



Housing Forecast Update

BC HOME SALES FORECAST TO RISE THROUGH 2016

Multiple Listing Service® (MLS®) residential sales in British Columbia are forecast to rise 2.4 per cent to 86,050 units this year and a further 3.9 per cent to 89,400 units in 2016. The ten-year average is 82,100 unit sales. Stronger economic conditions at home and abroad combined with favourable demographics and interest rates are expected to underpin provincial housing demand over the next two years.

The BC economy is expected to expand by 2.7 per cent both this year and next, after an estimated 2.3 per cent in 2014. Stronger employment growth will be tied

After a year in which housing demand climbed significantly in the province, the retrenchment of oil prices is expected to attenuate housing demand in some regions while bolstering it in others. While lower energy prices are positive for BC consumers overall, second home purchases by Albertans will likely edge back in regions like the Okanagan and the Kootenays. However, many Albertans near retirement may choose to cash out now and move to popular senior communities like Parksville or Penticton. Some BC communities where a significant number of households work in Alberta may also be negatively impacted. However, housing demand in the Lower

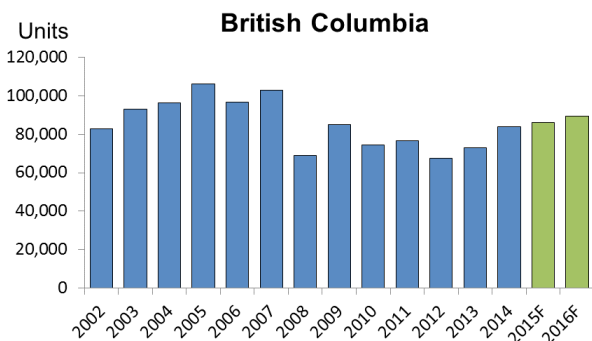
Mainland is typically stronger after a sharp decline in oil prices.

Stronger consumer demand will keep home builders busy through 2016. After rising 4.8 per cent in 2014, BC housing starts are forecast to increase a further 1.9 per cent to 28,900 units this year and a further 1 per cent to 29,200 units in 2016. The expansion of the housing stock in the province is keeping pace with overall population and household growth.

Market conditions around the province are expected to remain in relative balance this year, with a level field of demand and supply. However, some communities and particular neighbourhoods may experience periods of oversupply or undersupply. Consultation with a REALTOR® regarding specific local market conditions is advised.

The average MLS® residential sales price is forecast to rise 4.5 per cent to \$594,000 this year, with most of the upward pressure being exhibited in the South Coast. Elevated consumer demand is expected to be partially offset by resale inventories and additions to the housing stock in 2016. As a result, the average MLS® residential sales price is forecast to increase an additional 2.4 per cent to \$608,500 next year.

MLS® Residential Sales



Source: BCREA

to reinvigorated consumer spending, rising export demand and population growth. The rebound in retail sales experienced last year is expected to continue through 2016 as confident consumers take advantage of low fuel costs and rock bottom interest rates. Moreover, a relatively weak dollar is expected to help draw a sizable contingent of US tourists and induce many staycations on this side of the border. Exports to the

US are also rising alongside increasing domestic demand and a favourable exchange rate. Meanwhile, increasing international net-migration is being bolstered by a positive inflow of migrants from other provinces.



MLS®	14	15f	16f
Sales	84,049	86,050	89,400
	15.2%	2.4%	3.9%
Avg Price	568,405	594,000	608,500
	5.8%	4.5%	2.4%
\$ Volume	47.8 Bil	51.1 Bil	54.4 Bil
	21.9%	7%	6.4%
Housing Starts¹			
Total	28,356	28,900	29,200
	4.8%	1.9%	1%
Single	9,569	9,300	9,100
	12.3%	-2.8%	-2.2%
Multiple	18,787	19,600	20,100
	1.4%	4.3%	2.6%
	14e*	15f	16f
Real GDP Growth	2.3%	2.7%	2.7%
Employment Growth	0.7%	1.4%	1.7%
Unemployment Rate	6.1%	5.9%	5.6%
Net Migration	42,000	43,500	45,000
5-Yr Mortgage Rate Range	4.79-4.99	4.49-4.79	4.79-5.20

1. Source: BCREA Forecast; CMHC

*Data not yet available for 2013 has been estimated

Housing Forecast Summary — First Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2014	2015F	2016F	2014	2015F	2016F
Victoria	6,371 11.9%	6,600 3.6%	6,800 3%	496,473 3.2%	510,000 2.7%	526,000 3.1%
Vancouver Island	7,187 9.7%	7,350 2.3%	7,675 4.4%	328,740 4.4%	338,000 2.8%	347,000 2.7%
Powell River Sunshine Coast	323 14.1%	320 -0.9%	335 4.7%	233,407 4.3%	235,000 0.7%	240,000 2.1%
Greater Vancouver	33,693 16.2%	35,400 5.1%	36,900 4.2%	812,653 5.8%	845,000 4%	865,000 2.4%
Fraser Valley	15,017 16.5%	15,650 4.2%	16,200 3.5%	517,718 5.6%	537,000 3.7%	548,000 2%
Chilliwack and District	2,499 21.2%	2,550 2%	2,620 2.7%	308,790 2.4%	315,000 2%	321,000 1.9%
Kamloops and District	2,260 -4.6%	2,325 2.9%	2,400 3.2%	318,241 1.9%	326,000 2.4%	332,000 1.8%
Okanagan Mainline	7,525 23.7%	6,950 -7.6%	7,200 3.6%	397,661 5.9%	405,000 1.8%	414,000 2.2%
South Okanagan*	1,757 25%	1,625 -7.5%	1,675 3.1%	308,494 3.1%	315,000 2.1%	319,000 1.3%
Northern Lights	374 -25.9%	380 1.6%	415 9.2%	283,271 5%	290,000 2.4%	299,000 3.1%
Kootenay	2,536 22%	2,350 -7.3%	2,400 2.1%	277,867 0.5%	277,000 -0.3%	281,000 1.4%
BC Northern	4,507 7.9%	4,550 1%	4,780 5.1%	262,174 7.6%	271,000 3.4%	280,000 3.3%
BC Total	84,049 15.2%	86,050 2.4%	89,400 3.9%	568,405 5.8%	594,000 4.5%	608,500 2.4%

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 more than 18,500 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.

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