

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Market Forecast

Figure 1

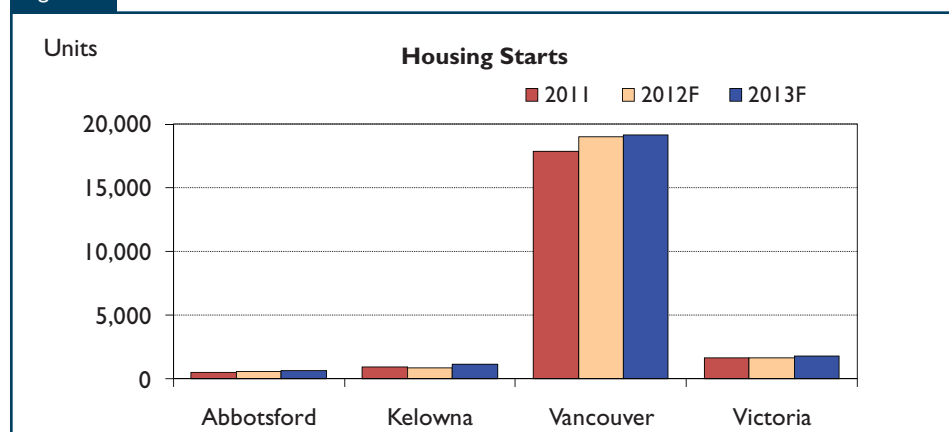
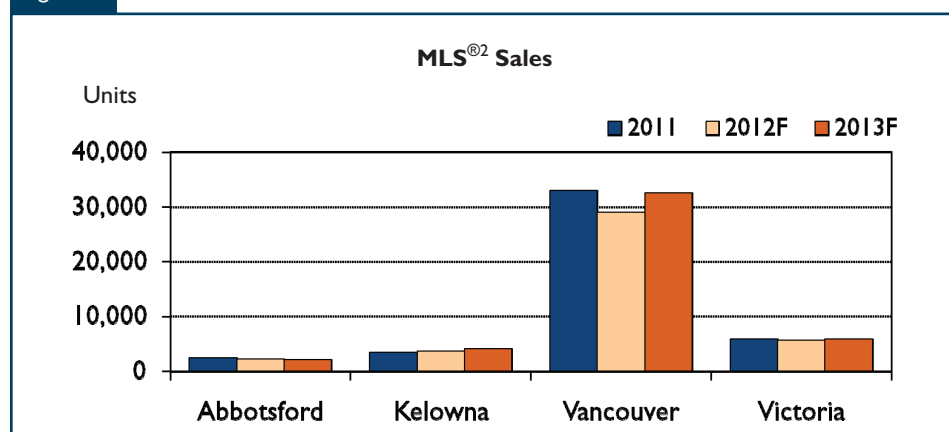


Figure 2



Overview¹

- Housing starts in the province are forecast to be 28,500 units in 2012 and 30,100 units in 2013.
- Provincial resale market conditions are forecast to remain in balance during the rest of this year and next, although local market conditions will vary.
- The average MLS® price is forecast to be \$522,200 while 2013 will see a slight increase to \$535,700 as resale activity picks up.

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 July 25, 2012.

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

Economic Outlook

Economic fundamentals point to a pickup in housing demand during the last half of 2012 following modest growth in the first two quarters of 2012. Although the level of employment was flat during the first quarter, full-time employment rose while part-time employment declined compared to year-ago levels. Total employment picked up during the second quarter of 2012 and the shift to full-time employment continued. This trend is expected to support homeownership demand in the second half of this year.

Population-driven demand from individuals moving to the province from other countries is the main

source of demographic demand for new and resale housing. First quarter international migration was higher than the level recorded during the first quarter of 2011. However, net interprovincial migration was negative during the first quarter. Overall, though, total net migration was positive.

Mortgage rates		
1 Year	Q2 2012	3.20
	Change from Q2 2011	-0.43
	2012 (F)	3.37
	2013 (F)	3.78
5 Year	Q2 2012	5.34
	Change from Q2 2011	-0.22
	2012 (F)	5.26
	2013 (F)	5.37

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q2 2012 data

Housing Market Outlook

Housing starts in British Columbia are forecast to increase gradually in the second half of this year and in 2013 to a level consistent with economic fundamentals and household formation. This year, growth will be concentrated in multiple-family housing with a stable level of single-detached starts. Meanwhile, 2013 will see multiple-family housing starts level off, while single-detached home starts are forecast to rise. Total housing starts are expected to total 28,500 units in 2012 and 30,100 units in 2013.

Expect single-detached home starts of 8,900 in 2012 and 9,900 in 2013. In the first half of 2012, well-supplied resale markets offered choice to homebuyers, drawing some demand

away from new single-detached homes. This trend should continue during the second half of 2012. Next year, fewer listings, higher existing home sales and firmer resale prices are expected to shift some demand from resale housing back to new homes.

The forecast level of multiple-family housing starts, including apartments, semi-detached and row homes is revised higher in this quarterly forecast due to an increase in larger projects, including some rental. Moving forward, however, starts are forecast to stabilize at levels consistent with underlying demand over the forecast period. Demand from first-time homebuyers, empty-nesters and others choosing condominium living is expected to result in 19,600 multiple-family starts in 2012 and 20,200 starts in 2013.

On a quarterly basis, the number of resale transactions is forecast to gradually improve in the rest of 2012, in line with strengthening employment and population growth. Provincial resale market conditions are forecast to remain in balance during the rest of this year and next, although local market conditions will vary.

Existing home prices, as measured by the average MLS® price, moved lower during the second quarter of 2012 after modest growth in the first quarter. The average annual price for 2012 is forecast to be \$522,200 while 2013 will see a slight increase to \$535,700 as resale activity picks up.

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 2012	4.6	8.0	n/a	Q2 2012	244	89	155	394	\$394,121
	Q2 2011	4.2	8.4	n/a	Q2 2011	76	69	7	437	\$376,973
	Change ¹	0.4	-0.3	-	% Change	221.1	29.0	**	-9.8	4.5
Nanaimo	Q2 2012	-2.3	6.2	n/a	Q2 2012	115	68	47	457	\$358,841
	Q2 2011	-6.4	14.9	n/a	Q2 2011	148	66	82	445	\$374,895
	Change ¹	4.1	-8.7	-	% Change	-22.3	3.0	-42.7	2.7	-4.3
Prince George	Q2 2012	1.8	6.9	n/a	Q2 2012	88	52	36	359	\$250,353
	Q2 2011	-0.2	6.0	n/a	Q2 2011	41	41	0	328	\$249,823
	Change ¹	2.0	1.0	-	% Change	114.6	26.8	n/a	9.5	0.2
Abbotsford	Q2 2012	5.4	7.2	790	Q2 2012	119	70	49	733	\$348,858
	Q2 2011	-6.0	8.4	779	Q2 2011	86	65	21	712	\$346,999
	Change ¹	11.4	-1.2	1.3%	% Change	38.4	7.7	133.3	2.9	0.5
Kelowna	Q2 2012	-2.8	6.6	831	Q2 2012	204	143	61	1,108	\$407,453
	Q2 2011	2.1	8.7	807	Q2 2011	285	169	116	972	\$399,086
	Change ¹	-5.0	-2.1	3.0%	% Change	-28.4	-15.4	-47.4	14.0	2.1
Vancouver	Q2 2012	3.0	6.4	853	Q2 2012	5,276	943	4,333	8,132	\$724,319
	Q2 2011	2.9	7.2	851	Q2 2011	4,664	1,034	3,630	10,018	\$818,721
	Change ¹	0.1	-0.8	0.2%	% Change	13.1	-8.8	19.4	-18.8	-11.5
Victoria	Q2 2012	1.1	5.3	850	Q2 2012	399	154	245	1,803	\$495,605
	Q2 2011	1.1	6.2	833	Q2 2011	423	159	264	1,681	\$514,003
	Change ¹	0.0	-0.9	2.0%	% Change	-5.7	-3.1	-7.2	7.3	-3.6
B.C.	June 12	2.3	6.6	844	Q2 2012	7,619	2,327	5,292	21,588	\$518,882
	June 11	0.7	7.2	833	Q2 2011	6,818	2,522	4,296	22,948	\$588,699
	Change ¹	1.6	-0.6	1.3%	% Change	11.7	-7.7	23.2	-5.9	-11.9
CANADA	June 12	1.0	7.2	862	Q2 2012	62,025	24,812	37,213	148,903	\$373,782
	June 11	1.4	7.4	837	Q2 2011	52,625	23,677	28,948	141,628	\$374,004
	Change ¹	-0.3	-0.2	3.0%	% Change	17.9	4.8	28.6	5.1	-0.1

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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

British Columbia Housing Market Outlook											
(units and percentage change)											
	2007	2008	2009	2010	2011	2012(F)	2013(F)	2012Q1	2012Q2 (E)	2012Q3 (F)	2012Q4 (F)
Housing Starts:											
Single	14,474	10,991	7,892	11,462	8,867	8,900	9,900	8,200	8,400	9,400	9,600
%	-6.2	-24.1	-28.2	45.2	-22.6	0.4	11.2	-7.9	2.4	11.9	2.1
Multiple	24,721	23,330	8,185	15,017	17,533	19,600	20,200	19,600	20,900	18,900	19,000
%	17.7	-5.6	-64.9	83.5	16.8	11.8	3.1	10.7	6.6	-9.6	0.5
Total	39,195	34,321	16,077	26,479	26,400	28,500	30,100	27,800	29,300	28,300	28,600
%	7.6	-12.4	-53.2	64.7	-0.3	8.0	5.6	4.5	5.4	-3.4	1.1
Existing Home Markets:											
MLS® Sales	102,805	68,923	85,028	74,640	76,721	74,800	81,200	73,884	70,472	76,000	79,000
%	6.3	-33.0	23.4	-12.2	2.8	-2.5	8.6	-2.1	-4.6	7.8	3.9
MLS® Average Price	439,119	454,599	465,725	505,178	561,304	522,200	535,700	546,204	507,231	514,000	520,000
%	12.3	3.5	2.4	8.5	11.1	-7.0	2.6	0.8	-7.1	1.3	1.2

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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	28,500	29,700	27,100	30,100	32,400	26,900
Multiple	19,600	20,400	18,700	20,200	22,000	17,700
Single	8,900	9,300	8,400	9,900	10,400	9,200
MLS [®] Sales	74,800	78,000	71,000	81,200	84,000	76,400
MLS [®] Average Price (\$)	522,200	538,000	498,500	535,700	562,000	508,300
Canada						
Housing Starts	207,200	217,000	196,800	193,100	207,400	173,000
Multiple	123,700	129,300	117,900	109,000	118,800	95,500
Single	83,500	87,700	78,900	84,100	88,600	77,500
MLS [®] Sales	466,600	485,200	442,300	469,600	487,600	440,500
MLS [®] Average Price (\$)	368,000	378,400	351,300	377,300	395,800	358,000

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	130	100	30.0
	Multiple	268	225	-16.0	250	11.1	160	159	0.6
	Total	510	500	-2.0	575	15.0	290	259	12.0
Nanaimo	Single-Detached	246	300	22.0	350	16.7	115	114	0.9
	Multiple	474	450	-5.1	450	0.0	234	176	33.0
	Total	720	750	4.2	800	6.7	349	290	20.3
Prince George	Single-Detached	116	160	37.9	180	12.5	63	46	37.0
	Multiple	41	50	22.0	50	0.0	40	36	11.1
	Total	157	210	33.8	230	9.5	103	82	25.6
Abbotsford	Single-Detached	245	250	2.0	250	0.0	117	112	4.5
	Multiple	292	325	11.3	425	30.8	105	141	-25.5
	Total	537	575	7.1	675	17.4	222	253	-12.3
Kelowna	Single-Detached	539	600	11.3	700	16.7	225	235	-4.3
	Multiple	395	250	-36.7	450	80.0	99	172	-42.4
	Total	934	850	-9.0	1,150	35.3	324	407	-20.4
Vancouver	Single-Detached	3,686	3,500	-5.0	4,000	14.3	1,643	1,659	-1.0
	Multiple	14,181	15,500	9.3	15,200	-1.9	8,264	6,813	21.3
	Total	17,867	19,000	6.3	19,200	1.1	9,907	8,472	16.9
Victoria	Single-Detached	609	610	0.2	710	16.4	273	290	-5.9
	Multiple	1,033	1,040	0.7	1,090	4.8	414	454	-8.8
	Total	1,642	1,650	0.5	1,800	9.1	687	744	-7.7

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									
		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	918	905	1.4
	MLS [®] Avg. Price (\$)	369,573	372,000	0.7	377,000	1.3	388,085	376,494	3.1
Nanaimo¹	MLS [®] Sales(#)	1,532	1,650	7.7	1,650	0.0	791	816	-3.1
	MLS [®] Avg. Price (\$)	362,667	355,000	-2.1	351,000	-1.1	356,063	368,211	-3.3
Prince George¹	MLS [®] Sales(#)	1,096	1,150	4.9	1,200	4.3	585	534	9.6
	MLS [®] Avg. Price (\$)	246,520	251,000	1.8	255,000	1.6	247,047	247,277	-0.1
Abbotsford	MLS [®] Sales(#)	2,410	2,200	-8.7	2,100	-4.5	1,268	1,263	0.4
	MLS [®] Avg. Price (\$)	340,984	340,000	-0.3	344,000	1.2	340,188	339,087	0.3
Kelowna	MLS [®] Sales(#)	3,330	3,600	8.1	4,100	13.9	1,874	1,726	8.6
	MLS [®] Avg. Price (\$)	404,756	409,000	1.0	417,000	2.0	393,223	398,023	-1.2
Vancouver	MLS [®] Sales(#)	32,936	29,000	-12.0	32,500	12.1	15,230	19,150	-20.5
	MLS [®] Avg. Price (\$)	779,730	739,500	-5.2	759,000	2.6	748,262	801,833	-6.7
Victoria	MLS [®] Sales(#)	5,773	5,600	-3.0	5,800	3.6	3,181	3,079	3.3
	MLS [®] Avg. Price (\$)	498,300	490,000	-1.7	495,000	1.0	489,419	503,711	-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 - June

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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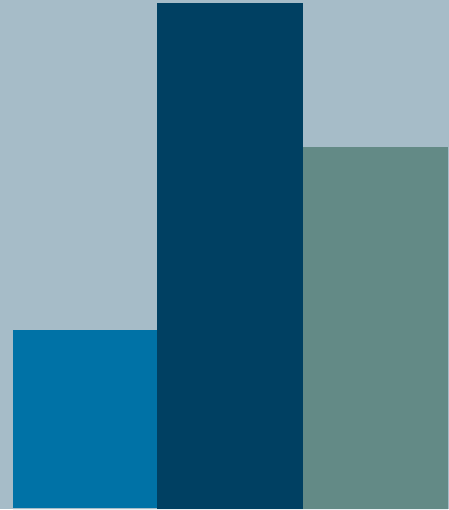
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