

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Second Quarter 2011

New Home Construction to Gradually Increase

Figure 1

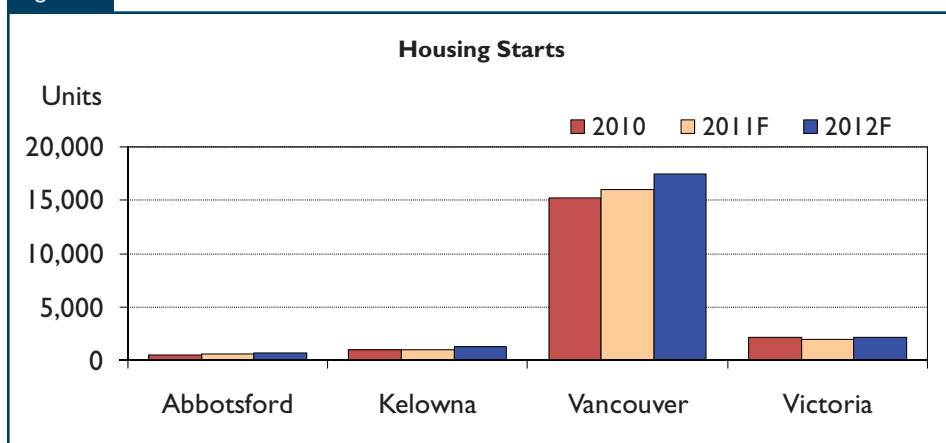
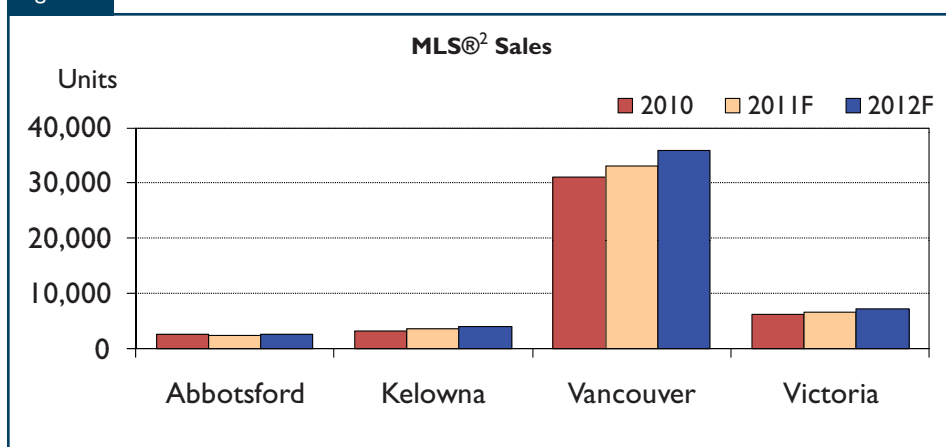


Figure 2



Overview¹

- Employment gains, and population growth supported by migration, will sustain housing demand.
- Housing starts are expected to gradually increase during this year and next. Annual starts in 2011 are forecast to be on par with 2010 levels, while 2012 housing starts are forecast to reach their ten-year average.
- The forecast for the British Columbia MLS®² average home price has been revised higher in 2011 as a result of price increases recorded in the first quarter of the year.

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 April 28, 2011.

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

Economic Outlook

The British Columbia economy is forecast to expand at a pace slightly ahead of the national average this year and next. Accompanying employment gains, and population growth supported by international immigration and inter-provincial migration, will sustain housing demand.

Within the province, housing market conditions will differ regionally and reflect local economic and demographic conditions. The housing market in the Vancouver Census Metropolitan Area (CMA) market will see the largest increase in new home construction this year, fuelled by

population and employment growth exceeding the provincial average. The region's diversified economy and population-driven demand for services is generating job gains at levels ahead of other parts of the province. Vancouver is the destination for most immigrants moving to the province from other countries, adding about 20,000 households per year². Interprovincial migration is also an important factor and recent data shows the province is gaining people from the rest of Canada, although net interprovincial migration is at a stable but low level relative to international migration. Resale market conditions will remain in balance in

the Victoria, Kelowna and Abbotsford CMA housing markets this year, with housing starts projected to be close to last year's levels. In these markets population growth and job markets support stable housing demand.

Mortgage rates		
1 Year	Q1 2011	3.45
	Change from Q1 2010	-0.15
	2011 (F)	3.23
	2012 (F)	3.76
5 Year	Q1 2011	5.32
	Change from Q1 2010	-0.25
	2011 (F)	5.45
	2012 (F)	5.94

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q1 2011 data

²CMHC calculation based on BC STATS P.E.O.P.L.E. 35 projection.

Housing Market Outlook

Expect housing starts to be in the 24,500 to 28,300 unit range this year, compared to 26,479 starts in 2010. Next year, housing starts are expected to be in the 25,400 to 32,300 unit range. The ten-year average is 28,500 units.

Competition from a well-supplied resale market is expected to dampen single-detached home starts this year. During the first quarter of 2011, single-detached housing starts slowed to a seasonally-adjusted annual rate (SAAR) of 7,100 starts, compared to 9,100 units SAAR in the fourth quarter of 2010. The pace of construction is forecast to pick up during the rest of the year, resulting in 10,000 detached home starts, down from 11,462 homes started in 2010.

Multiple-family housing types, including town homes, semi-detached homes

and apartments will account for a larger share of housing starts this year compared to the last two years. Generally smaller and priced lower than single-detached homes, multiple family homes are also attractive to home buyers for other reasons including proximity to transportation routes, lifestyle features and amenities. Expect multiple-unit home starts to total 16,400 units in 2011, up from 15,017 units in 2010.

The sales-to-new listings ratio, a metric used to evaluate demand and supply in the resale housing market, is expected to remain in balanced market conditions this year. Existing home sales are forecast to total 83,900 transactions in 2011, a projected 12.4 per cent increase from last year's level. New listings are also expected to rise, moderating resale market conditions and eventually limiting price growth.

The forecast for the British Columbia MLS® average home price has been

revised higher in 2011 as a result of price increases recorded in the first quarter of the year. Despite balanced resale market conditions, the provincial MLS® average home price moved higher during the first quarter, reflecting higher prices in Greater Vancouver, which accounts for almost half of the MLS® resales in the province. The sales-to-new listings ratio for Vancouver moved to sellers' market conditions early in the year, pointing to price gains above the general rate of inflation. A rising share of single-detached home sales, which tend to have higher selling prices, was another factor pushing the MLS® average home price higher, as was an increasing proportion of sales in higher price ranges in some areas of Greater Vancouver. The MLS® price forecast is \$560,600 in 2011 and \$548,900 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	Q1 2011	-7.2	10.0	n/a	Q1 2011	183	31	152	396	\$373,176
	Q1 2010	13.4	9.5	n/a	Q1 2010	185	74	111	404	\$369,849
	Change ¹	-20.6	0.5	-	% Change	-1.1	-58.1	36.9	-2.0	0.9
Nanaimo	Q1 2011	-6.0	16.0	n/a	Q1 2011	142	48	94	371	\$319,853
	Q1 2010	-7.1	8.9	n/a	Q1 2010	215	119	96	397	\$328,568
	Change ¹	1.0	7.2	-	% Change	-34.0	-59.7	-2.1	-6.5	-2.7
Prince George	Q1 2011	3.5	5.8	n/a	Q1 2011	41	5	36	206	\$242,938
	Q1 2010	8.6	9.3	n/a	Q1 2010	18	18	0	221	\$245,020
	Change ¹	-5.1	-3.6	-	% Change	127.8	-72.2	n/a	-6.8	-0.8
Abbotsford	Q1 2011	-6.6	10.2	822	Q1 2011	167	47	120	551	\$328,864
	Q1 2010	5.6	6.2	791	Q1 2010	107	80	27	650	\$338,590
	Change ¹	-12.1	4.0	4.0%	% Change	56.1	-41.3	344.4	-15.2	-2.9
Kelowna	Q1 2011	-1.1	8.8	833	Q1 2011	122	66	56	742	\$393,548
	Q1 2010	12.5	8.3	829	Q1 2010	249	122	127	868	\$401,280
	Change ¹	-13.6	0.5	0.5%	% Change	-51.0	-45.9	-55.9	-14.5	-1.9
Vancouver	Q1 2011	1.7	8.2	832	Q1 2011	3,808	625	3,183	9,132	\$783,307
	Q1 2010	1.2	7.8	826	Q1 2010	3,198	1,063	2,135	7,667	\$669,114
	Change ¹	0.5	0.4	0.7%	% Change	19.1	-41.2	49.1	19.1	17.1
Victoria	Q1 2011	-3.2	6.3	826	Q1 2011	321	131	190	1,398	\$491,336
	Q1 2010	3.2	6.9	795	Q1 2010	634	235	399	1,706	\$505,260
	Change ¹	-6.4	-0.6	3.9%	% Change	-49.4	-44.3	-52.4	-18.1	-2.8
B.C.	Mar 11	0.9	8.1	828	Q1 2011	5,411	1,414	3,997	19,147	\$582,021
	Mar 10	1.9	8.0	816	Q1 2010	5,824	2,518	3,306	18,284	\$504,312
	Change ¹	-1.0	0.1	1.5%	% Change	-7.1	-43.8	20.9	4.7	15.4
CANADA	Mar 11	1.8	7.7	835	Q1 2011	33,553	12,265	21,288	103,906	\$362,997
	Mar 10	0.7	8.2	814	Q1 2010	35,014	16,889	18,125	111,013	\$336,498
	Change ¹	1.1	-0.5	2.6%	% Change	-4.2	-27.4	17.5	-6.4	7.9

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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

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	2011Q2(F)	2011Q3(F)	2011Q4(F)
Housing Starts:											
Single	15,433	14,474	10,991	7,892	11,462	10,000	11,900	7,100	9,200	11,600	12,100
%	12.5	-6.2	-24.1	-28.2	45.2	-12.8	19.0	-22.0	29.6	26.1	4.3
Multiple	21,010	24,721	23,330	8,185	15,017	16,400	17,100	16,600	16,700	16,100	16,200
%	0.3	17.7	-5.6	-64.9	83.5	9.2	4.3	1.8	0.6	-3.6	0.6
Total	36,443	39,195	34,321	16,077	26,479	26,400	29,000	23,700	25,900	27,700	28,300
%	5.1	7.6	-12.4	-53.2	64.7	-0.3	9.8	-6.7	9.3	6.9	2.2
Existing Home Markets:											
MLS® Sales	96,671	102,805	68,923	85,028	74,640	83,900	87,500	87,244	83,000	82,500	83,000
%	-9.1	6.3	-33.0	23.4	-12.2	12.4	4.3	16.5	-4.9	-0.6	0.6
MLS® Average Price	390,963	439,119	454,599	465,725	505,178	560,600	548,900	580,287	570,000	550,000	540,000
%	17.7	12.3	3.5	2.4	8.5	11.0	-2.1	12.9	-1.8	-3.5	-1.8

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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	26,400	28,300	24,500	29,000	32,300	25,400
Multiple	16,400	17,500	15,400	17,100	18,500	15,000
Single	10,000	10,800	9,100	11,900	13,800	10,400
MLS® Sales	83,900	89,100	79,700	87,500	100,000	77,000
MLS® Average Price (\$)	560,600	588,800	529,800	548,900	581,300	524,800
Canada						
Housing Starts	179,500	192,200	166,600	185,300	207,500	163,200
Multiple	96,800	103,300	91,000	98,500	107,200	86,700
Single	82,700	88,900	75,600	86,800	100,300	76,500
MLS® Sales	452,100	480,000	429,500	461,300	511,900	410,000
MLS® Average Price (\$)	361,100	374,300	347,700	364,200	385,000	349,500

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 2011**	YTD 2010**	% chg (2010/2011)
Kamloops	Single-Detached	360	325	-9.7	375	15.4	31	74	-58.1
	Multiple	281	225	-19.9	300	33.3	152	111	36.9
	Total	641	550	-14.2	675	22.7	183	185	-1.1
Nanaimo	Single-Detached	410	450	9.8	450	0.0	48	119	-59.7
	Multiple	376	425	13.0	475	11.8	94	96	-2.1
	Total	786	875	11.3	925	5.7	142	215	-34.0
Prince George	Single-Detached	151	145	-4.0	155	6.9	5	18	-72.2
	Multiple	62	55	-11.3	35	-36.4	36	0	n/a
	Total	213	200	-6.1	190	-5.0	41	18	127.8
Abbotsford	Single-Detached	355	275	-22.5	250	-9.1	47	80	-41.3
	Multiple	161	300	86.3	400	33.3	120	27	344.4
	Total	516	575	11.4	650	13.0	167	107	56.1
Kelowna	Single-Detached	595	600	0.8	750	25.0	66	122	-45.9
	Multiple	362	425	17.4	575	35.3	56	127	-55.9
	Total	957	1,025	7.1	1,325	29.3	122	249	-51.0
Vancouver	Single-Detached	4,533	3,100	-31.6	3,300	6.5	625	1,063	-41.2
	Multiple	10,684	12,900	20.7	14,200	10.1	3,183	2,135	49.1
	Total	15,217	16,000	5.1	17,500	9.4	3,808	3,198	19.1
Victoria	Single-Detached	827	750	-9.3	750	0.0	131	235	-44.3
	Multiple	1,291	1,250	-3.2	1,450	16.0	190	399	-52.4
	Total	2,118	2,000	-5.6	2,200	10.0	321	634	-49.4

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 - March

B.C. Region Housing Forecast - Resale Market									
		2010	2011(F)*	% chg (2010/2011)	2012(F)*	% chg (2011/2012)	YTD 2011**	YTD 2010**	% chg (2010/2011)
Kamloops¹	MLS [®] Sales(#)	1,614	1,750	8.4	2,000	14.3	396	404	-2.0
	MLS [®] Avg. Price (\$)	370,991	379,000	2.2	390,000	2.9	373,176	369,849	0.9
Nanaimo¹	MLS [®] Sales(#)	1,598	1,750	9.5	1,850	5.7	371	397	-6.5
	MLS [®] Avg. Price (\$)	330,774	325,000	-1.7	329,000	1.2	319,853	328,568	-2.7
Prince George¹	MLS [®] Sales(#)	1,034	995	-3.8	950	-4.5	206	221	-6.8
	MLS [®] Avg. Price (\$)	240,667	247,500	2.8	253,000	2.2	242,938	245,020	-0.8
Abbotsford	MLS [®] Sales(#)	2,582	2,500	-3.2	2,600	4.0	551	650	-15.2
	MLS [®] Avg. Price (\$)	341,854	335,000	-2.0	340,000	1.5	328,864	338,590	-2.9
Kelowna	MLS [®] Sales(#)	3,289	3,600	9.5	4,000	11.1	742	868	-14.5
	MLS [®] Avg. Price (\$)	419,884	430,000	2.4	445,000	3.5	393,548	401,280	-1.9
Vancouver	MLS [®] Sales(#)	31,114	33,000	6.1	36,000	9.1	9,132	7,667	19.1
	MLS [®] Avg. Price (\$)	675,852	770,000	13.9	795,000	3.2	783,306	669,114	17.1
Victoria	MLS [®] Sales(#)	6,169	6,700	8.6	7,200	7.5	1,398	1,706	-18.1
	MLS [®] Avg. Price (\$)	504,561	495,000	-1.9	498,000	0.6	491,336	505,260	-2.8

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 - March

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	6.5	655	665	785	795
Kelowna	3.5	5.5	740	745	898	910
Vancouver	1.9	1.8	940	965	1,195	1,230
Victoria	1.5	1.5	806	820	1,024	1,040
Canada¹	2.9	2.5	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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