

September 2019

BC HOME SALES SET TO NORMALIZE IN 2020

The BC housing market appears to be stabilizing after a year and a half of volatility induced by the B20 mortgage stress test and other policy measures. Total MLS® unit sales are on pace to finish 2019 at just under 75,000 units, a 5 per cent decline from 2018. Home sales posted a sharp rebound over the summer, buttressed by strong employment growth and a decline in mortgage rates. We expect that most markets will normalize around long-term averages in 2020, with total provincial sales reaching 82,710 units.

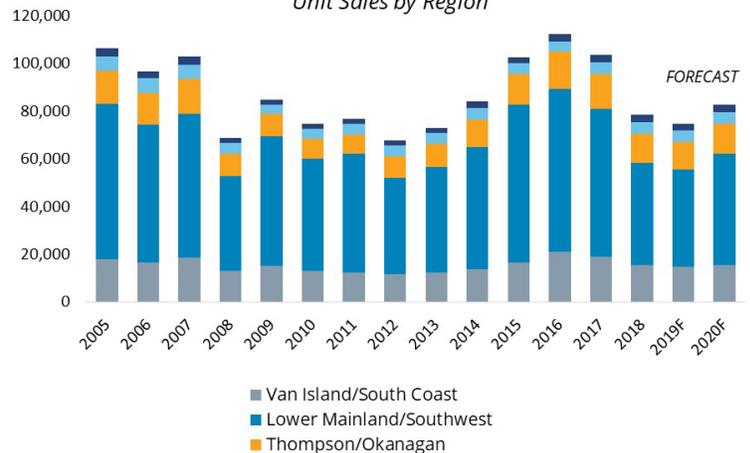
Growth in the BC economy is projected to slow for a second consecutive year in 2019. A policy-driven slowdown in housing activity, a challenging global trade environment and cautious consumer spending have provincial real GDP on pace to grow at about 2.2 per cent this year. Our baseline forecast is for slightly improved economic growth at 2.5 per cent in 2020, as spending on LNG projects ramp up and the impacts of restrictive mortgage credit begin to fade. There remains significant downside risk around this forecast, however, given the uncertain economic outlook in the United States.

Housing starts in the province were much higher than anticipated through the first half of 2019 as some construction activity in the Metro Vancouver area was pushed forward to avoid higher development costs slated to be implemented in the back half of the year. While we do expect the pace of new home construction to moderate, the large pipeline of units under construction ensures that markets will be well supplied in the short-run. A recovery in home sales has slowed the accumulation of resale inventory, with active listings still well short of the previous peak in 2012. That leaves market conditions at the provincial level essentially balanced with little upward pressure on prices. We anticipate that the MLS® average price will decline 2.3 per cent in 2019 before rising modestly by 3.2 per cent to \$718,000 in 2020.

MLS® Residential Sales

British Columbia

Unit Sales by Region



Source: BCREA Economics

MLS®	2018	2019F	2020F	Housing Starts ¹	2018	2019F	2020F
Sales	78,505	74,780	82,710	Total	40,857	41,100	33,500
	-24.3%	-4.7%	10.6%		-6.4%	0.6%	-18.5%
Avg Price	711,646	695,500	718,000	Single	11,163	8,900	8,500
	0.4%	-2.3%	3.2%		-9.6%	-20.3%	-4.5%
\$ Volume	55.9 Bil	52 Bil	59.4 Bil	Multiple	29,694	32,200	25,000
	-24.1%	-6.9%	14.2%		-5.2%	8.4%	-22.4%

1. Source: BCREA Forecast; CMHC

BC Economic Outlook	2018 ¹	2019F	2020F
Real GDP Growth (%)	2.4	2.2	2.5
Employment Growth (%)	1.1	3	1.5
Unemployment Rate (%)	4.7	4.5	4.3
Personal Disposable Income Growth (%)	4.4	3.7	4.2
Weekly Wage Growth (%)	4.1	0.5	2.1
Retails Sales Growth (%)	2	1.5	3.5

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

Housing Forecast Summary — Third Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2018	2019F	2020F	2018	2019F	2020F
Victoria	6,770 -20%	6,700 -1%	7,200 7.5%	700,630 7.3%	680,500 -2.9%	682,000 0.2%
Vancouver Island	8,391 -16%	7,700 -8.2%	8,100 5.2%	465,124 7.8%	488,200 5%	505,400 3.5%
Powell River Sunshine Coast	351 -13%	300 -14.5%	330 10%	359,047 13.3%	360,000 0.3%	366,000 1.7%
Greater Vancouver	25,051 -32%	24,500 -2.2%	28,500 16.3%	1,048,435 1.6%	990,000 -5.6%	1,010,000 2%
Fraser Valley	14,837 -31%	13,700 -7.7%	15,400 12.4%	747,725 6.5%	716,000 -4.2%	727,000 1.5%
Chilliwack and District	2,829 -29%	2,600 -8.1%	2,800 7.7%	516,843 11.2%	530,000 2.5%	536,000 1.1%
Kamloops and District	2,984 -11%	2,750 -7.8%	2,900 5.5%	390,668 7%	421,000 7.8%	427,000 1.4%
Okanagan Mainline	7,559 -18%	7,200 -4.7%	7,600 5.6%	521,206 5.5%	527,100 1.1%	534,200 1.3%
South Okanagan*	1,885 -22%	1,800 -4.5%	2,000 11.1%	418,422 4.6%	430,000 2.8%	437,800 1.8%
Northern Lights	379 -12%	360 -5%	380 5.6%	252,060 1.7%	258,700 2.6%	262,000 1.3%
Kootenay	3,065 -6%	2,870 -6.4%	3,000 4.5%	321,123 4.6%	343,100 6.8%	346,400 1%
BC Northern	4,404 2.6%	4,300 -2.4%	4,500 4.7%	295,427 7.8%	311,000 5.3%	323,300 4%
BC Total	78,505 -24.3%	74,780 -4.7%	82,710 10.6%	711,646 0.4%	695,500 -2.3%	718,000 3.2%

NOTE: The Northern Lights Real Estate Board (NLREB) became part of the South Okanagan Real Estate Board (SOREB) on January 1, 2011.

*Excluding Northern Lights

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

The British Columbia Real Estate Association (BCREA) is the professional association for about 23,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that help ensure economic vitality, provide housing opportunities, preserve the environment, protect property owners and build better communities with good schools and safe neighbourhoods.

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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