



HOUSING FORECAST UPDATE

STRONG ECONOMY SUPPORTS ROBUST HOUSING DEMAND

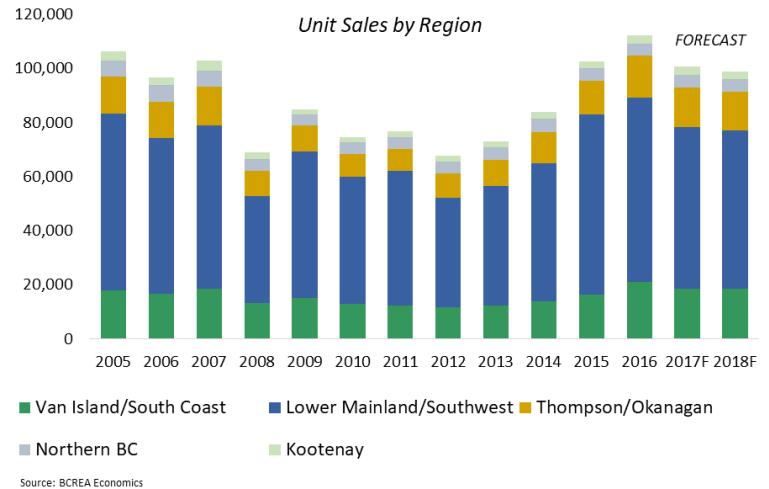
Multiple Listing Service® (MLS®) residential sales in the province are forecast to reach 100,900 units this year, a decline of 10 per cent from a record 112,200 unit sales in 2016. MLS® residential sales are forecast to edge back nearly two per cent to 99,000 units in 2018. Housing demand is expected to remain above the 10-year average of approximately 85,000 units over the next two years. Strong economic growth and the associated increase in employment are key drivers in the BC housing market. A growing population and demographics are also fueling demand in the province's urban centres.

The BC economy has expanded at above trend growth for over three years. Indeed, 2017 is expected to be the fourth consecutive year of 3 per cent or higher growth in the economy. The dollar volume of BC exports increased over 20 per cent in the first half of the year, led by energy, minerals and agriculture. The cumulative effect of a strong economy and rising employment levels has bolstered consumer confidence. BC employment was up 3.9 per cent year-to-date in July, compared to the same period last year, an increase of over 88,000 jobs. In addition, retail sales in the province are expected to climb close to 8 per cent this year.

Population growth and demographics are also playing a key role in the housing market. BC's strong economy and employment opportunities are attracting an influx of migrants from other provinces. Net inter-provincial migration over the past three years has been the strongest in over two decades. In addition, the millennial generation are now entering their household forming ages, which will continue to exert pressure on the rental market and on affordable ownership supply.

Most BC regions are experiencing a limited supply of homes for sale, with market conditions favouring home sellers, especially in the Lower Mainland condominium market. This imbalance is pushing prices higher in the most affordable home types and will lead to a drag on home sales if new supply isn't sufficient to meet demand. However, strong housing demand and tight supply hasn't gone unnoticed by home builders. There are nearly 40,000 units under construction in Metro Vancouver alone, a 60 per cent increase from the previous peak in 2008. Once completed, market conditions are expected to reflect greater balance between supply and demand and reduce further erosion of affordability.

MLS® Residential Sales British Columbia



MLS®	2016	2017f	2018f	Housing Starts ¹	2016	2017f	2018f
Sales	112,209	100,900	99,000	Total	41,843	39,500	35,000
	9.5%	-10.1%	-1.9%		33.1%	-5.6%	-11.4%
Avg Price	691,144	715,200	744,700	Single	12,278	11,300	10,750
	8.6%	3.5%	4.1%		20.9%	-8%	-4.9%
\$ Volume	77.6 Bil	72.1 Bil	73.7 Bil	Multiple	29,565	28,200	24,250
	36.6%	-7%	2.1%		38.8%	-4.6%	-14%

BC Economic Outlook	2016 ¹	2017F	2018F
Real GDP Growth (%)	3.7	3.5	2.7
Employment (millions)	2.38	2.46	2.51
Employment Growth (%)	3.1	3.6	2.0
Unemployment (000s)	152.9	146.7	138.9
Unemployment Rate (%)	6.0	5.4	5.3
Personal Disposable Income (\$billions)	153.8	161.5	168.9
Personal Disposable Income Growth (%)	5.4	5.0	4.6
Average Weekly Wage	\$921	\$930	\$943
Weekly Wage Growth (%)	0.8	1.0	1.4
Retail Sales (\$billions)	\$76.9	\$82.9	\$87.7
Retails Sales Growth (%)	7.4	7.8	5.8
Range of Posted 5-year Fixed Mortgage Rate	4.64-4.74	4.64-4.94	4.94-5.15

1. Values have been estimated where data has not yet been released.
Source: BCREA Economics, Statistics Canada

Housing Forecast Summary – Third Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2016	2017F	2018F	2016	2017F	2018F
Victoria	10,028 27.5%	8,750 -12.7%	8,900 1.7%	585,745 12.3%	649,000 10.8%	676,000 4.2%
Vancouver Island	10,532 26.6%	9,600 -8.8%	9,275 -3.4%	\$383,192 12.8%	\$435,000 13.5%	\$459,000 5.5%
Powell River Sunshine Coast	417 9.4%	380 -8.9%	370 -2.6%	\$284,471 15.3%	\$314,000 10.4%	\$326,000 3.8%
Greater Vancouver	40,880 -5.2%	36,200 -11.4%	36,000 -0.6%	1,017,228 12.7%	1,040,000 2.2%	1,070,000 2.9%
Fraser Valley	23,086 15.1%	19,800 -14.2%	19,200 -3%	\$676,946 17.2%	\$705,000 4.1%	\$739,000 4.8%
Chilliwack and District	4,306 37.2%	3,680 -14.5%	3,450 -6.3%	\$397,911 18.4%	\$458,000 15.1%	\$482,000 5.2%
Kamloops and District	3,181 23.6%	3,250 2.2%	3,100 -4.6%	345,528 5.9%	365,000 5.6%	374,000 2.5%
Okanagan Mainline	10,036 25.6%	8,900 -11.3%	8,675 -2.5%	\$461,791 13.1%	\$498,000 7.8%	\$518,000 4%
South Okanagan*	2,459 21.6%	2,450 -0.4%	2,350 -4.1%	\$364,296 11.3%	\$394,000 8.2%	\$412,000 4.6%
Northern Lights	260 -16.7%	340 30.8%	375 10.3%	\$233,357 -13.4%	\$237,000 1.6%	\$246,000 3.8%
Kootenay	2,955 18.2%	3,350 13.4%	2,975 -11.2%	\$279,500 1.5%	\$310,000 10.9%	\$321,000 3.5%
BC Northern	4,069 -3.4%	4,180 2.7%	4,300 2.9%	\$263,703 -0.4%	\$282,000 6.9%	\$294,000 4.3%
BC Total	112,209 9.5%	100,880 -10.1%	98,970 -1.9%	691,100 8.6%	715,190 3.5%	744,660 4.1%

NOTE: The Northern Lights Real Estate Board (NLREB) became part of the South Okanagan Real Estate Board (SOREB) on January 1, 2011.

*Excluding Northern Lights

BCREA Economics provides timely research, analysis and information on economic factors affecting British Columbia and its housing markets.

The British Columbia Real Estate Association (BCREA) is the professional association for more than 20,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that help ensure economic vitality, provide housing opportunities, preserve the environment, protect property owners and build better communities with good schools and safe neighbourhoods.

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