HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK
British Columbia Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Third Quarter 2011

Housing Starts

Figure 1

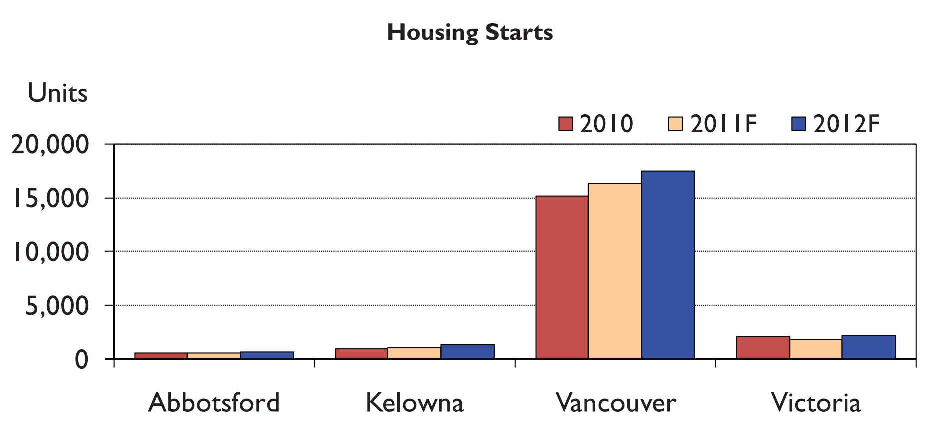
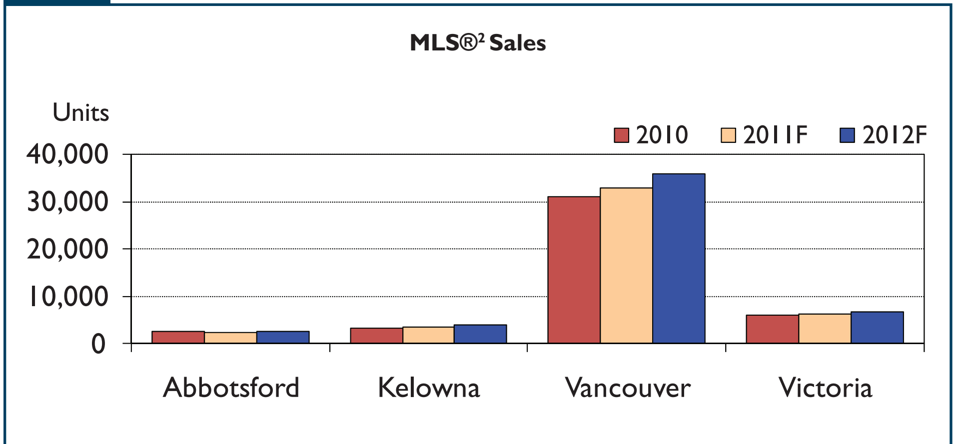


Figure 2



Overview[1]

- New home construction is forecast to be on par with 2010 levels with 26,400 housing starts expected in 2011, and an increase to 29,000 housing starts in 2012.
- Price movements are expected to be moderate during the remainder of this year, reflecting balanced resale market conditions.
- The forecast for the British Columbia MLS®[2] average home price is for a 14 per cent increase in 2011 based on an increase in sales of higher priced homes recorded during the first half of the year.

[1] The 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 reflect information available as of August 12, 2011.

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

Canada

Housing market intelligence you can count on

CMHC SCHL
HOME TO CANADIANS

Economic Outlook

The outlook for the British Columbia economy is for moderate growth this year with a slight increase projected for next year stemming from growth in investment and exports, providing a stable background for the provincial housing sector.

Economic fundamentals underlying the housing outlook remain supportive of homeownership demand. As the economy gains momentum, jobs will shift to full-time from part-time, increasing homeownership demand. The provincial unemployment rate is expected to continue to trend lower due to slower growth in the labour force.

Net migration will add to population-based demand, but the flow of people into the province from other provinces is revised lower reflecting modest employment gains projected for British Columbia this year. Total migration is forecast to add 52,700 people to the provincial population in 2011, and 61,000 people in 2012.

According to CMHC's base case scenario, posted mortgage rates will remain relatively flat in 2011 before starting to increase moderately in 2012. For 2011, the one-year posted mortgage rate is assumed to be in the 2.7 to 4.0 per cent range, while three and five-year posted mortgage rates are forecast to be in the 3.5 to 6.0 per cent range. For 2012, the one-year posted mortgage rate is assumed be in the 2.6 to 4.0 per cent range, while three and five-year posted mortgage rates are forecast to be in the 3.3 to 5.6 per cent range. These ranges reflect the current heightened level of uncertainty in financial markets.

Mortgage rates		
1 Year	Q2 2011	3.95
	Change from Q1 2010	0.25
	2011 (F)	4.02
	2012 (F)	5.24
5 Year	Q2 2011	5.56
	Change from Q1 2010	-0.48
	2011 (F)	5.60
	2012 (F)	5.99

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q2 2011 data

Housing Market Outlook

New home construction is forecast to be on par with 2010 levels with 26,400 housing starts expected in 2011, and an increase to 29,000 housing starts in 2012. In 2011, multiple-unit housing starts will make up a larger share of residential construction as home prices rise.

Resale market conditions in British Columbia will remain balanced with sales activity in line with underlying fundamentals. Existing home sales are on track to reach 80,200 transactions in 2011. New listings have kept pace with rising home sales, providing homebuyers with a range of home options. CMHC's Renovation and Home Purchase Survey found that five per cent of households surveyed intend to buy a home in 2011, slightly higher than the national average of four per cent.

The sales-to-new listings ratio points to balanced market conditions and indicates moderate price movements during the remainder of 2011. The provincial average home price will increase 14 per cent this year based on sales recorded during the first half of 2011. Higher home prices in some parts of the Vancouver housing market have lifted the provincial average price. While price movements outside the Vancouver housing market are forecast to be moderate, the Vancouver board area will record strong price growth in 2011, based on sales during the first half of the year. Home prices in most other housing markets in the province are expected to remain stable this year and next. The MLS® average price for BC is forecast at $576,100 in 2011 and $564,800 in 2012.

Competition from a well-supplied resale home market will keep single-detached home starts below their ten-year average level this year. Expect 9,500 single-detached homes to get underway this year. This compares to a forecast of 11,900 single starts in 2012.

Housing starts of condominiums, semi-detached homes and row homes are expected to trend higher this year and next as builders respond to demand for this type of home. This home type is attractive to builders, home buyers, and city planners and will account for 64 per cent of housing starts this year, up from 57 per cent in 2010. The number of completed and unoccupied multiple-unit homes has been trending higher but remains below levels recorded during the 1990s. Expect multiple housing starts to total 16,900 units in 2011 and 17,100 units 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	Q2 2011	7.3	8.4	n/a	Q2 2011	76	69	7	408	$374,967
	Q2 2010	4.5	8.9	n/a	Q2 2010	187	120	67	511	$373,790
	Change[1]	2.9	-0.6	-	% Change	-59.4	-42.5	-89.6	-20.2	0.3
Nanaimo	Q2 2011	-11.4	14.9	n/a	Q2 2011	148	66	82	445	$332,517
	Q2 2010	5.4	8.0	n/a	Q2 2010	239	122	117	524	$336,256
	Change[1]	-16.9	6.9	-	% Change	-38.1	-45.9	-29.9	-15.1	-1.1
Prince George	Q2 2011	3.4	6.0	n/a	Q2 2011	41	41	0	328	$249,823
	Q2 2010	8.2	7.3	n/a	Q2 2010	60	42	18	352	$250,818
	Change[1]	-4.9	-1.3	-	% Change	-31.7	-2.4	n/a	-6.8	-0.4
Abbotsford	Q2 2011	-6.1	8.6	779	Q2 2011	86	65	21	712	$346,999
	Q2 2010	7.4	8.4	757	Q2 2010	131	113	18	885	$358,061
	Change[1]	-13.6	0.2	3.0%	% Change	-34.4	-42.5	16.7	-19.5	-3.1
Kelowna	Q2 2011	2.1	8.7	807	Q2 2011	285	169	116	897	$397,354
	Q2 2010	14.7	7.0	859	Q2 2010	290	166	124	1,110	$426,390
	Change[1]	-12.6	1.7	-6.0%	% Change	-1.7	1.8	-6.5	-19.2	-6.8
Vancouver	Q2 2011	2.8	7.2	851	Q2 2011	4,664	1,034	3,630	10,018	$818,721
	Q2 2010	0.1	7.6	841	Q2 2010	3,683	1,310	2,373	9,822	$664,869
	Change[1]	2.7	-0.4	1.2%	% Change	26.6	-21.1	53.0	2.0	23.1
Victoria	Q2 2011	0.9	6.2	833	Q2 2011	423	159	264	1,681	$514,003
	Q2 2010	-0.2	5.9	813	Q2 2010	518	263	255	1,963	$515,278
	Change[1]	1.1	0.3	2.6%	% Change	-18.3	-39.5	3.5	-14.4	-0.2
B.C.	June 11	0.8	7.3	833	Q2 2011	6,818	2,522	4,296	22,948	$588,699
	June 10	1.6	7.8	826	Q2 2010	7,052	3,608	3,444	24,059	$504,256
	Change[1]	-0.8	-0.5	0.8%	% Change	-3.3	-30.1	24.7	-4.6	16.7
CANADA	June 11	1.4	7.4	837	Q2 2011	52,625	23,677	28,948	141,366	$374,159
	June 10	2.0	7.9	815	Q2 2010	55,287	28,958	26,329	143,042	$345,015
	Change[1]	-0.6	-0.5	2.7%	% Change	-4.8	-18.2	9.9	-1.2	8.4

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

[1] Changes 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.

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

[3] MLS® 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 MLS(R) sales and average price for Q2 and the revised data for Q1, became available after the cut-off date of July 14th 2011. 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	2011Q3(F)	2011Q4(F)
Housing Starts:											
Single	15,433	14,474	10,991	7,892	11,462	9,500	11,900	7,400	9,000	10,300	11,300
%	12.5	-6.2	-24.1	-28.2	45.2	-17.1	25.3	-18.7	21.6	14.4	9.7
Multiple	21,010	24,721	23,330	8,185	15,017	16,900	17,100	16,800	17,300	16,800	16,700
%	0.3	17.7	-5.6	-64.9	83.5	12.5	1.2	3.1	3.0	-2.9	-0.6
Total	36,443	39,195	34,321	16,077	26,479	26,400	29,000	24,200	26,300	27,100	28,000
%	5.1	7.6	-12.4	-53.2	64.7	-0.3	9.8	-4.7	8.7	3.0	3.3
Existing Home Markets:											
MLS® Sales	96,671	102,805	68,923	85,028	74,640	80,200	85,400	86,584	78,000	77,000	79,200
%	-9.1	6.3	-33.0	23.4	-12.2	7.4	6.5	15.6	-9.9	-1.3	2.9
MLS® Average Price	390,963	439,119	454,599	465,725	505,178	576,100	564,800	578,889	580,000	575,500	570,000
%	17.7	12.3	3.5	2.4	8.5	14.0	-2.0	12.6	0.2	-0.8	-1.0

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

Source: CMHC (Starts and Completions Survey), CREA

All data in this table, except the MLS (R) average price, is seasonally adjusted at annual rates. The MLS (R) average price data is actual.

Actual existing home markets data for the second quarter of 2011 became available after the cut-off date of July 14th 2011. As a result, this data was estimated.

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	28,550	23,950	29,000	32,550	25,400
Multiple	16,900	18,150	15,250	17,100	18,550	15,000
Single	9,500	10,400	8,700	11,900	14,000	10,400
MLS® Sales	80,200	85,200	76,500	85,400	95,400	76,000
MLS® Average Price ($)	576,100	592,000	556,500	564,800	591,500	537,500
Canada						
Housing Starts	183,200	197,200	166,300	183,900	207,200	161,700
Multiple	101,600	108,500	91,500	99,000	107,700	87,200
Single	81,600	88,700	74,800	84,900	99,500	74,500
MLS® Sales	446,700	472,500	425,000	458,000	510,000	407,500
MLS® Average Price ($)	367,500	378,300	355,200	372,400	389,700	354,500

Sources : CMHC

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

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	275	-23.6	350	27.3	100	194	-48.5
	Multiple	281	225	-19.9	300	33.3	159	178	-10.7
	Total	641	500	-22.0	650	30.0	259	372	-30.4
Nanaimo	Single-Detached	410	310	-24.4	310	0.0	114	241	-52.7
	Multiple	376	420	11.7	475	13.1	176	213	-17.4
	Total	786	730	-7.1	785	7.5	290	454	-36.1
Prince George	Single-Detached	151	145	-4.0	155	6.9	46	60	-23.3
	Multiple	62	65	4.8	35	-46.2	36	18	100.0
	Total	213	210	-1.4	190	-9.5	82	78	5.1
Abbotsford	Single-Detached	355	275	-22.5	250	-9.1	112	193	-42.0
	Multiple	161	300	86.3	400	33.3	141	45	213.3
	Total	516	575	11.4	650	13.0	253	238	6.3
Kelowna	Single-Detached	595	600	0.8	750	25.0	235	288	-18.4
	Multiple	362	425	17.4	575	35.3	172	251	-31.5
	Total	957	1,025	7.1	1,325	29.3	407	539	-24.5
Vancouver	Single-Detached	4,533	3,100	-31.6	3,300	6.5	1,659	2,373	-30.1
	Multiple	10,684	13,200	23.5	14,200	7.6	6,813	4,508	51.1
	Total	15,217	16,300	7.1	17,500	7.4	8,472	6,881	23.1
Victoria	Single-Detached	827	650	-21.4	680	4.6	290	498	-41.8
	Multiple	1,291	1,170	-9.4	1,520	29.9	454	654	-30.6
	Total	2,118	1,820	-14.1	2,200	20.9	744	1,152	-35.4

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 - June

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)
Kamloops[1]	MLS® Sales(#)	1,614	1,750	8.4	2,000	14.3	842	915	-8.0
	MLS® Avg. Price ($)	370,991	379,000	2.2	390,000	2.9	375,782	368,311	2.0
Nanaimo[1]	MLS® Sales(#)	1,598	1,650	3.3	1,850	12.1	816	921	-11.4
	MLS® Avg. Price ($)	330,774	325,000	-1.7	329,000	1.2	326,760	332,942	-1.9
Prince George[1]	MLS® Sales(#)	1,034	995	-3.8	950	-4.5	534	572	-6.6
	MLS® Avg. Price ($)	240,667	247,500	2.8	253,000	2.2	247,277	248,602	-0.5
Abbotsford	MLS® Sales(#)	2,582	2,500	-3.2	2,600	4.0	1,263	1,535	-17.7
	MLS® Avg. Price ($)	341,854	335,000	-2.0	340,000	1.5	339,087	349,816	-3.1
Kelowna	MLS® Sales(#)	3,289	3,500	6.4	3,900	11.4	1,701	1,978	-14.0
	MLS® Avg. Price ($)	419,884	405,000	-3.5	415,000	2.5	397,139	415,371	-4.4
Vancouver	MLS® Sales(#)	31,114	33,000	6.1	36,000	9.1	19,150	17,489	9.5
	MLS® Avg. Price ($)	675,852	808,000	19.6	840,000	4.0	801,832	666,730	20.3
Victoria	MLS® Sales(#)	6,169	6,350	2.9	6,800	7.1	3,079	3,669	-16.1
	MLS® Avg. Price ($)	504,561	495,000	-1.9	498,000	0.6	503,711	510,620	-1.4

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 - June

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	3.0	685	690	816	820
Nanaimo	3.3	2.9	648	670	789	810
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	2.5	940	965	1,195	1,230
Victoria	1.5	1.5	806	810	1,024	1,040
Canada[1]	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+

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 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 housing solutions 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.

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.

Housing market intelligence you can count on

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 Market Tables: Selected South Central Ontario 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 Report
- Rental Market Provincial Highlight Reports *Now semi-annual!*
- Rental Market Reports, Major Centres
- Rental Market Statistics *Now semi-annual!*
- Residential Construction Digest, Prairie Centres
- Seniors' Housing Reports

Get the market intelligence you need today!

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

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.

CMHC's 2011 Mortgage Consumer Survey

The 2011 survey results offer a unique perspective on attitudes and behaviours of recent mortgage consumers. Use these findings to identify opportunities and build stronger relationships with your clients. Visit www.cmhc.ca/2011survey for results and find out how CMHC can help

65442_2011_Q03