the national average of five per cent. Coquitlam's astounding growth rate of 9.8 makes it one of the fastest growing cities in B.C. Population estimates predict 176,000 by 2021 and 224,000 by 2041.

Coquitlam's median age is 41.1, while the other two cities are slightly younger at 40.65. This youthful age remains in the range to support the long-term economy of the area.

HOUSING – REAL ESTATE VALUES

Combined, the average benchmark price for a single detached home in the Tri-Cities, September 2017, was $1,138,200 , which drives demand for condo living in the area. Two distinct market trends emerged this summer:

1. The detached home market saw demand ease.
2. Competition for condominiums and townhouses continued to create multiple offer scenarios and put upward pressure on prices for that property type.

Coquitlam house prices have steadily increased over the years, reaching an 18 per cent increase year-over-year, consistent with a hot real estate market. That said, and similar to other Metro Vancouver communities, recent statistics show the average home price decreasing. While we can attribute much of this to the mix of homes sold, which shifted from a majority of higher-priced homes to a majority of lower-priced, Tri-Cities statistics indicate it is entering the late part of the boom cycle.

Location and property type are important here. There are still many neighbourhoods in the area that are just beginning to enter a boom cycle, especially those within 800 meters of SkyTrain and Westcoast Express stations. The demand for condos and townhouses over single family homes will lead to a tempering of average sale price figures over the coming years. Demand isn't slowing; it is just shifting to a different housing style.

HOUSING – INVENTORY AND SALES

Listings recently trended up, with about 307 new listings coming on the market. Sales peaked in May 2017 and are slowly, but steadily decreasing. Trends for both of these drivers indicate the start of an overall slowing real estate market from its recent hot peak.

RENTAL TREND AND VACANCY RATES

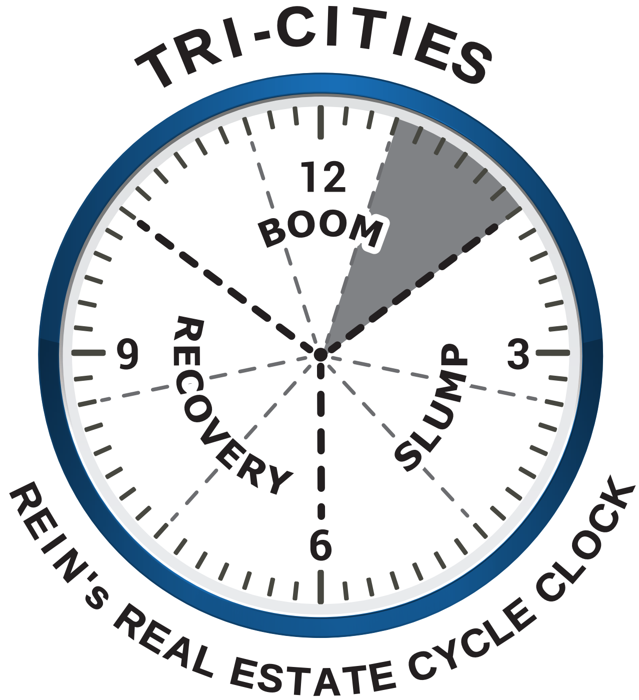
Rents for one-bedroom apartments peaked this summer at a surprising figure of $1,140, while two-bedroom apartments rented for about $300 more. Rent rates are now starting to decrease, with one-bedroom apartments commanding about $1,098. It is important to understand that month-to-month average rental figures have strong variability based on availability at that time. Strategic investors with well-chosen properties find rents and rental demand continuing to increase.

Vacancy rates remain low and appear to have hit a trough, where they should stay for quite a while.

Our main conclusion is, "Don't miss the signs at the end of the boom, which are easy to overlook." While housing values continue to rise and affordability decreases, investors often miss the decline, based on peaking population and rents, and low vacancies. The Tri-Cities have great economic fundamentals, but be sure to use the right tactic and watch for the right time to invest. And most importantly, given the diversity of neighbourhoods and real estate types in this region, be strategic in your choices.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers, the underlying demographics as well as the additional influencers indicate that the Tri-Cities' region as a whole is technically in the end-of-boom, beginning of slump phase, but many of the neighbourhoods are actually just entering the boom phase.

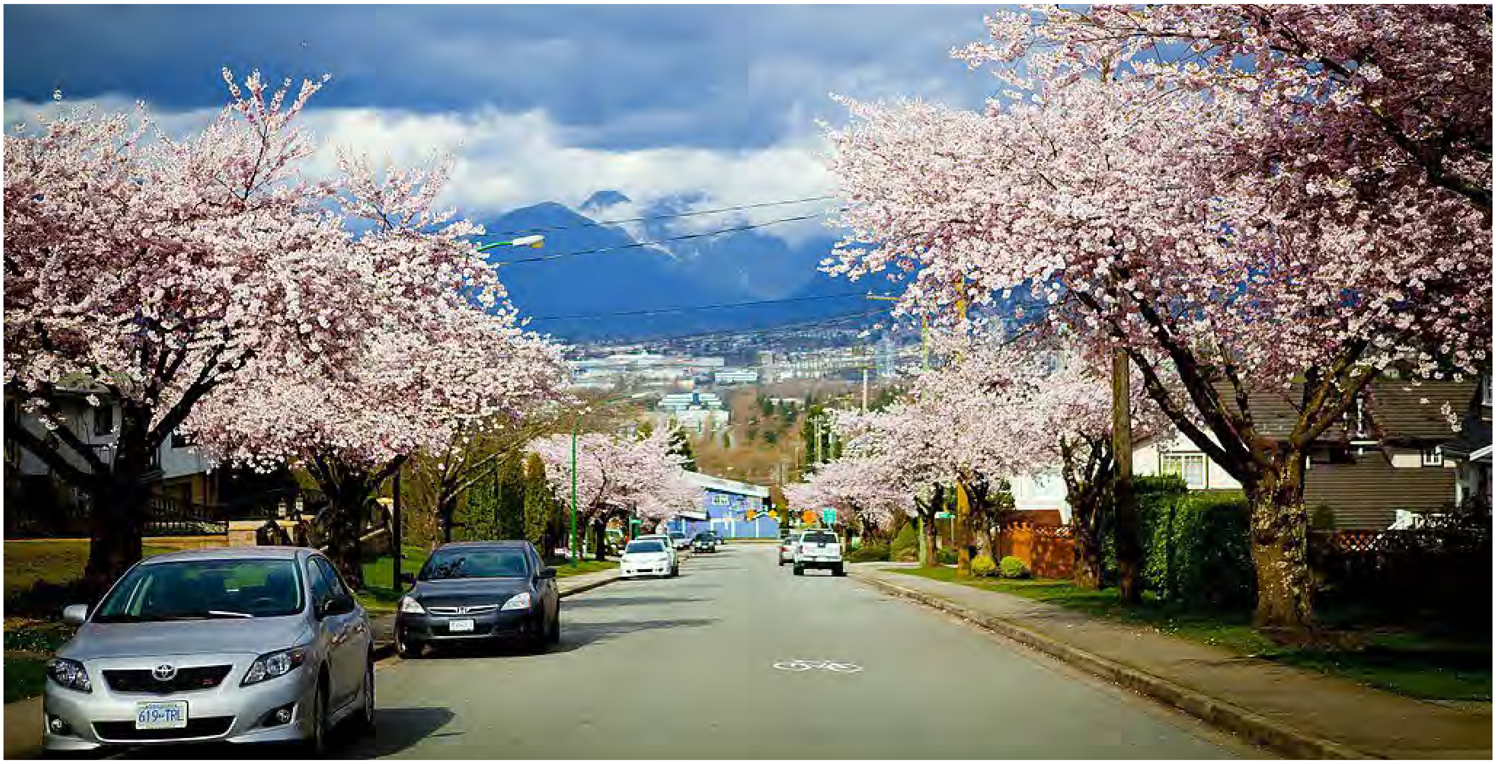


REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

At this part of the cycle, be wary of poorly chosen "Buy and Hold" and "Rent to Own" tactics. Strategic investors will want to watch for signs of the slowing market and position themselves to take action towards the end of the slowing market. Patience and persistence will pay off.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

9. BURNABY



OVERVIEW

Located on the border of the City of Vancouver, Burnaby, a city at the centre of the Metro Vancouver region, is in the midst of a dramatic increase in housing demand, and in many key neighbourhoods, strong densification. Burnaby is B.C.'s third largest city by population, behind only Surrey and Vancouver. Burnaby offers an engaged and active citizenry, a healthy economy and a real respect for the natural environment; it delivers an attractive lifestyle and community very near the central business districts of the City of Vancouver.

Easy access to the Trans-Canada Highway, Port of Vancouver, rail and SkyTrain encourages closer connections to New Westminster, Vancouver, Surrey, and more. Leveraging Metro Vancouver's light rail transit, major densification and revitalization efforts are well underway at Brentwood Town Centre, and MetroTown neighbourhoods. Less than a 30-minute commute by SkyTrain from mid-Burnaby to Vancouver's city core, Burnaby offers an easy transit for commuters who work in Vancouver's downtown.

In its own right, Burnaby boasts a diverse economy. The city features high-density residential areas, major commercial town centres, rapid transit, high technology research and business parks, film production studios, TV stations (such as Global TV) and comprehensive industrial estates. It is also home to many world-class campuses of post-secondary institutions: Simon Fraser University, Fraser International College, and the British Columbia Institute of Technology.

Easy access to Vancouver city centre, combined with a diverse economy, means more people now choose Burnaby as their home. We find most development and densification in zones of revitalization as there is a limited amount of vacant developable land in the city. This also means that costs for development are high due to land assembly requirements. Despite this fact, the city is well positioned for additional future growth as population driven demand continues to increase. Construction of housing and infrastructure is the highest in decades, which indicates Burnaby's accelerated growth relative to surrounding cities in the Lower Mainland, adding credence to the claim "Burnaby: Best city to live, work, play and learn". Voted best run city in Canada in 2009 by Maclean's magazine, Burnaby is preparing and building for the future.

EMPLOYMENT

Recent 2016 federal census income data shows the median total income of households in Burnaby increased nine per cent to $64,737 from 2005 to 2015. With an unemployment rate of 5.1 per cent, the city scores slightly lower than the provincial average of 5.3 per cent, but significantly better than the national average of 6.5 per cent. Employment is on the rise, with job creation trending up.

Burnaby attracts a wide range of key economic sectors, such as major technology (Electronic Arts and TELUS), heavy industry (including Chevron Corporation and Petro-Canada petroleum refineries), and post-secondary educational institutions. The availability of highly coveted industrial land helps ensure a diversified economy.

Burnaby boasts a large number of revitalization and urban development projects. Also, it features a strong and diversified local economy with clusters of companies that range from information technology, wireless, biotechnology, life science, film, new media, education, environmental technology/services, tourism and professional services. Additional stable industrial sectors such as light industry, warehousing/distribution, heavy industry, agriculture, and not-for-profits", all combine as key drivers of employment in Burnaby.

POPULATION

The federal census in 2016 reported that Burnaby's population was 232,755. The growth rate from 2011 to 2016 was 4.3 per cent, which is lower than both the national and provincial rates. Taking a look at the longer trend, since 2006 Burnaby's population has grown nearly 15 per cent. A lack of housing supply may contribute to the recent slower population growth, but that bottleneck is easing with many projects on the go and housing starts beginning to rise. In fact, the Metro Vancouver Regional Growth Strategy forecasts Burnaby's population to grow to 345,000 by 2041.

The Brentwood Town Centre and Lougheed developments are well under way, with tens of thousands of new, dense, housing options coming online. Revitalization projects are strong, as Burnaby actively creates livable, sustainable, diverse, and inclusive communities built with exceptional urban design.

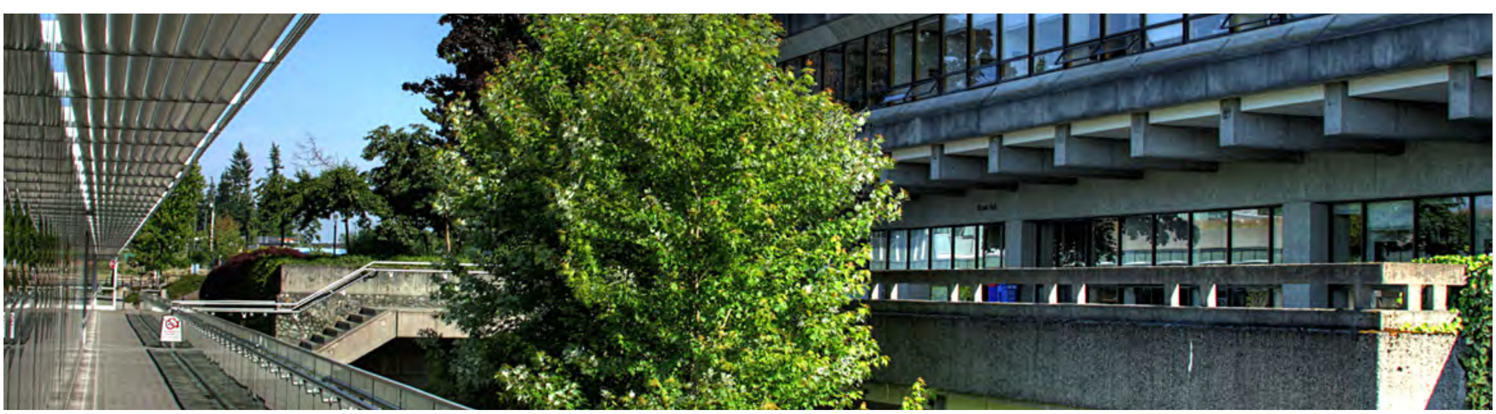
When it comes to age of the population, the city has a median age of 40.3 , younger than both the provincial and national averages. As a relatively young city, this supports the economy and future growth plans.

HOUSING – REAL ESTATE VALUES

Despite being minutes from Vancouver's downtown core, real estate is considerably more affordable. The benchmark price for a single detached home in Burnaby in September 2017 was $1,435,650 and this reflects a ten-year increase of more than 120 per cent. Home values are still increasing, though at a slower pace , and due to affordability, demand shifted from single-family homes to more affordable townhomes and condominiums. The average selling price of about $874,000 reflects this.

HOUSING – INVENTORY AND SALES

Listings have increased steadily and housing starts are beginning to increase. With new developments on the horizon, Burnaby now trends towards a boom. Typically, housing starts peak during a boom, so watch for when this new inventory comes online. Meanwhile, sales decreased slightly, mostly due to affordability and property type availability. The average number of days on market continues to be on a long-term trend downward. All of these indicators point to a further-rising real estate market.



RENTAL TREND AND VACANCY RATES

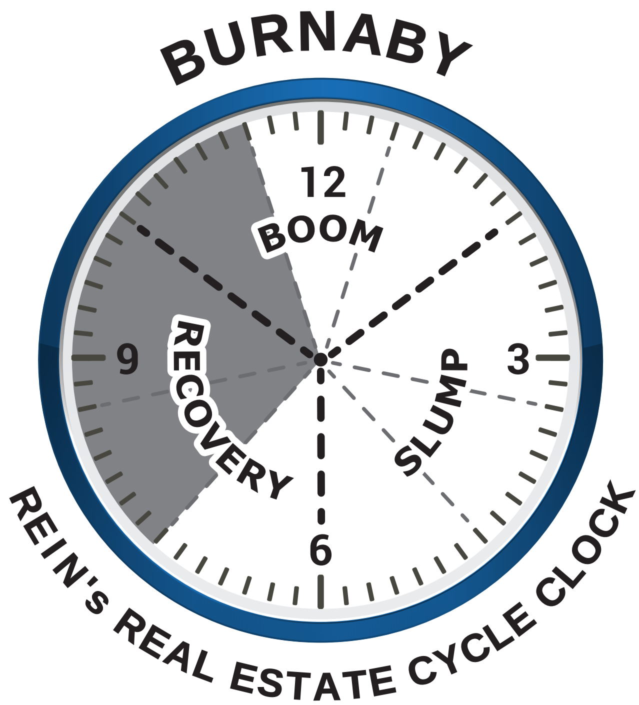
Recent average one-bedroom rent is $1,666, and rising when compared to summer rates. The two-bedroom rental rate is $2,007.

Vacany rates continue to drop, recent recently reaching as low as 1.2 per cent. These rental increases and vacancy decreases, over the long- and short-term are consistent with the recovery to early boom phases of the real estate cycle.

In conclusion, strategic investors will see that Burnaby is a well positioned city with a diverse economy and is destined for more growth.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Burnaby's real estate market is: "middle of recovery to beginning of boom."



REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

Being in middle of recovery, "Rent to Own" is optimal, while "Buy and Hold" is good. Watch closely as this market moves towards beginning of the boom, in which the "Fix and Flip" tactic will be optimal.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

10. VANCOUVER

OVERVIEW

Vancouver, a bustling west coast seaport in British Columbia, is among Canada's densest, most ethnically diverse cities. Consistently appearing on lists as one of the top five worldwide cities for livability and quality of life, Vancouver is Canada's primary gateway to the Pacific, making the city part of an efficient, effective and integrated global supply chain. Boasting an incredibly diverse economy that supports resiliency through most downturns, and with its scenic views and mild climate, Vancouver is famous around the world as both a popular tourist attraction and one of the best places in which to live.

The downside of this positive reputation is that it is now an international city where people from around the world wish to own property, and thus supply lags demand. This has driven property prices, especially single-family homes, into the stratosphere.

EMPLOYMENT

Employment in Vancouver is on the rise, while unemployment continues to drop. Median income increased 16.8 per cent to $65,327 from 2005 to 2015. However, this is well below both the provincial and national median incomes. So, with one of the highest real estate values in Canada, Vancouver is now unaffordable to most, forcing people to look at living or investing in other jurisdictions in the region.

POPULATION

As the most populous city in the province, third-largest metropolitan area in Canada and the fourth most densely populated large city in North America (behind New York City, San Francisco, and Mexico City), Vancouver's population bodes well. Based on the 2016 federal census, the City of Vancouver's population is 631,486.

The city's population growth rate is about 4.6 per cent, currently below both the provincial and national averages. Some of this slower growth rate can be attributed to its housing affordability challenges. Many people opt to move to other cities in the Metro Vancouver area where the housing options are relatively more affordable while they commute to work in the downtown core.

More than one million people are forecasted to live in Metro Vancouver in the next 24 years. While some will choose to live in more afforable areas in Metro Vancouver, a longer-term growth rate of this magnitude would also impact the City of Vancouver. Populations drive housing demand, and this will put pressure on the city and its housing supply. Given the restrictions on housing construction and speed to build, demand and supply constraints will need to be watched closely.

HOUSING – REAL ESTATE VALUES

The boom in demand and prices in Vancouver housing has been a hot topic for the last decade and will continue to be so for many years to come.

Vancouver's real estate market ranks as the least affordable in Canada, let alone the province or surrounding area. This means we can expect that many of the 1,000,000 more people coming to the area will be pushed out of the city itself into the Metro Vancouver region. Recent statistics show the benchmark single-family home price is more than $2,600,000, while the average sold price (taking into consideration a broader range of property types), is $1,300,000.

Royal Bank of Canada's (RBC) Housing Trends and Affordability report, September 2017, stated that affordability strain is intensifying, with little to no relief expected in Vancouver. "Any buyer hoping for a major affordability breakthrough in the Vancouver area will be disappointed… Not only are prices on the rise again but interest rates have begun to climb as well. The prospects for further rate hikes in the period ahead will put growing upward pressure on home ownership costs in Vancouver."

HOUSING – INVENTORY AND SALES

Over the longer view, both inventory and sales are increasing. This is consistent with the end of the boom, when sales have peaked, and listings begin to increase.

RENTAL TREND AND VACANCY RATES

The average rent for a one-bedroom apartment peaked this summer at $2,096, and is now trending slightly down at $2,058.

Based on Canada Mortgage and Housing Corporation's most recent rental market report (October 2016), the vacancy rate in Vancouver was 0.7 per cent. This is as expected at this phase of the real estate cycle.

In conclusion, Vancouver has all the right economic fundamentals of a world-class city, and attracts foreign investors and capital as a safe-haven on the global scale. Its economy is insulated. While affordability affects the return on investment, strategic investors, over the long-term, will find relatively safe investment opportunities, when timed right and with the right property.

WARNING: "Market influencers" sway the market. Interest rates, foreign capital, government policy (in place and proposed), and long delays in building approvals all play a big role in this great city's housing market. So, it is **not** just all about economics and demographics influencing the market. Strategic investors **must** pay very close attention to the political rhetoric and policy announcements.

WARNING: It will not fall off a cliff, just because it is at the end of the boom. Cities can remain at the end of the boom for a long, long time. Peaking affordability, employment, and sales are just a few of the drivers expected at the end of the boom. Vancouver has them all.

The media's attention to Vancouver's hot real estate market story continues unabated; this is another indication of the start of slow down.

It's important to note, that while REIN's Real Estate Cycle Scorecard and Clock can accurately predict what phase the real estate market is in, the duration is not predictable. Watch closely, stay connected to REIN, and ensure you are in position to take action, the right action, when the inevitable slump begins.

With a new NDP government in place, and GDP forecasted to increase, though at a much slower rate, watch this market closely.

REIN'S REAL ESTATE CYCLE CLOCK

Based on REIN's Real Estate Cycle Scorecard Clock, the economic fundamental key drivers and the market influencers indicate Vancouver's real estate market is: "end of boom," but prices, especially in the condo market are not expected to drop dramatically from this peak.

REIN'S REAL ESTATE CYCLE INVESTMENT TACTICS

At the end of a boom, avoid "Buy and Hold" and "Rent to Own". Strategic investors will want to watch for signs of the slowing market and position themselves to take action towards the end of it. Practice patience, and persistence will pay off.

Tactic	Recovery			Boom			Slump		
	Beginning	Middle	End	Beginning	Middle	End	Beginning	Middle	End
Buy and Hold	Good	Good	Good	Plausible	Tricky	Avoid	Plausible	Good	Optimal
Rent to Own	Good	Optimal	Tricky	Good	Tricky	Avoid	Tricky	Plausible	Good
Fix and Flip	Plausible	Good	Good	Optimal	Good	Tricky	Avoid	Tricky	Plausible

HONOURABLE MENTIONS

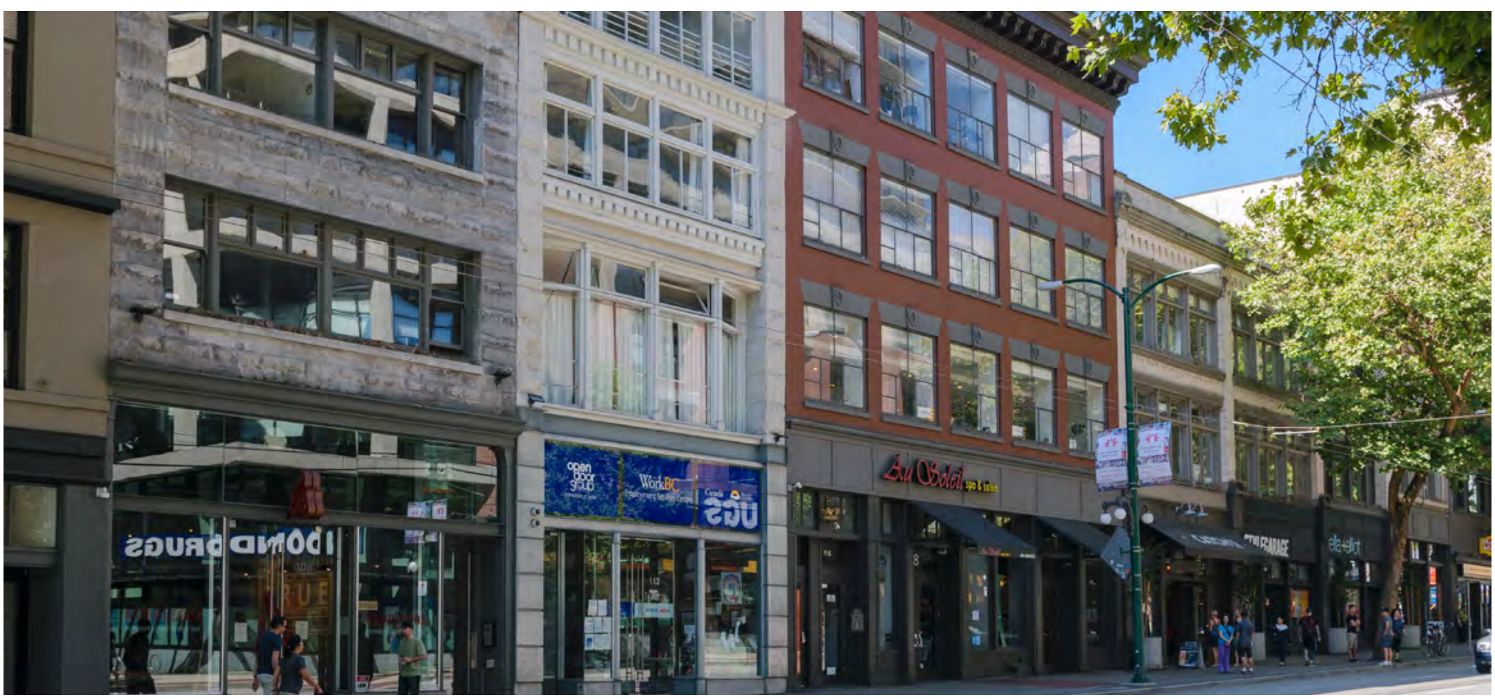
These towns and cities, while not making the top ten list, deserve honourable mentions, with strong economic fundamentals and market influencers to watch closely.

- Fort St. John
- Dawson Creek
- Township of Langley
- Mission
- Maple Ridge

SOURCING INFORMATION

Your sources for the answers to critical economic questions will come from many sources. These include, but are not limited to:

- Research reports published by Canadian Mortgage and Housing Corporation (CMHC)
- Statistics Canada's most recent census information available at the time
- Multiple Listing Service (MLS)
- Rental sites like Padmapper.com, Craigslist, Kijiji
- Canadian Home Builders' Association
- Federal government
- Provincial government
- Municipal government - City Economic Development
- City and Regional Real Estate Boards
- Locals, particularly REIN Members living and/or investing in the area, who can provide 'real time' and 'on the street' experience.



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