

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Market Forecast

Figure 1

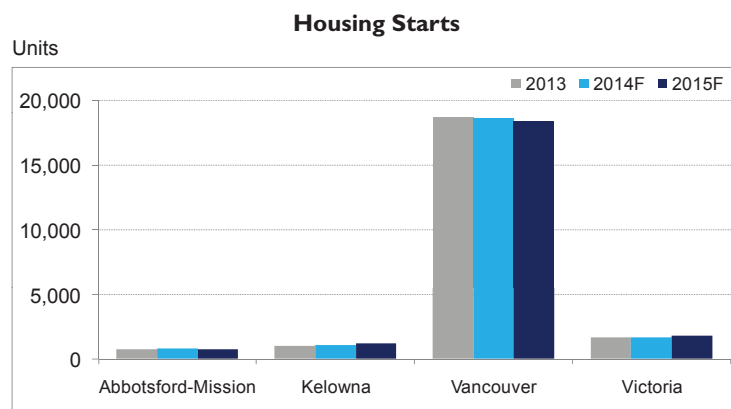
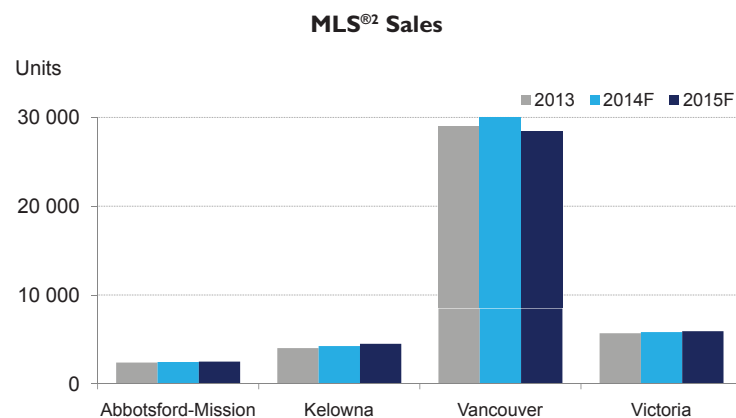


Figure 2



Overview¹

- Housing starts are forecast to total 27,800 units in 2014 and remain at that level in 2015, with a slight shift toward single-detached housing starts as the economy and labour market gain traction.
- Existing MLS^{®2} home sales are forecast to total 76,000 resales in 2014 and 77,300 resales in 2015.
- The MLS[®] average price is forecast at \$542,500 in 2014 and \$547,100 in 2015.

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 January 22, 2014.

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

Economic Outlook

The British Columbia economy is forecast to grow at a slightly faster pace in 2014 and 2015, compared to 2013. With a projected improvement in labour markets and ongoing population growth, consumer demand for goods and services, including housing, is expected to contribute to economic growth. Real gross domestic product is forecast to increase 2.3 per cent in 2014 and 2.8 per cent in 2015, compared to an estimated 1.7 per cent in 2013.

Growth in employment and incomes is expected to generate demand for housing during the forecast horizon. Employment is expected to grow 1.5 per cent in 2014 and 2.4 per cent in 2015, following a slight contraction in 2013. Despite no employment growth in 2013, a rising share of full-time employment boosted growth in the average weekly wage rate above the

national average. This rising trend is forecast to continue.

The unemployment rate is forecast to move up to 6.7 per cent in 2014, from 6.6 per cent in 2013 despite the projected pick up in employment growth next year. The higher unemployment rate is a result of an expected turnaround in interprovincial migration and people returning to the labour market. In 2015, higher employment growth will result in a lower unemployment rate of 6.4 per cent.

Population growth is forecast to average about one per cent per year³. Net international migration, which added more than 41,000 people to the province in 2013, is expected to stabilize during the next two years at a level similar to 2013. This is expected to contribute to house price growth and lower rental vacancy rates.

Mortgage rates		
1 Year	Q4 2013	3.14
	Change from Q4 2012	0.07
	2014 (F)	3.00 - 3.50
	2015 (F)	3.75 - 4.25
5 Year	Q4 2013	5.36
	Change from Q4 2012	0.12
	2014 (F)	5.25 - 5.75
	2015 (F)	5.50 - 6.25

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q4 2013 data

Housing Market Outlook

Single-detached home starts are forecast to increase to 9,100 units in 2014 and 9,400 units in 2015. Based on historical data, single-detached homes tend to be the preferred housing type in most areas of the province. As the economy gains traction and growth in employment and incomes increases, expect a slight shift to single-detached home starts.

Multiple housing starts are projected to total 18,700 units in 2014 and 18,400 units in 2015, compared to 18,532 units in 2013. Starts of

apartment condominiums, townhomes and semi-detached homes are forecast to remain relatively unchanged, as the combination of current multiple housing under construction, the existing inventory of newly completed and unabsorbed units, and a well-supplied resale market are expected to satisfy some of the demand for denser housing types.

Existing home sales, as measured by MLS® transactions, are projected to remain below levels recorded in the pre-2009 period despite an upward trajectory. Expect 76,000 resales in 2014 and 77,300 resales in 2015, compared to 72,936 resales in 2013.

The MLS® average price is forecast at \$542,500 in 2014 and \$547,100 in 2015. The upward trend in the MLS® average price in 2013 is expected to lead to increased new listings in 2014. With the increased supply of existing homes for sale providing more choice to homebuyers the MLS® average price is forecast to grow at a pace slower than the general rate of inflation.

³ Source: BC Stats population 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	Q4 2013	-6.2	7.5	n/a	Q4 2013	93	68	25	325	\$376,207
	Q4 2012	8.2	4.5	n/a	Q4 2012	96	73	23	266	\$375,976
	Change ¹	-14.4	2.9	-	% Change	-3.1	-6.8	8.7	22.2	0.1
Nanaimo	Q4 2013	0.8	5.2	n/a	Q4 2013	127	47	80	333	\$352,369
	Q4 2012	21.3	4.4	n/a	Q4 2012	123	58	65	272	\$343,889
	Change ¹	-20.5	0.8	-	% Change	3.3	-19.0	23.1	22.4	2.5
Prince George	Q4 2013	-1.2	4.3	n/a	Q4 2013	41	33	8	171	\$250,366
	Q4 2012	1.8	4.2	n/a	Q4 2012	57	51	6	164	\$254,139
	Change ¹	-3.0	0.0	-	% Change	-28.1	-35.3	33.3	4.3	-1.5
Abbotsford-Mission	Q4 2013	2.0	7.9	801	Q4 2013	171	54	117	519	\$332,391
	Q4 2012	5.4	7.5	812	Q4 2012	68	34	34	483	\$339,129
	Change ¹	-3.4	0.4	-1.3%	% Change	151.5	58.8	**	7.5	-2.0
Kelowna	Q4 2013	-1.8	6.9	865	Q4 2013	421	185	236	870	\$404,991
	Q4 2012	-0.9	5.9	835	Q4 2012	235	153	82	668	\$399,512
	Change ¹	-1.0	1.1	3.5%	% Change	79.1	20.9	187.8	30.2	1.4
Vancouver	Q4 2013	0.6	6.4	899	Q4 2013	4,755	1,040	3,715	7,078	\$778,157
	Q4 2012	0.3	6.7	874	Q4 2012	4,199	764	3,435	4,874	\$704,649
	Change ¹	0.3	-0.3	2.9%	% Change	13.2	36.1	8.2	45.2	10.4
Victoria	Q4 2013	-2.8	4.5	873	Q4 2013	488	123	365	1,173	\$468,701
	Q4 2012	4.1	5.4	850	Q4 2012	404	122	282	945	\$480,041
	Change ¹	-6.9	-0.9	2.7%	% Change	20.8	0.8	29.4	24.1	-2.4
B.C.	December 13	0.0	6.6	890	Q4 2013	7,148	2,283	4,865	16,589	\$553,576
	December 12	0.7	6.4	864	Q4 2012	6,064	1,952	4,112	12,967	\$496,060
	Change ¹	-0.7	0.2	2.9%	% Change	17.9	17.0	18.3	27.9	11.6
CANADA	December 13	0.6	7.2	893	Q4 2013	50,453	19,671	30,782	94,673	\$391,156
	December 12	1.8	7.1	875	Q4 2012	52,562	20,833	31,729	87,204	\$357,464
	Change ¹	-1.2	0.1	2.1%	% Change	-4.0	-5.6	-3.0	8.6	9.4

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

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)											
	2009	2010	2011	2012	2013	2014(F)	2015(F)	2014Q1(F)	2014Q2(F)	2014Q3(F)	2014Q4(F)
Housing Starts:											
Single	7,892	11,462	8,867	8,333	8,522	9,100	9,400	8,800	9,000	9,200	9,300
%	-28.2	45.2	-22.6	-6.0	2.3	6.8	3.3	-7.4	2.3	2.2	1.1
Multiple	8,185	15,017	17,533	19,132	18,532	18,700	18,400	18,600	18,700	18,800	18,500
%	-64.9	83.5	16.8	9.1	-3.1	0.9	-1.6	-8.0	0.5	0.5	-1.6
Total	16,077	26,479	26,400	27,465	27,054	27,800	27,800	27,400	27,700	28,000	27,800
%	-53.2	64.7	-0.3	4.0	-1.5	2.8	0.0	-7.8	1.1	1.1	-0.7
Existing Home Markets:											
MLS [®] Sales	85,028	74,640	76,721	67,637	72,936	76,000	77,300	74,300	75,800	77,000	76,800
%	23.4	-12.2	2.8	-11.8	7.8	4.2	1.7	-7.1	2.0	1.6	-0.3
MLS [®] Average Price	465,725	505,178	561,304	514,836	537,414	542,500	547,100	550,000	540,000	543,000	538,000
%	2.4	8.5	11.1	-8.3	4.4	0.9	0.8	-2.4	-1.8	0.6	-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						
	2014			2015		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	27,800	29,600	26,200	27,800	31,000	24,600
Multiple	18,700	19,800	17,600	18,400	20,400	16,400
Single	9,100	9,800	8,600	9,400	10,600	8,200
MLS [®] Sales	76,000	81,000	71,000	77,300	82,400	72,200
MLS [®] Average Price (\$)	542,500	556,800	528,200	547,100	564,700	529,500
Canada						
Housing Starts	187,300	199,800	176,600	184,900	206,600	163,200
Multiple	110,600	117,000	104,200	108,700	120,800	96,600
Single	76,700	82,800	72,400	76,200	85,800	66,600
MLS [®] Sales	466,500	497,000	436,000	474,700	506,000	443,400
MLS [®] Average Price (\$)	390,400	400,700	380,100	397,100	409,900	384,300

Sources : CMHC

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B.C. Region Housing Forecast - New Construction									
	Housing Starts	2013	2014(F)*	% chg (2013/2014)	2015(F)*	% chg (2014/2015)	YTD 2013**	YTD 2012**	% chg (2012/2013)
Kamloops	Single-Detached	219	275	25.6	300	9.1	219	283	-22.6
	Multiple	260	200	-23.1	250	25.0	260	198	31.3
	Total	479	475	-0.8	550	15.8	479	481	-0.4
Nanaimo	Single-Detached	205	240	17.1	260	8.3	205	248	-17.3
	Multiple	210	260	23.8	290	11.5	210	411	-48.9
	Total	415	500	20.5	550	10.0	415	659	-37.0
Prince George	Single-Detached	126	150	19.0	160	6.7	126	160	-21.3
	Multiple	69	50	-27.5	70	40.0	69	51	35.3
	Total	195	200	2.6	230	15.0	195	211	-7.6
Abbotsford-Mission	Single-Detached	201	190	-5.5	160	-15.8	201	198	1.5
	Multiple	548	610	11.3	590	-3.3	548	173	216.8
	Total	749	800	6.8	750	-6.3	749	371	101.9
Kelowna	Single-Detached	579	625	7.9	675	8.0	579	544	6.4
	Multiple	434	450	3.7	525	16.7	434	292	48.6
	Total	1,013	1,075	6.1	1,200	11.6	1,013	836	21.2
Vancouver	Single-Detached	4,004	4,200	4.9	4,250	1.2	4,004	3,381	18.4
	Multiple	14,692	14,400	-2.0	14,150	-1.7	14,692	15,646	-6.1
	Total	18,696	18,600	-0.5	18,400	-1.1	18,696	19,027	-1.7
Victoria	Single-Detached	514	590	14.8	585	-0.8	514	552	-6.9
	Multiple	1,171	1,110	-5.2	1,215	9.5	1,171	1,148	2.0
	Total	1,685	1,700	0.9	1,800	5.9	1,685	1,700	-0.9

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 - December

B.C. Region Housing Forecast - Resale Market									
		2013	2014(F)*	% chg (2013/2014)	2015(F)*	% chg (2014/2015)	YTD 2013**	YTD 2012**	% chg (2012/2013)
Kamloops¹	MLS [®] Sales(#)	1,825	1,900	4.1	2,100	10.5	1,825	1,640	11.3
	MLS [®] Avg. Price (\$)	382,296	386,000	1.0	390,000	1.0	382,296	383,181	-0.2
Nanaimo¹	MLS [®] Sales(#)	1,476	1,600	8.4	1,700	6.3	1,476	1,344	9.8
	MLS [®] Avg. Price (\$)	352,309	357,000	1.3	360,000	0.8	352,309	353,348	-0.3
Prince George¹	MLS [®] Sales(#)	1,182	1,200	1.5	1,275	6.3	1,182	1,090	8.4
	MLS [®] Avg. Price (\$)	259,228	269,000	3.8	280,000	4.1	259,228	251,959	2.9
Abbotsford-Mission	MLS [®] Sales(#)	2,392	2,450	2.4	2,500	2.0	2,392	2,332	2.6
	MLS [®] Avg. Price (\$)	338,770	349,500	3.2	357,000	2.1	338,770	339,488	-0.2
Kelowna	MLS [®] Sales(#)	4,016	4,250	5.8	4,500	5.9	4,016	3,514	14.3
	MLS [®] Avg. Price (\$)	398,175	405,000	1.7	413,000	2.0	398,175	399,874	-0.4
Vancouver	MLS [®] Sales(#)	28,985	30,000	3.5	28,500	-5.0	28,985	25,445	13.9
	MLS [®] Avg. Price (\$)	767,765	776,000	1.1	782,700	0.9	767,765	730,063	5.2
Victoria	MLS [®] Sales(#)	5,691	5,825	2.4	5,925	1.7	5,691	5,460	4.2
	MLS [®] Avg. Price (\$)	480,997	482,500	0.3	492,100	2.0	480,997	484,164	-0.7

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 - December

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2013	2014(F)	Oct 2013	Oct 2014(F)	Oct 2013	Oct 2014(F)
Kamloops	3.5	2.9	721	732	850	860
Nanaimo	5.3	5.0	686	695	806	810
Prince George	3.8	3.2	634	645	754	765
Abbotsford-Mission	3.2	2.8	676	670	820	825
Kelowna	1.8	2.0	778	785	970	975
Vancouver	1.7	2.1	1,005	1,015	1,281	1,300
Victoria	2.8	3.0	833	850	1,068	1,070
Canada¹	2.9	2.6	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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