



INCENTIVES: The City of Abbotsford is offering tax exemptions for projects aimed at revitalizing the historic downtown, and is reducing five-year property taxes for industrial development, expected to draw interest in 200 acres of land near the Abbotsford International Airport. Photos: City of Abbotsford

House sales, starts to stabilize into 2012

Both starts of new homes and sales of older homes will remain stable this year before rising modestly in 2012, according to Canada Mortgage and Housing Corporation. "Housing starts have been strong in the last few months, but are forecast to moderate closer in line with demographic fundamentals," said Mathieu Laberge, Deputy Chief Economist for CMHC. "Despite recent financial uncertainty, factors such as employment, immigration and mortgage rates remain supportive of the Canadian housing sector." Housing starts will be in the range of 166,300 to 197,200 units in 2011. In 2012, housing starts will be in the range of 161,700 to 207,200 units, with a specific forecast of 183,900 units. Existing home sales will be in the range of 425,000 to 472,500 units in 2011 essentially the same as in 2010. In 2012, MLS sales are

expected to move up modestly in the range of 407,500 to 510,000 units, with a specific forecast of 458,000 units. The average MLS price increased in the first half of 2011 partly as a result of more higher-end homes sold during that period. As the existing home market moves to more balanced markets, growth in the average resale home price in 2012 is expected to be more modest. The Bank of Montreal, meanwhile, is more bullish on Canada's housing market. Douglas Porter, Deputy Chief Economist, BMO Financial Group, notes that housing sales rose 12.3 per cent from year-ago levels in July and held steady from the prior month. "Canadian housing remains surprisingly robust, thanks to still-low interest rates and solid job growth," said Porter. "While the strong year-over-year growth is flattered by a

weak year-ago comparison - when the HST was introduced in B.C. and Ontario - sales are certainly faring better than what we expected earlier this year. Note: The HST will be removed in B.C. by next March. While new listings have also risen recently, the backlog of unsold homes just nudged up last month, almost bang on the long-run average. "The recent financial market turmoil may temporarily weigh on activity, but sales should ultimately find support from continued exceptionally low borrowing costs." "Canada's real estate market has great resiliency," said Laura Parsons, Mortgage Specialist, BMO Bank of Montreal. "As long as consumers continue to push demand, which remains the case, we see ongoing strength in the housing market across the country."