



2015 OUTLOOK

What can we expect from the real estate market, house prices and mortgage rates in the coming year? Here, REW takes a look at some key predictions for 2015.

HOUSING DEMAND

Fuelled by both population and employment growth, the Canada Mortgage and Housing Corporation (CMHC) is painting a fairly rosy outlook for the region's residential housing market in 2015 and into 2016.

"Housing demand is on the rise due mostly to a majority of new immigrants settling in the Vancouver region," says Carol Frketich, CMHC's BC regional economist. "We are also seeing improved growth in income and jobs."

RE/MAX also issued a 2015 forecast in December 2014. It said, "After losing multiple offer bids for detached houses ... buyers may become more hesitant to continue their pursuit of buying a detached home in 2015. However, as those potential buyers move to the sidelines and wait for the market to stabilize, the pipeline of demand for the region will continue to grow."

HOME SALES

CMHC forecasts that housing sales in the Metro Vancouver area will drop only very slightly to 32,350 units in 2015, down from 32,800 this year but still above the 15-year average of about 31,300 sales.

RE/MAX also projected that in Greater Vancouver, the number of unit sales "should remain largely the same [as 2014]."

HOUSE PRICES

CMHC is predicting the average overall home price to rise 1.2 per cent to \$821,000. But RE/MAX has a more bullish prediction of a 3 per cent rise for house prices in Greater Vancouver.

Larger rises still are predicted for Kelowna, which is expected to see a 7 per cent increase in house prices, and Victoria, where homes are forecast to rise by 4 per cent.

HOUSING STARTS

Housing starts in Metro Vancouver are expected to hit 18,700 in 2015, down from a predicted 18,900 for 2014. They are expected to recover to 19,250 in 2016.

"Although housing starts are expected to dip slightly in 2015, overall the Vancouver housing market is quite stable," says Robyn Adamache, CMHC senior market analyst. "Total housing starts will edge higher as resale market conditions remain stable."

INTEREST RATES

Historically low interest rates have bolstered the Vancouver and BC real estate markets in 2014, and the CMHC economists are among many to predict that demand and sales could soften slightly towards the end of 2015 when the anticipated rate increases take effect.

Frketich says, "In late 2015, housing demand will be tempered by rising mortgage interest rates."

However, the CMHC's Housing Outlook report claims this will not be significant. It says, "Gradual increases in mortgage rates from historic lows are not expected to significantly impact housing demand."