



Housing Forecast Update

BC HOME SALES TO TREND HIGHER IN 2013/2014

Multiple Listing Service® (MLS®) residential sales in British Columbia are forecast to increase 5.6 per cent to 71,450 units in 2013. While a modest increase in unit sales is expected, home sales this year will fall below both the five-year average of 74,600 units and the ten-year average of 86,800 units. After declining nearly 23 per cent in 2012, homes sales in Vancouver are forecast to claw back nearly 10 per cent this year. Improved economic conditions in 2014 are expected to keep housing demand trending higher, with MLS® residential sales forecast to climb a further 6.1 per cent to 75,830 units.

However, with a stronger global economy expected next year, 2013 is shaping up to be a transition year. Indeed, the groundwork has already begun for stronger housing demand as a significant number of part-time jobs in BC were converted into full-time employment last year.

Residential values are expected to be on a more solid footing in 2013 as lower prices, both actual and inflation adjusted, have improved affordability. In addition, many potential buyers that stayed on the sidelines in 2012 will likely enter the marketplace over the next year as the relatively strong financial condition of BC households precludes any deflationary spiral. The average MLS® residential price in BC is forecast to edge down nearly 1 per cent to \$510,400 this year and remain relatively unchanged in 2014, albeit up 0.6 per cent to \$513,500.

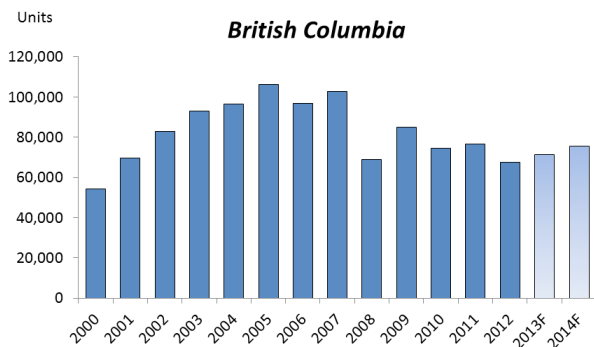
BC housing starts are forecast to edge back 3.5 per cent to 26,500 units this year, after remaining unchanged in 2012. A spillover effect of more subdued consumer demand last year will keep home builders from adding too much supply to the market. In addition, the transition from the Harmonized Sales Tax (HST) back to the Provincial Sales Tax (PST) may add a short term boost to new home sales this spring. A modest 1.5 per cent increase in housing starts to 26,900 units is forecast for 2014, keeping new additions to the housing stock in line with household growth.

MLS®	12	13f	14f
Sales	67,637	71,450	75,830
	-11.8%	5.6%	6.1%
Avg Price	514,836	510,400	513,500
	-8.2%	-0.9%	0.6%
\$ Volume	34.8 Bil	36.5 Bil	38.9 Bil
	14%	4.7%	6.8%
Housing Starts¹			
Total	27,460	26,500	26,900
	-0.3%	-3.5%	1.5%
Single	8,395	8,000	8,100
	-5.3%	-4.7%	1.3%
Multiple	19,065	18,500	18,800
	8.7%	-3%	1.6%
	12	13f	14f
Real GDP Growth ²	2.3%	2.3%	2.6%
Employment Growth	1.7%	1.5%	1.8%
Unemployment Rate	6.7%	6.8%	6.5%
Net Migration	32,150	37,000	42,000
5-Yr Mortgage Rate Range	5.14-5.44	5.24-5.6	5.6-6.10

1. Source: CMHC, BCREA Forecast

2. Estimate for 2012

MLS® Residential Sales



Source: BCREA

Headwinds in the global economy continue to constrain growth in British Columbia. The US has yet to generate enough employment to take a serious bite out of their jobless rate, while early signs of burgeoning domestic demand



in China weren't enough to keep economic growth from slipping to a ten-year low in 2012.

Housing Forecast Summary — First Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2012	2013F	2014F	2012	2013F	2014F
Victoria	5,460 -5.4%	5,680 4%	5,850 3%	484,164 -2.8%	480,000 -0.9%	482,000 0.4%
Vancouver Island	6,008 -5.6%	6,275 4.4%	6,450 2.8%	315,644 -3.3%	315,000 -0.2%	319,000 1.3%
Powell River Sunshine Coast	266 -15%	285 7.1%	295 3.5%	220,773 -1.1%	220,000 -0.4%	222,000 0.9%
Greater Vancouver	25,445 -22.7%	27,900 9.6%	30,300 8.6%	730,063 -6.4%	714,000 -2.2%	712,000 -0.3%
Fraser Valley	13,083 -11.2%	13,400 2.4%	14,400 7.5%	483,730 -3.7%	468,000 -3.3%	465,000 -0.6%
Chilliwack and District	2,007 -0.9%	2,050 2.1%	2,155 5.1%	299,537 1%	300,000 0.2%	299,000 -0.3%
Kamloops and District	2,097 1%	2,160 3%	2,260 4.6%	312,710 3.8%	315,000 0.7%	319,000 1.3%
Okanagan Mainline	5,399 11.8%	5,575 3.3%	5,700 2.2%	377,979 -0.5%	379,000 0.3%	378,000 -0.3%
South Okanagan*	1,337 2%	1,375 2.8%	1,420 3.3%	303,461 -1.6%	305,000 0.5%	308,000 1%
Northern Lights	482 -5.7%	510 5.8%	525 2.9%	246,375 13.8%	249,000 1.1%	260,000 4.4%
Kootenay	2,009 2.9%	2,040 1.5%	2,100 2.9%	274,578 2.1%	272,000 -0.9%	275,000 1.1%
BC Northern	4,044 3.9%	4,200 3.9%	4,375 4.2%	233,544 6.6%	238,000 1.9%	241,000 1.3%
BC Total	67,637 -11.8%	71,450 5.6%	75,830 6.1%	514,836 -8.2%	510,400 -0.9%	513,500 0.6%

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) represents 11 member real estate boards and their approximately 18,000 REALTORS® on all provincial issues, providing an extensive communications network, standard forms, economic research and analysis, government relations, applied practice courses and continuing professional education (cpe).

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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