

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Market Forecast

Figure 1

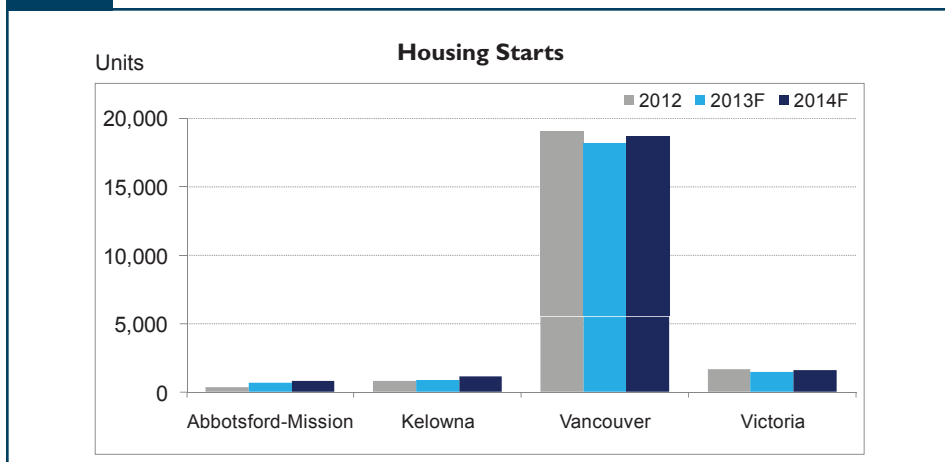
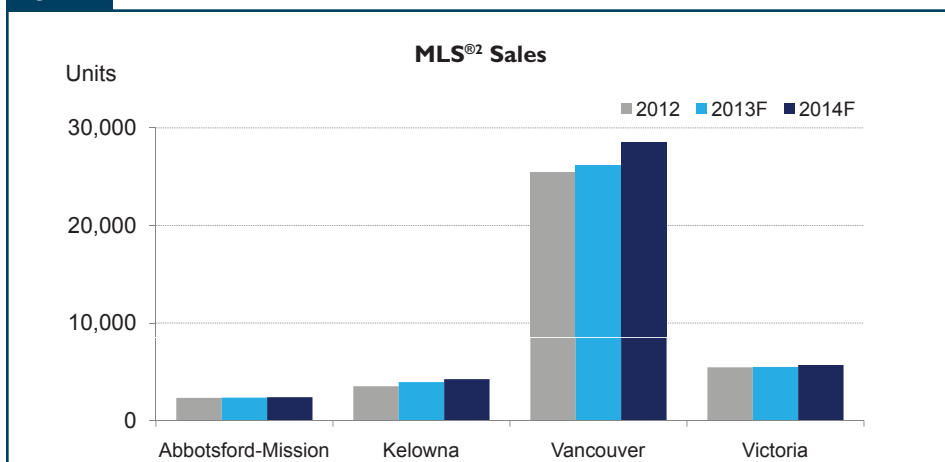


Figure 2



Overview¹

- Housing starts are forecast to total 27,900 units in 2014, up from a projected 26,800 units in 2013.
- Existing MLS^{®2} home sales are expected to increase to 76,800 in 2014, from a forecast of 71,600 sales in 2013.
- Existing home prices are forecast to edge higher to \$535,000 in 2014, compared to a projected \$531,300 in 2013.

¹The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges where appropriate. The forecasts included in this document are based on information available as of October 16, 2013.

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

Economic Outlook

British Columbia's economy is forecast to expand 2.5 per cent in 2014, slightly ahead of the national average, and an increase compared to 2013. Modest growth in consumer spending and business investment are expected to contribute to economic growth.

British Columbia's labour market conditions are forecast to improve in 2014. Employment is expected to increase 1.0 per cent next year following almost no growth in 2013. This year's shift to higher levels of full-time employment will carry also over into 2014. An increase in full-time employment will support wage growth and homeownership demand.

Household formation from a growing population as well as a forecast increase in the first-time homebuyer population is expected to add to housing demand. Population projections by age group point to an expanding number of people in the 25 to 44 year age range, which has traditionally contributed to first-time homebuyer demand³. Migration from other countries, partly offset by people moving to other provinces, is expected to add 41,300 people in 2014, up from a predicted 33,000-person gain in 2013. Migration-fuelled population growth combined with the resident population could add 31,000 households in 2014⁴.

Mortgage rates		
1 Year	Q3 2013	3.14
	Change from Q3 2012	0.04
	2013 (F)	3.00 - 3.50
	2014 (F)	3.25 - 3.75
5 Year	Q3 2013	5.27
	Change from Q3 2012	0.03
	2013 (F)	5.00 - 5.50
	2014 (F)	5.25 - 6.00

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q3 2013 data

Housing Market Outlook

Single-detached starts are projected to rise to 9,200 units in 2014 from a projected 8,400 units in 2013. Improving employment and economic growth will support an increase in single-detached home construction next year. Single-detached starts, which accounted for 40 per cent of starts during the last ten years, will make up just over one-third of housing starts in British Columbia next year, as the focus of new home construction has shifted to more dense housing types.

Multiple-family starts are forecast to remain relatively stable at 18,700 units in 2014 as demand strengthens

along with improving economic conditions and inventories of new completed and unabsorbed units are drawn lower. Rising inventories earlier this year and increased competition from a well-supplied resale market for condominium apartments are expected to hold multiple-family starts to 18,400 units in 2013, compared to 19,132 units in 2012.

MLS® sales are forecast to increase to 76,800 in 2014, up from an expected 71,600 sales in 2013. Demand will be broad-based, fuelled by rising employment, ample supply and stable prices.

Expect rising new listings in line with stronger existing home sales to keep price growth in check in 2014 as resale market conditions

remain balanced. The average MLS® price is forecast at \$535,000 in 2014, compared to a projected \$531,300 in 2013.

³ BC Stats population projections show annual growth of the 25 to 44 year age category adding on average 17,100 persons, in 2013 and 2014. Source: P.E.O.P.L.E 2013, CMHC calculations.

⁴ Source: BC Stats household projections, CMHC calculation.

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	Q3 2013	-10.4	6.6	n/a	Q3 2013	133	66	67	513	\$374,005
	Q3 2012	11.3	6.4	n/a	Q3 2012	95	80	15	465	\$372,863
	Change ¹	-21.7	0.2	-	% Change	40.0	-17.5	**	10.3	0.3
Nanaimo	Q3 2013	-4.1	6.8	n/a	Q3 2013	83	50	33	445	\$362,928
	Q3 2012	12.1	4.6	n/a	Q3 2012	187	75	112	339	\$355,292
	Change ¹	-16.2	2.2	-	% Change	-55.6	-33.3	-70.5	31.3	2.1
Prince George	Q3 2013	-8.8	6.6	n/a	Q3 2013	49	45	4	361	\$264,943
	Q3 2012	4.4	6.9	n/a	Q3 2012	51	46	5	288	\$260,086
	Change ¹	-13.1	-0.3	-	% Change	-3.9	-2.2	-20.0	25.3	1.9
Abbotsford-Mission	Q3 2013	2.0	7.7	780	Q3 2013	178	63	115	671	\$337,576
	Q3 2012	5.5	7.4	805	Q3 2012	81	53	28	581	\$338,260
	Change ¹	-3.4	0.3	-3.1%	% Change	119.8	18.9	**	15.5	-0.2
Kelowna	Q3 2013	1.9	6.2	834	Q3 2013	259	178	81	1,203	\$400,556
	Q3 2012	-1.3	5.1	799	Q3 2012	277	166	111	976	\$413,939
	Change ¹	3.2	1.1	4.4%	% Change	-6.5	7.2	-27.0	23.3	-3.2
Vancouver	Q3 2013	-0.8	6.9	911	Q3 2013	5,269	1,082	4,187	8,067	\$775,100
	Q3 2012	1.2	7.1	858	Q3 2012	4,921	1,285	3,636	5,341	\$701,360
	Change ¹	-1.9	-0.2	6.2%	% Change	7.1	-15.8	15.2	51.0	10.5
Victoria	Q3 2013	0.3	5.3	856	Q3 2013	621	161	460	1,542	\$483,069
	Q3 2012	0.0	6.0	856	Q3 2012	609	157	452	1,334	\$474,553
	Change ¹	0.3	-0.7	-0.1%	% Change	2.0	2.5	1.8	15.6	1.8
B.C.	September 13	-0.7	6.7	889	Q3 2013	7,993	2,564	5,429	21,011	\$534,765
	September 12	1.3	6.9	852	Q3 2012	7,632	2,516	5,116	16,358	\$485,581
	Change ¹	-2.0	-0.2	4.2%	% Change	4.7	1.9	6.1	28.4	10.1
CANADA	September 13	1.2	6.9	887	Q3 2013	52,734	22,667	30,067	123,273	\$382,222
	September 12	1.1	7.3	873	Q3 2012	60,338	24,896	35,442	109,538	\$352,322
	Change ¹	0.1	-0.4	1.7%	% Change	-12.6	-9.0	-15.2	12.5	8.5

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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)												
	2008	2009	2010	2011	2012	2013(F)	2014(F)	2013Q4 (F)	2014Q1 (F)	2014Q1 (F)	2014Q3 (F)	2014Q4 (F)
Housing Starts:												
Single	10,991	7,892	11,462	8,867	8,333	8,400	9,200	9,100	9,300	9,300	9,200	9,100
%	-24.1	-28.2	45.2	-22.6	-6.0	0.8	9.5	6.5	2.2	0.0	-1.1	-1.1
Multiple	23,330	8,185	15,017	17,533	19,132	18,400	18,700	18,700	18,800	18,500	18,800	18,500
%	-5.6	-64.9	83.5	16.8	9.1	-3.8	1.6	-12.8	0.5	-1.6	1.6	-1.6
Total	34,321	16,077	26,479	26,400	27,465	26,800	27,900	27,800	28,100	27,800	28,000	27,600
%	-12.4	-53.2	64.7	-0.3	4.0	-2.4	4.1	-7.3	1.1	-1.1	0.7	-1.4
Existing Home Markets:												
MLS® Sales	68,923	85,028	74,640	76,721	67,637	71,600	76,800	74,500	76,500	77,500	77,000	76,200
%	-33.0	23.4	-12.2	2.8	-11.8	5.9	7.3	-7.5	2.7	1.3	-0.6	-1.0
MLS® Average Price	454,599	465,725	505,178	561,304	514,836	531,300	535,000	535,000	533,000	535,000	537,000	535,000
%	3.5	2.4	8.5	11.1	-8.3	3.2	0.7	-2.7	-0.4	0.4	0.4	-0.4

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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						
	2013			2014		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	26,800	27,500	26,100	27,900	30,900	24,900
Multiple	18,400	18,900	17,900	18,700	20,700	16,700
Single	8,400	8,600	8,200	9,200	10,200	8,200
MLS® Sales	71,600	74,100	69,100	76,800	81,500	72,100
MLS® Average Price (\$)	531,300	539,300	523,300	535,000	543,100	526,900
Canada						
Housing Starts	185,000	190,600	179,300	184,700	205,700	163,700
Multiple	107,800	111,100	104,500	105,700	117,500	93,900
Single	77,200	79,600	74,800	79,000	88,200	69,800
MLS® Sales	456,700	474,000	439,400	468,200	498,100	438,300
MLS® Average Price (\$)	378,000	383,700	372,300	385,200	396,300	374,100

Sources : CMHC

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B.C. Region Housing Forecast - New Construction									
	Housing Starts	2012	2013(F)*	% chg (2012/2013)	2014(F)*	% chg (2013/2014)	YTD 2013**	YTD 2012**	% chg (2012/2013)
Kamloops	Single-Detached	283	225	-20.5	300	33.3	151	210	-28.1
	Multiple	198	275	38.9	225	-18.2	235	175	34.3
	Total	481	500	4.0	525	5.0	386	385	0.3
Nanaimo	Single-Detached	248	250	0.8	300	20.0	158	190	-16.8
	Multiple	411	200	-51.3	250	25.0	130	346	-62.4
	Total	659	450	-31.7	550	22.2	288	536	-46.3
Prince George	Single-Detached	160	115	-28.1	160	39.1	93	109	-14.7
	Multiple	51	75	47.1	70	-6.7	61	45	35.6
	Total	211	190	-10.0	230	21.1	154	154	0.0
Abbotsford-Mission	Single-Detached	224	175	-21.9	150	-14.3	147	184	-20.1
	Multiple	147	490	233.3	650	32.7	431	119	262.2
	Total	371	665	79.2	800	20.3	578	303	90.8
Kelowna	Single-Detached	544	550	1.1	625	13.6	394	391	0.8
	Multiple	292	350	19.9	500	42.9	198	210	-5.7
	Total	836	900	7.7	1,125	25.0	592	601	-1.5
Vancouver	Single-Detached	4,516	3,900	-13.6	3,800	-2.6	2,964	3,473	-14.7
	Multiple	14,511	14,300	-1.5	14,600	2.1	10,977	11,355	-3.3
	Total	19,027	18,200	-4.3	18,400	1.1	13,941	14,828	-6.0
Victoria	Single-Detached	552	500	-9.4	550	10.0	391	430	-9.1
	Multiple	1,148	1,000	-12.9	1,080	8.0	806	866	-6.9
	Total	1,700	1,500	-11.8	1,630	8.7	1,197	1,296	-7.6

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 - September

B.C. Region Housing Forecast - Resale Market									
		2012	2013(F)*	% chg (2012/2013)	2014(F)*	% chg (2013/2014)	YTD 2013**	YTD 2012**	% chg (2012/2013)
Kamloops¹	MLS [®] Sales(#)	1,630	1,750	7.4	1,900	8.6	1,485	1,374	8.1
	MLS [®] Avg. Price (\$)	382,582	384,000	0.4	388,000	1.0	378,789	376,804	0.5
Nanaimo¹	MLS [®] Sales(#)	1,402	1,450	3.4	1,600	10.3	1,170	1,038	12.7
	MLS [®] Avg. Price (\$)	353,493	350,000	-1.0	357,000	2.0	355,179	355,824	-0.2
Prince George¹	MLS [®] Sales(#)	1,090	1,125	3.2	1,175	4.4	934	873	7.0
	MLS [®] Avg. Price (\$)	251,959	261,500	3.8	272,000	4.0	261,315	251,432	3.9
Abbotsford-Mission	MLS [®] Sales(#)	2,332	2,350	0.8	2,400	2.1	1,873	1,849	1.3
	MLS [®] Avg. Price (\$)	339,488	335,000	-1.3	340,000	1.5	340,626	339,582	0.3
Kelowna	MLS [®] Sales(#)	3,516	3,950	12.3	4,250	7.6	3,146	2,846	10.5
	MLS [®] Avg. Price (\$)	400,027	402,000	0.5	408,000	1.5	396,290	399,959	-0.9
Vancouver	MLS [®] Sales(#)	25,445	26,800	5.3	29,000	8.2	21,907	20,571	6.5
	MLS [®] Avg. Price (\$)	730,036	756,000	3.6	765,000	1.2	764,408	736,085	3.8
Victoria	MLS [®] Sales(#)	5,460	5,500	0.7	5,700	3.6	4,518	4,515	0.1
	MLS [®] Avg. Price (\$)	484,164	485,000	0.2	495,000	2.1	484,189	485,027	-0.2

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 - September

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2012	2013(F)	Oct 2012	Oct 2013(F)	Oct 2012	Oct 2013(F)
Kamloops	3.9	3.5	711	720	876	850
Nanaimo	6.7	7.0	665	664	795	800
Prince George	4.0	3.0	615	625	738	750
Abbotsford-Mission	4.2	3.9	661	665	818	825
Kelowna	4.0	3.5	750	760	927	935
Vancouver	1.8	2.1	982	1,005	1,261	1,300
Victoria	2.7	3.0	828	835	1,059	1,061
Canada¹	2.8	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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