

VANCOUVER HOUSING MARKET

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January 21, 2008

Vancouver Housing Update

- ✓ Economic and Demographic Drivers
- ✓ Resale Market
- ✓ New Home Construction
- ✓ US Sub-Prime vs Canada



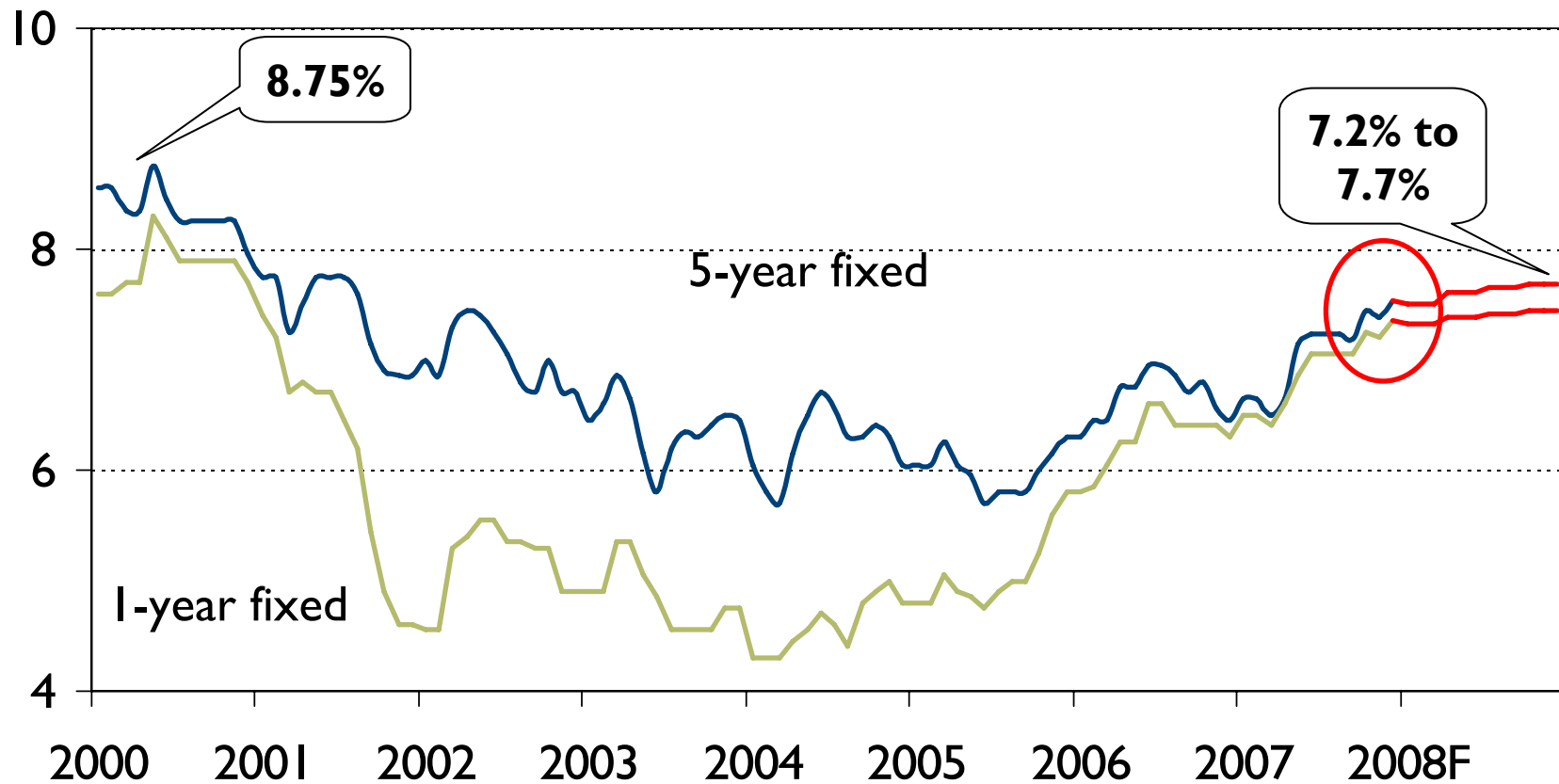
DRIVERS OF HOUSING DEMAND

- Low Mortgage Rates



Mortgage Rate Outlook Flat

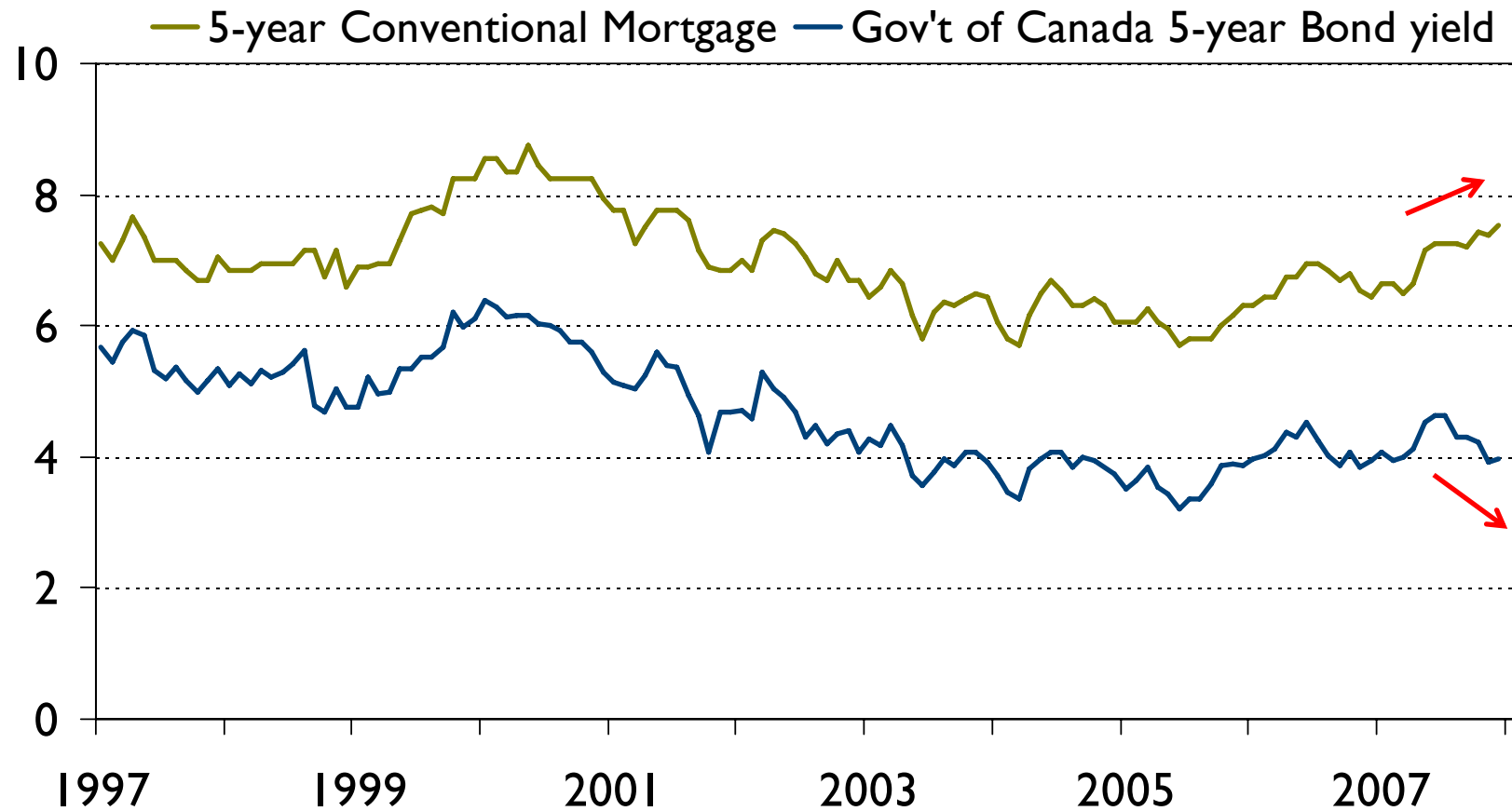
Posted 1- year and 5-year residential mortgage rates, %



Source: Bank of Canada, CMHC Forecast

5-year Mortgage Rate Tied to Bonds but....

Spread Between Bonds and Mortgage Rate



DRIVERS OF HOUSING DEMAND

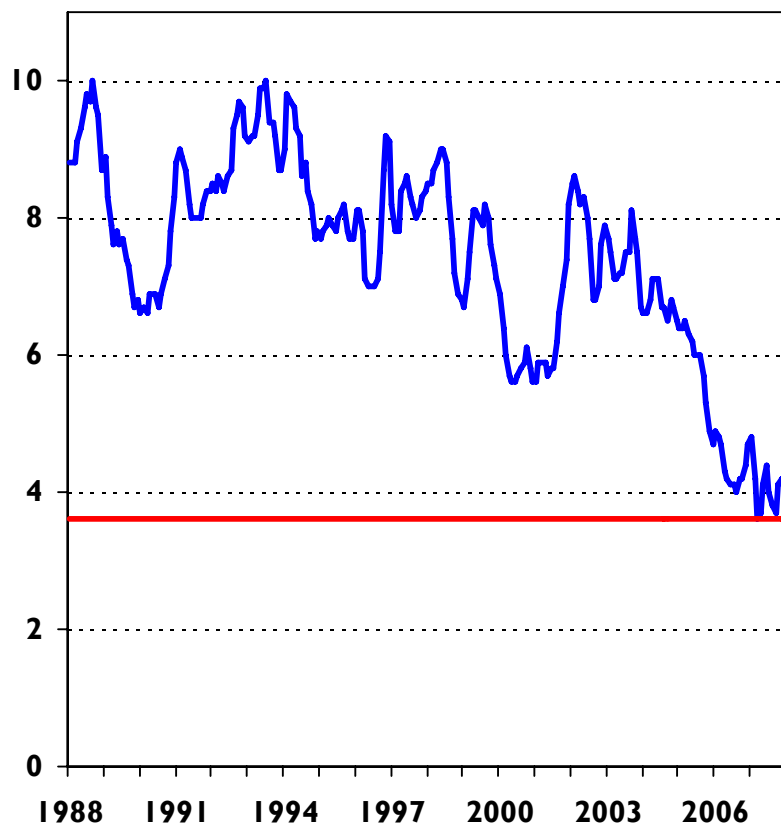
- Low Mortgage Rates
- Employment Growth



Measures of Labour Market Tightness in Greater Vancouver

Unemployment Rate

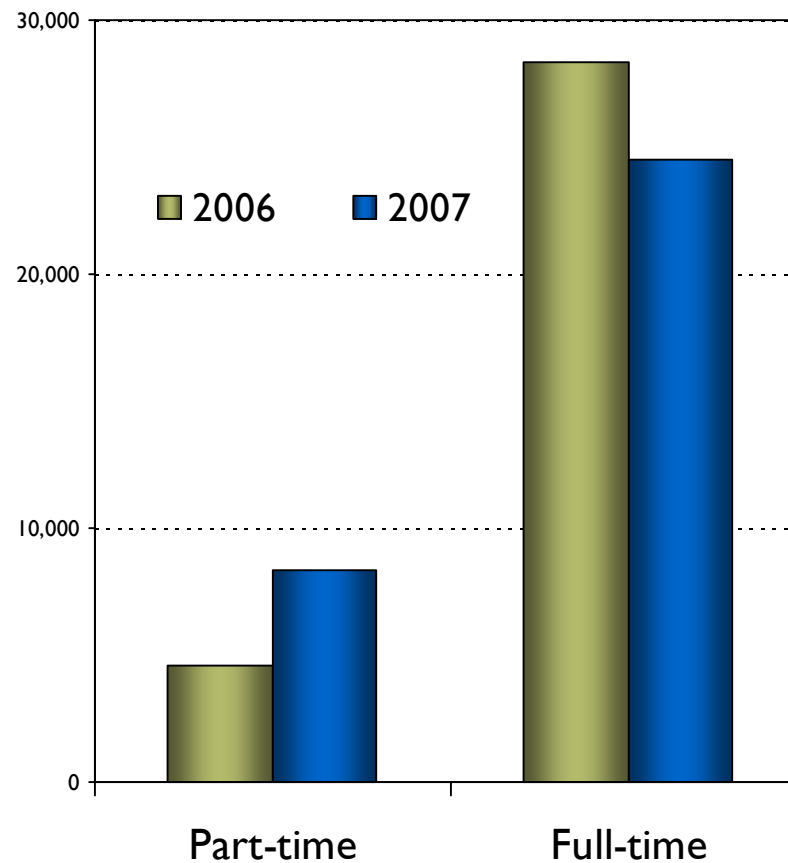
Percentage



Source: Statistics Canada, Labour Force Survey

Employment Gains

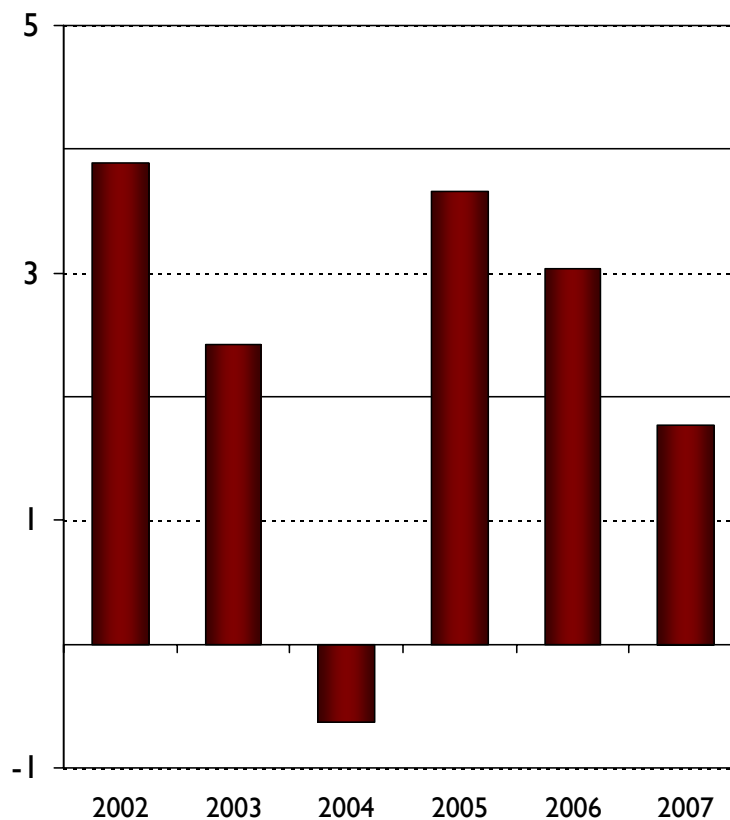
Change in Employment



Measures of Labour Market Tightness in Greater Vancouver

Wage Gains

Year-over-year % change



Source: Statistics Canada, Labour Force Survey

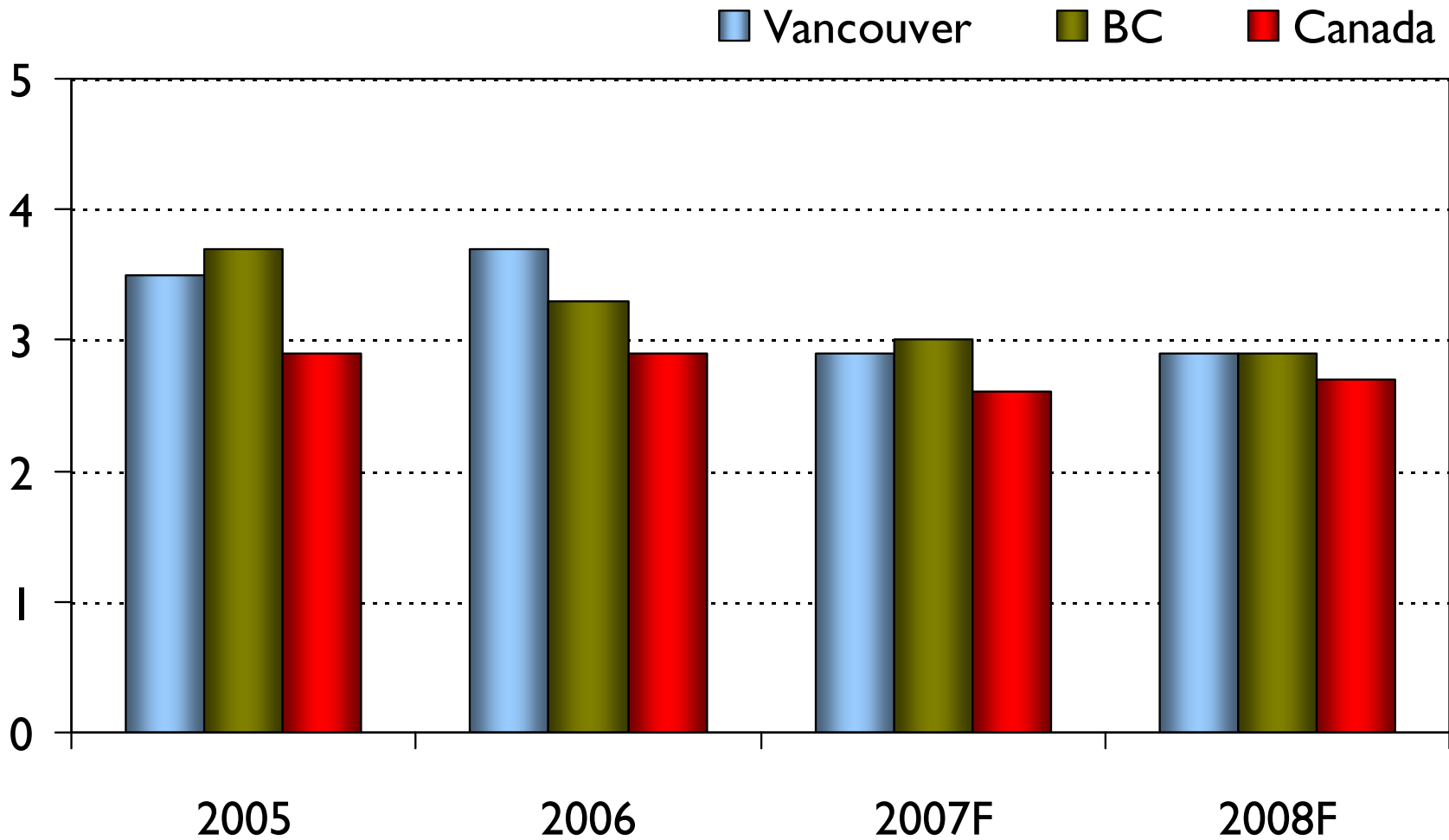
DRIVERS OF HOUSING DEMAND

- Low Mortgage Rates
- Employment Growth
- Positive Migration
- Strong Consumer Confidence
- Economic Growth



Growth Outpaces National Average

Annual growth in real GDP



Sources: Conference Board of Canada, Statistics Canada, CMHC forecast

Demographics of Housing Demand



Market Research Says...



DINS Dual Income No Sex



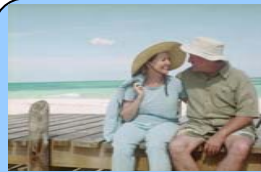
Tired Thirty Something Radically Educated Dropouts



Fired Fifty Something Radically Educated Dropouts



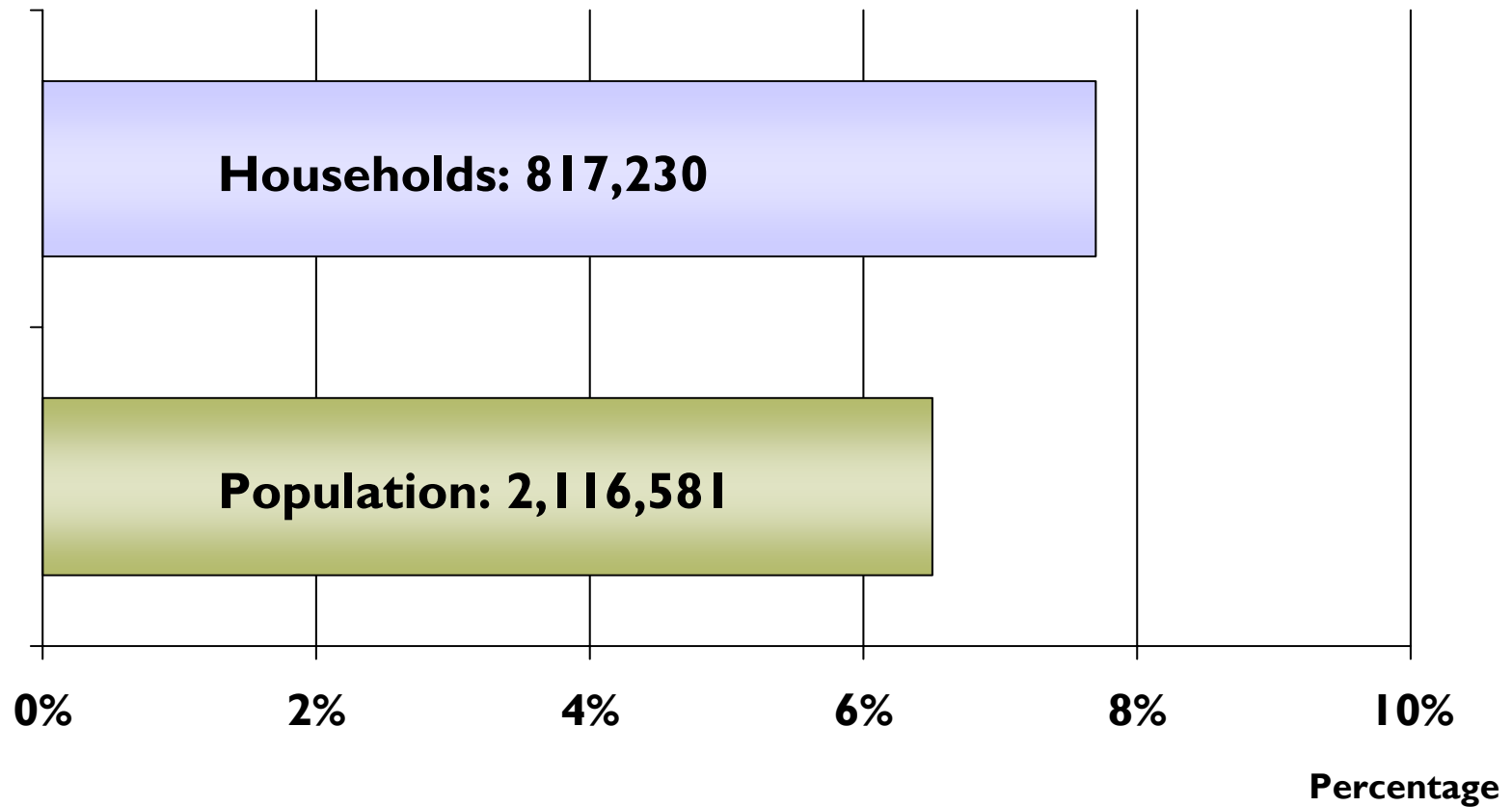
VIEPS Viagra Induced Excited People



OPALS Older People Active Lifestyle

Census Data Between 2001 and 2006

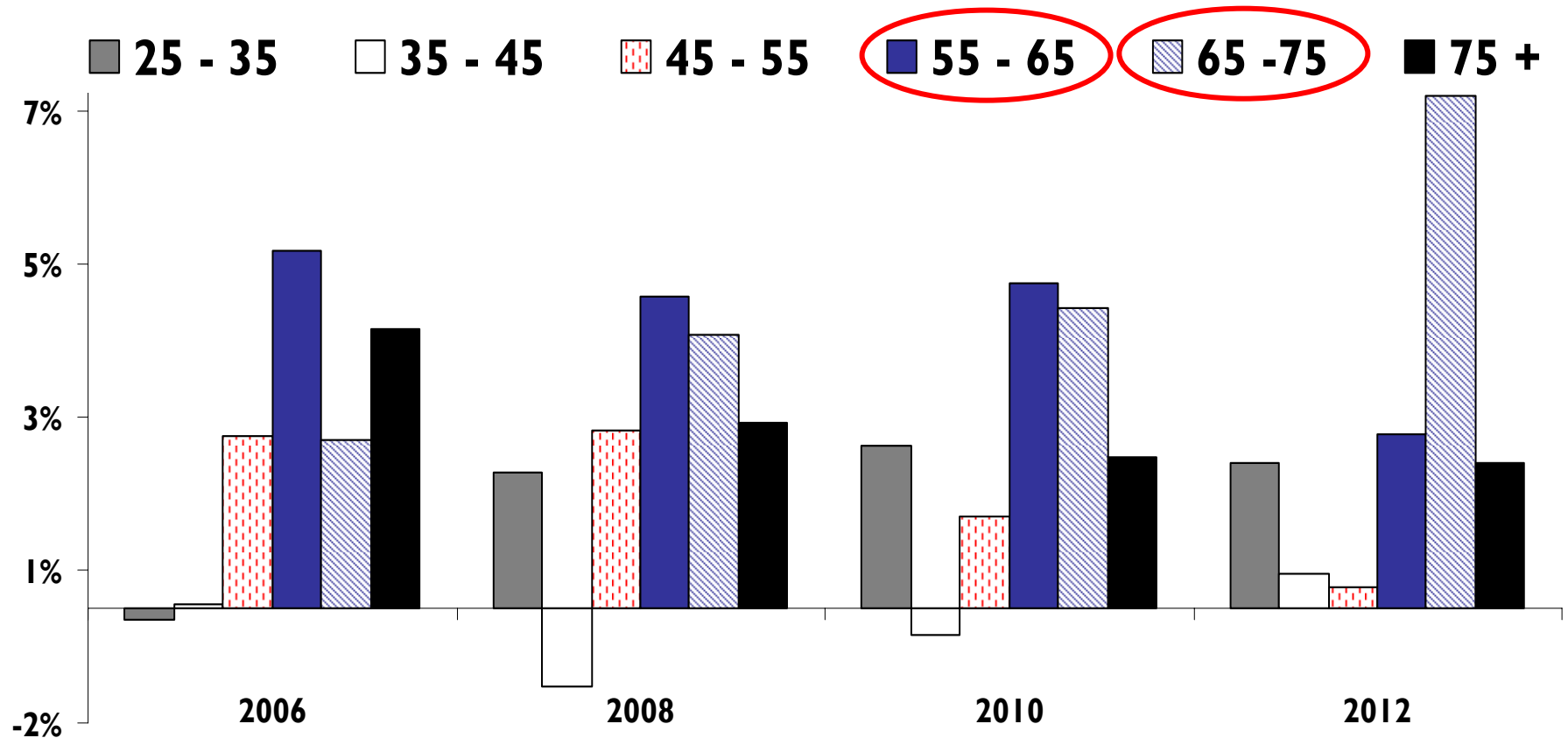
Demographic Growth in Vancouver Census Metropolitan Area (CMA)



Source: Statistics Canada

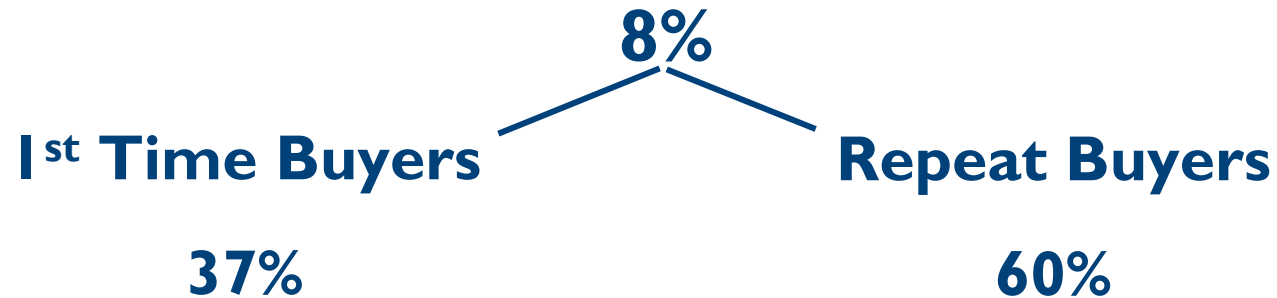
GVRD Population **GROWTH** by Age Group

Higher Growth in Older Adults



Who's Buying?

Vancouverites planning to buy



% of Repeat Buyers who:

Moved up 57%

Moved Over 10%

Downsized 35%

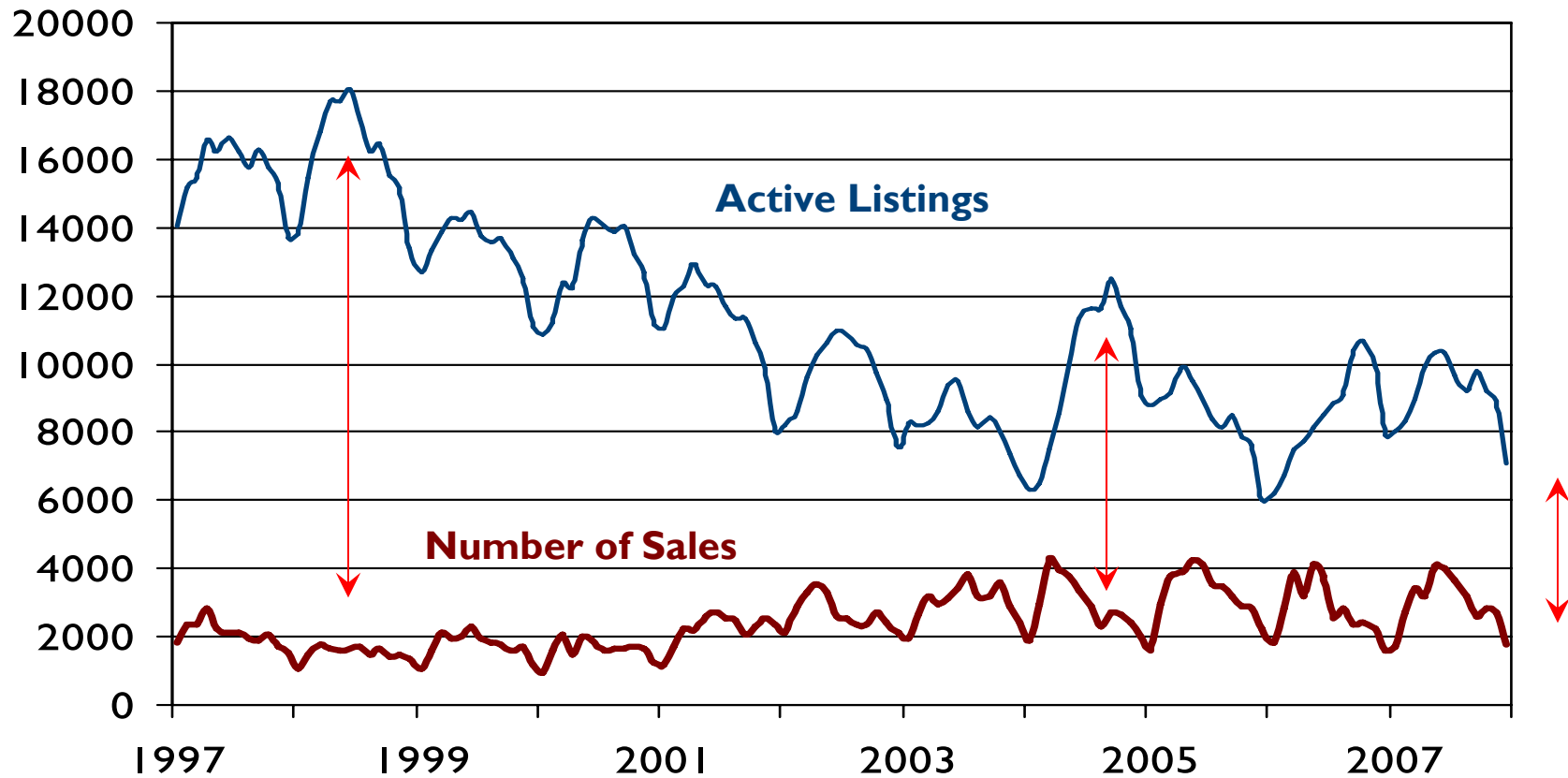
Resale Market Update



Sales Activity in Greater Vancouver

Lower Spread Between Active Listings and Sales

Units

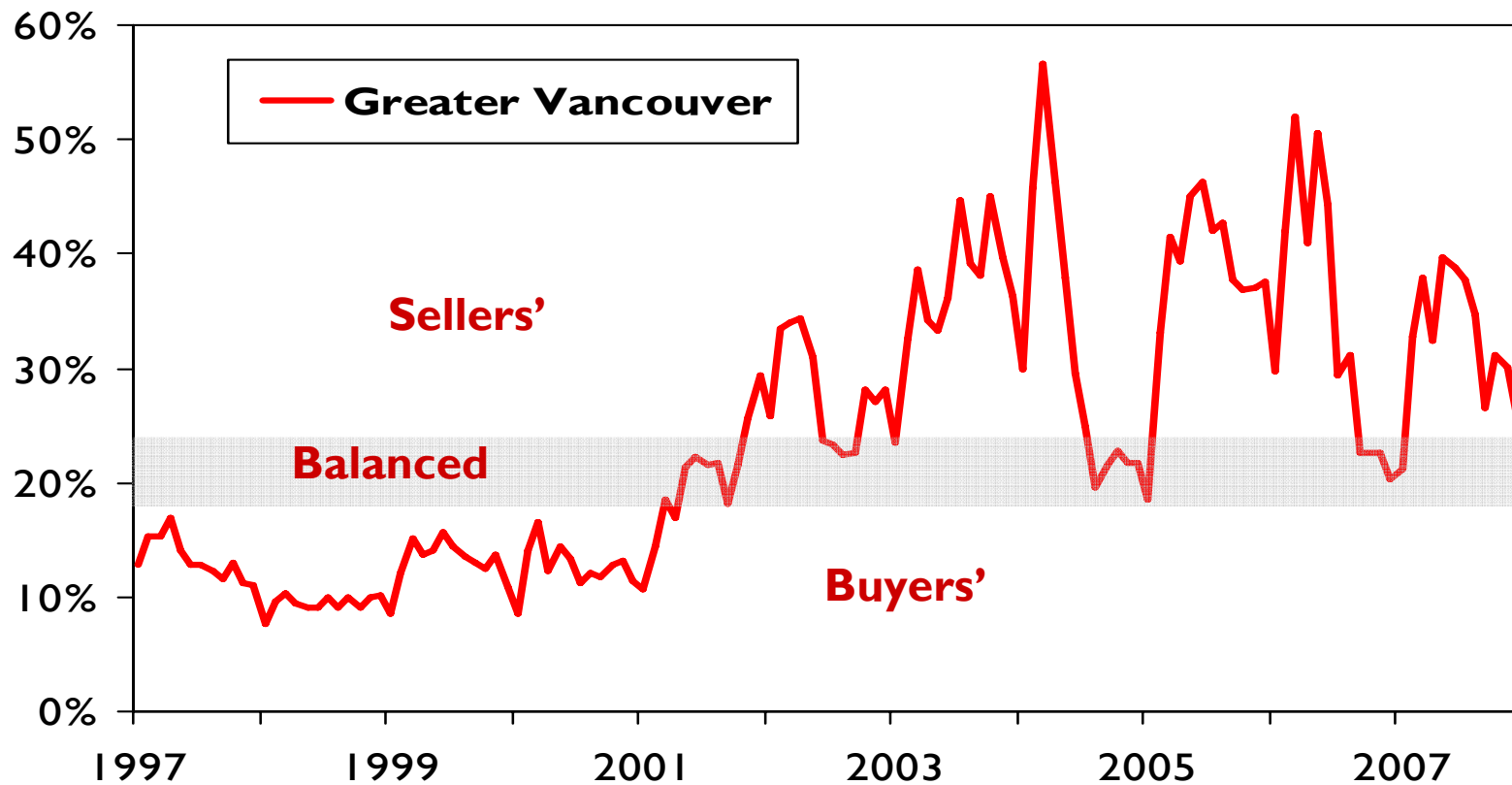


Source: Greater Vancouver Real Estate Board

A Move to Balance?

Sales to Active Listings Ratio

% Active Listings Sold Each Month

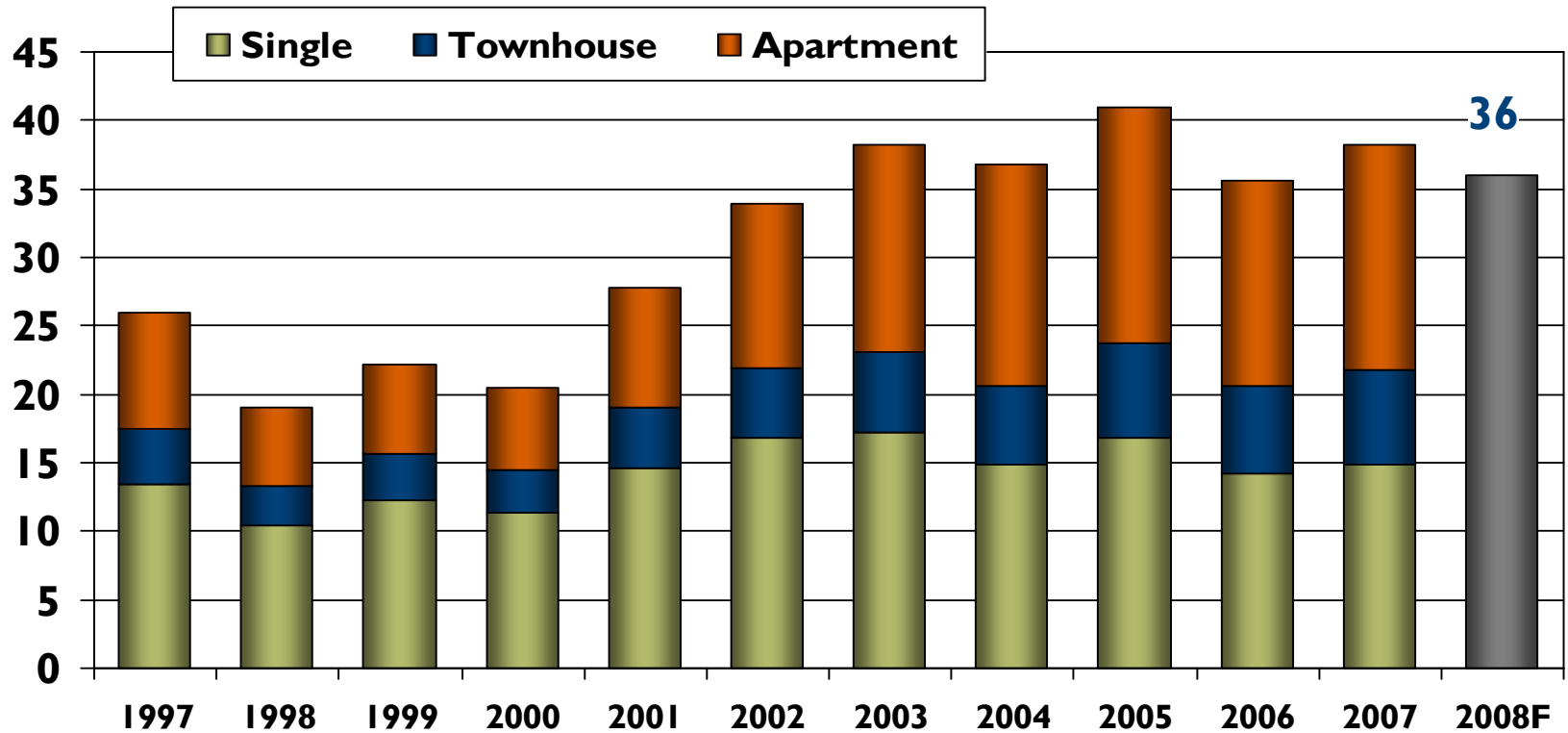


Source: Greater Vancouver Real Estate Board

Resale Market Remains Active in Greater Vancouver

Total Sales in 2007: 38,256

MLS® Sales, Greater Vancouver (000's)



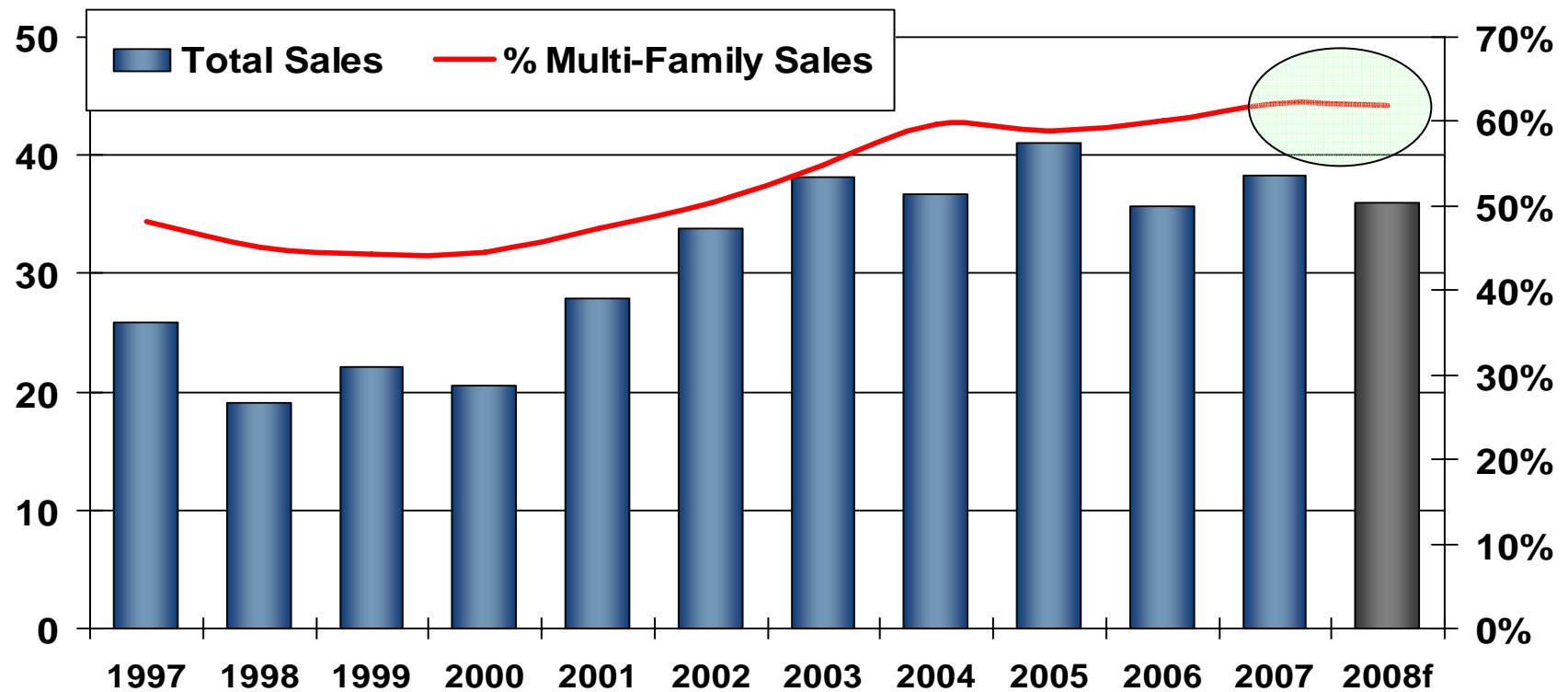
Source: Real Estate Board of Greater Vancouver (REBGV), CMHC Forecast

Higher Sales Growth in Multiple Family

Total Sales in 2007: 38,256

MLS® Sales, Greater Vancouver (000's)

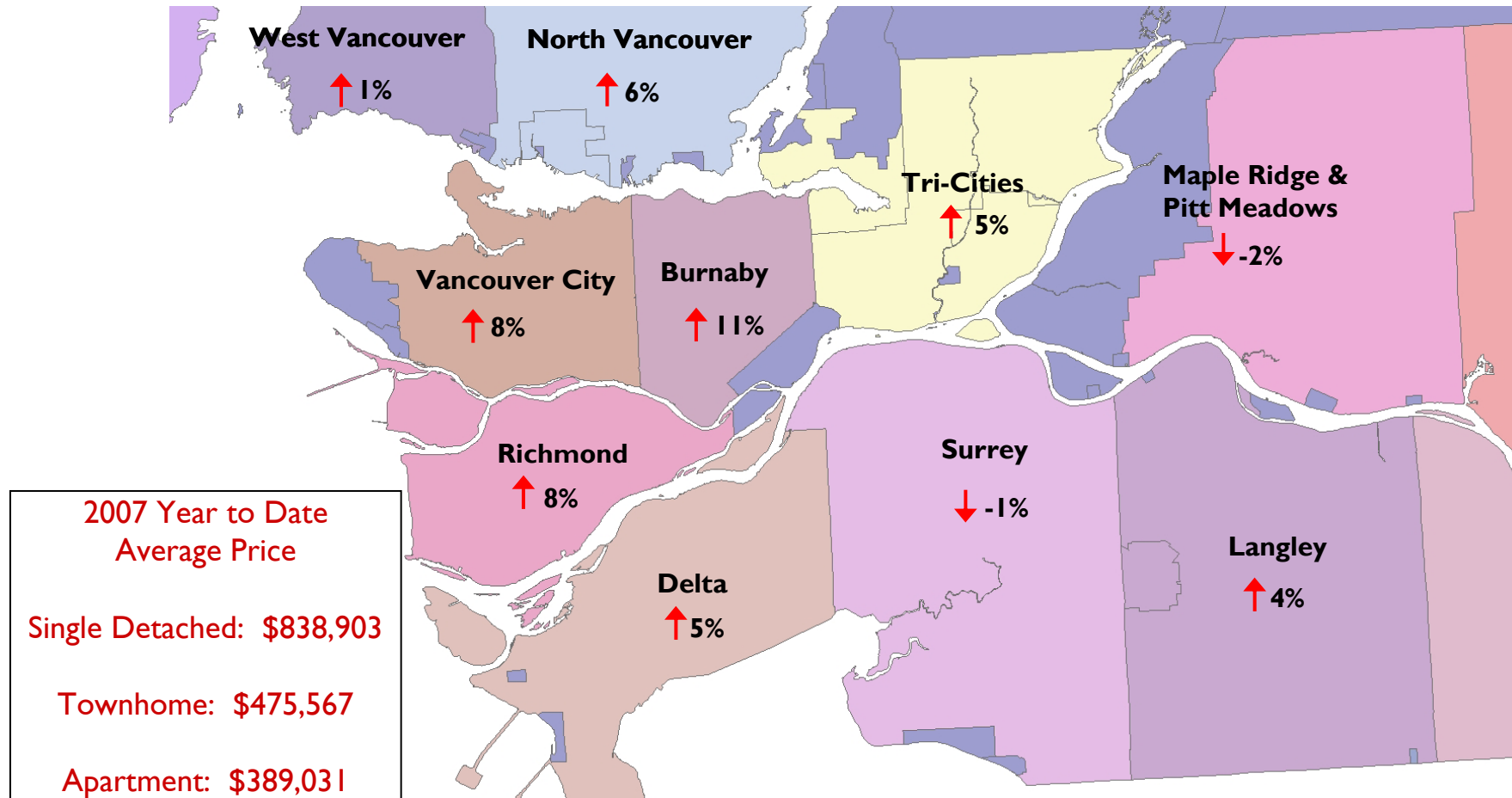
Percentage



Source: Real Estate Board of Greater Vancouver (REBGV), CMHC Forecast

Sales On the Rise Near Vancouver Core

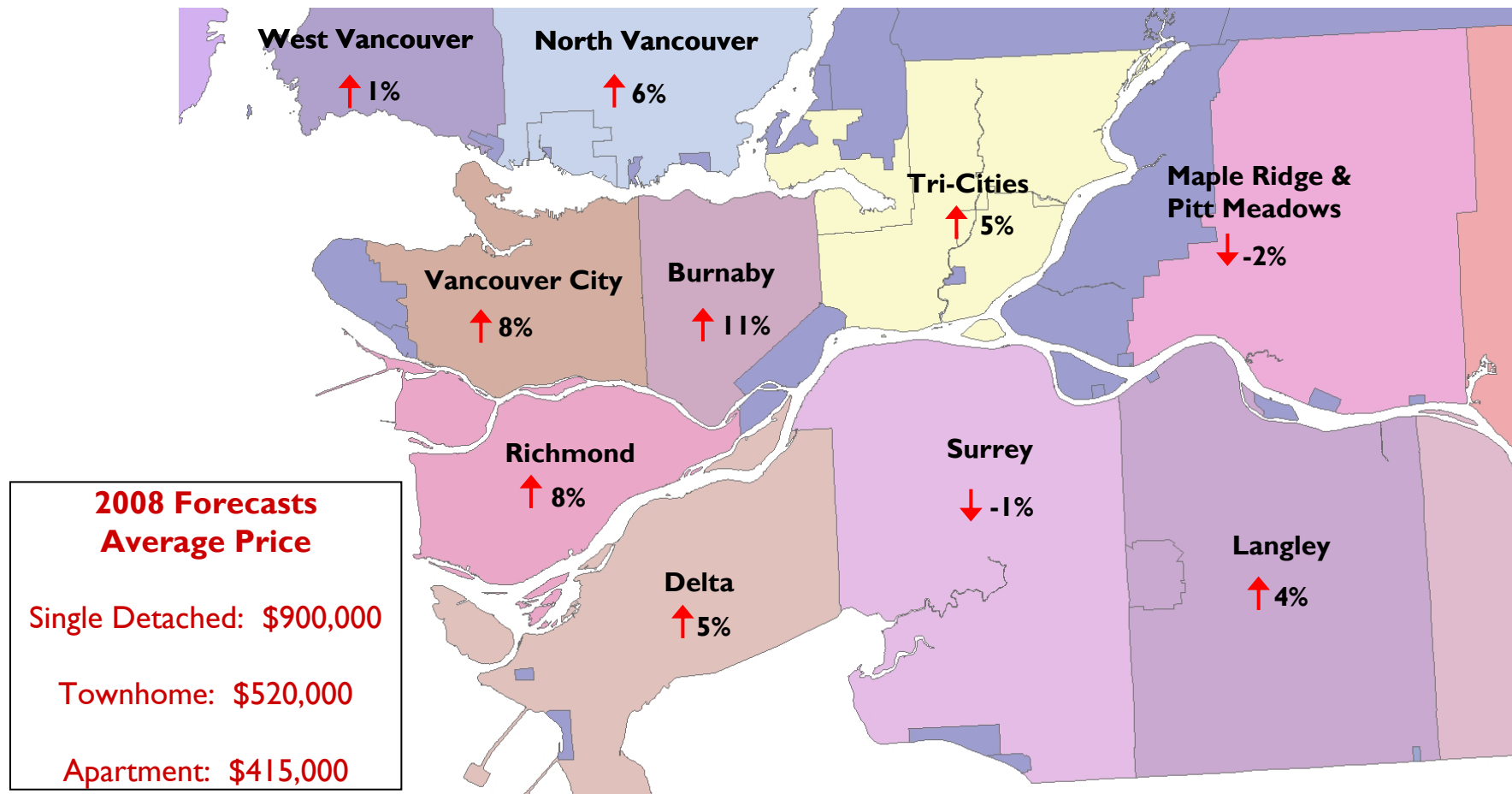
2007 Year over Year Comparison



Source: Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board

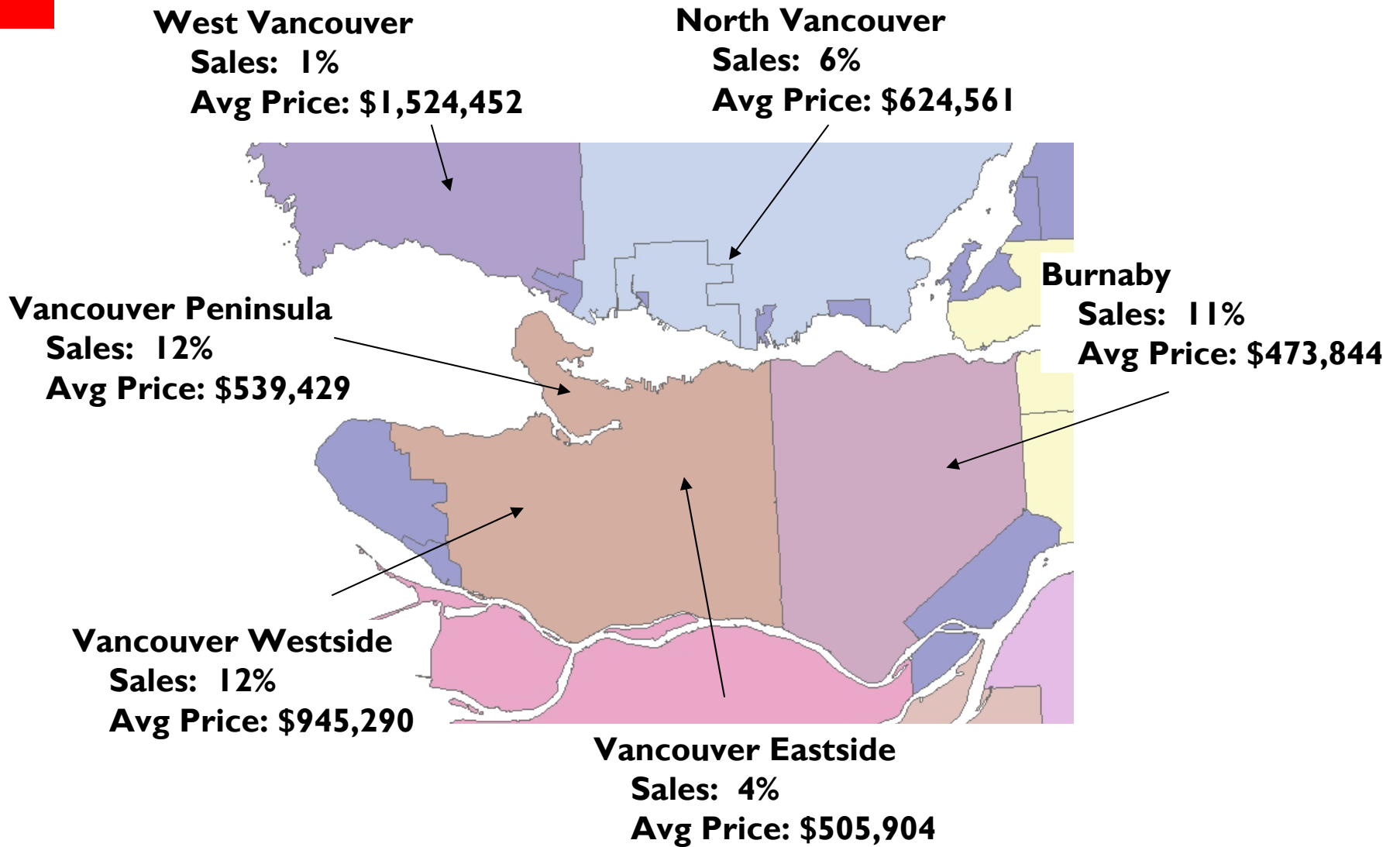
Sales On the Rise Near Vancouver Core

2007 Year over Year Comparison



Source: Real Estate Board of Greater Vancouver, Fraser Valley Real Estate Board

Sales Activity Around Burrard Inlet in 2007

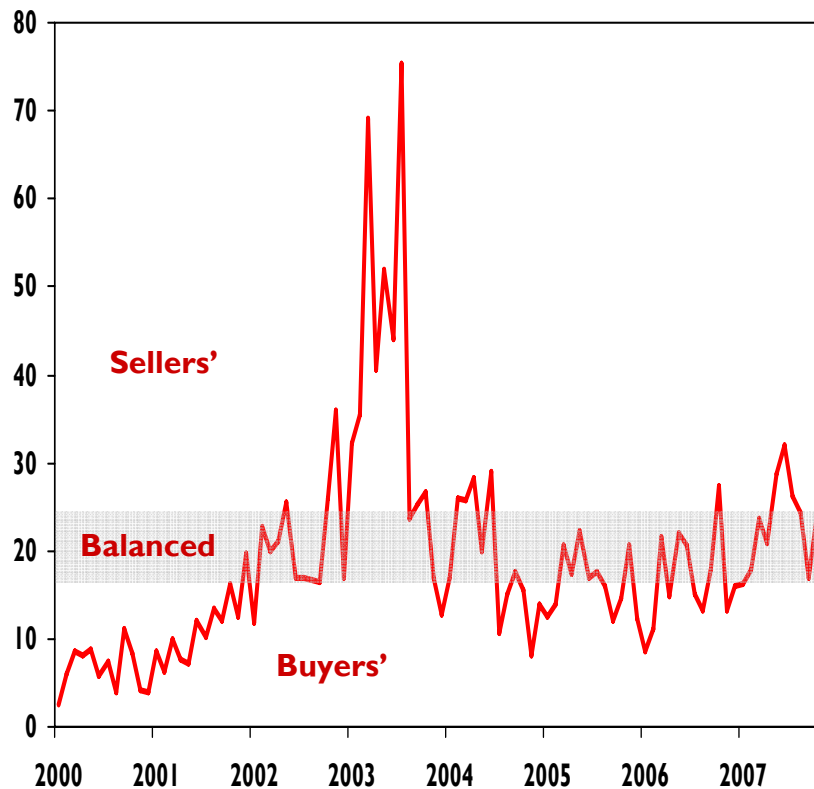


Source: Real Estate Board of Greater Vancouver

Balance Market in Squamish

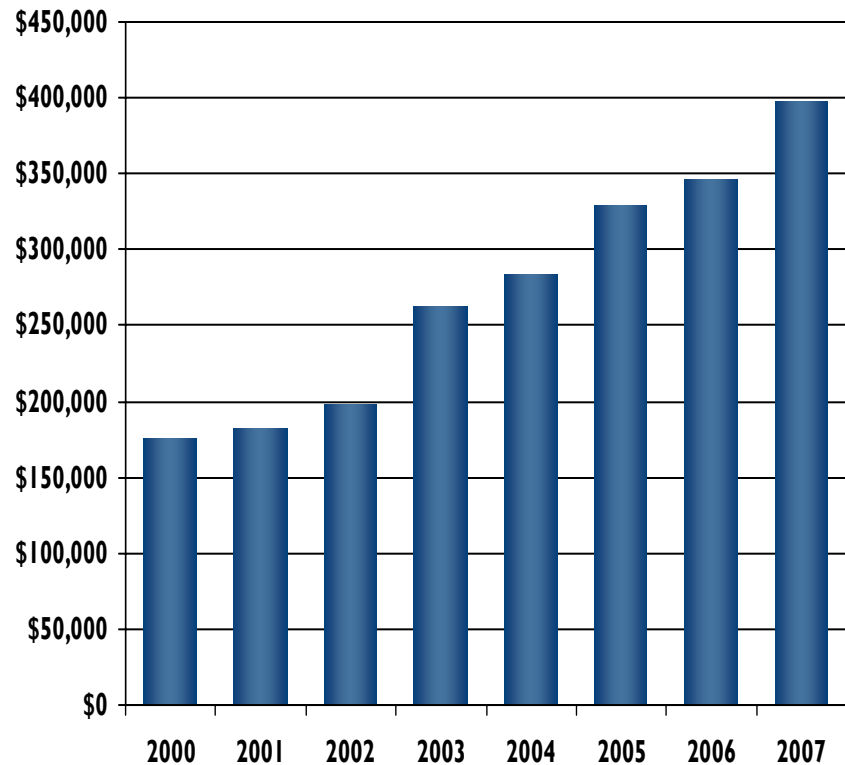
Sales to Active Listings Ratio

% Percentage



Average Price

Price ('000)



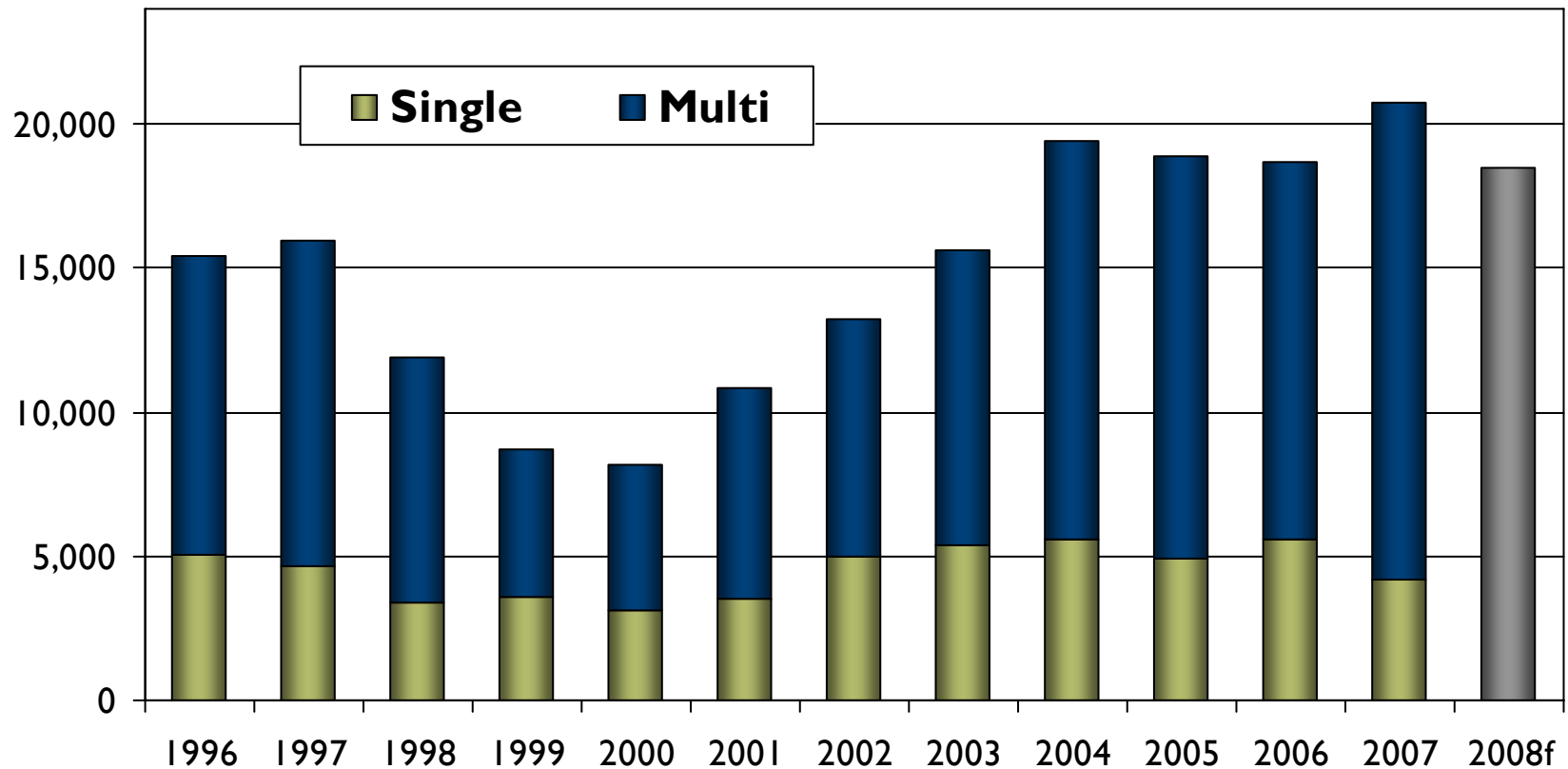
Source: Greater Vancouver Real Estate Board, Powell River and Sunshine Coast Real Estate Board

New Home Construction



High Housing Starts in Greater Vancouver

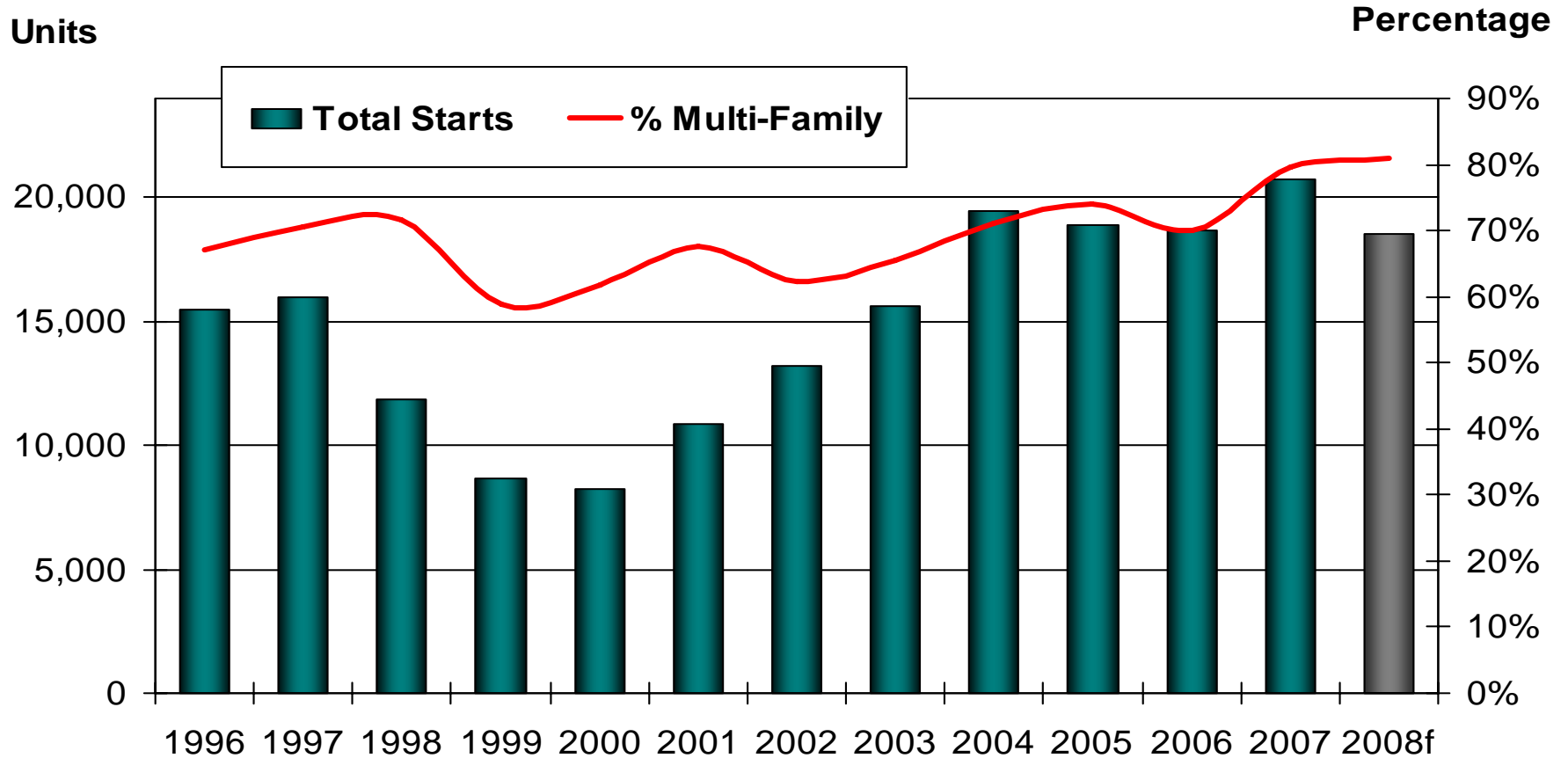
Total Housing Starts for 2007: 20,736



Source: CMHCS Starts and Completion Survey

High Housing Starts in Greater Vancouver

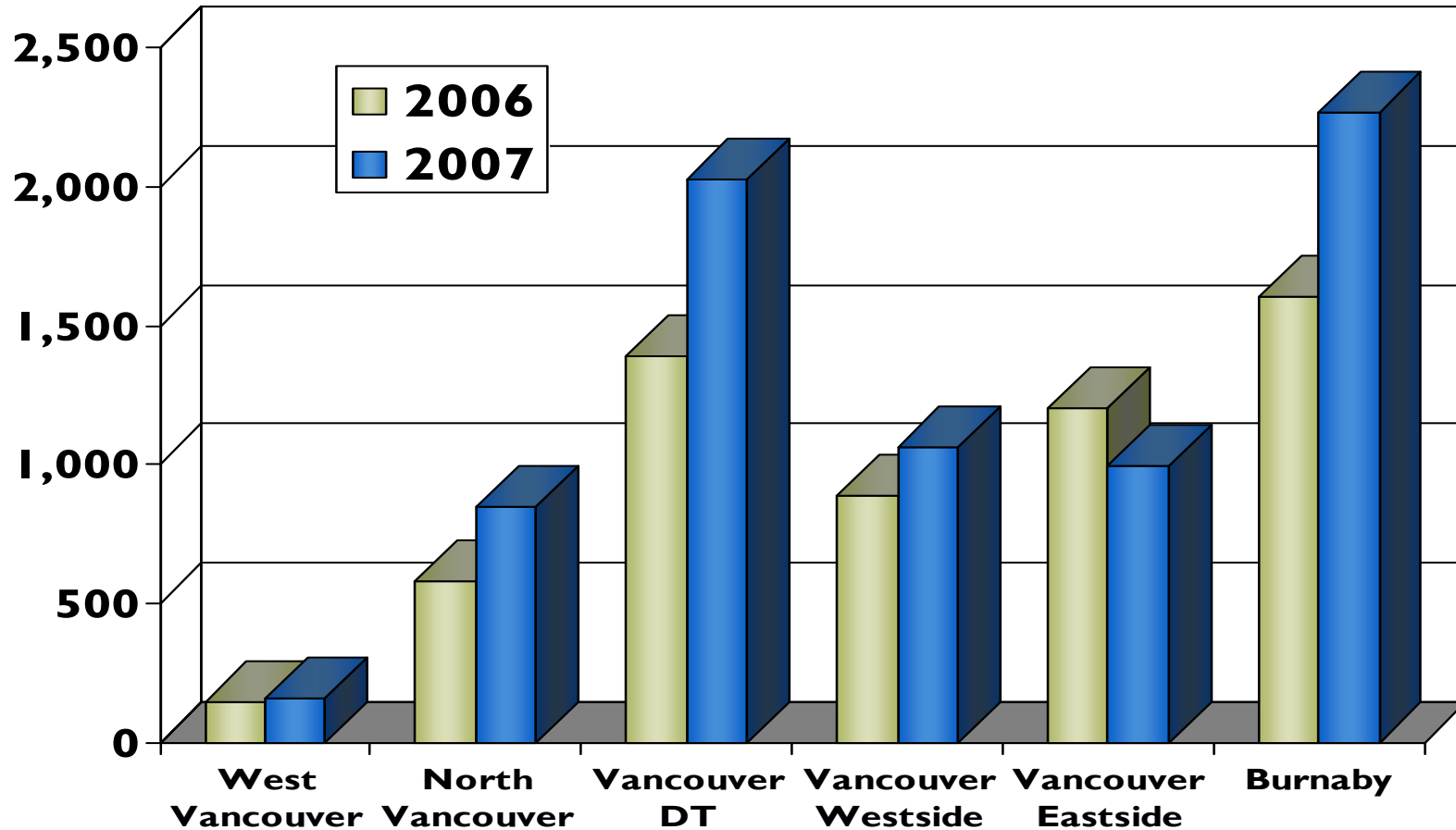
Heavier Influence on Multiple Family Developments



Source: CMHCS Starts and Completion Survey

Starts Outpacing Last Year's Levels

Majority of Starts are Multiple Family Projects

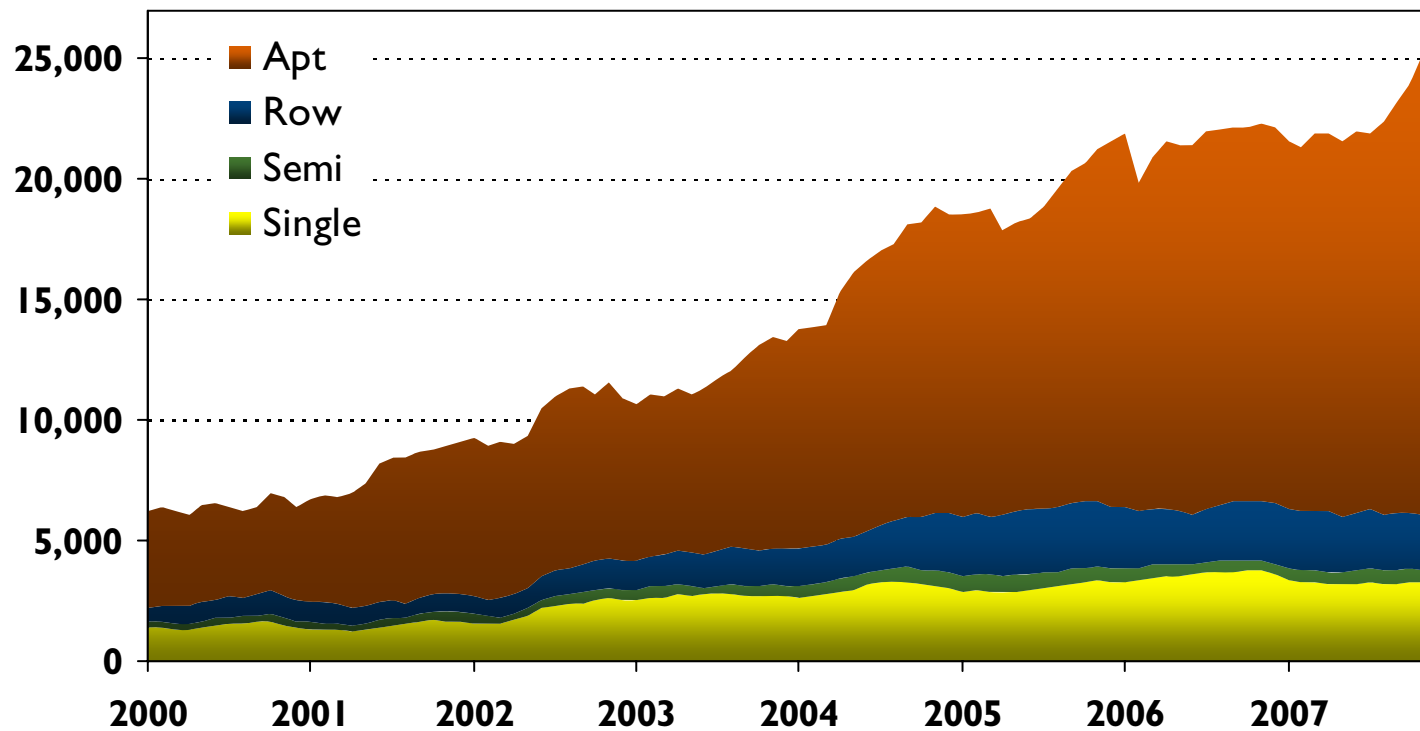


Source: CMHC Stats and Completions Survey

Under Construction in Greater Vancouver

Dominance of Apartment Construction

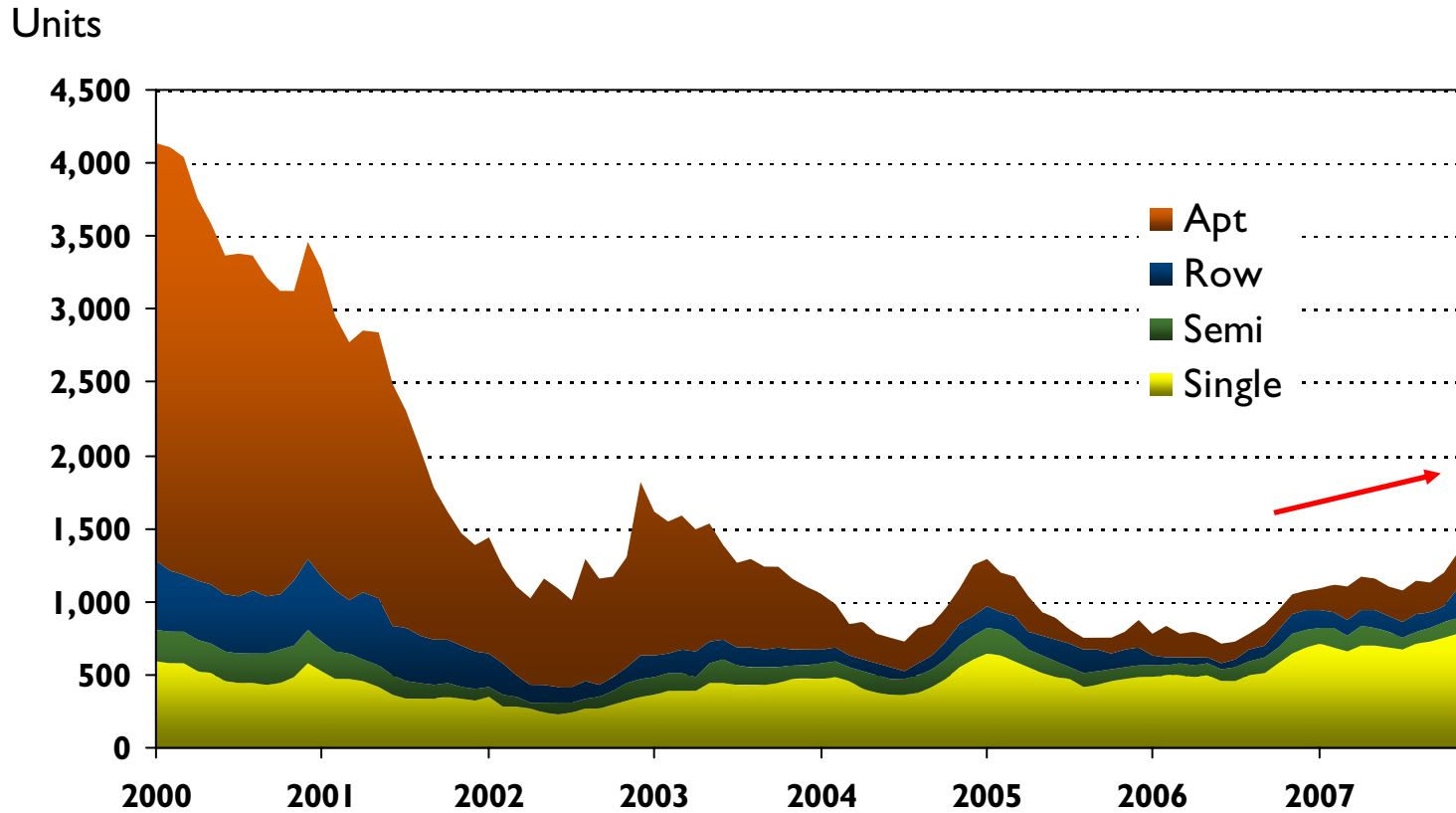
Units



Source: CMHC Starts and Completion Survey

New Completed and Unabsorbed Units

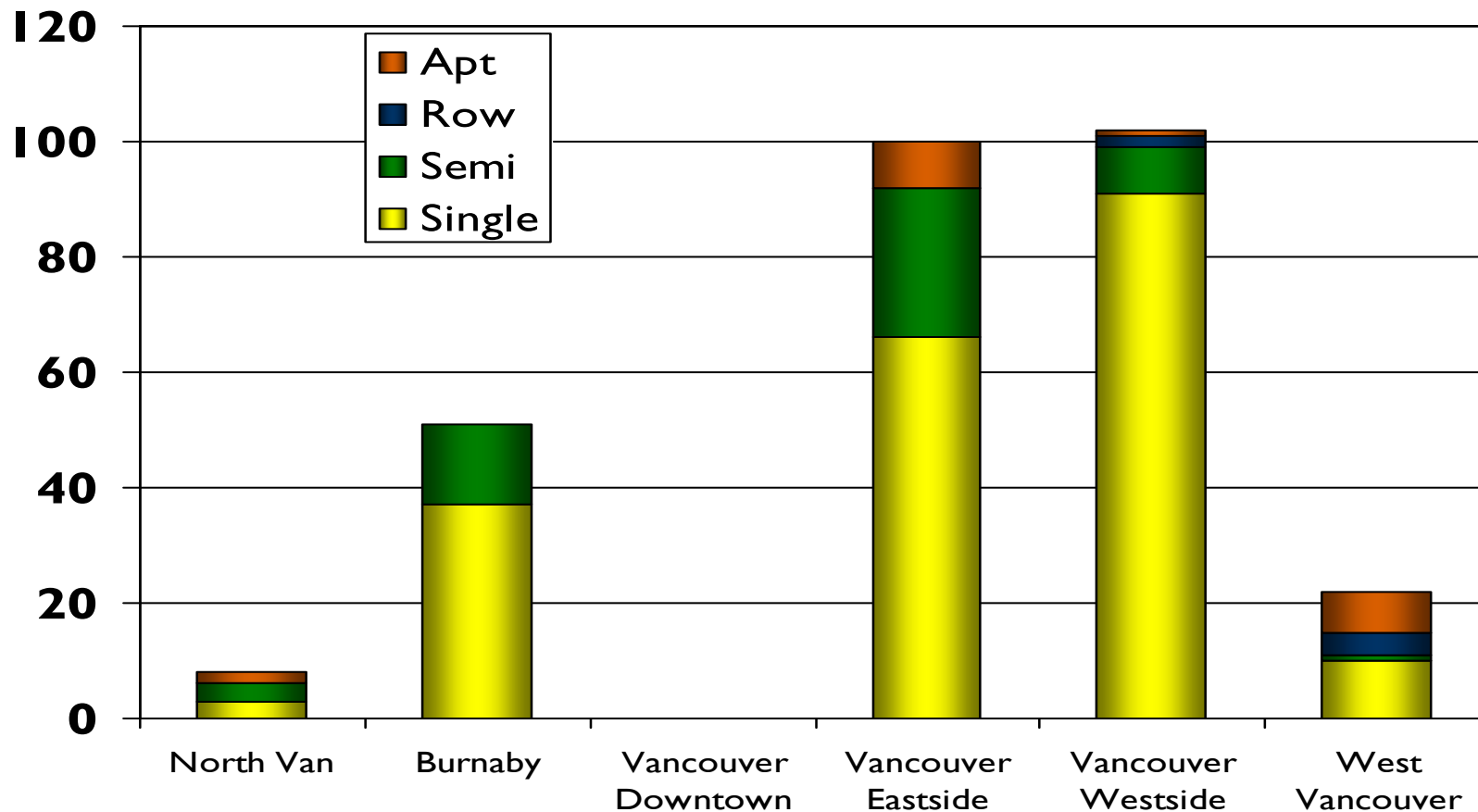
Strong Pre-sales on New Developments



Source: CMHC Starts and Completion Survey

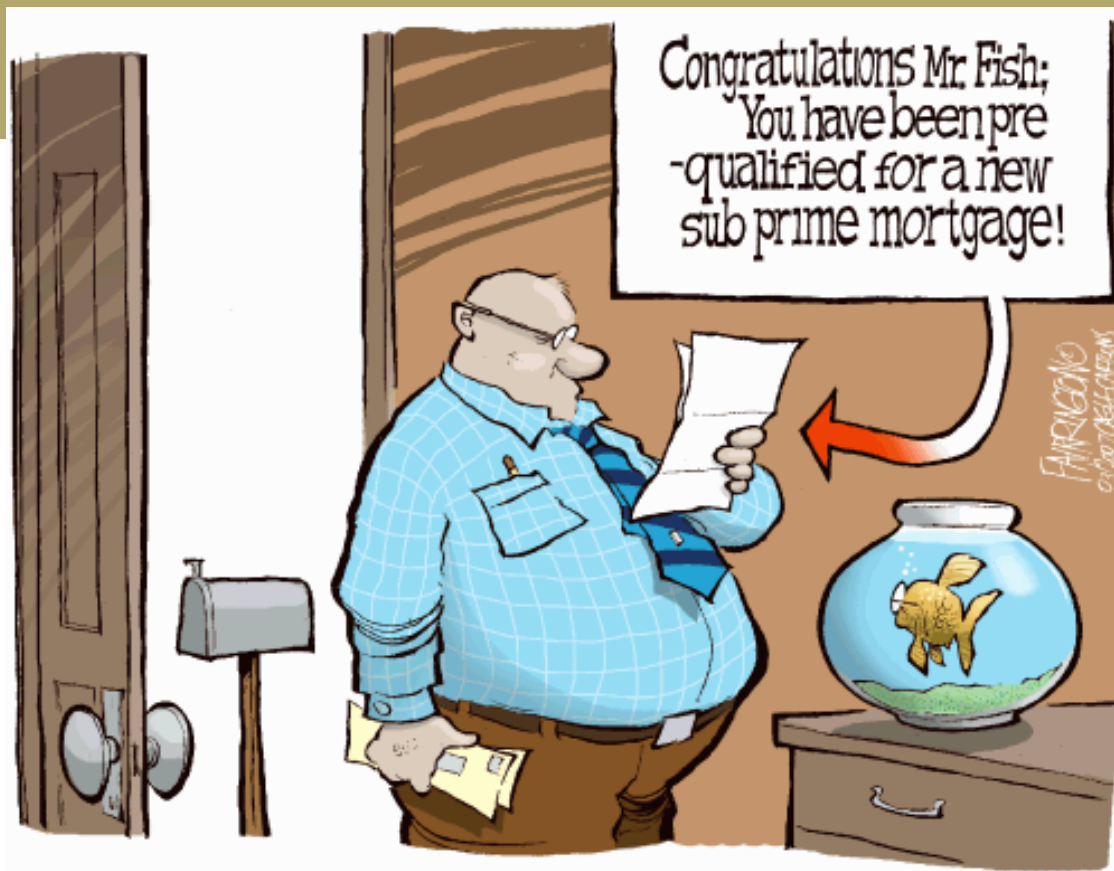
Completed and Unabsorbed Units

New Product Available Mostly Single Detached



Source: CMHC Stats and Completions Survey

Subprime: US and Canada



The Differences Between the U.S. and Canada



The Differences Between the U.S. and Canada

- **Smaller Sub-prime Market in Canada**

Less than 5% of Canadian outstanding mortgages are sub-prime; **U.S.: 20%**



The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada

The overall arrears rate in Canada: <0.5%

U.S.: 13.3% on Subprime loans



The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada
- No Adjustable Rate Mortgages (ARM)

The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada
- No Adjustable Rate Mortgages (ARM)
- Consumers are More Prudent

Canadian personal saving rate: 1.8%

U.S.: -1.4%



The Differences Between the U.S. and Canada

- Smaller Sub-prime Market in Canada
- Low Default Rate in Canada
- No Adjustable Rate Mortgages (ARM)
- Consumers are More Prudent
- Low Speculative Activity

Is the Market Sustainable?

- **Market fundamentals strong, demand stable**
- **Sales to moderate, price growth to slow**
- **New construction stable, at historically high level**



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Canada



CANADA MORTGAGE AND HOUSING CORPORATION

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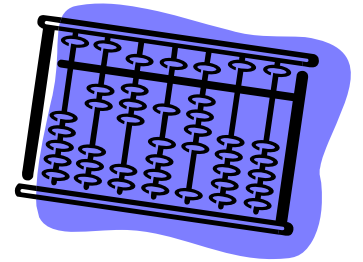
THANK YOU!

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Canada 

