NEWS RELEASE

For immediate release

Unprecedented Pace of Construction Needed to Offset the Impact of Record Immigration to BC
Housing demand impact of record-high immigration is five times as large as the Foreign Buyers Ban: report

Vancouver, BC – **March 28, 2023**. To fully offset a deterioration in housing affordability, new home completions in BC need to increase 25 per cent above their historical average level for the next five years to a record level of about 43,000 completions per year, a new report has revealed.

According to the latest Market Intelligence report from the BC Real Estate Association (BCREA), two significant federal government policies – the Foreign Buyers Ban and record-high immigration targets – will shape housing demand in BC over the next three years.

Summary Findings:

- There is weak evidence that Canada's Foreign Buyers Ban will achieve its objective of lowering home prices, with an estimated reduction in home sales of 2,400 units in BC over the two-year ban.
- BC will welcome an estimated 217,500 new permanent residents from 2023 to 2025 or 100,500 more new permanent residents than would be expected based on historical average immigration levels. This translates to a 20,500-unit increase in housing demand from new permanent residents.
- The demand impact of the increase in immigration is approximately five times as large as the Foreign Buyers Ban and is estimated to place significant upward pressure on home prices.

"Lowering price growth so that income growth can catch up to prices is integral to improving housing affordability in BC," says Brendon Ogmundson, BCREA Chief Economist. "In our simulations, an appropriate supply response can offset the negative impact on affordability from an immigration-driven demand shock and if sustained, can achieve a permanent improvement in affordability in BC.

Immigration plays a vital role in the economy by supporting economic growth, creating job opportunities, and bringing diversity to communities. However, as detailed in this report, immigration also adds significantly to housing demand. As the population continues to grow and global migration patterns persist, it is essential to create policies and programs that support and welcome immigrants while addressing the consequent pressures on an already stressed housing market.

"To ease the pressure on the housing market that arises from sudden changes in housing demand, governments can take steps to increase housing supply," Ogmundson adds, "This can include zoning changes to allow for more housing construction, increasing funding for affordable housing programs, and providing incentives for developers to build more housing units."

-30-

For more information, please contact:

Brendon Ogmundson
Chief Economist
604.505.6793
bogmundson@bcrea.bc.ca

Morgan Guo
Media Liaison
778.373.6483
media@bcrea.bc.ca

About BC Real Estate Association
BCREA is the professional association for over 26,000 commercial and residential REALTORS® in BC. Our mission is to empower the province's eight real estate boards by sharing our expertise and providing professional development opportunities, advocacy, economic research and standard forms so REALTORS® are trusted, respected and proud of their profession. Learn more at bcrea.bc.ca.

About Market Intelligence
Market Intelligence is published by the British Columbia Real Estate Association. Media outlets, real estate boards, real estate associations and REALTORS® may reprint this content, provided that credit is given to BCREA by including the following statement: "Copyright British Columbia Real Estate Association. Reprinted with permission." BCREA makes no guarantees as to the accuracy or completeness of this information.

About Real Estate Policy Analysis Model
BCREA's Real Estate Policy Analysis Model ("REPAM") is a small quarterly econometric model which enables BCREA to analyze the effects of hypothetical scenarios on the British Columbian real estate market. The model incorporates housing and macroeconomic data, including housing starts, completions, prices, price expectations, MLS® home sales, MLS® active listings, new MLS® listings, average household incomes, the average mortgage rate, and migration. The model also includes an estimation of additional unobservable variables such as the number of potential buyers and the percentage of sales made by investors. The relationships between these variables are estimated and combined into a model that can assess how shocks to different variables affect the housing market.