

# HOUSING MARKET OUTLOOK

## British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

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## Housing Market Forecast

Figure 1

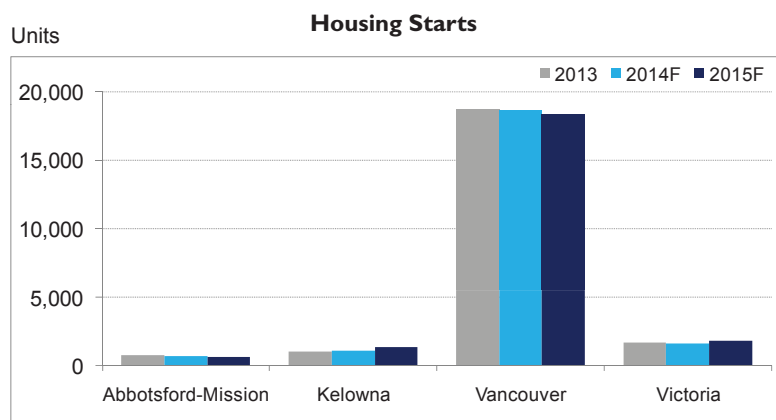
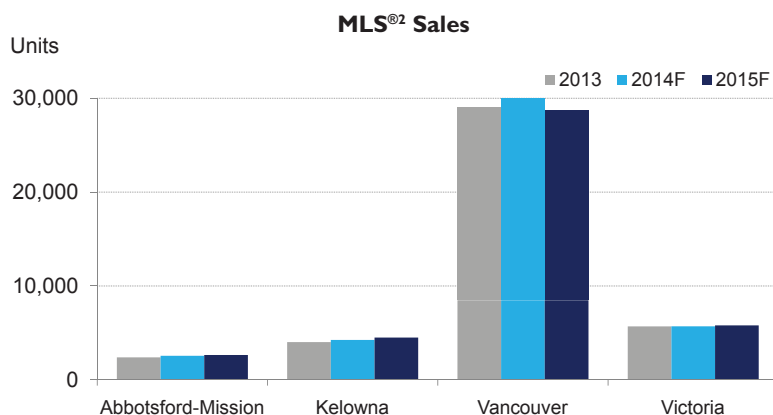


Figure 2



## Overview<sup>1</sup>

- Housing starts are forecast to total 27,800 units in 2014 and 27,900 units in 2015, with a slight shift toward single-detached housing starts as the economy and labour market gain traction.
- Existing MLS<sup>®2</sup> home sales are forecast to total 76,200 resales in 2014 and 77,300 resales in 2015.
- The MLS<sup>®</sup> average price is forecast at \$550,400 in 2014 and \$552,300 in 2015.

<sup>1</sup> The 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 April 30, 2014.

<sup>2</sup> MLS<sup>®</sup> 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. Business investment, as well as increased exports driven by stronger demand from the U.S. for British Columbia commodities, will bolster the provincial economy. Accompanying job gains and ongoing population growth will support consumer demand for goods and services. Gross domestic product is forecast to grow 2.3 per cent in 2014 and 2.8 per cent in 2015, versus an estimated 1.8 per cent increase in 2013.

Employment growth is expected to generate demand for housing this year and next. First quarter job gains were broadly based across the service-producing industries, while the goods-producing industries recorded a small increase. Total employment is forecast

to grow 1.5 per cent in 2014 and 2.3 per cent in 2015. Modest labour force growth will keep the unemployment rate relatively low at a projected 6.2 per cent in 2014 and 6.1 per cent in 2015, down from 6.6 per cent in 2013.

Population growth, averaging about 1.0 per cent per year, is expected to contribute to increased home sales, house price growth and lower rental vacancy rates. Net international migration, which added 40,451 people to the province in 2013, is expected to stabilize near this level. Vancouver will be the destination for the majority of people coming to British Columbia from other countries, resulting in a higher pace of population growth than in the rest of the province. Solid labour markets are anticipated to draw people from other provinces, with total net migration forecast at 41,500 people in 2014 and 41,300 people in 2015.

Mortgage rates		
1 Year	Q1 2014	3.14
	Change from Q1 2013	0.14
	2014 (F)	3.00 - 3.50
	2015 (F)	3.20 - 4.25
5 Year	Q1 2014	5.15
	Change from Q1 2013	-0.06
	2014 (F)	5.00 - 5.50
	2015 (F)	5.25 - 6.00

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q1 2014 data

## Housing Market Outlook

While housing demand will be supported by an improvement in the fundamentals, total housing starts will remain relatively stable due to a well-supplied resale market and inventory of newly completed and unabsorbed units. Housing starts are forecast to reach 27,800 units in 2014 and 27,900 units in 2015.

Single-detached home starts are forecast to increase to 9,200 units in 2014 and 9,500 units in 2015. Based on historical data, single-detached homes tend to be the most prevalent housing type in most areas outside of Vancouver and Victoria.

As the economy gains traction and employment increases, expect a modest shift to single-detached home starts.

Multi-unit housing starts are projected to total 18,600 units in 2014 and 18,400 units in 2015. Starts of apartment condominiums, townhomes and semi-detached homes are forecast to edge lower, as the combination of multi-unit homes under construction, the existing inventory of completed and unabsorbed units, and a well-supplied resale market are expected to satisfy some of the demand for denser housing types going forward.

Resale markets are expected to remain balanced. Existing home sales, as measured by MLS® transactions,

are projected to increase to 76,200 resales in 2014 and 77,300 resales in 2015.

The MLS® average price is forecast at \$550,400 in 2014, reflecting an increase in high-end home sales and an increase in the Vancouver share of sales in the first quarter of 2014. Some moderation in prices is anticipated during the remainder of the year as this compositional effect is not expected to be sustained. The MLS® average price is forecast at \$552,300 in 2015.

B.C. Region Economic and Housing Indicators										
		Labour Market				Housing Market				
		Emp. Growth SA <sup>2</sup> (%)	Unemp. Rate SA <sup>2</sup> (%)	Average Weekly Earnings (\$)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price <sup>3</sup> (\$)
Kamloops	Q1 2014	1.1	9.0	n/a	Q1 2014	115	19	96	245	\$367,280
	Q1 2013	2.2	6.3	n/a	Q1 2013	33	31	2	281	\$372,534
	Change <sup>1</sup>	-1.1	2.7	-	% Change	**	-38.7	**	-12.8	-1.4
Nanaimo	Q1 2014	3.2	4.5	n/a	Q1 2014	109	59	50	356	\$362,872
	Q1 2013	14.5	6.0	n/a	Q1 2013	106	49	57	268	\$342,228
	Change <sup>1</sup>	-11.3	-1.5	-	% Change	2.8	20.4	-12.3	32.8	6.0
Prince George	Q1 2014	7.5	5.5	n/a	Q1 2014	17	17	0	225	\$269,055
	Q1 2013	-5.7	5.7	n/a	Q1 2013	16	16	0	216	\$241,009
	Change <sup>1</sup>	13.2	-0.2	-	% Change	6.3	6.3	0.0	4.2	11.6
Abbotsford-Mission	Q1 2014	-1.1	8.2	811	Q1 2014	49	43	6	549	\$331,441
	Q1 2013	3.9	7.2	810	Q1 2013	175	44	131	481	\$341,573
	Change <sup>1</sup>	-5.0	1.0	0.1%	% Change	-72.0	-2.3	-95.4	14.1	-3.0
Kelowna	Q1 2014	0.3	5.5	871	Q1 2014	209	139	70	803	\$418,743
	Q1 2013	-3.8	7.1	862	Q1 2013	136	89	47	701	\$368,595
	Change <sup>1</sup>	4.1	-1.6	1.0%	% Change	53.7	56.2	48.9	14.6	13.6
Vancouver	Q1 2014	1.7	5.9	887	Q1 2014	4,373	851	3,522	7,071	\$820,861
	Q1 2013	0.6	6.9	892	Q1 2013	3,980	844	3,136	5,569	\$757,238
	Change <sup>1</sup>	1.1	-1.0	-0.6%	% Change	9.9	0.8	12.3	27.0	8.4
Victoria	Q1 2014	-1.1	5.2	876	Q1 2014	191	115	76	1,268	\$489,949
	Q1 2013	-2.6	5.6	846	Q1 2013	288	98	190	1,128	\$457,620
	Change <sup>1</sup>	1.6	-0.4	3.5%	% Change	-33.7	17.3	-60.0	12.4	7.1
B.C.	March 14	1.0	5.8	885	Q1 2014	5,730	1,647	4,083	16,435	\$579,775
	March 13	-0.1	7.1	875	Q1 2013	5,269	1,546	3,723	13,572	\$530,435
	Change <sup>1</sup>	1.1	-1.3	1.1%	% Change	8.7	6.5	9.7	21.1	9.3
CANADA	March 14	1.1	6.9	897	Q1 2014	33,923	11,217	22,706	96,749	\$399,926
	March 13	1.1	7.3	875	Q1 2013	33,477	12,065	21,412	94,071	\$369,591
	Change <sup>1</sup>	0.0	-0.4	2.5%	% Change	1.3	-7.0	6.0	2.8	8.2

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<sup>1</sup> 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.

<sup>2</sup> Seasonally adjusted Labour Force data is not available for Kamloops, Nanaimo, Prince George, and Kelowna, therefore, raw data was used.

<sup>3</sup> 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)											
	2009	2010	2011	2012	2013	2014(F)	2015(F)	2014Q1	2014Q2(F)	2014Q3(F)	2014Q4(F)
<b>Housing Starts:</b>											
Single	7,892	11,462	8,867	8,333	8,522	9,200	9,500	8,854	9,100	9,400	9,400
%	-28.2	45.2	-22.6	-6.0	2.3	8.0	3.3	-5.6	2.8	3.3	0.0
Multiple	8,185	15,017	17,533	19,132	18,532	18,600	18,400	18,618	18,600	18,600	18,500
%	-64.9	83.5	16.8	9.1	-3.1	0.4	-1.1	-6.3	-0.1	0.0	-0.5
Total	16,077	26,479	26,400	27,465	27,054	27,800	27,900	27,472	27,700	28,000	27,900
%	-53.2	64.7	-0.3	4.0	-1.5	2.8	0.4	-6.1	0.8	1.1	-0.4
<b>Existing Home Markets:</b>											
MLS® Sales	85,028	74,640	76,721	67,637	72,936	76,200	77,300	75,368	75,800	76,800	77,000
%	23.4	-12.2	2.8	-11.8	7.8	4.5	1.4	-4.3	0.6	1.3	0.3
MLS® Average Price	465,725	505,178	561,304	514,836	537,414	550,400	552,300	564,807	550,000	545,000	541,000
%	2.4	8.5	11.1	-8.3	4.4	2.4	0.3	0.4	-2.6	-0.9	-0.7

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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
<b>British Columbia</b>						
Housing Starts	27,800	29,100	26,500	27,900	31,100	24,700
Multiple	18,600	19,300	17,900	18,400	20,300	16,500
Single	9,200	9,800	8,600	9,500	10,800	8,200
MLS <sup>®</sup> Sales	76,200	81,200	71,200	77,300	82,100	72,500
MLS <sup>®</sup> Average Price (\$)	550,400	563,701	537,100	552,300	571,501	533,101
<b>Canada</b>						
Housing Starts	181,100	189,900	172,300	182,100	203,600	160,600
Multiple	108,100	112,400	103,800	107,600	118,900	96,300
Single	73,000	77,500	68,500	74,500	84,700	64,300
MLS <sup>®</sup> Sales	457,900	487,700	428,100	471,100	500,400	441,800
MLS <sup>®</sup> Average Price (\$)	396,000	405,600	386,400	402,200	416,200	388,200

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 2014**	YTD 2013**	% chg (2013/2014)
<b>Kamloops</b>	Single-Detached	219	250	14.2	300	20.0	19	31	-38.7
	Multiple	260	200	-23.1	250	25.0	96	2	**
	Total	479	450	-6.1	550	22.2	115	33	**
<b>Nanaimo</b>	Single-Detached	205	240	17.1	260	8.3	59	49	20.4
	Multiple	210	260	23.8	315	21.2	50	57	-12.3
	Total	415	500	20.5	575	15.0	109	106	2.8
<b>Prince George</b>	Single-Detached	126	150	19.0	160	6.7	17	16	6.3
	Multiple	69	50	-27.5	70	40.0	0	0	0.0
	Total	195	200	2.6	230	15.0	17	16	6.3
<b>Abbotsford-Mission</b>	Single-Detached	201	200	-0.5	190	-5.0	43	44	-2.3
	Multiple	548	510	-6.9	460	-9.8	6	131	-95.4
	Total	749	710	-5.2	650	-8.5	49	175	-72.0
<b>Kelowna</b>	Single-Detached	579	625	7.9	700	12.0	139	89	56.2
	Multiple	434	450	3.7	625	38.9	70	47	48.9
	Total	1,013	1,075	6.1	1,325	23.3	209	136	53.7
<b>Vancouver</b>	Single-Detached	4,004	4,250	6.1	4,220	-0.7	851	844	0.8
	Multiple	14,692	14,350	-2.3	14,180	-1.2	3,522	3,136	12.3
	Total	18,696	18,600	-0.5	18,400	-1.1	4,373	3,980	9.9
<b>Victoria</b>	Single-Detached	514	590	14.8	590	0.0	115	98	17.3
	Multiple	1,171	1,010	-13.7	1,210	19.8	76	190	-60.0
	Total	1,685	1,600	-5.0	1,800	12.5	191	288	-33.7

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 - March

B.C. Region Housing Forecast - Resale Market									
		2013	2014(F)*	% chg (2013/2014)	2015(F)*	% chg (2014/2015)	YTD 2014**	YTD 2013**	% chg (2013/2014)
<b>Kamloops<sup>†</sup></b>	MLS <sup>®</sup> Sales(#)	1,825	1,800	-1.4	2,000	11.1	245	281	-12.8
	MLS <sup>®</sup> Avg. Price (\$)	382,296	386,000	1.0	390,000	1.0	367,280	372,534	-1.4
<b>Nanaimo<sup>†</sup></b>	MLS <sup>®</sup> Sales(#)	1,476	1,600	8.4	1,700	6.3	356	268	32.8
	MLS <sup>®</sup> Avg. Price (\$)	352,309	360,000	2.2	362,000	0.6	362,872	342,228	6.0
<b>Prince George<sup>†</sup></b>	MLS <sup>®</sup> Sales(#)	1,182	1,225	3.6	1,300	6.1	225	216	4.2
	MLS <sup>®</sup> Avg. Price (\$)	259,228	269,000	3.8	280,000	4.1	269,055	241,009	11.6
<b>Abbotsford-Mission</b>	MLS <sup>®</sup> Sales(#)	2,393	2,560	7.0	2,645	3.3	549	481	14.1
	MLS <sup>®</sup> Avg. Price (\$)	338,770	340,000	0.4	345,000	1.5	331,441	341,573	-3.0
<b>Kelowna</b>	MLS <sup>®</sup> Sales(#)	4,016	4,250	5.8	4,500	5.9	803	701	14.6
	MLS <sup>®</sup> Avg. Price (\$)	398,175	405,000	1.7	413,000	2.0	418,743	368,595	13.6
<b>Vancouver</b>	MLS <sup>®</sup> Sales(#)	28,985	30,000	3.5	28,750	-4.2	7,071	5,569	27.0
	MLS <sup>®</sup> Avg. Price (\$)	767,765	786,500	2.4	793,000	0.8	820,861	757,238	8.4
<b>Victoria</b>	MLS <sup>®</sup> Sales(#)	5,691	5,700	0.2	5,800	1.8	1,268	1,128	12.4
	MLS <sup>®</sup> Avg. Price (\$)	480,997	488,800	1.6	492,000	0.7	489,949	457,621	7.1

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

<sup>†</sup> MLS<sup>®</sup> 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	
	2013	2014(F)	Oct 2013	Oct 2014(F)	Oct 2013	Oct 2014(F)
<b>Kamloops</b>	3.5	3.5	721	732	850	860
<b>Nanaimo</b>	5.3	4.7	686	695	806	810
<b>Prince George</b>	3.8	3.2	634	645	754	765
<b>Abbotsford-Mission</b>	3.2	3.1	676	685	820	830
<b>Kelowna</b>	1.8	1.8	778	785	970	975
<b>Vancouver</b>	1.7	1.9	1,005	1,015	1,281	1,300
<b>Victoria</b>	2.8	3.0	833	850	1,068	1,070
<b>Canada<sup>1</sup></b>	2.9	2.6	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

<sup>1</sup> All centres 100,000+



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