

# HOUSING MARKET OUTLOOK

## British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

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## Housing Market Forecast

Figure 1

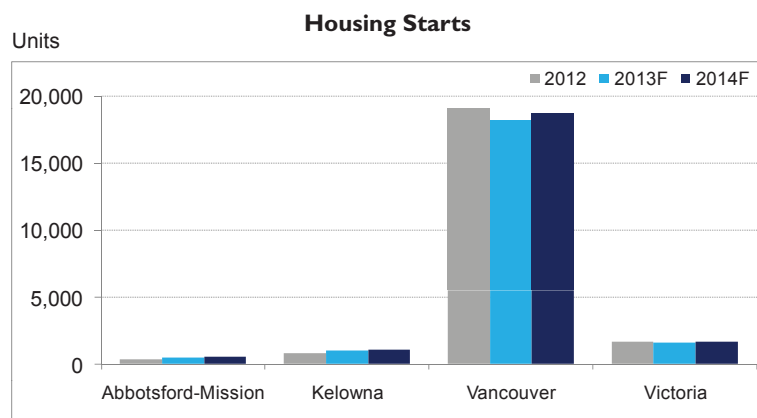
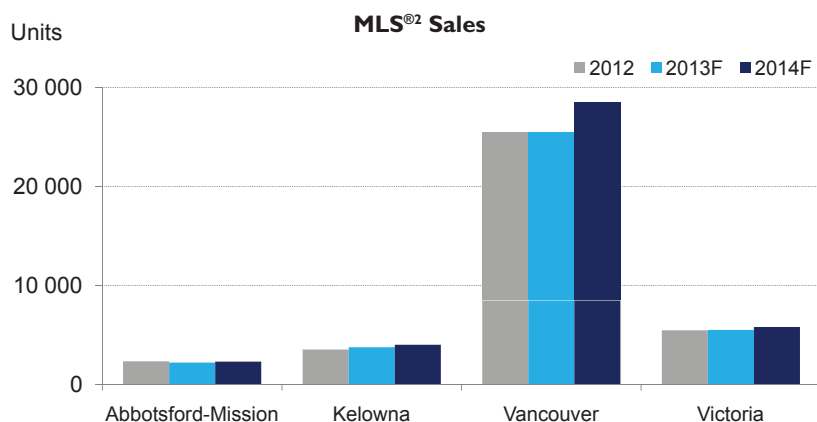


Figure 2



## Overview<sup>1</sup>

- Housing starts are forecast to total 27,100 units in 2013 and 28,600 units in 2014.
- Existing MLS<sup>®2</sup> home sales in 2013 are expected to reach 70,100 units, up from 67,637 sales in 2012. In 2014, resale transactions will increase further to 77,000 sales, remaining below the ten-year average.
- Existing home prices are forecast to edge higher, increasing to \$518,300 in 2013 from \$514,836 last year and \$523,200 in 2014.

<sup>1</sup> 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 July 25, 2013.

<sup>2</sup> MLS<sup>®</sup> is a registered trademark of the Canadian Real Estate Association (CREA).

## Economic Outlook

British Columbia's economy is forecast to expand 1.9 per cent in 2013 and 2.5 per cent in 2014, slightly ahead of the national average. Modest growth in consumer spending and business investment are expected to contribute to economic growth. Population and employment growth are forecast to help increase consumer spending, while a weaker Canadian dollar and increasing demand from the U.S. is expected to boost provincial exports. Growth in exports will support business investment.

British Columbia's labour market conditions are forecast to improve in 2014 with employment growth increasing to 1.5 per cent next year

from 0.4 per cent in 2013. This year's shift to higher levels of full-time employment will carry over into 2014. An increase in full-time employment will support wage growth and homeownership demand.

Demographic trends support a rising level of housing demand in the province. Migration from other countries, partly offset by people moving to other provinces, is expected to add 38,000 people this year and 41,300 people next year. As well, population projections by age group indicate a larger number of people in the 25 to 44 year age range, which has traditionally contributed to first-time homebuyer demand<sup>3</sup>. Population growth in this age range is projected to increase from 1.1

per cent in 2012 to 1.8 per cent by 2017, up from less than one per cent per annum during the previous five year period. The resulting growth in population, combined with stronger employment growth, will push housing sales and starts higher next year.

Mortgage rates		
1 Year	Q2 2013	3.05
	Change from Q2 2012	-0.15
	2013 (F)	3.00 - 3.25
	2014 (F)	3.25 - 3.75
5 Year	Q2 2013	5.14
	Change from Q2 2012	-0.20
	2013 (F)	5.00 - 5.50
	2014 (F)	5.25 - 6.00

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q2 2013 data

## Housing Market Outlook

Single-detached starts are projected to rise to 9,000 units in 2013 and 9,900 units in 2014. Growth in demand for new single detached homes will shift from urban to rural BC in 2014, reflecting both lower land costs and rising resource sector employment.

British Columbia's multiple-family starts will ease slightly to 18,100 units in 2013, due to rising inventories and increased competition from a well-supplied resale market for condominium apartments. Multiple-

family starts are forecast to edge higher, increasing to 18,700 units in 2014 as demand strengthens and inventories of new completed and unoccupied units are drawn lower. Multiple-family construction in the province has been supported by low vacancy rates in the rental sector and demand from buyers seeking less costly and lower maintenance alternatives to single-detached housing. Expect smaller phased projects to continue to get underway in housing markets outside of Vancouver, with an increase in larger multiple-family projects starting construction in Vancouver, including several intended for the rental market.

MLS® sales are forecast to increase to 70,100 in 2013 and 77,000 in 2014. Demand will be broad-based, fuelled by rising employment, coupled with low interest rates, ample supply and stable prices.

Expect rising new listings in line with stronger existing home sales to keep price growth in check this year and next. The average residential MLS® price in British Columbia is forecast to edge higher, with projected increases below the pace of consumer price inflation. The average price is forecast at \$518,300 in 2013 and \$523,200 in 2014.

<sup>3</sup> BC Stats population projections show annual growth of the 25 to 44 year age category adding on average 18,700 persons, this year and next. Source: P.E.O.P.L.E 2012, CMHC calculations.

## B.C. Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA <sup>2</sup> (%)	Unemp. Rate SA <sup>2</sup> (%)	Average Weekly Earnings (\$)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price <sup>3</sup> (\$)
Kamloops	Q2 2013	-4.9	4.5	n/a	Q2 2013	220	54	166	565	\$388,051
	Q2 2012	5.5	8.0	n/a	Q2 2012	244	89	155	501	\$384,978
	Change <sup>1</sup>	-10.4	-3.4	-	% Change	-9.8	-39.3	7.1	12.8	0.8
Nanaimo	Q2 2013	9.1	3.7	n/a	Q2 2013	99	59	40	466	\$355,062
	Q2 2012	-1.2	6.1	n/a	Q2 2012	115	68	47	457	\$358,841
	Change <sup>1</sup>	10.3	-2.4	-	% Change	-13.9	-13.2	-14.9	2.0	-1.1
Prince George	Q2 2013	-3.4	3.8	n/a	Q2 2013	89	32	57	357	\$270,153
	Q2 2012	2.2	6.9	n/a	Q2 2012	88	52	36	359	\$250,353
	Change <sup>1</sup>	-5.6	-3.1	-	% Change	1.1	-38.5	58.3	-0.6	7.9
Abbotsford-Mission	Q2 2013	3.0	8.5	780	Q2 2013	225	40	185	721	\$342,832
	Q2 2012	5.5	7.3	790	Q2 2012	119	70	49	733	\$348,858
	Change <sup>1</sup>	-2.5	1.2	-1.2%	% Change	89.1	-42.9	**	-1.6	-1.7
Kelowna	Q2 2013	-5.8	7.3	794	Q2 2013	197	127	70	1,245	\$407,074
	Q2 2012	-2.8	6.6	831	Q2 2012	204	143	61	1,104	\$406,553
	Change <sup>1</sup>	-3.0	0.7	-4.5%	% Change	-3.4	-11.2	14.8	12.8	0.1
Vancouver	Q2 2013	-0.5	6.5	898	Q2 2013	4,692	1,038	3,654	8,271	\$758,807
	Q2 2012	3.1	6.5	853	Q2 2012	5,276	943	4,333	8,132	\$724,319
	Change <sup>1</sup>	-3.7	0.0	5.2%	% Change	-11.1	10.1	-15.7	1.7	4.8
Victoria	Q2 2013	-0.9	5.5	855	Q2 2013	288	132	156	1,848	\$501,342
	Q2 2012	0.9	5.3	850	Q2 2012	399	154	245	1,803	\$495,605
	Change <sup>1</sup>	-1.7	0.2	0.6%	% Change	-27.8	-14.3	-36.3	2.5	1.2
B.C.	June 13	-0.1	6.3	874	Q2 2013	6,644	2,129	4,515	21,764	\$532,004
	June 12	2.3	6.6	844	Q2 2012	7,619	2,327	5,292	21,588	\$518,882
	Change <sup>1</sup>	-2.4	-0.3	3.6%	% Change	-12.8	-8.5	-14.7	0.8	2.5
CANADA	June 13	1.4	7.1	884	Q2 2013	51,259	22,490	28,769	145,958	\$385,487
	June 12	1.1	7.2	862	Q2 2012	62,025	24,812	37,213	149,260	\$373,300
	Change <sup>1</sup>	0.3	-0.1	2.5%	% Change	-17.4	-9.4	-22.7	-2.2	3.3

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<sup>1</sup> 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.

<sup>2</sup> Seasonally adjusted Labour Force data is not available for Kamloops, Nanaimo, Prince George, and Kelowna, therefore, raw data was used.

<sup>3</sup> 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	2013Q2	2013Q3 (F)	2013Q4 (F)
<b>Housing Starts:</b>											
Single	10,991	7,892	11,462	8,867	8,333	9,000	9,900	8,279	7,637	9,700	10,400
%	-24.1	-28.2	45.2	-22.6	-6.0	8.0	10.0	2.3	-7.8	27.0	7.2
Multiple	23,330	8,185	15,017	17,533	19,132	18,100	18,700	15,757	17,636	19,800	19,100
%	-5.6	-64.9	83.5	16.8	9.1	-5.4	3.3	-3.8	11.9	12.3	-3.5
Total	34,321	16,077	26,479	26,400	27,465	27,100	28,600	24,036	25,273	29,500	29,500
%	-12.4	-53.2	64.7	-0.3	4.0	-1.3	5.5	-1.8	5.1	16.7	0.0
<b>Existing Home Markets:</b>											
MLS® Sales	68,923	85,028	74,640	76,721	67,637	70,100	77,000	61,528	69,896	72,500	76,400
%	-33.0	23.4	-12.2	2.8	-11.8	3.6	9.8	-1.2	13.6	3.7	5.4
MLS® Average Price	454,599	465,725	505,178	561,304	514,836	518,300	523,200	513,930	519,154	520,000	520,000
%	3.5	2.4	8.5	11.1	-8.3	0.7	0.9	2.1	1.0	0.2	0.0

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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
<b>British Columbia</b>						
Housing Starts	27,100	27,800	26,400	28,600	31,500	25,700
Multiple	18,100	18,600	17,600	18,700	20,600	16,800
Single	9,000	9,200	8,800	9,900	10,900	8,900
MLS <sup>®</sup> Sales	70,100	72,600	67,600	77,000	82,000	72,000
MLS <sup>®</sup> Average Price (\$)	518,300	526,200	510,400	523,200	531,200	515,200
<b>Canada</b>						
Housing Starts	182,800	188,500	177,100	186,600	207,600	165,600
Multiple	105,300	108,600	102,000	106,100	117,900	94,300
Single	77,500	79,900	75,100	80,500	89,700	71,300
MLS <sup>®</sup> Sales	448,900	466,200	431,600	467,600	497,500	437,700
MLS <sup>®</sup> Average Price (\$)	374,800	380,500	369,100	382,800	393,900	371,700

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 2013**	YTD 2012**	% chg (2012/2013)
<b>Kamloops</b>	Single-Detached	283	225	-20.5	300	33.3	85	130	-34.6
	Multiple	198	275	38.9	225	-18.2	168	160	5.0
	Total	481	500	4.0	525	5.0	253	290	-12.8
<b>Nanaimo</b>	Single-Detached	248	270	8.9	280	3.7	108	115	-6.1
	Multiple	411	250	-39.2	380	52.0	97	234	-58.5
	Total	659	520	-21.1	660	26.9	205	349	-41.3
<b>Prince George</b>	Single-Detached	160	130	-18.8	160	23.1	48	63	-23.8
	Multiple	51	60	17.6	70	16.7	57	40	42.5
	Total	211	190	-10.0	230	21.1	105	103	1.9
<b>Abbotsford-Mission</b>	Single-Detached	198	200	1.0	235	17.5	84	117	-28.2
	Multiple	173	350	102.3	300	-14.3	316	105	201.0
	Total	371	550	48.2	535	-2.7	400	222	80.2
<b>Kelowna</b>	Single-Detached	544	600	10.3	650	8.3	216	225	-4.0
	Multiple	292	400	37.0	450	12.5	117	99	18.2
	Total	836	1,000	19.6	1,100	10.0	333	324	2.8
<b>Vancouver</b>	Single-Detached	3,381	3,950	16.8	3,800	-3.8	1,882	1,643	14.5
	Multiple	15,646	14,250	-8.9	14,900	4.6	6,790	8,264	-17.8
	Total	19,027	18,200	-4.3	18,700	2.7	8,672	9,907	-12.5
<b>Victoria</b>	Single-Detached	552	500	-9.4	620	24.0	230	273	-15.8
	Multiple	1,148	1,100	-4.2	1,080	-1.8	346	414	-16.4
	Total	1,700	1,600	-5.9	1,700	6.3	576	687	-16.2

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 - June

B.C. Region Housing Forecast - Resale Market									
		2012	2013(F)*	% chg (2012/2013)	2014(F)*	% chg (2013/2014)	YTD 2013**	YTD 2012**	% chg (2012/2013)
<b>Kamloops<sup>1</sup></b>	MLS <sup>®</sup> Sales(#)	1,630	1,700	4.3	1,850	8.8	970	909	6.7
	MLS <sup>®</sup> Avg. Price (\$)	382,582	381,000	-0.4	385,000	1.0	381,484	378,969	0.7
<b>Nanaimo<sup>1</sup></b>	MLS <sup>®</sup> Sales(#)	1,402	1,450	3.4	1,600	10.3	725	791	-8.3
	MLS <sup>®</sup> Avg. Price (\$)	353,493	350,000	-1.0	357,000	2.0	350,562	356,063	-1.5
<b>Prince George<sup>1</sup></b>	MLS <sup>®</sup> Sales(#)	1,090	1,125	3.2	1,150	2.2	573	585	-2.1
	MLS <sup>®</sup> Avg. Price (\$)	251,959	258,000	2.4	262,000	1.6	259,103	247,047	4.9
<b>Abbotsford-Mission</b>	MLS <sup>®</sup> Sales(#)	2,332	2,200	-5.7	2,300	4.5	1,202	1,268	-5.2
	MLS <sup>®</sup> Avg. Price (\$)	339,488	335,000	-1.3	340,000	1.5	349,376	350,755	-0.4
<b>Kelowna</b>	MLS <sup>®</sup> Sales(#)	3,516	3,750	6.7	4,000	6.7	1,946	1,870	4.1
	MLS <sup>®</sup> Avg. Price (\$)	400,027	402,000	0.5	408,000	1.5	394,090	392,662	0.4
<b>Vancouver</b>	MLS <sup>®</sup> Sales(#)	25,445	25,500	0.2	28,500	11.8	13,840	15,230	-9.1
	MLS <sup>®</sup> Avg. Price (\$)	730,036	736,000	0.8	745,000	1.2	758,175	748,262	1.3
<b>Victoria</b>	MLS <sup>®</sup> Sales(#)	5,460	5,500	0.7	5,800	5.5	2,976	3,181	-6.4
	MLS <sup>®</sup> Avg. Price (\$)	484,164	480,000	-0.9	490,000	2.1	484,770	489,419	-0.9

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<sup>1</sup> MLS<sup>®</sup> 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 - June

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)
<b>Kamloops</b>	3.9	3.5	711	720	876	880
<b>Nanaimo</b>	6.7	7.0	665	664	795	800
<b>Prince George</b>	4.0	3.5	615	625	738	750
<b>Abbotsford-Mission</b>	4.2	3.9	661	665	818	825
<b>Kelowna</b>	4.0	3.5	750	760	927	935
<b>Vancouver</b>	1.8	1.5	982	1,015	1,261	1,300
<b>Victoria</b>	2.7	2.3	828	835	1,059	1,061
<b>Canada<sup>1</sup></b>	2.8	2.5	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

<sup>1</sup> All centres 100,000+



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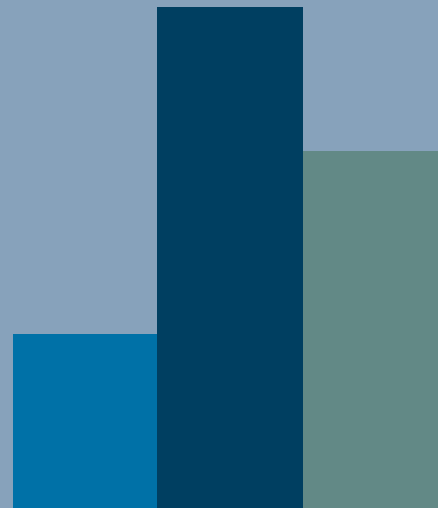
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