HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK
Canada Edition

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fourth Quarter 2016

Housing starts are expected to decline softly in 2016 and 2017 before settling in 2018

Overview[1]

This report provides an outlook for the housing market, incorporating economic, financial and housing market developments since the previous release on May 18, 2016. Housing construction is expected to decline slightly in 2016 and 2017 to levels more consistent with economic and demographic fundamentals, before stabilizing in 2018. MLS® sales will be strong in 2016 compared to 2015, but will decline in 2017 before levelling off in 2018 to more sustainable levels. Resale prices will increase in 2016 compared to 2015, but the pace of MLS® price increases is expected to slow in 2017 and 2018. Over the forecast period, overvaluation in the existing home market, as reported by the latest edition of Housing Market Assessment Canada[2], is contributing to limit house price increases.

Overall, regional disparities remain. Starting in 2017, these will reduce gradually since, firstly, starts in British Columbia and Ontario will edge down after a strong start to 2016 and, secondly, effects from the oil price shock on Alberta, Saskatchewan and Newfoundland & Labrador start to dissipate.

To reflect the uncertainty in various risk factors, CMHC now produces two ranges of forecasts: an inner and an outer range. For the first time, CMHC is now introducing a scenario analysis at the national level that characterizes the types of economic conditions that can cause housing starts, prices and resales to be near the upper and lower bounds of our outer forecast range.

[1] The forecasts and historical data included in this document reflect information available as of September 30, 2016.

[2] In the fourth quarter edition of CMHC's Housing Market Assessment, Canada's overall assessment increased from moderate to strong evidence of problematic conditions.

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The first section explains drivers of the forecast while the second section focuses on the inner range of the forecast. This inner range looks at the impacts on the housing market from a specific set of assumptions for market conditions and underlying economic fundamentals. The third section — the Risks to the Outlook section — then focuses on the outer range which captures broader uncertainty factors in our scenario analysis.

In summary

Housing Starts

Over the forecast horizon, housing starts are expected to be in a slightly lower range than in 2015, at between 185,100 to 192,900 units in 2016, and from 174,500 to 184,300 units in 2017, before stabilizing in 2018 at between 172,700 and 183,100 units.

Resales

Multiple Listing Service® (MLS®)[3] sales are expected to increase from their 2015 levels, ranging from 517,000 units to 533,400 units in 2016. Resales should decline to levels warranted by demographic fundamentals in 2017 and 2018, with respective ranges of 489,500 to 509,700 units and 488,100 to 511,100 units.

Resale Prices

The average MLS® price is forecast to be between $473,400 and $495,000 in 2016, between $483,600 and $507,800 in 2017, and between $497,700 and $ 525,100 in 2018. These ranges point to higher levels than the 2015 average price of $443,046, but represent a considerable deceleration in 2017 and 2018, as existing overvaluation in most major housing markets are resolved in an orderly manner.

Provincial Spotlight

While we expect a slowdown in housing markets at the national level, strong variation in housing-market activity among provinces continues to be part of the national story. However, these disparities will start dissipating towards the end of the forecast horizon. As the oil-producing provinces (Alberta, Saskatchewan and Newfoundland & Labrador) start to recover from the oil-price shock and as Alberta recovers from the temporary impact of the wildfires, the new home markets in oil-producing provinces are expected to recover by the end of 2018. Employment and net migration gains are expected to be strongest in British Columbia and Ontario, where it is expected that new housing starts will grow further in 2016, partly offsetting the slowdown in oil-producing economies. In 2017 and 2018, housing activity in British Columbia and Ontario will slow as rising debt loads and housing market imbalances lead to slower housing activity. Soft labour market conditions and an aging population provide less support for housing markets in Atlantic Canada, while a moderately growing economy in Quebec should provide some support for housing markets by the end of the forecast horizon.

Note to readers

In an effort to align itself with the various needs of those seeking information about the housing market, CMHC's Market Analysis Centre has undertaken a complete review of its products and services. As a part of this review, the CMHC's *Housing Market Outlook* publication will be undergoing a series of modifications. The general objective is to provide a range of possible outcomes that, in a context of economic and financial uncertainty, will better help users in their decision-making process.

As a first step in this ongoing process, the present edition incorporates forecast ranges for housing variables as well as an expanded discussion on the risks to the forecast. A more detailed description of the forecast range methodology is provided at the end of the publication.

Trends Impacting the Housing Sector[4]

Before turning to the detailed forecast, this section reviews key drivers of the housing market at the national level. These drivers are the central building blocks for CMHC's framework to produce the Housing Market Outlook.

Growth in Gross Domestic Product was revised down

After reaching 2.9% in 2015, global economic growth is expected to stay below 3% in 2016 and 2017

[3] Multiple Listing Service® (MLS®) is a registered trademark owned by the Canadian Real Estate Association.

[4] CMHC`s economic assumptions are based on publicly available information and the average of private sector Canadian forecasters.

according to the September 2016 Industry Consensus. Despite the temporary shock to GDP caused by the Fort McMurray wildfires that exacerbated negative impacts of the oil-price declines on the Canadian economy, real GDP should bounce back in the second half of 2016. Expectations of a rebound are supported by the potential of higher oil production in the future, and the effect of stimulative fiscal policy on domestic demand.

Based on the average of private sector forecasts, GDP in Canada is projected to grow between 1.1 and 1.3 per cent in 2016, marginally higher than the growth rate in 2015 of 1.1 per cent. In 2017, private sector forecasters predict that real GDP in Canada will grow by 1.8 to 3.0 per cent.

Trends in employment in 2017 are improving compared to 2016

According to the private-sector forecasts, the overall Canadian unemployment rate is expected to reach 7.0 per cent but will decline marginally to 6.9 in 2017 (compared to 6.9 per cent in 2015). As the economy adjusts to lower oil prices and with the positive effects from the ongoing fiscal stimulus, trend employment will improve. In addition, hourly earnings are forecast to grow faster (at 2.1 per cent) than consumer prices (1.6 per cent) in 2016, increasing households' purchasing power. While the positive growth in employment in recent months mostly comes from gains in part-time employment, greater growth in real earnings will support increased demand for housing.

Household formation will support demand for new dwellings in most Canadian provinces

CMHC's Potential Housing Demand (PHD) model uses historical demographic data to project the future pace of average annual household formation, an indicator of new housing demand. Using updated demographic data, the PHD model estimates the average annual pace of household formation under the medium growth scenario at 191,300, over the 2011 to 2016 period, and at 170,700 over 2016-2021.

Household formation growth will decline under most scenarios, however, and even move towards negative growth in the longer-term for some Atlantic provinces. Moreover, as the baby boomers generation preferences in terms of housing change with aging and the echo generation lead the contribution to household formation until 2021, this will have an impact on the structure of housing demand.

Mortgage rates are expected to rise modestly over the forecast horizon

Mortgage rates are expected to increase very modestly over the period 2016-2018. This is consistent with the expected pick-up over the horizon for inflation and real GDP growth by several forecasting institutions.

According to our base case scenario, the posted 5-year mortgage rate is expected to be within a 4.5 to 4.9 per cent range in 2016 and within a 4.4 to 5.2 range in 2017. For 2018, the posted 5-year mortgage rate should lie within a 4.5 to 5.7 per cent range.

Detailed National Housing Outlook

National housing starts to contract slightly in 2016 and 2017

National housing starts are forecast to decrease slightly in 2016 and 2017 relative to 2015 before stabilizing in 2018. There are, however, opposing factors coming into play in the housing markets:

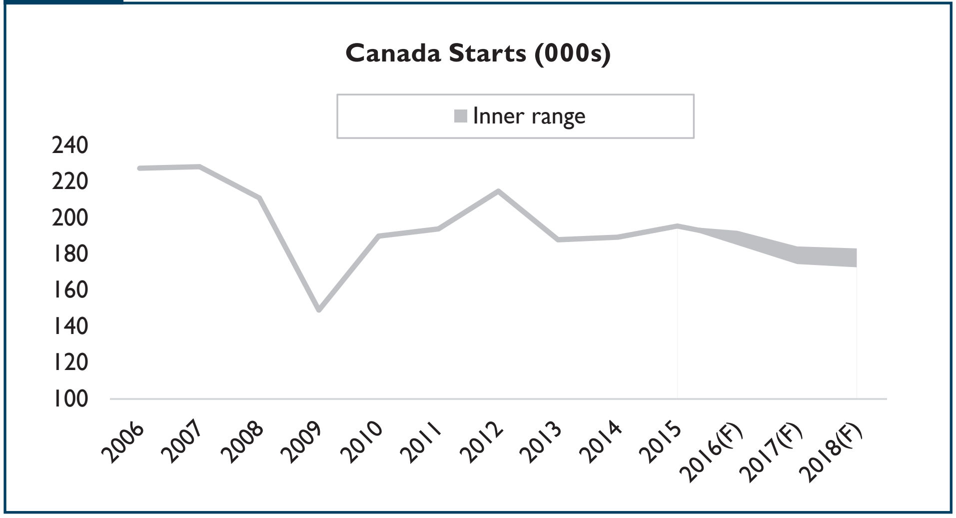
On the demand side of the housing market, positive effects include strong household formation numbers. The rate of household formation was estimated to be above 200,000 per year since 2012[5], which is stronger than the expected rate of household formation and higher than the level of starts in each year. Moreover, in 2015, the inflow of immigrants has been reported to be the strongest since 1910. Together, these contribute to heightened demand in housing.

[5] Based on Conference Board estimations.

In contrast, there are some negative effects:

- Despite growth in employment being positive, this growth has tended to be for part-time employment, while the pool of the full-time employed has been reduced. Additionally, the employment picture for the 25-29 year old age group has not recovered as much as for the rest of the labour force since the financial crisis of 2008-2009. This sub-group of potential first-time buyers will be less supportive of new housing demand over the forecast horizon.
- High price growth and strong evidence of overvaluation in some of Canada's largest housing markets in some cases has led to affordability challenges, which could contribute to lower demand from first-time homebuyers.
- The level of completed and unsold units has been driven by the multi-unit segment since the early 2000s, and still represents about 60 per cent of all the inventories of completed and unsold units. The inventory[6] of total completed and unsold dwellings per 10,000 population was 4.6 units in the second quarter of 2016, down from 4.7 units in the first quarter of 2016, and converging to the historical average of 4.4 units. This trend suggests that the inventory management is slowly adjusting to market conditions, hence putting downward pressure on starts.

Figure 1



Source: CMHC, (F) Forecasts by CMHC

These negative impacts on housing markets dominate, which leads to a modest decline in starts in 2016 and 2017 being predicted. Starts are expected to stabilize by the end of 2018. Compared to our 2016 Q2 outlook, we face a slightly more negative economic picture with more evidence of problematic conditions in the housing market, but with housing starts having been stronger than expected in the first half of 2016. Overall, our assessment is for housing starts to range from 185,100 units to 192,900 units in 2016, 174,500 units to 184,300 units in 2017 and 172,700 to 183,100 units in 2018.

Single-detached starts are forecast to contract over the forecast horizon

In the second quarter of 2016, single-detached starts decreased at a quarterly rate of 11.9 per cent compared to the first quarter of 2016, based on seasonally adjusted data. This decrease follows four consecutive quarters of growth, but there is an overall downward trend since 2009.

As inventories of new and unsold single -detached homes remain historically low, especially in some of the major housing markets in Canada, homebuyers will continue to shift demand from higher priced single-detached homes to lower-priced alternatives in multi-unit buildings.

The inner range for single-detached starts is expected to be between 68,800 units and 70,600 units in 2016, between 61,800 units and 63,800 units for 2017 and between 56,100 and 58,500 units for 2018, compared to 68,125 in 2015.

[6] The level of inventories discussed here is for urban centres with a population of 50,000 and over. The inventory of housing units is defined as a snapshot of the level of completed and unabsorbed units at a specific time. A dwelling is defined as being "absorbed" when a non-binding, non-conditional agreement is made to buy the dwelling. The definition of this concept was recently updated. Prior to 2013, a unit was defined as "absorbed" when an agreement was made to buy or rent the dwelling. However, data on absorption for multiple dwelling units intended for rent was not always available. Supply conditions in the owner and rental markets are now collected under separate, dedicated surveys (see CMHC's Rental Market Survey for rented accommodation and CMHC's Starts and Completions Survey for owned accommodation). In addition, the series' name was changed from "newly completed and unoccupied" to "newly completed and unabsorbed" as a result of the move toward counts based on the existence of a binding contract.

Multi-unit starts are also expected to decline before bouncing back in 2018

In the second quarter of 2016, multi-unit[7] starts increased by 5.1 per cent compared to the first quarter of 2016, based on seasonally adjusted data. This follows two consecutive quarterly declines, and overall, multi-units should decline somewhat in 2016 and 2017 before increasing in 2018.

Some imbalances in the market have improved, but not by enough to support higher demand in 2016. Data suggest that new housing construction is starting to adjust to high inventory levels and higher vacancy rates for rental units, and will continue adjusting throughout the forecast horizon:

- The number of completed and unsold multiple units was 2.7 units per 10,000 population in the second quarter of 2016, a small decline from 2.8 units in the first quarter of 2016. This number is still above the historical average of 2.3 units suggesting more reduction to come.
- The pool of potential first-time homebuyers, people aged 25-34 years old, is expected to slow, which will dampen the demand for multiple units.

While the downward pressure on multi-unit starts from both supply imbalances and demographic trends is expected to increase over the shorter-term, these imbalances are expected to dissipate by 2017, and to support the demand of new multiple housing units in 2018.

Accordingly, multi-unit starts are expected to continue declining in 2016 and 2017, compared to 2015, before bouncing back in 2018. Multi-unit starts are forecast to range between 111,400 units and 127,200 units in 2016, between 108,400 units and 124,800 units in 2017 and between 111,800 and 129,400 in 2018.

MLS® sales are forecast to grow in 2016 before declining in 2017

MLS® sales started 2016 strongly and are expected to increase in 2016 (relative to levels observed in 2015), but to decline in 2017 on an annual basis, before settling in 2018 to levels that are more in line with demographic fundamentals.

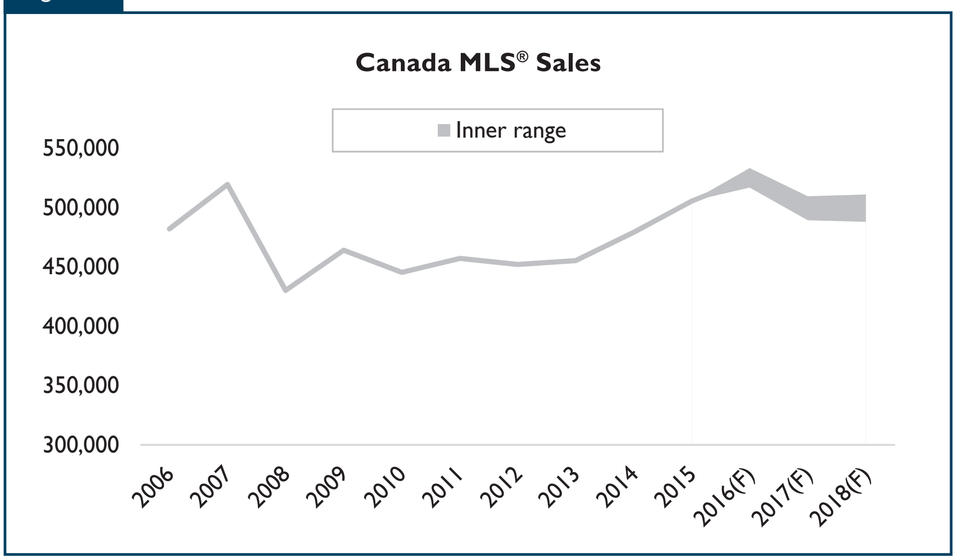
Demographic trends and the expected modest rise in mortgage rates by the end of the forecast horizon are projected to restrain sales for existing homes. The ratio of households to the number of resales has increased above its historical ratio, and resales are expected to be at a level where that ratio is closer to its historical average.

Therefore, MLS® sales are expected to be between 517,000 units and 533,400 units in 2016, between 489,500 units and 509,700 units in 2017, and between 488,100 and 511,100 in 2018.

Resale prices are expected to increase, but at a slower pace than in the previous year

CMHC expects the average MLS® price to be higher in 2016 compared to 2015, due to a strong start to the year in British Columbia and Ontario. Together, these two provinces constitute about two thirds of all national resales, and therefore have led the national MLS® price trajectory.

Figure 2



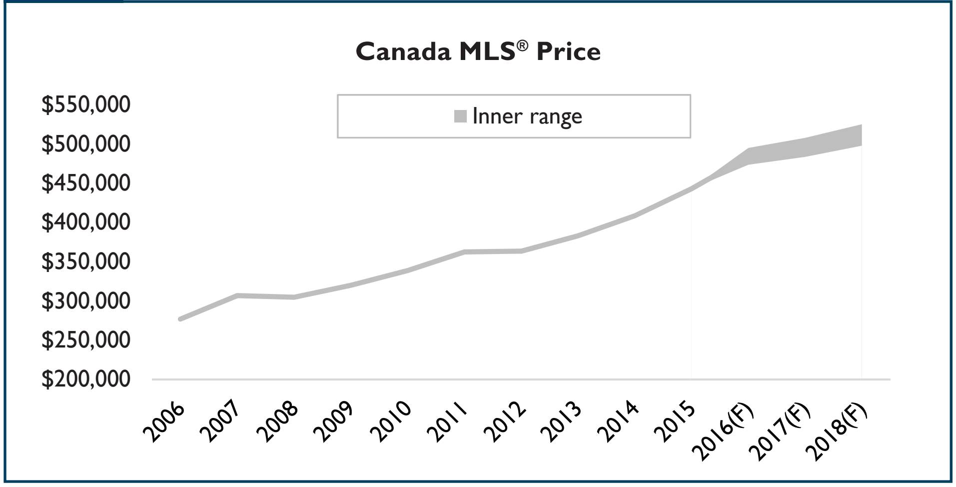
Source: CREA, (F) Forecasts by CMHC

[7] Multi-unit housing starts include semi-detached, row and apartment units.

In the recent past, most of the strong growth in prices came from a compositional effect: proportionately more sales of expensive single-detached homes were pushing up the average price. Since the spring of 2016, a different story has emerged from the major housing markets in Canada: the share of luxury home[8] resales is following a downward trend since the spring of 2016. Consequently, the MLS® average price is starting to move to levels more in line with current fundamentals.

The average MLS® price for Canada is expected to range between $473,400 and $495,000 in 2016, essentially unchanged from our previous outlook. In 2017 and 2018, resale prices are expected to range between $483,600 and $507,800 and between $497,700 and $525,100, respectively.

Figure 3



Source: CREA, (F) Forecasts by CMHC

Provincial Summary

Provincial trends will continue to reflect the disparity in economic performance across provinces, but these differences will start to diminish at the end of the forecast horizon.

New housing construction in oil-producing regions will continue to be impacted negatively by lower oil prices at the beginning of our forecast horizon. However, oil prices are expected to start recovering by end of 2017, which would support fundamentals in 2018 in Alberta, Saskatchewan and Newfoundland & Labrador, providing a boost to new housing construction. Housing starts will be stable in Québec and Manitoba, as a weak employment picture is offset by higher demand coming from increased immigration targets. Ontario and British Columbia started 2016 strongly, but new housing construction should slow in 2017 and fall in 2018, as support from strong domestic demand and from the export sector ease.

After a very strong year for MLS® sales in Ontario and British Columbia, resales are expected to fall in 2017, before levelling off in 2018 due to weaker economic prospects and some policy changes that have affected the higher end of the markets. MLS® Sales are expected to rebound by the end of our forecast horizon in the Prairies, but will see weaker growth in the Atlantic Provinces.

Average MLS® home prices will continue increasing, but at a slower pace for Ontario and British Columbia in 2017 and 2018, than in 2016, partly because of a compositional effect from lower sales at the high-end of the market. Other provinces should experience a relatively stable and positive growth over the forecast horizon.

Risks to the Outlook and Scenarios

While the outlook for the Canadian housing sector is one of general stability, there are global and domestic risks to consider. The evolution of risks since our last forecast in the second quarter of 2016 has been on the downside, which could result in added downward pressure on housing markets.

Oil prices

The future path of oil prices and the ability of the Canadian economy to adjust to low oil prices remains a significant domestic risk that could further limit domestic economic growth. Despite a slight rebound in West Texas Intermediate (WTI) crude oil prices in September 2016, hovering now at around $45 per barrel, there is still great uncertainty around its future path.

To date, lower oil prices have affected the oil-producing economies of Saskatchewan, Newfoundland &

[8] The share of resales above $1M has declined in Vancouver and Toronto, the two largest housing markets in Canada.

Labrador, and Alberta negatively. Housing demand slowed through adverse effects on employment, household incomes and migration as a result of the delay, downsizing or cancellation of energy projects.

However, the full impact of the decline in crude oil prices on the Canadian economy remains unclear, and depends on both the extent and timing of the recovery in oil prices, and on how other sectors are adapting. CMHC's current HMO forecast is based on the September 2016 Industry Consensus view of oil prices in a range of $40-$62 per barrel (USD) by the end of 2017. Under this scenario, we still expect a negative impact on housing markets in oil-producing provinces as more of the costly oil sands projects are delayed given continuously low oil prices. Downward pressure would result in the levels of starts, sales and prices being in the lower part of the outer ranges presented in figures 4, 5 and 6.

Household Debt

The Canadian debt-to-income ratio stood at a historical peak of 167.6% in the second quarter of 2016. High household debt remains a risk for the Canadian economy, making households more vulnerable to an economic or interest rate shock. If interest rates or unemployment were to increase sharply and significantly, more heavily indebted households may need to liquidate some assets. This could include their homes, which would put downward pressure on house prices and, more generally, on housing-market activity.

Overvaluation in property markets

Our Housing Market Assessment continues to detect several centres with moderate or strong evidence of problematic conditions. There is considerable uncertainty, however, over how the housing market will adjust to these imbalances in specific housing markets. A sharper-than-expected unwinding of imbalances between observed house prices and those that would be supported by underlying fundamentals could impact forecasts negatively, and result in outcomes in the lower part of the forecast range presented in figures 4, 5 and 6.

An upside risk would be fundamentals catching up more quickly than expected, thereby closing the gap between the market price and the price supported by fundamentals.

The impact of mortgage regulation changes

On October 3, the Government of Canada announced measures designed to support the health and stability of Canadian housing markets and housing finance system. The measures include new eligibility rules for high ratio insured mortgages (where the loan-to-value ratio is greater than 80%) and new eligibility criteria for low ratio insured loans (loan-to-value less than 80%) that previously only applied to high ratio mortgages. Under the new measures, all high ratio mortgages will now be "stress tested" to ensure borrowers can afford their loan if interest rates rise. Borrowers will now have to meet higher debt servicing limits calculated using the greater of the contract rate and the Bank of Canada's 5 year posted rate. The latter is currently more than 2% higher than typical contract rates. This "stress test" approach has been applied since 2010 to variable rate mortgages and fixed rate mortgages of a term of less than 5 years. Applying this stress test to loans with terms of five years and longer extends this test to all high-ratio insured mortgages.

As the policy just took effect, it is difficult to precisely evaluate the impacts on housing markets. In general, an increase in mortgage rates affects house prices, sales, and starts negatively. However, the stress test approach affects the size of the insured mortgage for which the home borrower qualifies and it is not an increase in the mortgage rate itself. As a result, borrowers could adjust their purchase behaviour in several ways. For example, they could purchase homes that are less expensive, add more down payment, delay their purchase in order to save additional funds for down payment, or add a co-signor. According to our analysis, from 5 to 10 per cent of all prospective home buyers could be affected during the first year of implementation, but the precise impact will vary depending on specific homebuyer circumstances and behaviours. Considering regional variations in drivers of housing activities, it is also likely that the impact of the announced changes could be different across the country. Taking into account all possible scenarios, the impacts on house prices, sales, and starts are within the lower band of our outer forecasting range that is designed to capture unexpected economic and financial developments, as well as unforeseen regulatory changes at the local, provincial, and national levels.

Global economic growth

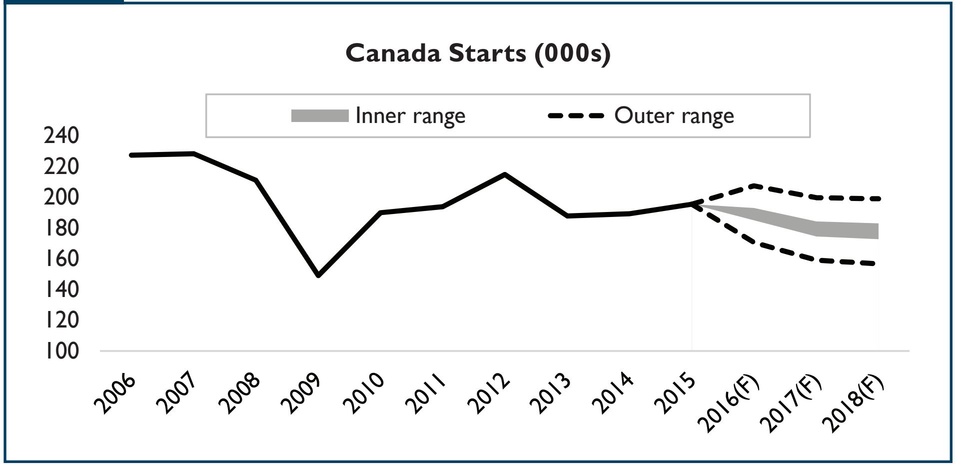
From the international perspective,

- The effects of a weak global economic growth, including lowered prospects for the U.S. economy and continued uncertainty related to the U.K. vote on Brexit could lead to a further slowdown in Canadian economic growth through lowering exports as well as putting downward pressure on commodity prices.
- But equally there may be upside risk of stronger-than-expected growth in the U.S. that would benefit Canadian exports.

To reflect upside and downside risks to the economy and housing markets,

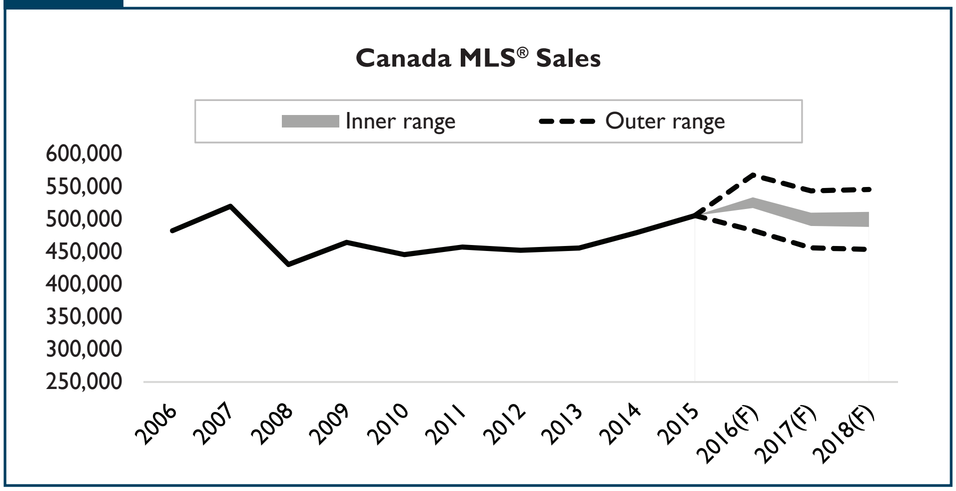
- The outer range for housing starts on a national level is from 170,600 to 207,400 in 2016, compared to 159,100 to 199,700 in 2017, and 156,700 to 199,100 in 2018.
- MLS® sales could range from 482,800 to 567,600 in 2016 before moving lower to a range of 455,800-543,400 in 2017, and 453,500-545,700 in 2018.
- The average MLS® price could range from $460,500 to $507,900 in 2016, from $469,200 to $522,200 in 2017 and from $481,800 to $541,000 in 2018.

Figure 4



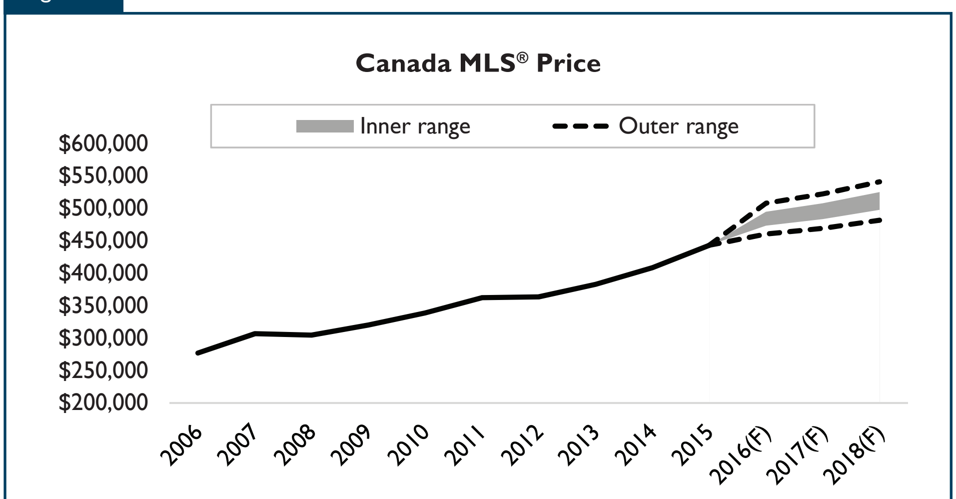
Source: CMHC, (F) Forecasts by CMHC

Figure 5



Source: CREA, (F) Forecasts by CMHC

Figure 6



Source: CREA, (F) Forecasts by CMHC

Summary results from CMHC's scenario analysis

The previous section discussed several risks surrounding the HMO outlook. Clearly, if these risks were to materialize, our outlook would be affected. But, providing a reliable estimate of their impacts is difficult because:

1) These risks could happen at the same time rather than one by one. If they happened all at once then they could either exaggerate or offset each other; and

2) Their impact — if they were to come about —would depend both on their intensity and how long they lasted, both aspects that are obviously difficult to know in advance.

We can, however, provide an assessment of what would need to happen for these risks to have a material impact on the forecast. If these risks were to come about, they would affect the housing market by changing the overall level of income and the employment in the economy. To evaluate what economic conditions could push housing indicators outside their wider forecast range presented in the main text, we submitted our computer-modelled economy to various economic and financial shocks. We found that:

- Real GDP growth of less than 0.8 per cent[9], and unemployment rate higher than 9.6 per cent[10] could push housing starts, MLS® sales and average prices below the lower bound of the wider forecast range; while
- Real GDP growth of more than 3.5 per cent and the unemployment rate weaker than 5.6 per cent could lead housing starts, MLS® sales and average prices to be above our wider forecast range.

These outcomes are consistent with large domestic and/or foreign economic events that would affect the Canadian economy and the housing market.

[9] Compared to 2.0 per cent based on Consensus Forecast.

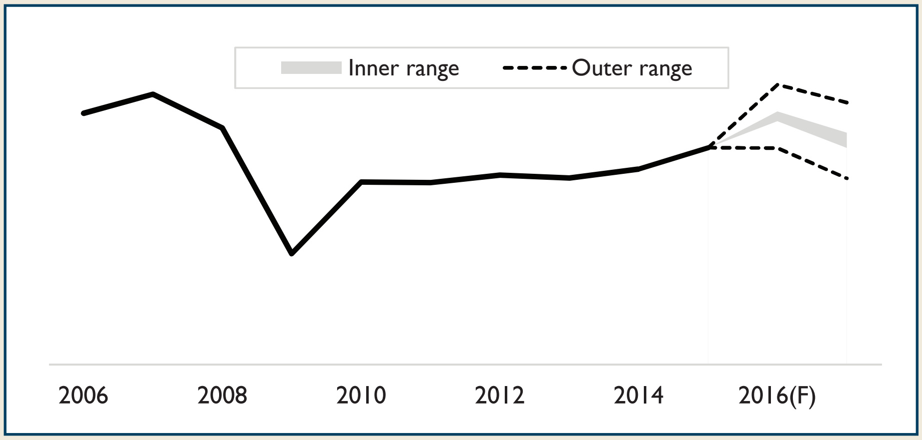
[10] Compared to 7.0 per cent based on Consensus Forecast.

Methodology for forecast ranges

The present edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. Despite this change, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available. Two sets of ranges are presented in the publication:

- An inner range, which provides more precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. This inner range is based on the coefficient of variation* of historical data and on past forecast accuracy. This range provides precision and direction for forecasts of housing variables, given a specific set of assumptions for the market conditions and underlying economic fundamentals.
- An outer range, which reflects potential risks to the forecast due to, for example, the impact of economic shocks. The outer range is based on a broader coefficient of variation of historical data and on past forecast accuracy. This range includes some low-probability events that could have a significant impact on the forecast.

Downward (or upward) adjustments to the ranges may be applied based on local market intelligence if there are more sources of risks (upside or downside) for that specific market.



* The coefficient of variation in this case is the standard deviation divided by the mean of that series. A higher coefficient of variation would produce wider ranges due to the higher volatility of the data, while a lower coefficient of variation would produce tighter ranges.

Trends at a Glance

Key Factors and their effects on the housing sector	
Mortgage Rates	Mortgage rates are expected to stay near current levels until the end of 2016, before rising modestly over the forecast horizon. This should contribute to a slight moderation in housing demand by the end of 2018.
Employment	Based on the consensus among prominent Canadian forecasters, we expect that employment will register growth of 0.7 per cent in 2016, 1.0 in 2017 and 1.1 in 2018.
Income	Income is expected to increase modestly as economic conditions in Canada improve. As a result, income growth will remain supportive of housing demand over the forecast horizon.
Net migration	Canada's economy is expected to continue to attract a high level of immigrants, as new targets for immigration are reached. As a result, the level of net migration will remain above its historical average and help support Canada's housing market.
Demographics	While household formation remains fairly strong, the growth rate of the Canadian population aged 25-34 is slowing. This, along with general population aging, will impact the type and tenure of housing demand.
Resale market	There is strong evidence of overvaluation at a national level and several centres continue to show moderate or strong evidence of overvaluation, including some of the largest housing markets in Canada. An unwinding of the imbalance between observed house prices and those that would be supported by underlying fundamentals could impact the forecasts negatively
Stock of completed and unabsorbed units	While the stock of completed and unabsorbed housing units to population has decreased in the last quarter, it is still above the historical average.

Provincial Housing Market Outlook

British Columbia

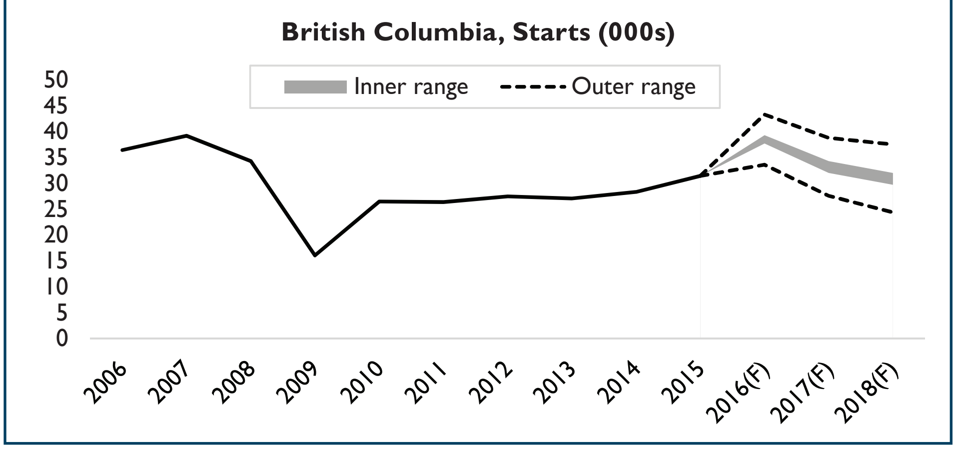
Overview

The British Columbia economy is forecast to expand through 2018, supported by growth in domestic and external demand for goods and services. Population and employment growth will contribute to growth in consumer spending and demand for ownership and rental housing. Current low rental vacancy rates, low inventory levels of new homes, and limited supply in the resale market point to housing starts remaining above their long-term average during the forecast horizon.

Overall, the outlook for the British Columbia housing market is for higher levels of sales, prices and starts in 2016 stemming from a strong first half, with some levelling off in 2017 due to a lower starting point for the year as the sector adjusts to a policy shock in the second half of the 2016. In 2018, the housing market outlook will be relatively unchanged from 2017, with a slight moderation in housing starts, a similar level of resales and some upward pressure on home prices. However, there is a degree of uncertainty around the outlook.

While provincial economic fundamentals are strong relative to the past and other provinces, particularly job and population growth in Vancouver, there is evidence that housing market imbalances have emerged in the province's largest centre. According to CMHC's Housing Market Assessment framework, there is moderate evidence of overheating and price acceleration in the Vancouver Census Metropolitan Area, as well as strong evidence of overvaluation. The potential unwinding of the imbalance between supply and demand, and between observed house prices and those that would be supported by underlying fundamentals, could impact the provincial forecast and result in outcomes in the lower part of the forecast ranges. As well, the August 2016 introduction of a tax on Metro Vancouver home purchases by foreign entities may dampen sales and price pressures in the Vancouver market, indirectly impacting the provincial outlook as Vancouver comprises a large share of provincial housing starts and resale transactions. Alternatively, the provincial housing market would see levels of starts, sales and prices in the upper part of the outer range presented in this report.

Figure 7



Source: CMHC, (F): Forecast

In Detail

Single Starts: Single-detached home starts are expected to range from 11,100 to 11,500 in 2016, from 10,200 to 10,800 units in 2017 and moderate between 9,500 and 10,300 units in 2018. Rising land values and an aging housing stock are expect to boost replacement housing.

Multiple Starts: Multiple-family home starts are forecast to range between 26,400 and 27,900 in 2016, and between 21,900 and 23,500 units in 2017. Some moderation is expected in 2018. Condominiums will account for the majority of multiple-family starts for a number of reasons including their attractive price point which appeals to first-time homebuyers. Low rental vacancy rates in the province's larger centres are expected to support further development of multiple-unit rental projects and investor demand for condo units to be added to the rental stock.

Resales: MLS® sales are forecast to range from 105,300 to 114,700 in 2016, from 88,900 to 99,300 transactions in 2017 and between 88,300 to 100,900 transactions in 2018. A low level of new listings could constrain existing home sales in 2017, and sales are expected to come off a lower starting point as the Vancouver resale market adjusts to the policy shock of the foreign buyer tax.

Average Prices: The MLS® average price is forecast to be between $680,300 and $716,900 in 2016, between $673,400 and $733,300 in 2017 and edging higher to $690,000 to $770,000 in 2018. Sellers' resale market conditions are expected to prevail across the province, pointing to price gains in most housing markets. A declining share of higher-priced home sales in Vancouver will dampen the provincial average price in the near term.

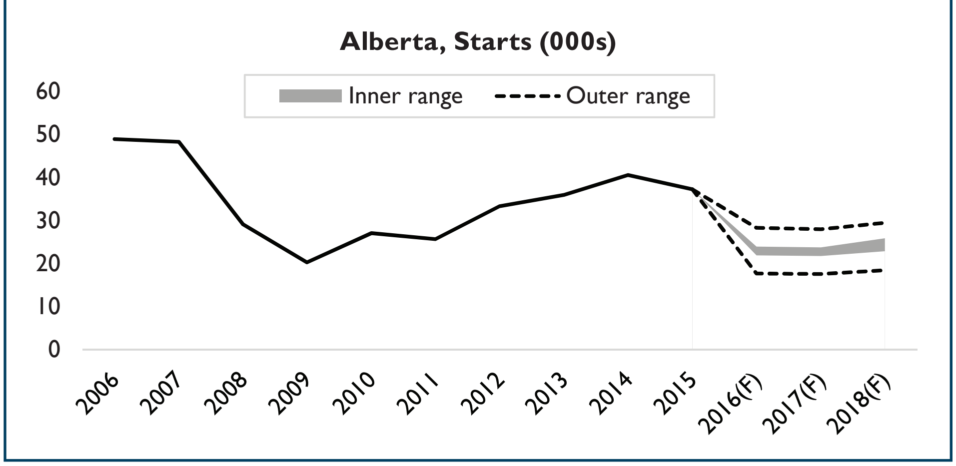
Alberta

Overview

The oil price shock that began in the fall of 2014 continues to impact Alberta's economy negatively. Alberta's real GDP is projected to decline for a second consecutive year in 2016. Oil prices remain relatively low and continue to translate to lower investment and drilling activity in the oil and natural gas industry. The value of exports from Alberta at midyear 2016 continued to show sharp declines, lowered to some extent by the Fort McMurray wildfires that disrupted oil production. In the future, the consensus forecast is for oil prices to rise in 2017. Higher oil prices are expected to stabilize investment and contribute to economic and employment growth. Increased government spending on health care, education and infrastructure is also expected to help support economic growth. Alberta's economy is projected to begin expanding in 2017 with stronger growth projected in 2018. There is considerable uncertainty in forecasting oil prices, however. Under the scenario that oil prices do not rise, we would expect Alberta's economic recovery would be delayed again.

In terms of employment, the downsizing that began in the oil and gas industry has negatively impacted the overall employment outlook for Alberta. Employment in Alberta is projected to decline in 2016, although some areas such as education, health care and public administration are showing growth. Under a scenario of economic growth in 2017, employment is projected to stabilize and then show some modest growth later in the year; however, it will likely not be until 2018 that employment growth exceeds one per cent. The unemployment rate in Alberta will average approximately eight per cent in 2016 and begin to slowly decline in 2017 and move to approximately seven per cent in 2018 as employment increases.

Figure 8



Source: CMHC, (F): Forecast

Fewer employment opportunities in Alberta have caused net interprovincial migration to turn negative.Conversely, international migration to Alberta has been elevated, supported by the resettlement of refugees. Overall, net migration will continue to contribute to Alberta's population growth which is expected to moderate to 1.6 per cent in 2017. Stronger interprovincial gains are expected to contribute to Alberta's population growing by 1.7 per cent in 2018.

In Detail

<u>Single Starts</u>: A lower level of demand has caused builders to reduce production. Single-detached starts are projected to decline from 14,557 in 2015 to range between 10,000 and 11,000 units in 2016, representing roughly half the level of production in 2014. The reduction in units under construction has mitigated the risk of escalating inventories. In 2017, single-detached starts are projected to be in the range of 10,300 to 11,300 units. By 2018, stronger job creation and demand is expected to help increase single-detached starts which are projected to range from 11,300 to 12,300 units.

<u>Multiple Starts</u>: The number of multi-family units completed and not sold continued to escalate in 2016 and are expected to peak in 2017 as the very high level of production of 22,725 units started in 2015 progresses to completion. A doubling of inventory in 2016 will hold back some new projects. Multi-family starts are projected to decline in 2016 and 2017 and range from 11,200 to 13,800 units, and 10,700 to 13,300 units, respectively. By 2018, lower inventory levels and improved housing market conditions are expected to stabilize production with multi-family starts ranging from 11,600 to 14,400 units.

[11] CMHC does not forecast oil prices. See Consensus Forecasts at http://www.consensuseconomics.com/ and U.S. Energy Information Administration http://www.eia.gov/forecasts/steo.

Resales: MLS® sales in Alberta are projected to decline from 56,477 in 2015 to range from 48,800 to 53,600 sales in 2016, representing a second consecutive year of decline. The outlook for 2017 is for the economy and MLS® sales to stabilize with resales ranging from 49,100 to 53,900. By 2018, employment and demographic growth are expected to lift home sales with the number of MLS® sales projected to range between 50,500 and 55,500 units.

Prices: The average residential MLS® sales price in Alberta is on pace to decline for a second consecutive year from $393,138 in 2015 to between $387,100 and $390,100 in 2016. Job losses in Alberta have reduced the demand for resale homes and has put downward pressure on prices. Going forward, market conditions are projected to shift away from favouring the buyer as job growth improves, thus stabilizing prices which are projected to range from $388,200 to $391,800 in 2017. Balanced market conditions are projected to help lift the average resale price in 2018 to between $393,500 and $397,100.

Saskatchewan

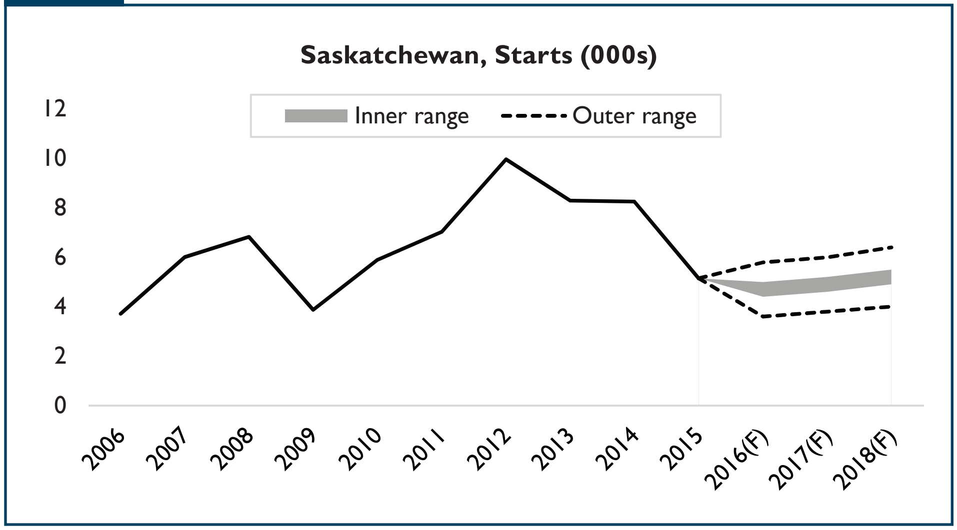
Overview

Saskatchewan's real GDP is projected to contract for the second consecutive year in 2016. Stronger growth for key commodities like oil and gas, potash, and uranium have not materialized this year. Under the scenario of higher commodity prices, Saskatchewan's economy is expected to expand in 2017 and 2018. Higher commodity prices would translate to a higher level of investment and increased exports, both generating employment increases. However, there is considerable uncertainty with forecasting commodity prices. In a scenario of low commodity prices, an economic recovery would likely be slower, thus moderating housing demand.

The economic slowdown in Saskatchewan has diminished employment opportunities in 2016, with the level of employment projected to decline below that of 2015. This has caused the unemployment rate to rise from five per cent in 2015 to above six per cent in 2016. Employment opportunities are projected to gradually increase over the forecast period as the economy recovers and stimulates an increase in consumer spending. A higher level of employment over the forecast period will gradually reduce the unemployment rate to a projected 5.8 per cent in 2018.

Despite slower economic growth, Saskatchewan's population is projected to increase at a faster rate in 2016 than in 2015 due to an increase of international migration in Saskatchewan. Interprovincial migration flows are projected to remain negative this year but are expected to start rising in 2017 and 2018 as improving economic opportunities slow the net outflow. Saskatchewan will continue to benefit from gains in international migration, but these flows are expected to moderate. The population in Saskatchewan is projected to increase by 1.4 per cent in 2016 and then by 1.3 per cent through 2018.

Figure 9



Source: CMHC, (F): Forecast

In Detail

Single Starts: Single-detached starts in 2016 are projected range from 2,600 to 2,800 units, and remain above the 2,414 unit level of production seen in 2015. A lower level of inventory has stimulated production this year and will help gradually increase production in 2017 with single-detached starts to range between from 2,700 to 2,900 units. An improving economy and housing market conditions will continue to gradually increase production, which is forecasted to range between 2,800 and 3,000 units in 2018.

Multiple Starts: Multi-family starts are projected to decrease for a second consecutive year from 2,735 units in 2015 and range between 1,800 and 2,200 units in 2016. Despite the sharp reduction in multi-family starts last year and this year, inventories have continued to rise. The level of inventory is projected to peak early next year and then being to decline. This will help stabilize production as multi-family starts are projected to range between 1,800 and 2,400 units in 2017 and between 2,000 and 2,600 units in 2018.

Resales: Housing market conditions favouring buyers have been prevalent in Saskatchewan as employment losses have slowed housing demand. MLS® sales in Saskatchewan are projected to decline from 12,374 sales last year and range between 11,500 and 11,700 in 2016. Resales are forecasted to stabilize in 2017 and range between 11,600 and 11,900 in 2017. Improving economic conditions should gradually lift the number of MLS® sales, which are projected to range from 11,800 to 12,100 in 2018.

Prices: Buyer's market conditions in Saskatchewan will cause the average MLS® price to decrease from $297,487 in 2015 to between $289,700 and $298,700 in 2016. After two years of price erosion, prices are expected to stabilize and then firm-up due to economic and demographic growth. This should help the average price to gradually rise between $291,500 and $300,500 in 2017 and between $294,900 and $304,100 in 2018.

Manitoba

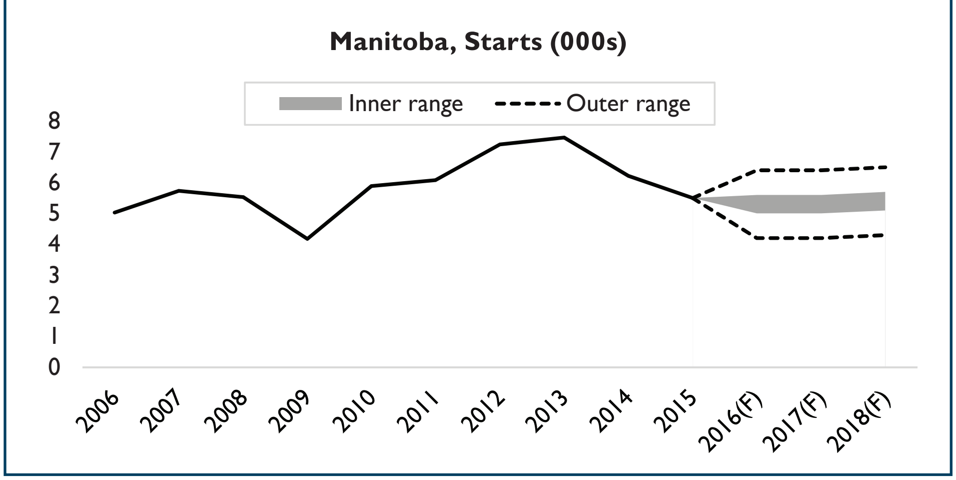
Overview

Manitoba's economy is forecasted to continue expanding over the forecast period. Economic growth in 2016 has been supported by consumer spending and investment in utilities. However, the expected export growth from a weaker Canadian dollar and increased manufacturing shipments has not materialized as quickly as expected in 2016. As a result, economic growth projections are more moderate compared to the last HMO release. Nevertheless, Manitoba's economic growth is projected to increase at a similar rate to the national average.

Employment growth in Manitoba has been flat in 2016 following a year of relatively strong growth in 2015. Manitoba is experiencing employment growth in the goods producing sector which is being offset by declines in the services sector. This year, a growing labour force and stable employment should cause the unemployment rate to rise to an average of six per cent. However, continued economic expansion is expected to generate employment growth of approximately one per cent in 2017 and 2018. This will cause the unemployment rate to gradually decline to 5.8 per cent in 2017 and to 5.5 per cent in 2018, remaining below the national average.

Manitoba has been experiencing an elevated level of international migration, in part due to the resettlement of refugees. This elevated level of international migration is projected to ease over the forecast period. Manitoba will continue to experience net losses from inter provincial outflows although this year the outflow will be reduced, especially to Alberta where employment opportunities have diminished. Overall, population growth in Manitoba is projected to accelerate in 2016, with some easing in 2017 and 2018, but remain above one per cent. Economic and population growth is expected support housing demand over the forecast period.

Figure 10



Source: CMHC, (F): Forecast

In Detail

Single Starts: Single-detached starts are projected to rise from 2,325 units in 2015 to between 2,500 and 2,700 units in 2016. Single-detached starts are projected to gradually rise and range from 2,600 to 2,800 in 2017 and range between 2,700 and 2,900 units in 2018. The supply of single-detached units has trended lower as builders reduced production over the past three years. With inventories reduced by a third from last year and market conditions improving, it is expected that builders will gradually increase production.

Multiple Starts: Multi-family starts are projected to decline from 3,176 units in 2015 to range between 2,500 and 2,900 units in 2016 and between 2,400 and 2,800 in 2017 and 2018. Production in 2016 will represent the third consecutive year of decline. Supply levels in the multi-family market are expected to remain high due to an elevated number of units under construction. A portion of these units will need to be sold before a substantial increase in this sector is expected.

Resales: MLS® sales in Manitoba are expected to rise from 14,021 in 2015 and range between 14,500 and 14,900 in 2016. A gradual increase in resales is projected over the forecast period, with MLS® sales ranging from 14,600 to 15,000 in 2017 and between 14,800 and 15,200 in 2018. A growing population, low mortgage rates, and a steady increase in home values will continue to help generate higher resale volumes.

Prices: The average resale price in Manitoba is projected to rise from $270,375 in 2015 to range between $272,900 and $277,100 in 2016. Housing market conditions in Winnipeg are projected to remain balanced through 2018 supporting price growth. In 2017, the average MLS® price is forecasted to range from $277,100 to $281,500. The average resale price is projected to continue rising and range from $281,600 to $286,000 in 2018.

Ontario

Overview

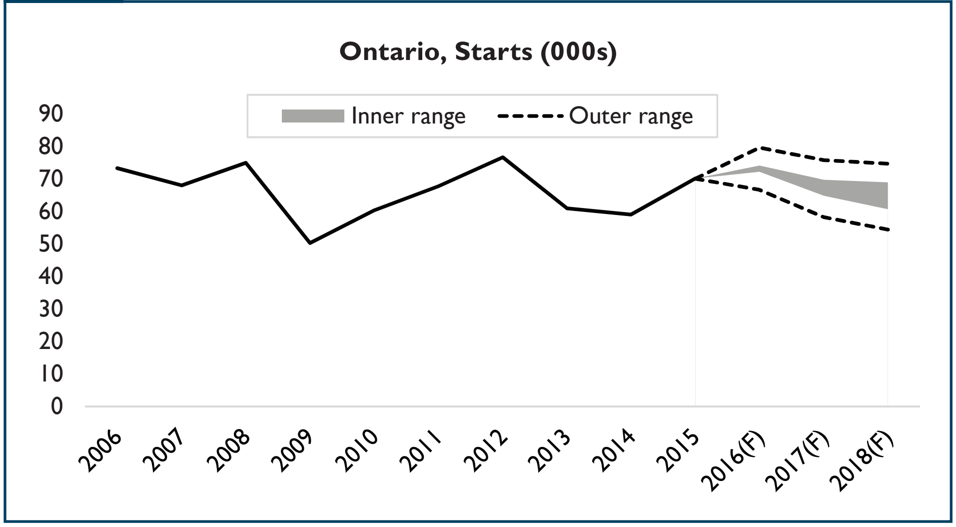
Growth in Ontario`s economy has outpaced growth in the rest of Canada since 2014. But ths pace is expected to slow over the forecast horizon due to the easing in domestic demand and less offsetting support from the export sector. By 2018, Ontario GDP growth will converge closer to the national average. Although positive effects from the ongoing fiscal stimulus should contribute to domestic demand, rising debt loads will restrain growth in consumer spending. Similarly, Ontario business sentiment will remain cautious due to uncertainty about global growth prospects and its impact on non-energy exports.

Ontario businesses have relied on productivity gains to boost output in recent years. This trend will likely continue and should translate to fewer job prospects across the province. The pace of job creation will slow over the forecast horizon and remain below growth rates prevailing during the pre-recession period. Nevertheless, the provincial unemployment rate will continue trending lower and should support further income growth.

Ontario population growth will receive a big boost in the immediate term from rising international migration. Furthermore, with Ontario's economy expected to outpace growth nationally over most of the forecast horizon, migratory inflows from the rest of Canada should also improve. Net migration to Ontario will rise to over 118,600 by 2018 from just under 96,000 people in 2015.

A heightened level of uncertainty creates risks to the Ontario outlook. This can result in a wider range of possible outcomes over the forecast horizon. Risks to the Ontario housing market are currently tilted to the downside. Slower-than-expected job growth, rising debt loads and rising housing imbalances, especially in the GTA, could result in weaker housing activity. Alternatively, stronger growth in the US economy, lower than expected interest rates and stronger activity in the single family home market could result in stronger housing activity.

Figure 11



Source: CMHC, (F): Forecast

In Detail

Single-Detached Starts: Fewer options in Ontario's low-rise resale market and strong income growth will support single-detached construction in the immediate term. However, a slower pace of job growth, declining affordability and efforts to increase intensification will dampen single-detached starts by 2018. After registering a post-recession high in 2016, single starts will slow and range between 19,800 to 23,700 and 13,900 to 18,100 units in 2017 and 2018 respectively.

Multiple Starts: Multi-unit starts will remain elevated over the forecast horizon. Starts will range between 44,000 and 46,500 in 2016, between 43,500 and 48,000 units in 2017 and between 46,000 and 51,000 units in 2018. With high price levels, consumers will gravitate towards less expensive home options such as apartment and row housing. Also, demand for less expensive rental tenure will continue to grow and encourage more investment activity in the Ontario new condominium and purpose-built rental segments. Apartment ownership and rental demand will be supported by price sensitive first time buyers and, to a lesser extent, a growing pool of aging households who require a maintenance-free lifestyle.

Resales: After posting another sales record in 2016, demand for resale housing in Ontario will remain elevated ranging between 234,000 and 243,000 in 2016, between 214,200 units and 235,400 units in 2017 before easing and ranging between 208,000 and 233,000 units in 2018. Growing demand for less expensive housing will support the resale market over the forecast horizon.

Prices: Ontario home prices will continue to grow at a strong pace in the immediate term but growth should moderate by 2018. Average home prices will range between $515,300 and $526,200 in 2016, from $540,500 to $564,900 in 2017 and from $548,400 to $586,200 in 2018. Less choice in resale markets combined with strong income growth will support prices this year before a shift to less expensive housing moderates growth in prices by 2018.

Québec

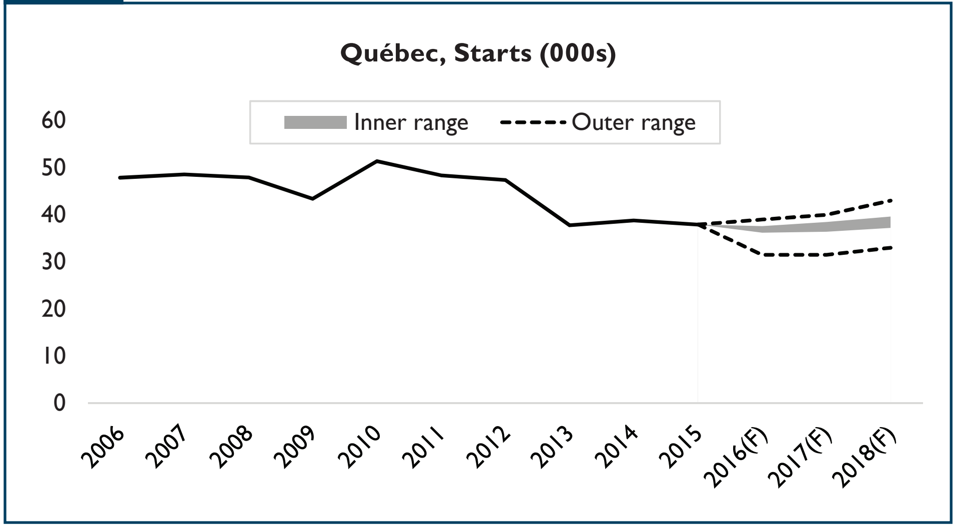
Overview

Quebec's moderately growing economy will provide some stimulus to housing demand in 2017 and 2018. As a result, the province's resale markets will tighten gradually and prices will remain sustained. Meanwhile, an acceleration in population aging will be a positive for demand for multi units, for example condominiums and senior residences.

In the next two years, economic growth will stem from growth in consumer spending and public expenditure. As a result, Quebec GDP growth will increase from 1.3 per cent in 2016 to 1.7 per cent next year, and pick up further to 2.0 per cent in 2018. The impact on labour markets will be felt more substantially in 2017 with employment growing at 0.8 per cent next year and 0.9 per cent in 2018.

The moderately growing job market and the relative weakening of labour markets in parts of western Canada will help retain some workers in the province and possibly attract others back. Moreover, with the help of rising immigration targets, total net migration will average 45,000 per year during the forecast period. Such high levels will have a stimulative impact on demand in Quebec's rental markets.

Figure 12



Source: CMHC, (F): Forecast

In Detail

Single-Detached Starts: The moderate employment growth and the tightening of the resale market will not have a significant impact on demand for new single-detached homes in the forecast horizon. Both demand and market share in this market segment will continue their downward trends as demand and supply continue to shift toward apartments. Starts will be situated within the 9,700-10,300 range in 2016, between 9,100 and 10,000 in 2017 and within from8,800 to 9,800 in 2018.

Multiple Starts: While condominium starts continue to be held back by relatively high levels of supply, renewed activity in the retirement home segment and in the purpose built rental market in some areas of the province will sustain multi-family starts in both 2017 and 2018. The forecast range for 2017 includes lower bound of 27,300 starts and upper bound of 28,500 units. For 2018, the range will shift up by around 1,000 units.

Resales: In the next two years, sales of existing houses should be fuelled by employment growth. In 2016, sales recorded by Centris® should be within a range of 74,500 to 79,500 in 2016 and 75,250 to 81,250 transactions in 2017. In 2018, the forecast range will move up slightly (77,000 to 83,000 transactions).

Prices: Despite relatively high supply levels in certain market segments, the gradual tightening of resale markets will sustain prices during the forecast horizon. In this context, the average resale price will lie within the $276,500 and $283,500 range in 2016, between $283,000 and $290,000 in 2017 and between the $288,800 and $295,800 marks the following year.

New Brunswick

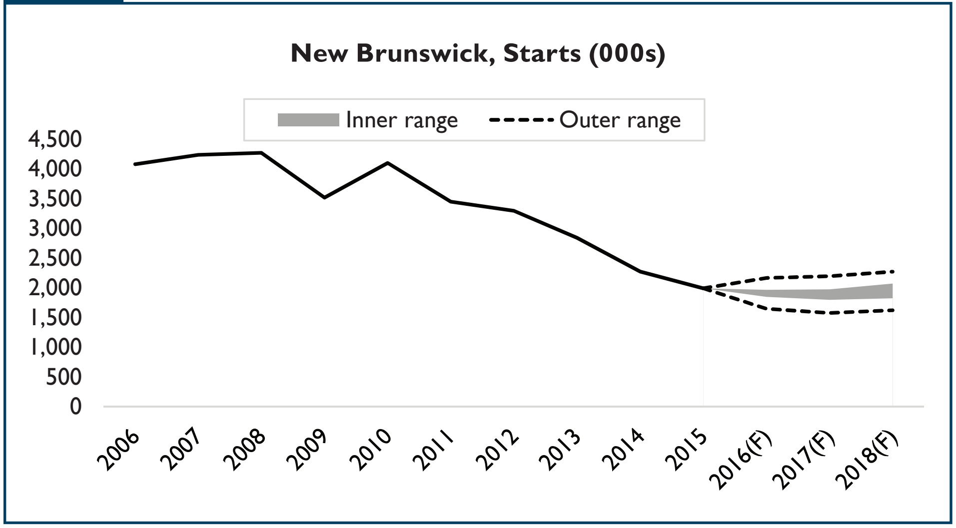
Overview

The low Canadian dollar helped boost New Brunswick's economy in 2015. Canada's most export-dependent province saw increases in most of its industrial sectors, including agriculture, manufacturing, and mining. However, the closure of two large potash mines in Sussex will dramatically impact the mining and manufacturing sectors in 2016 and beyond. Additionally, while the dollar is expected to remain low over the forecast period, further gains in the manufacturing sector will be slow to materialize as it will take manufacturers time to adjust to the new exchange-rate environment. Real GDP is expected to grow by 0.2 per cent in 2016, 0.6 per cent in 2017, and 0.8 per cent in 2018.

Employment is forecast to fall 0.5 per cent in 2016 before rising 0.6 per cent in 2017. Service export industries (such as contact centres and tourism) will play a large role in this reversal. The low Canadian dollar has increased tourist visits from the U.S., and investments in contact centres focused on American clients. New Brunswick's cost competitiveness, bilingualism and slack in the labour market have together encouraged some Canadian focused contact centres to expand to the province.

Over the past few years, high unemployment in New Brunsiwck and better job prospects elsewhere in the country had driven the outmigration of young New Brunswickers. More recently, the worsening economic prospects of resource-dependent provinces has slowed outmigration. The slowdown in outmigration coincided with the arrival of up to 1,500 refugees earlier this year that, together, will support positive population growth for

Figure 13



Source: CMHC, (F): Forecast

the first time since 2012. Net gains from migration will be 2,000 people in 2016, 700 people in 2017 and 600 people in 2018.

In Detail

Single Starts: Ample supply of existing homes on the resale market has weakened demand for new homes in the province. As well, the longer term trend of an aging population means that there will continue to be fewer young families looking for their first home. As a result, singles will range from 1,075 to 1,125 starts in 2016 and 2017, and from 1,100 to 1,200 in 2018.

Multiple Starts: Prior to 2013 increased multiple starts coincided with increased outmigration, which pushed vacancy rates up significantly across the province. As well, there were some locations that had build-ups in their inventory of unsold row and semi-detached homes. As multiple starts fell, the inventory of unsold homes cleared quickly, however vacancy rates have been slower to adjust. It is expected that multiple starts have finally reached a more sustainable level and will remain relatively flat over the next few years. Expect multiple starts to range between 770 and 850 in 2016, 730 and 850 in 2017, and to range between 725 and 875 in 2018.

Resales: Several years of downward price adjustments has helped realign buyer and seller and we are now seeing a boost in sales on the existing home market. High levels of new listings have further boosted sales by giving buyers more choice in terms of location and house type(s). MLS® sales are expected to be from 6,825 to 6,975 units in 2016, 6,900 to 7,300 units in 2017, and 7,150 and 7,650 in 2018.

Prices: Over the past few years, new listings have grown faster than sales, pushing average prices down. Starting this year, the expectation is that new listings have hit a plateau, giving sales a chance to catch up and allowing average prices to return to positive growth again. Average prices are expected to range between $161,000 and $163,000 in 2016, $162,500 and $165,500 by 2017, and $163,500 and $168,500 in 2018.

Nova Scotia

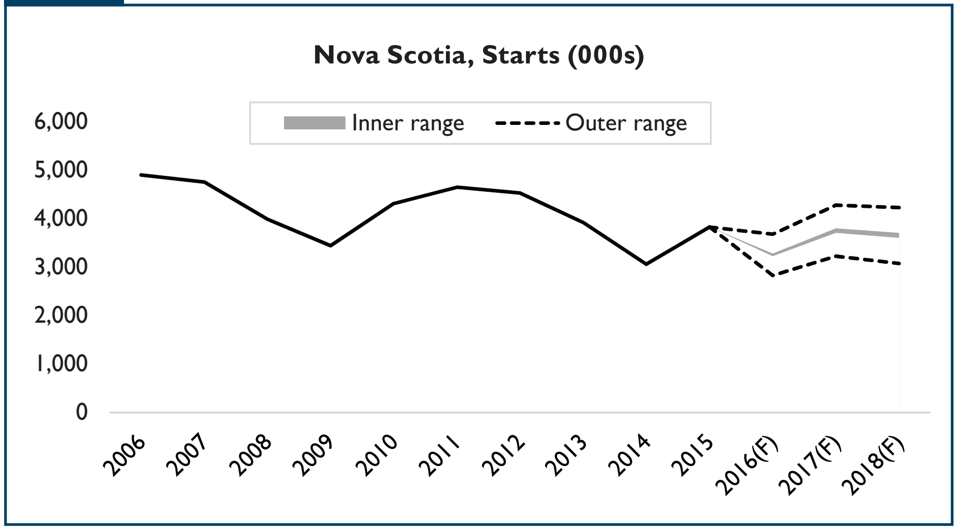
Overview

Nova Scotia is expected to show stable economic growth in the upcoming years, driven by growth from the manufacturing and construction sectors. Continued work on Irving Shipbuilding's Arctic offshore patrol ships and the demand from manufactured goods such as seafood and other food products will continue to support manufacturing in the province. Construction activity will also remain strong in the short term for both the non-residential and residential sectors. The non-residential construction sector continues to be impacted positively by the Nova Centre, where construction will continue throughout the remainder of 2016 and into 2017. In addition, projects such as the upgrades to Pratt & Whitney's manufacturing facility and the suspension replacement of the Macdonald Bridge continue. The Queen's Marque development on the Halifax waterfront is also expected to bring investment to the area. On the residential construction side, a number of mid-sized to large development projects are expected to break ground in the upcoming months, while the pipeline remains strong for future development over the next two years.

Labour market conditions remained fairly weak in 2016, with seasonally adjusted monthly employment recording lower levels throughout most of 2016. Employment is forecast to decline in 2016 before seeing minimal growth for 2017 and 2018. Average weekly earnings are expected to see a growth of close to one per cent in 2016 and closer to two per cent for 2017 and 2018.

International migration is forecasted to continue to support an overall positive picture for net migration for the province, with an anticipated 6,000 immigrants expected to arrive by year-end 2016 and 2,500 in both 2017 and 2018. With the flow of people from the province to elsewhere in Canada expected to slow over the next two years, total net migration figures should remain higher for the province than the level of activity seen over the last five years.

Figure 14



Source: CMHC, (F): Forecast

In Detail

Single Starts: After reaching a low in 2015, single starts are expected to see an uptick over the next two years. Population gains driven by international migration into the Halifax Regional Municipality (HRM) as well as growing interest from the millennial population will provide a small boost in singles demand. As a result, singles will be within a range of 1,375 to 1,425 starts in 2016 with the forecast shifting marginally to 1,350 to 1,450 in 2017 and 1,325 to 1,475 by 2018.

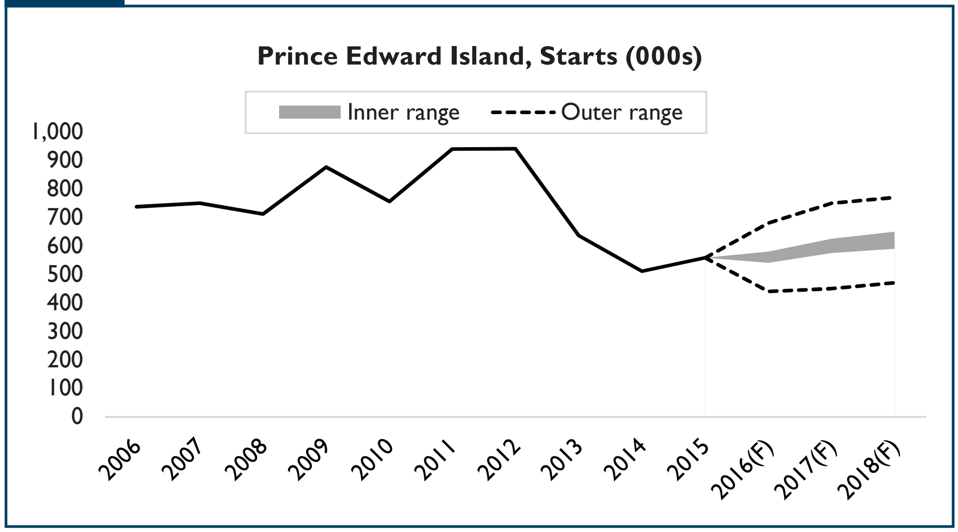
Multiples Starts: An aging population base driven by downsizing baby boomers and international migrants will continue to provide strong demand for rental apartment construction. Demand for condominium construction has also been on the upward trend and will continue over the forecast period. Although total multiples starts are expected to decline from the strong levels recorded in 2015, they will still remain elevated at between 1,775 to 1,925 units in 2016 and between 2,200 to 2,500 units in 2017 and 2,050 to 2,450 units by 2018.

Resales: MLS® sales have been outpacing last year's figures in most regions of the province, especially apparent in the HRM submarkets. As a result, MLS® resales will be within a range of 9,350 to 9,450 units in 2016 with the range shifting marginally in 2017 to between 9,300 and 9,500 units and then drop moderately by 2018 to between 9,150 and 9,450 units.

Prices: Although sales have been seeing growth in the province, average MLS® prices have remained flat or have recorded declines in some regions. The average price of an existing home is expected to decrease over the forecast period. Although the market is converging towards balanced conditions, the environment still remains competitive for buyers and therefore will keep price growth subdued. Average prices in the province will be in the range of $216,000 and $218,000 in 2016 and between $216,000 and $220,000 by 2017 and $214,000 to $222,000 by 2018.

Prince Edward Island

Figure 15



Source: CMHC, (F): Forecast

Overview

Prince Edward Island will see its economy expand modestly across the forecast period. Exports will remain the primary driver of growth on the Island and will directly benefit from a stronger U.S. dollar across the forecast horizon. Exports of agricultural food products, such as potatoes and lobster, will continue to see robust demand from major trading partners such as the U.S. and South Korea. Tourism is also set to reap the benefits of a stronger U.S. dollar, attracting both domestic and international visitors. Strong growth in these areas is expected to cover the weakness in investment.

The province is set for its third consecutive year of negative employment growth in 2016 as cuts within the administration and education segments of the public sector outweighed gains made in the private sector. While this has reduced the number of people in full-time employment, industries such as tourism that are focused around part-time employment have reported significant gains. In 2017, it is expected that investment in non-commercial services, such as health care, social services, and education will return, providing support to a modest increase in total employment levels for 2017 and 2018.

Immigration continues to be the primary driver of the island's population growth and this trend will continue across the forecast horizon. Refugees and international students will provide the majority of the boost to net international migration figures for 2016, while an increase in the number of permanent residents entering under the Provincial Nominee Program will also see a lift. Growth in the province's population will also come from a reduction in the number of people leaving the province. Fewer recent immigrants are leaving the province and a growing number of people from other Canadian provinces are choosing to move to the island. Overall, the province will be expecting net migrant inflows of 2,000 people in 2016, 1,300 people in 2017 and 1,400 people in 2018.

In Detail

Single Starts: Demand for new single-detached homes will expand across the forecast horizon reflecting tighter resale market conditions and demand from an expanding population base. As fewer resale housing options are available to potential homebuyers, some will switch their preference from resale to new to get the home they want. Single-detached housing starts will therefore range from 300 to 320 units in 2016 from 310 to 340 in 2017 and from 320 and 360 starts in 2018.

Multiple Starts: Multiples starts will dip modestly in 2016 before moving higher across the remainder of the forecast horizon. While semi-detached homes appear to have lost favour with the market, row houses have grown in popularity as an attractive ownership product for baby boomers wanting to downsize. Apartment starts will remain sufficient to meet the demand from seniors looking for lower maintenance rental housing options and from both domestic and international newcomers, which includes the growing number of international students. As a result, multiple starts will range from 210 to 290 units in 2016, from 225 to 325 units in 2017 and from 225 to 335 units in 2018.

Resales: MLS® sales are expected to rise significantly in 2016 before slowing modestly across the following two years. The excess supply of resale homes that have been have been sitting on the market has now met an uptick in demand from interprovincial and international in-migrants. This has alleviated supply pressures in the market, facilitating the flow of MLS® sales across the forecast horizon. MLS® sales will range between 1,950 to 2,050 units in 2016, between 1,825 to 1,975 units in 2017 and between 1,700 to 1,900 units in 2018.

Prices: Listings are not expected to keep pace with sales over the forecast period, even as sales soften through 2017 and 2018. As such, the inventory of homes available for potential homebuyers will become more limited and average prices will move higher. Prices are expected to be in the range of $178,000 to $182,000 in 2016, $187,000 to $193,000 in 2017, and $195,000 to $205,000 in 2018.

Newfoundland and Labrador

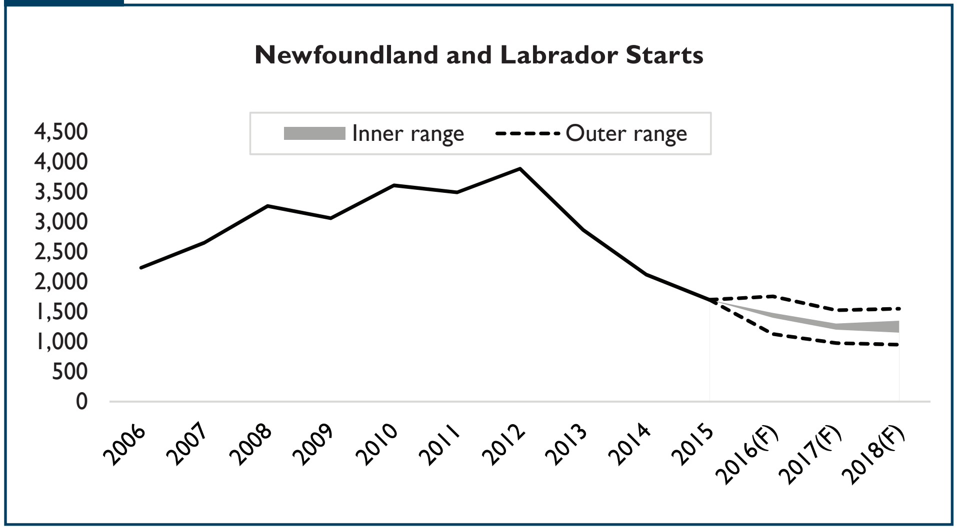
Overview

Economic growth in Newfoundland & Labrador (NL) will remain below the pace of the other three provinces in Atlantic Canada over the forecast period. GDP will decline in both 2016 and 2017 before a return to moderately positive economic growth by 2018. The province will continue to be pressured to adjust its fiscal balance if oil prices remain lower for longer. In 2018 and beyond, the province's economic future should begin to brighten, with the new Hebron offshore oilfield in production and the return of energy and resource investment activity.

The province's labour market conditions have continued to soften for the fourth year in a row in 2016. Recent economic weakness has resulted in additional labour pressures as the labour market was already impacted in 2015 by an increase in the number of unemployed Alberta commuters. Employment is forecast to decline 1.8 per cent this year and 0.4 per cent in 2017 and 2018. The unemployment rate is expected to remain elevated as labour force and employment pressures continue to impact a weakening economy affected by a lack of new capital project activity.

Net migration is not expected to stabilize over the current forecast. With a lack of employment growth, out-migration to other parts of Canada is expected to increase this year and in 2017 and 2018. A weaker outlook for employment compared to other regions of Canada will force people to look for opportunities in other provinces. Although lower than recent years, international immigration is forecast to remain positive. Immigration to Newfoundland & Labrador from outside Canada will also be driven by international students coming to St John's to study. Overall net migration will remain weak, however, as interprovincial migration remains negative.

Figure 16



Source: CMHC, (F): Forecast

In Detail

Single Starts: Demand for housing will remain flat-to-declining over the forecast period as a result of a lack of growth in population, income and employment paired with the provincial government's ongoing negative fiscal situation. Accordingly, the single-detached housing starts will range from 1,125 to 1,155 this year, between 950 and 1,000 in 2017 and between 900 and 1,000 in 2018.

Multiple Starts: With no large rental projects expected to break ground over the forecast period, multi-unit construction activity is expected to remain below average. Semi-detached, row, basement apartments and small multi-unit rental projects targeted at seniors and affordable housing projects are expected to drive market activity over the forecast period. As a result, the range for multiples will be from 275 to 325 units this year, 225 to 325 units in 2017 and between 250 to 350 units in 2018.

Resales: A lack of employment and economic growth has not materially impacted sales activity as there continues to be a wide gap between new and existing price indices and the same will likely hold true going forward. Buyer activity in the under $300,000 segment has been very strong, with buyers recognizing the economic slowdown as an opportune time to enter the market. Lower oil prices, as well as negative or weak economic growth, will impact resale housing activity within higher price segments. As a result, MLS® sales will range between 4,250 and 4,300 units this year, between 4,000 to 4,200 units in 2017 and between 3,900 and 4,100 units in 2018.

Prices: Prices declined in 2015 for the first time after several years of significant price growth. Going forward, average existing residential prices will remain under pressure, driven by a lack of growth in population, income and employment, thus impacting housing demand. Average prices are expected to be in the range of $252,000 to $268,000 this year, $248,500 to $269,500 in 2017 and $245,000 to $271,000 in 2018.

Table 1- Canada Forecast Summary

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts									
Single-Detached	76,893	75,515	68,125	68,800	70,600	61,800	63,800	56,100	58,500
Multiples	111,030	113,814	127,410	111,400	127,200	108,400	124,800	111,800	129,400
Starts - Total	187,923	189,329	195,535	185,100	192,900	174,500	184,300	172,700	183,100
Resale Market									
MLS® Sales	455,409	479,269	505,500	517,000	533,400	489,500	509,700	488,100	511,100
MLS® Average Price ($)	$382,980	$408,457	$443,046	473,400	495,000	483,600	507,800	497,700	525,100
Economic Overview									
Mortgage Rate (5 year) (%)	5.24	4.88	4.67	4.50	4.90	4.40	5.20	4.50	5.70
Economic Overview									
Population	35,102,353	35,496,547	35,825,433	36,136,406		36,532,153		36,903,607	
Annual Employment Level	176,911,100	17,802,200	17,946,600	18,071,300		18,258,600		18,464,600	
Net Migration	271,326	242,946	218,381	306,081		259,600		264,150	
Average Weekly Earnings	882	897	922	942		961		982	

Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)

NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

The forecasts included in this document are based on information available as of September 30, 2016

Table 2 - Forecast Summary
British Columbia
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	8,522	9,569	10,152	11,100	11,500	10,200	10,800	9,500	10,300
Multiples	18,532	18,787	21,294	26,400	27,900	21,900	23,500	20,000	22,200
Starts - Total	27,054	28,356	31,446	37,700	39,300	32,000	34,300	29,700	32,000
Resale Market									
MLS® Sales	72,936	84,049	102,517	105,300	114,700	88,900	99,300	88,300	100,900
MLS® Average Price($)	537,414	568,405	636,627	680,300	716,900	673,400	733,300	690,000	770,000

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	1.9	1.1	0.8	0.5	0.8	1.0
Two-bedroom Average Rent (October)($)	1,195	1,223	1,271	1,318	1,353	1,389
One-bedroom Average Rent (October)($)	965	994	1,031	1,069	1,098	1,126
Economic Overview						
Population	4,605,729	4,664,222	4,703,939	4,755,100	4,807,000	4,859,000
Annual Employment Level	2,265,600	2,278,400	2,306,200	2,377,300	2,425,400	2,479,200
Net Migration	36,933	46,581	31,418	50,000	40,400	39,500
Average Weekly Earnings ($)	880	882	914	922	934	948

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Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 3 - Forecast Summary
Alberta
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	18,431	19,563	14,557	10,000	11,000	10,300	11,300	11,300	12,300
Multiples	17,580	21,027	22,725	11,200	13,800	10,700	13,300	11,600	14,400
Starts - Total	36,011	40,590	37,282	21,900	24,000	21,800	23,800	22,900	25,900
Resale Market									
MLS® Sales	66,080	71,773	56,477	48,800	53,600	49,100	53,900	50,500	55,500
MLS® Average Price($)	380,969	400,590	393,138	387,100	390,100	388,200	391,800	393,500	397,100

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	1.3	1.6	4.6	7.4	7.2	6.1
Two-bedroom Average Rent (October)($)	1,171	1,261	1,285	1,241	1,234	1,241
Economic Overview						
Population	4,040,578	4,147,040	4,216,875	4,259,733	4,337,700	4,409,550
Annual Employment Level	2,226,200	2,274,600	2,301,100	2,260,500	2,270,000	2,298,400
Net Migration	90,067	64,534	38,708	37,000	36,000	39,600
Average Weekly Earnings ($)	1,061	1,082	1,104	1,110	1,125	1,150

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Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 4 - Forecast Summary
Saskatchewan
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	4,184	3,807	2,414	2,600	2,800	2,700	2,900	2,800	3,000
Multiples	4,106	4,450	2,735	1,800	2,200	1,800	2,400	2,000	2,600
Starts - Total	8,290	8,257	5,149	4,400	5,000	4,600	5,200	4,900	5,500
Resale Market									
MLS® Sales	13,478	13,705	12,245	11,500	11,700	11,600	11,900	11,800	12,100
MLS® Average Price($)	288,211	298,431	297,487	289,700	298,700	291,500	300,500	294,900	304,100

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	2.3	3.2	6.0	6.4	5.4	5.2
Two-bedroom Average Rent (October)($)	1,030	1,085	1,092	1,095	1,107	1,115
Economic Overview						
Population	1,111,005	1,126,567	1,138,879	1,149,281	1,163,877	1,178,658
Annual Employment Level	565,300	570,900	573,700	569,700	573,300	579,100
Net Migration	12,202	9,095	7,612	10,900	9,300	9,500
Average Weekly Earnings ($)	923	949	971	993	1,010	1,030

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The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 5 - Forecast Summary
Manitoba
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	3,820	3,149	2,325	2,500	2,700	2,600	2,800	2,700	2,900
Multiples	3,645	3,071	3,176	2,500	2,900	2,400	2,800	2,400	2,800
Starts - Total	7,465	6,220	5,501	5,000	5,600	5,000	5,600	5,100	5,700
Resale Market									
MLS® Sales	13,735	13,782	14,021	14,500	14,900	14,600	15,000	14,800	15,200
MLS® Average Price($)	260,849	266,329	270,375	272,900	277,100	277,100	281,500	281,600	286,000

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	2.5	2.5	2.9	3.0	3.2	3.2
Two-bedroom Average Rent (October)($)	969	1,016	1,045	1,075	1,100	1,125
Economic Overview						
Population	1,269,160	1,284,599	1,298,591	1,314,900	1,329,700	1,345,150
Annual Employment Level	625,800	626,500	636,200	636,000	642,500	649,800
Net Migration	8,161	9,746	10,404	13,800	10,000	9,800
Average Weekly Earnings ($)	791	814	842	858	878	900

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Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 6 - Forecast Summary
Ontario
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	23,270	23,691	24,953	27,500	29,300	19,800	23,700	13,900	18,100
Multiples	37,815	35,443	45,203	44,000	46,500	43,500	48,000	46,000	51,000
Starts - Total	61,085	59,134	70,156	72,300	74,200	64,900	69,800	60,800	69,000
Resale Market									
MLS® Sales	196,394	204,189	223,794	234,000	243,000	214,200	235,400	208,000	233,000
MLS® Average Price($)	403,788	432,079	465,551	515,300	526,200	540,500	564,900	548,400	586,200

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	2.4	2.1	2.3	2.3	2.3	2.2
Two-bedroom Average Rent (October)($)	1,088	1,116	1,151	1,180	1,207	1,234
Economic Overview						
Population	13,603,613	13,730,137	13,850,090	13,957,130	14,125,070	14,274,224
Annual Employment Level	6,823,400	6,877,900	6,923,200	7,012,500	7,095,100	7,164,900
Net Migration	89,878	76,156	95,699	139,386	116,000	118,600
Average Weekly Earnings ($)	895	907	938	963	982	1,003

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Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 7 - Forecast Summary
Québec
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	13,144	11,227	9,698	9,700	10,300	9,100	10,000	8,800	9,800
Multiples	24,614	27,583	28,228	26,500	27,300	27,300	28,500	28,400	29,800
Starts - Total	37,758	38,810	37,926	36,200	37,600	36,400	38,500	37,200	39,600
Resale Market									
Centris® Sales	71,194	70,621	74,125	74,500	79,500	75,250	81,250	77,000	83,000
Centris® Average Price($)	267,623	271,172	275,210	276,500	283,500	283,000	290,000	288,800	295,800

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	3.0	3.6	4.3	4.4	4.3	4.1
Two-bedroom Average Rent (October)($)	719	730	748	761	773	781
Economic Overview						
Population	8,174,083	8,237,304	8,284,656	8,321,262	8,389,706	8,457,025
Annual Employment Level	4,060,800	4,059,700	4,097,000	4,115,700	4,150,600	4,189,800
Net Migration	35,540	35,932	31,212	45,546	45,000	45,000
Average Weekly Earnings ($)	794	814	830	857	884	912

QFREB by Centris®. The Centris® system contains all the listings of Québec real estate board.

Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. Centris®. CMHC Forecast (2016-2018).

Table 8 - Forecast Summary
New Brunswick
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,376	1,192	1,119	1,075	1,125	1,075	1,125	1,100	1,200
Multiples	1,467	1,084	876	770	850	730	850	725	875
Starts - Total	2,843	2,276	1,995	1,850	1,970	1,800	1,980	1,825	2,075
Resale Market									
MLS® Sales	6,282	6,273	6,682	6,825	6,975	6,900	7,300	7,150	7,650
MLS® Average Price($)	162,652	161,803	160,400	161,000	163,000	162,500	165,500	163,500	168,500

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	9.3	8.2	7.4	6.5	6.1	6.3
Two-bedroom Average Rent (October)($)	735	757	761	783	793	809
Economic Overview						
Population	755,630	755,066	754,164	756,000	756,600	757,000
Annual Employment Level	354,500	353,900	351,800	350,000	352,100	353,100
Net Migration	-798	-479	145	2,000	700	600
Average Weekly Earnings ($)	777	781	809	815	835	850

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Rental Market: Privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the CMA historical data and forecasts from each province. NB includes Fredericton (CA).

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 9 - Forecast Summary
Nova Scotia
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	1,639	1,355	1,350	1,375	1,425	1,350	1,450	1,325	1,475
Multiples	2,280	1,701	2,475	1,775	1,925	2,200	2,500	2,050	2,450
Starts - Total	3,919	3,056	3,825	3,225	3,275	3,700	3,800	3,600	3,700
Resale Market									
MLS® Sales	9,146	8,939	9,222	9,350	9,450	9,300	9,500	9,150	9,450
MLS® Average Price($)	215,627	214,983	219,419	216,000	218,000	216,000	220,000	214,000	222,000

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	3.2	3.8	3.4	3.2	3.6	3.8
Two-bedroom Average Rent (October)($)	976	1,005	1,048	1,075	1,110	1,150
Economic Overview						
Population	943,061	943,714	945,121	947,000	949,000	950,500
Annual Employment Level	452,600	447,600	448,100	445,800	446,500	447,300
Net Migration	-1,145	720	2,972	5,500	2,250	2,100
Average Weekly Earnings ($)	781	812	820	830	845	860

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Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. Nova Scotia Association of REALTORS®. CMHC Forecast (2016-2018).

Table 10 - Forecast Summary
Prince Edward Island
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	282	292	286	300	320	310	340	320	360
Multiples	354	219	272	210	290	225	325	225	335
Starts - Total	636	511	558	540	580	575	625	590	650
Resale Market									
MLS® Sales	1,425	1,380	1,665	1,950	2,050	1,825	1,975	1,700	1,900
MLS® Average Price($)	156,108	163,911	163,533	178,000	182,000	187,000	193,000	195,000	205,000

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	7.9	5.9	4.2	3.6	3.4	3.4
Two-bedroom Average Rent (October)($)	804	836	830	832	845	855
Economic Overview						
Population	145,572	146,491	146,679	149,000	150,500	151,500
Annual Employment Level	74,100	74,000	73,200	71,800	72,000	72,800
Net Migration	161	651	536	2,000	1,300	1,400
Average Weekly Earnings ($)	732	759	776	790	800	810

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Rental Market: Privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the CMA historical data and forecasts from each province. PEI includes Charlottetown (CA).

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 11 - Forecast Summary
Newfoundland and Labrador
Fall 2016

	2013	2014	2015	2016(F)		2017(F)		2018(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	2,225	1,670	1,271	1,125	1,155	950	1,000	900	1,000
Multiples	637	449	426	275	325	225	325	250	350
Starts - Total	2,862	2,119	1,697	1,400	1,480	1,200	1,300	1,150	1,350
Resale Market									
MLS® Sales	4,303	4,100	4,251	4,250	4,300	4,000	4,200	3,900	4,100
MLS® Average Price($)	283,101	283,671	275,579	252,000	268,000	248,500	269,500	245,000	271,000

	2013	2014	2015	2016(F)	2017(F)	2018(F)
Rental Market						
October Vacancy Rate (%)	3.2	4.6	4.7	5.0	5.5	5.2
Two-bedroom Average Rent (October)($)	864	888	923	925	930	940
Economic Overview						
Population	528,973	528,903	528,190	527,000	523,000	521,000
Annual Employment Level	242,700	238,600	236,200	232,000	231,100	230,200
Net Migration	1,450	78	284	0	-1,350	-1,050
Average Weekly Earnings ($)	924	966	954	935	920	925

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Rental Market: Corresponds to universe of privately initiated rental apartment structures of three units and over. Historical and forecast values are an aggregate roll-up of the Census Metropolitan Area (CMA) historical data and forecasts from each province.

The forecasts (F) included in this document are based on information available as of 30th September 2016. (L)=Low end of Range.(H)=High end of range.

It is possible that the low end (L) and the high end (H) of forecast ranges for residential housing starts for singles and multiples jointly may not add up to the total. This is caused by rounding as well as the volatility of the data.

Source: CMHC (Starts and Completions Survey and Market Absorption Survey). Statistics Canada. CREA(MLS®). CMHC Forecast (2016-2018).

Table 12: Major Housing and Economic Indicators (levels and year-over-year change)					
	2011	2012	2013	2014	2015
New Housing					
Building permits, units, thousands	200.0	212.2	207.7	205.4	207.8
% change	*-1.6%*	*6.1%*	*-2.1%*	-1.1%	1.1%
Housing starts, total, thousands	194.0	214.8	187.9	189.3	195.5
% change	*2.1%*	*10.8%*	*-12.5%*	0.7%	3.3%
Housing starts, singles, thousands	82.4	83.7	76.9	75.5	68.1
% change	*-11.0%*	*1.5%*	*-8.1%*	-1.8%	-9.8%
Housing starts, multiples, thousands	111.6	131.2	111.0	113.8	127.4
% change	*14.6%*	*17.6%*	*-15.4%*	2.5%	11.9%
Housing completions, total,* thousands	175.6	180.1	185.5	181.4	194.5
% change	*-6.0%*	*2.5%*	*3.0%*	*-2.2%*	7.2%
New Housing Price Index, 2007=100*	105.5	108.0	109.9	111.7	113.0
% change	*2.2*	*2.3*	*1.8*	*1.7*	1.2
Existing Housing					
MLS® resales, units, thousands	457.3	452.3	455.4	479.3	505.5
% change	*2.6%*	*-1.1%*	*0.7%*	5.2%	5.5%
MLS® average resale price, $	362,508	363,614	382,980	408,457	443,046
% change	*7.0%*	*0.3%*	*5.3%*	6.7%	8.5%
Mortgage Market					
1-year mortgage rate, per cent*	3.52	3.17	3.08	3.14	2.95
5-year mortgage rate, per cent*	5.37	5.27	5.24	4.88	4.67
Residential Investment**					
Residential Structures, $2007 millions	110,321	113,615	113,661	118,625	121,904
% change		*3.0%*	*0.0%*	*4.4%*	*2.8%*
New, $2007 millions	49,084	54,316	52,468	53,780	55,044
% change		*10.7%*	*-3.4%*	*2.5%*	*2.4%*
Renovations, $2007 millions	42,584	42,652	43,244	45,664	45,312
% change		*0.2%*	*1.4%*	*5.6%*	*-0.8%*
Ownership Transfer costs, $2007 millions	18,840	17,084	18,260	19,448	21,452
% change		*-9.3%*	*6.9%*	*6.5%*	*10.3%*
Deflator, 2002=100*	109.1	111.8	113.5	116.3	119.2
% change		*2.5%*	*1.5%*	*2.5%*	*2.4%*

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.

n.a.: Data not available.

** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.

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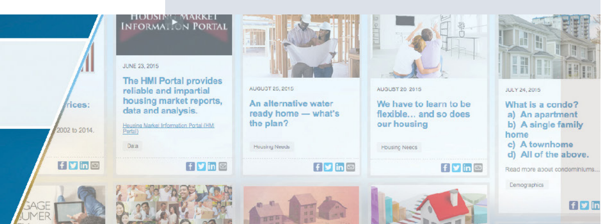

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