



# MARKET INSIGHT

FOURTH QUARTER 2004

CANADA MORTGAGE AND HOUSING CORPORATION

## BC AT A GLANCE

The British Columbia economy continues to expand due to strong domestic demand boosted by low interest rates. High levels of consumer confidence and employment gains are supporting growth in retail spending and residential investment. The province is also seeing a revival in non-residential investment, particularly infrastructure spending.

BC's improving labour market will attract people to the province, building the population base and generating demand for housing. The province led Canada in employment growth in 2004, adding more than 45,500 jobs on an annual basis.

Resale market activity reached a new peak in 2004, with over

96,000 homes changing hands. Strong demand for housing and low levels of listings kept most BC housing markets in sellers' territory and resulted in an 11.2 per cent increase in average resale home prices.

Looking ahead, both the BC economy and housing sector are poised for another solid performance in 2005. The economy is forecast to expand 3.2 per cent with residential investment once again contributing to growth. Strong fundamentals will result in 33,600 new home starts in 2005. As mortgage interest rates rise later in 2005, housing market activity will slow. CMHC forecasts 31,100 housing starts in 2006, a 7.4 per cent decline.

## HOUSING MARKET TRENDS

	Vancouver	Victoria	Abbotsford	Kelowna	Prince George	Kamloops	Nanaimo
<b>Housing Starts</b>							
(Jan. - Dec. 2004)	19,430	2,363	1,083	2,228	309	390	947
% chge. from Jan. - Dec. 2003	24.3%	17.7%	2.6%	4%	200%	30%	56.5%
<b>Total MLS Sales</b>							
(Jan. - Dec. 2004)	36,809	7,017	3,740	4,139	1,225	2,017	2,143
% chge. from Jan. - Dec. 2003	-2.9%	1.2%	2.6%	2%	25.6%	14%	5.8%
<b>MLS Average SD House Price</b>							
(Jan. - Dec. 2004)	\$526,798	\$386,045	\$277,449	\$303,564	\$129,761	\$188,717	\$219,799
% chge. from Jan. - Dec. 2003	17.1%	17.7%	16.5%	20%	9.7%	12%	20.7%

SD = Single Detached

Sources:

(1) CMHC Market Analysis Publications.

(2) Real Estate Boards of: Greater Vancouver, Victoria, Fraser Valley, Okanagan Mainline, BC Northern, Kamloops, and Vancouver Island.

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## BC'S ECONOMIC TRENDS

	2004 Recent Statistics	2005 Forecast
<b>GDP Growth</b> (% change)	3.0%*	3.2%
<b>Employment Growth</b> (% change)	2.3%	2.2%
<b>Mortgage Rate</b> (3 year term)	5.7%	5.75% to 6.5%
<b>Net Interprovincial Migration</b> (# of migrants)	6,000*	7,000
<b>Net International Migration</b> (# of migrants)	29,000*	31,000
<b>Population Growth</b> (% change)	+1.1%	+1.1%

\*estimate

Canada



## LEADING EDGE INFORMATION

For 2004 annual data on BC's housing markets, check out our year-end publications.

**Housing Now, December** issue is available for each of these markets: Vancouver, Victoria or Kelowna. \$15+GST per single issue (or yearly subscription for \$100+GST)

**Housing Now, Fourth Quarter** issue is available for the province. \$15+GST per single issue (or yearly subscription for \$55+GST)

**BC Housing Statistics, December** issue is available covering housing starts, completions and absorptions around the province. \$15+GST per single issue (or yearly subscription for \$100+GST)

To purchase any of these local products or for more information please contact, Lisa Preston at (604) 737-4088 or email: [lpreston@cmhc.ca](mailto:lpreston@cmhc.ca)

## DID YOU KNOW?

How long will the current low interest rate environment prevail? What is going to happen in housing markets residential construction in 2006? Well if you are curious about how long current trends in housing will continue, then **Housing Market Outlook Canada** is for you.

This quarterly publication includes detailed forecasts by province of many key economic drivers of housing demand as well as new construction and resale activity.

## NEED MORE INFORMATION?

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Planning for 2005 and wondering when housing market information will be available? Check out CMHC's 2005 report and press release calendar on our web site.

Follow these steps to view the 2005 calendar:

- Go to [www.cmhc.ca](http://www.cmhc.ca)
- From the browse by topic menu on the left side of the page, select **Housing Markets Domestic & International**
- Select **Market Trends and Statistics**
- and there you will find a link to the **press release and report calendar**.

**Price:** \$40+GST per single issue or a four issue subscription for \$120+GST.

To order **Housing Market Outlook Canada** contact: CMHC Market Analysis Centre in Ottawa by calling (613) 748-2006 or Toll Free 1-800-668-2642 or by email: [market\\_analysis\\_centre@cmhc.ca](mailto:market_analysis_centre@cmhc.ca)

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