

# 'B.C. WILL LEAD HOUSING SALES FOR NEXT DECADE'

**B**ritish Columbia is projected to see the highest increase in housing demand among all provinces over the next decade, according to a new study from CIBC World Market economist Benjamin Tal. And it all has to do with immigration and shifting demographics.

"It turns out fears of a long and sharp down turn in the housing market are highly exaggerated and very premature," said Tal, deputy chief economist at CIBC. "In fact, demographic forces will be supportive to real estate markets in the coming decade.

Growth in the housing market could be even stronger due to immigration. Tal notes that most of the growth in population is now due to immigration and it is clear that public policy on that front will be a major force that will impact housing demand. It is likely the actual pace of immigration growth in the next decade will be faster than currently projected due to changes in immigration policy.

A separate survey by Genworth Financial Canada shows that more than half of immigrants to Canada

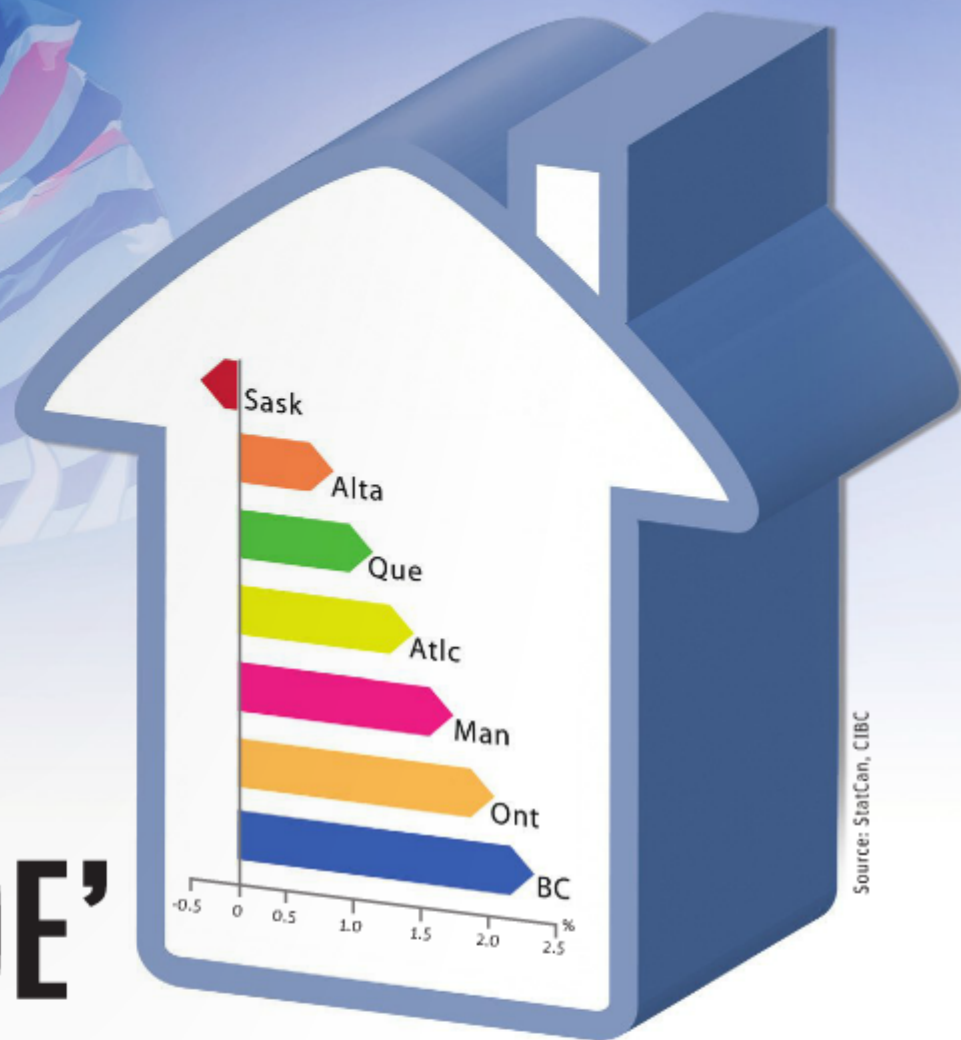
purchase a home within three years of arriving.

This comes as no surprise to Jagjit Kaur, a senior account manager for residential mortgages at RBC Royal Bank, who has been noticing the trend of immigrants buying homes quickly for years. "Yes, within even the first two years I have immigrants coming to me ready to begin the process of owning a home," she said.

Tal notes that there is significant jump in the home ownership rate among immigrants as they pass the three-year mark. "In fact, after 10 years in Canada the propensity among immigrants to own a house is higher than among native born Canadians," he said.

B.C. welcomes about 40,000 immigrants annually, the vast majority of whom settle in the Lower Mainland.

The CIBC report also tackles the issue of potential downsizing by Canadians aged 55-75 - suggesting that less than one third of households at that age group actually downsize and this number could be even



## CHANGE IN DEMOGRAPHIC BASED HOUSEHOLD DEMAND BY PROVINCE

lower in the next decade as baby boomers have more financial assets and tend to be in better health than previous generations.

Putting all this information together, little change in demand relative to the past decade and the increased supply due to downsizing and liquidation, it appears that any extra supply of housing due to demographic forces will be trivial at best and can be easily dealt with through a marginal reduction in housing starts.

**The Lower Mainland is the preferred destination for more than 90 per cent of B.C.'s 40,000 immigrants every year.**