



Fourth Quarter – October 2023

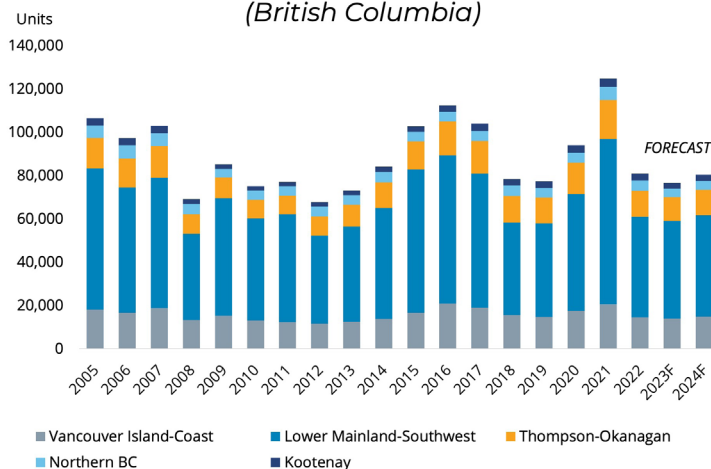
Activity in the BC housing market has mirrored movements by the Bank of Canada over the past two years. Sales dropped significantly when the Bank began raising rates last year, staged a brief recovery when the Bank paused hikes earlier this year, and declined once again when the Bank tightened rates over the summer. As such, there is little reason to believe that sales will meaningfully detach from the anchor that is monetary policy over the next year.

Thankfully, it appears that the Bank of Canada is at, or at least very near, the end of its tightening cycle and may begin lowering its policy rate late next year. If mortgage rates decline as expected in 2024, it certainly will provide some relief to potential buyers. However, both fixed and variable mortgage rates will be much higher over the next two years than the rates borrowers have been accustomed to over the past decade. Additionally, continued slow economic growth and a cooling in the labour market may further constrain demand. Consequently, sales activity will likely remain below normal through the end of 2023 and for much of 2024. We forecast 76,700 sales in 2023, followed by a slight uptick to 80,375 in 2024.

After trending down for most of the year, new listings activity has normalized in the second half of 2023, which, combined with slowing sales, has led to a modest uptick in total inventory. Still, at just over 30,000 listings, the supply of homes for sale falls considerably short of the roughly 45,000 active listings that are historically consistent with a healthy, balanced market.

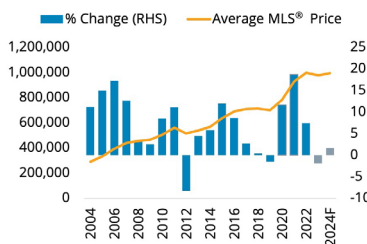
Prices saw a significant increase in the first half of the year, recovering around half of their 2022 decline. However, that surge in prices has since given way to a flattening trend as market conditions balance out, albeit at a low level of market activity. We expect that annual prices in 2023 will be roughly 1.9 per cent lower than in 2022 and will slightly increase in 2024 on the strength of an expected second-half recovery.

MLS® Home Sales (British Columbia)



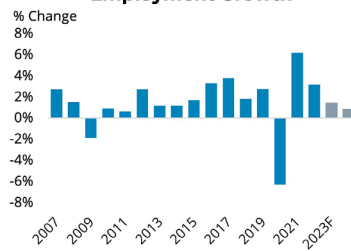
Source: BCREA Economics

MLS® Average Price



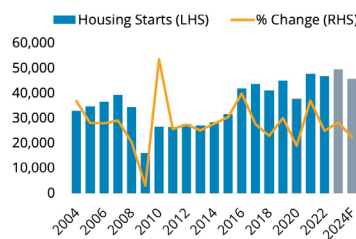
Source: BCREA Economics

Employment Growth



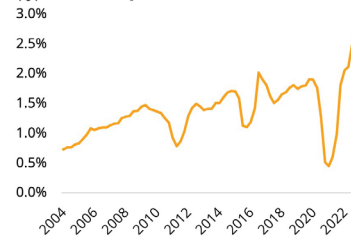
Source: Statistics Canada and BCREA Economics

Housing Starts



Source: Canada Mortgage and Housing Corporation and BCREA

Population Growth



Source: Statistics Canada and BCREA Economics

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ECONOMIC OUTLOOK

With the year coming to an end, many of the big economic questions for 2023 remain frustratingly unanswered. While interest rates have risen significantly, we have not crossed the threshold into a recession just yet, and inflation, though down from its peak, remains stubbornly above its 2 per cent target. As a result, the much hoped-for relief on interest rates is likely on hold until late 2024 or early 2025.

According to our *BCREA Nowcast*, economic growth is tracking at slightly over 1 per cent in 2023. However, we still have not seen slower growth in the BC labour market. Although, not strong, employment growth remains positive; the economy has added more than 50,000 jobs through September, and employment is up 1.4 per cent this year. Moreover, a lack of available labour over the past year has caused significant pressure on wages. A quick recovery of prime-age employment back to pre-pandemic levels and increased job vacancies meant intense competition for available labour resources. While labour market tightness has improved slightly as vacancies fall, there is still very little slack in the labour market. Consequently, wages have been growing at a 6 per cent rate, and wage growth has recently been outpacing inflation, increasing real wages as well. If employment is high and wages are rising, workers will continue spending even in the face of high borrowing costs.

BC Economic Outlook ¹	2022	2023F	2024F
Real GDP Growth (%)	3.5	1.2	1
Employment Growth (%)	3.1	1.5	1.2
Unemployment Rate (%)	4.6	5.2	5.8
Personal Disposable Income Growth (%)	4.8	3.5	3.2
Weekly Wage Growth (%)	4.8	6	2.5
Retails Sales Growth (%)	2.7	1.5	2

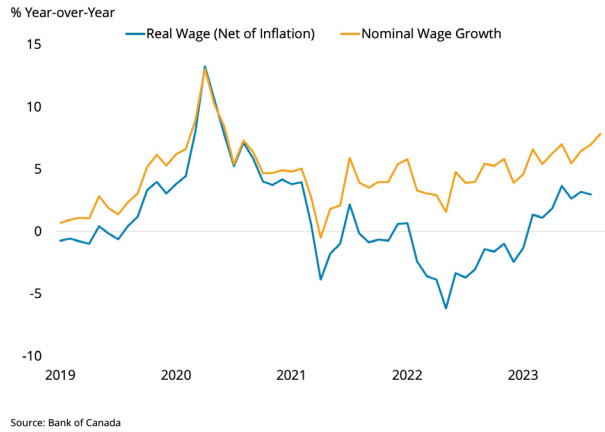
Sources: Statistics Canada and BCREA Economics
1. Values have been estimated where data has not yet been released.

New home construction remains very strong in BC. Housing starts are on track to reach 50,000 units this year, as projects that were in the pre-construction development phase over the past two years are now breaking ground. With a strong pipeline of new starts and a slowing rate of completions, total units under construction remain elevated. Over the next two years, and despite government housing supply targets, new home construction will likely decline as developers delay projects due to high financing rates, scarce labour, and uncertain market conditions.

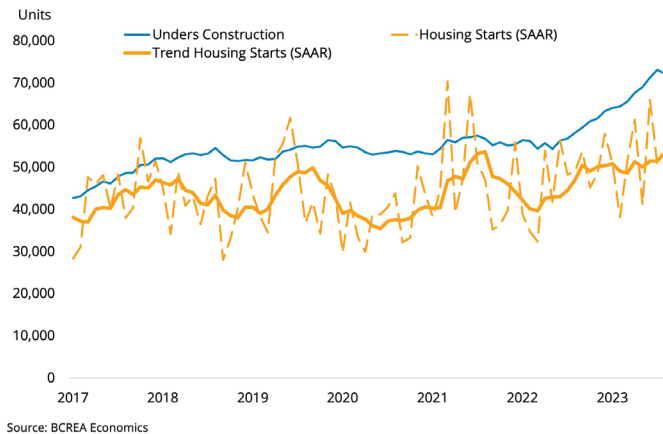
GDP Nowcast



BC Wage Growth



Starts and Units Under Construction



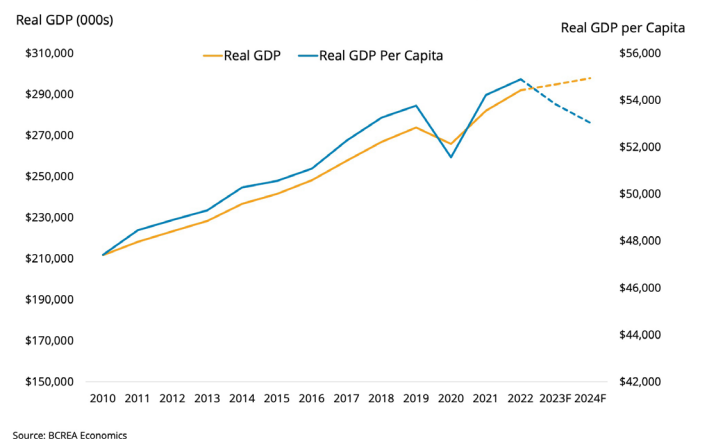
While the domestic side of the economy has shown some resilience, external demand for BC exports has dropped sharply, particularly from BC's largest trading partners. The dollar value of goods exports to the US, China, and Japan have all fallen year-over-year. Some of that decline is a result of falling commodity prices, particularly for forestry products. Still, even after excluding forestry, there is a broad-based downward trend in the value of BC exports this year compared to 2022, with BC goods exports on track to decline by double digits.

Although economic growth will likely remain positive this year, BC's economic performance looks much worse when adjusted for the record population growth over the past year. In fact, part of the increase in real GDP this year is solely from a growing labour force. Over time, economic growth can be viewed as the result of two factors – how fast the labour force is growing, and how productive that labour force is. Right now, we have a lot of the former and are falling woefully short on the latter. Indeed, in per-capita terms, the BC economy has contracted, meaning that less output or income is being generated per person than in the past.

This problem has plagued the Canadian economy for quite some time and will not be fixed overnight, but clearly it will need to be addressed if we want to improve future living standards.

There is growing evidence that the BC economy may experience a soft landing with a brief but mild slowdown in economic growth, and little impact on employment. However, such experiences are exceedingly rare and, while we are not in unprecedented territory with interest rates, households are currently experiencing the highest borrowing costs in nearly 20 years. History tells us that those high debt-service costs will eventually impact tepid household spending. Indeed, retail sales are lagging significantly at just 1 per cent growth this year despite a resilient labour market and strong wage growth. As the consumer goes, so goes the wider economy, and we anticipate that household spending, combined with a weak global economy and a slowdown in residential investment, will cause the BC economy to underperform in the coming year.

GDP vs GDP Per Capita



VANCOUVER ISLAND-COAST

(VANCOUVER ISLAND REAL ESTATE BOARD / VICTORIA REAL ESTATE BOARD / POWELL RIVER AND SUNSHINE COAST REAL ESTATE BOARD)

The economy of the Vancouver Island-Coast region of BC has slowed significantly since the start of the year but has so far avoided dipping into a widely anticipated but elusive recession. The *BCREA Nowcast* for the region estimates year-over-year growth of 1.3 per cent as of July. Amid rapid population growth, total employment in the Vancouver Island-Coast region has surged to fresh records. At the same time, the unemployment rate in the region has risen from 2.9 per cent at the start of the year, to 4.8 per cent as of September. While still very low, the rise indicates a softening in the labour market.

Sales in the Vancouver Island-Coast region of BC have moved closely with interest rates in 2023. After declining sharply throughout 2022 with rising interest rates, sales took a turn when the Bank of Canada announced a conditional pause in rate hikes in January. Sales recovered quickly until the summer, when the Bank resumed rate hikes, causing sales to fall again. Average prices in the region are up about 11 per cent since the start of the year and are now 10 per cent below the peak set in early 2022.

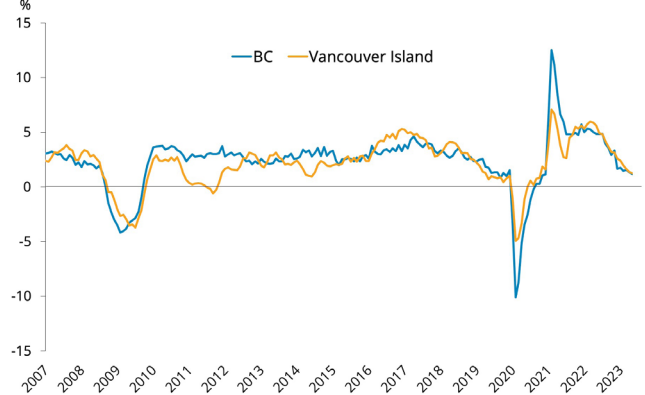
Falling sales have coincided with rising active listings. Listings have nearly tripled since hitting a record low in December of 2021. Still, listings haven't increased significantly in the past year and are still far below the levels needed to keep price appreciation in line with inflation.

The Bank of Canada is now expected to hold rates at their current level until mid-to-late 2024 as it attempts to pull inflation back down to 2 per cent without pushing the country into a deep recession. Financial markets expect rates to begin declining toward the end of 2024, but with fixed mortgage rates above 6 per cent, high borrowing costs will likely put a damper on housing markets for some time. That said, unexpectedly cool inflation, a sharp rise in unemployment, or economic contractions could cause the Bank to change direction and cut rates sooner than anticipated.

Our forecast is generally for a slight contraction in sales and prices in the Vancouver Island-Coast region for 2023, before sales rise and prices appreciate in 2024, as rates change direction. We forecast that unit sales will contract 6 per cent to 6,100 in Victoria and 2 per cent to 7,500 in the Vancouver Island Board area in 2023. In 2024, we expect sales to bounce back, rising 10 per cent and 4 per cent respectively. We anticipate prices to fall by 3 per cent in Victoria and 6 per cent in the Vancouver Island Board area in 2023, before rising by 4 per cent in Victoria to \$1.02 million and 1 per cent on the Island to \$730,000 in 2024. In Powell River, we forecast sales of 350 in 2023 and 375 in 2024, with prices rising 1.5 per cent to \$680,000 in 2024.

Vancouver Island Nowcast

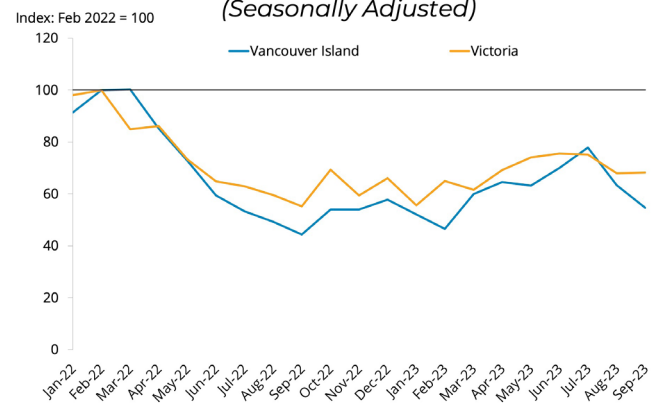
Estimate of Year-Over-Year Real GDP Growth



Source: BCREA Economics

MLS® Home Sales

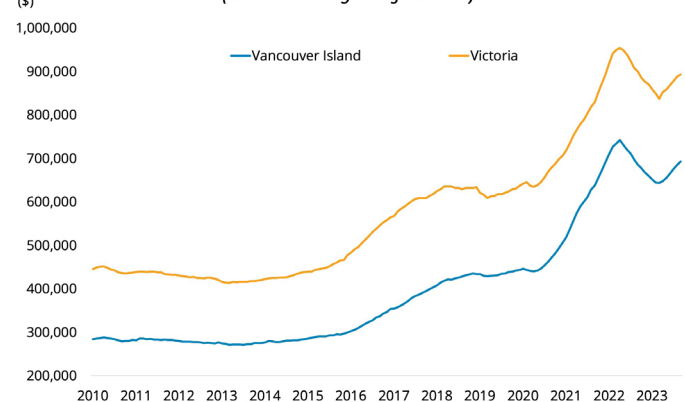
(Seasonally Adjusted)



Source: BCREA Economics

MLS® HPI Composite Prices

(Seasonally Adjusted)



Note: Prices represent the HPI Benchmark Composite
Source: BCREA Economics

Vancouver Island-Coast

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Victoria Real Estate Board		6,499	-31.7	6,100	-6.1	6,700	9.8
Single Detached		3,028	-30.4	2,800	-7.5	3,100	10.7
Apartment		2,288	-33.9	2,200	-3.8	2,400	9.1
Townhouse		770	-32.3	800	3.9	900	12.5
Vancouver Island Real Estate Board		7,618	-29	7,500	-1.5	7,800	4
Single Detached		4,766	-25.1	4,500	-5.6	4,700	4.4
Apartment		936	-34.5	900	-3.8	950	5.6
Attached		1,055	-26.5	1,000	-5.2	1,050	5
Powell River Sunshine Coast Real Estate Board		322	-25.1	350	8.7	375	7.1
Single Detached		249	-23.4	280	12.4	300	7.1
MLS® Average Price		2022	%	2023F	%	2024F	%
Victoria Real Estate Board		\$ 1,012,428	11.7	\$ 985,000	-2.7	\$ 1,020,000	3.6
Single Detached		\$ 1,350,000	7.1	\$ 1,339,000	-0.8	\$ 1,380,000	3.1
Apartment		\$ 634,162	11.4	\$ 648,200	2.2	\$ 675,800	4.3
Townhouse		\$ 853,178	14.9	\$ 819,100	-4	\$ 839,700	2.5
Vancouver Island Real Estate Board		\$ 767,889	15.6	\$ 720,000	-6.2	\$ 730,000	1.4
Single Detached		\$ 910,860	10	\$ 877,500	-3.7	\$ 889,700	1.4
Apartment		\$ 424,652	12.5	\$ 415,000	-2.3	\$ 426,000	2.7
Attached		\$ 598,965	12.9	\$ 576,600	-3.7	\$ 583,000	1.1
Powell River Sunshine Coast Real Estate Board		\$ 659,436	26.9	\$ 670,000	1.6	\$ 680,000	1.5
Single Detached		\$ 737,407	26.4	\$ 750,000	1.7	\$ 760,000	1.3
Apartment		\$ 496,268	57.8	\$ 430,000	-13.4	\$ 440,000	2.3
Attached		\$ 410,180	-17.3	\$ 415,000	1.2	\$ 420,000	1.2
Housing Starts		2022	%	2023F	%	2024F	%
Victoria CMA		4,787	-0.5	4,380	-8.5	4,500	2.7
Single		679	-21	380	-44	500	31.6
Multiple		4,108	4	4,000	-2.6	4,000	0
Nanaimo CMA		1,184	9.2	495	-58.2	700	41.4
Single		261	-0.8	195	-25.3	200	2.6
Multiple		923	12.4	300	-67.5	500	66.7

LOWER MAINLAND-SOUTHWEST

(REAL ESTATE BOARD OF GREATER VANCOUVER / FRASER VALLEY REAL ESTATE BOARD / CHILLIWACK AND DISTRICT REAL ESTATE BOARD)

Economic growth in the Lower Mainland-Southwest region of BC remains relatively strong. The *BCREA Nowcast* for the region estimates growth of 2.3 per cent year-over-year as of July 2023, compared to 1.2 per cent for the province. Furthermore, with rapid population growth, total employment in the Lower Mainland-Southwest region has surged to fresh records. Resilient economic fundamentals in the region have helped prevent a substantial slowdown in the housing market amid high interest rates.

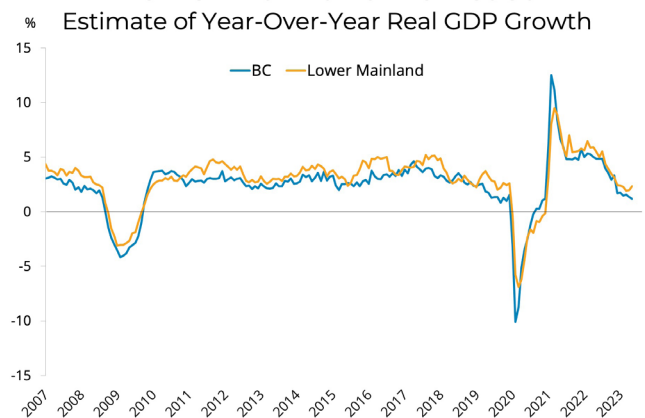
Sales in the Lower Mainland-Southwest region of BC have moved in lockstep with interest rates in 2023. After declining sharply throughout 2022 with rising interest rates, sales suddenly changed direction when the Bank of Canada announced a conditional pause in rate hikes in January. Sales recovered quickly until the summer, when the Bank resumed rate hikes, causing sales to fall again. Average prices in the region are up about 12 per cent since the start of the year and are now 9 per cent below the peak set in early 2022.

Active listings hit an all-time low in December of 2021, at below 7,000. Listings have grown by nearly 50 per cent, now at about 10,300. Since the summer, when the Bank resumed rate hikes, active listings have risen sharply. Listings, however, remain well below the level that can keep price appreciation in line with inflation.

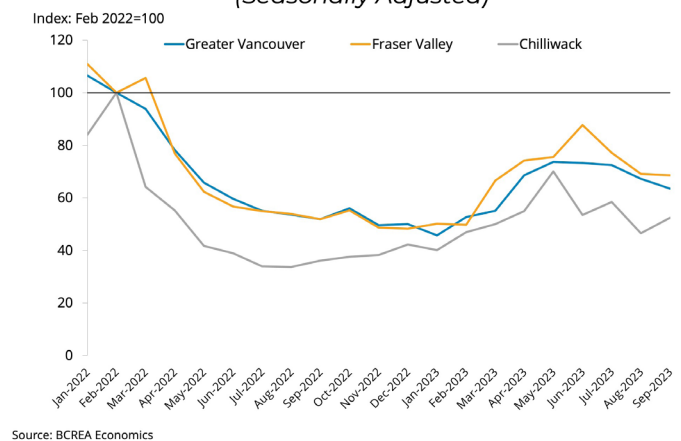
The Bank of Canada is likely to hold rates at their current level until mid-to-late 2024 as it attempts to pull inflation back down to 2 per cent without pushing the country into a deep recession. Financial markets expect rates to begin declining toward the end of 2024, but high rates will likely put a damper on housing markets for some time. That said, unexpectedly cool inflation, a sharp rise in unemployment, or economic contractions could cause the Bank to change direction and cut rates sooner than anticipated.

Our forecast is generally for a slight contraction in sales and prices in the Lower Mainland-Southwest region for 2023, before sales rise and prices appreciate in 2024, as rates change direction. In Greater Vancouver, we estimate prices will be flat in 2023 before rising 1 per cent in 2024 to \$1.29 million. In the Fraser Valley, we expect prices to fall 7 per cent in 2023 and increase 3 per cent in 2024 to \$1.05 million. In Chilliwack, we forecast prices to fall 8 per cent in 2023 and rise 1 per cent in 2024 to \$755,000. In 2023, sales are expected to fall by 3 per cent in Greater Vancouver, while changing little in the Fraser Valley and Chilliwack from last year. In 2024, we anticipate sales to recover in each region, with growth of 4 per cent, 3 per cent, and 8 per cent, respectively.

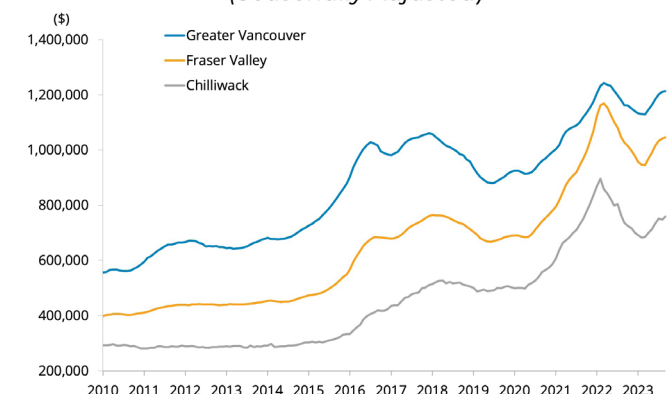
Lower Mainland Nowcast



MLS® Home Sales (Seasonally Adjusted)



MLS® HPI Composite Prices (Seasonally Adjusted)



Lower Mainland-Southwest

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Real Estate Board of Greater Vancouver		29,004	-34.3	28,000	-3.5	29,000	3.6
Single Detached		8,226	-41	7,800	-5.2	8,200	5.1
Apartment		15,593	-28.4	14,500	-7	14,700	1.4
Attached		5,004	-39.1	5,000	-0.1	5,200	4
Fraser Valley Real Estate Board		14,559	-45	14,500	-0.4	15,000	3.4
Single Detached		5,457	-52.7	5,400	-1	5,600	3.7
Apartment		4,849	-34.1	4,700	-3.1	4,800	2.1
Attached		4,007	-44.6	4,100	2.3	4,400	7.3
Chilliwack and District Real Estate Board		2,582	-46.3	2,600	0.7	2,800	7.7
Single Detached		1,334	-51.9	1,400	4.9	1,500	7.1
Apartment		490	-40	400	-18.4	425	6.3
Attached		619	-42.3	700	13.1	750	7.1
MLS® Average Price		2022	%	2023F	%	2024F	%
Real Estate Board of Greater Vancouver		\$ 1,274,557	7	\$ 1,275,000	0	\$ 1,290,000	1.2
Single Detached		\$ 2,170,000	8.5	\$ 2,210,000	1.8	\$ 2,215,000	0.2
Apartment		\$ 797,614	10.2	\$ 805,800	1	\$ 829,200	2.9
Attached		\$ 1,200,000	11.1	\$ 1,230,000	2.5	\$ 1,250,000	1.6
Fraser Valley Real Estate Board		\$ 1,096,256	8.2	\$ 1,020,000	-7	\$ 1,050,000	2.9
Single Detached		\$ 1,670,000	8.4	\$ 1,590,000	-4.8	\$ 1,595,000	0.3
Apartment		\$ 556,743	15.9	\$ 546,000	-1.9	\$ 554,300	1.5
Attached		\$ 879,961	15	\$ 848,900	-3.5	\$ 865,000	1.9
Chilliwack and District Real Estate Board		\$ 813,175	11.7	\$ 745,000	-8.4	\$ 755,000	1.3
Single Detached		\$ 1,020,000	10.4	\$ 936,800	-8.2	\$ 947,200	1.1
Apartment		\$ 405,406	15.2	\$ 394,500	-2.7	\$ 400,000	1.4
Attached		\$ 655,233	10.3	\$ 608,900	-7.1	\$ 615,000	1
Housing Starts		2022	%	2023F	%	2024F	%
Vancouver CMA		25,983	-0.1	33,200	27.8	28,000	-15.7
Single		3,392	12.5	3,200	-5.7	3,000	-6.3
Multiple		22,591	-1.8	30,000	32.8	25,000	-16.7
Abbotsford CMA		1,467	36.1	750	-48.9	1,300	73.3
Single		419	28.9	250	-40.3	400	60
Multiple		1,048	39.2	500	-52.3	900	80
Chilliwack CA		1,232	-9.5	420	-65.9	600	42.9
Single		387	-29.4	170	-56.1	250	47.1
Multiple		845	3.8	250	-70.4	350	40

THOMPSON-OKANAGAN

(ASSOCIATION OF INTERIOR REALTORS®)

GDP growth in the Thompson-Okanagan region of BC remains relatively strong, with the *BCREA Nowcast* estimating growth of 1.9 per cent year-over-year as of July 2023. As one of the country's fastest-growing regions, employment has also surged to near-records. Furthermore, the region's unemployment rate remains very low, estimated at 3.5 per cent as of September 2023. These economic tailwinds have helped prevent significant declines in home prices despite tepid sales in the region.

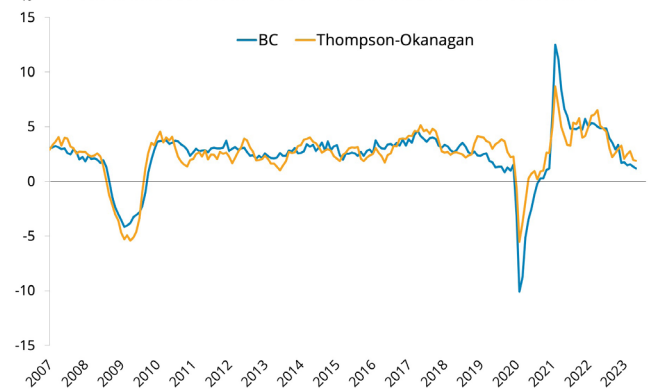
Housing market activity in the Thompson-Okanagan region has moved in lockstep with interest rates in 2023. After declining sharply throughout 2022 with rising interest rates, sales took a turn when the Bank of Canada announced a conditional pause in rate hikes in January. Sales recovered quickly until the summer, when the Bank resumed rate hikes, causing sales to decline sharply. Likewise, average prices trended downwards throughout 2022 before changing direction and recovering somewhat in January 2023 with the pause in rate hikes. Since hikes resumed in the summer, prices have sagged in the region. Overall, prices are now up roughly 8 per cent since January.

Meanwhile, after surging in 2022, active listings have mostly trended sideways in the Thompson-Okanagan region since the beginning of the year. Although they have more than doubled since their all-time low in early 2022, listings remain well below the levels needed to keep price appreciation in line with inflation.

The Bank of Canada is now expected to hold rates until mid-to-late 2024, as it attempts to pull inflation back down to 2 per cent without pushing the country into a deep recession. Financial markets expect rates to begin declining toward the end of 2024, but with fixed mortgage rates above 6 per cent, high borrowing costs will likely put a damper on housing markets for some time. That said, unexpectedly cool inflation, a sharp rise in unemployment, or economic contractions could cause the Bank to change direction and cut rates sooner than anticipated.

Thompson-Okanagan Nowcast

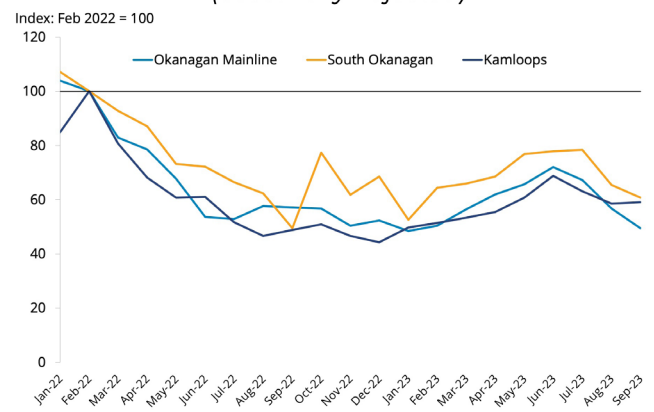
Estimate of Year-Over-Year Real GDP Growth



Source: BCREA Economics

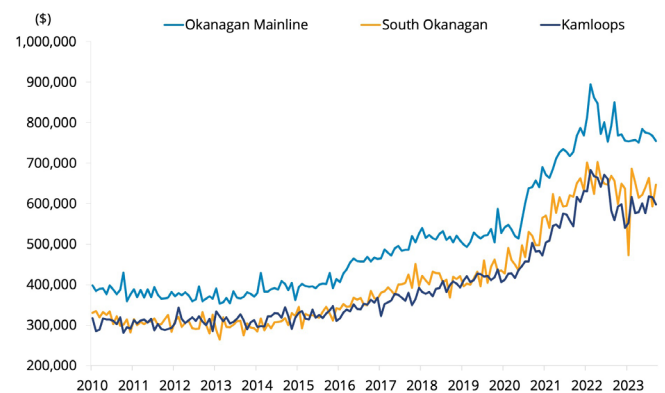
MLS® Home Sales

(Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices



Note: Represents MLS® average prices
Source: BCREA Economics

Thompson-Okanagan

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Interior REALTORS® – Okanagan ¹		9,500	-33.1	8,500	-10.5	9,000	5.9
Single Detached		4,950	-32.5	4,500	-9.1	4,800	6.7
Apartment		2,141	-33.9	1,900	-11.3	2,000	5.3
Attached		2,169	-32.3	1,950	-10.1	2,000	2.6
Interior REALTORS® – Kamloops ¹		2,621	-30	2,500	-4.6	2,700	8
Single Detached		1,535	-29.8	1,500	-2.3	1,600	6.7
Apartment		359	-38.9	360	0.3	400	11.1
Attached		502	-29.5	450	-10.4	460	2.2
MLS® Average Price		2022	%	2023F	%	2024F	%
Interior REALTORS® – Okanagan ¹		\$ 788,055	12.4	\$ 750,000	-4.8	\$ 765,000	2
Single Detached		\$ 950,942	8.3	\$ 877,500	-7.7	\$ 900,200	2.6
Apartment		\$ 495,348	18.1	\$ 509,200	2.8	\$ 521,000	2.3
Attached		\$ 733,708	12.2	\$ 681,700	-7.1	\$ 700,600	2.8
Interior REALTORS® – Kamloops ¹		\$ 637,216	13.9	\$ 590,000	-7.4	\$ 600,000	1.7
Single Detached		\$ 757,900	11.4	\$ 700,100	-7.6	\$ 732,700	4.7
Apartment		\$ 381,924	11.9	\$ 377,100	-1.3	\$ 400,000	6.1
Attached		\$ 658,466	11.5	\$ 602,100	-8.6	\$ 624,300	3.7
Housing Starts		2022	%	2023F	%	2024F	%
Kelowna CMA		3,382	3.6	2,900	-14.3	2,700	-6.9
Single		657	-29	500	-23.9	700	40
Multiple		2,725	16.5	2,400	-11.9	2,000	-16.7
Penticton CMA		124	-70.1	110	-11.3	160	45.5
Single		40	-60	60	50	90	50
Multiple		84	-73.3	50	-40.5	70	40
Kamloops CA		522	-24.3	350	-33	500	42.9
Single		152	-47.8	50	-67.1	150	200
Multiple		370	-7.3	300	-18.9	350	16.7

1. The Okanagan Mainline Real Estate Board (OMREB) amalgamated with the South Okanagan Real Estate Board (SOREB) on January 1, 2021, to form the Association of Interior REALTORS®. In February 2022, the Association merged with the Kootenay and Kamloops real estate boards.

NORTHERN BC

(BC NORTHERN REAL ESTATE BOARD / ASSOCIATION OF INTERIOR REALTORS®)

Economic growth in Northern BC is lagging behind other provinces' regions. According to BCREA's *Nowcast*, the Northern economy has been contracting compared to the same period last year since the beginning of 2023, mainly due to falling commodity prices and slower commodity exports. Despite population growth, employment in the region has been stagnant in recent years due to a declining workforce participation rate. Closures of large sawmills across the region earlier this year have contributed to the soft labour market, and the unemployment rate in the region is higher than in other areas of the province, estimated at nearly 7 per cent. A weak economy is contributing to muted housing market activity in the region.

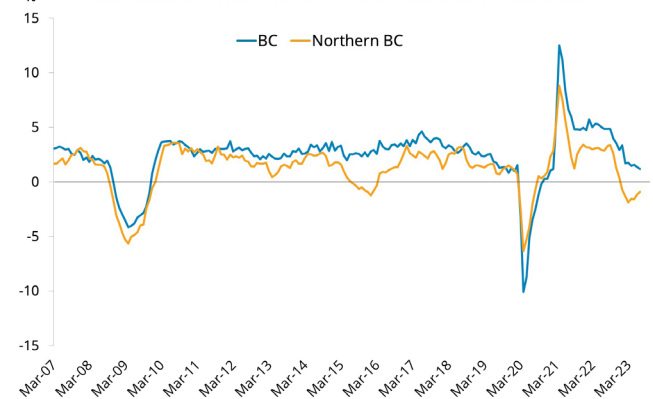
Housing market activity in the BC North region has moved closely with interest rates in 2023. After declining sharply in 2022 with rising interest rates, sales changed direction in February following the Bank of Canada's conditional pause on further rate hikes. Sales recovered until the summer when the Bank resumed rate hikes, causing sales to plateau. Likewise, average prices rose sharply from February 2023 before plateauing and then falling in the summer and autumn as rate hikes resumed. Overall, prices are still up roughly 8 per cent year-to-date as of September 2023.

Active listings, for their part, are unchanged from the start of the year. Listings hit an all-time low in January of 2022 and have since risen by nearly 60 per cent. Nevertheless, listings are well below the level that can sustainably maintain price appreciation in line with inflation and remain below the levels that prevailed before the pandemic.

The Bank of Canada will likely keep interest rates at their current level until mid-to-late 2024, as it attempts to pull inflation back down to 2 per cent without pushing the country into a deep recession. Financial markets expect rates to begin declining toward the end of 2024, but with fixed mortgage rates above 6 per cent, high borrowing costs will likely put a damper on housing markets for some time. That said, unexpectedly cool inflation, a sharp rise in unemployment, or economic contractions could cause the Bank to change direction and cut rates sooner than anticipated.

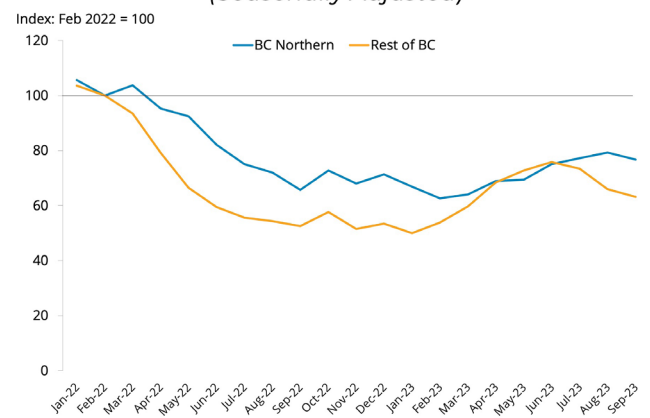
Northern BC Nowcast

Estimate of Year-Over-Year Real GDP Growth



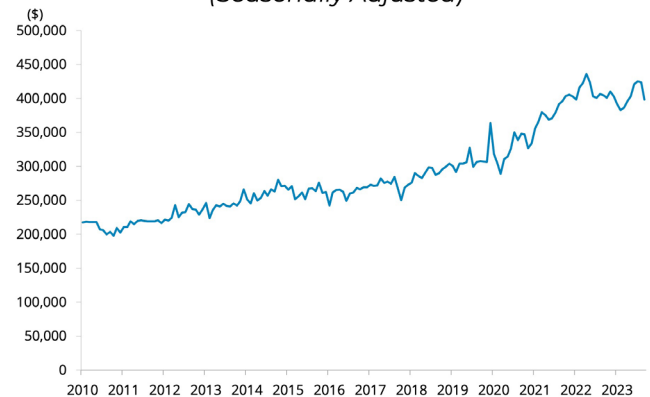
Source: BCREA Economics

MLS® Home Sales (Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices – BC Northern (Seasonally Adjusted)



Note: Represents MLS® average prices
Source: BCREA Economics

Northern BC

MLS® Unit Sales		2022	%	2023F	%	2024F	%
BC Northern Real Estate Board		4,266	-22.3	3,600	-15.6	3,700	2.8
Single Detached		3,016	-24.4	2,600	-13.8	3,100	19.2
Interior REALTORS® – South Peace River ¹		525	-2.4	350	-33.3	400	14.3
Single Detached		446	-0.6	294	-34.1	340	15.6
MLS® Average Price		2022	%	2023F	%	2024F	%
BC Northern Real Estate Board		\$ 414,607	7.8	\$ 415,000	0.1	\$ 425,000	2.4
Single Detached		\$ 473,789	9.1	\$ 475,000	0.3	\$ 485,000	2.1
Interior REALTORS® – South Peace River ¹		\$ 269,731	-5.2	\$ 290,000	7.5	\$ 295,000	1.7
Single Detached		\$ 301,000	-4.4	\$ 325,000	8	\$ 330,000	1.5
Housing Starts		2022	%	2023F	%	2024F	%
Prince George CMA		451	-32.2	120	-73.4	230	91.7
Single		150	-14.8	50	-66.7	100	100
Multiple		301	-38.4	70	-76.7	130	85.7
Dawson Creek CMA		1	-88.9	20	1900	40	100
Single		-	-100	10	n/a	20	100
Multiple		1	n/a	10	900	20	100

1. The former Northern Lights Real Estate Board has been renamed the South Peace River Region of the Association of Interior REALTORS®.

KOOTENAY

(ASSOCIATION OF INTERIOR REALTORS®)

The economy in BC's Kootenay region has slowed substantially since the start of the year and is nearly stagnant when comparing it to the same period last year. The Kootenay region is likely growing slower than most other economic regions of the province, except for the North. Despite solid population growth, employment growth has been tepid and the unemployment rate in the region has risen since the start of the year, now estimated at 5.3 per cent.

Housing market activity in the Kootenay region has moved closely with interest rates in 2023. After declining sharply in 2022 with rising interest rates, sales changed direction when the Bank of Canada announced a conditional pause in rate hikes in January 2023. Sales recovered quickly until the summer, when the Bank resumed rate hikes, causing sales to drop sharply.

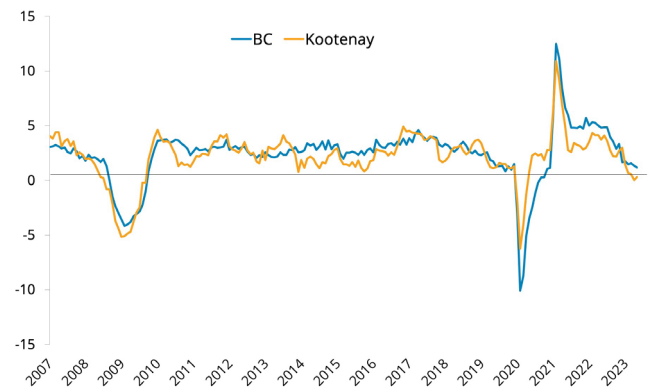
Similarly, average prices trended downward in 2022, but took a sudden turn in February 2023 following the Bank of Canada's conditional pause on rate hikes. Since rates increased once again over the summer, prices have declined modestly in the region, but still remain close to record highs. Overall, prices have risen roughly 18 per cent since January 2023 and are less than 4 per cent from their peak in May. Due to its relative affordability and the interest rate insensitivity of the region's demographics, prices in the Kootenay have held up better than most other regions of the province, despite weak economic growth, and lagging employment growth.

After rising from an all-time low in January of 2022, active listings continued to accumulate throughout most of 2023. Listings in the region remain very depressed and are well below the levels that prevailed before the pandemic and below the levels needed to keep price appreciation in line with inflation.

The Bank of Canada is likely to keep interest rates at their current level until mid-to-late 2024, as it attempts to pull inflation back down to 2 per cent without pushing the country into a deep recession. Financial markets expect rates to begin declining toward to end of 2024, but with fixed mortgage rates above 6 per cent, high borrowing costs will likely put a damper on housing markets for some time. That said, unexpectedly cool inflation, a sharp rise in unemployment, or economic contractions could cause the Bank to change direction and cut rates sooner than anticipated.

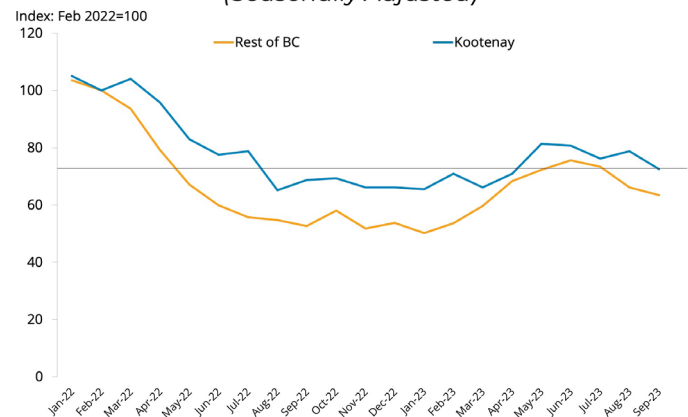
Kootenay Nowcast

Estimate of Year-Over-Year Real GDP Growth



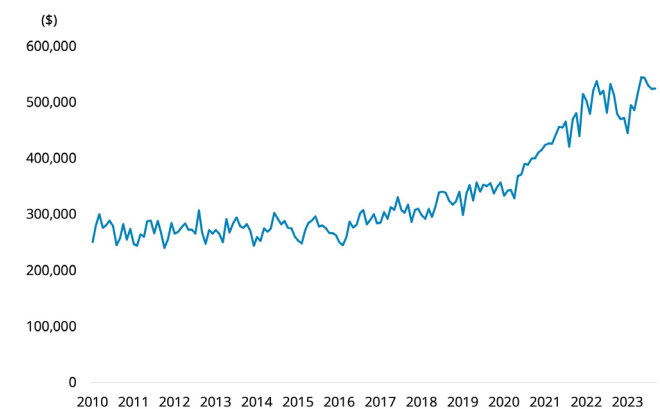
Source: BCREA Economics

MLS® Home Sales (Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices in Kootenay



Note: Represents MLS® average prices
Source: BCREA Economics

Kootenay

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Interior REALTORS® – Kootenay ¹		3,097	-22.4	2,700	-12.8	2,900	7.4
Single Detached		2,046	-23.4	1,800	-12	1,950	8.3
Apartment		490	-26.5	400	-18.4	425	6.3
Attached		373	-18.9	300	-19.6	325	8.3
MLS® Average Price		2022	%	2023F	%	2024F	%
Interior REALTORS® – Kootenay ¹		\$ 506,300	12.4	\$ 525,000	3.7	\$ 535,000	1.9
Single Detached		\$ 599,780	11.5	\$ 608,300	1.4	\$ 626,000	2.9
Apartment		\$ 261,955	12.3	\$ 270,700	3.3	\$ 275,000	1.6
Attached		\$ 431,471	15.7	\$ 464,600	7.7	\$ 470,700	1.3
Housing Starts		2022	%	2023F	%	2024F	%
Cranbrook CMA		135	-30.8	60	-55.6	100	66.7
Single		90	-25	40	-55.6	70	75
Multiple		-	-100	20	n/a	30	50

1. The Okanagan Mainline Real Estate Board (OMREB) amalgamated with the South Okanagan Real Estate Board (SOREB) on January 1, 2021, to form the Association of Interior REALTORS®. In February 2022, the Association merged with the Kootenay and Kamloops real estate boards.

BC Housing Outlook	2022	2023F	2024F
MLS® Unit Sales	80,593	76,700	80,375
% change	-35	-4.8	4.8
MLS® Average Price	\$996,400	\$977,000	\$992,900
% change	7.5	-1.9	1.6
MLS® Dollar Volume (\$billions)	\$80.30	\$74.94	\$79.80
% change	-30.2	-6.7	6.5
Housing Starts	46,700	49,400	45,600
% change	-1.9	5.8	-7.7
Single	9,900	7,500	8,500
% change	-10.2	-24.2	13.3
Multiple	36,800	41,900	37,100
% change	0.6	13.9	-11.5
Total Net Migration	157,298	163,000	168,000
% change	59.5	3.6	3.1
Net International Migration	150,783	165,000	170,000
% change	123.2	9.4	3
Net Interprovincial Migration	6,515	(2,000)	(2,000)
% change	-79	-130.7	0
Range of Posted 5-Year Fixed Mortgage Rate (%)	2.3 - 5.5	4.95-6.1	5.5-6.1

BC Economic Outlook ¹	2020	2021	2022	2023F	2024F
Real GDP Growth (%)	(3)	6.1	3.5	1.2	1
Employment Growth (%)	(6.5)	6.2	3.1	1.5	1.2
Unemployment Rate (%)	9	6.5	4.6	5.2	5.8
Personal Disposable Income Growth (%)	8.8	5	4.8	3.5	3.2
Weekly Wage Growth (%)	8.1	2.4	4.8	6	2.5
Retails Sales Growth (%)	1.2	12.6	2.7	1.5	2

Sources: Statistics Canada and BCREA Economics

1. Values have been estimated where data has not yet been released.

2. Average weekly wages are being skewed higher as low-wage employment fell during the pandemic

Housing Forecast Summary - Fourth Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2022	2023F	2024F	2022	2023F	2024F
Victoria	6,499 -31.7%	6,100 -6.1%	6,700 9.8%	1,012,428 11.7%	985,000 -2.7%	1,020,000 3.6%
Vancouver Island	7,618 -29%	7,500 -1.5%	7,800 4%	767,889 15.6%	720,000 -6.2%	730,000 1.4%
Powell River Sunshine Coast	322 -25.1%	350 8.7%	375 7.1%	659,436 26.9%	670,000 1.6%	680,000 1.5%
Greater Vancouver	29,004 -34.3%	28,000 -3.5%	29,000 3.6%	1,274,557 7%	1,275,000 0%	1,290,000 1.2%
Fraser Valley	14,559 -45%	14,500 -0.4%	15,000 3.4%	1,096,256 8.2%	1,020,000 -7%	1,050,000 2.9%
Chilliwack and District	2,582 -46.3%	2,600 0.7%	2,800 7.7%	813,175 11.7%	745,000 -8.4%	755,000 1.3%
Interior						
Okanagan*	9,500 -33.1%	8,500 -10.5%	9,000 5.9%	788,055 12.4%	750,000 -4.8%	765,000 2%
Kamloops and District	2,621 -30%	2,500 -4.6%	2,700 8%	637,216 13.9%	590,000 -7.4%	600,000 1.7%
Kootenay	3,097 -22.4%	2,700 -12.8%	2,900 7.4%	506,300 12.4%	525,000 3.7%	535,000 1.9%
South Peace River**	525 -2.4%	350 -33.3%	400 14.3%	269,731 -5.2%	290,000 7.5%	295,000 1.7%
BC Northern	4,266 -22.3%	3,600 -15.6%	3,700 2.8%	414,607 7.8%	415,000 0.1%	425,000 2.4%
BC Total	80,593 -35%	76,700 -4.8%	80,375 4.8%	996,416 7.5%	977,000 -1.9%	992,900 1.6%

***NOTE:** The Okanagan Mainline Real Estate Board (OMREB) amalgamated with the South Okanagan Real Estate Board (SOREB) on January 1, 2021, to form the Association of Interior REALTORS®. In February 2022, the Association merged with the Kootenay and Kamloops real estate boards.

****The former Northern Lights Board, which was merged with SOREB in 2011, will now be called the South Peace River Region and is part of the new Association of Interior REALTORS®.**

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

BCREA is the provincial association for BC REALTORS®. As a champion for the real estate sector, BCREA advances REALTOR® professionalism and ensures the REALTOR® voice is heard, for the benefit of consumers and communities, across BC. By working in collaboration with the province's real estate boards, our mission is to provide professional development opportunities, advocacy, economic and policy research, and standard forms so REALTORS® are trusted, respected, and proud of their profession.

Send questions and comments about the Housing Forecast to:

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

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