

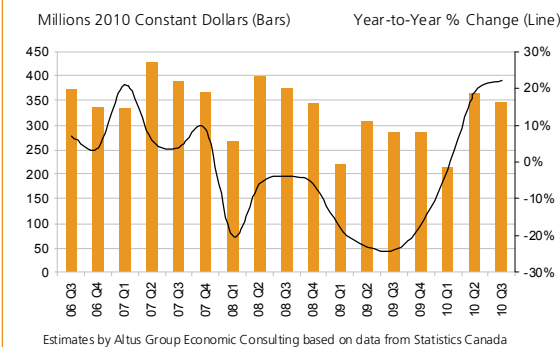
CMHI MANUFACTURED BUILDING SURVEY QUARTERLY REPORT

Third Quarter 2010

Manufactured Building Conditions

The Canadian Manufactured Housing Institute (CMHI) conducts a monthly survey of producers of factory-built homes called the CMHI Manufactured Building Survey. Altus Group Economic Consulting analyses the data produced from the CMHI Survey and provides information as to the evolving position of manufactured buildings within the Canadian construction sector.

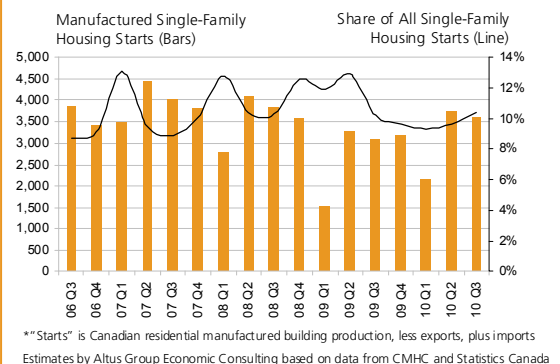
Manufactured Building Production Canada, 2006-2010



Highlights from Q3 2010:

- ❖ During the third quarter of 2010, the value of manufactured building production in Canada (residential and non-residential combined) continued to improve on a year-over-year basis, totalling \$346 million, a 22% increase;
- ❖ Some 3,608 factory-built single-family homes were started in the third quarter, representing a 17% improvement over the same period last year; and
- ❖ Factory-built units have recently started to improve as a share of total single-family housing starts.

Manufactured Building Residential Starts* Canada, 2006-2010



November 2010

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The *CMHI Manufactured Building Survey Quarterly Report* is produced with financial assistance from Canada Mortgage and Housing Corporation. To subscribe, please contact:

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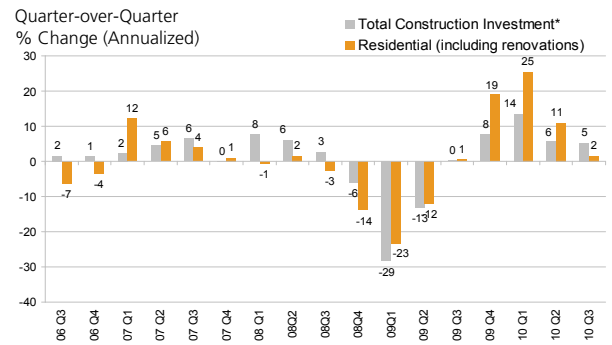


National Industry Indicators

Construction Industry

In the third quarter, residential construction investment was virtually unchanged compared to the previous quarter. Residential investment was 1.5% higher (annualized) in the third quarter as both renovation investment and new residential construction posted modest improvements. The weakness in the residential market seen in the third quarter reflects a more cautionary outlook for the sector.

Quarterly Construction Investment by Sector, Canada, 2006-2010

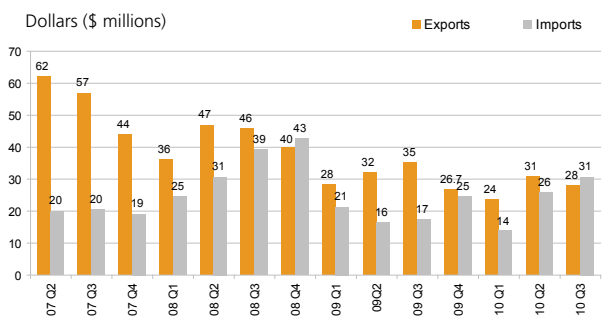


* Residential (incl. alteration and repair), non-residential buildings and engineering combined
Source: Altus Group Economic Consulting based on data from Statistics Canada

Exports of Manufactured Buildings

A surge in imports of manufactured buildings in the third quarter and weak exports resulted in Canada registering a trade deficit of manufactured buildings, its first since the fourth quarter of 2008. Although the U.S. still accounts for the majority of exports of manufactured buildings, demand should continue to waver as the housing market in the U.S. remains depressed. Despite weaker exports to the U.S., there are emerging export opportunities including the U.K. and Mexico, which accounted for about 10% of exports of manufactured buildings last year.

International Trade, Manufactured Buildings, Canada, 2007-2010



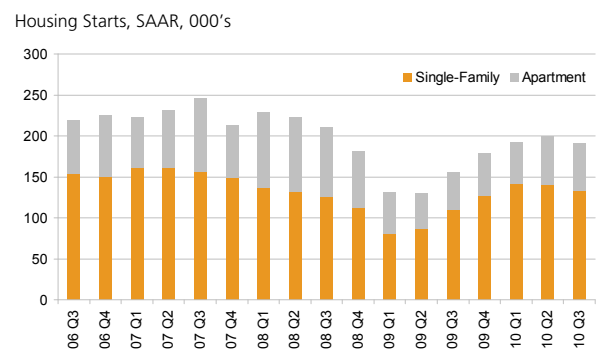
Source: Altus Group Economic Consulting based on data from Industry Canada, Trade By Industry NAICS Code

Housing Industry Overview

Canada Mortgage and Housing Corporation (CMHC) reports total new housing starts (including both site-built and factory-built homes). Total, Canada-wide, housing starts came in at 190,700 units seasonally adjusted at annual rates (SAAR) in the third quarter of 2010, which was about 5% lower than the previous quarter.

The decline in single-family construction (single-family houses being composed of single-detached, semi-detached and row house units) accounted for most of the weakness in total starts.

Quarterly Housing Starts By Type, Canada, 2006-2010



Source: Altus Group Economic Consulting based on data from CMHC Starts and Completions Survey



Survey Results

CMHI Manufactured Building Survey Summary Statistics Third Quarter, 2010

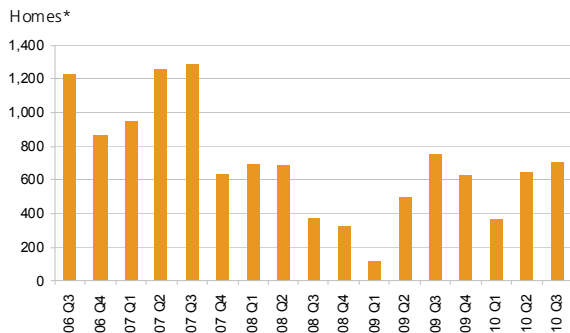
Type of Unit	Units	Square Feet (000s)	Value \$ (millions)	Value \$ (per sf)
Single-family homes	663	850	51.8	61.0
Multi-family homes	99	93	6.5	69.3
Non-residential	na	69	5.6	81.6
Other residential components ¹	na	1	0.1	39.7
Residential	762	944	58.3	61.8
Non-Residential	na	69	5.6	81.6
Total Production²	762	1,013	64.0	63.1

¹ Other residential components include second-storey additions, wall panels, individual rooms used as additions to existing dwellings, etc.

² Production refers to units that are produced in the factory and shipped to destinations in Canada and the United States. Value of shipments is estimated on an "fob" (freight on board) basis.

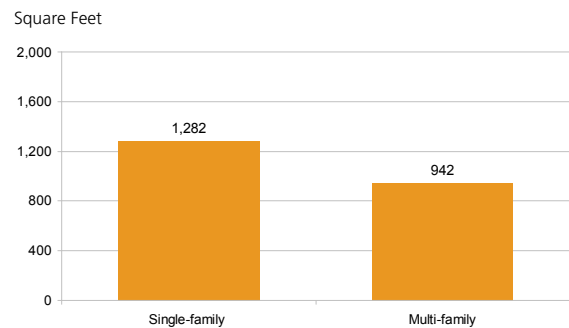
Source: Altus Group Economic Consulting based on data from the *CMHI Manufactured Building Survey*

Residential Manufactured Buildings Production, Survey Respondents, 2006-2010



CMHI Manufactured Building Survey; prior to 2007 Q3, data from CMHI Industry Shipments Survey
* Industry Shipments Survey data converted to "homes" from "sections" by Altus Group

Residential Manufactured Buildings Average Square Feet Per Unit, Q3 2010



CMHI Manufactured Building Survey

CMHI Manufactured Building Survey

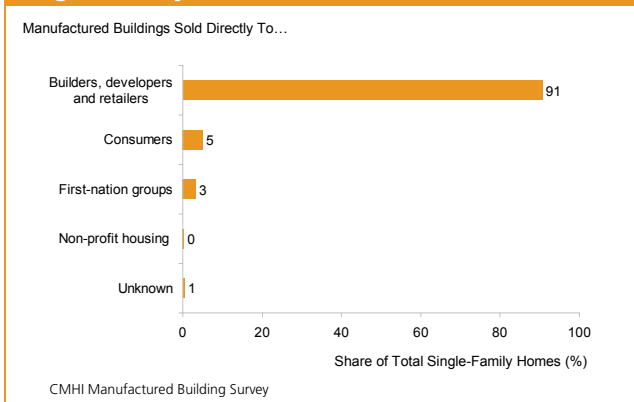
The *CMHI Manufactured Building Survey* is an interactive, web-based survey that collects data from producers of manufactured buildings relating to production volumes. Manufacturers are certified to Canadian Standards Association (CSA) standards. Approximately 90 firms in Canada are identified as CSA-certified builders of factory-constructed buildings and structures. In the third quarter of 2010, 13 firms participated in the *CMHI Manufactured Building Survey*, representing an effective response rate* of 19.5%.

If you are interested in participating in the *CMHI Manufactured Building Survey*, please contact Kathleen Maynard at 613-563-3520.

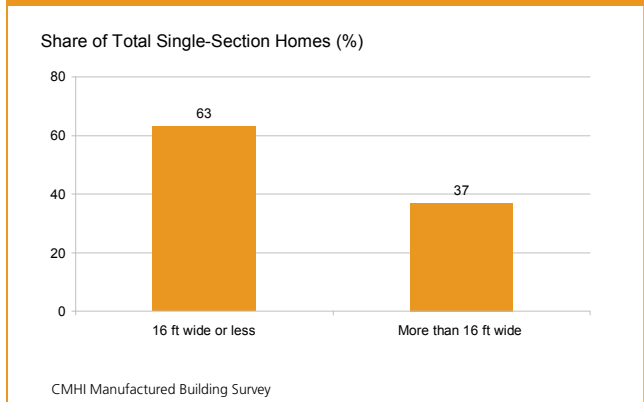
* Share of survey respondents' production of homes to estimated total production in Canada (3,608 homes).

Survey Results – Continued

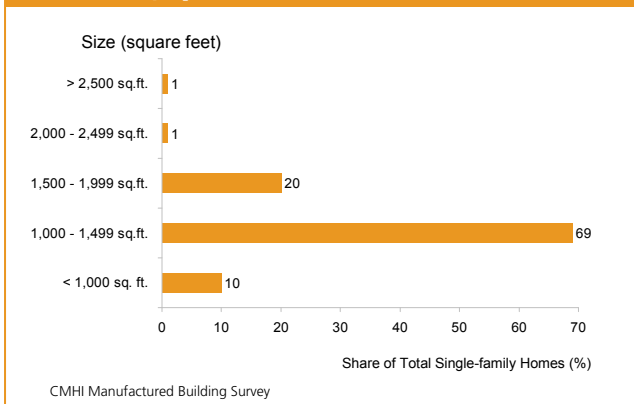
Distribution of Manufactured Building Sales, Single-Family, Q3 2010



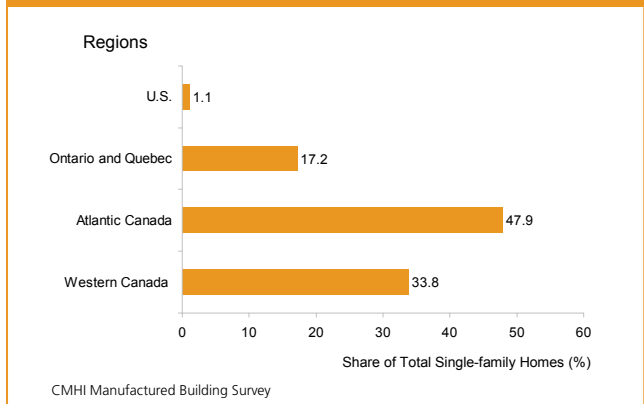
Distribution of Single-Section Homes By Size, Q3 2010



Distribution of Single-Family Homes By Total Home Size, Q3 2010



Distribution of Single-Family Homes By Destination, Q3 2010



Definitions and Statistical Methodology

- *Manufactured homes* are residential, usually single-section, units placed on a surface-mount foundation.
- *Modular homes* are three-dimensional, closed-wall, factory-built units that are manufactured at a central facility and transported to the dwelling site for assembly. They are usually placed on a full-perimeter foundation (i.e. crawl space or basement).
- *Non-residential* modular units are wood-frame units that are in most cases produced by the same companies that produce housing units. Examples include offices, health care buildings, educational facilities, recreational centres, etc.
- To analyze the Canadian manufactured building sector, data have been collected from Statistics Canada's Annual (and Monthly) Survey of Manufacturers for NAICS codes 321991 [Manufactured Home Manufacturing] and 321992 [Prefabricated Wood Building Manufacturing].
- Quarterly manufactured building industry production and starts data for Canada are produced in-house by Altus Group Economic Consulting. These estimates are derived from Statistics Canada data on industry production volumes and international trade data and converted to "homes" using industry benchmarks set out in *Profile and Prospects of the Factory-Built Industry in Canada* (2006), a study conducted by Clayton Research for Canada Mortgage and Housing Corporation (CMHC).