

# HOUSING MARKET OUTLOOK

## British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fourth Quarter 2014

## 2015 and 2016 Housing Market Outlook

Figure 1

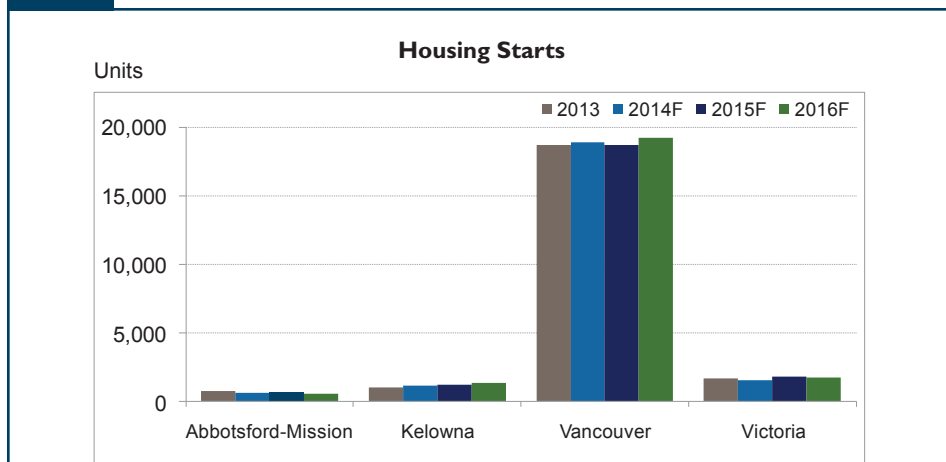
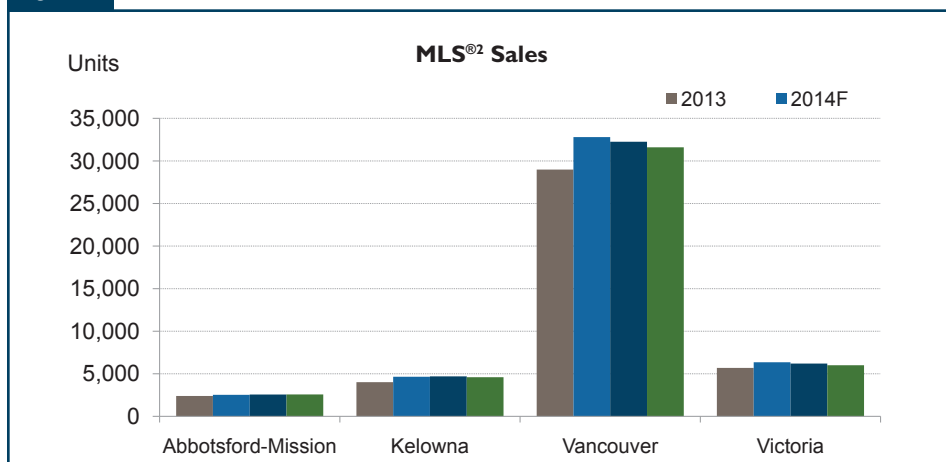


Figure 2



### Overview<sup>1</sup>

- Housing starts are forecast to edge higher to total 28,300 homes in 2015 and 29,000 homes in 2016, compared to a projected 27,900 homes in 2014.
- Existing MLS<sup>®2</sup> home sales are forecast to total 79,200 units in 2015 and 79,300 units in 2016.
- The MLS<sup>®</sup> average price is forecast at \$566,300 in 2015 and \$573,000 in 2016.

<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 October 22, 2014.

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

## Economic Outlook

The British Columbia economy is forecast to expand 2.8 per cent in 2015 and 2.9 per cent in 2016, compared to projected growth of 2.3 per cent in 2014. An increase in wages and salaries in 2014 will support growth in consumer spending on goods and services in the year ahead. An expected pick up in the pace of US economic growth, coupled with a lower-valued Canadian dollar relative to the US dollar, will grow British Columbia exports. As well, the province is well-positioned geographically to benefit from increased Canada-Asia Pacific trade. The province's modern port facilities, international airports and proximity to China are expected to result in increased movement of goods and international travelers.

Employment growth is forecast to pick up during 2015 and 2016, compared to 2014. While employment growth has been modest in 2014 at a projected 0.7 per cent annual increase, underlying trends point to ongoing support for housing demand. A shift to private paid employment and a reduction in self-employment is contributing to growth in aggregate wages and salaries at twice the current rate of inflation.

Projected population growth of just over one per cent per year, is expected to add approximately 30,000 households annually. Net interprovincial migration turned positive in the first half of 2014 supporting a higher level of household formation than recorded in 2013. This trend is expected to continue during the 2014-2016 forecast period.

Mortgage rates		
1 Year	Q3 2014	3.14
	Change from Q3 2013	0.00
	2014 (F)	3.00 - 3.25
	2015 (F)	3.20 - 4.00
	2016 (F)	3.70 - 4.60
5 Year	Q3 2014	4.79
	Change from Q3 2013	-0.48
	2014 (F)	5.00 - 5.50
	2015 (F)	5.25 - 6.00
	2016 (F)	5.55 - 6.45

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q3 2014 data

## Housing Market Outlook

Single-detached home starts are expected to total 9,500 starts in 2015 and 9,600 starts in 2016, compared to a projected 9,200 in 2014. Demand for single-detached homes in the province's urban centers outside of the Lower Mainland is expected to be the driving force behind this rising trend. Resale market conditions in Victoria, Kelowna and Vancouver have shifted with sales growth outpacing listings growth, resulting in rising resale prices. Some of this housing demand is expected to spill over

into the new home market as the gap between new and existing home prices narrows.

Multiple-family home starts are forecast to maintain a relatively stable level compared to the past decade, although some increase is expected in 2016 as homebuyers shift to less-expensive housing types as mortgage interest rates rise.

MLS® sales are forecast to moderate in 2015 following a projected 11.6 increase in 2014. In 2016, the level of resales are expected to remain relatively unchanged as rising mortgage interest rates dampen

homeownership demand and offset some of the positive impacts of stronger employment growth.

Balanced resale market conditions are expected to prevail in most housing markets within British Columbia. In 2015 and 2016, MLS® home prices are forecast average \$566,300 and \$573,000, respectively, compared to \$564,200 in 2014.

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	Q3 2014	3.9	8.3	n/a	Q3 2014	101	82	19	479	\$390,251
	Q3 2013	-10.4	6.6	n/a	Q3 2013	133	66	67	521	\$375,772
	Change <sup>1</sup>	14.3	1.7	-	% Change	-24.1	24.2	-71.6	-8.1	3.9
Nanaimo	Q3 2014	0.8	7.7	n/a	Q3 2014	181	70	111	464	\$375,192
	Q3 2013	-4.1	6.8	n/a	Q3 2013	83	50	33	470	\$355,755
	Change <sup>1</sup>	4.9	1.0	-	% Change	118.1	40.0	**	-1.3	5.5
Prince George	Q3 2014	6.9	5.2	n/a	Q3 2014	37	35	2	408	\$269,391
	Q3 2013	-8.8	6.6	n/a	Q3 2013	49	45	4	361	\$264,943
	Change <sup>1</sup>	15.7	-1.4	-	% Change	-24.5	-22.2	-50.0	13.0	1.7
Abbotsford-Mission	Q3 2014	-6.9	8.1	825	Q3 2014	153	88	65	699	\$369,679
	Q3 2013	2.2	7.8	780	Q3 2013	178	63	115	671	\$337,576
	Change <sup>1</sup>	-9.0	0.3	5.7%	% Change	-14.0	39.7	-43.5	4.2	9.5
Kelowna	Q3 2014	-0.1	5.1	792	Q3 2014	313	204	109	1,546	\$436,835
	Q3 2013	1.9	6.2	834	Q3 2013	259	178	81	1,202	\$400,099
	Change <sup>1</sup>	-2.0	-1.1	-5.1%	% Change	20.8	14.6	34.6	28.6	9.2
Vancouver	Q3 2014	3.5	5.8	901	Q3 2014	5,536	1,230	4,306	8,896	\$814,889
	Q3 2013	-0.7	6.8	911	Q3 2013	5,269	1,082	4,187	8,067	\$775,100
	Change <sup>1</sup>	4.2	-1.0	-1.1%	% Change	5.1	13.7	2.8	10.3	5.1
Victoria	Q3 2014	-2.3	5.2	891	Q3 2014	376	163	213	1,759	\$500,852
	Q3 2013	0.2	5.2	856	Q3 2013	621	161	460	1,542	\$483,069
	Change <sup>1</sup>	-2.6	0.0	4.1%	% Change	-39.5	1.2	-53.7	14.1	3.7
B.C.	September 14	1.1	6.1	894	Q3 2014	8,252	2,797	5,455	23,470	\$560,579
	September 13	-0.6	6.7	889	Q3 2013	7,993	2,564	5,429	21,011	\$534,765
	Change <sup>1</sup>	1.7	-0.6	0.6%	% Change	3.2	9.1	0.5	11.7	4.8
CANADA	September 14	0.8	6.8	905	Q3 2014	53,961	23,265	30,696	131,266	\$403,008
	September 13	1.2	6.9	887	Q3 2013	52,734	22,667	30,067	123,214	\$382,281
	Change <sup>1</sup>	-0.4	-0.1	2.0%	% Change	2.3	2.6	2.1	6.5	5.4

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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)								
	2009	2010	2011	2012	2013	2014(F)	2015(F)	2016(F)
<b>Housing Starts:</b>								
Single	7,892	11,462	8,867	8,333	8,522	9,200	9,500	9,600
%	-28.2	45.2	-22.6	-6.0	2.3	8.0	3.3	1.1
Multiple	8,185	15,017	17,533	19,132	18,532	18,700	18,800	19,400
%	-64.9	83.5	16.8	9.1	-3.1	0.9	0.5	3.2
Total	16,077	26,479	26,400	27,465	27,054	27,900	28,300	29,000
%	-53.2	64.7	-0.3	4.0	-1.5	3.1	1.4	2.5
<b>Existing Home Markets:</b>								
MLS® Sales	85,028	74,640	76,721	67,637	72,936	81,400	79,200	79,300
%	23.4	-12.2	2.8	-11.8	7.8	11.6	-2.7	0.1
MLS® Average Price	465,725	505,178	561,304	514,836	537,414	564,200	566,300	573,000
%	2.4	8.5	11.1	-8.3	4.4	5.0	0.4	1.2

British Columbia Housing Market Outlook (units and percentage change)												
	2014Q1	2014Q2	2014Q3	2014Q4 (F)	2015Q1 (F)	2015Q2 (F)	2015Q3 (F)	2015Q4 (F)	2016Q1 (F)	2016Q2 (F)	2016Q3 (F)	2016Q4 (F)
<b>Housing Starts:</b>												
Single	8,738	9,384	9,392	9,400	9,300	9,400	9,600	9,700	9,400	9,500	9,700	9,800
%	-6.9	7.4	0.1	0.1	-1.1	1.1	2.1	1.0	-3.1	1.1	2.1	1.0
Multiple	18,639	18,027	19,757	18,500	18,500	18,700	18,900	19,100	18,700	19,400	19,900	19,600
%	-6.2	-3.3	9.6	-6.4	0.0	1.1	1.1	1.1	-2.1	3.7	2.6	-1.5
Total	27,377	27,411	29,149	27,900	27,800	28,100	28,500	28,800	28,100	28,900	29,600	29,400
%	-6.4	0.1	6.3	-4.3	-0.4	1.1	1.4	1.1	-2.4	2.8	2.4	-0.7
<b>Existing Home Markets:</b>												
MLS® Sales	75,468	83,348	86,636	80,000	79,100	79,500	80,000	78,200	78,200	79,000	79,600	80,400
%	-4.2	10.4	3.9	-7.7	-1.1	0.5	0.6	-2.3	0.0	1.0	0.8	1.0
MLS® Average Price	567,215	553,867	576,674	558,600	561,000	564,300	569,000	571,000	570,000	572,000	574,000	576,000
%	0.8	-2.4	4.1	-3.1	0.4	0.6	0.8	0.4	-0.2	0.4	0.3	0.3

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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									
	2014			2015			2016		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
<b>British Columbia</b>									
Housing Starts	27,900	28,300	27,500	28,300	30,464	25,869	29,000	31,900	26,000
Multiple	18,700	18,900	18,500	18,800	20,264	17,269	19,400	21,300	17,500
Single	9,200	9,400	9,000	9,500	10,200	8,600	9,600	10,600	8,500
MLS® Sales	81,400	82,400	79,900	79,200	83,300	75,100	79,300	84,400	74,400
MLS® Average Price (\$)	564,200	567,500	559,700	566,300	576,200	556,600	573,000	585,000	558,000
<b>Canada</b>									
Housing Starts	189,000	191,700	186,300	189,500	204,000	172,800	187,100	205,800	168,000
Multiple	114,000	115,400	112,600	111,500	120,400	102,400	111,800	122,800	101,000
Single	75,000	76,300	73,700	78,000	83,600	70,400	75,300	83,000	67,000
MLS® Sales	476,100	482,000	467,400	482,500	507,300	457,300	477,200	508,000	448,000
MLS® Average Price (\$)	404,800	405,400	401,600	410,600	417,800	403,600	417,300	424,500	407,300

Sources : CMHC

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B.C. Region Housing Forecast - New Construction											
	Housing Starts	2013	2014(F)*	% chg (2013/ 2014)	2015(F)*	% chg (2014/ 2015)	2016(F)*	% chg (2015/ 2016)	YTD 2014**	YTD 2013**	% chg (2013/ 2014)
<b>Kamloops</b>	Single-Detached	219	230	5.0	280	21.7	250	-10.7	190	151	25.8
	Multiple	260	170	-34.6	260	52.9	220	-15.4	139	235	-40.9
	Total	479	400	-16.5	540	35.0	470	-13.0	329	386	-14.8
<b>Nanaimo</b>	Single-Detached	205	290	41.5	310	6.9	320	3.2	234	158	48.1
	Multiple	210	285	35.7	340	19.3	380	11.8	213	130	63.8
	Total	415	575	38.6	650	13.0	700	7.7	447	288	55.2
<b>Prince George</b>	Single-Detached	126	140	11.1	145	3.6	165	13.8	88	93	-5.4
	Multiple	69	20	-71.0	45	125.0	35	-22.2	7	61	-88.5
	Total	195	160	-17.9	190	18.8	200	5.3	95	154	-38.3
<b>Abbotsford-Mission</b>	Single-Detached	201	210	4.5	210	0.0	220	4.8	184	147	25.2
	Multiple	548	400	-27.0	380	-5.0	350	-7.9	225	431	-47.8
	Total	749	610	-18.6	590	-3.3	570	-3.4	409	578	-29.2
<b>Kelowna</b>	Single-Detached	579	650	12.3	625	-3.8	675	8.0	512	394	29.9
	Multiple	434	525	21.0	575	9.5	650	13.0	346	198	74.7
	Total	1,013	1,175	16.0	1,200	2.1	1,325	10.4	858	592	44.9
<b>Vancouver</b>	Single-Detached	4,004	4,220	5.4	4,250	0.7	4,050	-4.7	3,228	2,964	8.9
	Multiple	14,692	14,680	-0.1	14,450	-1.6	15,200	5.2	11,413	10,977	4.0
	Total	18,696	18,900	1.1	18,700	-1.1	19,250	2.9	14,641	13,941	5.0
<b>Victoria</b>	Single-Detached	514	525	2.1	550	4.8	500	-9.1	423	391	8.2
	Multiple	1,171	1,000	-14.6	1,275	27.5	1,250	-2.0	549	806	-31.9
	Total	1,685	1,525	-9.5	1,825	19.7	1,750	-4.1	972	1,197	-18.8

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 - September

B.C. Region Housing Forecast - Resale Market											
		2013	2014(F)*	% chg (2013/ 2014)	2015(F)*	% chg (2014/ 2015)	2016(F)*	% chg (2015/ 2016)	YTD 2014**	YTD 2013**	% chg (2013/ 2014)
<b>Kamloops<sup>1</sup></b>	MLS® Sales(#)	1,825	1,780	-2.5	1,750	-1.7	1,800	2.9	1,407	1,496	-5.9
	MLS® Avg. Price (\$)	382,296	384,000	0.4	387,000	0.8	390,000	0.8	385,344	379,366	1.6
<b>Nanaimo<sup>1</sup></b>	MLS® Sales(#)	1,476	1,600	8.4	1,700	6.3	1,800	5.9	1,308	1,226	6.7
	MLS® Avg. Price (\$)	352,309	362,000	2.8	372,000	2.8	380,000	2.2	367,408	352,512	4.2
<b>Prince George<sup>1</sup></b>	MLS® Sales(#)	1,182	1,225	3.6	1,260	2.9	1,300	3.2	1,032	935	10.4
	MLS® Avg. Price (\$)	259,228	269,000	3.8	277,000	3.0	285,000	2.9	273,006	261,315	4.5
<b>Abbotsford-Mission</b>	MLS® Sales(#)	2,392	2,530	5.8	2,560	1.2	2,570	0.4	2,015	1,873	7.6
	MLS® Avg. Price (\$)	338,770	353,000	4.2	357,000	1.1	363,000	1.7	356,096	340,626	4.5
<b>Kelowna</b>	MLS® Sales(#)	4,016	4,650	15.8	4,700	1.1	4,600	-2.1	3,925	3,147	24.7
	MLS® Avg. Price (\$)	398,175	440,000	10.5	435,000	-1.1	450,000	3.4	429,983	395,987	8.6
<b>Vancouver</b>	MLS® Sales(#)	28,985	32,800	13.2	32,250	-1.7	31,600	-2.0	25,840	21,907	18.0
	MLS® Avg. Price (\$)	767,765	811,000	5.6	821,000	1.2	835,000	1.7	812,394	764,408	6.3
<b>Victoria</b>	MLS® Sales(#)	5,691	6,350	11.6	6,200	-2.4	6,000	-3.2	5,015	4,518	11.0
	MLS® Avg. Price (\$)	480,997	490,000	1.9	497,500	1.5	505,600	1.6	497,855	484,189	2.8

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<sup>1</sup> 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 - September

B.C. Region Housing Forecast - Rental Market												
	Vacancy Rate				Average Rent 1-Bedroom Units				Average Rent 2-Bedroom Units			
	Oct 2013	Oct 2014(F)	Oct 2015(F)	Oct 2016(F)	Oct 2013	Oct 2014(F)	Oct 2015(F)	Oct 2016(F)	Oct 2013	Oct 2014(F)	Oct 2015(F)	Oct 2016(F)
<b>Kamloops</b>	3.5	3.5	3.2	2.9	721	732	745	750	850	860	875	880
<b>Nanaimo</b>	5.3	4.7	4.5	4.4	686	695	705	725	806	810	820	835
<b>Prince George</b>	3.8	3.6	3.5	3.3	634	645	660	675	754	765	775	785
<b>Abbotsford-Mission</b>	3.2	2.9	3.0	2.7	676	685	700	710	820	830	840	845
<b>Kelowna</b>	1.8	1.8	1.5	1.7	778	770	780	790	970	975	980	990
<b>Vancouver</b>	1.7	1.9	1.8	1.8	1,005	1030	1055	1080	1,281	1320	1355	1400
<b>Victoria</b>	2.8	3.0	2.7	2.7	833	850	860	860	1,068	1070	1075	1075
<b>Canada<sup>1</sup></b>	2.7	2.6	2.7	2.7	n/a	n/a	n/a	n/a	919	947	963	981

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

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



## CMHC—HOME TO CANADIANS

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