

# HOUSING FORECAST

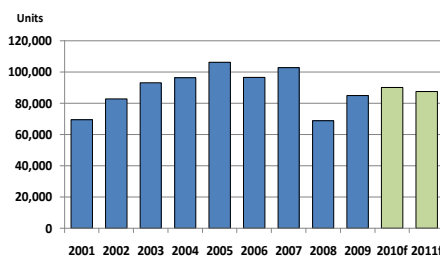
## FIRST QUARTER UPDATE

ECONOMICS      JANUARY 2010

### GOLD MEDAL RECOVERY LIMITED BY ECONOMY, AFFORDABILITY

Residential units sales through the Multiple Listing Service® (MLS®) in BC are forecast to increase 6 per cent to 90,100 units in 2010, before edging back 3 per cent to 87,500 units in 2011. MLS® residential unit sales sprinted from an annualized rate of 50,000 units during the first quarter of 2009 to 112,000 units

**BC MLS® Residential Sales**



Source: BCREA

during the fourth quarter. However, waning pent-up demand and eroding affordability is expected to moderate the pace of home sales going forward, particularly on the South Coast.

While market performance in Victoria, Vancouver and the Fraser Valley markets were largely responsible for pulling the provincial aggregate significantly higher last year, MLS®



residential sales are expected to grow more rapidly outside these major markets in 2010, as the full impact of low mortgage rates, attractive

home prices and improved consumer confidence are just now taking hold.

In 2011, BC residential sales will be constrained by higher home prices, especially on the South Coast, and rising mortgage interest rates. In addition, relatively sluggish economic and employment growth is not expected to propel household incomes high enough to offset the rising carrying cost of housing.

The average annual BC MLS® residential price is forecast to climb 5 per cent to \$490,900 this year, and remain relatively unchanged in 2011, albeit up 1 per cent to \$494,800. Most of the increase will likely occur by the end of the first quarter this year. Home prices are expected to experience relatively less upward pressure as the year unfolds.

In Victoria, Vancouver and the Fraser Valley, moderating consumer demand (compared to Q4 2009) combined with a larger number of homes for sale is expected to level market conditions from a sellers' market to a balanced market this year. Housing markets in the rest of the province are expected to exhibit a relative balance between buyers and sellers through the next two years.

MLS®	09	10f	11f
Sales	85,028 23%	90,100 6%	87,500 (3%)
Avg Price	465,725 2%	490,900 5%	494,800 1%
\$ Volume	39.6 Bil 26%	44.2 Bil 12%	43.3 Bil (2%)
<b>Housing Starts<sup>1</sup></b>			
Total	16,077 (53%)	22,400 39%	26,500 18%
Single	7,892 (28%)	9,200 17%	11,300 23%
Multiple	8,185 (65%)	13,200 61%	15,200 15%
	<b>09</b>	<b>10f</b>	<b>11f</b>
Real GDP Growth	(2.6%)	2.3%	2.8%
Employment Growth	(2.4%)	1.4%	2.1%
Unemployment rate	7.6%	7.9%	7.4%
Net Migration	63,320	58,900	62,300
5-Yr Mortgage Rate Range	5.25- 5.79	5.50- 6.25	6.25- 6.95

1. Source: CMHC, BCREA Forecast

2. Source: Statistics Canada, BC Stats, BCREA Forecast



## HOUSING FORECAST SUMMARY— QUARTER 1 2010

Board Area	Unit Sales			Average MLS® Price (\$)		
	2009	2010F	2011F	2009	2010F	2011F
<b>Victoria</b>	7,660 24%	7,850 3%	7,350 (6%)	476,137 (2%)	515,000 8%	525,000 2%
<b>Vancouver Island</b>	7,280 7%	8,050 11%	7,700 (4%)	316,118 (4%)	322,000 2%	329,000 2%
<b>Powell River Sunshine Coast</b>	263 25%	285 8%	295 4%	237,125 (7%)	242,000 2%	245,000 1%
<b>Greater Vancouver</b>	36,257 44%	37,500 3%	35,500 (5%)	592,441 0	636,000 7%	643,000 1%
<b>Fraser Valley</b>	15,660 24%	16,000 2%	15,450 (3%)	425,796 (1%)	451,000 6%	458,000 2%
<b>Chilliwack and District</b>	2,274 12%	2,650 17%	2,700 2%	296,601 (6%)	309,000 4%	314,000 2%
<b>Kamloops and District</b>	2,334 4%	2,740 17%	2,800 2%	300,349 (2%)	311,000 4%	318,000 2%
<b>Okanagan Mainline</b>	5,678 4%	6,450 14%	6,850 6%	379,711 (7%)	398,000 5%	415,000 4%
<b>South Okanagan</b>	1,545 4%	1,730 12%	1,815 5%	314,833 (7%)	328,000 4%	334,000 2%
<b>Kootenay</b>	2,119 (6%)	2,550 20%	2,600 2%	274,118 (5%)	284,000 4%	290,000 2%
<b>Northern Lights</b>	340 (28%)	395 16%	440 11%	222,294 16%	226,000 2%	232,000 3%
<b>BC Northern</b>	3,618 (10%)	3,900 8%	4,000 3%	211,805 (2%)	216,000 2%	222,000 3%
<b>BC Total</b>	<b>85,028</b> 23%	<b>90,100</b> 6%	<b>87,500</b> (3%)	<b>465,725</b> 2%	<b>490,900</b> 5%	<b>494,800</b> 1%

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

### British Columbia Real Estate Association

BCREA represents 12 member real estate boards and their approximately 17,500 REALTORS® on all provincial issues, providing an extensive communications network, standard forms, economic research and analysis, applied practice courses and continuing professional education (cpe).

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports growth that encourages economic vitality, housing opportunities, environmental preservation, property owner rights and better communities.

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*This publication/research is generously funded, in part, by  
The Real Estate Foundation of British Columbia.*

