

# The Post-Olympic Housing Outlook, Opportunities and Risks in 2010 and Beyond

REBGV NSS Division

March 4, 2010

Bryan Yu

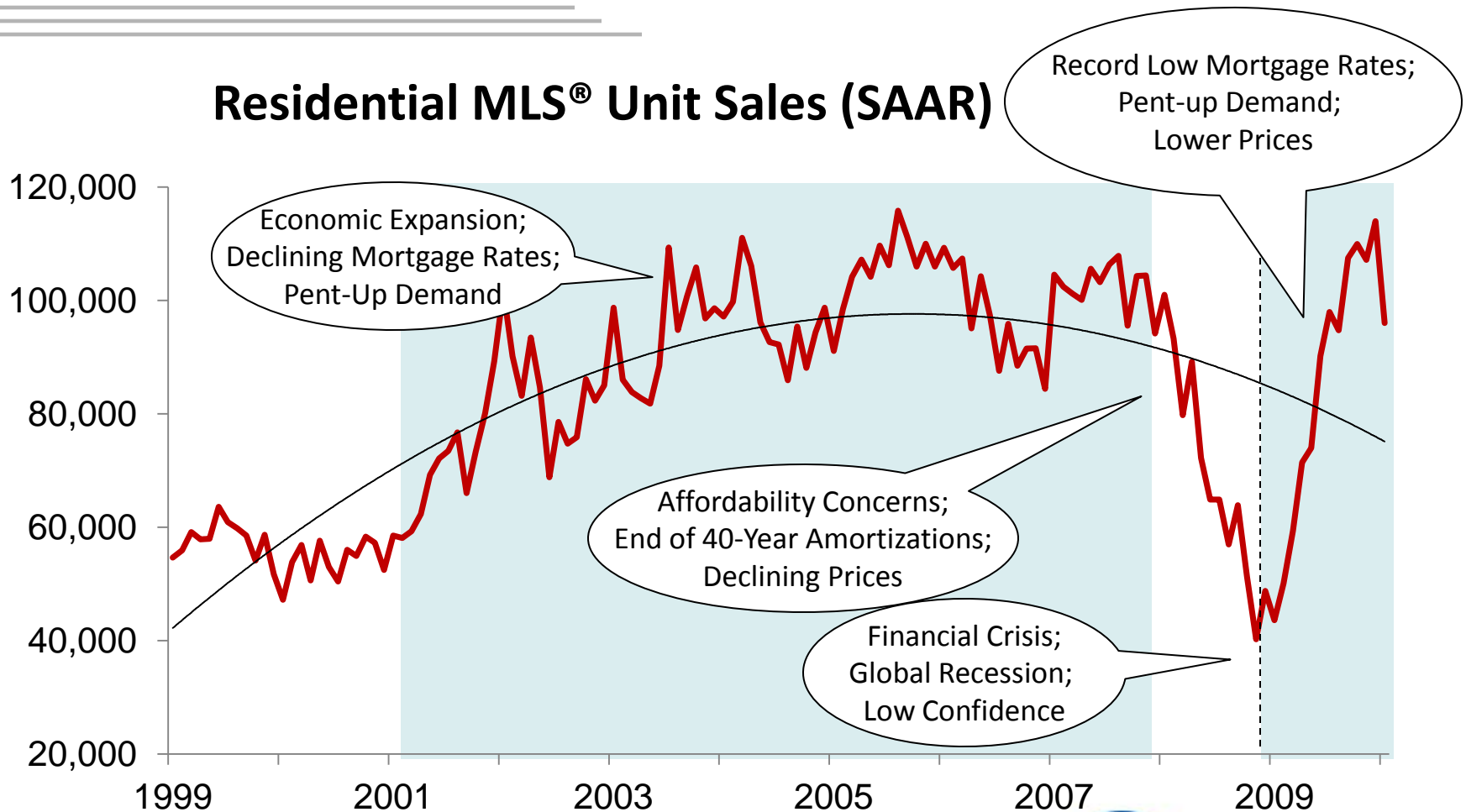
Economist

BC Real Estate Association



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# Provincial Sales Rebound in 2009

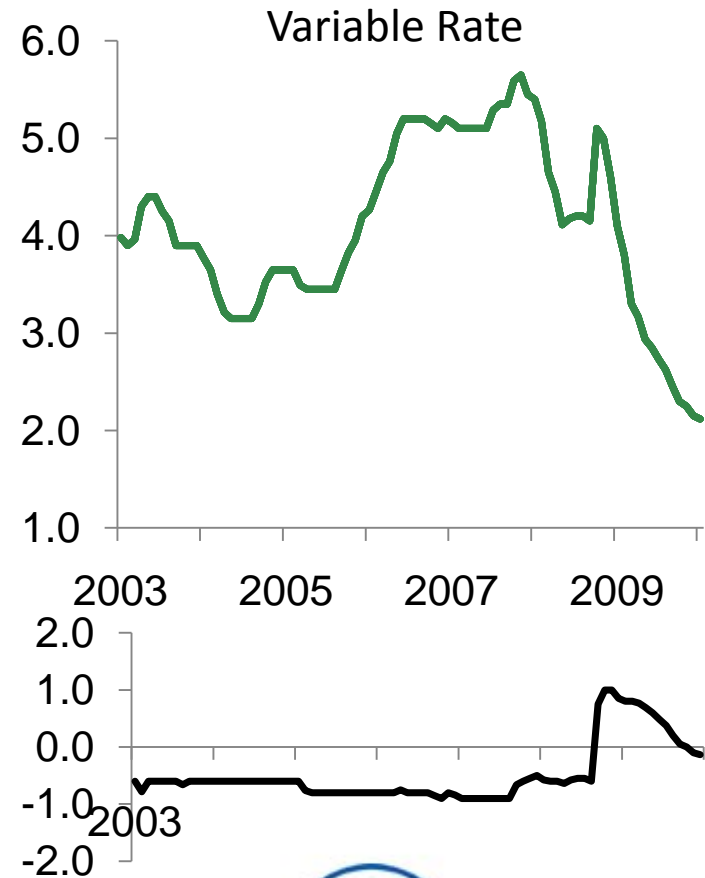
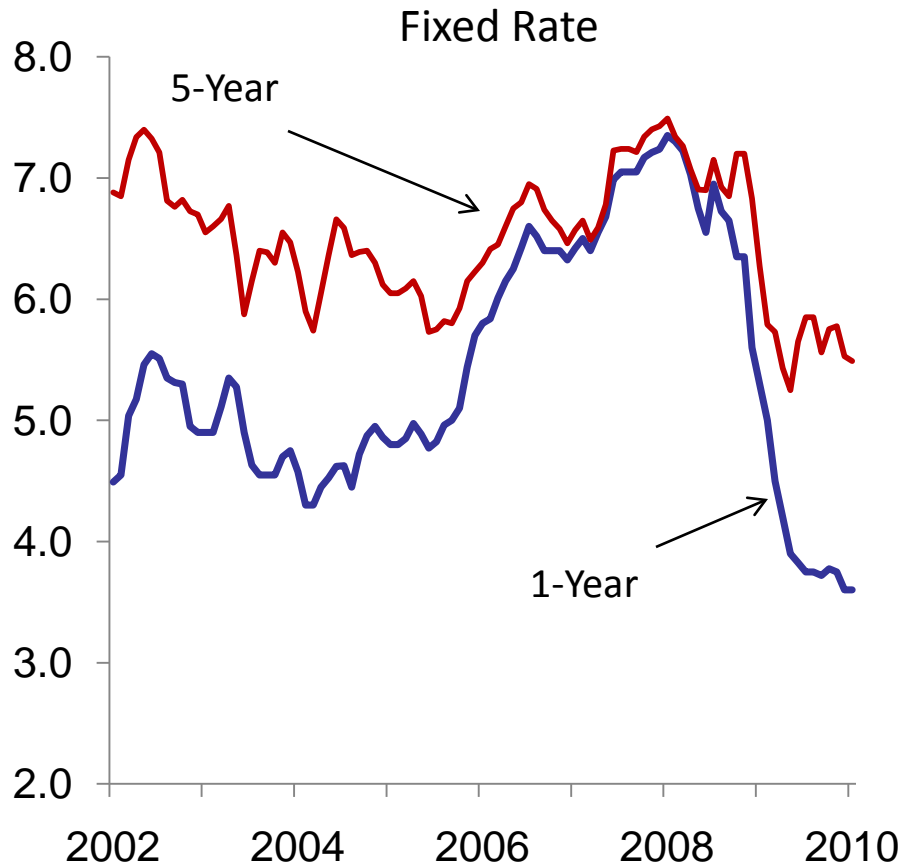


Sources: Local Real Estate Boards, CREA, BCREA  
Seasonally Adjusted at Annual Rates



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# Market Accelerates As Rates Plummet



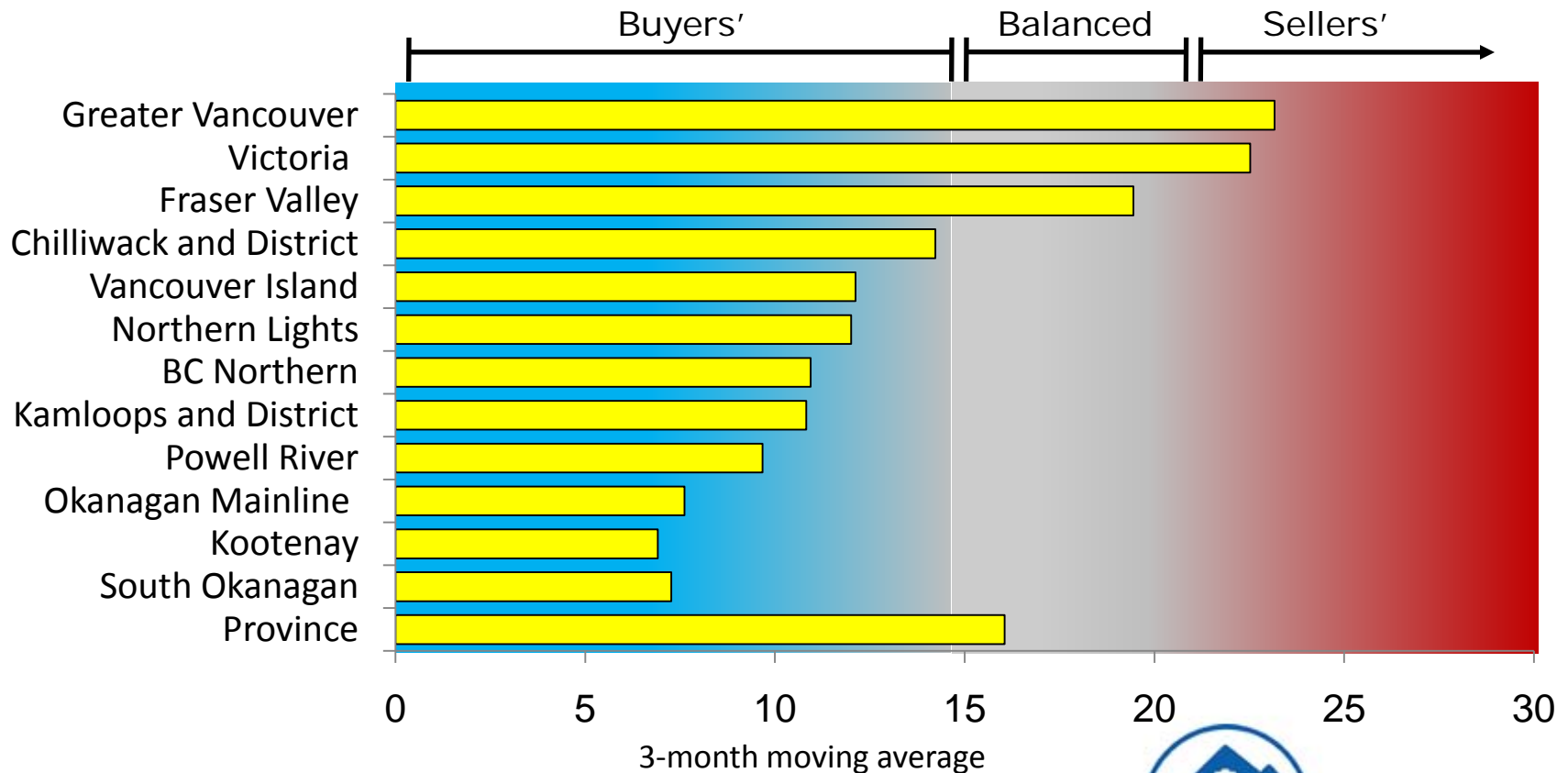
Sources: Bank of Canada, BC Real Estate Association



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# Strength Mainly in Southwest

## Sales-to-Active Listings



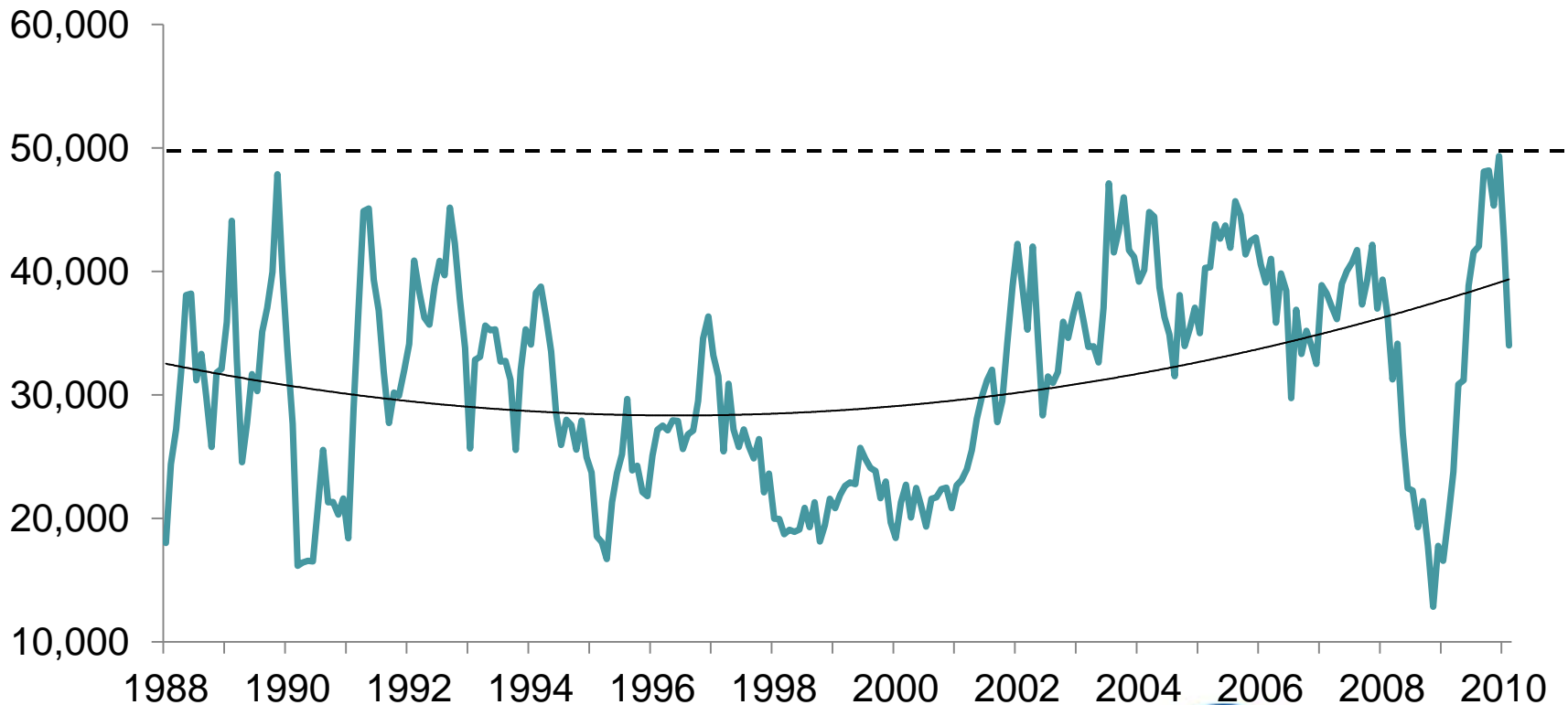
Sources: BC Real Estate Boards, BCREA



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# Vancouver Sales Touch Record High

## Residential MLS® Unit Sales (SAAR)



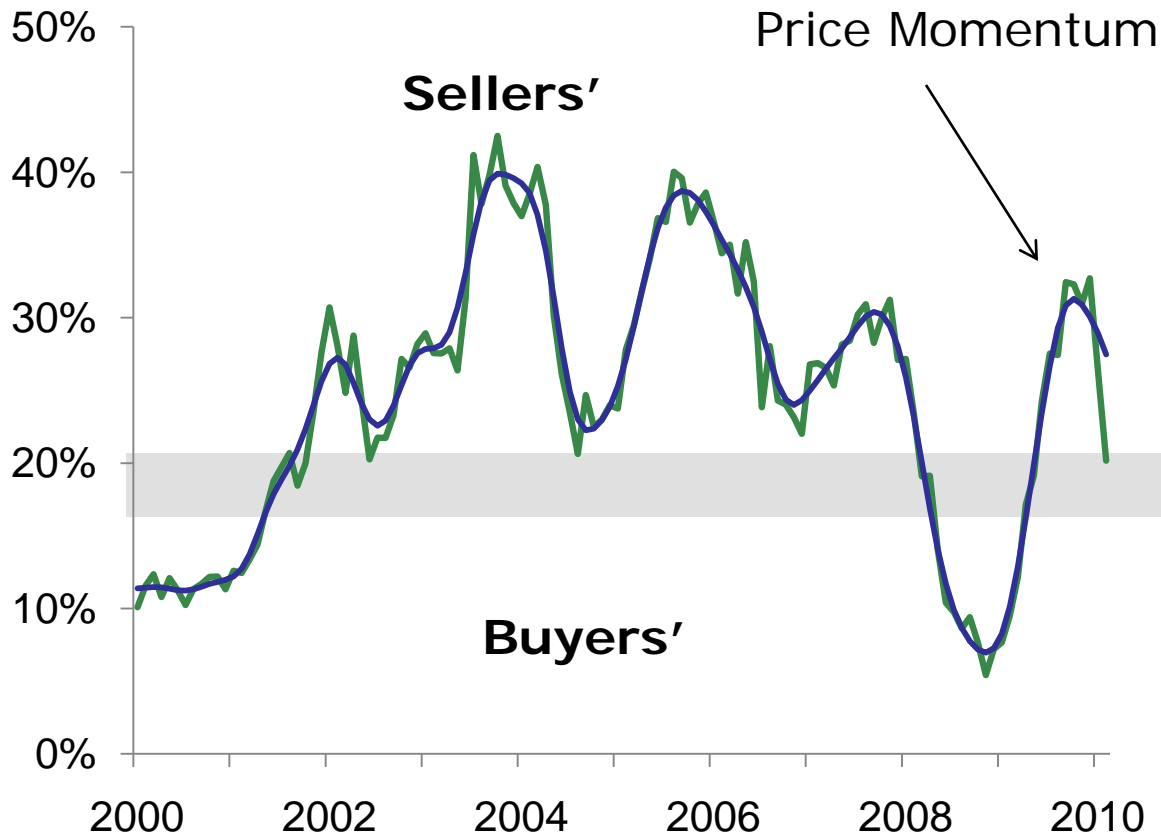
Sources: REBGV, CREA, BCREA  
Seasonally Adjusted at Annual Rates



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# Where Did the Buyers' Market Go?

Sales-to-Active Listings Ratio



Sales-to-Active Listings Ratio

- Detached: 17%
- Apartment: 19%
- Attached: 22%

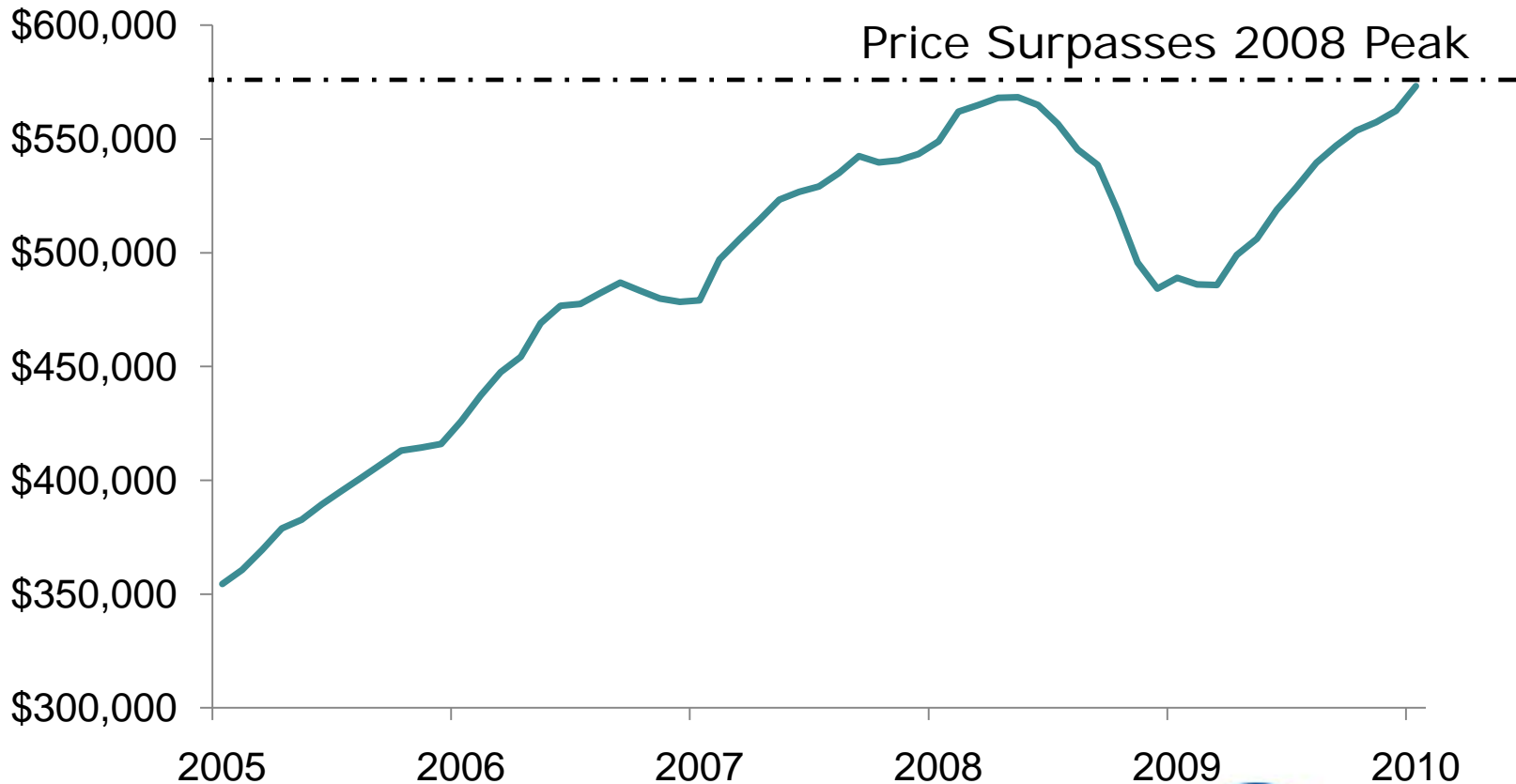
Sources: REBGV, BC Real Estate Association  
Seasonally Adjusted



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# Home Prices Reverse 2008 Slide

MLSLink® Benchmark Price



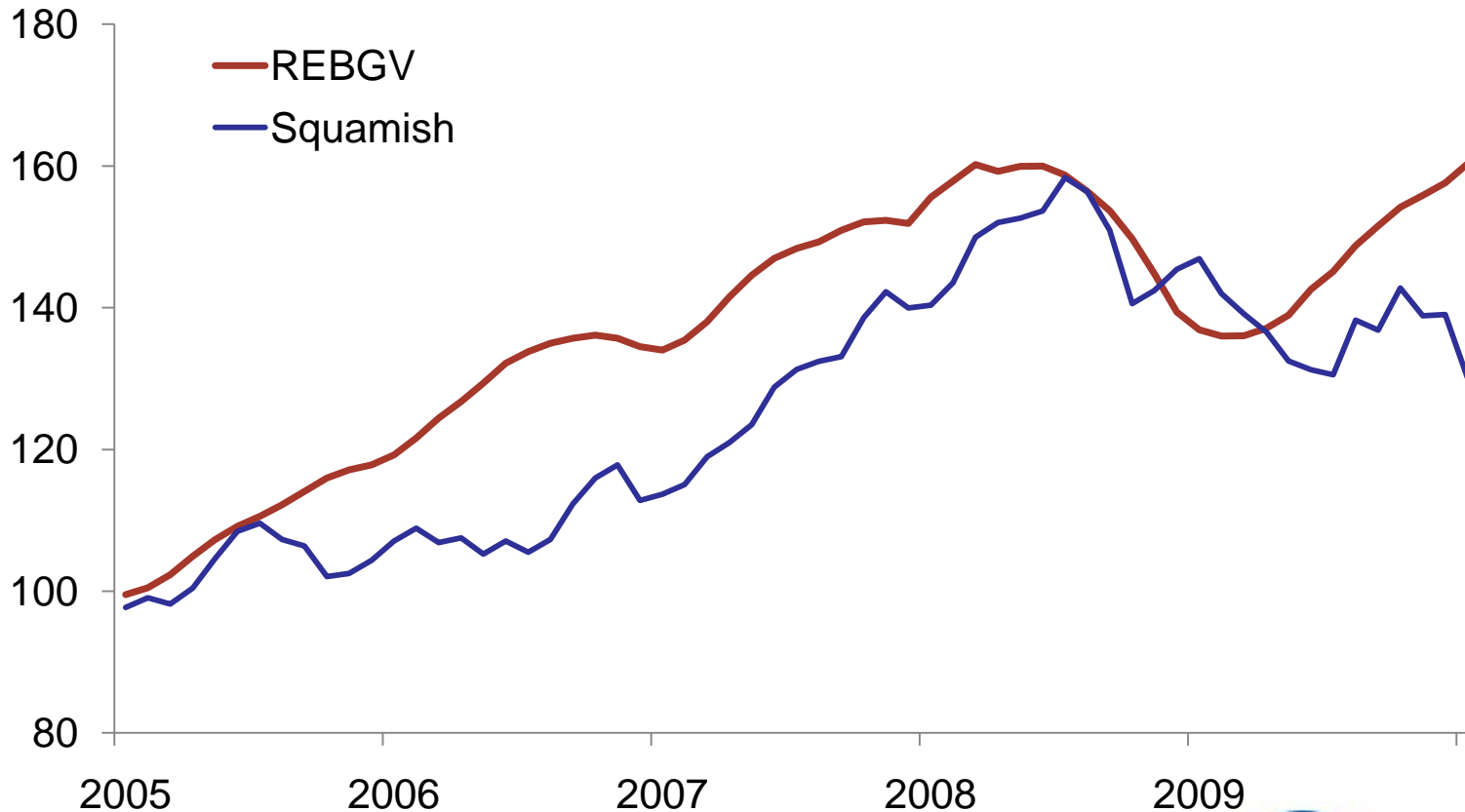
Sources: REBGV MLSLink HPI®, BCREA



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# Deviation in Price Trend

MLS® Detached Residential Price Index (3-mo moving average)



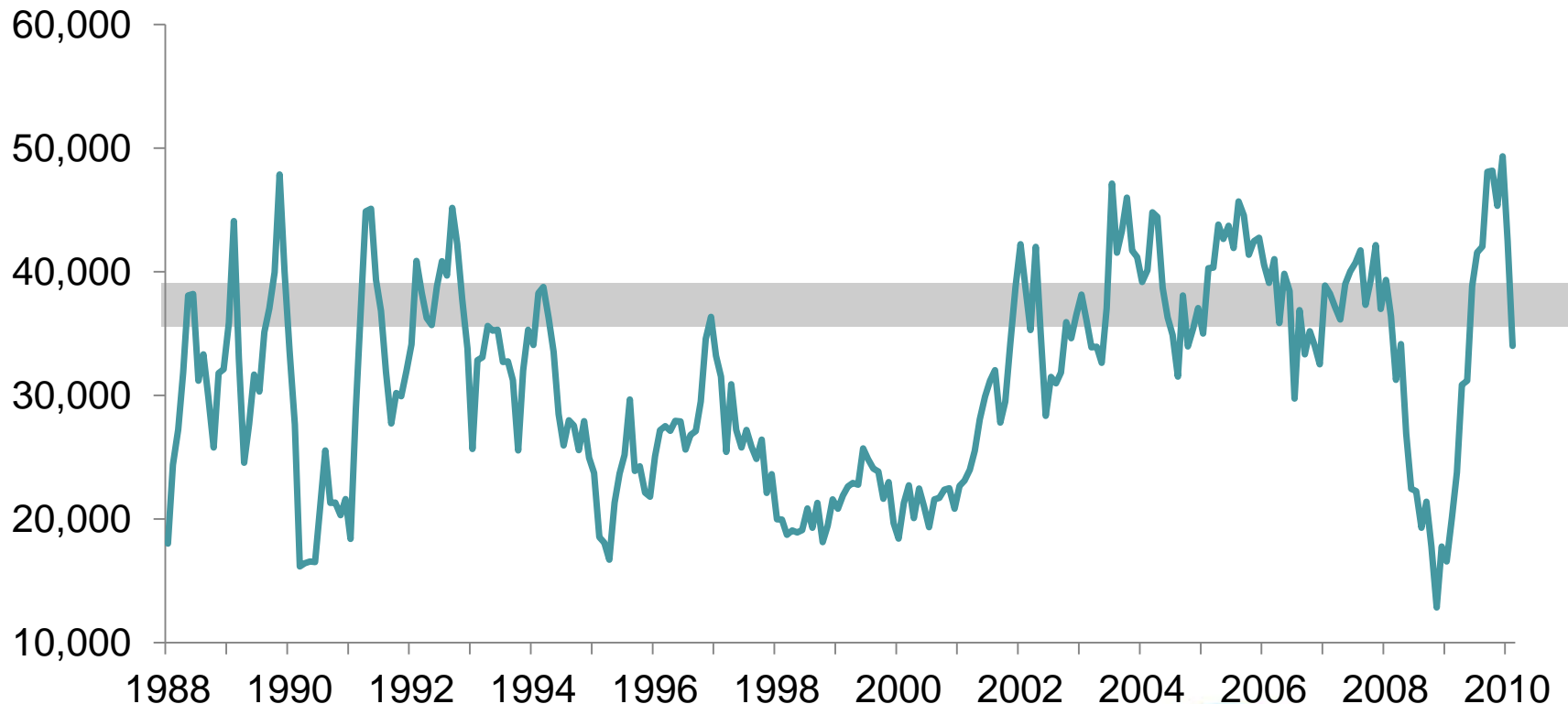
Sources: REBGV MLSLink® HPI, BCREA



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# Sales to Revert to Fundamentals

## Residential MLS® Unit Sales (SAAR)

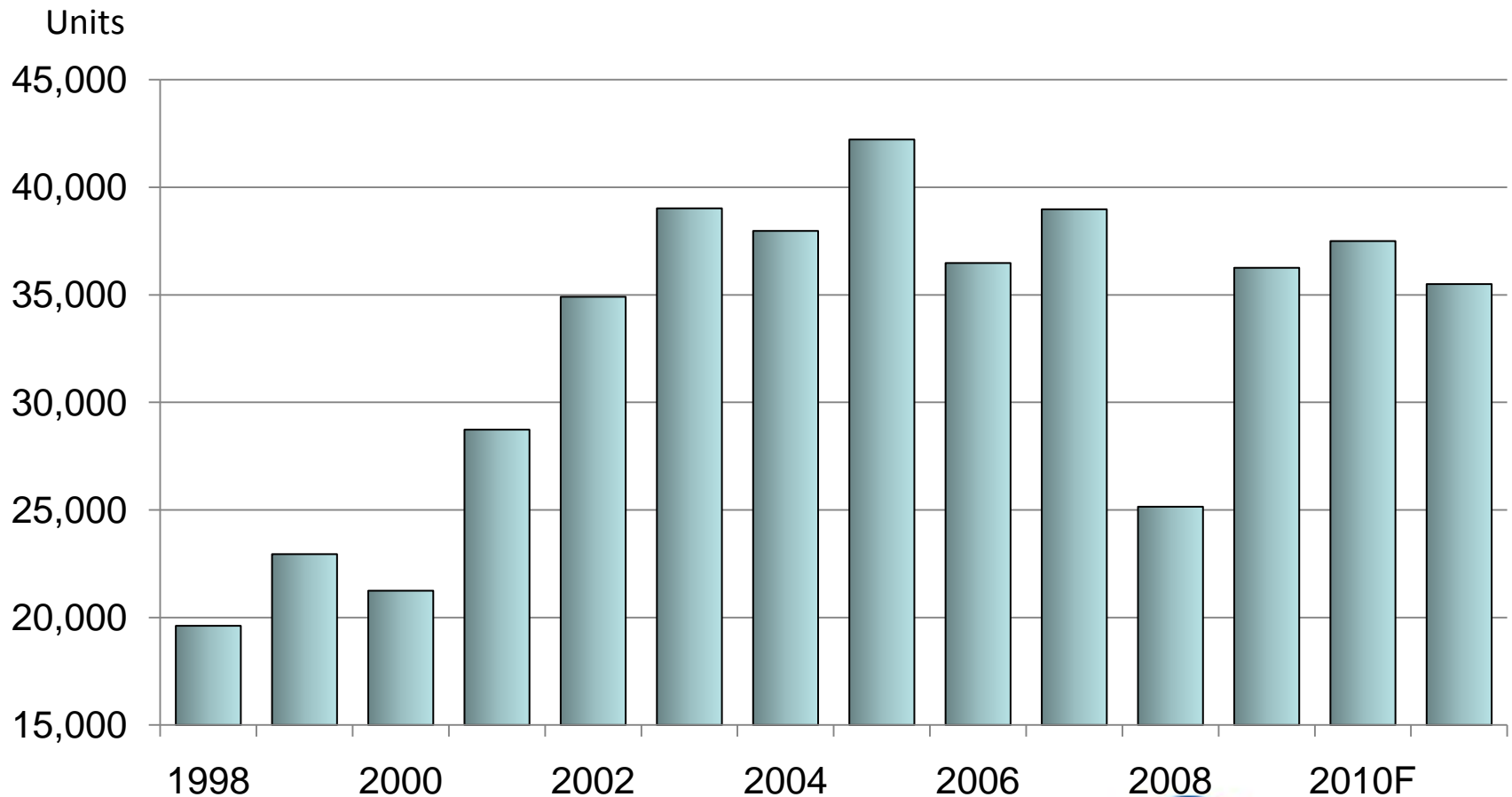


Sources: REBGV, CREA, BCREA  
Seasonally Adjusted at Annual Rates



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# Sales To Remain at Healthy Levels

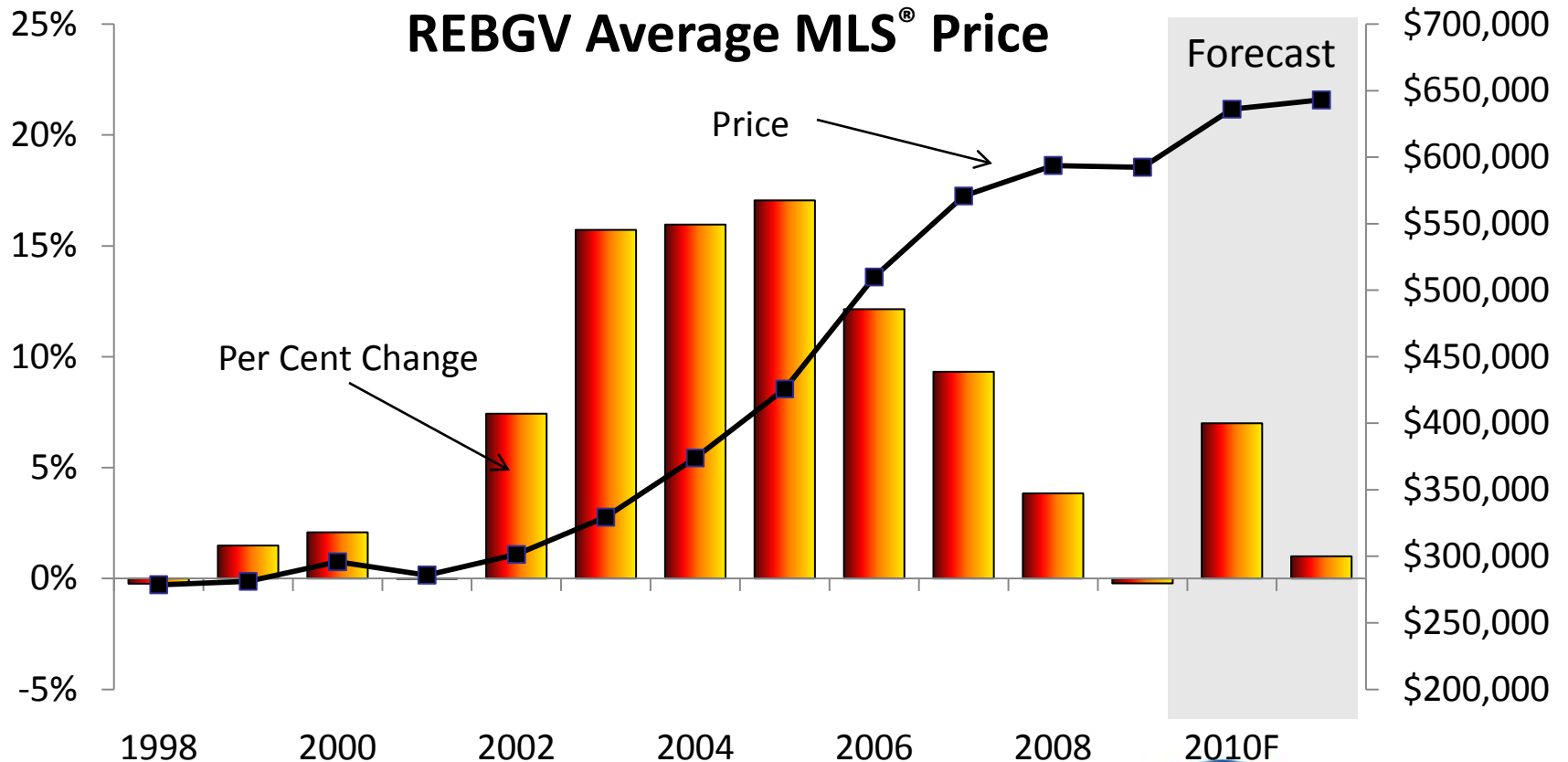


Sources: REBGV, BCREA



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# MLS<sup>®</sup> Prices to Plateau



Sources: REBGV, BCREA



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# Demand Factors



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# Demand Side Impacts

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Economy



Mortgage Market/Rates

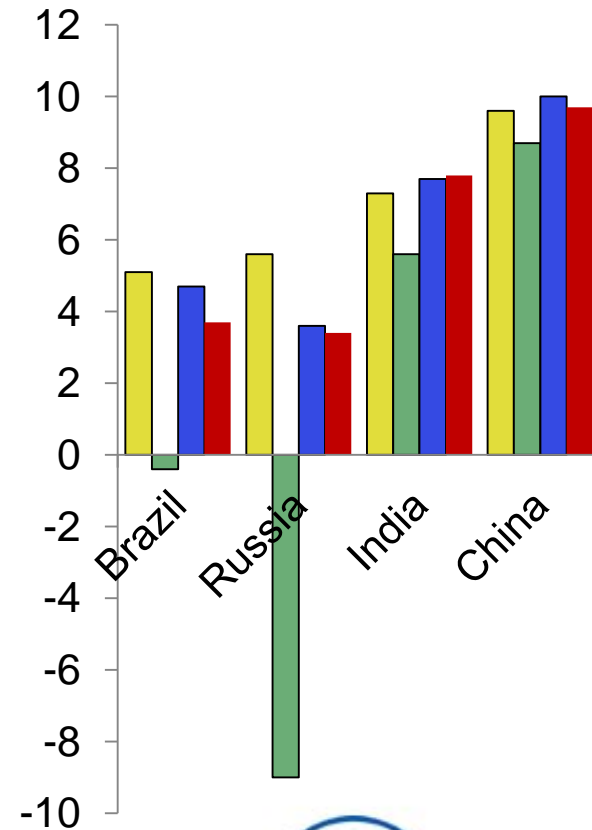
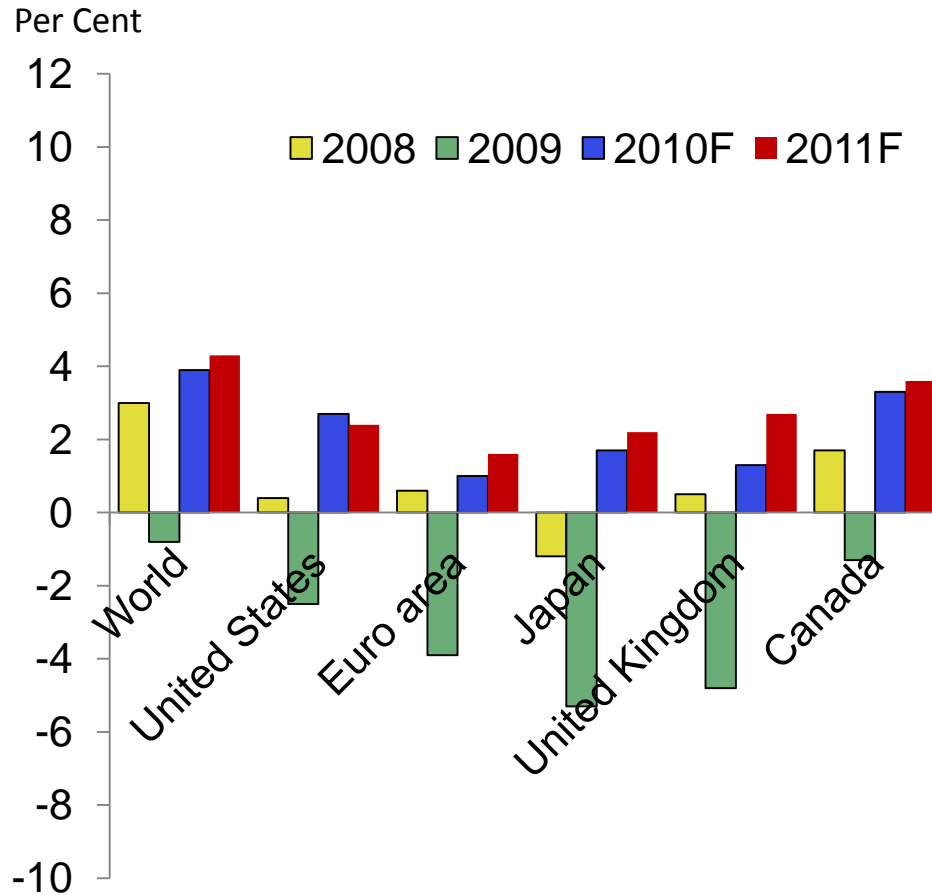


Population



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# Global Economies Recovering

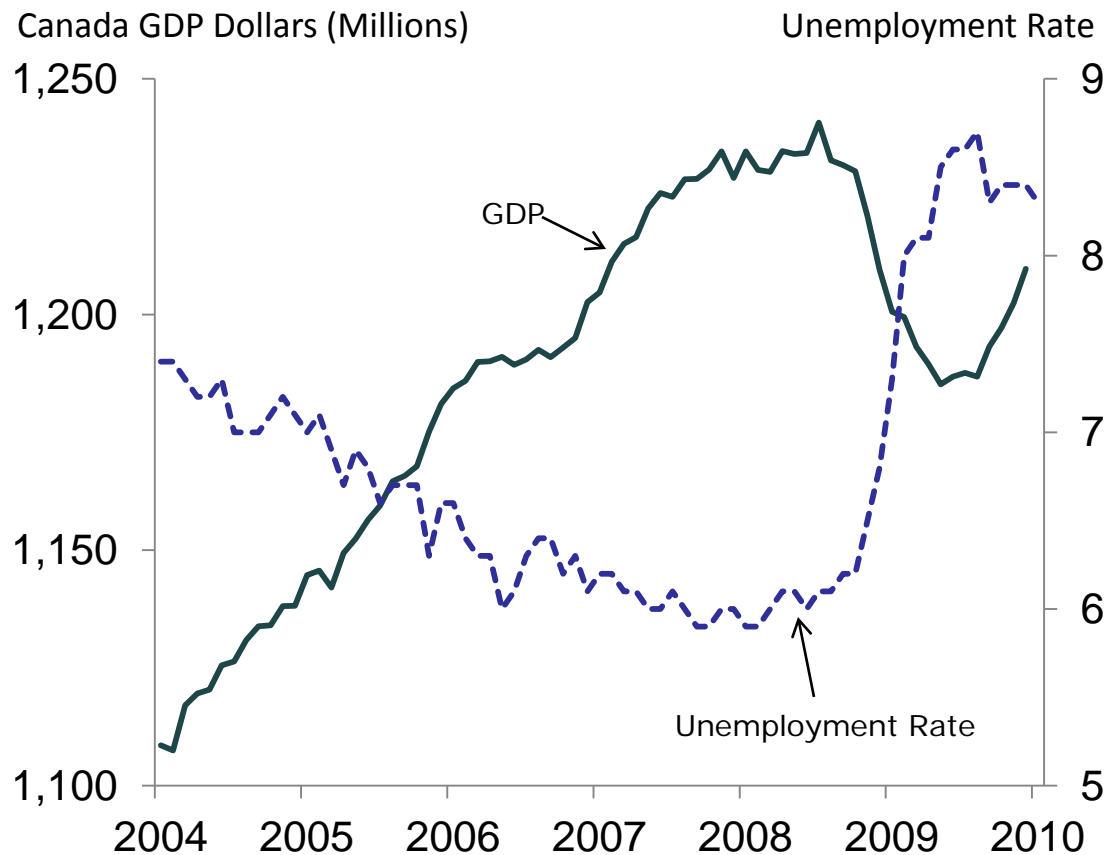


Sources: International Monetary Fund WEO (Jan 2010), BCREA  
GDP Growth at Constant Dollars



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# Canadian Recovery Strengthens



- Canadian Recession Shorter and Milder than Industrialized Peers
- Annualized Growth in Q3 reaches 5 Per Cent
- Consumer Demand and Resource Activity Boost Growth

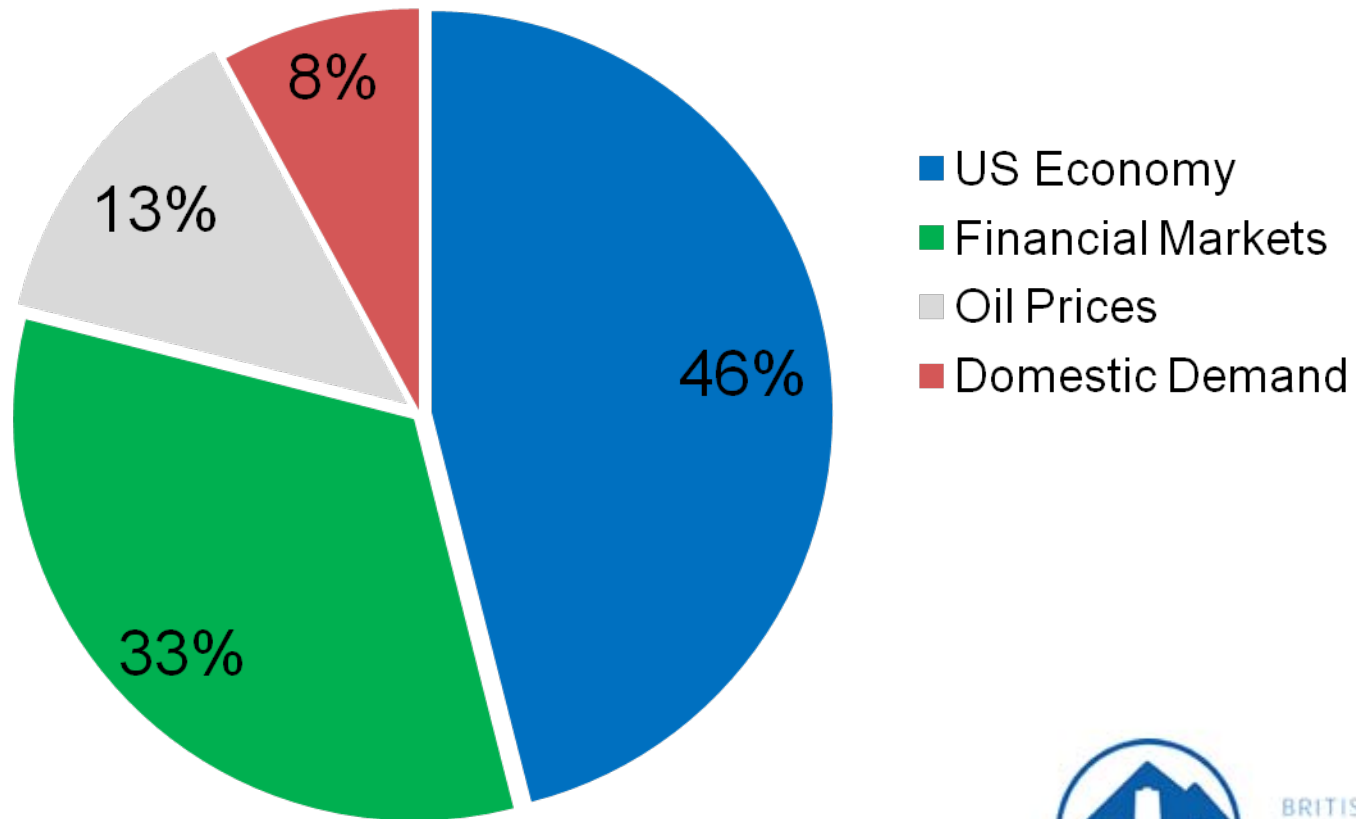
Sources: Statistics Canada, BCREA  
Chained 2002 Dollars



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# Key Influences on Canada

## Variation in Economic Output

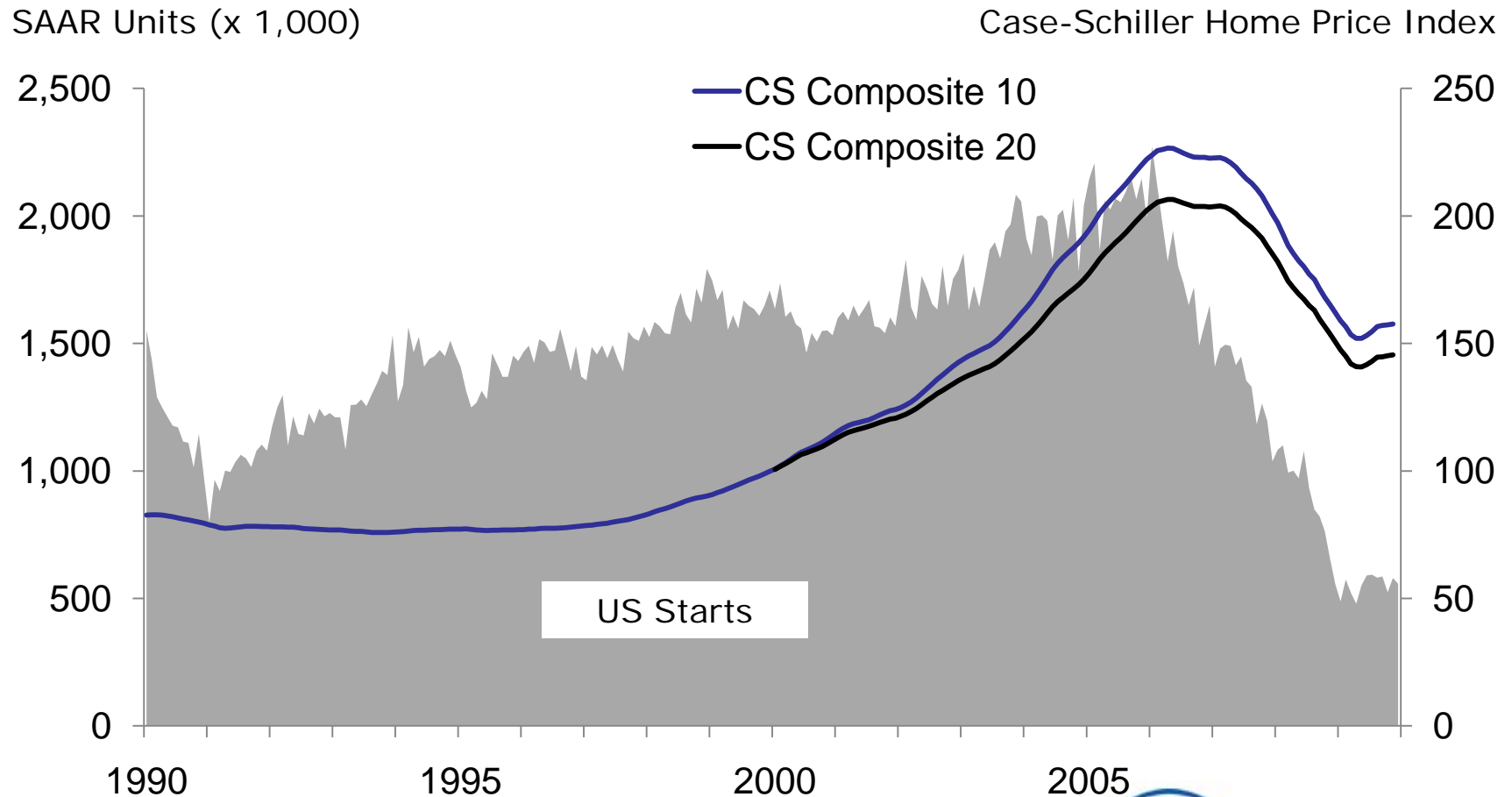


Sources: International Monetary Fund Working Paper



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# US Housing Bottoms on Fiscal Stimulus

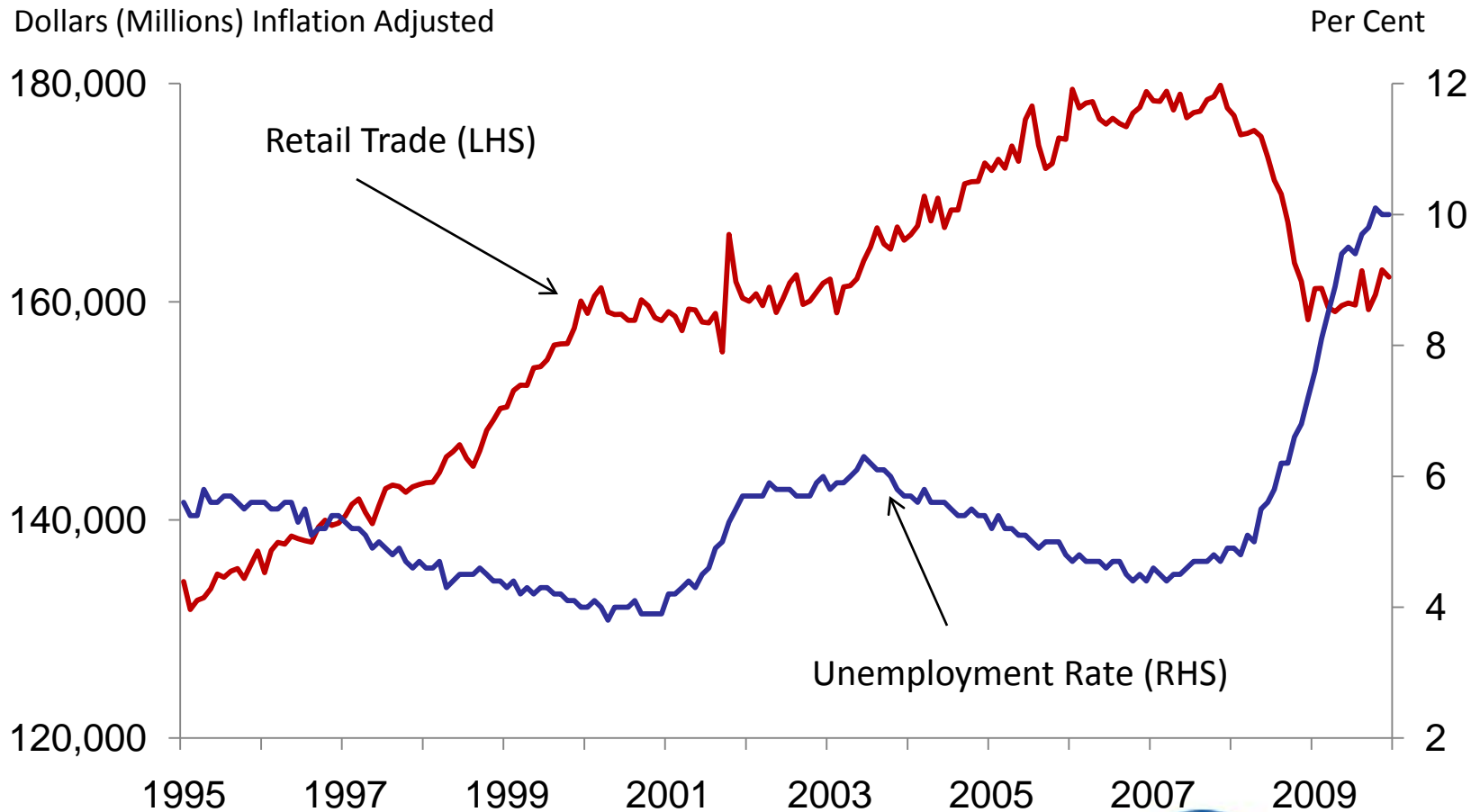


Sources: Statistics Canada, S&P, BCREA



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# US Consumers



Sources: FRED®, BCREA



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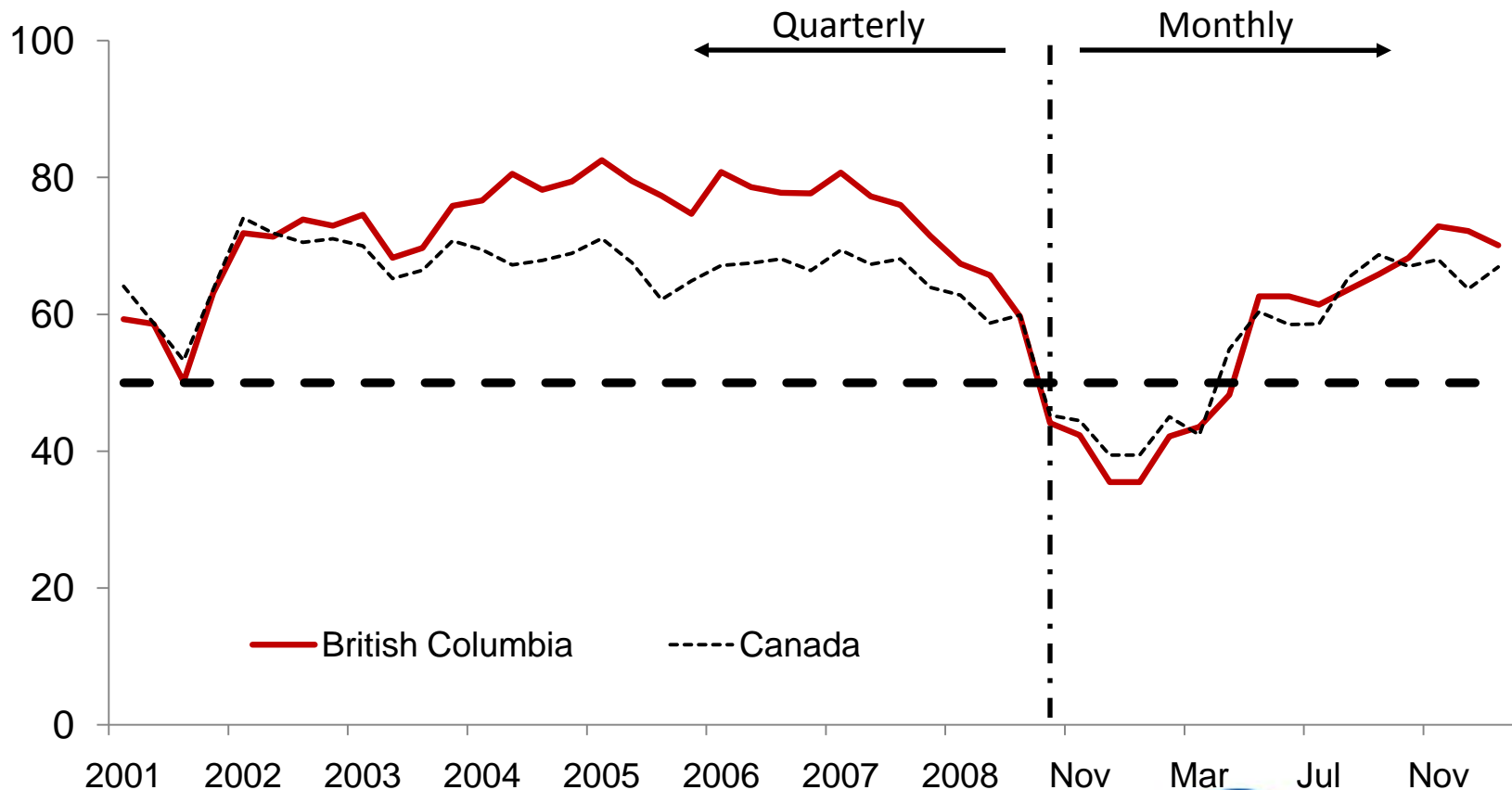
# BCREA Economic Forecasts

	2009	2010F	2011F	1998-2007
Economic Growth	2.6%	2.3%	2.8%	3.1%
Employment Growth	2.4%	1.4%	2.1%	2.0%
Unemployment Rate	7.6%	7.9%	7.4%	7.0%



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# Business Confidence Improves



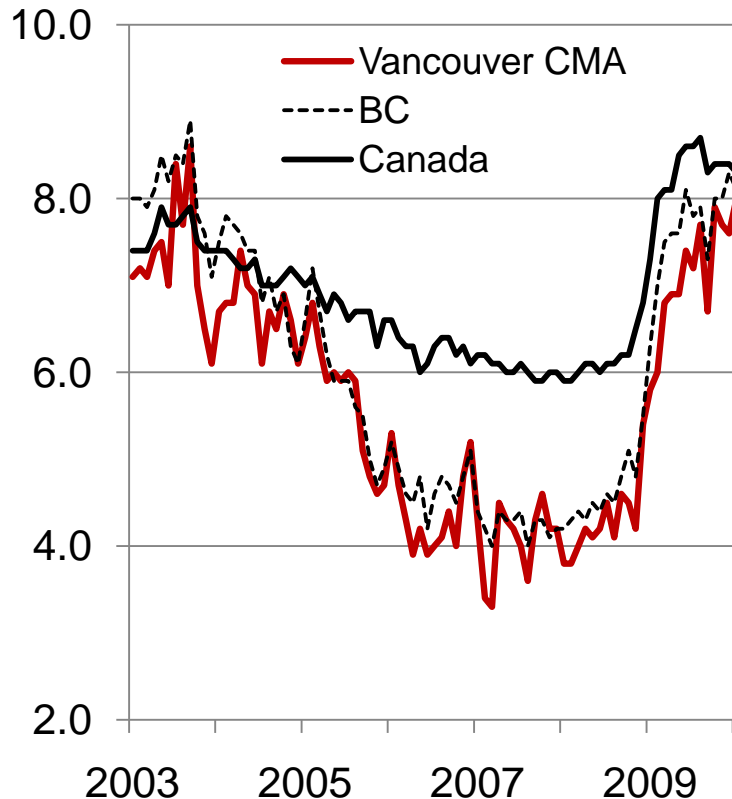
Sources: CFIB Business Barometer®, BCREA



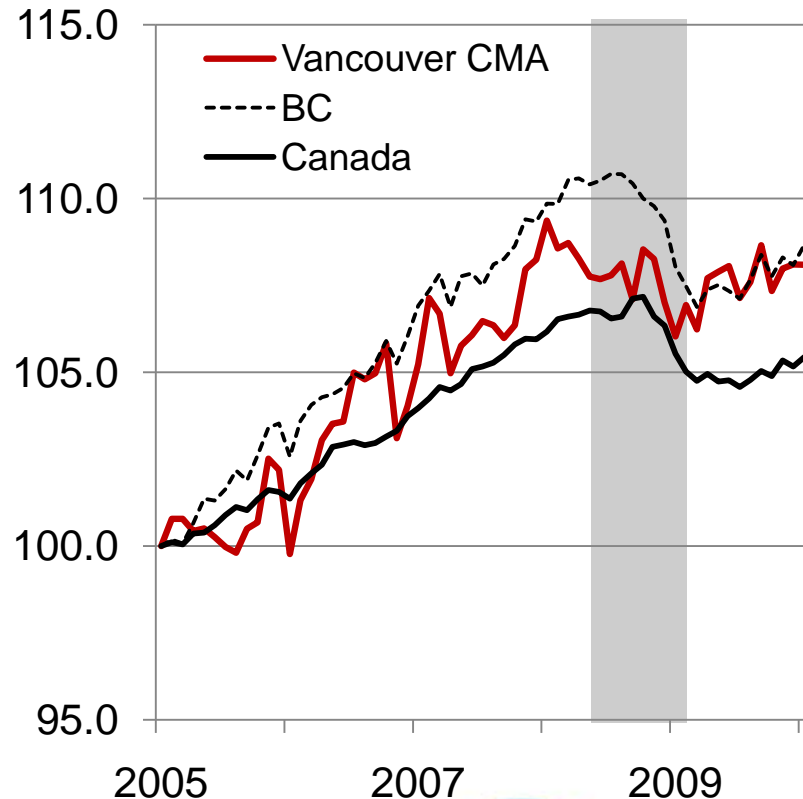
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# Labour Market Patterns Stabilizing

## Unemployment Rate



## Indexed Employment

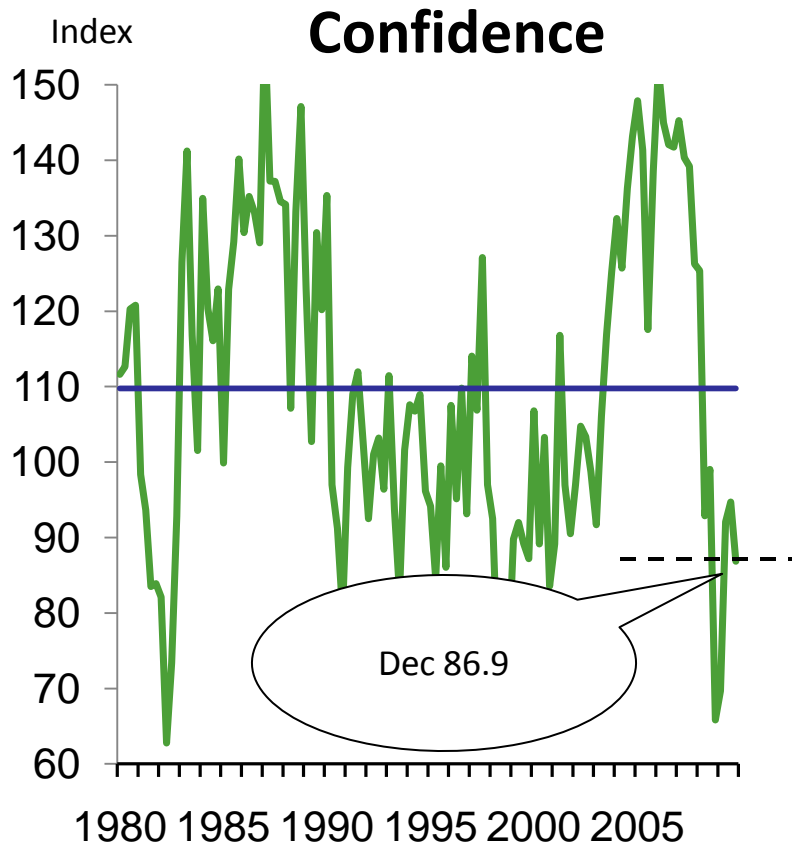


Sources: Statistics Canada, BCREA

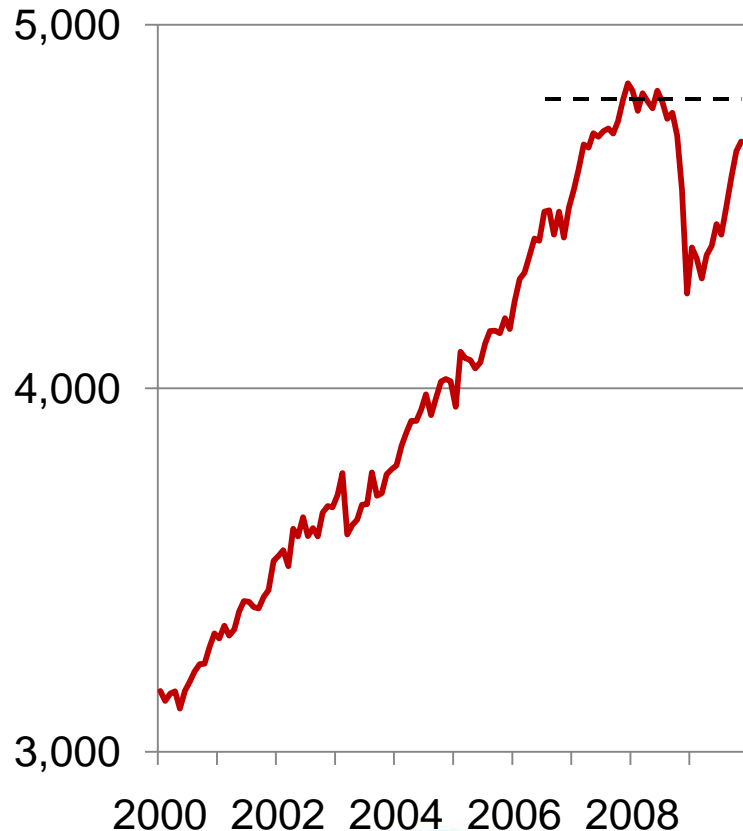


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# Confidence Stabilizing, Buying Picks Up



Dollars (\$millions)

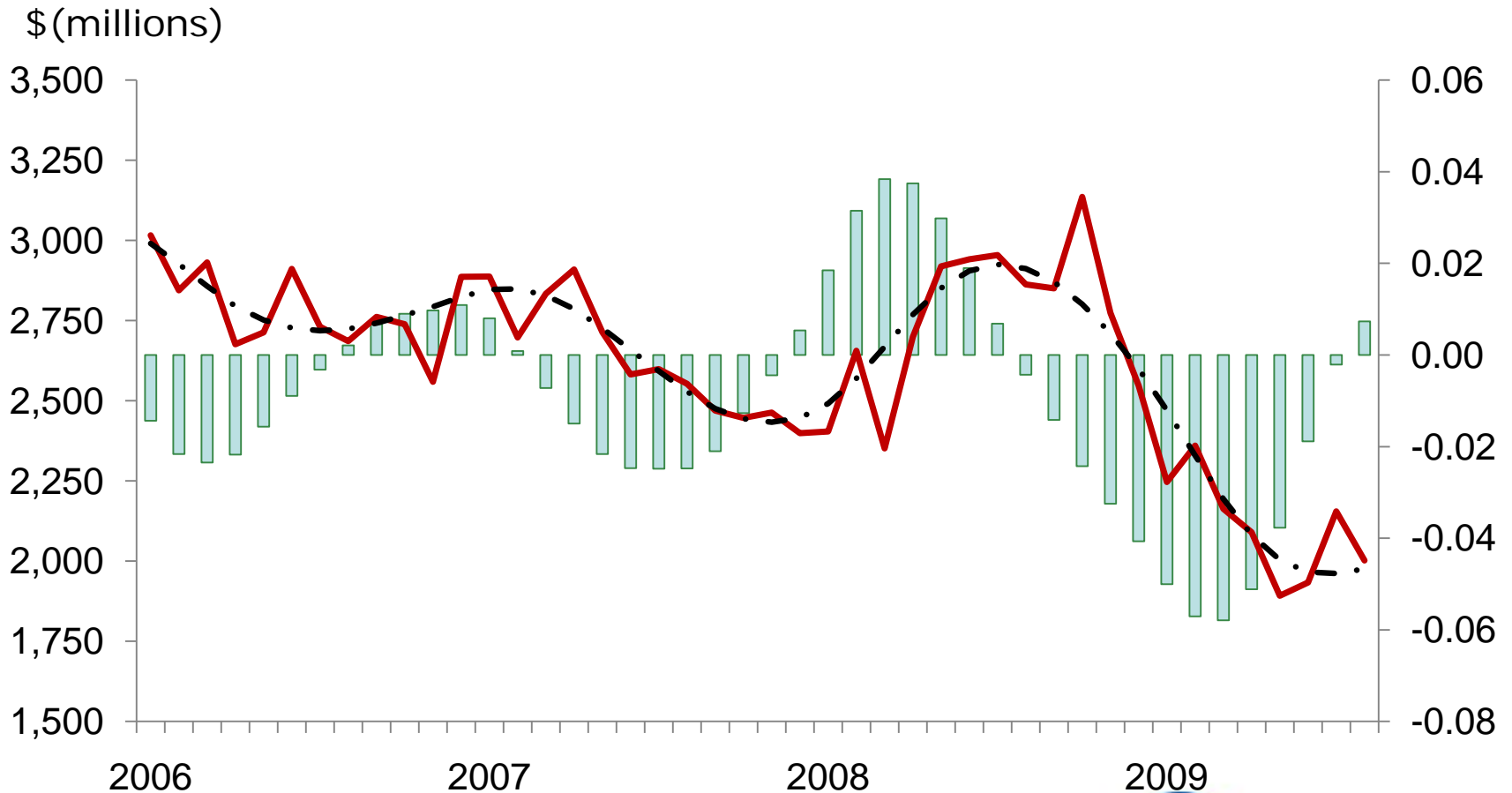


Sources: Conference Board of Canada, Statistics Canada, BCREA



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# Exports Bottom

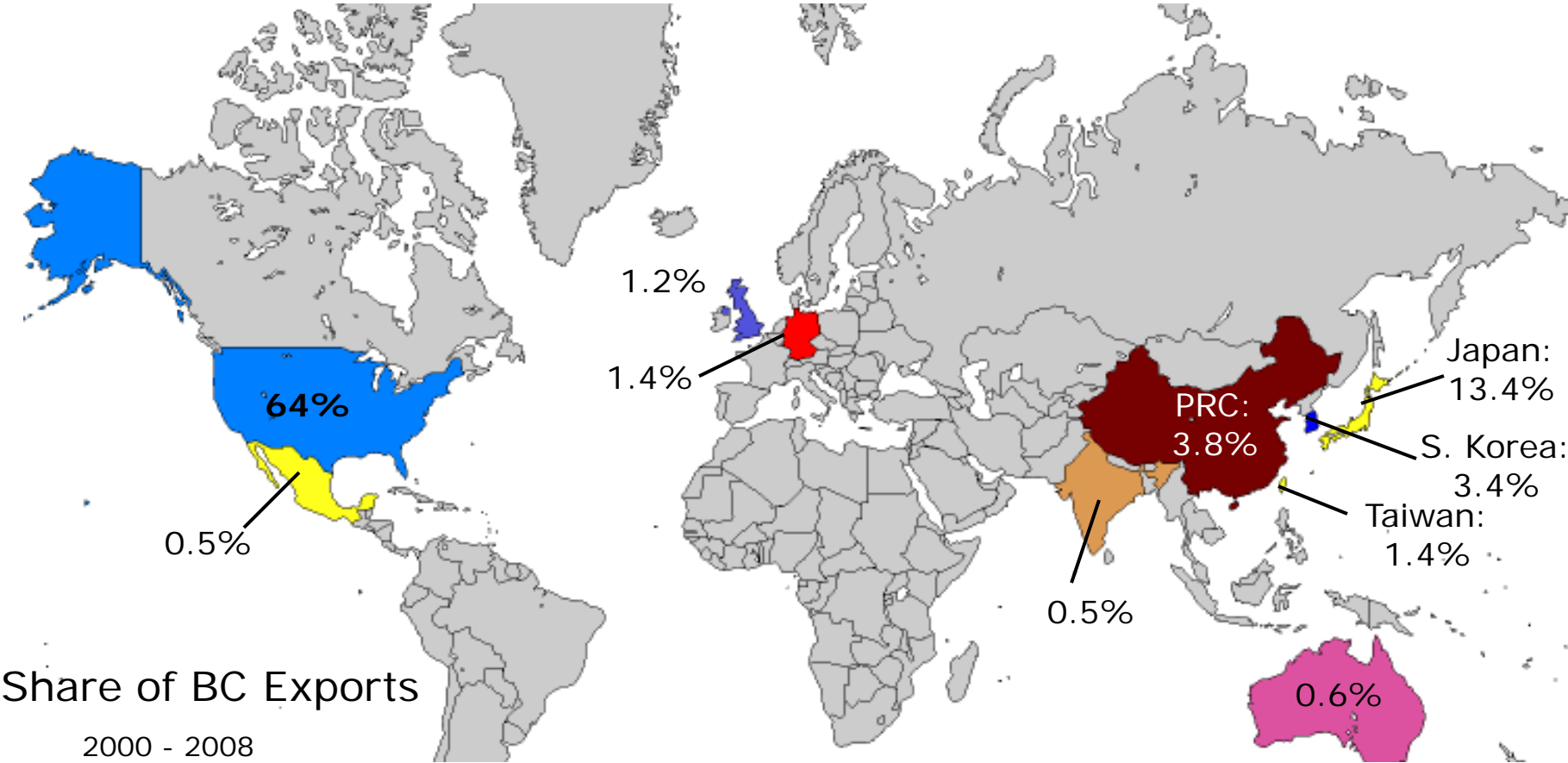


Sources: Statistics Canada, BCREA  
Seasonally Adjusted



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# US Key Market



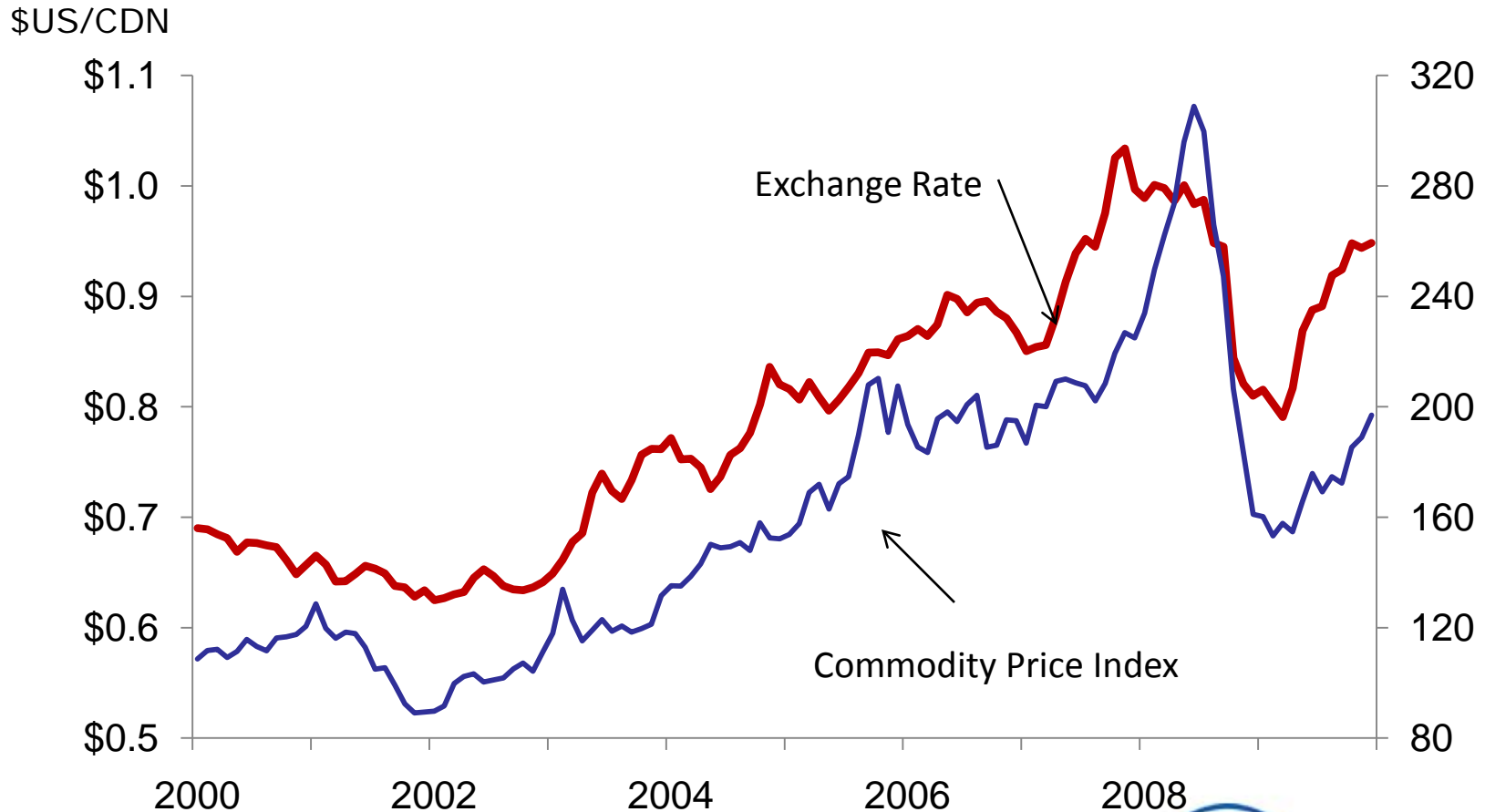
Share of BC Exports  
2000 - 2008

Sources: english.freemap.ca, BC Stats, BCREA



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# Resources and Stability Push Up Loonie

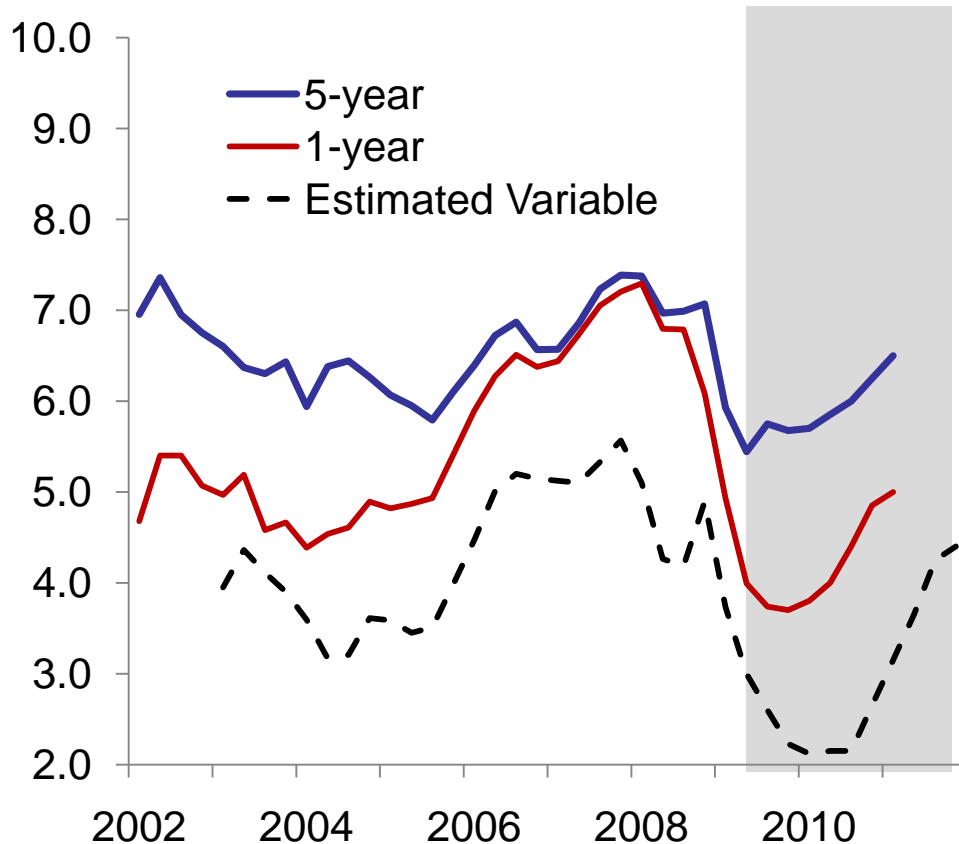


Sources: Statistics Canada, BCREA



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# Mortgage Financing to Tighten



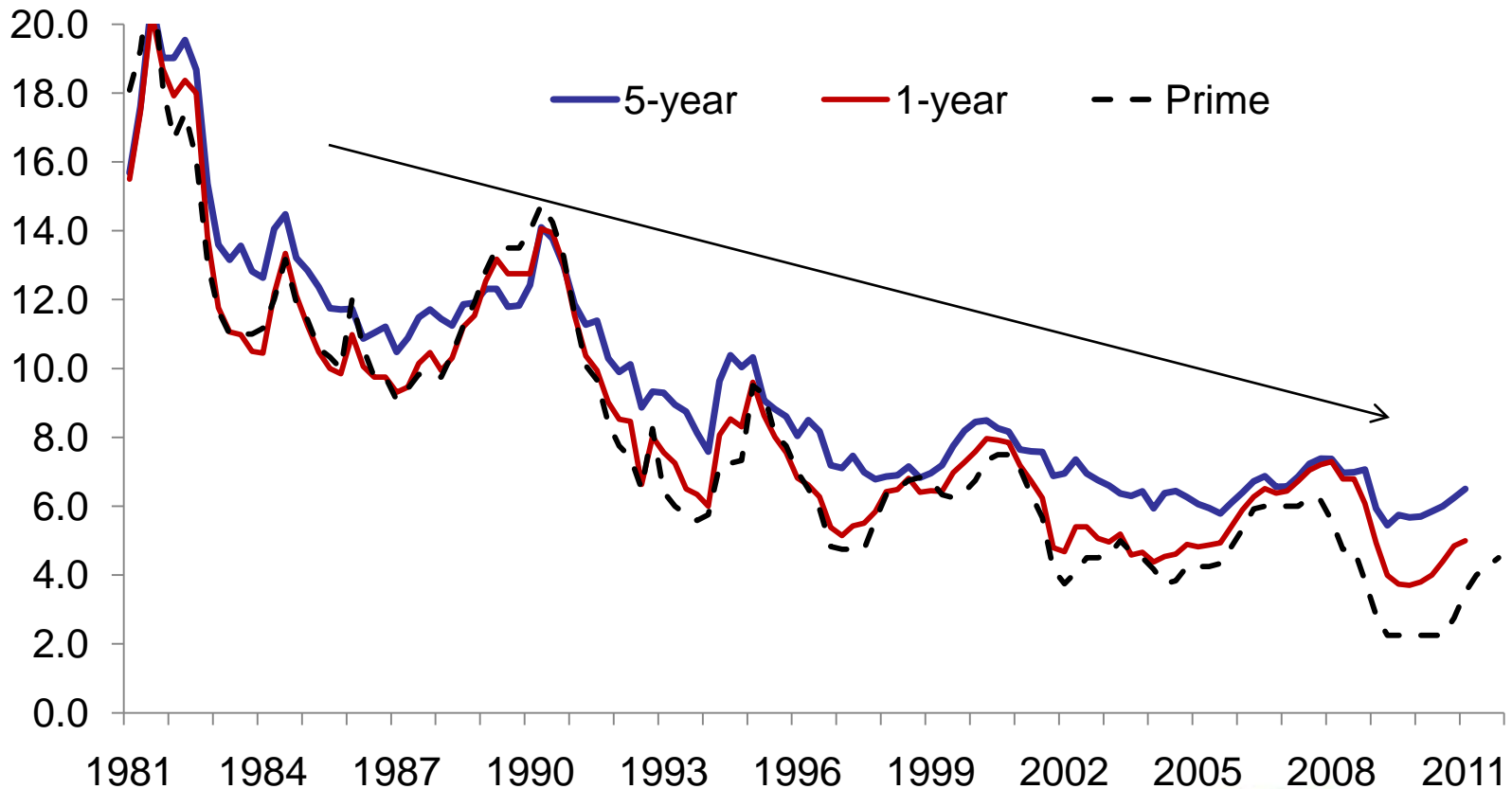
Sources: Bank of Canada, BCREA

- Short Term Interest Rates to Normalize
- Longer Term Rates Rise Modestly as Economic Recovery Slow
- Tightening of Mortgage Insurance Rules to Have Material Impact on Demand



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# Rates To Remain Near Historic Lows

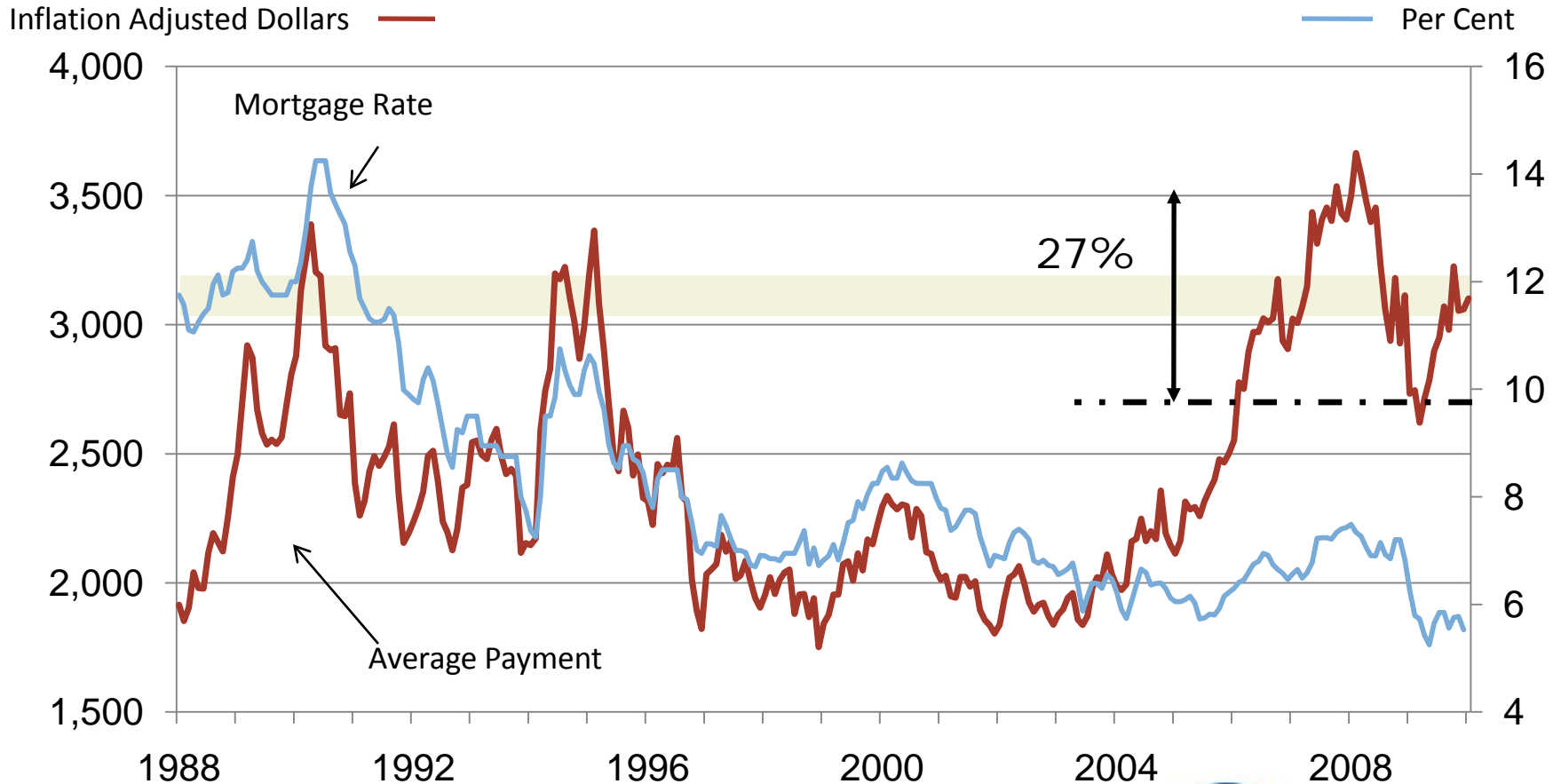


Sources: Bank of Canada, BCREA



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# Interest Rates To Erode Affordability

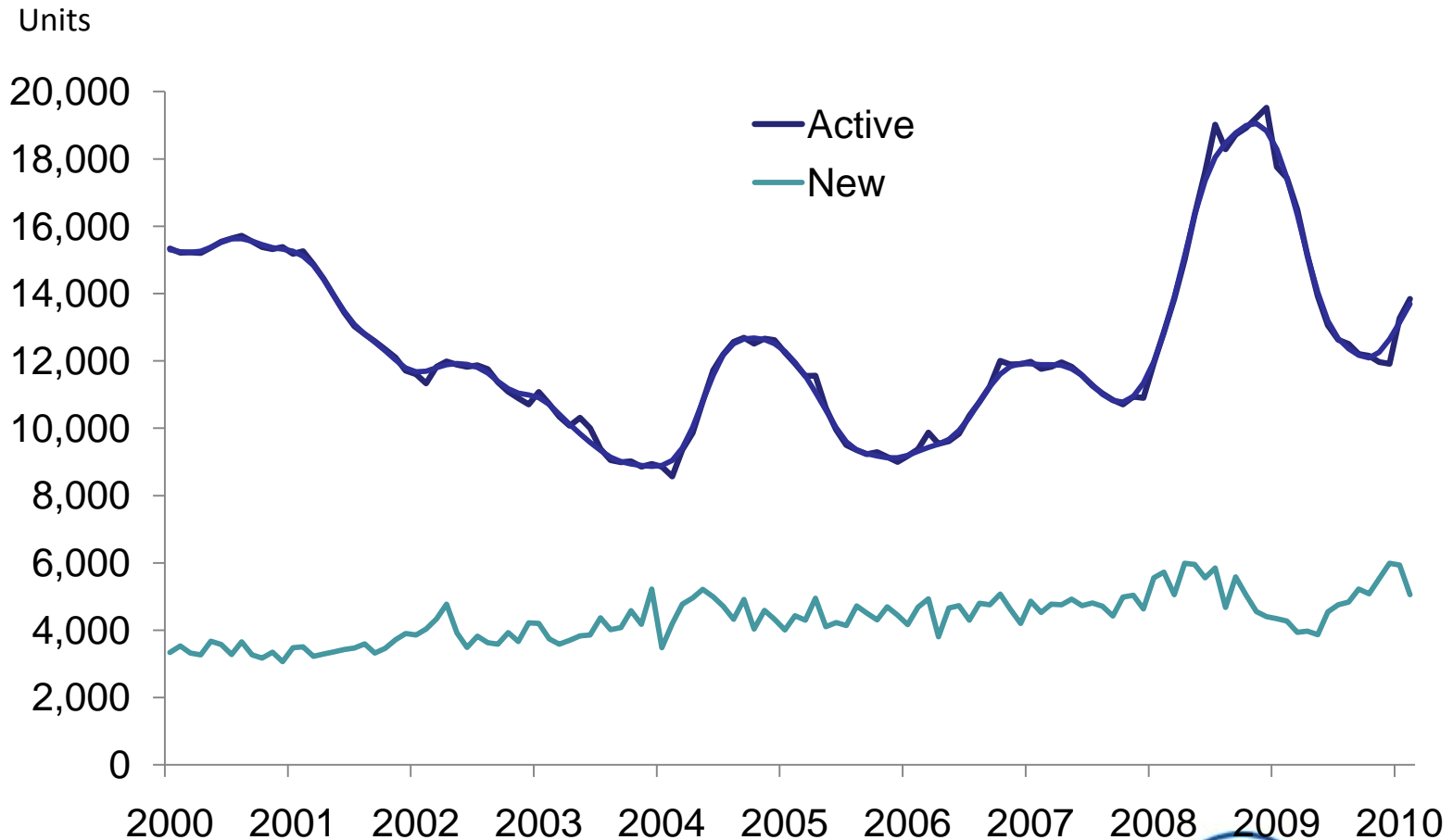


Sources: Statistics Canada, VIREB, CREA, BCREA



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# REBGV Listings Rise, But Remain Low

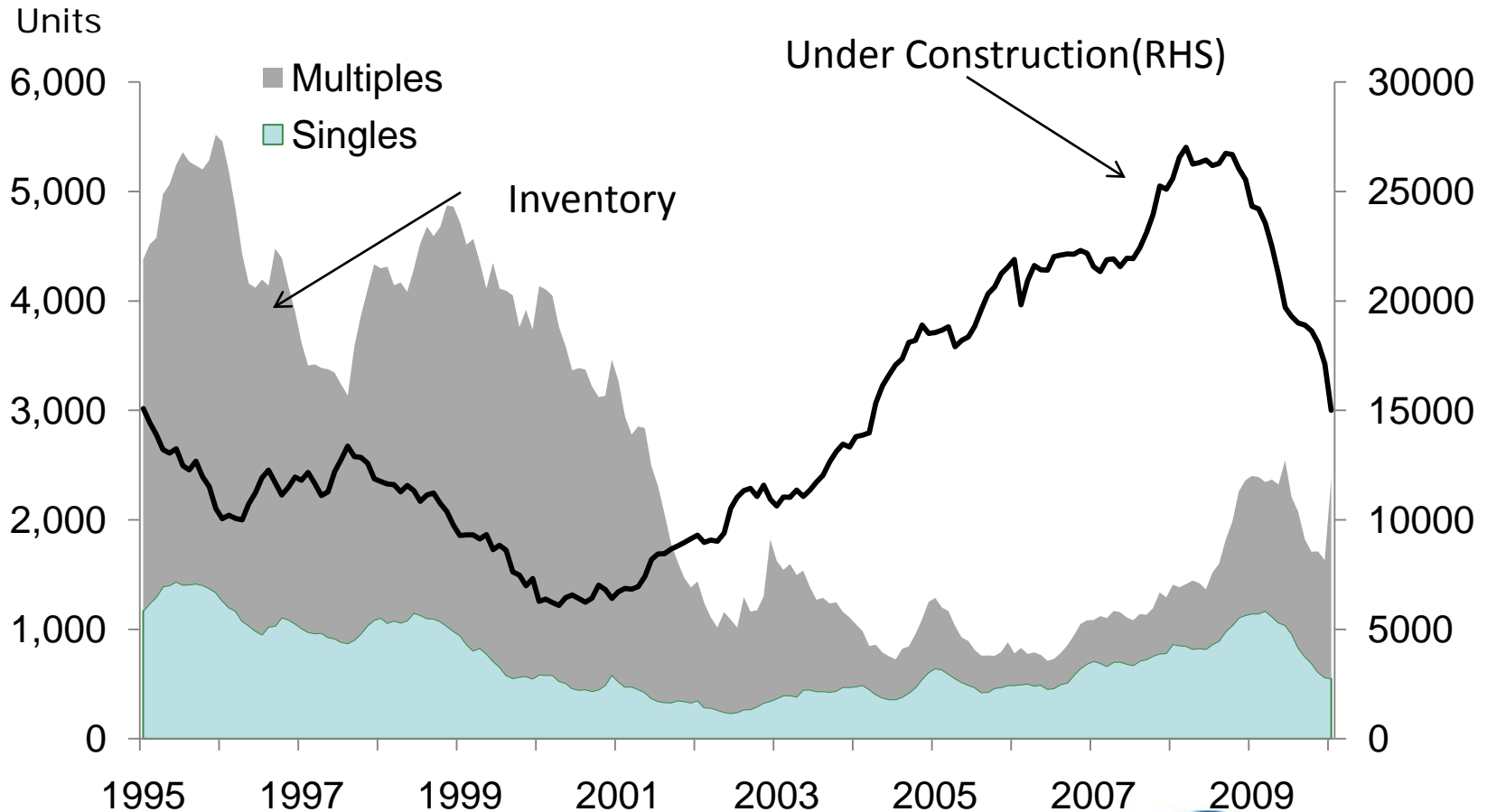


Sources: REBGV, BC Real Estate Association  
Seasonally Adjusted



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# Risk of New Home Overhang Decreases



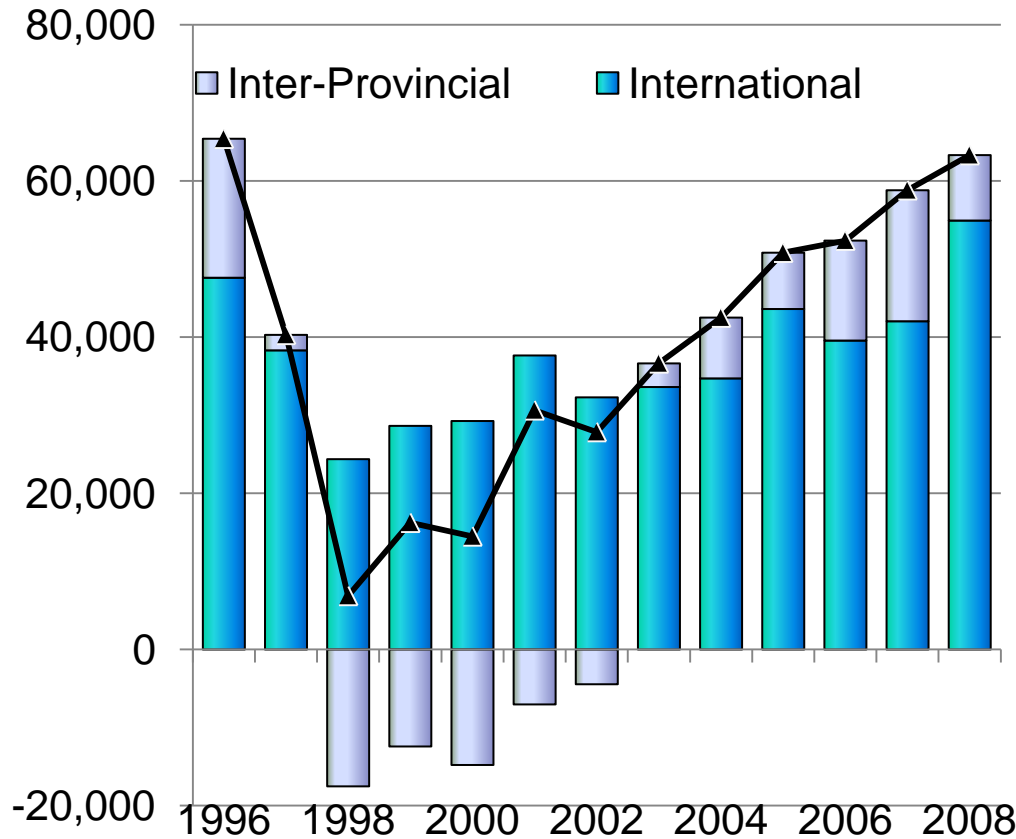
Sources: CMHC, BCREA  
Vancouver CMA



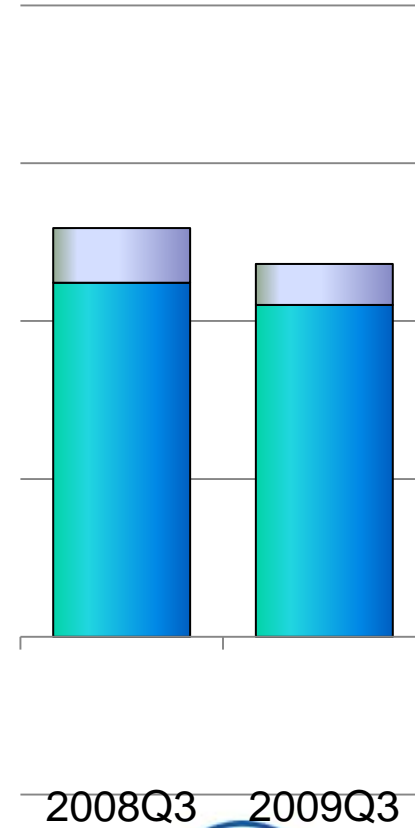
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# International Migration Robust

Individuals



Year-to-Date



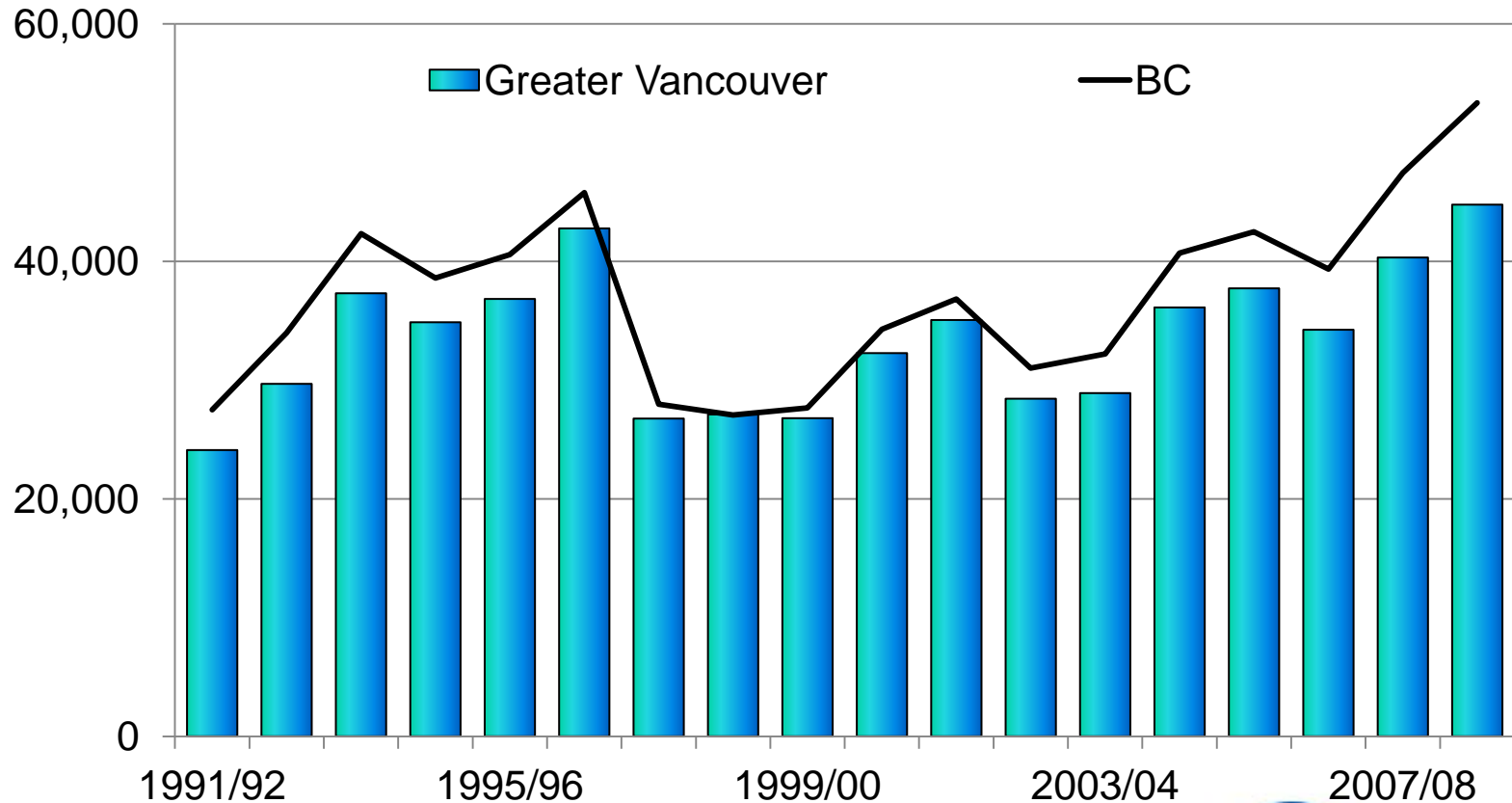
Sources: Statistics Canada, BCREA



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# BC International Immigrants

Individuals

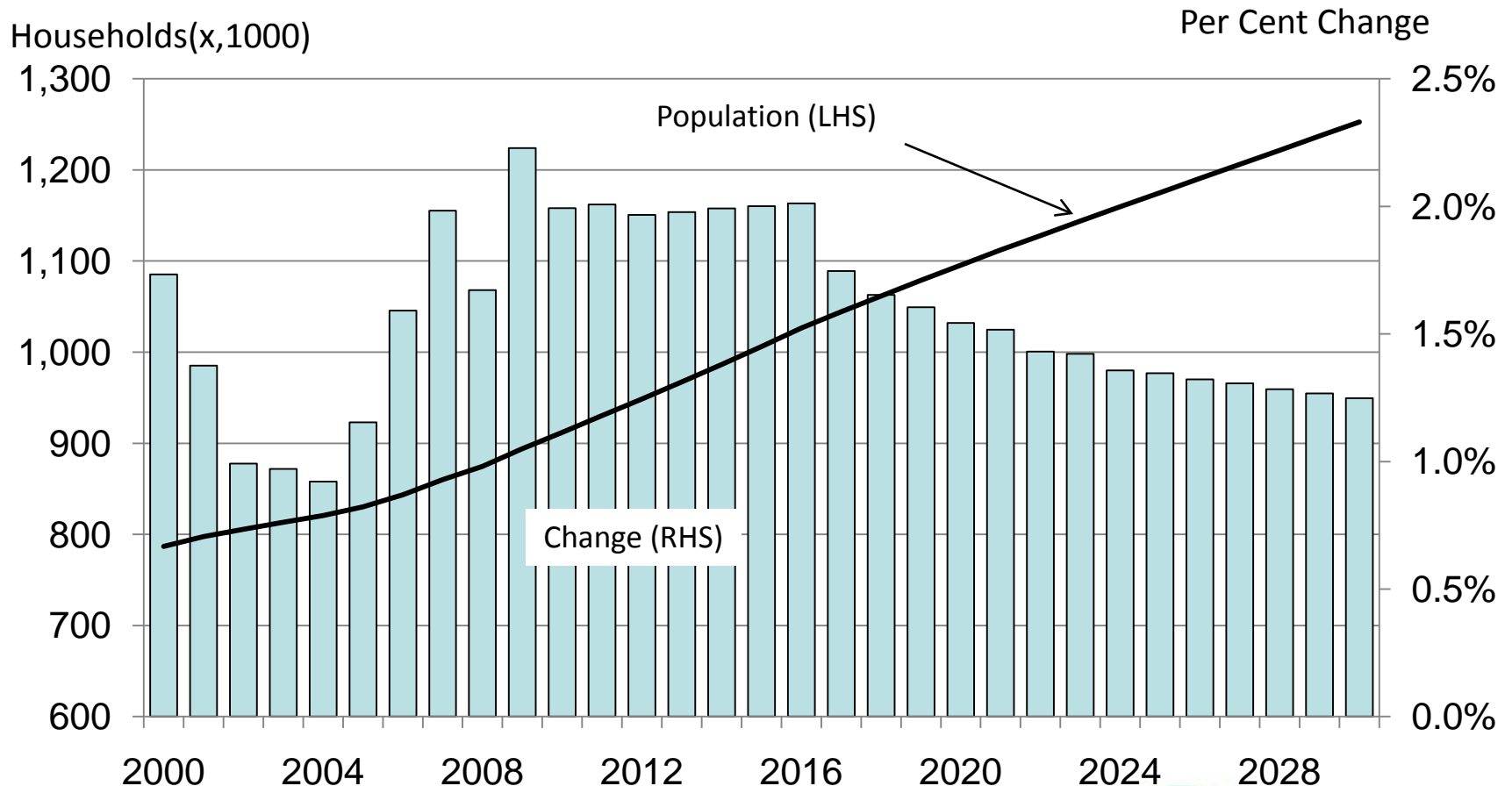


Sources: Statistics Canada, BCREA



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# Greater Vancouver Household Projection



Sources: BC Stats PEOPLE 34 Model, BCREA  
Greater Vancouver



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# Is There an Olympic Effect?

- Vancouver Largest Region to Ever Hold Winter Olympics – Smaller Relative Impact
- Little Evidence from Previous Host-Cities to Suggest a Real-Estate Impact
- Most Significant Impacts from Amenities
  - Canada Line
  - **Sea-to-Sky Highway**
  - Potential Boost in Consumer Confidence



# Sea-to-Sky Highway

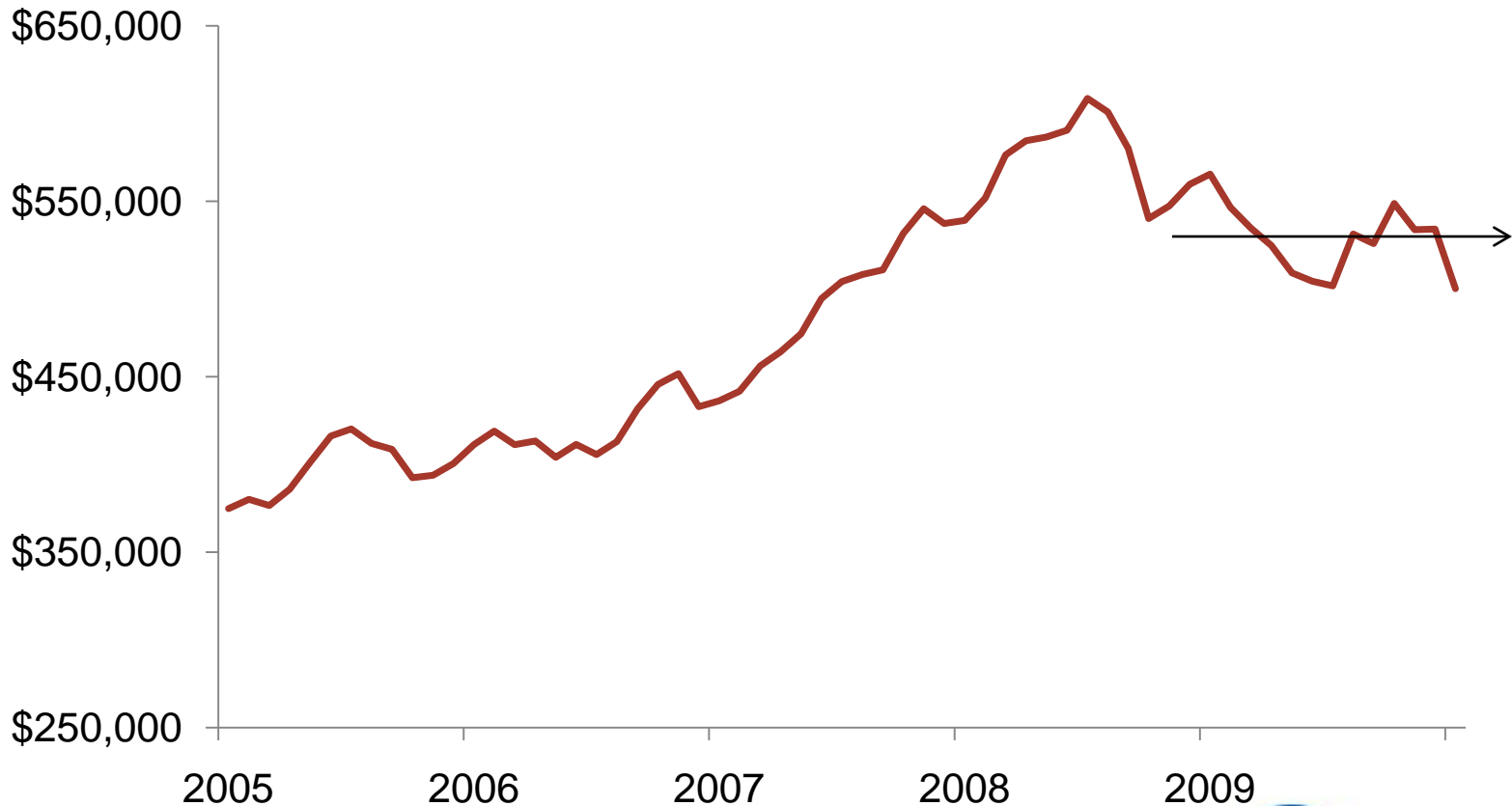
- Improved Transportation Corridor
- Long-Term Makes Squamish a Viable Daily Commute for those working in the Lower Mainland
- Continued Population Growth in Vancouver should make Squamish a Destination for Buyers



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# Squamish Benchmark Detached Price

MLS® Residential Price (3-mo moving average)

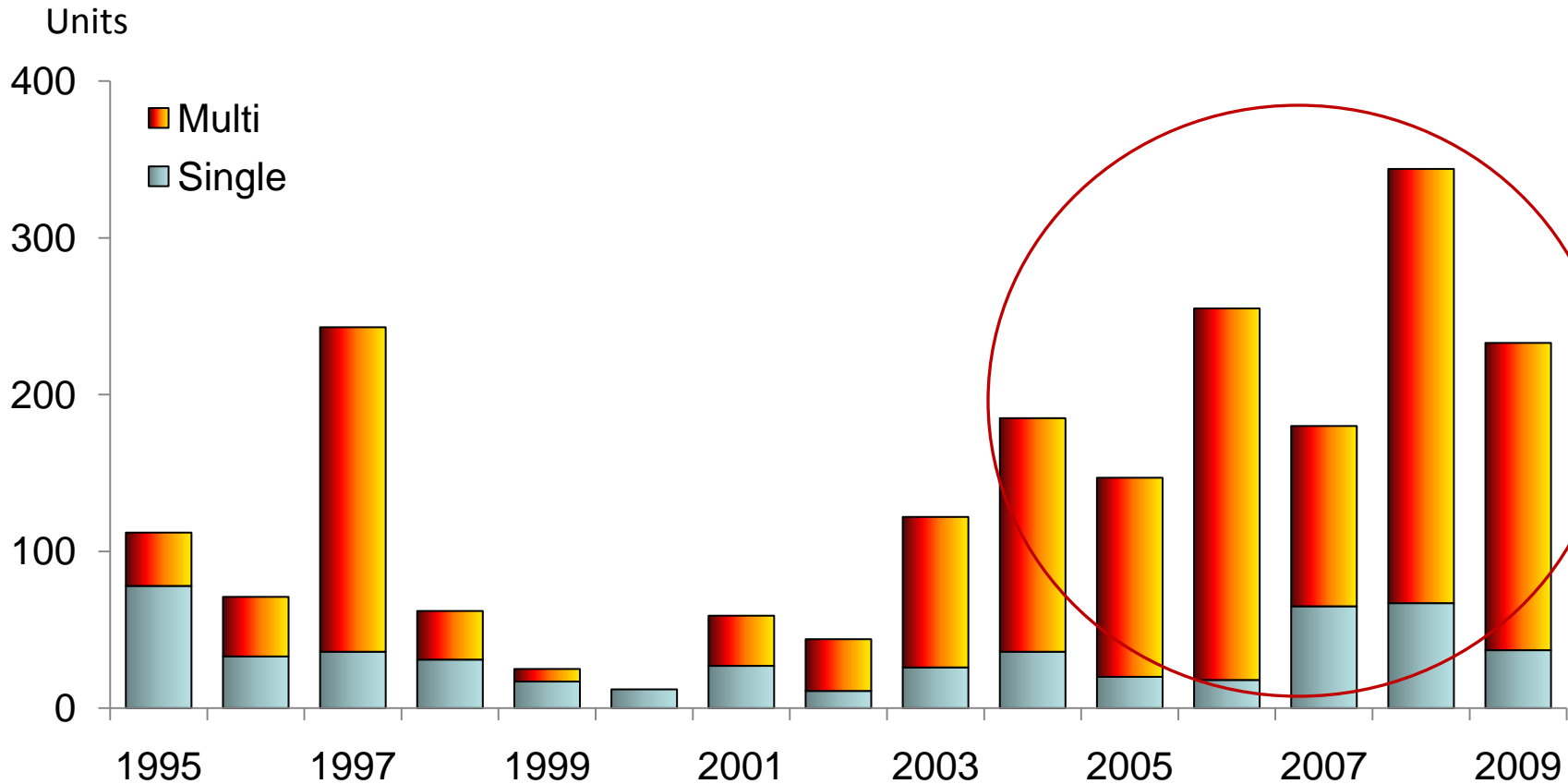


Sources: REBGV MLSLink® HPI, BCREA



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# Multi-Family Building Drive New Homes



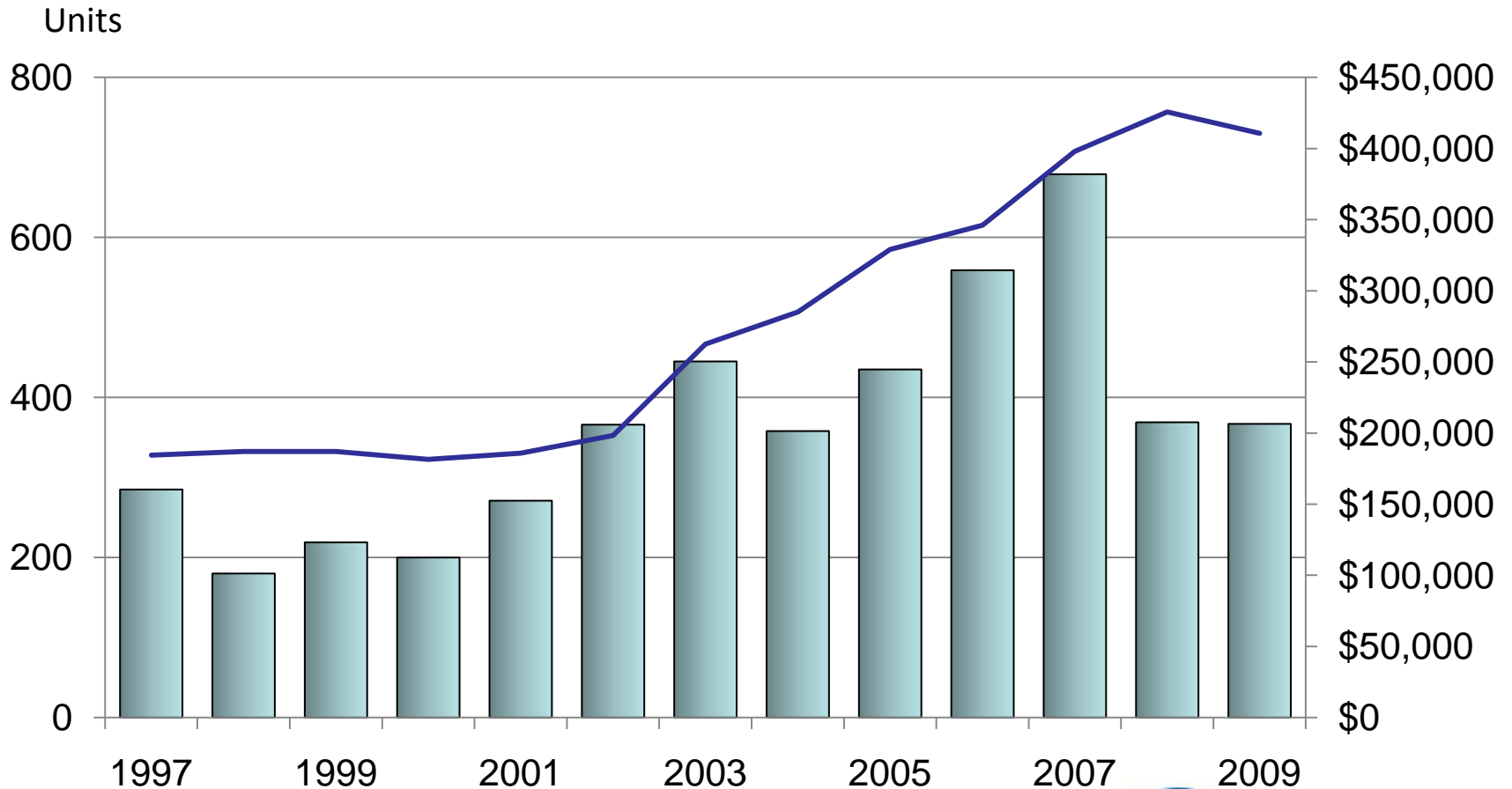
Sources: CMHC, Statistics Canada, BC Stats BCREA

Squamish



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# Squamish Posts Fewer Sales in 2009

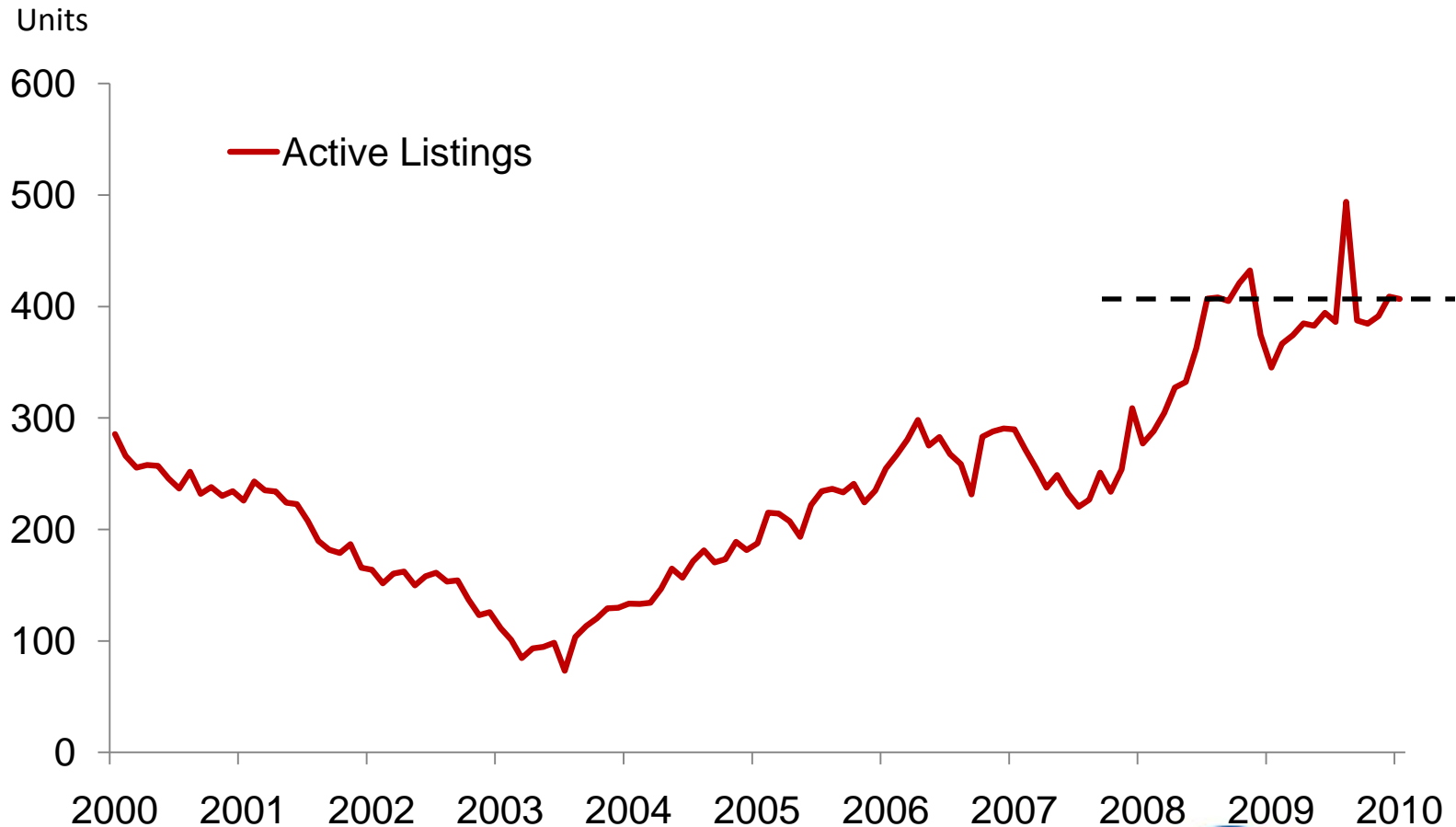


Sources: REBGV, BCREA



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# Squamish Inventory Shows Sign of Peak

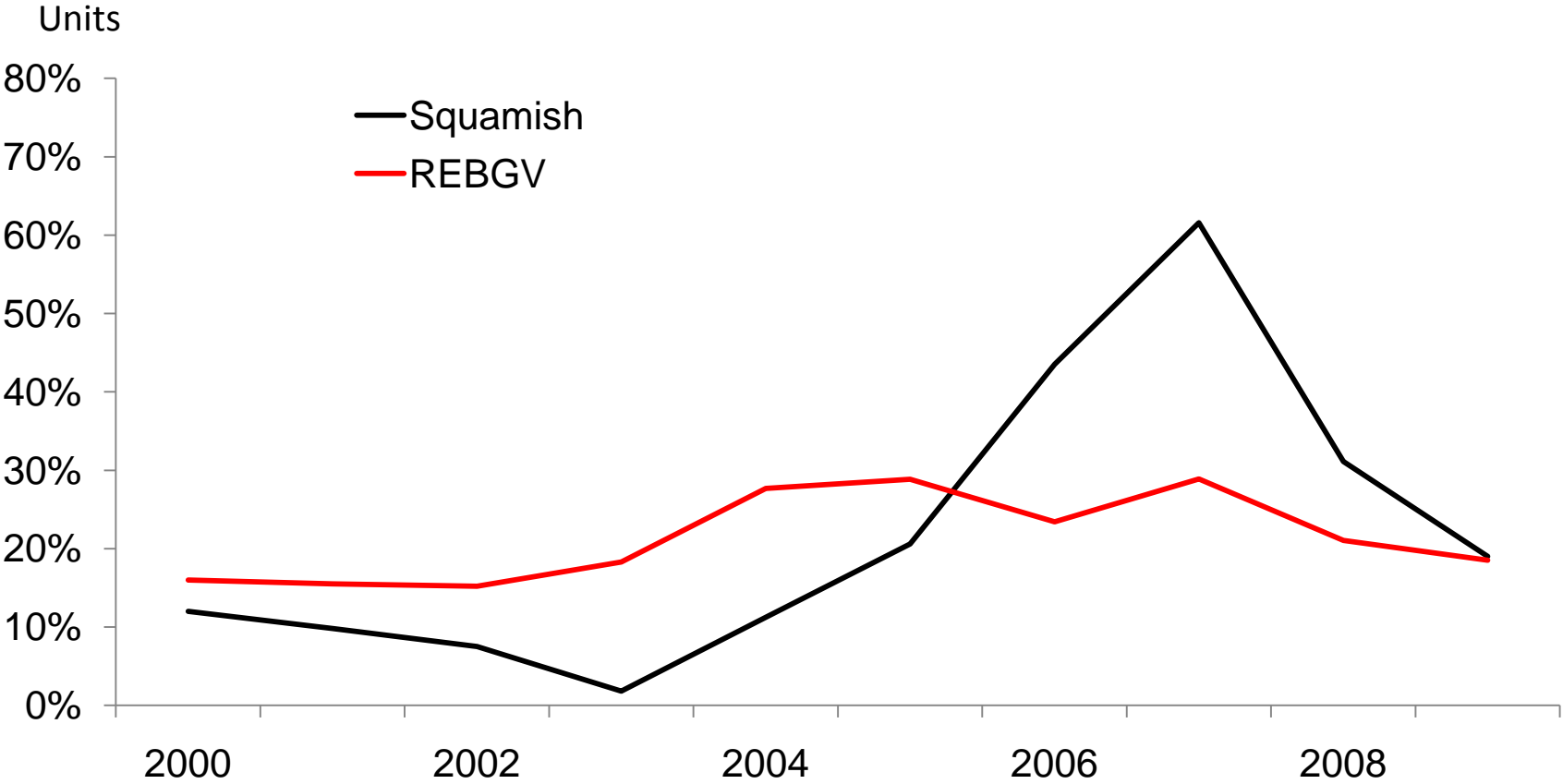


Sources: REBGV, BCREA  
Seasonally Adjusted



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# New Build Share Moving to Norms

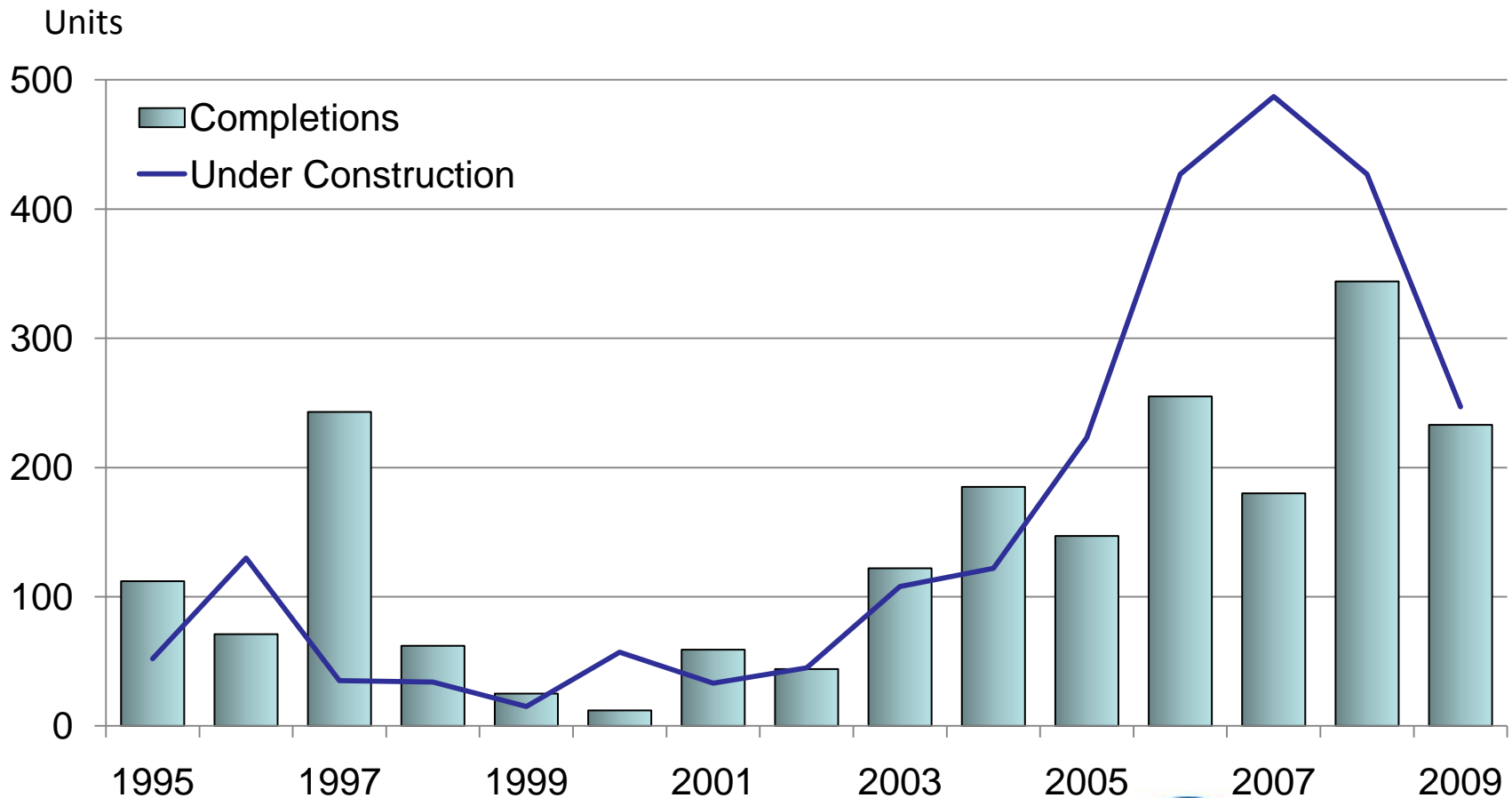


Sources: REBGV, BCREA



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# Squamish Overbuild to Moderate



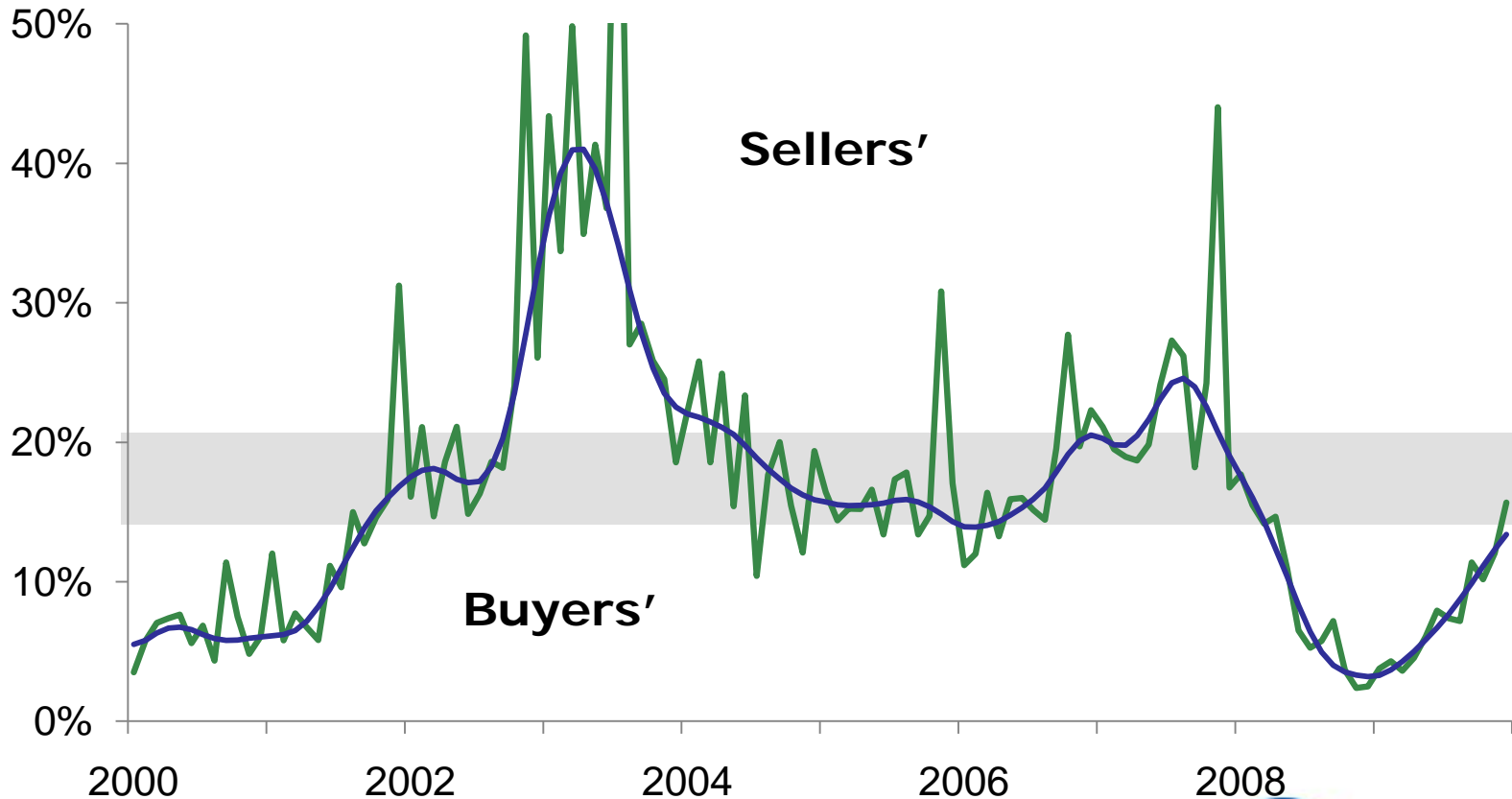
Sources: CMHC, BCREA



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# Squamish Trends Near Balance

Sales-to-Active Listings Ratio



Sources: REBGV, BCREA  
Seasonally Adjusted



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# Final Thoughts

- Current market strength fuelled by pent-up demand and low mortgage rates
- Economy to Recover Slowly
- Prices to remain firm on attractive mortgage rates, Population Growth, and lack of new home construction
- Squamish Over-Supply to Dissipate



For More Information Contact:

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