

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



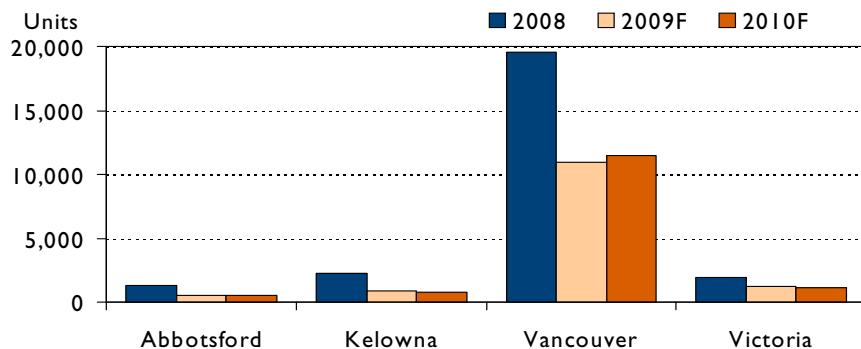
Canada Mortgage and Housing Corporation

Release Date: Second Quarter 2009

Fewer Housing Starts Expected

Figure 1

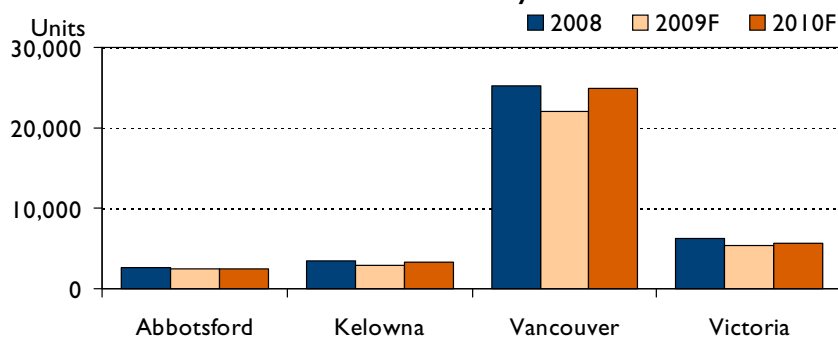
Housing Starts by CMA



Source: CMHC

Figure 2

MLS® Resales by CMA



Sources: MLS® CREA or Local Real Estate Board, CMHC Forecast

Overview¹

A slowing job market and ample supply of homes for sale will push home starts lower this year. The sales-to-new listings ratio for existing homes is low, which suggests that fewer new homes will be started this year. Both single-detached and multiple-unit starts will decline.

The low sales-to-new listings ratio also means that buyers' market conditions will prevail. The average MLS® price will move lower this year, narrowing the price gap with the rest of Canada. In 2010, the average price for an existing home will remain close to the 2009 price.

¹ The outlook is subject to a heightened degree of uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of April 30, 2009.

Economic Outlook

The British Columbia economy will grow at a slower pace this year as consumers hold back on spending and business investment wanes. Employment growth will also slow, following seven years of annual increases greater than two per cent. The economic outlook improves in 2010 as fiscal and monetary stimulus measures take hold.

Fewer people working, with a shift from full-time to part-time jobs, will push up the unemployment rate and hold back demand for homeownership. Some service-producing industries, including health and social services, will add jobs to meet the needs of a growing and aging population. However, weak

demand for British Columbia exports and new housing will reduce the number of people employed in goods-producing industries, such as manufacturing, construction and forestry. Accelerated delivery of infrastructure projects will add some support to construction employment. Employment will shift from full-time to part-time jobs as businesses reduce costs and remain flexible in this challenging economic environment. The provincial unemployment rate will move higher, but is forecast to remain below the national unemployment rate.

Strong international in-migration will keep the province's population

growing, but population growth will moderate. Favourable labour market conditions, relative to other provinces, will keep the number of people relocating to British Columbia close to last year's level.

Mortgage rates		
1 Year	Q I 2009	4.83
	% pt. chg from Q I 2008	-2.42
	2009 (F)	4.80
	2010 (F)	5.29
5 Year	Q I 2009	5.71
	% pt. chg from Q I 2008	-1.58
	2009 (F)	5.64
	2010 (F)	5.94

Source: Bank of Canada, CMHC Forecast

Housing Outlook

A slowing job market and ample housing supply in the existing home market will contribute to fewer housing starts this year. The housing outlook improves in 2010 with smaller projected declines in resale prices, and a modest pick up in existing home sales and housing starts.

Buyers' market conditions will prevail this year. Existing home listings are trending lower but will remain at elevated levels providing more choice for homebuyers. The sales-to-new listings ratio, a leading indicator of where home prices are going, suggests that homebuyers will benefit from lower prices than in recent years. The average MLS®

price will decline to \$403,700 this year, narrowing the price gap with the rest of Canada. In 2010, the average price for an existing home will be close to the 2009 level.

Fewer homes will be started as builders respond to reduced housing demand and abundant supply. Starts for all home types, including single-detached, apartment condominiums, row and townhouses, will be lower in 2009. Foundations will be poured for about 6,500 single-detached homes this year.

Multiple-unit starts will drop to 13,300 units in 2009, as builders focus on smaller phased projects.

Rising inventories of completed and unoccupied units will delay or hold back construction of larger multiple-unit developments. Some new rental will be built in Kelowna and Vancouver, but will account for a very small fraction of multiple-unit starts. Rental vacancy rates in British Columbia are among the lowest in Canada but high land and construction costs are a challenge for new rental projects.

Housing starts will pick up next year as economic and labour market conditions improve and the inventory of homes for sale is reduced. However, starts will remain below the ten-year average level.

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	Q1 2009	-11.1	9.5	n/a	Q1 2009	94	13	81	302	\$337,102
	Q1 2008	0.0	8.4	n/a	Q1 2008	154	81	73	511	\$379,082
	Change ¹	-11.1	1.1	-	% Change	-39.0	-84.0	11.0	-40.9	-11.1
Nanaimo	Q1 2009	18.2	7.4	n/a	Q1 2009	170	38	132	243	\$304,959
	Q1 2008	-4.9	7.9	n/a	Q1 2008	247	125	122	415	\$331,469
	Change ¹	23.1	-0.5	-	% Change	-31.2	-69.6	8.2	-41.4	-8.0
Prince George	Q1 2009	-7.9	9.5	n/a	Q1 2009	8	8	0	192	\$233,725
	Q1 2008	-1.5	6.7	n/a	Q1 2008	28	28	0	262	\$249,899
	Change ¹	-6.4	2.7	-	% Change	-71.4	-71.4	n/a	-26.7	-6.5
Abbotsford	Q1 2009	0.0	6.9	763	Q1 2009	47	23	24	392	\$312,269
	Q1 2008	1.9	5.0	742	Q1 2008	435	84	351	759	\$351,242
	Change ¹	-1.9	1.9	2.9%	% Change	-89.2	-72.6	-93.2	-48.4	-11.1
Kelowna	Q1 2009	-1.7	7.9	800	Q1 2009	72	46	26	497	\$359,083
	Q1 2008	4.5	5.1	738	Q1 2008	985	217	768	1,079	\$417,800
	Change ¹	-6.2	2.8	8.5%	% Change	-92.7	-78.8	-96.6	-53.9	-14.1
Vancouver	Q1 2009	-2.3	6.1	816	Q1 2009	1,819	285	1,534	4,575	\$535,552
	Q1 2008	2.4	3.8	774	Q1 2008	5,131	824	4,307	7,643	\$612,127
	Change ¹	-4.6	2.3	5.5%	% Change	-64.5	-65.4	-64.4	-40.1	-12.5
Victoria	Q1 2009	-3.5	5.4	779	Q1 2009	117	70	47	1,207	\$439,765
	Q1 2008	7.1	3.3	745	Q1 2008	392	145	247	1,676	\$498,926
	Change ¹	-10.6	2.1	4.5%	% Change	-70.2	-51.7	-81.0	-28.0	-11.9
B.C.	March 09	-3.3	7.4	796	Q1 2009	2,853	899	1,954	11,171	\$423,259
	March 08	2.5	4.4	766	Q1 2008	8,648	2,333	6,315	19,107	\$473,616
	Change ¹	-5.8	3.0	3.9%	% Change	-67.0	-61.5	-69.1	-41.5	-10.6
CANADA	March 09	-1.5	8.0	799	Q1 2009	23,772	8,814	14,958	76,896	\$283,520
	March 08	1.9	6.1	769	Q1 2008	43,610	15,329	28,281	105,202	\$310,798
	Change ¹	-3.5	1.9	3.9%	% Change	-45.5	-42.5	-47.1	-26.9	-8.8

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

¹Changes 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.

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

³MLS® 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

Looking for more details? Subscribe to CMHC's Housing Market Outlook Canada report and Housing Market Outlook reports for major centres.

B.C. Region Housing Forecast - New Construction

	Housing Starts	2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
Kamloops	Single-Detached	307	125	-59.3	175	40.0	13	81	-84.0
	Multiple	271	175	-35.4	100	-42.9	81	73	11.0
	Total	578	300	-48.1	275	-8.3	94	154	-39.0
Nanaimo	Single-Detached	389	330	-15.2	330	0.0	38	125	-69.6
	Multiple	532	180	-66.2	150	-16.7	132	122	8.2
	Total	921	510	-44.6	480	-5.9	170	247	-31.2
Prince George	Single-Detached	146	110	-24.7	85	-22.7	8	28	-71.4
	Multiple	69	30	-56.5	20	-33.3	0	0	n/a
	Total	215	140	-34.9	105	-25.0	8	28	-71.4
Abbotsford	Single-Detached	358	250	-30.2	200	-20.0	23	84	-72.6
	Multiple	927	300	-67.6	300	0.0	24	351	-93.2
	Total	1,285	550	-57.2	500	-9.1	47	435	-89.2
Kelowna	Single-Detached	765	325	-57.5	375	15.4	46	217	-78.8
	Multiple	1,492	525	-64.8	425	-19.0	26	768	-96.6
	Total	2,257	850	-62.3	800	-5.9	72	985	-92.7
Vancouver	Single-Detached	3,634	2,500	-31.2	2,900	16.0	285	824	-65.4
	Multiple	15,957	8,500	-46.7	8,600	1.2	1,534	4,307	-64.4
	Total	19,591	11,000	-43.9	11,500	4.5	1,819	5,131	-64.5
Victoria	Single-Detached	673	650	-3.4	550	-15.4	70	145	-51.7
	Multiple	1,232	550	-55.4	600	9.1	47	247	-81.0
	Total	1,905	1,200	-37.0	1,150	-4.2	117	392	-70.2
B.C.	Single-Detached	10,991	6,425	-41.5	7,800	21.4	899	2,333	-61.5
	Multiple	23,330	13,300	-43.0	13,900	4.5	1,954	6,315	-69.1
	Total	34,321	19,725	-42.5	21,700	10.0	2,853	8,648	-67.0
CANADA	Single-Detached	93,202	62,400	-33.0	67,900	8.8	8,814	15,329	-42.5
	Multiple	117,854	79,500	-32.5	82,400	3.6	14,958	28,281	-47.1
	Total	211,056	141,900	-32.8	150,300	5.9	23,772	43,610	-45.5

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

B.C. Region Housing Forecast - Resale Market

		2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
Kamloops¹	MLS® Sales	1,641	1,400	-14.7	1,650	17.9	302	511	-40.9
	MLS® Avg. Price	379,929	325,000	-14.5	320,000	-1.5	337,102	379,082	-11.1
Nanaimo¹	MLS® Sales	1,599	1,250	-21.8	1,400	12.0	243	415	-41.4
	MLS® Avg. Price	332,555	295,000	-11.3	288,000	-2.4	304,959	331,469	-8.0
Prince George¹	MLS® Sales	1,168	925	-20.8	825	-10.8	192	262	-26.7
	MLS® Avg. Price	240,240	227,000	-5.5	222,000	-2.2	233,725	249,899	-6.5
Abbotsford	MLS® Sales	2,674	2,400	-10.2	2,450	2.1	392	759	-48.4
	MLS® Avg. Price	355,099	315,000	-11.3	320,000	1.6	312,269	351,242	-11.1
Kelowna	MLS® Sales	3,445	2,900	-15.8	3,350	15.5	497	1,079	-53.9
	MLS® Avg. Price	430,755	365,000	-15.3	355,000	-2.7	359,083	417,800	-14.1
Vancouver	MLS® Sales	25,149	22,000	-12.5	25,000	13.6	4,575	7,643	-40.1
	MLS® Avg. Price	593,767	516,000	-13.1	504,000	-2.3	535,552	612,127	-12.5
Victoria	MLS® Sales	6,171	5,400	-12.5	5,600	3.7	1,207	1,676	-28.0
	MLS® Avg. Price	484,898	425,000	-12.4	420,000	-1.2	439,765	498,926	-11.9
B.C.	MLS® Sales	68,923	58,100	-15.7	67,750	16.6	11,171	19,107	-41.5
	MLS® Avg. Price	454,599	403,700	-11.2	406,400	0.7	423,259	473,616	-10.6
Canada²	MLS® Sales	433,990	357,800	-17.6	386,100	7.9	76,827	105,115	-26.9
	MLS® Avg. Price	303,607	283,100	-6.8	283,100	0.0	283,523	310,821	-8.8

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

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

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

²Canada total excludes the territories

Source: CREA

(F) = CMHC Forecast

B.C. Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2008	2009(F)	Oct 2008	Oct 2009(F)	Oct 2008	Oct 2009(F)
Kamloops	0.4	0.9	660	686	788	820
Nanaimo	1.2	1.4	614	645	750	788
Prince George	3.9	4.9	598	625	692	723
Abbotsford	2.6	3.2	627	645	765	780
Kelowna	0.3	2.2	803	820	967	980
Vancouver	0.5	1.2	880	910	1,124	1,164
Victoria	0.5	0.9	764	795	965	1,005
Canada¹	2.3	2.2	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

¹ All centres 100,000+

B.C. Region - Housing Forecast Ranges

	2009			2010		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	19,725	22,600	17,000	21,700	24,400	19,000
Multiple	13,300	15,200	11,500	13,900	15,600	12,000
Single	6,425	7,400	5,500	7,800	8,800	7,000
MLS® Sales	58,100	62,200	53,500	67,750	70,200	63,000
MLS® Average Price (\$)	403,700	428,000	388,000	406,400	432,000	384,000
Canada						
Housing Starts	141,850	160,000	125,000	150,200	180,000	130,000
Multiple	79,450	89,000	71,200	82,200	98,800	69,500
Single	62,400	71,000	53,800	68,000	81,200	60,500
MLS® Sales	357,800	380,000	320,000	386,100	430,000	350,000
MLS® Average Price (\$)	283,100	295,000	270,000	283,100	300,000	270,000

Sources : CMHC

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

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable homes – homes that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at www.cmhc.ca

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to www.cmhc.ca/housingmarketinformation

For more information on MAC and the wealth of housing market information available to you, visit us today at www.cmhc.ca/housingmarketinformation

To subscribe to priced, printed editions of MAC publications, call 1-800-668-2642.

©2009 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please contact: the Canadian Housing Information Centre (CHIC) at <mailto:chic@cmhc.gc.ca>; 613-748-2367 or 1-800-668-2642.

For permission, please provide CHIC with the following information:

Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.



STAY ON TOP OF THE HOUSING MARKET

Enhance your decision-making with the latest information on Canadian housing trends and opportunities.

CMHC's Market Analysis Centre e-reports provide a wealth of detailed local, provincial, regional and national market information.

- **Forecasts and Analysis** – Future-oriented information about local, regional and national housing trends.
- **Statistics and Data** – Information on current housing market activities — starts, rents, vacancy rates and much more.

Free reports available on-line:

- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports - Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
- Northern Housing Outlook Report
- Preliminary Housing Start Data
- Renovation and Home Purchase
- Rental Market Highlight Reports
- Rental Market Reports, Major Centres
- Rental Market Statistics

Free regional reports also available:

- B.C. Seniors' Housing Market Survey
- Ontario Retirement Homes Report
- The Retirement Home Market Study, Quebec Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Residential Construction Digest, Prairie Centres
- Analysis of the Resale Market, Quebec Centres

Get the market intelligence you need today!

Click www.cmhc.ca/housingmarketinformation to view, download or subscribe.

Sign up today and receive CMHC's Multi-Unit e-Update Newsletter

Our quarterly e-newsletter provides valuable information and expertise on a variety of topics relating to multi-unit residential housing including market insight, housing research and the latest news on our multi-unit mortgage loan insurance products.