



HOUSING FORECAST UPDATE

BC HOUSING DEMAND TO SLOW THROUGH 2019

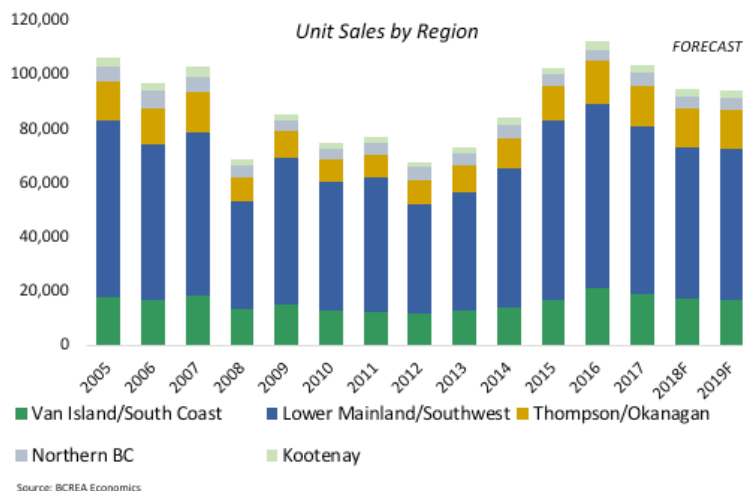
Multiple Listing Service® (MLS®) residential sales in the province are forecast to decline 8.6 per cent to 94,855 units this year, after recording 103,763 residential sales in 2017. MLS® residential sales are forecast to edge back a further 1 per cent to 94,025 units in 2019. Housing demand is expected to remain above the 10-year average of 84,800 units into 2020. Strong economic performance and favourable demographics in BC are underpinning housing demand. However, more stringent mortgage qualification rules, rising interest rates and already elevated home prices are expected to provide headwinds to consumer demand.

The BC economy has experienced four consecutive years of 3 per cent or more real GDP growth, with 2017 growth estimated at 3.8 per cent. The dollar volume of BC exports increased 13 per cent to \$43.8 billion last year, despite a tariff-induced pull-back in softwood lumber exports. Employment climbed 3.7 per cent, nearly twice the national average of 1.9 per cent. More than 87,000 jobs were added to the economy last year, while the unemployment rate fell to its lowest level since 2008. Retail sales climbed nearly 10 per cent over the same period.

Strong economic performance has coincided with favourable demographics, especially the millennial generation entering their household forming life-stage. This has contributed to BC home sales cresting 100,000 units in each of the last three years and low vacancy rates in the province's major urban centres. However, low unemployment and tepid labour force growth is expected to slow economic expansion over the next two years. Housing headwinds of tighter mortgage qualification rules, a rising interest rate environment, an already elevated price level, and BC government policy efforts to tamp down demand will also contribute to slower consumer demand through 2019.

The supply of homes for sale continues to trend near decade lows, which has contributed to escalating home prices in most BC regions. However, residential construction activity is at a record level. Over 60,000 units are under construction in the province compared to less than 45,000 during the previous peak in 2008. In Metro Vancouver, over 42,000 units are in the pipeline, 56 per cent above 2008 levels. As a result, new home completions are expected to rise significantly over the next several quarters, adding much needed supply to the market. The net effect of slower housing demand and a marked expansion of the housing stock will be more balanced market conditions and less upward pressure on home prices.

MLS® Residential Sales
British Columbia



MLS®	2017F	2018F	2019F	Housing Starts ¹	2017F	2018F	2019F
Sales	103,763	94,855	94,025	Total	43,664	39,900	37,700
	-7.4%	-8.61%	-0.9%		4.4%	-8.6%	-5.5%
Avg Price	709,579	752,100	781,840	Single	12,346	11,700	11,100
	2.7%	6%	4%		0.6%	-5.2%	-5.1%
\$ Volume	77.6 Bil	71.3 Bil	73.5 Bil	Multiple	31,318	28,200	26,600
	-5.1%	-3.1%	3%		5.9%	-10%	-5.7%

BC Economic Outlook	2017 ¹	2018F	2019F
Real GDP Growth (%)	3.8	2.8	2.5
Employment (millions)	2.467	2.514	2.551
Employment Growth (%)	3.7	1.9	1.5
Unemployment (000s)	133.9	115.2	118.6
Unemployment Rate (%)	5.1	5.0	5.2
Personal Disposable Income (\$billions)	183.8	192.0	199.4
Personal Disposable Income Growth (%)	4.9	4.4	3.9
Average Weekly Wage	936.4	953.3	967.6
Weekly Wage Growth (%)	1.7	1.8	1.5
Retail Sales (\$billions)	84.3	89.4	94.3
Retail Sales Growth (%)	9.6	6.0	5.5
Range of Posted 5-year Fixed Mortgage Rate	4.64- 4.99	4.99- 5.49	5.49- 5.70

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

Housing Forecast Summary – First Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2017	2018F	2019F	2017	2018F	2019F
Victoria	8,464 -15.6%	7,650 -9.6%	7,475 -2.3%	652,928 11.5%	685,000 4.9%	710,000 3.6%
Vancouver Island	10,038 -4.7%	8,950 -10.8%	8,800 -1.7%	\$431,255 12.5%	\$464,000 7.6%	\$481,000 3.7%
Powell River Sunshine Coast	406 -2.6%	360 -11.3%	355 -1.4%	\$316,776 11.4%	\$332,000 4.8%	\$340,000 2.4%
Greater Vancouver	36,604 -10.5%	33,600 -8.2%	34,000 1.2%	1,031,546 1.4%	1,090,000 5.7%	1,130,000 3.7%
Fraser Valley	21,436 -7.1%	18,800 -12.3%	18,400 -2.1%	\$701,842 3.7%	\$758,000 8%	\$782,000 3.2%
Chilliwack and District	3,983 -7.5%	3,850 -3.3%	3,750 -2.6%	\$464,897 16.8%	\$498,000 7.1%	\$520,000 4.4%
Kamloops and District	3,345 5.2%	3,150 -5.8%	3,000 -4.8%	365,184 5.7%	385,000 5.4%	397,000 3.1%
Okanagan Mainline	9,053 -9.8%	8,800 -2.8%	8,750 -0.6%	\$497,604 7.8%	\$531,000 6.7%	\$545,000 2.6%
South Okanagan*	2,431 -1.1%	2,260 -7%	2,150 -4.9%	\$399,851 9.8%	\$420,000 5.0%	\$431,000 2.6%
Northern Lights	436 67.7%	385 -11.7%	395 2.6%	\$248,854 6.6%	\$256,000 2.9%	\$263,000 2.7%
Kootenay	3,274 10.8%	2,850 -13%	2,775 -2.6%	\$307,051 9.9%	\$326,000 6.2%	\$332,000 1.8%
BC Northern	4,293 5.5%	4,200 -2.2%	4,175 -0.6%	\$274,131 4%	\$279,000 1.8%	\$283,000 1.4%
BC Total	103,763 -7.5%	94,855 -8.6%	94,025 -0.9%	709,579 2.7%	752,079 6%	781,842 4%

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 about 22,000 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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Additional economics information is available on BCREA's website at: www.bcrea.bc.ca.

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