

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



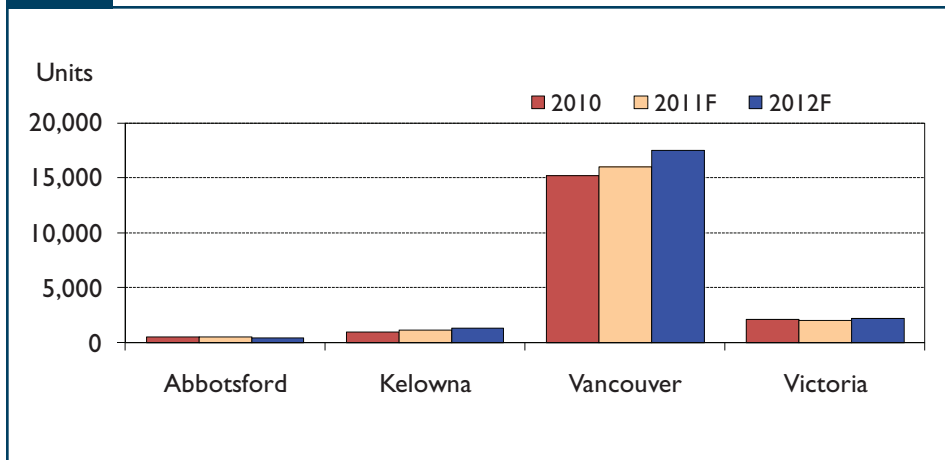
CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Starts to Trend Higher

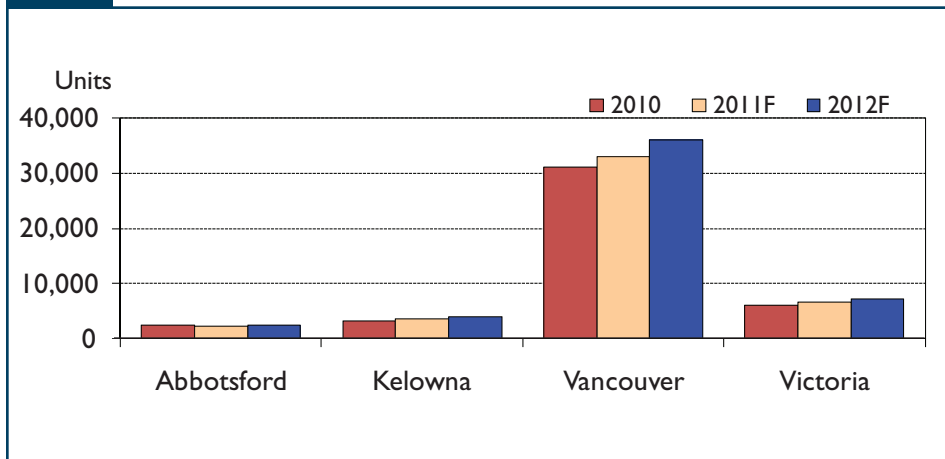
Overview¹

Figure 1



- Housing starts will trend higher during the next two years, reaching their ten-year average in 2012.
- Resale market conditions will stabilize then strengthen in response to mortgage loan rates that will remain low by historic standards, stable employment and continued strong population growth supported by international migration.
- The sales-to-new listings ratio, an indicator of resale home price change, points to balanced market conditions and moderate price movements in 2011.

Figure 2



¹The outlook is subject to 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 January 17, 2011.

Economic Outlook

Positive economic factors expected during the next two years will bolster the housing outlook. Favourable mortgage interest rates, together with employment and population growth, will support the resale and new home markets.

The British Columbia economy, driven by business investment and consumer spending, is forecast to grow 3.1 per cent annually during the next two years, generating employment gains. Employment will shift from

part-time to full-time jobs as the economy gains momentum, fuelling demand for homeownership.

People moving to British Columbia will add to demand for a wide range of new and existing housing options. The bulk of the growth in the provincial population will be fuelled by international migration. The strong job market in British Columbia compared to other provinces will contribute to rising interprovincial migration. Expect total net migration to add an estimated 65,000 people per year to the provincial

population. Builders are expected to increase housing starts to meet this population-based increase in demand.

Mortgage rates		
1 Year	Q4 2010	3.21
	Change from Q4 2009	-0.46
	2011 (F)	3.17
	2012 (F)	4.39
5 Year	Q4 2010	5.23
	Change from Q4 2009	-0.41
	2011 (F)	5.47
	2012 (F)	6.06

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q4 2010 data

Housing Market Outlook

The existing home market is forecast to stabilize in 2011 and strengthen in 2012. The level of new home construction will trend higher during the next two years, resulting in housing starts reaching their ten-year average. Housing starts will be in the range of 23,800 to 29,200 homes in 2011, and 24,400 to 33,300 homes in 2012.

The forecast range reflects the potential variability in the economic outlook next year. Stronger-than-expected economic growth would result in housing starts in the upper end of the range. Conversely, weaker-than-expected economic growth or higher-than-expected mortgage rates would result in housing starts in the lower end of the range. The point forecast is for 26,900 starts in 2011 and 29,000 starts expected in 2012, with the increase concentrated in the multiple-unit segment.

Multiple-unit starts, which include apartment condominium, row and semi-detached homes, are trending higher and are forecast to continue doing so during the forecast period. The focus will shift from smaller, phased projects in the near term to larger scale projects in 2012, boosting multiple-unit starts and total starts.

The annual level of single-detached home starts will be close to their ten-year average, totalling 11,300 homes in 2011 and 11,900 homes in 2012. Competition from a well-supplied resale market will mitigate the level of single-detached home starts during the next six months. While improving economic fundamentals support a higher level of new home starts, ongoing uncertainty surrounding the Harmonized Sales Tax could have a dampening effect on new home construction for higher value homes.

Favourable mortgage rates in 2011 are forecast to contribute to increased resales. Resales on the

Multiple Listings System® (MLS®) are expected to remain in line with job and population growth, approaching 81,000 sales in 2011, and climbing to 88,900 in 2012, slightly above their ten-year average.

The sales-to-new listings ratio, an indicator of resale home price change, points to balanced market conditions and moderate price movements in 2011. Expect average annual prices to increase modestly, as the resale market gradually shifts from balanced supply and demand conditions to favour home sellers'. The MLS® average price is expected to be \$513,800 in 2011 and \$519,100 in 2012.

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	Q4 2010	-5.9	9.3	n/a	Q4 2010	157	69	88	275	\$345,741
	Q4 2009	0.2	7.2	n/a	Q4 2009	91	79	12	419	\$360,562
	Change ¹	-6.1	2.1	-	% Change	72.5	-12.7	633.3	-34.4	-4.1
Nanaimo	Q4 2010	11.3	5.9	n/a	Q4 2010	166	77	89	305	\$320,187
	Q4 2009	-11.9	9.0	n/a	Q4 2009	172	94	78	435	\$331,209
	Change ¹	23.2	-3.1	-	% Change	-3.5	-18.1	14.1	-29.9	-3.3
Prince George	Q4 2010	14.8	6.5	n/a	Q4 2010	45	27	18	200	\$232,020
	Q4 2009	-9.4	13.6	n/a	Q4 2009	42	40	2	253	\$246,607
	Change ¹	24.2	-7.1	-	% Change	7.1	-32.5	n/a	-20.9	-5.9
Abbotsford	Q4 2010	-5.2	9.9	785	Q4 2010	165	78	87	385	\$326,539
	Q4 2009	1.6	7.3	786	Q4 2009	119	91	28	534	\$353,426
	Change ¹	-6.8	2.6	-0.2%	% Change	38.7	-14.3	210.7	-27.9	-7.6
Kelowna	Q4 2010	2.8	7.1	783	Q4 2010	188	119	69	577	\$433,431
	Q4 2009	10.4	7.1	795	Q4 2009	297	156	141	925	\$415,992
	Change ¹	-7.6	0.0	-1.6%	% Change	-36.7	-23.7	-51.1	-37.6	4.2
Vancouver	Q4 2010	2.4	7.2	837	Q4 2010	4,080	937	3,143	6,868	\$702,353
	Q4 2009	-0.1	7.7	824	Q4 2009	2,695	1,109	1,586	9,467	\$630,444
	Change ¹	2.6	-0.5	1.6%	% Change	51.4	-15.5	98.2	-27.5	11.4
Victoria	Q4 2010	-1.7	5.9	814	Q4 2010	409	131	278	1,226	\$505,952
	Q4 2009	-3.2	7.5	758	Q4 2009	414	237	177	1,666	\$494,854
	Change ¹	1.4	-1.6	7.4%	% Change	-1.2	-44.7	57.1	-26.4	2.2
B.C.	December 10	1.4	7.6	822	Q4 2010	6,344	2,235	4,109	15,412	\$523,008
	December 09	-1.1	8.1	809	Q4 2009	5,284	2,795	2,489	21,509	\$490,356
	Change ¹	2.5	-0.5	1.6%	% Change	20.1	-20.0	65.1	-28.3	6.7
CANADA	December 10	1.8	7.6	830	Q4 2010	46,958	20,778	26,180	89,688	\$344,257
	December 09	-1.2	8.5	813	Q4 2009	46,577	24,643	21,934	106,283	\$338,956
	Change ¹	2.9	-0.9	2.1%	% Change	0.8	-15.7	19.4	-15.6	1.6

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

NOTE: Some of the data in this table, such as the housing starts data for Q3 and the revised data for Q2, became available after the forecast cut-off date of October 8th 2010. As a result, this data was not considered for the forecast.

British Columbia Housing Market Outlook											
(units and percentage change)											
	2006	2007	2008	2009	2010	2011(F)	2012(F)	2011Q1(F)	2011Q2(F)	2011Q3(F)	2011Q4(F)
Housing Starts:											
Single	15,433	14,474	10,991	7,892	11,462	11,300	11,900	10,100	11,200	11,800	12,100
%	12.5	-6.2	-24.1	-28.2	45.2	-1.4	5.3	11.0	10.9	5.4	2.5
Multiple	21,010	24,721	23,330	8,185	15,017	15,600	17,100	15,400	15,600	15,800	15,600
%	0.3	17.7	-5.6	-64.9	83.5	3.9	9.6	-5.5	1.3	1.3	-1.3
Total	36,443	39,195	34,321	16,077	26,479	26,900	29,000	25,500	26,800	27,600	27,700
%	5.1	7.6	-12.4	-53.2	64.7	1.6	7.8	0.4	5.1	3.0	0.4
Existing Home Markets:											
MLS® Sales	96,671	102,805	68,923	85,028	74,640	81,000	88,900	77,500	80,500	82,500	83,500
%	-9.1	6.3	-33.0	23.4	-12.2	8.5	9.8	5.4	3.9	2.5	1.2
MLS® Average Price	390,963	439,119	454,599	465,725	505,178	513,800	519,100	514,500	511,500	513,500	515,500
%	17.7	12.3	3.5	2.4	8.5	1.7	1.0	-1.5	-0.6	0.4	0.4

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Source: CMHC (Starts and Completions Survey), CREA

B.C. Region - Housing Forecast Ranges						
	2011			2012		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	26,900	29,200	23,800	29,000	33,300	24,400
Multiple	15,600	16,800	13,800	17,100	19,300	14,400
Single	11,300	12,400	10,000	11,900	14,000	10,000
MLS® Sales	81,000	89,300	72,900	88,900	100,000	77,800
MLS® Average Price (\$)	513,800	522,900	499,600	519,100	531,600	494,800
Canada						
Housing Starts	177,600	192,900	157,300	183,800	211,200	154,600
Multiple	94,200	101,600	83,400	97,300	110,100	81,400
Single	83,400	91,300	73,900	86,500	101,100	73,200
MLS® Sales	441,500	485,500	398,500	462,900	519,700	406,300
MLS® Average Price (\$)	348,900	355,400	339,000	358,200	367,000	341,100

Sources : CMHC

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B.C. Region Housing Forecast - New Construction									
	Housing Starts	2010	2011(F)*	% chg (2010/2011)	2012(F)*	% chg (2011/2012)	YTD 2010**	YTD 2009**	% chg (2009/2010)
Kamloops	Single-Detached	360	325	-9.7	375	15.4	360	195	84.6
	Multiple	281	250	-11.0	300	20.0	281	225	24.9
	Total	641	575	-10.3	675	17.4	641	420	52.6
Nanaimo	Single-Detached	410	450	9.8	450	0.0	410	267	53.6
	Multiple	376	425	13.0	475	11.8	376	534	-29.6
	Total	786	875	11.3	925	5.7	786	801	-1.9
Prince George	Single-Detached	151	160	6.0	155	-3.1	151	113	33.6
	Multiple	62	40	-35.5	35	-12.5	62	32	n/a
	Total	213	200	-6.1	190	-5.0	213	145	46.9
Abbotsford	Single-Detached	355	350	-1.4	325	-7.1	355	210	69.0
	Multiple	161	150	-6.8	150	0.0	161	155	3.9
	Total	516	500	-3.1	475	-5.0	516	365	41.4
Kelowna	Single-Detached	595	650	9.2	750	15.4	595	404	47.3
	Multiple	362	475	31.2	575	21.1	362	253	43.1
	Total	957	1,125	17.6	1,325	17.8	957	657	45.7
Vancouver	Single-Detached	4,533	4,200	-7.3	4,500	7.1	4,533	2,929	54.8
	Multiple	10,684	11,800	10.4	13,000	10.2	10,684	5,410	97.5
	Total	15,217	16,000	5.1	17,500	9.4	15,217	8,339	82.5
Victoria	Single-Detached	827	750	-9.3	750	0.0	827	647	27.8
	Multiple	1,291	1,250	-3.2	1,450	16.0	1,291	387	233.6
	Total	2,118	2,000	-5.6	2,200	10.0	2,118	1,034	104.8

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 - December

B.C. Region Housing Forecast - Resale Market									
		2010	2011(F)*	% chg (2010/2011)	2012(F)*	% chg (2011/2012)	YTD 2010**	YTD 2009**	% chg (2009/2010)
Kamloops¹	MLS [®] Sales(#)	1,614	1,750	8.4	2,000	14.3	1,614	1,916	-15.8
	MLS [®] Avg. Price (\$)	370,991	379,000	2.2	390,000	2.9	370,991	359,072	3.3
Nanaimo¹	MLS [®] Sales(#)	1,598	1,750	9.5	1,850	5.7	1,598	1,830	-12.7
	MLS [®] Avg. Price (\$)	330,774	325,000	-1.7	329,000	1.2	330,774	318,616	3.8
Prince George¹	MLS [®] Sales(#)	1,034	950	-8.1	900	-5.3	1,034	1,101	-6.1
	MLS [®] Avg. Price (\$)	240,667	245,000	1.8	250,000	2.0	240,667	235,424	2.2
Abbotsford	MLS [®] Sales(#)	2,582	2,400	-7.0	2,500	4.2	2,582	2,904	-11.1
	MLS [®] Avg. Price (\$)	341,854	330,000	-3.5	340,000	3.0	341,854	340,206	0.5
Kelowna	MLS [®] Sales(#)	3,289	3,600	9.5	4,000	11.1	3,289	3,660	-10.1
	MLS [®] Avg. Price (\$)	419,884	430,000	2.4	445,000	3.5	419,884	400,450	4.9
Vancouver	MLS [®] Sales(#)	31,114	33,000	6.1	36,000	9.1	31,144	36,257	-14.1
	MLS [®] Avg. Price (\$)	675,852	690,000	2.1	710,000	2.9	675,852	592,441	14.1
Victoria	MLS [®] Sales(#)	6,169	6,700	8.6	7,200	7.5	6,169	7,660	-19.5
	MLS [®] Avg. Price (\$)	504,561	495,000	-1.9	498,000	0.6	504,561	476,137	6.0

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

¹ 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 - December

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2010	2011(F)	Oct 2010	Oct 2011(F)	Oct 2010	Oct 2011(F)
Kamloops	2.6	2.5	685	690	816	820
Nanaimo	3.3	2.5	648	665	789	805
Prince George	7.7	7.4	592	600	709	718
Abbotsford	6.5	6.0	655	665	785	800
Kelowna	3.5	3.0	740	745	898	910
Vancouver	1.9	1.8	940	965	1,195	1,230
Victoria	1.5	1.2	806	820	1,024	1,040
Canada¹	2.9	2.4	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

¹ All centres 100,000+

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