HOUSING MARKET OUTLOOK
British Columbia Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Market Forecast

Figure 1

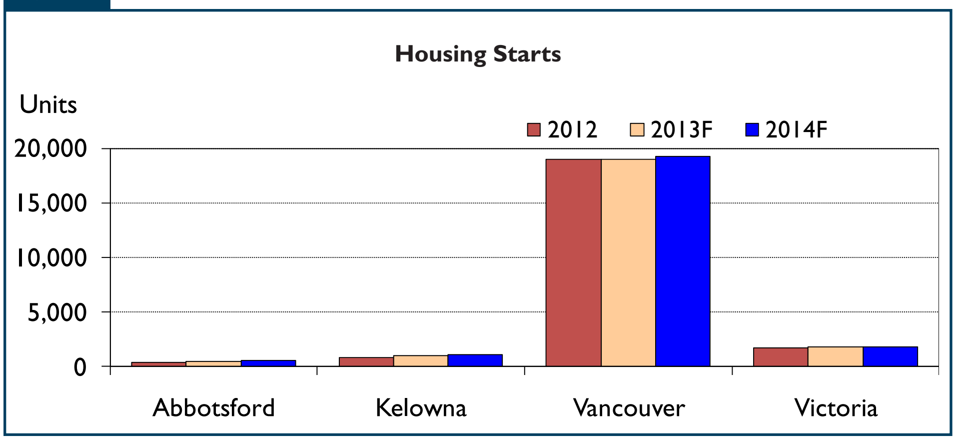
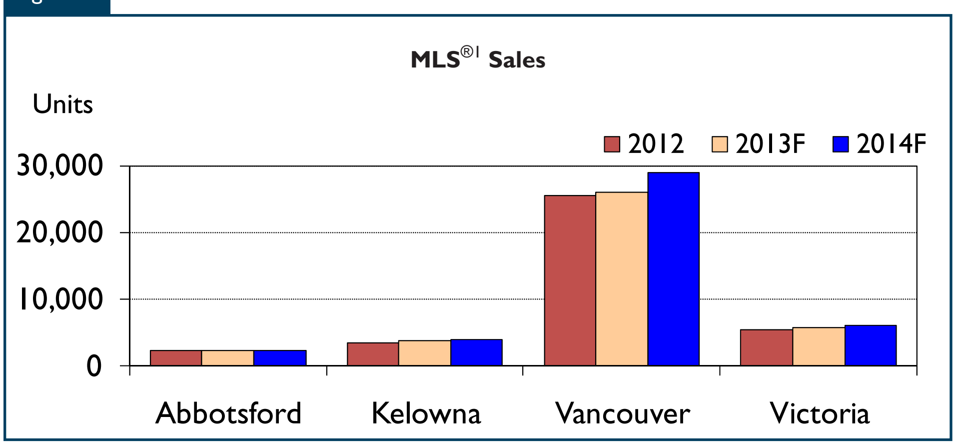


Figure 2



Overview[1]

- Housing starts are forecast to total 28,800 units in 2013, up from 27,465 units in 2012. In 2014, housing starts are forecast to total 30,100 units.
- Resale transactions in 2013 are expected to reach 73,000 units, up from 67,637 sales in 2012. In 2014, resale transactions will increase further to 79,500 sales, remaining below the ten-year average.
- Provincial resale markets are expected to move from buyers' to balanced conditions in 2013. Compared to an average MLS®[2] price of $514,836 in 2012, existing home prices are forecast to essentially hold steady in 2013 at $511,200, before rising to $524,000 in 2014.

[1] The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges where appropriate. The forecasts included in this document are based on information available as of January 22, 2013.

[2] MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Economic Outlook

Economic fundamentals are forecast to improve with job growth concentrated in full-time employment and the provincial population continuing to expand. Increased non-residential investment and consumer spending are expected to be accompanied by a slightly stronger global outlook in 2013, resulting in a modest pick-up in economic growth this year and next.

Through the third quarter of 2012, net international migration has been higher than year earlier levels and this trend is forecast to continue adding to the province's population, particularly in the larger urban centres. The interprovincial outflow recorded in 2012 is forecast to turn around in 2013 as job opportunities draw more people to the west, which is expected to continue over the forecast horizon, further supporting the housing market in 2014.

While the housing market in British Columbia is forecast to benefit from an improving economic outlook over the forecast horizon, risks to the outlook are reflected in a range of forecasts. Following a level of 27,465 total housing starts in 2012, the forecast for total housing starts ranges from 27,200 units to 30,400 units in 2013. In 2014, the forecast ranges from 27,200 to 33,800 units.

Mortgage rates		
1 Year	Q4 2012	3.07
	Change from Q4 2011	-0.43
	2013 (F)	3.45
	2014 (F)	4.47
5 Year	Q4 2012	5.24
	Change from Q4 2011	-0.05
	2013 (F)	5.32
	2014 (F)	5.78

Source: Bank of Canada, CMHC Forecast
NOTE: Mortgage rate forecast is based on Q4 2012 data

Housing Market Outlook

Reflecting better economic prospects in British Columbia going forward, the outlook for the province's housing market in 2013 is for an increase in existing home sales and new home construction when compared to last year. However, both sales and new construction are forecast to remain below their ten-year averages. Home prices are expected to remain essentially stable in 2013. Expected stronger economic and employment growth in 2014 will lead to higher levels of resale activity and new home construction, as well as modest home price growth next year. Both single-detached as well as multiple-family construction levels are expected to increase in 2013 and 2014.

Single-detached housing starts are forecast to rise to 9,100 units in 2013 and to 9,500 in 2014, compared to 8,333 units in 2012[3]. However, single-detached housing starts will remain below the ten-year average of roughly 11,700 units. In the province's larger housing markets of Vancouver and Victoria, densification, the high cost of land, and mobility are some of the factors contributing to the shift away from single-detached construction towards more multiple-family construction. Together these two markets accounted for three-quarters of the province's total housing starts in 2012, and 88 per cent of multiple-family housing starts.

Multiple-family housing starts are forecast to reach 19,700 units in 2013 and increase further to 21,000 units in 2014, compared to 19,132 units in 2012. Housing starts of apartment condominiums, row and semi-detached homes are forecast to rebound in early 2013 following a slowdown in the fourth quarter of 2012. This upward trend is expected to continue into 2014. Building permits have been issued for several large scale projects in the Vancouver CMA and, with site preparations currently underway, these projects are expected to start construction in early 2013.

Resale transactions in 2013 are expected to reach 73,000 units, up from 67,637 sales in 2012. In 2014, resale transactions will increase further to 79,500 sales. Despite these gains, the level of sales over the forecast horizon will remain below the ten-year average of roughly 86,500 units. While employment and population growth would suggest a higher level of resale activity than projected, a number of factors are dampening sales. These factors include a reduced inventory of homes for sale as some sellers choose to let their listings expire rather than accept lower prices and buyers taking a wait-and-see attitude as existing home prices moderate in the Vancouver and Victoria housing markets.

Compared to an average MLS® price of $514,836 in 2012, existing home prices are forecast to essentially hold steady in 2013 at $511,200, before rising to $524,000 in 2014. On a quarterly basis, resale home prices are forecast to grow at a rate consistent with overall consumer price inflation.

[3] Beginning in January 2013, CMHC will adjust and harmonize methodology for tracking accessory suites in the Starts and Completions Survey. While the total British Columbia housing starts forecast is not affected, this methodology change will influence the breakdown of the forecast by home type, as an estimated 500 units are expected to be re-classified in 2013 to "single-detached" from "apartment" in the Vancouver CMA.

B.C. Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA[2] (%)	Unemp. Rate SA[2] (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price[3] ($)
Kamloops	Q4 2012	8.2	4.5	n/a	Q4 2012	96	73	23	255	$372,948
	Q4 2011	0.0	6.7	n/a	Q4 2011	93	66	27	311	$367,422
	Change[1]	8.2	-2.2	-	% Change	3.2	10.6	-14.8	-18.0	1.5
Nanaimo	Q4 2012	21.3	4.4	n/a	Q4 2012	123	58	65	272	$343,889
	Q4 2011	-20.6	6.3	n/a	Q4 2011	135	49	86	323	$352,163
	Change[1]	41.9	-1.9	-	% Change	-8.9	18.4	-24.4	-15.8	-2.3
Prince George	Q4 2012	1.8	4.2	n/a	Q4 2012	57	51	6	217	$254,139
	Q4 2011	-0.6	7.5	n/a	Q4 2011	26	24	2	226	$248,936
	Change[1]	2.4	-3.3	-	% Change	119.2	112.5	200.0	-4.0	2.1
Abbotsford-Mission	Q4 2012	5.4	7.7	812	Q4 2012	68	34	34	483	$339,129
	Q4 2011	1.4	9.1	770	Q4 2011	175	56	119	494	$338,073
	Change[1]	4.0	-1.4	5.4%	% Change	-61.1	-39.3	-71.4	-2.2	0.3
Kelowna	Q4 2012	-0.9	5.9	835	Q4 2012	235	153	82	674	$407,111
	Q4 2011	-3.1	7.1	802	Q4 2011	215	141	74	695	$400,015
	Change[1]	2.2	-1.3	4.1%	% Change	9.3	8.5	10.8	-3.0	1.8
Vancouver	Q4 2012	0.5	6.9	874	Q4 2012	4,199	764	3,435	4,874	$704,649
	Q4 2011	2.7	6.9	867	Q4 2011	4,607	942	3,665	6,454	$732,123
	Change[1]	-2.3	0.0	0.9%	% Change	-8.9	-18.9	-6.3	-24.5	-3.8
Victoria	Q4 2012	4.2	5.4	850	Q4 2012	404	122	282	945	$480,041
	Q4 2011	-1.8	5.9	815	Q4 2011	361	131	230	1,238	$482,935
	Change[1]	6.0	-0.5	4.3%	% Change	11.9	-6.9	22.6	-23.7	-0.6
B.C.	December 12	0.8	6.5	864	Q4 2012	6,064	1,952	4,112	12,967	$496,060
	December 11	1.4	7.0	848	Q4 2011	6,620	2,155	4,465	15,594	$527,525
	Change[1]	-0.6	-0.5	1.9%	% Change	-8.4	-9.4	-7.9	-16.8	-6.0
CANADA	December 12	1.8	7.1	875	Q4 2012	52,562	20,833	31,729	87,040	$357,796
	December 11	1.1	7.5	849	Q4 2011	52,157	21,647	30,510	95,794	$357,071
	Change[1]	0.7	-0.4	3.0%	% Change	0.8	-3.8	4.0	-9.1	0.2

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[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

[2] Seasonally adjusted Labour Force data is not available for Kamloops, Nanaimo, Prince George, and Kelowna, therefore, raw data was used.
[3] MLS® Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only
Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA
"SA" means Seasonally Adjusted

British Columbia Housing Market Outlook (units and percentage change)											
	2008	2009	2010	2011	2012	2013(F)	2014(F)	2013Q1(F)	2013Q2(F)	2013Q3(F)	2013Q4(F)
Housing Starts:											
Single	10,991	7,892	11,462	8,867	8,333	9,100	9,500	8,500	9,200	9,400	9,450
%	-24.1	-28.2	45.2	-22.6	-6.0	9.2	4.4	5.5	8.2	2.2	0.5
Multiple	23,330	8,185	15,017	17,533	19,132	19,700	21,000	18,800	19,400	19,900	20,500
%	-5.6	-64.9	83.5	16.8	9.1	3.0	6.6	15.2	3.2	2.6	3.0
Total	34,321	16,077	26,479	26,400	27,465	28,800	30,500	27,300	28,600	29,300	29,950
%	-12.4	-53.2	64.7	-0.3	4.0	4.9	5.9	12.0	4.8	2.4	2.2
Existing Home Markets:											
MLS® Sales	68,923	85,028	74,640	76,721	67,637	73,000	79,500	67,650	72,000	75,500	77,000
%	-33.0	23.4	-12.2	2.8	-11.8	7.9	8.9	9.8	6.4	4.9	2.0
MLS® Average Price	454,599	465,725	505,178	561,304	514,836	511,200	524,000	505,000	509,000	513,000	516,000
%	3.5	2.4	8.5	11.1	-8.3	-0.7	2.5	-0.1	0.8	0.8	0.6

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Source: CMHC (Starts and Completions Survey), CREA

All data in this table, except the MLS (R) average price, is seasonally adjusted at annual rates. The MLS (R) average price data is actual.

B.C. Region - Housing Forecast Ranges

	2013			2014		
	Point Forecast	**High Forecast**	**Low Forecast**	**Point Forecast**	**High Forecast**	**Low Forecast**
British Columbia						
Housing Starts	28,800	30,400	27,200	30,500	33,800	27,200
Multiple	19,700	20,700	18,700	21,000	23,200	18,800
Single	9,100	9,700	8,500	9,500	10,600	8,400
MLS® Sales	73,000	78,300	67,700	79,500	84,800	74,200
MLS® Average Price ($)	511,200	526,500	495,900	524,000	539,700	508,300
Canada						
Housing Starts	190,300	202,000	178,600	194,100	217,000	171,200
Multiple	110,000	116,200	103,800	112,300	125,100	99,500
Single	80,300	85,800	74,800	81,800	91,900	71,700
MLS® Sales	451,100	484,000	418,200	472,300	505,000	439,600
MLS® Average Price ($)	367,500	378,500	356,500	377,300	390,800	363,800

Sources : CMHC

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B.C. Region Housing Forecast - New Construction									
	Housing Starts	2012	2013(F)*	% chg (2012/2013)	2014(F)*	% chg (2013/2014)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Kamloops	Single-Detached	283	300	6.0	325	8.3	283	242	16.9
	Multiple	198	200	1.0	225	12.5	198	268	-26.1
	Total	481	500	4.0	550	10.0	481	510	-5.7
Nanaimo	Single-Detached	248	300	21.0	280	-6.7	248	246	0.8
	Multiple	411	450	9.5	430	-4.4	411	474	-13.3
	Total	659	750	13.8	710	-5.3	659	720	-8.5
Prince George	Single-Detached	160	160	0.0	160	0.0	160	116	37.9
	Multiple	51	60	17.6	70	16.7	51	41	24.4
	Total	211	220	4.3	230	4.5	211	157	34.4
Abbotsford-Mission	Single-Detached	198	225	13.6	235	4.4	198	245	-19.2
	Multiple	173	275	59.0	300	9.1	173	292	-40.8
	Total	371	500	34.8	535	7.0	371	537	-30.9
Kelowna	Single-Detached	544	600	10.3	650	8.3	544	539	0.9
	Multiple	292	400	37.0	450	12.5	292	395	-26.1
	Total	836	1,000	19.6	1,100	10.0	836	934	-10.5
Vancouver	Single-Detached	3,381	3,670	8.5	3,700	0.8	3,381	3,686	-8.3
	Multiple	15,646	15,330	-2.0	15,600	1.8	15,646	14,181	10.3
	Total	19,027	19,000	-0.1	19,300	1.6	19,027	17,867	6.5
Victoria	Single-Detached	552	710	28.6	720	1.4	552	609	-9.4
	Multiple	1,148	1,090	-5.1	1,120	2.8	1,148	1,033	11.1
	Total	1,700	1,800	5.9	1,840	2.2	1,700	1,642	3.5

Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.
** YTD = January - December

B.C. Region Housing Forecast - Resale Market

		2012	2013(F)*	% chg (2012/2013)	2014(F)*	% chg (2013/2014)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Kamloops[1]	MLS® Sales(#)	1,630	1,700	4.3	1,850	8.8	1,630	1,672	-2.5
	MLS® Avg. Price ($)	382,582	375,000	-2.0	379,000	1.1	382,582	369,624	3.5
Nanaimo[1]	MLS® Sales(#)	1,402	1,550	10.6	1,710	10.3	1,402	1,532	-8.5
	MLS® Avg. Price ($)	353,493	350,000	-1.0	357,000	2.0	353,493	362,667	-2.5
Prince George[1]	MLS® Sales(#)	1,090	1,125	3.2	1,150	2.2	1,090	1,096	-0.5
	MLS® Avg. Price ($)	251,959	258,000	2.4	262,000	1.6	251,959	246,520	2.2
Abbotsford-Mission	MLS® Sales(#)	2,332	2,250	-3.5	2,300	2.2	2,332	2,410	-3.2
	MLS® Avg. Price ($)	339,488	335,000	-1.3	345,000	3.0	339,488	340,984	-0.4
Kelowna	MLS® Sales(#)	3,516	3,750	6.7	4,000	6.7	3,516	3,330	5.6
	MLS® Avg. Price ($)	400,027	406,000	1.5	412,000	1.5	400,027	404,756	-1.2
Vancouver	MLS® Sales(#)	25,445	26,000	2.2	29,000	11.5	25,445	32,936	-22.7
	MLS® Avg. Price ($)	730,036	718,000	-1.6	745,000	3.8	730,063	779,730	-6.4
Victoria	MLS® Sales(#)	5,460	5,800	6.2	6,000	3.4	5,460	5,773	-5.4
	MLS® Avg. Price ($)	484,164	485,000	0.2	492,000	1.4	484,164	498,300	-2.8

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[1] MLS® Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only

Source: CREA
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.
** YTD = January - December

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2012	2013(F)	Oct 2012	Oct 2013(F)	Oct 2012	Oct 2013(F)
Kamloops	3.9	3.5	711	720	876	880
Nanaimo	6.7	7.0	665	664	795	800
Prince George	4.0	3.5	615	625	738	750
Abbotsford-Mission	4.2	3.9	661	665	818	825
Kelowna	4.0	3.5	750	760	927	935
Vancouver	1.8	1.5	982	1,015	1,261	1,300
Victoria	2.7	2.3	828	835	1,059	1,061
Canada[1]	2.8	2.5	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey
(F) = CMHC Forecast
[1] All centres 100,000+

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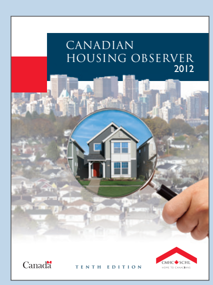

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