HOUSING MARKET OUTLOOK
Atlantic Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION
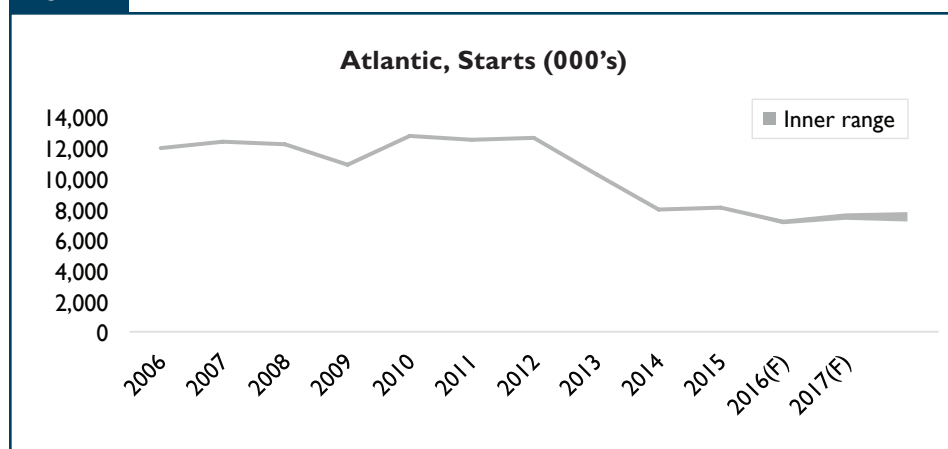
Date Released: Fourth Quarter 2016

Housing Market Forecast

Figure 1

Atlantic, Starts (000's)

Source: CMHC, (F): Forecast.

Figure 2

Atlantic, MLS® Sales (000s)

Source: CREA; (F) = CMHC Forecast.
MLS® is a registered trademark of the Canadian Real Estate Association.

The forecasts and historical data included in this document reflect information available as of September 30, 2016.
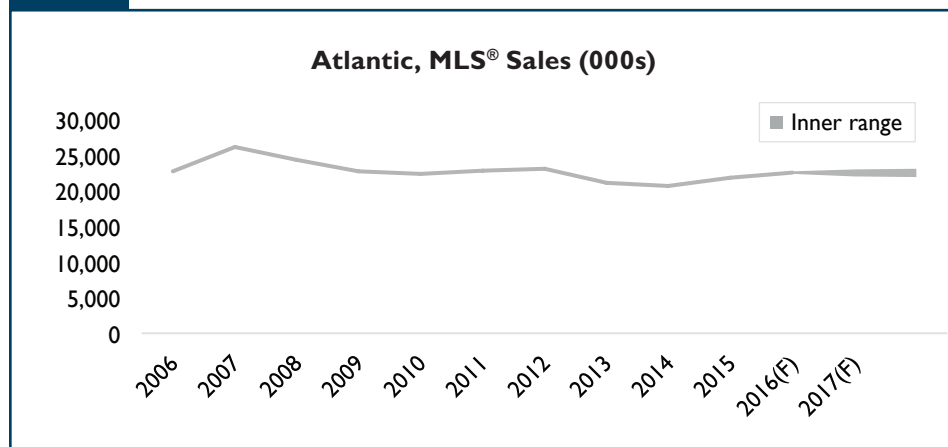
Atlantic Overview

- Housing starts in Atlantic Canada are expected to decline moderately in 2016 within a range of 7,000 and 7,300 starts moving up slightly in 2017, and be in the range of 7,275 and 7,700 starts and remain stable in 2018 within a range of 7,175 and 7,775 starts.

- MLS® sales will remain stable over the forecast period and range from 22,375 to 22,775 units in 2016, from 22,000 to 23,000 units in 2017 and from 21,900 to 23,100 units in 2018.

- The average price for existing homes is forecast to remain fairly steady over the forecast ranging between $202,750 and $207,350 in 2016, between $202,750 and $209,400 in 2017 and from $201,500 to 211,500 in 2018.

Canada

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Newfoundland and Labrador

Economic growth in Newfoundland and Labrador (NL) will remain below the pace of the other three provinces in Atlantic Canada over the forecast period. GDP will decline in both 2016 and 2017 before a return to moderately positive economic growth by 2018. The provincial government's current fiscal situation is unprecedented in terms of the size of the current deficit and total debt. The province will continue to be pressured to look for new revenue sources and expenditure cuts could continue if oil prices remain lower for longer. In 2018 and beyond, the province's economic future should begin to brighten, with the new Hebron offshore oilfield in production and the return of energy and resource investment activity. Oil prices are likely to gradually improve as global supply realigns with demand in the coming years.

The province's labour market conditions have continued to soften for the fourth year in a row this year. Recent economic weakness has resulted in additional labour pressures for NL as the labour market was already impacted in 2015 by an increase in the number of unemployed Alberta commuters.

Figure 3	
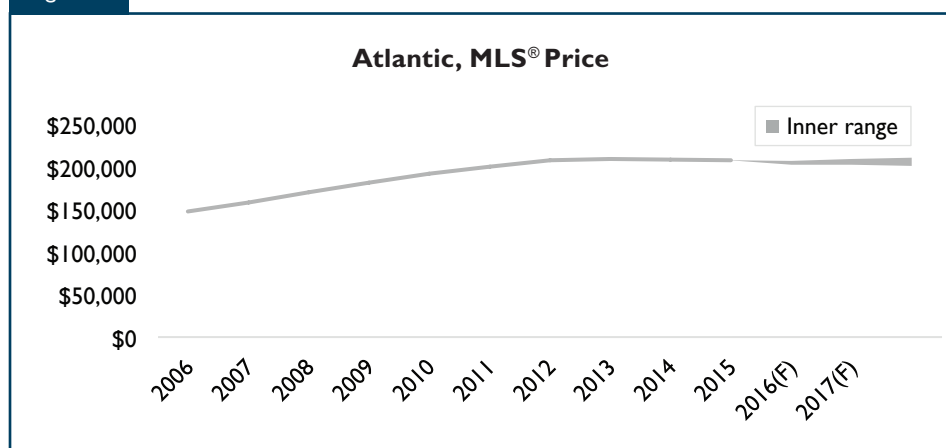
Atlantic, MLS® Price

Source: CREA; (F) = CMHC Forecast.
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These unemployed individuals remain at home in NL, hoping to go back for work. Employment is forecast to decline 1.8 per cent this year and 0.4 per cent in 2017 and 2018. The unemployment rate is expected to remain elevated as labour force and employment pressures continue to impact a weakening economy affected by a lack of new capital project activity.

Net migration is not expected to stabilize over the current forecast. With a lack of employment growth, out-migration from NL to other parts of Canada is expected to increase this year and in 2017 and 2018. A weaker outlook for employment compared to other regions of Canada will force people to look for opportunities outside NL. Although it will be lower than recent years, international immigration is forecast to remain positive as more refugees come to Canada, including NL. Immigration to NL from outside Canada will also be driven by international students coming to St John's to study. Overall net migration will remain weak though as interprovincial migration remains negative.

Demand for housing will remain flat-to-declining over the forecast period as a result of a lack of growth in population, income and employment paired with the provincial government's ongoing negative fiscal situation. Accordingly, the single-detached housing market will range from 1,125 to 1,155 single starts this year, between 950 and 1,000 in 2017 and between 900 and 1,000 in 2018.

With no large rental projects expected to break ground over the forecast period, multi-unit construction activity is expected to remain below average. Semi-detached, row, basement apartments and small multi-unit rental projects targeted at

Note to readers

In an effort to align itself with the various needs of those seeking information about the housing market, CMHC's Market Analysis Centre has undertaken a complete review of its products and services. As a part of this review, the CMHC's *Housing Market Outlook* publication will be undergoing a series of modifications. The general objective is to provide a range of possible outcomes that, in a context of economic and financial uncertainty, will better help users in their decision-making process.

As a first step in this ongoing process, the present edition incorporates forecast ranges for housing variables as well as an expanded discussion on the risks to the forecast. A more detailed description of the forecast range methodology is provided at the end of the publication.

seniors and affordable housing projects are expected to drive market activity over the forecast period. As a result, the range for multiples will be from 275 to 325 units this year, 225 to 325 units in 2017 and between 250 to 350 units in 2018.

A lack of employment and economic growth has not materially impacted sales activity as there continues to be a wide gap between new and existing price indices and the same will likely hold true going forward. Buyer activity in the under $300,000 segment has been very strong, with buyers recognizing the economic slowdown as an opportune time to enter the market. Lower oil prices, as well as negative or weak economic growth, will impact resale housing activity within higher price segments. As a result, MLS® sales will range between 4,250 to 4,300 units this year, between 4,000 to 4,200 units in 2017 and between 3,900 to 4,100 units in 2018.

Prices declined in 2015 for the first time after several years of significant price growth. Going forward, average residential prices will remain under pressure, driven by a lack of growth in population, income and employment, thus impacting housing demand. Average prices are expected to be in the range of $252,000 to $268,000 this year, $248,500 to $269,500 in 2017 and $245,000 to $271,000 in 2018.

Prince Edward Island

Prince Edward Island (PE) will see its economy expand modestly across the forecast period. Exports will remain the primary driver of this growth on the Island and will directly benefit from a stronger US dollar across the forecast horizon. Exports of agricultural food products, such as potatoes and lobster, will continue to see robust demand from major trading

partners such as the US and South Korea. Tourism is also set to reap the benefits of a stronger US dollar, attracting both domestic and international visitors. Strong growth in these areas is expected to cover the weakness in government spending in addition to a softening in private sector investment.

PE is set for its third consecutive year of negative employment growth in 2016 as cuts within the administration and education segments of the public sector sufficiently outweighed gains made in the private sector. While this has reduced the number of people with full-time employment, industries such as tourism that are focused around part-time employment have reported significant gains. Once the provincial books are balanced in 2017, it is expected that investment in non-commercial services, such as health care, social services, and education will return, providing support to a modest increase in total employment levels for 2017 and 2018.

International immigration continues to be the primary driver of PE's population growth and this trend will continue across the forecast horizon. Syrian refugees and international students attending UPEI will provide the majority of the boost to net international migration figures for 2016, while an increase in the number of permanent residents coming in under the Provincial Nominee Program will also see a lift. Growth in the PE population will also come from a reduction in the number of people leaving the province. Fewer recent immigrants are leaving the province and a growing number of people from other Canadian provinces are choosing to move to PE and make it their home. Overall, PE will be expecting net migrant inflows of 2,000 people in 2016, 1,300 people in 2017 and 1,400 people in 2018.

Demand for new single-detached homes will expand across the forecast horizon reflecting tighter resale market conditions and demand from an expanding population base. As fewer resale housing options are available to potential homebuyers, some will switch their preference from resale to new to get the home they want. Single-detached housing starts will therefore range from 300 to 320 units in 2016 from 310 to 340 in 2017 and from 320 and 360 starts in 2018.

Multiples starts will dip modestly in 2016 before moving higher across the remainder of the forecast horizon. While semi-detached homes appear to have lost favour with the market, row houses have grown in popularity as an attractive ownership product for baby boomers wanting to downsize. Apartment starts will remain sufficient to meet the demand from seniors looking for lower maintenance rental housing options and from both domestic and international newcomers, which includes the growing number of international students. As a result, multiple starts will range from 210 to 290 units in 2016, from 225 to 325 units in 2017 and from 225 to 335 units in 2018.

MLS® sales are expected to rise significantly in 2016 before slowing modestly across the following two years. The excess supply of resale homes that have been have been sitting on the market has now met an uptick in demand from interprovincial and international in-migrants. This has alleviated supply pressures in the market, facilitating the flow of MLS® sales across the forecast horizon. MLS® sales will range between 1,950 to 2,050 units in 2016, between 1,825 to 1,975 units in 2017 and between 1,700 to 1,900 units in 2018.

Listing activity is not expected to keep pace with sales over the forecast period, even as sales soften through 2017 and 2018. As such, the inventory of homes available for potential homebuyers will become more limited and average prices will move higher. Prices are expected to be in the range of $178,000 to $182,000 in 2016, $187,000 to $193,000 in 2017, and $195,000 to $205,000 in 2018.

Nova Scotia

Nova Scotia (NS) is expected to show stable economic growth in the upcoming year(s), driven by growth from the manufacturing and construction sectors. Continued work on Irving Shipbuilding's Arctic offshore patrol ships and the demand from manufactured goods such as seafood and other food products will continue to support manufacturing in the province. Construction activity will also remain strong in the short term for both the non-residential and residential sectors. The non-residential construction sector continues to be positively impacted by the Nova Centre, where construction will continue throughout the remainder of 2016 and into 2017. In addition, projects such as the upgrades to Pratt & Whitney's manufacturing facility and the suspension replacement of the Macdonald Bridge continue. The Queen's Marque 450,000 square feet development on the Halifax waterfront is also expected to bring a $200-million investment to the area and will include a hotel, office space, a residential building and 75,000 square feet of public space. On the residential construction side, a number of mid-sized to large development projects are expected to break ground in the upcoming

months, while the pipeline remains strong for future development over the next two years.

Labour market conditions remained fairly stagnant in 2016, with seasonally adjusted monthly employment recording lower levels throughout most of 2016. Employment is forecast to decline in 2016 before seeing minimal growth for 2017 and 2018. Average weekly earnings are expected to see a growth of close to one per cent in 2016 and closer to two per cent for 2017 and 2018.

International migration is forecasted to continue to support an overall positive picture for net migration for the province, with an anticipated 6,000 immigrants expected to arrive by year-end 2016 and 2,500 in both 2017 and 2018. With the exodus of people from the province to elsewhere in Canada expected to slow over the next two years, total net migration figures should remain higher for the province than the level of activity seen over the last five years.

After reaching a low in 2015, single starts are expected to see an uptick over the next two years. Population gains driven by international migration into the Halifax Regional Municipality (HRM) as well as growing interest from the millennial population will provide a small boost in singles demand. As a result, singles will be within a range of 1,375 to 1,425 starts in 2016 with the forecast shifting marginally to 1,350 to 1,450 in 2017 and 1,325 to 1,475 by 2018.

An aging population base driven by downsizing baby boomers and international migrants will continue to provide strong demand for rental apartment construction. Demand for condominium construction has also been on the upward trend and will continue over the forecast period.

Although total multiples starts are expected to decline from the strong levels recorded in 2015, they will still remain elevated at between 1,775 to 1,925 units in 2016 and between 2,200 to 2,500 units in 2017 and 2,050 to 2,450 units by 2018.

MLS® sales have been outpacing last year's figures in most regions of the province, especially apparent in the HRM submarkets. As a result, MLS® resales will be within a range of 9,350 to 9,450 units in 2016 with the range shifting marginally in 2017 to between 9,300 and 9,500 units and then drop moderately by 2018 to between 9,150 to 9,450 units.

Although sales have been seeing growth in the province, average MLS® prices have remained flat or have recorded declines in some regions. The average price of an existing home is expected to decrease over the forecast period. Although the market is converging towards balanced conditions, the environment still remains competitive for buyers and therefore will keep price growth subdued. Average prices in the province will be in the range of $216,000 and $218,000 in 2016 and between $216,000 and $220,000 by 2017 and $214,000 to $222,000 by 2018.

New Brunswick

The low Canadian dollar helped boost New Brunswick's economy in 2015. Canada's most export dependent province saw increases in most of its industrial sectors, including agriculture, manufacturing, and mining. However, the closure of two large potash mines in Sussex will dramatically impact the mining and manufacturing sectors in 2016 and beyond. Additionally, while the dollar is expected to remain low over the forecast period, further

gains in the manufacturing sector will be slow to materialize as it will take manufactures time to adjust to the new exchange rate environment. Expect real GDP to grow by 0.2 per cent in 2016, 0.6 per cent in 2017, and 0.8 per cent in 2018.

Employment is forecast to fall 0.5 per cent in 2016 before rising 0.6 per cent in 2017. Service export industries like contact centres and tourism will play a large role in the reversal. The low Canadian dollar has increased tourist visits from the US and investments in contact centres focused on American clients. As well New Brunswick's cost competitiveness, bilingualism and slack in the labour market have encouraged some Canadian focused contact centres to expand to the province.

Over the past few years, high unemployment in NB and better job prospects elsewhere in the country had driven the outmigration of young New Brunswickers. More recently, the worsening economic prospects of resource dependent provinces has slowed the rate of outmigration. The slowdown in outmigration coincided with the arrival of up to 1,500 Syrian refugees earlier this year. This will support positive population growth for the first time since 2012. Expect the net gain from migration to be 2,000 people in 2016, 700 people in 2017 as well as 600 people in 2018.

Ample supply of existing homes on the resale market has weakened demand for new homes in the province. As well, the longer term trend of an aging population means that there will continue to be fewer young families looking for their first home. As a result, singles will range from 1,075 to 1,125 starts in 2016 and 2017, and 1,100 and 1,200 in 2018.

Prior to 2013 increased multiple starts coincided with increased outmigration, which pushed vacancy rates up significantly across the province. As well, there were some locations that had build-ups in their inventory of unsold row and semi-detached homes. As multiple starts fell, the inventory of unsold homes cleared quickly, however vacancy rates have been slower to adjust. It is expected that multiple starts have finally reached a more sustainable level and will remain relatively flat over the next few years. Expect multiple starts to range between 770 and 850 in 2016, 730 and 850 in 2017, and 725 and 875 in 2018.

Several years of downward price adjustments has helped realign buyer and seller and we are now seeing a boost in sales on the existing home market. High levels of new listings have further boosted sales by giving buyers more choice in terms of location and house type(s). MLS® sales are expected to be between 6,825 to 6,975 units in 2016, 6,900 to 7,300 units in 2017, and 7,150 and 7,650 in 2018.

Over the past few years, new listings have grown faster than sales, pushing average prices down. Starting this year, the expectation is that new listings have hit a plateau, giving sales a chance to catch up and allowing average prices to return to positive growth again. Average prices are expected to range between $161,000 and $163,000 in 2016, $162,500 and $165,500 by 2017, and $163,500 and $168,500 in 2018.

Mortgage Rates are Expected to Rise Modestly Over the Forecast Horizon

Mortgage rates are expected to increase very modestly over the period 2016-2018. This is consistent with the expected pick-up over the horizon for inflation and real GDP growth by several forecasting institutions.

According to our base case scenario, the posted 5-year mortgage rate is expected to be within a 4.5 to 4.9 per cent range in 2016 and within a 4.4 to 5.2 range in 2017. For 2018, the posted 5-year mortgage rate should lie within a 4.5 to 5.7 per cent range.

Methodology for Forecast Ranges

The present edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. Despite this change, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available. Two sets of ranges are presented in the publication:

- An inner range, which provides more precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. This inner range is based on the coefficient of variation* of historical data and on past forecast accuracy. This range provides precision and direction for forecasts of housing variables, given a

specific set of assumptions for the market conditions and underlying economic fundamentals.

- An outer range, which reflects potential risks to the forecast due to, for example, the impact of economic shocks. The outer range is based on a broader coefficient of variation of

historical data and on past forecast accuracy. This range includes some low-probability events that could have a significant impact on the forecast.

Downward (or upward) adjustments to the ranges may be applied based on local market intelligence if there are more sources of risks (upside or downside) for that specific market.

Legend: Inner range | Outer range
X-axis: 2006 2008 2010 2012 2014 2016(F)

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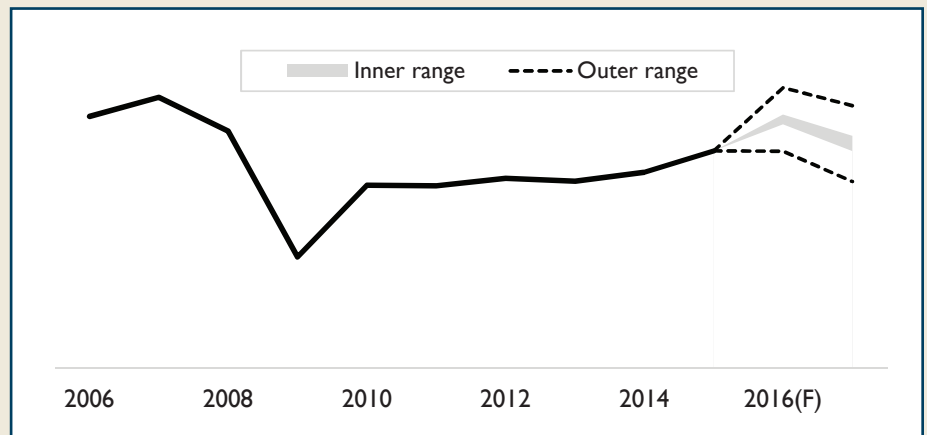
* The coefficient of variation in this case is the standard deviation divided by the mean of that series. A higher coefficient of variation would produce wider ranges due to the higher volatility of the data, while a lower coefficient of variation would produce tighter ranges.

Spotlight on...

Risk Discussion: The Outer Ranges for Starts, Sales and Prices

The Impact of Mortgage Regulation Changes

On October 3, the Government of Canada announced measures designed to support the health and stability of Canadian housing markets and housing finance system. The measures include new eligibility rules for high ratio insured mortgages (where the loan to value ratio is greater than 80%) and new eligibility criteria for low ratio insured loans (loan-to-value less than 80%) that previously only applied to high ratio mortgages. Under the new measures, all high ratio mortgages will now be "stress tested" to ensure borrowers can afford their loan if interest rates rise. Borrowers will now have to meet higher debt servicing limits calculated using the greater of the contract rate and the Bank of Canada's 5 year posted rate. The latter is currently more than 2% higher than typical contract rates. This "stress test" approach has been applied since 2010 to variable rate mortgages and fixed rate mortgages of a term of less than 5 years. Applying this stress test to loans with terms of five years and longer extends this test to all high-ratio insured mortgages.

As the policy just took effect, it is difficult to precisely evaluate the impacts on housing markets. In general, an increase in mortgage rates affects house prices, sales, and starts negatively. However, the stress test approach affects the size of the insured mortgage for which the home borrower qualifies and it is

not an increase in the mortgage rate itself. As a result, borrowers could adjust their purchase behaviour in several ways. For example, they could purchase homes that are less expensive, add more down payment, delay their purchase in order to save additional funds for down payment, or add a co-signor. According to our analysis, from 5 to 10 per cent of all prospective home buyers could be affected during the first year of implementation, but the precise impact will vary depending on specific homebuyer circumstances and behaviours. Considering regional variations in drivers of housing activities, it is also likely that the impact of the announced changes could be different across the country. Taking into account all possible scenarios, the impacts on house prices, sales, and starts are within the lower band of our outer forecasting range that is designed to capture unexpected economic and financial developments, as well as unforeseen regulatory changes at the local, provincial, and national levels.

Outer Ranges for Starts in 2016 and 2017

Housing starts reached 8,075 units in 2015 which was only slightly higher than 7,962 units in 2014.

The outer range for Atlantic Canada is dependent on provincial events with total housing starts in the region expected to range from 6,040 to 8,280 units in 2016, from 6,230 to 8,750 units in 2017 and from 6,120 to 8,820 units in 2018.

Risks to the Outlook for Starts across Atlantic Canada

Newfoundland and Labrador (NL)

Housing starts in NL are expected to have an outer range of 1,125 to 1,755 units in 2016, from 975 to 1,525 units in 2017 and from 950 to 1,550 in 2018.

Figure 4

Atlantic, Starts (000s)
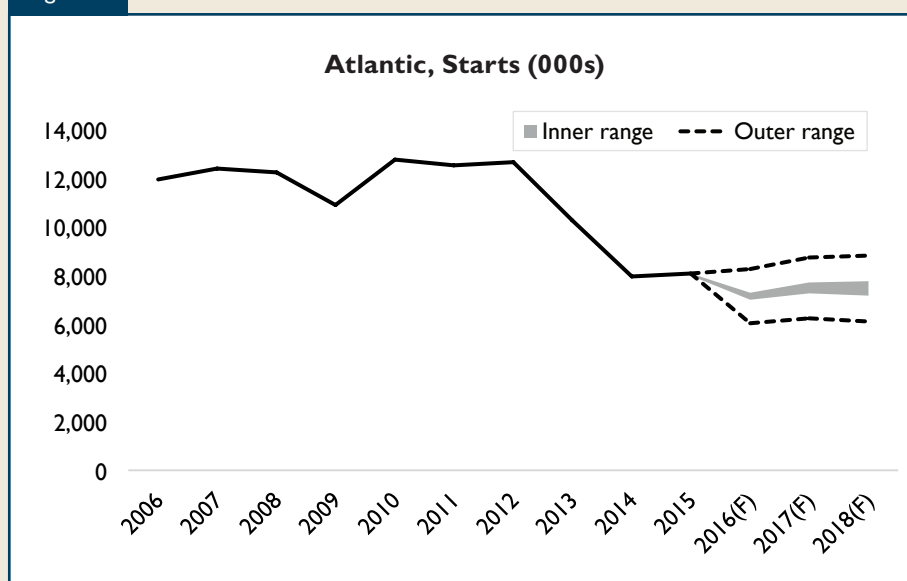
Source: CMHC, (F): Forecast.

Oil prices are not likely to improve substantially in 2016 but may improve in 2017. There is a risk that supply does not adjust downward and prices remain depressed thereby impacting economic growth and pushing starts activity to the lower end of the current range.

The unemployment rate is expected to remain elevated due to a weak economy outlook that is also being impacted by a lack of new capital project activity. If oil prices were to improve at a greater than expected rate capital project activity would also likely improve. This would cause employment and economic growth to stabilize faster over the forecast, resulting in starts shifting towards the upper end of the current range.

With no significant rental projects expected to break ground multi-unit construction activity is expected to remain weak. An improving outlook would shift the focus back to new rental projects as the current demographic outlook does support additional demand in a stable economy.

Prince Edward Island (PE)

Housing starts in PE are expected to have an outer range from 440 to 680 units in 2016, from 450 to 750 units in 2017 and from 470 to 770 units in 2018.

The tourism sector could see additional benefit from continued lower gasoline prices and U.S. discretionary spending as well as Canadians remaining in Canada for vacation. If export-driven industries are also able to expand production more than expected, economic growth and housing starts would be closer to the upper end of the range.

If PE employment growth were to weaken more than expected, this will further deter the return of Islanders to the province, resulting in starts shifting to the lower end of the current range.

If retention rates of immigrants were to improve from current levels housing demand would also increase over time resulting in housing starts shifting to the higher end of the range.

Apartment starts are expected to improve over the forecast if the current inventory of vacant units declines more than expected, apartment starts would continue to shift housing activity to the upper end of the range.

Nova Scotia (NS)

Housing starts in NS are expected to have an outer range from 2,825 to 3,675 units in 2016, from 3,225 to 4,275 units in 2017 and from 3,075 to 4,225 in 2018.

A weaker Canadian dollar could support the export sector more than expected resulting in stronger economic growth and housing towards the upper end of the range for the forecast.

Employment is forecast to remain soft rising moderately over the forecast, but a reduction in currently planned investment activity would result in a decline in jobs and reduced housing demand to the lower end of the range.

Population gains into the Halifax Regional Municipality (HRM) could be stronger than expected due to higher international immigration resulting in upside risk to the forecast for rental demand and multiple starts and overall activity shifting to the upper end of the range.

If population gains were weaker than expected in HRM this would result in the demand for singles shifting toward the lower end of the range.

An improving economy and stronger sales activity would result in increased demand and starts activity toward the upper end of the range.

New Brunswick (NB)

Housing starts in NB are expected to have an outer range from 1,650 to 2,170 units in 2016, from 1,580 to 2,200 units in 2017 and from 1,625 to 2,275 units in 2018.

Weaker private sector investment could impose greater risk to the province's economy and housing starts would shift to the lower end of the range.

The expectation is for the slowdown to continue, but new investment projects would support economic growth and higher starts toward the upper end of the range.

New home construction activity could also see increased competition than expected from the existing home market as baby boomers continue to sell their homes and as a result housing starts would remain near the lower end of the range.

Higher vacancy rates than forecast in the province's key urban centres would discourage the construction of new rental apartments resulting in starts activity toward the lower end of the range.

Outer Ranges for MLS® Sales in 2016 and 2017

MLS® sales reached 21,812 in 2015 following a slightly lower level of 20,693 sales in 2014.

The outer range for Atlantic Canada is dependent on provincial events with MLS® sales in Atlantic Canada expected to range from 20,125 to 25,025 units in 2016, from 19,175 to 25,825 units in 2017 and from 18,625 to 26,375 units in 2018.

Risks to the Outlook for MLS® Sales in Atlantic Canada

NL

MLS® sales in NL are expected to have an outer range from 3,825 to 4,725 sales in 2016, from 3,425 to 4,775 sales in 2017 and from 3,275 to 4,725 sales in 2018.

If first-time buyer activity were to slow more than expected, MLS® sales activity would remain near the lower end of the forecast range.

Further declines in oil prices, as well as slower economic growth, would shift resale housing activity towards the lower end of the current range.

PE

MLS® sales in PE are expected to have an outer range from 1,650 to 2,350 units in 2016, from 1,550 to 2,250 units in 2017 and from 1,400 to 2,200 units in 2018.

The tourism sector could see additional benefit from lower gasoline prices and U.S. discretionary spending as well as Canadians staying

Figure 5
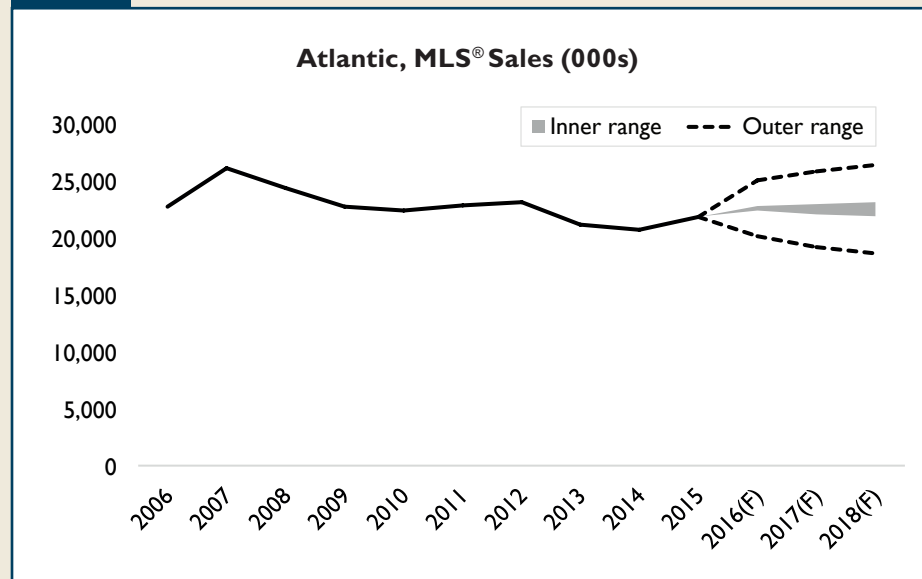
Atlantic, MLS® Sales (000s)

Source: CREA; (F) = CMHC Forecast.
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in Canada for vacation, resulting in an improvement to economic growth and MLS® sales.

Stronger labour market conditions than currently forecast, as well as higher population growth, would provide greater support to MLS® sales toward the upper end of the range.

If PE employment growth were to weaken more than expected, this would deter the return of Islanders to the province, resulting in a decline in MLS® sales toward the lower end of the range.

NS

MLS® sales in NS are expected to have an outer range from 8,300 to 10,500 units in 2016, from 7,900 to 10,900 units in 2017 and 7,500 to 11,100 units in 2018.

Stronger population growth, coupled with better economic growth, would provide a lift in MLS® sales growth toward the upper end of the current range.

If the exodus of people from the province to elsewhere in Canada were to rise more than expected, MLS® sales would weaken to the lower end of the range over the forecast.

NB

MLS® sales in NB are expected to have an outer range from 6,350 to 7,450 units in 2016, from 6,300 to 7,900 units in 2017 and from 6,450 to 8,350 units in 2018.

Greater private sector investment would support the current economic outlook, resulting in MLS® sales shifting to the upper end of the current range.

Weaker economic growth and a more pronounced increase in the supply of new listings in the existing home market, would dampen overall sales activity toward the lower end of the range as the average time required to sell a home in New Brunswick would also increase.

Outer Ranges for MLS® Prices in 2016 and 2017

MLS® prices dropped a bit to $209,070 in 2015 following a slightly higher average price of $209,600 in 2014.

The outer range for Atlantic Canada is dependent on provincial events with MLS® Prices in Atlantic Canada expected to range from $196,665 to $213,400 in 2016, from $194,200 to $217,850 in 2017 and from $191,700 to $221,300 in 2018.

Risks to the Outlook for MLS Prices in Atlantic Canada

NL

MLS® prices in NL are expected to have an outer range from $244,000 to $276,000 in 2016, from $239,000 to $279,000 in 2017 and from $234,000 to $282,000 in 2018.

Average residential prices could continue to decline further than expected, driven by a lack of growth in population, income and employment, thus impacting housing demand and resulting in prices shifting to the lower end of the range.

An increase in MLS® sales activity, tied to better economic growth than expected, would reduce the supply of resale homes available helping to stabilize and shift house prices toward the upper end of the forecast range.

PE

MLS® prices in PE are expected to have an outer range from $172,500 to $187,500 in 2016,
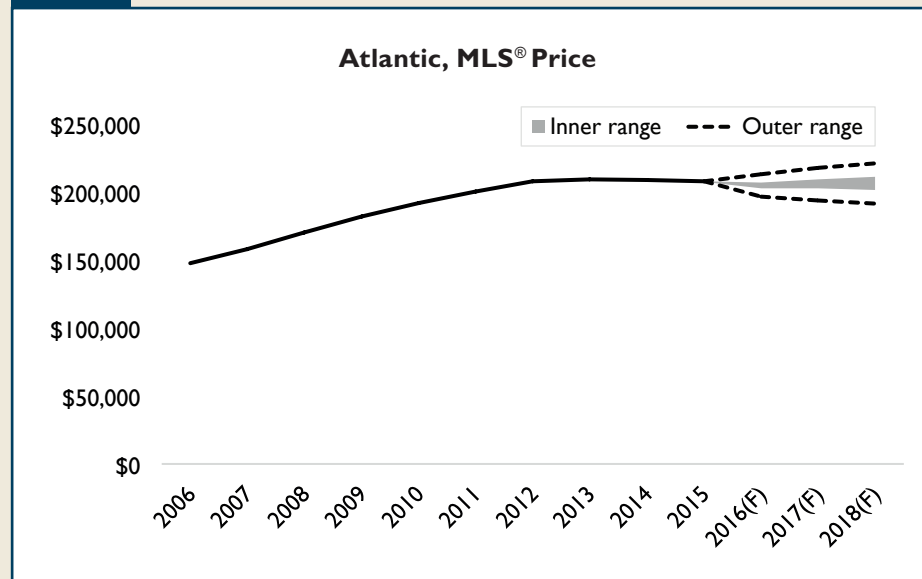
from $180,000 to $200,000 in 2017 and from $186,000 to $214,000 in 2018.

Demand side pressures from an improving economic outlook could shift average prices higher than previously forecast to the upper end of the current range.

NS

MLS® prices in NS are expected to have an outer range from $210,000 to $224,000 in 2016, from $208,000 to $228,000 in 017 and from $205,000 to $231,000 in 2018.

Inventory levels could decline more than expected due to a better economic outlook and population growth, resulting in a more competitive environment and higher price growth towards the upper end of the current range.

If first-time buyer activity slows more than expected, MLS® sales activity would shift more to the lower end of the current range.

NB

MLS® prices in NB are expected to have an outer range from $157,000 to $167,000 in 2016, from $156,000 to $172,000 in 2017 and from $156,000 to $176,000 in 2018.

If the time required to sell a home were to decline as a result of higher demand, this would put upward pressure on prices to the upper end of the range.

A weaker economic outlook and a more pronounced increase in the supply of new listings in the existing home market would dampen sales activity and prices toward the lower end of the range.

Figure 6

Atlantic, MLS® Price

Source: CREA; (F) = CMHC Forecast.
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Forecast Summary Newfoundland and Labrador Fall 2016									
	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	2,225	1,670	1,271	1,125	1,155	950	1,000	900	1,000
Multiples	637	449	426	275	325	225	325	250	350
Starts - Total	2,862	2,119	1,697	1,400	1,480	1,200	1,300	1,150	1,350
Resale Market									
MLS® Sales	4,303	4,100	4,251	4,250	4,300	4,000	4,200	3,900	4,100
MLS® Average Price($)	283,101	283,671	275,579	252,000	268,000	248,500	269,500	245,000	271,000
Economic Overview									
Mortgage Rate(5 year)(%)	5.24	4.88	4.67	4.50	4.90	4.40	5.20	4.50	5.70

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	3.2	4.6	4.7	5.0	5.5	5.2
Two-bedroom Average Rent (October)($)	864	888	923	925	930	940
Economic Overview						
Population	528,973	528,903	528,190	527,000	523,000	521,000
Annual Employment Level	242,700	238,600	236,200	232,000	231,100	230,200
Net Migration	1,450	78	284	0	-1,350	-1,050
Average Weekly Earnings ($)	924	966	954	935	920	925

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The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Forecast Summary Prince Edward Island Fall 2016									
	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	282	292	286	300	320	310	340	320	360
Multiples	354	219	272	210	290	225	325	225	335
Starts - Total	636	511	558	540	580	575	625	590	650
Resale Market									
MLS® Sales	1,425	1,380	1,665	1,950	2,050	1,825	1,975	1,700	1,900
MLS® Average Price($)	156,108	163,911	163,533	178,000	182,000	187,000	193,000	195,000	205,000
Economic Overview									
Mortgage Rate(5 year)(%)	5.24	4.88	4.67	4.50	4.90	4.40	5.20	4.50	5.70

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	7.9	5.9	4.2	3.6	3.4	3.4
Two-bedroom Average Rent (October)($)	804	836	830	832	845	855
Economic Overview						
Population	145,572	146,491	146,679	149,000	150,500	151,500
Annual Employment Level	74,100	74,000	73,200	71,800	72,000	72,800
Net Migration	161	651	536	2,000	1,300	1,400
Average Weekly Earnings ($)	732	759	776	790	800	810

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Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Forecast Summary Nova Scotia Fall 2016									
	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,639	1,355	1,350	1,375	1,425	1,350	1,450	1,325	1,475
Multiples	2,280	1,701	2,475	1,775	1,925	2,200	2,500	2,050	2,450
Starts - Total	3,919	3,056	3,825	3,225	3,275	3,700	3,800	3,600	3,700
Resale Market									
MLS® Sales	9,146	8,939	9,222	9,350	9,450	9,300	9,500	9,150	9,450
MLS® Average Price($)	215,627	214,983	219,419	216,000	218,000	216,000	220,000	214,000	222,000
Economic Overview									
Mortgage Rate(5 year)(%)	5.24	4.88	4.67	4.50	4.90	4.40	5.20	4.50	5.70

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	3.2	3.8	3.4	3.2	3.6	3.8
Two-bedroom Average Rent (October)($)	976	1,005	1,048	1,075	1,110	1,150
Economic Overview						
Population	943,061	943,714	945,121	947,000	949,000	950,500
Annual Employment Level	452,600	447,600	448,100	445,800	446,500	447,300
Net Migration	-1,145	720	2,972	5,500	2,250	2,100
Average Weekly Earnings ($)	781	812	820	830	845	860

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It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. Nova Scotia Association of REALTORS®. CMHC Forecast (2016-2018).

Forecast Summary New Brunswick Fall 2016									
	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,376	1,192	1,119	1,075	1,125	1,075	1,125	1,100	1,200
Multiples	1,467	1,084	876	770	850	730	850	725	875
Starts - Total	2,843	2,276	1,995	1,850	1,970	1,800	1,980	1,825	2,075
Resale Market									
MLS® Sales	6,282	6,273	6,682	6,825	6,975	6,900	7,300	7,150	7,650
MLS® Average Price($)	162,652	161,803	160,400	161,000	163,000	162,500	165,500	163,500	168,500
Economic Overview									
Mortgage Rate(5 year)(%)	5.24	4.88	4.67	4.50	4.90	4.40	5.20	4.50	5.70

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	9.3	8.2	7.4	6.5	6.1	6.3
Two-bedroom Average Rent (October)($)	735	757	761	783	793	809
Economic Overview						
Population	755,630	755,066	754,164	756,000	756,600	757,000
Annual Employment Level	354,500	353,900	351,800	350,000	352,100	353,100
Net Migration	-798	-479	145	2,000	700	600
Average Weekly Earnings ($)	777	781	809	815	835	850

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Rental Market: Privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the CMA historical data and forecasts from each province. NB includes Fredericton (CA).

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Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

		Labour Market			Housing Market				
		Emp. Growth (%)	Unemp. Rate (%)	Average Weekly Earnings ($)	Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
St. John's	Q2 2016	2.2	6.8	941	232	181	51	567	306,803
	Q2 2015	0.9	6.6	984	212	184	28	499	291,511
	Change	1.4	0.2	-4.4%	9.4	-1.6	82.1	13.6	5.2
Charlottetown	Q2 2016	0.8	7.3	n/a	108	48	60	255	232,792
	Q2 2015	-2.9	8.6	n/a	41	30	11	179	204,328
	Change	3.8	-1.3	-	163.4	60.0	445.5	42.5	13.9
Halifax	Q2 2016	3.0	5.5	881	582	160	422	1,272	283,728
	Q2 2015	-0.9	6.8	881	1,288	93	1,195	1,317	277,257
	Change	3.9	-1.3	0.0%	-54.8	72.0	-64.7	-3.4	2.3
Fredericton	Q2 2016	2.6	10.1	n/a	136	37	99	746	194,361
	Q2 2015	5.6	7.0	n/a	67	24	43	675	185,077
	Change	-3.1	3.1	-	103.0	54.2	130.2	10.5	5.0
Moncton	Q2 2016	1.2	7.5	785	159	89	70	699	168,204
	Q2 2015	0.1	8.0	819	121	59	62	735	165,018
	Change	1.0	-0.5	-4.2%	31.4	50.8	12.9	-4.9	1.9
Saint John	Q2 2016	-1.1	7.8	822	51	48	3	576	171,653
	Q2 2015	-0.5	7.6	860	39	35	4	491	162,886
	Change	-0.6	0.2	-4.4%	30.8	37.1	-25.0	17.3	5.4
Newfoundland and Labrador	Q2 2016	0.4	12.0	937	390	310	80	1,139	259,049
	Q2 2015	-0.5	13.1	947	419	352	67	982	278,706
	Change	1.0	-1.1	-1.1%	-6.9	-11.9	19.4	16.0	-7.1
Prince Edward Island	Q2 2016	-2.3	10.4	786	157	75	82	609	181,077
	Q2 2015	-1.5	10.4	778	101	73	28	453	166,105
	Change	-0.8	0.1	1.1%	55.4	2.7	192.9	34.4	9.0
Nova Scotia	Q2 2016	0.3	8.0	834	987	462	525	3,135	226,061
	Q2 2015	-0.2	8.6	823	1,517	267	1,250	3,155	227,344
	Change	0.5	-0.6	1.4%	-34.9	73.0	-58.0	-0.6	-0.6
New Brunswick	Q2 2016	-0.5	10.0	809	508	300	208	2,226	172,791
	Q2 2015	-0.7	10.4	813	434	252	182	2,104	164,744
	Change	0.3	-0.4	-0.6%	17.1	19.0	14.3	5.8	4.9
Atlantic Region	Q2 2016	n/a	n/a	n/a	2,042	1,147	895	7,109	210,813
	Q2 2015	n/a	n/a	n/a	2,471	944	1,527	6,694	211,059
	Change	-	-	-	-17.4	21.5	-41.4	6.2	-0.1
Canada	Q2 2016	0.7	6.9	939	53,286	19,826	33,460	178,747	506,805
	Q2 2015	0.9	6.9	919	52,248	19,284	32,964	164,909	450,675
	Change	-0.2	0.0	2.2%	2.0	2.8	1.5	8.4	12.5

Changes to the Employment Growth and Unemployment Rate represent the absolute difference between current rates and the rates for the same period in the previous year. Average Weekly Earnings is the 3 month moving average of the last month in the quarter.

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n/a: Not Available

Source: CMHC (Starts and Completions Survey). Statistics Canada. CREA(MLS®). Newfoundland and Labrador Association of REALTORS®. Prince Edward Island Real Estate Association. Nova Scotia Association of REALTORS®

Atlantic Region Housing Forecast - New Construction								
	Housing Starts	2015	2016(F)		2017(F)		2018(F)	
			(L)	(H)	(L)	(H)	(L)	(H)
St. John's	Single-Detached	729	575	625	575	625	625	675
	Multiples	256	180	200	165	185	185	215
	Starts - Total	985	750	830	725	825	800	900
Charlottetown	Single-Detached	129	140	150	150	170	140	160
	Multiples	162	160	190	150	190	160	220
	Starts - Total	291	310	330	315	345	315	365
Halifax	Single-Detached	425	470	500	500	550	525	575
	Multiples	2,174	1,625	1,775	1,950	2,250	1,800	2,200
	Starts - Total	2,599	2,150	2,220	2,525	2,725	2,425	2,675
Fredericton	Single-Detached	178	175	185	190	210	180	200
	Multiples	198	140	160	220	260	220	280
	Starts - Total	376	320	340	425	475	400	460
Moncton	Single-Detached	243	250	270	260	290	280	320
	Multiples	349	380	440	180	220	150	180
	Starts - Total	592	640	700	450	500	430	500
Saint John	Single-Detached	130	140	160	140	160	145	175
	Multiples	95	15	25	70	90	70	110
	Starts - Total	225	165	175	220	240	240	260

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Source: CMHC (Starts and Completions Survey and Market Absorption Survey). CMHC Forecast (2016-2018).

Atlantic Region Housing Forecast - Resale Market								
		2015	2016(F)		2017(F)		2018(F)	
			(L)	(H)	(L)	(H)	(L)	(H)
St. John's	MLS® Sales	3,378	3,200	3,300	3,100	3,200	3,025	3,225
	MLS® Average Price($)	296,812	274,000	290,000	269,000	291,000	267,500	295,500
Charlottetown	MLS® Sales	642	750	850	725	825	700	800
	MLS® Average Price($)	204,462	225,500	228,500	233,500	240,500	239,500	250,500
Halifax	MLS® Sales	4,773	5,075	5,125	5,100	5,300	5,100	5,300
	MLS® Average Price($)	283,853	281,500	287,500	281,500	290,500	281,000	293,000
Fredericton	MLS® Sales	1,898	1,970	2,000	2,000	2,080	2,050	2,150
	MLS® Average Price($)	176,870	178,500	179,500	182,000	184,000	186,000	190,000
Moncton	MLS® Sales	2,407	2,225	2,315	2,375	2,505	2,425	2,575
	MLS® Average Price($)	163,601	165,000	168,400	167,600	172,000	169,500	174,500
Saint John	MLS® Sales	1,679	1,800	1,900	1,750	1,850	1,750	1,950
	MLS® Average Price($)	163,572	167,000	169,000	169,000	175,000	170,500	179,500

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(L)=Low end of Range.(H)=High end of range.

Source: CREA(MLS®). Newfoundland and Labrador Association of REALTORS®. Prince Edward Island Real Estate Association. Nova Scotia Association of REALTORS®. CMHC Forecast (2016-2018).

Atlantic Region Housing Forecast - Rental Market		2015	2016(F)	2017(F)	2018(F)
St. John's	October Vacancy Rate (%)	4.7	5.0	5.5	5.2
	Two-bedroom Average Rent (October)($)	923	925	930	940
Charlottetown	October Vacancy Rate (%)	4.2	3.6	3.4	3.4
	Two-bedroom Average Rent (October)($)	830	832	845	855
Halifax	October Vacancy Rate (%)	3.4	3.2	3.6	3.8
	Two-bedroom Average Rent (October)($)	1,048	1,075	1,110	1,150
Fredericton	October Vacancy Rate (%)	5.5	4.0	3.9	4.1
	Two-bedroom Average Rent (October)($)	829	845	855	870
Moncton	October Vacancy Rate (%)	7.4	6.5	6.0	6.5
	Two-bedroom Average Rent (October)($)	760	790	800	820
Saint John	October Vacancy Rate (%)	8.5	7.8	7.5	7.3
	Two-bedroom Average Rent (October)($)	718	730	740	750

Rental Market: Privately initiated rental apartment structures of three units and over.

The forecasts (F) included in this document are based on information available as of 30th September 2016.

Source: CMHC (Rental Market Survey). CMHC Forecast (2016-2018).

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