

# HOUSING MARKET OUTLOOK

## British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

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## Housing Market Forecast

Figure 1

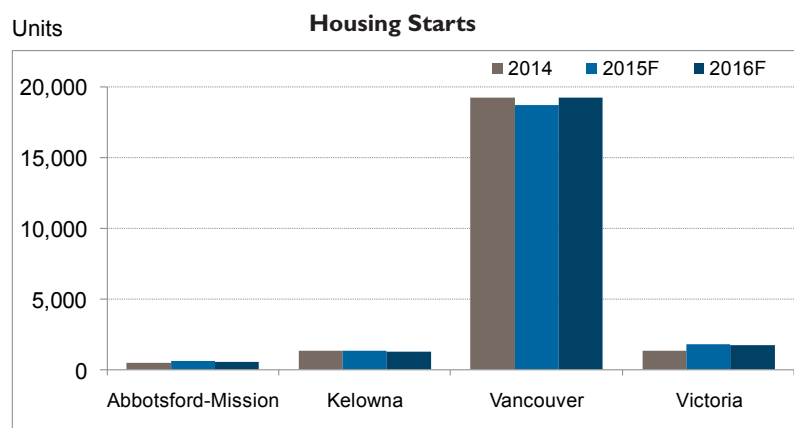
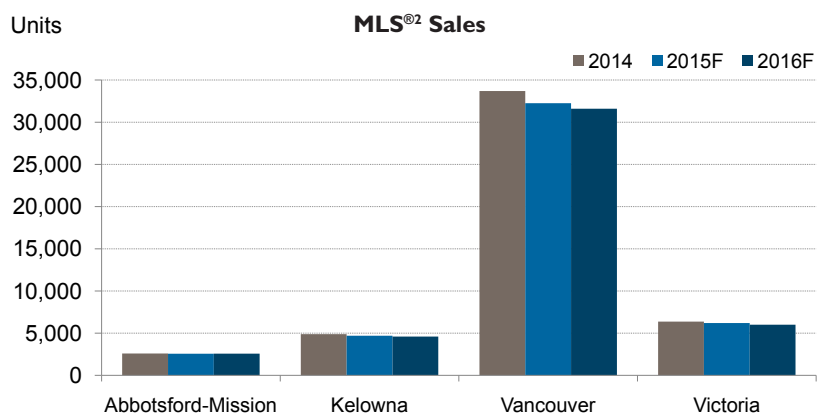


Figure 2



## Overview<sup>1</sup>

- A total of 28,300 housing starts are expected in 2015 with an additional 29,000 housing starts forecast in 2016.
- Existing MLS<sup>®2</sup> home sales are forecast to total 79,200 units in 2015 and 79,300 units in 2016.
- The MLS<sup>®</sup> average price is forecast at \$577,700 in 2015 and \$588,000 in 2016.

<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 January 21, 2015.

<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 expand 2.8 per cent in 2015 and 2.9 per cent in 2016. An expected pick up in the pace of US economic growth, coupled with a lower-valued Canadian dollar relative to the US dollar, will grow British Columbia exports.

Employment growth is forecast to pick up during 2015 and 2016. Employment levels climbed steadily during the second half of 2014. As a result, employment will begin 2015 up about 2 per cent compared to a year earlier.

Projected population growth of just over one per cent per year is expected to add approximately 30,000 households annually. While people moving to BC from other countries will be the main source of population growth, people moving to BC from other provinces will add to the population as well. Net interprovincial migration turned positive in 2014 and increased through the third quarter adding almost 7,500 people to the province's population, compared to net outflows in 2012 and 2013.

Mortgage rates will continue to be supportive of housing demand. Consistent with the view of Canadian

Mortgage rates		
1 Year	Q4 2014	3.14
	Change from Q4 2013	0.00
	2014	3.14
	2015 (F)	2.60 - 3.80
	2016 (F)	2.60 - 4.20
5 Year	Q4 2014	4.79
	Change from Q4 2013	-0.55
	2014	4.88
	2015 (F)	4.30 - 5.80
	2016 (F)	4.30 - 6.20

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q4 2014 data

economic forecasters, CMHC expects interest rates to remain at or very close to current levels over the forecast horizon.

## Housing Market Outlook

Single-detached home starts are expected to total 9,500 units in 2015 and 9,600 units in 2016. Resale market conditions have shifted with sales growth outpacing listings growth, resulting in rising resale prices. Some of this housing demand is expected to spill over into the new home market as the gap between new and existing home prices narrows.

Multiple-family home starts are forecast to maintain a relatively stable level compared to the past decade, although some increase is expected in 2016 as homebuyers shift to less-expensive housing types as mortgage interest rates rise. Multiple-family home starts are forecast to total 18,800 units in 2015 and 19,400 units in 2016.

MLS® sales are forecast to moderate in 2015, following a double-digit increase in 2014, and to remain relatively unchanged in 2016. Gradually rising mortgage interest rates may shift home sales to less expensive home types, dampening price growth.

Balanced resale market conditions are expected to prevail in most housing markets within British Columbia. In 2015 and 2016, MLS® home prices are forecast average \$577,700 and \$588,000.

Rental vacancy rates moved lower in 2014 as an increase in demand for rental accommodation exceeded additions to supply for purpose-built rental apartments. In 2015 and 2016, vacancy rates are expected to remain low and stable in the province's larger urban centres, including the Vancouver and Victoria Census Metropolitan

Areas (CMAs), where demand for rental accommodation will be fuelled by population and job growth, and where the supply of new purpose-built rental is expected to be limited by high land costs. In the Abbotsford-Mission CMA and in Kamloops the vacancy rates are forecast to edge lower, while in Prince George and Nanaimo vacancy rates are forecast to remain close to 2014 levels. The Kelowna vacancy rate is forecast to increase as new rental adds to supply.

## 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	Q4 2014	-1.3	7.7	n/a	Q4 2014	189	91	98	307	\$384,338
	Q4 2013	-6.2	7.5	n/a	Q4 2013	93	68	25	330	\$378,122
	Change <sup>1</sup>	4.8	0.3	-	% Change	103.2	33.8	**	-7.0	1.6
Nanaimo	Q4 2014	0.2	4.0	n/a	Q4 2014	218	84	134	378	\$382,167
	Q4 2013	0.8	5.2	n/a	Q4 2013	127	47	80	336	\$352,369
	Change <sup>1</sup>	-0.6	-1.2	-	% Change	71.7	78.7	67.5	12.5	8.5
Prince George	Q4 2014	2.6	4.2	n/a	Q4 2014	63	45	18	259	\$264,842
	Q4 2013	-1.2	4.3	n/a	Q4 2013	41	33	8	248	\$255,170
	Change <sup>1</sup>	3.8	-0.1	-	% Change	53.7	36.4	125.0	4.4	3.8
Abbotsford-Mission	Q4 2014	-3.8	6.5	834	Q4 2014	90	67	23	577	\$345,257
	Q4 2013	2.0	7.9	801	Q4 2013	171	54	117	520	\$332,085
	Change <sup>1</sup>	-5.8	-1.4	4.1%	% Change	-47.4	24.1	-80.3	11.0	4.0
Kelowna	Q4 2014	3.9	3.7	896	Q4 2014	453	183	270	963	\$409,007
	Q4 2013	-1.8	6.9	865	Q4 2013	421	185	236	869	\$404,584
	Change <sup>1</sup>	5.8	-3.3	3.6%	% Change	7.6	-1.1	14.4	10.8	1.1
Vancouver	Q4 2014	3.7	5.9	900	Q4 2014	4,571	1,146	3,425	7,853	\$813,503
	Q4 2013	0.6	6.4	899	Q4 2013	4,755	1,040	3,715	7,078	\$778,157
	Change <sup>1</sup>	3.1	-0.5	0.1%	% Change	-3.9	10.2	-7.8	10.9	4.5
Victoria	Q4 2014	-2.1	4.9	860	Q4 2014	343	128	215	1,356	\$491,361
	Q4 2013	-2.8	4.5	873	Q4 2013	488	123	365	1,173	\$468,701
	Change <sup>1</sup>	0.7	0.4	-1.5%	% Change	-29.7	4.1	-41.1	15.6	4.8
B.C.	December 14	0.7	5.5	897	Q4 2014	7,098	2,591	4,507	18,696	\$578,019
	December 13	0.5	6.9	890	Q4 2013	7,148	2,283	4,865	16,589	\$553,576
	Change <sup>1</sup>	0.2	-1.4	0.8%	% Change	-0.7	13.5	-7.4	12.7	4.4
CANADA	December 14	0.7	6.7	908	Q4 2014	48,164	19,539	28,625	99,902	\$414,030
	December 13	0.7	7.2	893	Q4 2013	50,453	19,671	30,782	94,451	\$391,444
	Change <sup>1</sup>	0.0	-0.5	1.6%	% Change	-4.5	-0.7	-7.0	5.8	5.8

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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)							
	2010	2011	2012	2013	2014	2015(F)	2016(F)
<b>Housing Starts:</b>							
Single	11,462	8,867	8,333	8,522	9,569	9,500	9,600
%	45.2	-22.6	-6.0	2.3	12.3	-0.7	1.1
Multiple	15,017	17,533	19,132	18,532	18,787	18,800	19,400
%	83.5	16.8	9.1	-3.1	1.4	0.1	3.2
Total	26,479	26,400	27,465	27,054	28,356	28,300	29,000
%	64.7	-0.3	4.0	-1.5	4.8	-0.2	2.5
<b>Existing Home Markets:</b>							
MLS® Sales	74,640	76,721	67,637	72,936	84,049	79,200	79,300
%	-12.2	2.8	-11.8	7.8	15.2	-5.8	0.1
MLS® Average Price	505,178	561,304	514,836	537,414	568,405	577,700	588,000
%	8.5	11.1	-8.3	4.4	5.8	1.6	1.8

British Columbia Housing Market Outlook (units and percentage change)								
	2015Q1(F)	2015Q2(F)	2015Q3(F)	2015Q4(F)	2016Q1(F)	2016Q2(F)	2016Q3(F)	2016Q4(F)
<b>Housing Starts:</b>								
Single	9,300	9,400	9,600	9,700	9,400	9,500	9,700	9,800
%	-11.4	1.1	2.1	1.0	-3.1	1.1	2.1	1.0
Multiple	18,500	18,700	18,900	19,100	18,700	19,400	19,900	19,600
%	-0.2	1.1	1.1	1.1	-2.1	3.7	2.6	-1.5
Total	27,800	28,100	28,500	28,800	28,100	28,900	29,600	29,400
%	-4.2	1.1	1.4	1.1	-2.4	2.8	2.4	-0.7
<b>Existing Home Markets:</b>								
MLS® Sales	79,100	79,500	80,000	78,200	78,200	79,000	79,600	80,400
%	-11.1	0.5	0.6	-2.3	0.0	1.0	0.8	1.0
MLS® Average Price	575,000	576,000	579,000	581,000	585,000	587,000	589,000	591,000
%	-1.2	0.2	0.5	0.3	0.7	0.3	0.3	0.3

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

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						
	2015			2016		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
<b>British Columbia</b>						
Housing Starts	28,300	30,500	24,500	29,000	31,900	24,700
Multiple	18,800	20,300	16,400	19,400	21,300	16,600
Single	9,500	10,200	8,100	9,600	10,600	8,100
MLS <sup>®</sup> Sales	79,200	83,300	71,300	79,300	84,400	70,700
MLS <sup>®</sup> Average Price (\$)	577,700	596,600	534,600	588,000	611,500	539,500
<b>Canada</b>						
Housing Starts	187,400	201,000	154,000	185,100	203,000	148,000
Multiple	110,500	119,000	89,000	110,600	121,000	86,000
Single	76,900	82,000	65,000	74,500	82,000	62,000
MLS <sup>®</sup> Sales	479,900	504,000	425,000	474,400	505,000	410,000
MLS <sup>®</sup> Average Price (\$)	414,200	428,000	384,000	420,900	438,000	388,000

Sources : CMHC

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

B.C. Region Housing Forecast - New Construction									
	Housing Starts	2014	2015(F)*	% chg (2014/2015)	2016(F)*	% chg (2015/2016)	YTD 2014**	YTD 2013**	% chg (2013/2014)
<b>Kamloops</b>	Single-Detached	281	280	-0.4	250	-10.7	281	219	28.3
	Multiple	237	260	9.7	220	-15.4	237	260	-8.8
	Total	518	540	4.2	470	-13.0	518	479	8.1
<b>Nanaimo</b>	Single-Detached	318	310	-2.5	320	3.2	318	205	55.1
	Multiple	347	340	-2.0	380	11.8	347	210	65.2
	Total	665	650	-2.3	700	7.7	665	415	60.2
<b>Prince George</b>	Single-Detached	133	145	9.0	165	13.8	133	126	5.6
	Multiple	25	45	80.0	35	-22.2	25	69	-63.8
	Total	158	190	20.3	200	5.3	158	195	-19.0
<b>Abbotsford-Mission</b>	Single-Detached	251	210	-16.3	220	4.8	251	201	24.9
	Multiple	248	380	53.2	350	-7.9	248	548	-54.7
	Total	499	590	18.2	570	-3.4	499	749	-33.4
<b>Kelowna</b>	Single-Detached	695	625	-10.1	675	8.0	695	579	20.0
	Multiple	616	700	13.6	625	-10.7	616	434	41.9
	Total	1,311	1,325	1.1	1,300	-1.9	1,311	1,013	29.4
<b>Vancouver</b>	Single-Detached	4,374	4,250	-2.8	4,050	-4.7	4,374	4,004	9.2
	Multiple	14,838	14,450	-2.6	15,200	5.2	14,838	14,692	1.0
	Total	19,212	18,700	-2.7	19,250	2.9	19,212	18,696	2.8
<b>Victoria</b>	Single-Detached	551	550	-0.2	500	-9.1	551	514	7.2
	Multiple	764	1,275	66.9	1,250	-2.0	764	1,171	-34.8
	Total	1,315	1,825	38.8	1,750	-4.1	1,315	1,685	-22.0

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									
		2014	2015(F)*	% chg (2014/2015)	2016(F)*	% chg (2015/2016)	YTD 2014**	YTD 2013**	% chg (2013/2014)
<b>Kamloops<sup>1</sup></b>	MLS <sup>®</sup> Sales(#)	1,735	1,750	0.9	1,800	2.9	1,735	1,825	-4.9
	MLS <sup>®</sup> Avg. Price (\$)	384,433	387,000	0.7	390,000	0.8	384,433	382,296	0.6
<b>Nanaimo<sup>1</sup></b>	MLS <sup>®</sup> Sales(#)	1,686	1,700	0.8	1,800	5.9	1,686	1,562	7.9
	MLS <sup>®</sup> Avg. Price (\$)	370,766	372,000	0.3	380,000	2.2	370,766	352,481	5.2
<b>Prince George<sup>1</sup></b>	MLS <sup>®</sup> Sales(#)	1,285	1,260	-1.9	1,300	3.2	1,285	1,182	8.7
	MLS <sup>®</sup> Avg. Price (\$)	271,581	277,000	2.0	285,000	2.9	271,581	259,228	4.8
<b>Abbotsford-Mission</b>	MLS <sup>®</sup> Sales(#)	2,592	2,560	-1.2	2,570	0.4	2,592	2,393	8.3
	MLS <sup>®</sup> Avg. Price (\$)	353,683	357,000	0.9	363,000	1.7	353,683	338,770	4.4
<b>Kelowna</b>	MLS <sup>®</sup> Sales(#)	4,886	4,700	-3.8	4,600	-2.1	4,886	4,016	21.7
	MLS <sup>®</sup> Avg. Price (\$)	425,996	435,000	2.1	450,000	3.4	425,996	398,028	7.0
<b>Vancouver</b>	MLS <sup>®</sup> Sales(#)	33,963	32,250	-5.0	31,600	-2.0	33,693	28,985	16.2
	MLS <sup>®</sup> Avg. Price (\$)	812,653	820,000	0.9	835,000	1.8	812,653	767,765	5.8
<b>Victoria</b>	MLS <sup>®</sup> Sales(#)	6,371	6,200	-2.7	6,000	-3.2	6,371	5,691	11.9
	MLS <sup>®</sup> Avg. Price (\$)	496,473	497,500	0.2	505,600	1.6	496,473	480,997	3.2

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<sup>1</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 - December

B.C. Region Housing Forecast - Rental Market									
	Vacancy Rate			Average Rent 1-Bedroom Units			Average Rent 2-Bedroom Units		
	Oct 2014	Oct 2015(F)	Oct 2016(F)	Oct 2014	Oct 2015(F)	Oct 2016(F)	Oct 2014	Oct 2015(F)	Oct 2016(F)
<b>Kamloops</b>	3.9	3.8	3.6	739	745	750	866	875	880
<b>Nanaimo</b>	4.4	4.5	4.4	700	705	725	812	820	835
<b>Prince George</b>	3.0	3.2	3.3	647	660	695	771	1,920	800
<b>Abbotsford-Mission</b>	3.1	3.0	2.7	684	700	710	835	840	845
<b>Kelowna</b>	1.0	1.5	1.7	788	805	820	980	1,000	1,020
<b>Vancouver</b>	1.0	1.0	1.2	1,038	1,055	1,075	1,311	1,345	1,370
<b>Victoria</b>	1.5	1.4	1.4	849	865	880	1,095	1,115	1,135
<b>Canada<sup>1</sup></b>	2.8	2.9	2.8	n/a	n/a	n/a	955	970	985

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

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



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