

NEWS RELEASE

For immediate release

Unlocking Housing Affordability: Auckland’s Blueprint for Addressing British Columbia’s Housing Crisis *How Auckland’s housing policy success can inspire BC’s new Homes for People housing action plan*

Vancouver, BC – September 26, 2023. As British Columbia continues to grapple with an ongoing housing crisis, a [new economic report](#) reveals how the province’s Homes for People housing plan can expand housing supply and improve housing affordability by following the blueprint of New Zealand’s Auckland Unitary Plan (AUP).

According to the [latest Market Intelligence report from the BC Real Estate Association](#) (BCREA), following the aggressive housing liberalization and upzoning policy in Auckland would eventually improve affordability in BC by slowing home price growth and allowing incomes to catch up. Additionally, expanding the housing stock would lead to healthier resale inventories and balance markets while shifting the distribution of sales toward principal owners by reducing speculative activity.

Summary of Findings:

- New evidence from Auckland shows that policy change can achieve a 50 per cent increase in housing permits in less than a decade and successfully soften housing costs.
- BC is currently experiencing historically low per capita housing starts, and a 50 per cent boost in starts by the end of this decade would bring activity back to the level of the early 90s, but still far below the levels of the 70s.
- BCREA’s Real Estate Policy Analysis Model (REPAM) predicts that such a boom in housing starts would increase home completions by 37 per cent per quarter relative to a status quo baseline by Q4 of 2030, while the total housing stock would be 2 per cent higher.
- The model predicts that the increase in housing supply would pull average prices down by 4 per cent relative to a status quo baseline by Q4 of 2030, and slow long-run price growth, modestly improving affordability.

“While it is promising to see that steps can be taken, affordability in BC deteriorated due to chronic underbuilding for decades, and will not quickly be remedied,” says BCREA Chief Economist Brendon Ogmundson. “Still, if policymakers can increase housing supply quickly and extensively through a combination of measures, there is hope that affordability can improve in the province again.”

“These results are encouraging, but the scale and immediacy of the problem are considerable,” Ogmundson adds.

Since the start of the COVID-19 pandemic, average home prices in BC have risen nearly 40 per cent, with new rental costs up by a similar amount. Listings on the MLS® system have plummeted by nearly a quarter. However, the report shows that BC’s forthcoming housing plan has the potential to enable a building boom similar in magnitude to the AUP through a policy of re-zoning and incentives for new home construction. By bringing per capita starts back to a more historically normal level, the affordability ratio can gradually be bent in the right direction.

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About BC Real Estate Association

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.

About Market Intelligence

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About Real Estate Policy Analysis Model

BCREA's 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.