

HOUSING MARKET OUTLOOK

British Columbia Region Highlights

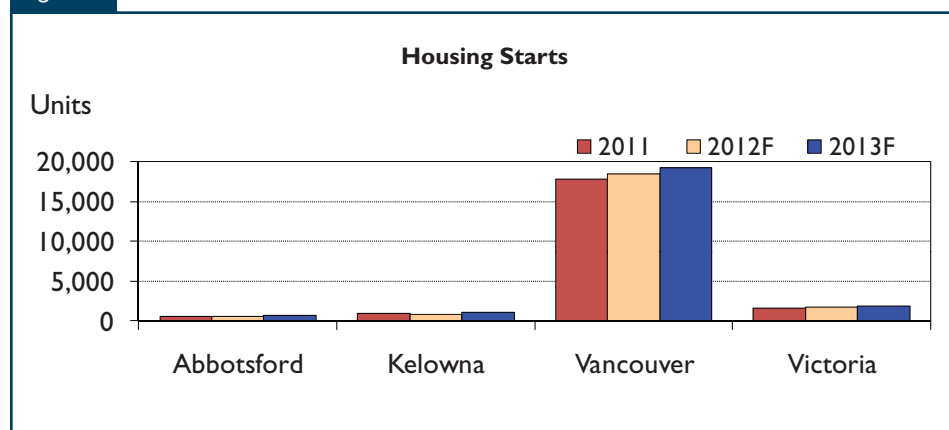


CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Market Forecast

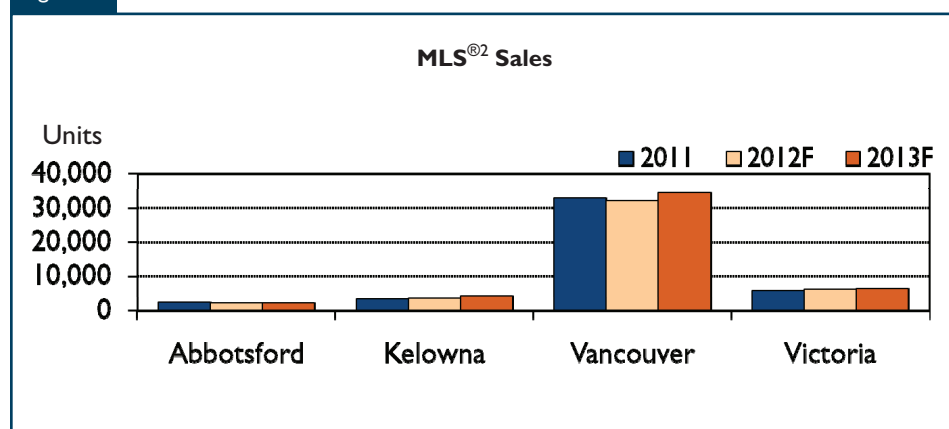
Figure 1



Overview¹

- Housing starts in the province are forecast to be 28,600 in 2012 and 30,100 in 2013.
- Expect resale market conditions to remain balanced.
- The average MLS^{®2} price is forecast to be \$548,100 in 2012 and \$566,900 in 2013.

Figure 2



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 are based on information available as of April 27, 2012.

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

Economic Outlook

Key provincial economic indicators show that the British Columbia economy is growing in line with expectations. Residential, industrial and commercial investment, as well as consumer spending on goods and services, are forecast to contribute to moderate economic growth this year and next.

Labour market trends so far in 2012 remain supportive of housing demand. The first-quarter increase in employment was concentrated in full-time jobs, with positive increases for income growth. Average weekly wages were up 3.5 per cent during the first quarter of 2012 compared to the first quarter of 2011, ahead of the general

rate of consumer price inflation. The shift toward full-time jobs is expected to continue as the provincial economy gains momentum.

Population-driven housing demand is forecast to be fuelled by people moving to the province from other countries. Vancouver will account for the bulk of household formation as it remains the destination for most international migrants settling in the province. Job opportunities will be one factor drawing people to the large urban centres of British Columbia from other parts of Canada in 2012 and 2013. As well, movement between Vancouver and other parts of the province will support resale market activity in the main urban British Columbia markets and demand for

new homes on Vancouver Island, in Northern British Columbia and in the Interior.

The value of residential building permits issued by municipalities during the first quarter of 2012 was above 2011 levels for the same period and the expectation is for further increases in residential construction in the coming months.

Mortgage rates		
1 Year	Q1 2012	3.30
	Change from Q1 2011	-0.15
	2012 (F)	3.37
	2013 (F)	3.78
5 Year	Q1 2012	5.26
	Change from Q1 2011	-0.07
	2012 (F)	5.26
	2013 (F)	5.37

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q1 2012 data

Housing Market Outlook

Home builders are expected to gradually ramp up residential construction in response to positive signals from the resale market and economic developments.

The number of resale transactions is forecast to gradually improve in 2012 in line with strengthening fundamentals. Resale market conditions have remained balanced since the third quarter of 2010, with the number of resales and new listings stabilizing during the past year. For 2012, resales are expected to be 79,100 units while 2013 will experience an increase to 82,400 units.

Consistent with balanced resale market conditions, average existing home prices in the MLS® system are forecast to rise gradually through the rest of the this year and next. The MLS® average home price is forecast to be \$548,100 in 2012 and \$566,900 in 2013.

As resale market conditions improve, demand for new housing is forecast to increase in 2012 and 2013. The annualized rate of single-detached housing starts is forecast to pick up during the forecast period, ending up at 9,600 units in 2012. This strength will continue into 2013 where single starts are forecast to be 10,900 units. Well-supplied resale markets continue to offer choice to homebuyers, drawing some demand away from new

homes. However as resale market conditions improve, fewer listings and firmer resale prices will shift some demand back to new homes.

Multiple-family homes have remained the focus of new home construction in early 2012. The rate of multiple-unit starts is forecast to moderate in the second and third quarters of 2012 then move towards stabilization that is consistent with underlying demand during the rest of the forecast period. Overall multiple starts will come in at 19,000 units this year with a slight increase to 19,200 units in 2013.

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 2012	11.5	9.5	n/a	Q1 2012	46	41	5	394	\$394,121
	Q1 2011	-9.8	10.0	n/a	Q1 2011	183	31	152	437	\$376,973
	Change ¹	21.3	-0.5	-	% Change	-74.9	32.3	-96.7	-9.8	4.5
Nanaimo	Q1 2012	-4.8	5.4	n/a	Q1 2012	234	47	187	334	\$318,612
	Q1 2011	-0.6	16.0	n/a	Q1 2011	142	48	94	371	\$319,853
	Change ¹	-4.2	-10.7	-	% Change	64.8	-2.1	98.9	-10.0	-0.4
Prince George	Q1 2012	3.8	7.4	n/a	Q1 2012	15	11	4	226	\$241,704
	Q1 2011	0.2	5.8	n/a	Q1 2011	41	5	36	206	\$242,938
	Change ¹	3.6	1.6	-	% Change	-63.4	120.0	-88.9	9.7	-0.5
Abbotsford	Q1 2012	3.8	10.6	801	Q1 2012	103	47	56	535	\$328,309
	Q1 2011	-6.6	10.0	822	Q1 2011	167	47	120	551	\$328,864
	Change ¹	10.3	0.6	-2.6%	% Change	-38.3	0.0	-53.3	-2.9	-0.2
Kelowna	Q1 2012	-1.1	9.4	881	Q1 2012	120	82	38	766	\$372,582
	Q1 2011	-1.1	8.8	833	Q1 2011	122	66	56	754	\$396,653
	Change ¹	0.0	0.6	5.8%	% Change	-1.6	24.2	-32.1	1.6	-6.1
Vancouver	Q1 2012	2.8	6.6	873	Q1 2012	4,631	700	3,931	7,098	\$775,693
	Q1 2011	1.6	8.1	832	Q1 2011	3,808	625	3,183	9,132	\$783,307
	Change ¹	1.2	-1.5	4.8%	% Change	21.6	12.0	23.5	-22.3	-1.0
Victoria	Q1 2012	4.2	5.3	821	Q1 2012	288	119	169	1,378	\$481,325
	Q1 2011	-3.3	6.2	826	Q1 2011	321	131	190	1,398	\$491,336
	Change ¹	7.5	-0.9	-0.6%	% Change	-10.3	-9.2	-11.1	-1.4	-2.0
B.C.	March 12	1.6	7.0	857	Q1 2012	6,150	1,538	4,612	16,724	\$552,785
	March 11	0.8	8.1	828	Q1 2011	5,411	1,414	3,997	19,147	\$582,021
	Change ¹	0.9	-1.1	3.5%	% Change	13.7	8.8	15.4	-12.7	-5.0
CANADA	March 12	1.1	7.2	857	Q1 2012	39,902	13,116	26,786	108,373	\$365,858
	March 11	1.8	7.6	835	Q1 2011	33,553	12,265	21,288	103,767	\$363,258
	Change ¹	-0.7	-0.4	2.6%	% Change	18.9	6.9	25.8	4.4	0.7

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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

British Columbia Housing Market Outlook											
(units and percentage change)											
	2007	2008	2009	2010	2011	2012(F)	2013(F)	2012Q1	2012Q2(F)	2012Q3(F)	2012Q4(F)
Housing Starts:											
Single	14,474	10,991	7,892	11,462	8,867	9,600	10,900	8,000	9,600	10,300	10,500
%	-6.2	-24.1	-28.2	45.2	-22.6	8.3	13.5	-10.1	20.0	7.3	1.9
Multiple	24,721	23,330	8,185	15,017	17,533	19,000	19,200	19,600	18,900	18,700	18,800
%	17.7	-5.6	-64.9	83.5	16.8	8.4	1.1	10.7	-3.6	-1.1	0.5
Total	39,195	34,321	16,077	26,479	26,400	28,600	30,100	27,600	28,500	29,000	29,300
%	7.6	-12.4	-53.2	64.7	-0.3	8.3	5.2	3.8	3.3	1.8	1.0
Existing Home Markets:											
MLS® Sales	102,805	68,923	85,028	74,640	76,721	79,100	82,400	73,868	78,300	81,500	83,000
%	6.3	-33.0	23.4	-12.2	2.8	3.1	4.2	-2.1	6.0	4.1	1.8
MLS® Average Price	439,119	454,599	465,725	505,178	561,304	548,100	566,900	546,114	543,000	548,000	553,000
%	12.3	3.5	2.4	8.5	11.1	-2.4	3.4	0.7	-0.6	0.9	0.9

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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.

B.C. Region - Housing Forecast Ranges						
	2012			2013		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	28,600	31,100	25,700	30,100	32,800	27,000
Multiple	19,000	20,700	17,000	19,200	20,900	17,100
Single	9,600	10,400	8,700	10,900	11,900	9,900
MLS [®] Sales	79,100	86,500	72,200	82,400	90,600	74,900
MLS [®] Average Price (\$)	548,100	598,100	501,600	566,900	620,500	511,300
Canada						
Housing Starts	202,700	220,600	182,300	195,700	213,500	175,100
Multiple	118,900	129,400	106,400	108,400	118,300	96,400
Single	83,800	91,200	75,900	87,300	95,200	78,700
MLS [®] Sales	472,300	516,100	431,200	474,900	522,400	431,300
MLS [®] Average Price (\$)	372,700	406,700	341,100	383,600	419,900	346,000

Sources : CMHC

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

B.C. Region Housing Forecast - New Construction									
	Housing Starts	2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Kamloops	Single-Detached	242	275	13.6	325	18.2	41	31	32.3
	Multiple	268	225	-16.0	250	11.1	5	152	-96.7
	Total	510	500	-2.0	575	15.0	46	183	-74.9
Nanaimo	Single-Detached	246	300	22.0	350	16.7	47	48	-2.1
	Multiple	474	450	-5.1	450	0.0	187	94	98.9
	Total	720	750	4.2	800	6.7	234	142	64.8
Prince George	Single-Detached	116	140	20.7	160	14.3	11	5	120.0
	Multiple	41	15	-63.4	30	100.0	4	36	-88.9
	Total	157	155	-1.3	190	22.6	15	41	-63.4
Abbotsford	Single-Detached	245	250	2.0	250	0.0	47	47	0.0
	Multiple	292	325	11.3	425	30.8	56	120	-53.3
	Total	537	575	7.1	675	17.4	103	167	-38.3
Kelowna	Single-Detached	539	600	11.3	700	16.7	82	66	24.2
	Multiple	395	250	-36.7	450	80.0	38	56	-32.1
	Total	934	850	-9.0	1,150	35.3	120	122	-1.6
Vancouver	Single-Detached	3,686	3,800	3.1	4,000	5.3	700	625	12.0
	Multiple	14,181	14,700	3.7	15,200	3.4	3,931	3,183	23.5
	Total	17,867	18,500	3.5	19,200	3.8	4,631	3,808	21.6
Victoria	Single-Detached	609	650	6.7	750	15.4	119	131	-9.2
	Multiple	1,033	1,150	11.3	1,150	0.0	169	190	-11.1
	Total	1,642	1,800	9.6	1,900	5.6	288	321	-10.3

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									
		2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Kamloops¹	MLS [®] Sales(#)	1,689	1,775	5.1	2,000	12.7	394	437	-9.8
	MLS [®] Avg. Price (\$)	369,573	372,000	0.7	377,000	1.3	394,121	376,973	4.5
Nanaimo¹	MLS [®] Sales(#)	1,532	1,650	7.7	1,650	0.0	334	371	-10.0
	MLS [®] Avg. Price (\$)	326,281	325,000	-0.4	322,000	-0.9	318,612	319,853	-0.4
Prince George¹	MLS [®] Sales(#)	1,096	1,150	4.9	1,200	4.3	226	206	9.7
	MLS [®] Avg. Price (\$)	246,520	251,000	1.8	255,000	1.6	241,704	242,938	-0.5
Abbotsford	MLS [®] Sales(#)	2,410	2,200	-8.7	2,100	-4.5	535	551	-2.9
	MLS [®] Avg. Price (\$)	340,984	340,000	-0.3	344,000	1.2	328,309	328,864	-0.2
Kelowna	MLS [®] Sales(#)	3,330	3,600	8.1	4,100	13.9	766	754	1.6
	MLS [®] Avg. Price (\$)	404,756	409,000	1.0	417,000	2.0	372,582	396,653	-6.1
Vancouver	MLS [®] Sales(#)	32,936	32,000	-2.8	34,500	7.8	7,098	9,132	-22.3
	MLS [®] Avg. Price (\$)	779,730	768,000	-1.5	803,000	4.6	775,693	783,307	-1.0
Victoria	MLS [®] Sales(#)	5,773	6,100	5.7	6,300	3.3	1,378	1,398	-1.4
	MLS [®] Avg. Price (\$)	498,300	495,000	-0.7	495,000	0.0	481,325	491,336	-2.0

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 - March

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2011	2012(F)	Oct 2011	Oct 2012(F)	Oct 2011	Oct 2012(F)
Kamloops	2.9	2.7	694	700	807	815
Nanaimo	6.3	4.8	661	680	802	820
Prince George	5.1	4.5	604	610	726	732
Abbotsford	6.7	5.5	663	680	800	815
Kelowna	3.0	3.3	736	745	922	925
Vancouver	1.4	1.1	964	1,005	1,237	1,285
Victoria	2.1	1.6	819	835	1,045	1,070
Canada¹	2.5	2.2	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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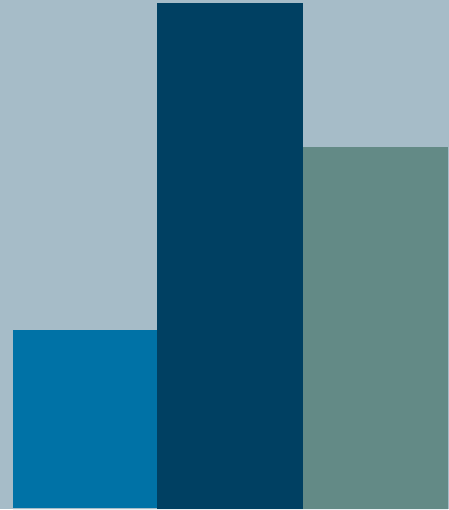
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