

HOUSING MARKET OUTLOOK

British Columbia Region Highlights



CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Market Forecast

Figure 1

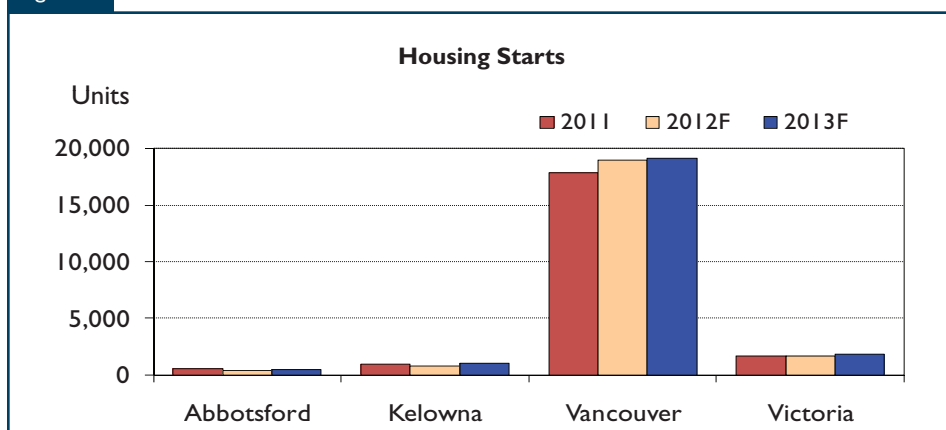
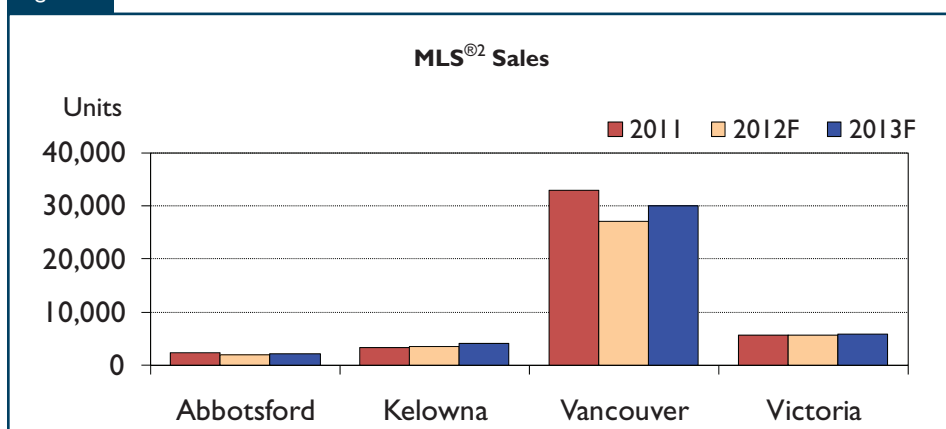


Figure 2



Overview¹

- Housing starts are forecast to total 29,100 units in 2013, up modestly from a projected 28,500 units in 2012.
- Provincial resale markets are expected to move from buyers' to balanced conditions by mid-2013, although local market conditions will vary.
- The average MLS^{®2} price is forecast to remain relatively stable in 2013, following a projected 7.8 per cent decline in 2012.

¹ The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of October 17, 2012.

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

Economic Outlook

Economic growth is forecast to be slightly stronger in 2013 than in 2012, reflecting increased non-residential investment and consumer spending partly offset by a weaker global outlook. Domestic factors in British Columbia, including population growth and continued low mortgage interest rates, remain supportive of the housing market.

Labour market developments also point to a pickup in housing demand in 2013. In the first eight months of 2012, job growth in British Columbia

was second only to Alberta. Job gains were concentrated in full-time employment, which was up 3.2 per cent compared to the first eight months of 2011.

Although the annual rate of population growth has slowed to less than 1 per cent, 2011 Census data shows that British Columbia added more than 24,000 households per year between 2006 and 2011. Population growth due to individuals moving to the province from other countries is a key source of new, resale and rental housing demand. Net migration is forecast to increase in

2013, consistent with economic and employment growth that is expected to be above the national average. This will add to housing demand, particularly in Vancouver.

Mortgage rates		
1 Year	Q3 2012	3.00
	Change from Q3 2011	-0.50
	2012 (F)	3.37
	2013 (F)	3.78
5 Year	Q3 2012	5.14
	Change from Q3 2011	-0.18
	2012 (F)	5.26
	2013 (F)	5.37

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q3 2012 data

Housing Market Outlook

Housing starts are forecast to edge higher in 2013 as the economy and job growth improve relative to the 2012 outlook. As a result, housing starts are expected to reach 29,100 units in 2013, up slightly from a projected 28,500 units in 2012.

Existing home sales are forecast to increase in 2013 to 77,700 sales following a projected 8.8 per cent annual decline in 2012 to 70,000 sales. The number of resale transactions is forecast to increase in 2013 in line with strengthening employment and population growth. Sales are expected to continue to shift to more modestly priced homes, including apartment condominiums, semi-detached and row homes. Provincial resale markets are forecast to move from buyers' to balanced conditions by mid-2013, although local housing market conditions will vary.

The average annual existing MLS® home price is expected to edge

lower reflecting compositional shifts in sales. Condominiums are expected to comprise a larger share of existing home sales over the forecast horizon. In the larger urban centres, the trend of fewer luxury home sales and an increase in sales of more modestly priced homes is expected to continue. As well, the higher-priced Vancouver home market is forecast to make up a smaller share of provincial home sales in 2013. In 2012, average existing home price is forecast to be \$517,400. Prices in 2013 will remain relatively stable at \$515,000 as resale activity picks up.

Single-detached home starts are forecast to rise to 9,400 in 2013 from a projected level of 8,500 in 2012. Buyers' market conditions in the existing home market which emerged in mid-2012 are expected to continue into early 2013 keeping single-detached starts below their ten-year average.

The level of multiple-family housing starts, including apartments, semi-detached and row homes is forecast to edge lower in the final quarter of

2012 and first quarter of 2013 before stabilizing over the remainder of the forecast period. For 2012 as a whole, multiple-family starts are forecast to rise to 20,000 units then fall slightly in 2013 to 19,700 units, supported by first-time homebuyers, move-down buyers and others choosing condominium living.

B.C. Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA ² (%)	Unemp. Rate SA ² (%)	Average Weekly Earnings (\$)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ³ (\$)
Kamloops	Q3 2012	11.3	6.4	n/a	Q3 2012	95	80	15	450	\$369,114
	Q3 2011	-0.6	6.1	n/a	Q3 2011	158	76	82	479	\$357,876
	Change ¹	11.9	0.3	-	% Change	-39.9	5.3	-81.7	-6.1	3.1
Nanaimo	Q3 2012	12.1	4.6	n/a	Q3 2012	187	75	112	339	\$355,292
	Q3 2011	-15.6	9.8	n/a	Q3 2011	295	83	212	393	\$360,326
	Change ¹	27.7	-5.2	-	% Change	-36.6	-9.6	-47.2	-13.7	-1.4
Prince George	Q3 2012	4.4	6.9	n/a	Q3 2012	51	46	5	288	\$260,086
	Q3 2011	1.0	7.5	n/a	Q3 2011	49	46	3	336	\$243,561
	Change ¹	3.4	-0.6	-	% Change	4.1	0.0	66.7	-14.3	6.8
Abbotsford-Mission	Q3 2012	4.6	7.3	805	Q3 2012	81	47	34	581	\$338,260
	Q3 2011	-1.0	8.0	751	Q3 2011	109	77	32	653	\$346,853
	Change ¹	5.6	-0.7	7.3%	% Change	-25.7	-39.0	6.3	-11.0	-2.5
Kelowna	Q3 2012	-1.3	5.1	799	Q3 2012	277	166	111	980	\$415,234
	Q3 2011	1.1	6.9	745	Q3 2011	312	163	149	909	\$421,005
	Change ¹	-2.3	-1.9	7.3%	% Change	-11.2	1.8	-25.5	7.8	-1.4
Vancouver	Q3 2012	1.2	7.0	858	Q3 2012	4,921	974	3,947	5,341	\$701,360
	Q3 2011	2.8	7.1	861	Q3 2011	4,788	1,085	3,703	7,332	\$763,906
	Change ¹	-1.6	-0.1	-0.5%	% Change	2.8	-10.2	6.6	-27.2	-8.2
Victoria	Q3 2012	0.0	6.0	856	Q3 2012	609	157	452	1,334	\$474,553
	Q3 2011	1.1	6.3	843	Q3 2011	537	188	349	1,456	\$499,924
	Change ¹	-1.1	-0.3	1.6%	% Change	13.4	-16.5	29.5	-8.4	-5.1
B.C.	September 12	1.3	7.0	852	Q3 2012	7,632	2,516	5,116	16,358	\$485,581
	September 11	1.7	6.8	839	Q3 2011	7,551	2,776	4,775	19,032	\$535,109
	Change ¹	-0.4	0.2	1.6%	% Change	1.1	-9.4	7.1	-14.1	-9.3
CANADA	September 12	1.0	7.4	873	Q3 2012	60,338	24,896	35,442	109,228	\$353,020
	September 11	1.8	7.2	840	Q3 2011	55,615	24,803	30,812	117,238	\$353,849
	Change ¹	-0.8	0.2	3.9%	% Change	8.5	0.4	15.0	-6.8	-0.2

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¹Changes to the Unemployment Rate and Employment Growth represent the **absolute** difference between current rates and the rates for the same period in the previous year.

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

³MLS® Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA

"SA" means Seasonally Adjusted

British Columbia Housing Market Outlook												
(units and percentage change)												
	2007	2008	2009	2010	2011	2012(F)	2013(F)	2012Q4 (F)	2013Q1 (F)	2013Q2 (F)	2013Q3 (F)	2013Q4 (F)
Housing Starts:												
Single	14,474	10,991	7,892	11,462	8,867	8,500	9,400	9,000	9,200	9,400	9,500	9,500
%	-6.2	-24.1	-28.2	45.2	-22.6	-4.1	10.6	4.9	2.2	2.2	1.1	0.0
Multiple	24,721	23,330	8,185	15,017	17,533	20,000	19,700	19,400	19,200	19,400	19,900	20,100
%	17.7	-5.6	-64.9	83.5	16.8	14.1	-1.5	-3.5	-1.0	1.0	2.6	1.0
Total	39,195	34,321	16,077	26,479	26,400	28,500	29,100	28,400	28,400	28,800	29,400	29,600
%	7.6	-12.4	-53.2	64.7	-0.3	8.0	2.1	-1.0	0.0	1.4	2.1	0.7
Existing Home Markets:												
MLS [®] Sales	102,805	68,923	85,028	74,640	76,721	70,000	77,700	71,000	75,700	78,600	78,100	78,200
%	6.3	-33.0	23.4	-12.2	2.8	-8.8	11.0	9.7	6.6	3.8	-0.6	0.1
MLS [®] Average Price	439,119	454,599	465,725	505,178	561,304	517,400	515,000	510,000	509,000	514,000	517,000	521,000
%	12.3	3.5	2.4	8.5	11.1	-7.8	-0.5	1.2	-0.2	1.0	0.6	0.8

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Source: CMHC (Starts and Completions Survey), CREA

All data in this table, except the MLS (R) average price, is seasonally adjusted at annual rates. The MLS (R) average price data is actual.

B.C. Region - Housing Forecast Ranges						
	2012			2013		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	28,500	28,800	28,200	29,100	31,400	26,800
Multiple	20,000	20,200	19,800	19,700	21,200	18,200
Single	8,500	8,600	8,400	9,400	10,200	8,600
MLS [®] Sales	70,000	71,200	68,800	77,700	82,300	73,100
MLS [®] Average Price (\$)	517,400	520,100	514,700	515,000	525,300	504,700
Canada						
Housing Starts	213,700	216,600	210,800	193,600	209,900	177,300
Multiple	130,100	131,600	128,600	111,100	120,000	102,200
Single	83,600	85,000	82,200	82,500	89,900	75,100
MLS [®] Sales	457,400	465,600	449,200	461,500	489,700	433,300
MLS [®] Average Price (\$)	365,100	367,000	363,200	370,500	377,900	363,100

Sources : CMHC

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B.C. Region Housing Forecast - New Construction									
	Housing Starts	2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Kamloops	Single-Detached	242	285	17.8	325	14.0	210	176	19.3
	Multiple	268	200	-25.4	200	0.0	175	241	-27.4
	Total	510	485	-4.9	525	8.2	385	417	-7.7
Nanaimo	Single-Detached	246	250	1.6	300	20.0	190	197	-3.6
	Multiple	474	450	-5.1	450	0.0	346	388	-10.8
	Total	720	700	-2.8	750	7.1	536	585	-8.4
Prince George	Single-Detached	116	140	20.7	160	14.3	109	92	18.5
	Multiple	41	50	22.0	60	20.0	45	39	15.4
	Total	157	190	21.0	220	15.8	154	131	17.6
Abbotsford-Mission	Single-Detached	245	250	2.0	260	4.0	164	189	-13.2
	Multiple	292	170	-41.8	220	29.4	139	173	-19.7
	Total	537	420	-21.8	480	14.3	303	362	-16.3
Kelowna	Single-Detached	539	550	2.0	650	18.2	391	398	-1.8
	Multiple	395	270	-31.6	400	48.1	210	321	-34.6
	Total	934	820	-12.2	1,050	28.0	601	719	-16.4
Vancouver	Single-Detached	3,686	3,600	-2.3	3,500	-2.8	2,617	2,744	-4.6
	Multiple	14,181	15,400	8.6	15,600	1.3	12,211	10,516	16.1
	Total	17,867	19,000	6.3	19,100	0.5	14,828	13,260	11.8
Victoria	Single-Detached	609	610	0.2	710	16.4	430	478	-10.0
	Multiple	1,033	1,040	0.7	1,090	4.8	866	803	7.8
	Total	1,642	1,650	0.5	1,800	9.1	1,296	1,281	1.2

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.

** YTD = January - September

B.C. Region Housing Forecast - Resale Market									
		2011	2012(F)*	% chg (2011/2012)	2013(F)*	% chg (2012/2013)	YTD 2012**	YTD 2011**	% chg (2011/2012)
Kamloops¹	MLS [®] Sales(#)	1,689	1,700	0.7	1,900	11.8	1,360	1,361	-0.1
	MLS [®] Avg. Price (\$)	369,573	379,000	2.6	381,000	0.5	383,245	370,125	3.5
Nanaimo¹	MLS [®] Sales(#)	1,532	1,600	4.4	1,650	3.1	1,130	1,209	-6.5
	MLS [®] Avg. Price (\$)	362,667	350,000	-3.5	350,000	0.0	355,824	365,527	-2.7
Prince George¹	MLS [®] Sales(#)	1,096	1,100	0.4	1,150	4.5	873	870	0.3
	MLS [®] Avg. Price (\$)	246,520	252,000	2.2	259,000	2.8	251,432	245,854	2.3
Abbotsford- Mission	MLS [®] Sales(#)	2,410	2,100	-12.9	2,200	4.8	1,849	1,916	-3.5
	MLS [®] Avg. Price (\$)	340,984	339,000	-0.6	341,000	0.6	339,582	341,734	-0.6
Kelowna	MLS [®] Sales(#)	3,330	3,600	8.1	3,900	8.3	2,851	2,635	8.2
	MLS [®] Avg. Price (\$)	404,756	403,000	-0.4	407,000	1.0	399,972	405,951	-1.5
Vancouver	MLS [®] Sales(#)	32,936	27,000	-18.0	30,000	11.1	20,571	26,482	-22.3
	MLS [®] Avg. Price (\$)	779,730	730,000	-6.4	728,000	-0.3	736,085	791,332	-7.0
Victoria	MLS [®] Sales(#)	5,773	5,700	-1.3	5,800	1.8	4,515	4,535	-0.4
	MLS [®] Avg. Price (\$)	498,300	490,000	-1.7	485,000	-1.0	485,027	502,495	-3.5

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¹ MLS[®] Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only

Source: CREA

(F) = CMHC Forecast

* Although point forecasts are provided in this table, please refer to the "Housing Forecast Range" table to get the relevant ranges.

** YTD = January - September

B.C. Region Housing Forecast - Rental Market						
	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2011	2012(F)	Oct 2011	Oct 2012(F)	Oct 2011	Oct 2012(F)
Kamloops	2.9	3.2	694	700	807	815
Nanaimo	6.3	4.8	661	680	802	820
Prince George	5.1	4.5	604	610	726	732
Abbotsford-Mission	6.7	5.5	663	680	800	815
Kelowna	3.0	3.3	736	745	922	925
Vancouver	1.4	1.1	964	1,005	1,237	1,280
Victoria	2.1	1.6	819	835	1,045	1,070
Canada¹	2.5	2.2	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

¹ All centres 100,000+

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