

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



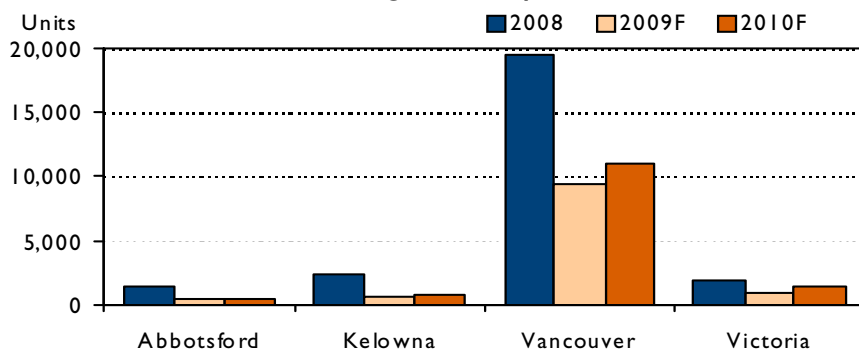
Canada Mortgage and Housing Corporation

Release Date: Third Quarter 2009

More Starts Next Year

Figure 1

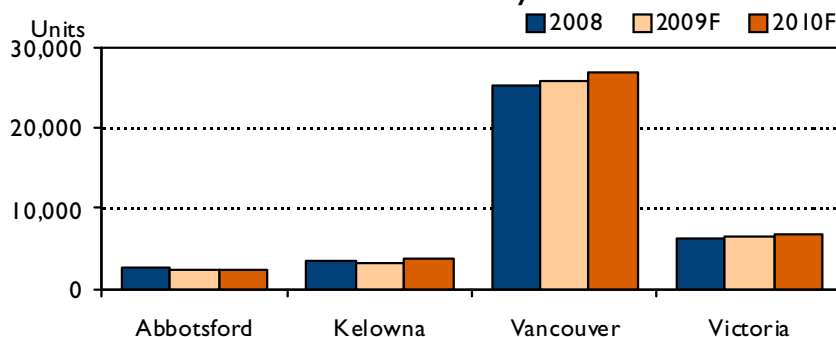
Housing Starts by CMA



Source: CMHC

Figure 2

MLS® Resales by CMA



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

Overview¹

Home starts will be lower this year compared to last year, due to a very slow first half of the year. More single-detached and multiple-unit homes will get underway in 2010.

The average MLS® price will decline to \$443,000 in 2009. Modest price gains are projected in 2010.

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 July 31, 2009. This forecast was completed prior to the announcement of the Harmonized Sales Tax (HST) in British Columbia. As a result, the impact of the HST is not reflected in the forecast.

Economic Outlook

Key drivers of housing demand, including employment and incomes, are showing signs of improvement. Housing demand from underlying population growth remains supportive of more housing starts than the numbers for the first half of the year suggest. Downside risks to the forecast remain, even though the starts forecast for the current year has been revised down. Home construction will pick up later in 2009 and in 2010 as a result of improved economic and job growth, low mortgage interest rates and population growth.

Labour market fundamentals are improving. Employment picked up in April and May, following seven months of declines and incomes are growing. The number of full-time jobs increased in June, despite a modest drop in total employment compared to May. The labour force is growing at a faster pace than employment, pushing the unemployment rate higher. People returning to the workforce is a positive indicator for future housing demand.

The province's population growth will wane slightly this year due to

lower, but still high, net immigration. An increase in international migration will offset lower levels of interprovincial migration. Vancouver is the destination for most people moving to the province from other countries.

Mortgage rates		
1 Year	Q2 2009	3.85
	% pt. chg from Q1 2008	-2.83
	2009 (F)	4.16
	2010 (F)	4.45
5 Year	Q2 2009	5.45
	% pt. chg from Q1 2008	-1.48
	2009 (F)	5.72
	2010 (F)	6.24

Source: Bank of Canada, CMHC Forecast

Housing Outlook

Increased home sales, reflecting stronger demand, and fewer homes for sale, point to increased new home construction next year. The sales-to-new listings ratio has rebounded from levels indicating buyers' market conditions to levels consistent with balanced conditions. Sales are increasing as low mortgage interest rates and lower home prices are attracting buyers.

Resale prices have stabilized following three quarters of declines. The average MLS price this year will be down compared to last year on an annual basis as a result of declines already seen.

Prices will trend higher during the second half of the year as resale market conditions improve. The gap between new home prices and resale home prices will persist, dampening demand for new homes and reducing housing starts this year.

Expect an increase in single-detached home starts in 2010 as homeownership demand picks up. Lower land prices will spur homebuilders to build more single-detached homes. Levels will be tempered by moderate migration and high levels of unoccupied new units in some markets such as Kelowna.

British Columbia will have fewer large multiple-unit projects and instead developers will focus on more phased, smaller multiple-unit projects. Lower levels of multiple-unit starts will slow the supply of new apartment condominiums coming onto the market. More starts are projected in 2010 as homebuyers look to newly built homes to meet their housing needs.

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	Q2 2009	-12.3	8.4	n/a	Q2 2009	107	35	72	602	\$355,083
	Q2 2008	2.5	4.6	n/a	Q2 2008	145	104	41	496	\$396,932
	Change ¹	-14.8	3.8	-	% Change	-26.2	-66.3	75.6	21.4	-10.5
Nanaimo	Q2 2009	-0.2	7.2	n/a	Q2 2009	230	47	183	523	\$319,785
	Q2 2008	-0.4	5.8	n/a	Q2 2008	175	110	65	547	\$336,688
	Change ¹	0.2	1.4	-	% Change	31.4	-57.3	181.5	-4.4	-5.0
Prince George	Q2 2009	-5.2	11.4	n/a	Q2 2009	32	18	14	326	\$229,881
	Q2 2008	-1.9	7.6	n/a	Q2 2008	78	55	23	364	\$238,577
	Change ¹	-3.3	3.7	-	% Change	-59.0	-67.3	n/a	-10.4	-3.6
Abbotsford	Q2 2009	-5.6	8.2	747	Q2 2009	102	31	71	868	\$336,592
	Q2 2008	3.6	4.3	748	Q2 2008	480	80	400	895	\$362,549
	Change ¹	-9.3	3.9	-0.2%	% Change	-78.8	-61.3	-82.3	-3.0	-7.2
Kelowna	Q2 2009	-7.0	12.3	800	Q2 2009	95	87	8	1,068	\$397,909
	Q2 2008	9.5	4.3	794	Q2 2008	789	225	564	1,142	\$468,816
	Change ¹	-16.4	8.0	0.8%	% Change	-88.0	-61.3	-98.6	-6.5	-15.1
Vancouver	Q2 2009	-0.1	6.9	809	Q2 2009	1,523	590	933	10,890	\$575,464
	Q2 2008	2.3	4.2	786	Q2 2008	5,047	1,044	4,003	8,851	\$617,504
	Change ¹	-2.4	2.7	2.9%	% Change	-69.8	-43.5	-76.7	23.0	-6.8
Victoria	Q2 2009	-6.3	6.3	787	Q2 2009	184	126	58	2,451	\$472,299
	Q2 2008	5.5	3.1	769	Q2 2008	825	186	639	2,145	\$495,470
	Change ¹	-11.8	3.2	2.3%	% Change	-77.7	-32.3	-90.9	14.3	-4.7
B.C.	June 09	-2.8	8.1	795	Q2 2009	3,309	1,767	1,542	25,158	\$459,532
	June 08	2.6	4.5	778	Q2 2008	9,861	3,210	6,651	23,800	\$473,471
	Change ¹	-5.4	3.6	2.2%	% Change	-66.4	-45.0	-76.8	5.7	-2.9
CANADA	June 09	-1.8	8.6	799	Q2 2009	35,798	19,029	16,769	147,351	\$318,696
	June 08	1.7	6.2	778	Q2 2008	62,087	29,267	32,820	145,293	\$317,179
	Change ¹	-3.5	2.4	2.7%	% Change	-42.3	-35.0	-48.9	1.4	0.5

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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	48	185	-74.1
	Multiple	271	225	-17.0	200	-11.1	153	114	34.2
	Total	578	350	-39.4	375	7.1	201	299	-32.8
Nanaimo	Single-Detached	389	280	-28.0	350	25.0	85	235	-63.8
	Multiple	532	550	3.4	450	-18.2	315	187	68.4
	Total	921	830	-9.9	800	-3.6	400	422	-5.2
Prince George	Single-Detached	146	80	-45.2	70	-12.5	26	83	-68.7
	Multiple	69	40	-42.0	30	-25.0	14	23	n/a
	Total	215	120	-44.2	100	-16.7	40	106	-62.3
Abbotsford	Single-Detached	358	130	-63.7	180	38.5	54	164	-67.1
	Multiple	927	220	-76.3	270	22.7	95	751	-87.4
	Total	1,285	350	-72.8	450	28.6	149	915	-83.7
Kelowna	Single-Detached	765	300	-60.8	400	33.3	133	442	-69.9
	Multiple	1,492	300	-79.9	350	16.7	34	1,332	-97.4
	Total	2,257	600	-73.4	750	25.0	167	1,774	-90.6
Vancouver	Single-Detached	3,634	2,500	-31.2	3,000	20.0	875	1,868	-53.2
	Multiple	15,957	7,000	-56.1	8,000	14.3	2,467	8,310	-70.3
	Total	19,591	9,500	-51.5	11,000	15.8	3,342	10,178	-67.2
Victoria	Single-Detached	673	570	-15.3	700	22.8	196	331	-40.8
	Multiple	1,232	360	-70.8	620	72.2	105	886	-88.1
	Total	1,905	930	-51.2	1,320	41.9	301	1,217	-75.3
B.C.	Single-Detached	10,991	6,650	-39.5	8,100	21.8	2,666	5,543	-51.9
	Multiple	23,330	9,600	-58.9	13,900	44.8	3,496	12,966	-73.0
	Total	34,321	16,250	-52.7	22,000	35.4	6,162	18,509	-66.7
CANADA	Single-Detached	93,202	68,400	-26.6	72,450	5.9	27,843	44,596	-37.6
	Multiple	117,854	73,500	-37.6	77,850	5.9	31,727	61,101	-48.1
	Total	211,056	141,900	-32.8	150,300	5.9	59,570	105,697	-43.6

* 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	1,700	3.6	1,950	14.7	913	1,007	-9.3
	MLS® Avg. Price	379,929	350,000	-7.9	365,000	4.3	347,690	388,345	-10.5
Nanaimo¹	MLS® Sales	1,599	1,500	-6.2	1,600	6.7	766	962	-20.4
	MLS® Avg. Price	332,555	316,000	-5.0	320,000	1.3	315,081	334,436	-5.8
Prince George¹	MLS® Sales	1,168	950	-18.7	875	-7.9	518	626	-17.3
	MLS® Avg. Price	240,240	227,000	-5.5	222,000	-2.2	231,332	243,055	-4.8
Abbotsford	MLS® Sales	2,674	2,300	-14.0	2,450	6.5	392	759	-48.4
	MLS® Avg. Price	355,099	335,000	-5.7	340,000	1.5	329,025	357,361	-7.9
Kelowna	MLS® Sales	3,445	3,300	-4.2	3,700	12.1	1,566	2,221	-29.5
	MLS® Avg. Price	430,755	390,000	-9.5	405,000	3.8	386,158	444,031	-13.0
Vancouver	MLS® Sales	25,149	26,000	3.4	27,000	3.8	15,465	16,494	-6.2
	MLS® Avg. Price	593,767	555,000	-6.5	575,000	3.6	563,656	615,012	-8.4
Victoria	MLS® Sales	6,171	6,400	3.7	6,600	3.1	3,658	3,821	-4.3
	MLS® Avg. Price	484,898	464,000	-4.3	470,000	1.3	461,564	496,986	-7.1
B.C.	MLS® Sales	68,923	72,000	4.5	73,300	1.8	36,329	42,907	-15.3
	MLS® Avg. Price	454,599	443,000	-2.6	456,200	3.0	448,378	473,536	-5.3
Canada²	MLS® Sales	433,990	420,700	-3.1	419,400	-0.3	223,503	249,703	-10.5
	MLS® Avg. Price	303,607	301,400	-0.7	306,300	1.6	307,098	315,029	-2.5

* 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.

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

² Canada 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	1.5	660	690	788	825
Nanaimo	1.2	1.4	614	645	750	788
Prince George	3.9	5.7	598	610	692	705
Abbotsford	2.6	5.0	627	640	765	780
Kelowna	0.3	3.0	803	810	967	970
Vancouver	0.5	1.2	880	910	1,124	1,164
Victoria	0.5	1.1	764	790	965	1,050
Canada¹	2.3	2.4	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	16,250	18,900	14,300	22,000	26,150	18,600
Multiple	9,600	11,200	8,400	13,900	16,300	11,400
Single	6,650	7,700	5,900	8,100	9,850	7,200
MLS® Sales	72,000	76,100	67,400	73,300	80,000	68,000
MLS® Average Price (\$)	443,000	468,000	419,000	456,200	481,000	431,000
Canada						
Housing Starts	141,900	160,000	125,000	150,300	180,000	130,000
Multiple	73,500	83,000	63,600	77,850	92,000	67,000
Single	68,400	77,000	61,000	72,450	88,000	63,000
MLS® Sales	420,700	440,000	408,000	419,400	468,000	375,000
MLS® Average Price (\$)	301,400	313,000	295,000	306,300	330,000	295,000

Sources : CMHC

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Canada's Economic Action Plan 2009 announced a number of housing-related measures which are being delivered through Canada Mortgage and Housing Corporation. [Find out more.](#)