



BRITISH COLUMBIA  
REAL ESTATE  
ASSOCIATION

# Housing Forecast

## BC HOME SALES TO GROW IN 2013

Multiple Listing Service® (MLS®) residential sales in British Columbia are forecast to decline nearly 10 per cent to 69,200 units this year. Stronger consumer demand in the Okanagan, Kamloops and the North is being offset by fewer home sales on the Lower Mainland. In addition, recent tightening of mortgage credit regulations has squeezed some potential buyers out of the market. Reducing the maximum amortization for high-ratio mortgages from 30 to 25 years was equivalent to a 100 basis point increase in the mortgage rate for first-time and early move-up home buyers.

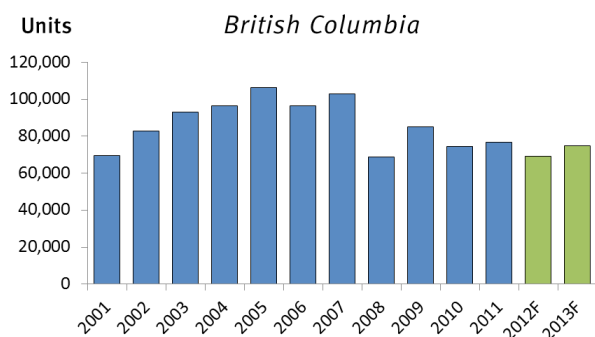
remain at a moderate level, albeit trending toward the fifteen-year average of 79,000 units.

Most regional markets remain tilted in favour of home buyers, meaning there is ample supply for house hunters. Against this backdrop, home prices are expected to remain relatively stable for the balance of this year and through 2013. Average prices were skewed higher than market conditions warranted in 2011 as a result of a marked increase in detached home sales in the priciest Vancouver neighbourhoods. The forecast decline in average prices in Vancouver and, by extension, in the province is largely the result of a return to more typical geographic and home type buying patterns.

New home construction activity in the province is keeping pace with population growth and household formation. Total housing starts are expected to remain in the 26,000 to 27,000 range through next year, with

the only significant change occurring in the product types under construction. After rising 17 per cent in 2011, multiple starts in the province are expected to increase another 13 per cent to 19,800 units this year. Multiple unit construction now accounts for 70 per cent of all housing starts in BC. In Metro Vancouver, multiple starts will comprise four out of every five new homes constructed this year.

### MLS® Residential Sales



Source: BCREA

Strong full-time job growth, persistently low mortgage interest rates and an expanding population base are expected to underpin some additional housing demand in the months to come. MLS® residential sales are

forecast to increase 8.3 per cent to 74,920 units in 2013. However, aggregate consumer demand is expected to



MLS®	11e	12f	13f
Sales	76,721 2.8%	69,200 -9.8%	74,920 8.3%
Avg Price	561,026 11.1%	518,600 -7.6%	522,000 0.7%
\$ Volume	43.1 Bil 14%	35.9 Bil -16.7%	39.1 Bil 9%
<b>Housing Starts<sup>1</sup></b>			
Total	26,400 -0.3%	27,100 2.7%	26,500 -2.2%
Single	8,867 -22.6%	7,300 -17.7%	8,000 9.6%
Multiple	17,533 16.8%	19,800 12.9%	18,500 -6.6%
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1. Sources: CMHC, BCREA Forecast

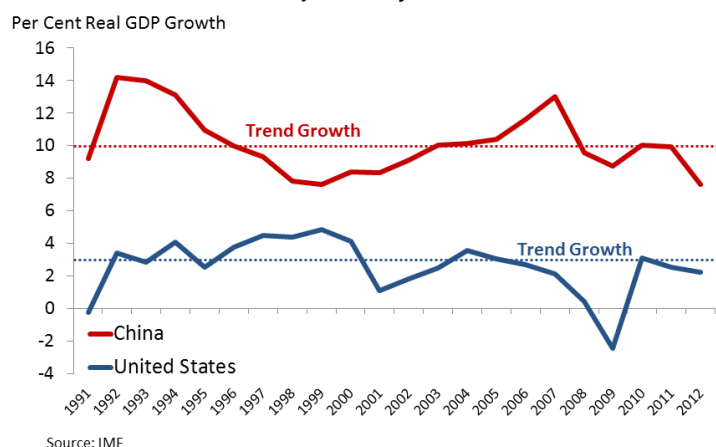
## ECONOMIC OUTLOOK

The BC economy in 2012 can be characterized by largely positive domestic factors being weighed down by a slower global economy. Overall employment growth has improved from last year's weak performance, particularly growth in full-time jobs, and as a result consumers have increased their spending. New home construction has trended higher as has non-residential investment spending. There is currently an estimated \$78 billion in major projects underway around the province and non-residential building permits are up 26 per cent year-to-date.

On the trade front, two of BC's major export partners – the United States and Japan – continue to post only modest growth while China, BC's second largest export market, is growing at a more moderate pace as well.

Slower economic growth in China is important since China's share of BC exports has grown rapidly. In just ten years, the share of BC's total international exports to China has increased from 2.4 per cent to almost 17 per cent, eclipsing Japan as the second largest export market for BC products. However, economic growth in China has recently slipped below its previous 9 to 10 per cent trend rate and is forecast to perform at a more moderate 7 or 8 per cent pace in the coming years. Though still an impressive rate of growth, such a deceleration could moderate growth in BC exports.

### Below Trend Economic Growth in BC's Major Export Markets



A slowing Chinese economy could be more easily absorbed by BC exporters if the US economy was growing fast enough to pick up the slack. However, growth in output and employment in the United States continues to disappoint with economic growth of just over 2 per cent forecast for this year. Further compounding the slowdown in the US and China, many European economies have slipped into a recession under the weight of painful government austerity programs and lingering financial market uncertainty. Altogether, the IMF is currently projecting that in 2012 the global economy will grow at its slowest rate since 2009.

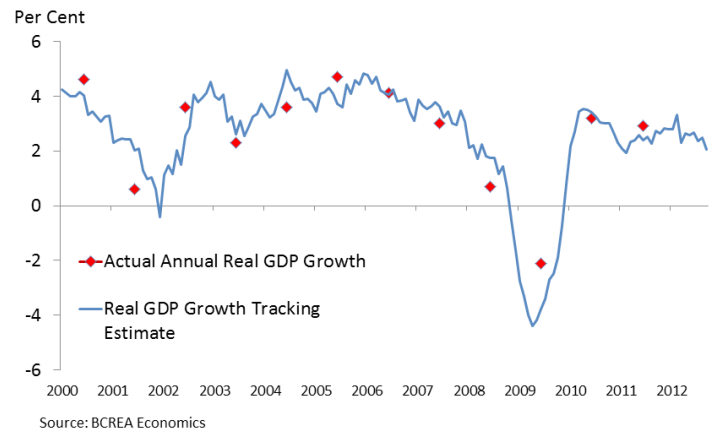
Against the difficult backdrop of a slower growing and uncertain global economy, the BC economy has managed to produce moderate growth in 2012. New home construction is on pace to be roughly equal to last year while non-residential construction has posted impressive growth. On the downside, an already fragile provincial housing market was further cooled by tighter mortgage lending regulations introduced in the summer.

	2011	2012f	2013f
<b>Real GDP Growth*</b>	2.7%	2.1%	2.3%
<b>Employment (\$ millions)</b>	2.26	2.31	2.35
	0.8%	1.8%	1.5%
<b>Unemployment (000s)</b>	183.4	171	175.4
<b>Unemployment Rate</b>	7.5%	7%	6.9%
<b>Personal Disposable Income (\$ millions)</b>	139.8	147.6	155.9
	5.6%	5.4%	5.4%
<b>Average Weekly Wage</b>	\$837	\$855	\$870
	1.8%	2.1%	1.8%
<b>Retail Sales (\$ billions)</b>	\$60	\$62.1	\$64.9
	3.1%	3.5%	4.5%
<b>Net International Migration</b>	35,882	41,000	37,500
	-4%	14.3%	-8.5%
<b>Net Interprovincial Migration</b>	-1,920	-3,500	3,000
	-141%	82.3%	-185.7%
<b>Total Net Migration</b>	33,962	37,500	40,500
	-29.9%	10.4%	8%

\* Data not yet available for 2011 has been estimated

The BC economy is expected to exhibit stable, but below trend growth through 2013. Our monthly GDP tracking estimate suggests that the BC economy likely grew at a 2.5 per cent pace through the end of summer, but has slowed in the second half. We expect that a slower rate of economic growth will prevail through the remaining months of the year and have revised our forecast for 2012 as a result. Real GDP growth in BC is now expected to be 2.1 per cent rather than the previously forecast 2.5 per cent. Modest export growth and a slower rate of consumption spending will likely hold growth in 2013 to 2.3 per cent before an accelerating global economy lifts growth to 2.7 per cent in 2014.

## BCREA BC Economic Growth Tracking Estimate



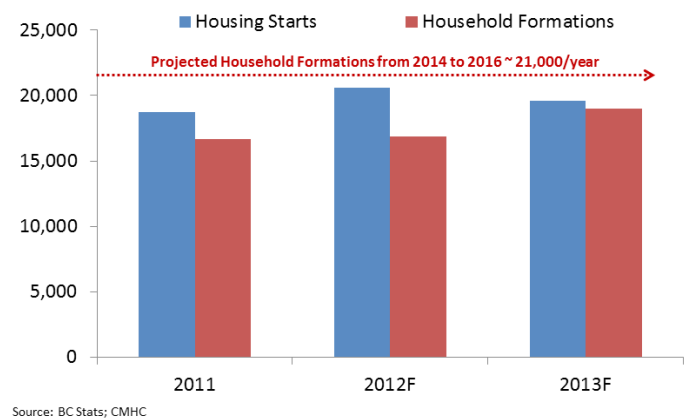
## HOUSING STARTS

New home construction in BC is on pace to finish the year 3 per cent higher than last year with 27,100 total housing starts. This level of housing starts is commensurate with estimated household formation in the province, though construction remains heavily weighted to multiple housing in the Lower Mainland.

The shift in the new home market towards multiple housing continued in 2012 with multiple starts accounting for over 70 per cent of new home construction. Multiple starts are on track to rise 13 per cent to just under 20,000 units this year. The changing composition of housing starts is most dramatic in the Greater Vancouver area, where multiple starts are projected to compose over 80 per cent of new home construction. Land and affordability constraints in the Lower Mainland have limited the volume of single-family starts. The construction of new single-family homes in 2012 is on pace to fall below 8,000 units for the first time since 2009.

We forecast housing starts to edge down in 2013 to 26,500 units as higher inventories cause builders and developers to slow the expansion of the housing stock. However, the current bias toward multiple construction is expected to continue as a result of an expanding population base coupled with land scarcity.

## Lower Mainland Housing Starts In-Line with Household Growth



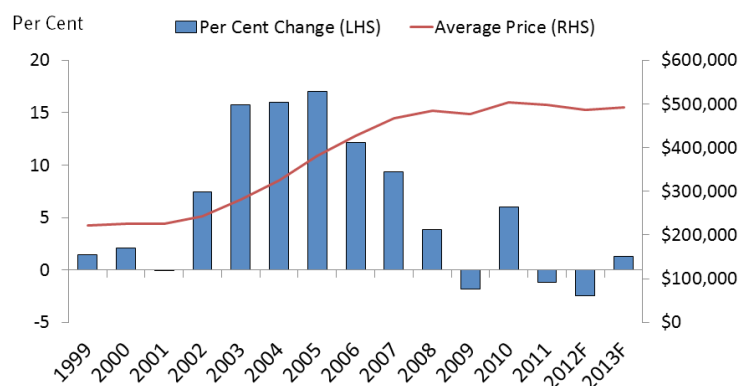
## VICTORIA REAL ESTATE BOARD

Continuing weakness in the global economy has translated into more muted housing demand in Victoria. Tourism related business and government are grappling with reduced revenue streams which, in turn, are providing headwinds in the labour market. In addition, tighter mortgage credit regulations for high-ratio home buyers has pulled some steam out of the market by reducing affordability and purchasing power of first-time and early move-up buyers. Despite these challenges, MLS® residential sales are expected to remain on par with 2011, with slightly more condominium sales offsetting fewer detached home sales. Consumer demand is expected to increase in line with overall economic growth next year. MLS® residential sales are forecast to increase nearly 5 per cent to 6,060 units in 2013.

Market conditions remain tilted slightly in favour of home buyers. This means housing demand and supply are in relative balance, and that little change in home pricing is expected. While the average annual MLS® residential price is expected to be 2.5 per cent lower at \$486,000 this year, the change is largely the result of beginning the year at a lower level. Gradually improving economic conditions are expected in 2013, which will help underpin housing demand and home prices. The average MLS® residential price is forecast to remain relatively unchanged next year, albeit rising by 1 per cent to \$492,500.

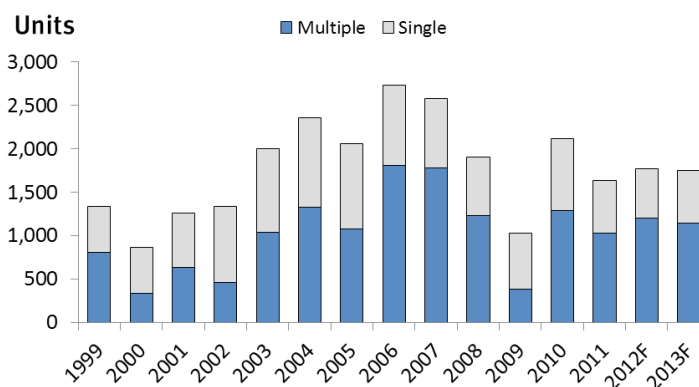
After declining nearly 23 per cent in 2011, new home construction activity is expected to increase this year. A 6 per cent decline in single-detached starts will be more than offset by a 16 per cent increase in multiple unit construction. Total housing starts are forecast to increase 8 per cent to 1,775 units this year. Relatively flush inventories of newly completed and unoccupied units are expected to limit housing starts next year. New construction activity in the Victoria CMA is expected to remain close to its current pace in 2013, with total housing starts forecast to edge back 1.4 per cent to 1,750 units.

### MLS® Residential Price Victoria



Source: BCREA

### Housing Starts Victoria



Source: CMHC, BCREA Forecast

#### MLS®

#### Sales

#### Avg Price

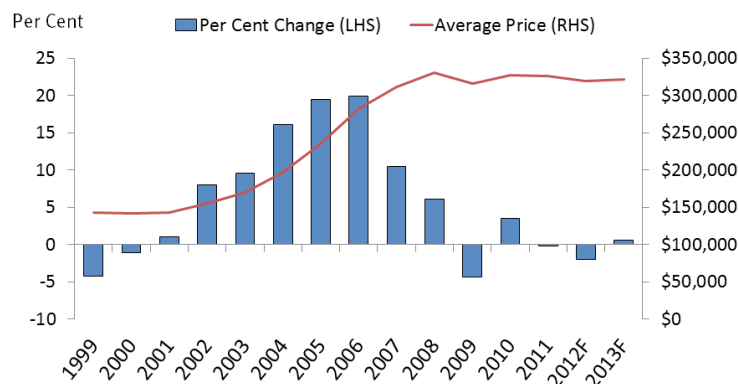
#### Housing Starts<sup>2</sup>

	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
<b>11</b>	5,773 -6.4%	3,381 -4.6%	636 -6.6%	1,590 -9.9%	498,300 -1.2%	604,538 -2.7%	432,906 -2%	325,569 0.6%	1,642 -22.5%	609 -26.4%	1,033 -20%
<b>12f</b>	5,775 0%	3,340 -1.2%	635 -0.2%	1,640 3.1%	486,000 -2.5%	597,000 -1.2%	412,000 -4.8%	321,000 -1.4%	1,775 8.1%	575 -5.6%	1,200 16.2%
<b>13f</b>	6,060 4.9%	3,500 4.8%	690 8.7%	1,700 3.7%	492,500 1.3%	601,000 0.7%	425,000 3.2%	325,000 1.2%	1,750 -1.4%	600 4.3%	1,150 -4.2%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. Victoria CMA Sources: CMHC, BCREA Forecast

## VANCOUVER ISLAND REAL ESTATE BOARD

## MLS® Residential Price Vancouver Island



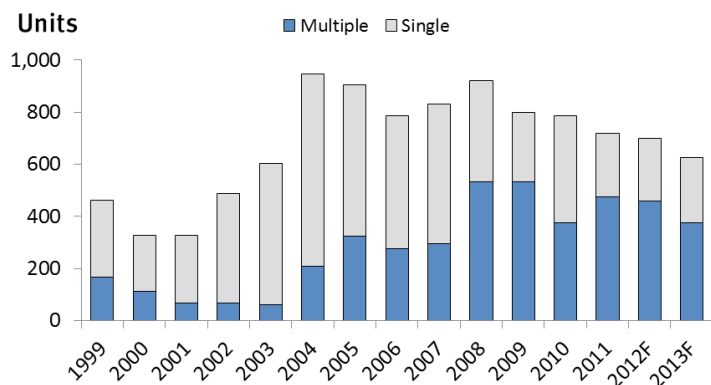
Source: BCREA

MLS® residential sales in the Vancouver Island market are expected to edge down again this year, after declining in both 2010 and 2011. Fewer transactions in the condo market are forecast to pull total MLS® residential sales down 3.4 per cent to 6,150 units this year. However, improving economic conditions both in BC and elsewhere are expected to bolster housing demand in 2013. Surging growth in employment and consumer spending in Alberta will likely mean some additional Island buying activity as about 10 per cent of home buyers are from that province. The Island region will also benefit from longer term demographic trends as baby boomers transition to their favourite retirement locales. MLS® residential sales through the Vancouver Island Real Estate Board area are forecast to increase 2.4 per cent to 6,300 units in 2013.

Market conditions on Vancouver Island continue to tilt in favour of home buyers, as the number of homes on the market is sufficient to satiate demand. This imbalance between supply and demand has been sustained long enough to have a moderating effect on home prices. The MLS® average annual residential price is expected to be 2 per cent lower in 2012, at \$320,000. We anticipate that a modest increase in demand and a gradual drawing-down of inventory will contribute to price stability in 2013, with the average price forecast to remain relatively unchanged at \$322,000.

New home construction in the Nanaimo CA during 2012 is expected to mirror last year, albeit down 2 per cent to 700 total starts. Construction of both single and multiple units are expected to finish the year near levels observed in 2011 with 460 multi-unit and 240 single-family starts. As in other markets, single-family starts have yet to regain the pace of activity seen prior to the 2009 recession while multiple starts have rebounded. However, growing inventory of multiple units will likely slow construction activity in 2013. We forecast a 14 per cent dip in total housing starts next year, to 600 total units.

## Housing Starts Nanaimo



Source: CMHC, BCREA Forecast

MLS®	Sales				Avg Price				Housing Starts <sup>2</sup>		
	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	6,367 -2.8%	4,261 -1.6%	396 -5.9%	538 -4.3%	326,513 -0.2%	356,802 -0.2%	256,216 -0.2%	202,828 -7.5%	720 -8.4%	246 -40%	474 26.1%
12f	6,150 -3.4%	4,250 -0.3%	420 6.1%	490 -8.9%	320,000 -2%	355,500 -0.4%	245,000 -4.4%	195,000 -3.9%	700 -2.8%	240 -2.4%	460 -3%
13f	6,300 2.4%	4,280 0.7%	390 -7.1%	520 6.1%	322,000 0.6%	357,800 0.6%	248,000 1.2%	202,000 3.6%	625 -10.7%	250 4.2%	375 -18.5%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Nanaimo CA Sources: CMHC, BCREA Forecast

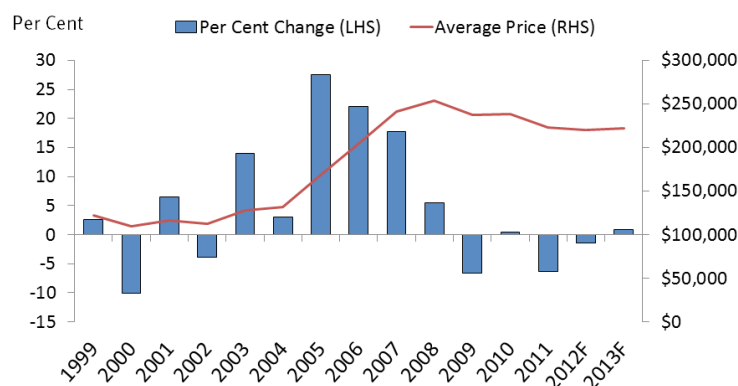
# POWELL RIVER SUNSHINE COAST REAL ESTATE BOARD

MLS® residential sales in the Powell River board area are expected to decline modestly in 2012 after posting strong growth in 2011. Home sales over the next two years will continue to be supported by low interest rates and moderate growth in the BC economy. In addition, Powell River's relative affordability and unique lifestyle opportunities should continue to be a popular magnet for a growing number of retirees from the Lower Mainland and other areas around BC. Consumer demand will remain relatively stable in this market through next year, with residential sales expected to edge down 4 per cent to 300 units this year, before increasing 3 per cent to 310 units in 2013.

After falling over 6 per cent in 2011, average MLS® home price is expected to edge down a further 1.4 per cent to \$220,000 this year. A relatively large inventory of homes for sale has tilted the market slightly in favour of home buyers. However, as consumer demand picks up in 2013 and inventories draw down, average home prices are expected to remain stable, albeit up 1 per cent to \$222,000.

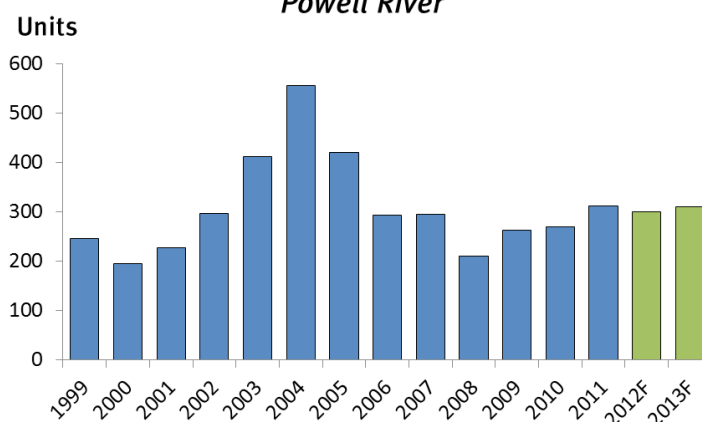
Following a very slow 2011, housing starts in Powell River CA rebounded in 2012, with 19 detached starts through the first three quarters of the year. Single-family starts are expected to remain near their average level of 25-30 starts per year in both 2012 and 2013. We anticipate multiple starts to trend at 10 units a year, though given the relatively small market size, a single condominium project could significantly alter this forecast and so readers should be cautious in extrapolating the housing start forecast.

## MLS® Residential Price Powell River



Source: BCREA

## MLS® Residential Sales Powell River



Source: BCREA

MLS®	Sales			Avg Price			Housing Starts <sup>2</sup>
	Total <sup>1</sup>	Detached	Condo	Total <sup>1</sup>	Detached	Condo	Total
11	313 15.9%	242 17.5%	54 25.6%	223,183 -6.3%	247,628 -6%	166,612 -17%	19 -40.6%
12f	300 -4.2%	240 -0.8%	40 -25.9%	220,000 -1.4%	250,100 1%	145,000 -13%	35 84.2%
13f	310 3.3%	245 2.1%	45 12.5%	222,000 0.9%	255,800 2.3%	150,000 3.4%	35 0%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. Powell River CA Sources: CMHC, BCREA Forecast



## MORTGAGE RATE FORECAST

Mortgage Rate Forecast								
	2012				2013			
Term	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F
1-Year	3.32	3.20	3.11	3.10	3.10	3.25	3.25	3.50
5-Year	5.24	5.44	5.24	5.24	5.35	5.50	5.75	5.85

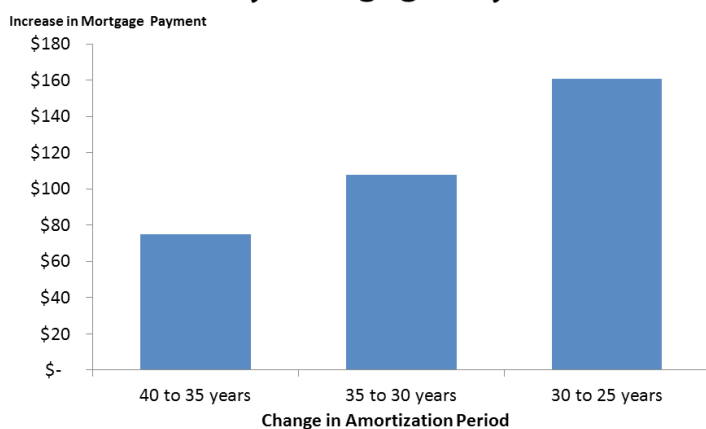
The biggest change to the mortgage market this year had nothing to do with mortgage rates, but rather with further changes to mortgage regulations. In June 2012, the federal government announced a number of new regulations for the Canadian mortgage market, the most important of which was reducing the maximum insurable mortgage amortization period from 30 years to 25 years.

In lowering amortization from 30 years back to 25 years (the prevailing amortization period in 2004) the government has now completely undone its prior, and probably misguided, forays into the mortgage market. The change from 30 years to 25 year amortizations will have a fairly significant impact on monthly mortgage costs, similar to the impact of roughly 1 per cent increase in mortgage rates.

In order to offset the impact on consumer demand from stricter mortgage regulations, banks and other lenders will likely keep mortgage rates low with perhaps some more aggressive but quiet discounting for homebuyers with strong credit histories. Moreover, ongoing uncertainty in the global economy will translate into a persistence of very low Canadian bond yields. We forecast that the posted five-year mortgage rate will remain at 5.24 per cent for the balance of 2012 before gradually rising in 2013 to 5.85. The one-year rate is expected to be little changed over the next six months at 3.1 per cent.

Although the Bank of Canada has recently re-iterated its bias for higher future interest rates, variable rate mortgages are unlikely to see much movement over the next year. Potential interest rate increases have been deferred by a near crisis environment in Europe, a stop-and-go US economy, and perhaps most importantly, the highly indebted position of Canadian households. These global and domestic factors have put the Bank of Canada in a fine balance between encouraging growth and limiting further household indebtedness. Balancing these objectives will require a delicate fine-tuning of monetary policy which we expect to proceed cautiously, perhaps with a rate-tightening of 25 to 50 basis points beginning in mid to late 2013.

### Impact of Shorter Amortization on Monthly Mortgage Payments



Note: Assuming a Canadian average price of \$360,000; Five year posted fixed-rate mortgage; Down payment of 5%

## REAL ESTATE BOARD OF GREATER VANCOUVER

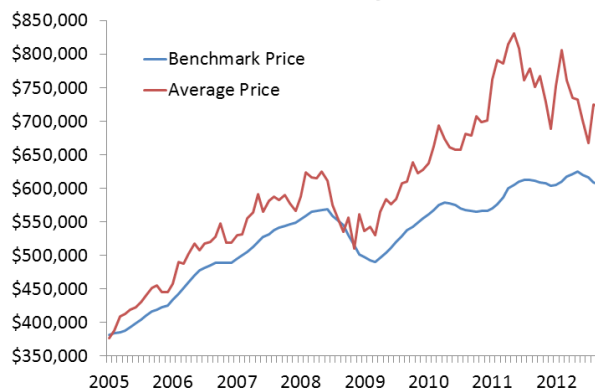
Home sales in the province's largest market have trended lower since the beginning of the year. Tighter high-ratio mortgage credit regulations introduced in July have further softened consumer demand. The key change was the reduction of the maximum amortization period for government backed mortgage insurance. The impact was equivalent to a 100 basis point increase in mortgage rates for first-time buyers. As a result, Vancouver's home sales for the year are expected to be almost 21 per cent lower than in 2011. However, market fundamentals suggest stronger sales activity ahead. Full-time employment has been growing at a 3 to 4 per cent clip for several months, mortgage interest rates remain at or near historic lows and the population base continues to expand. Home sales are forecast to increase nearly 14 per cent to 29,800 units in 2013, close to the 15 year average of 31,600 units.

Fewer residential transactions have led to an increase in the total number of active listings in the market. The region now exhibits buyers' market conditions, meaning little, if any, upward pressure on home prices. A significant imbalance between supply and demand would need to last for several months to create downward pressure on prices. However, labour market, interest rate and household growth fundamentals remain strong market drivers, and more balanced conditions are expected to emerge next year.

While the average annual residential price is expected to decline nearly 6 per cent this year and a further 2 per cent in 2013, it belies the fact that average price data was skewed high in 2011 by a spate of high-end home sales. The benchmark price, the price of a typical home in the market, didn't experience the price appreciation, and subsequent decline, that average price statistics suggested. As a result, average price figures for Vancouver should be used with caution. Our analysis points to home prices remaining essentially flat through 2013.

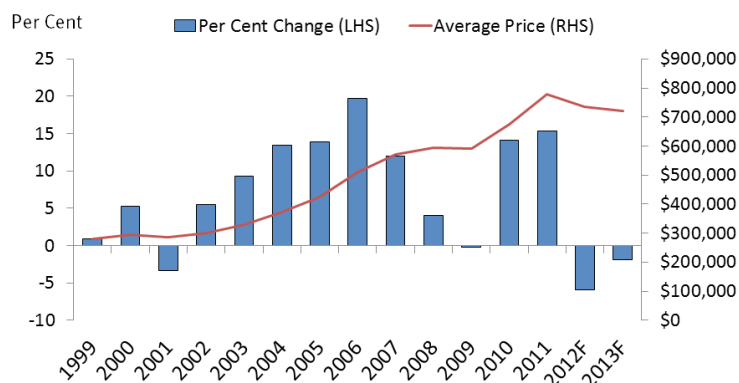
### MLS® Residential Price Measures

Real Estate Board of Greater Vancouver



Source: REBGV, CREA, BCREA

### MLS® Residential Price Greater Vancouver



Source: BCREA

#### MLS®

#### Sales

#### Avg Price

#### Housing Starts<sup>2</sup>

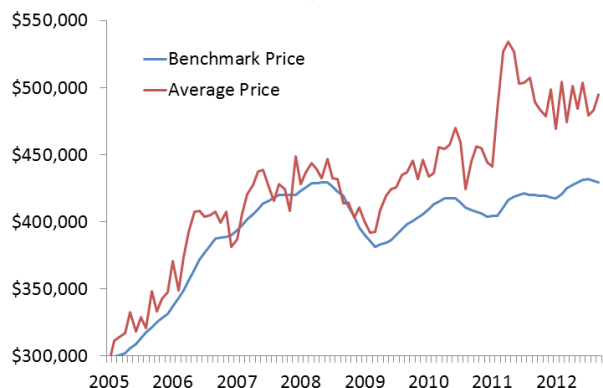
	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
<b>11</b>	32,936	14,079	5,473	12,885	779,730	1,166,178	563,531	454,146	17,857	3,686	14,171
	5.8%	14.5%	4.1%	-1.6%	15.4%	17.1%	3.8%	5%	17.3%	-18.7%	32.6%
<b>12f</b>	26,200	10,200	4,550	11,100	734,000	1,120,000	559,000	441,500	19,700	3,500	16,200
	-20.5%	-27.6%	-16.9%	-13.9%	-5.9%	-4.0%	-0.8%	-2.8%	10.3%	-5%	14.3%
<b>13f</b>	29,800	11,600	5,100	12,700	720,000	1,090,000	555,000	443,000	18,700	3,300	15,400
	13.7%	13.7%	12.1%	14.4%	-1.9%	-2.7%	-0.7%	0.3%	-5.1%	-5.7%	-4.9%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. Vancouver CMA Sources: CMHC, BCREA Forecast



## MLS® Residential Price Measures

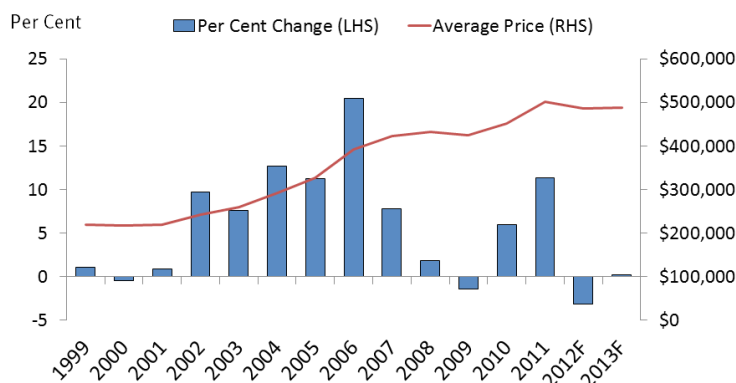
Fraser Valley Real Estate Board



Source: REBGV, CREA, BCREA

## MLS® Residential Price

Fraser Valley



Source: BCREA

## FRASER VALLEY REAL ESTATE BOARD

MLS® residential sales in the Fraser Valley have trended lower since the beginning of the year, with the trend exacerbated by tighter regulations for high-ratio mortgages brought into effect in July. Reducing the maximum amortization from 30 to 25 years impacts the affordability and purchasing power of first-time and early move-up buyers; the equivalent to a 100 basis point increase in their mortgage interest rate. As a result, home sales are expected to decline by more than 10 per cent this year to 13,200 units.

A marked reduction in the number of single-detached sales is largely responsible for the decline, although apartment condominium sales are expected to be down as well. However, market fundamentals point to more elevated consumer demand in the months to come as strong full-time employment growth, persistently low mortgage interest rates and an expanding population base underpin the market. Home sales are forecast to increase nearly 6 per cent to 13,950 units in 2013.

Market conditions have swung into the favour of home buyers with an ample supply of homes for sale on the market. However, it typically takes several months with a significantly larger oversupply to move home prices lower. While the annual average MLS® residential price is expected to be down 3 per cent in 2012, it is largely the result of a change in the mix and share of homes sold rather than a change in the typical home price. The Benchmark price, which reflects the typical home in the region, has shown only modest change since the end of 2009. Whereas, average price statistics that were influenced by a greater proportion of high-end detached sales diverged dramatically from the benchmark price and provide a misleading picture of the direction and magnitude of home prices. With this in mind, home prices in the Fraser Valley Real Estate Board area are expected to remain relatively flat through 2013, with some downward bias over the next quarter.

MLS®	Sales				Avg Price				Housing Starts <sup>2</sup>		
	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
<b>11</b>	14,727 5.2%	8,311 11.1%	2,945 -1%	2,513 -8%	502,562 11.4%	610,269 9.1%	347,741 2.6%	226,898 0.9%	537 4.1%	245 -31%	292 81.4%
<b>12f</b>	13,200 -10.4%	6,850 -17.6%	3,050 3.6%	2,400 -4.5%	487,000 -3.1%	602,000 -1.4%	336,000 -3.4%	222,000 -2.2%	420 -21.8%	220 -10.2%	200 -31.5%
<b>13f</b>	13,950 5.7%	7,200 5.1%	3,200 4.9%	2,600 8.3%	488,000 0.2%	600,000 -0.3%	333,500 -0.7%	225,000 1.4%	610 45.2%	400 81.8%	210 5%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. Abbotsford CMA Sources: CMHC, BCREA Forecast

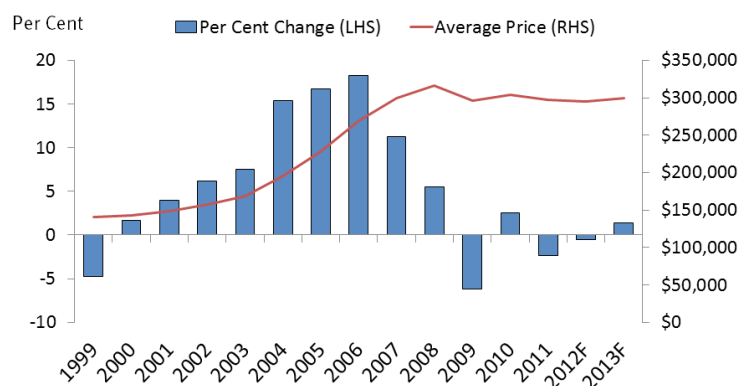
# CHILLIWACK AND DISTRICT REAL ESTATE BOARD

Housing demand in Chilliwack was weighed down by the introduction of more stringent mortgage regulations toward the end of the summer as well as by a general slowing of BC economic growth in the second half of the year. Demand for detached homes and apartments has waned this year, while sales of townhomes is expected to reach a record level. Total MLS® residential sales are expected to edge down 2.5 per cent to 1,975 units this year. However, consumer demand is expected to be bolstered by stronger labour market conditions next year. As a result, home sales are forecast to increase 3.8 per cent to 2,050 units in 2013.

Market conditions in Chilliwack continue to favour homebuyers, though the inventory of homes for sale is trending lower. The combination of a moderate increase in consumer demand and fewer home listings is expected to pull market conditions toward balance in 2013. Home prices are expected to remain relatively unchanged this year, albeit down 0.5 per cent to \$295,100. As market conditions improve in 2013, we anticipate MLS® home prices to edge up 1.4 per cent to \$299,300.

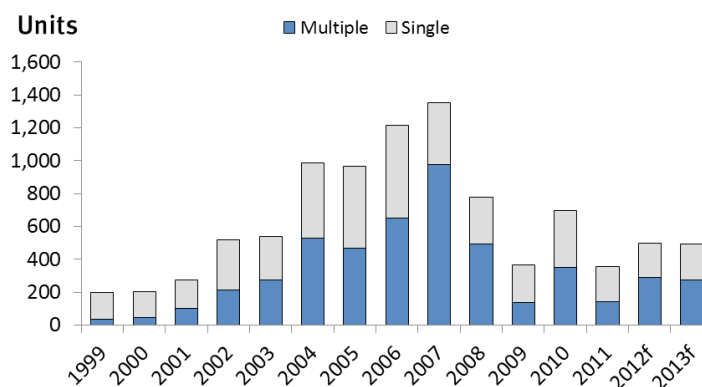
New home construction in Chilliwack has rebounded as the pace of multiple unit construction activity increases. Total housing starts in Chilliwack are forecast to rise 41 per cent to 500 units this year. Multiple unit starts are expected to more than double from a relatively lacklustre 2011, when just 143 new multiple units were constructed. Construction of new single family homes is expected to remain unchanged at 210 units. Next year, total housing starts are forecast to be roughly equal to 2012 at 495 units.

## MLS® Residential Price Chilliwack



Source: BCREA

## Housing Starts Chilliwack



Source: CMHC, BCREA Forecast

### MLS®

### Sales

### Avg Price

### Housing Starts<sup>2</sup>

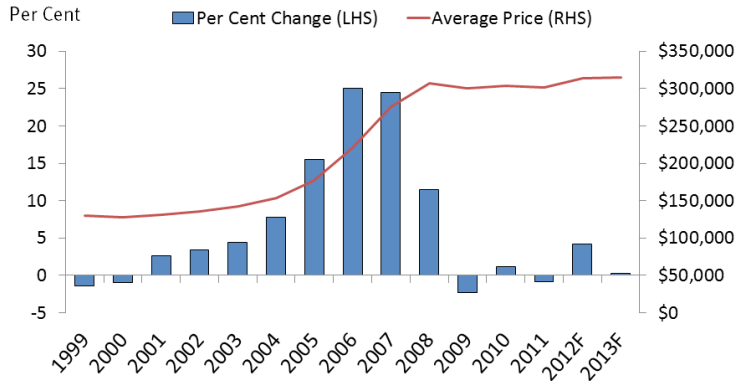
	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
<b>11</b>	2,025	1,190	467	220	296,695	331,275	240,786	153,082	354	211	143
	-1%	-0.4%	-1.5%	13.4%	-2.4%	-3.7%	0.2%	-9.8%	-49.1%	-39.7%	-58.7%
<b>12f</b>	1,975	1,120	485	210	295,100	345,000	242,000	151,000	500	210	290
	-2.5%	-5.9%	3.9%	-4.5%	-0.5%	4.1%	0.5%	-1.4%	41.2%	-0.5%	102.8%
<b>13f</b>	2,050	1,175	475	225	299,300	350,100	244,000	156,000	495	220	275
	3.8%	4.9%	-2.1%	7.1%	1.4%	1.5%	0.8%	3.3%	-1%	4.8%	-5.2%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Chilliwack CA Sources: CMHC, BCREA Forecast

# KAMLOOPS AND DISTRICT REAL ESTATE ASSOCIATION

## MLS® Residential Price Kamloops



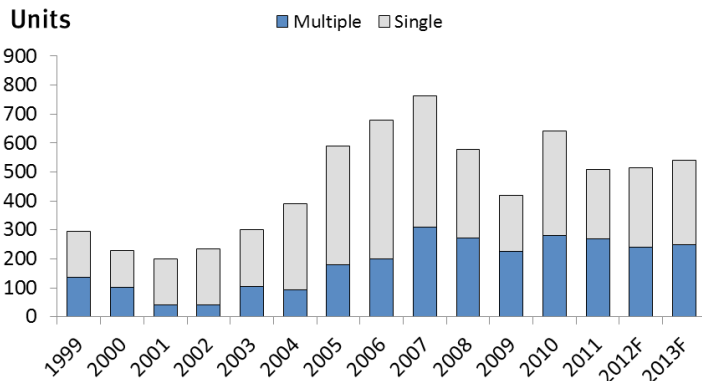
Source: BCREA

After recording fewer home sales the last two years, MLS® residential sales in the Kamloops area are expected to increase 3.3 per cent to 2,145 units this year. Persistently low mortgage interest rates and stronger full-time employment growth are boosting consumer confidence and underpinning housing demand. Greater economic diversification is also contributing to increased home sales. The rebound in the Kamloops market will continue to be supported by moderate growth in the BC economy and interest rates that will likely remain near historical lows through 2013. MLS® residential sales are forecast to increase a further 3.7 per cent to 2,225 units next year.

Market conditions in the Kamloops region improved through much of 2012, though the inventory of homes for sale remains relatively high. Nevertheless, the average MLS® residential price is expected to post a 4 per cent increase to \$314,000 this year. Increased consumer demand in 2013 will keep home sellers active in the market. This means the price level will likely remain stable next year. As a result, the average home price is forecast to remain relatively unchanged in 2013, albeit up 0.3 per cent to \$315,000.

After a declining 20 per cent in 2011, new home construction in Kamloops has posted increased activity this year. While stronger activity in the resale market has helped encourage residential development in the region, elevated inventory levels continue to act as a governor on multiple housing starts. Single-detached housing starts are expected to increase 14 per cent to 275 units this year, while multiple starts decline 10 per cent to 240 units. Next year, total housing starts in Kamloops are forecast to rise 5 per cent to 540 units.

## Housing Starts Kamloops



Source: CMHC, BCREA Forecast

MLS®	Sales				Avg Price				Housing Starts <sup>2</sup>		
	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
11	2,077 -2.1%	1,416 -2.6%	283 0.7%	166 2.5%	301,300 -0.8%	341,599 -0.2%	271,430 -3.5%	209,391 -3.5%	510 -20.4%	242 -32.8%	268 -4.6%
12f	2,145 3.3%	1,475 4.2%	300 6%	185 11.4%	314,100 4.2%	357,000 4.5%	272,500 0.4%	208,100 -0.6%	515 1%	275 13.6%	240 -10.4%
13f	2,225 3.7%	1,530 3.7%	310 3.3%	185 0%	315,000 0.3%	358,000 0.3%	273,200 0.3%	209,900 0.9%	540 4.9%	290 5.5%	250 4.2%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Kamloops CA Sources: CMHC, BCREA Forecast

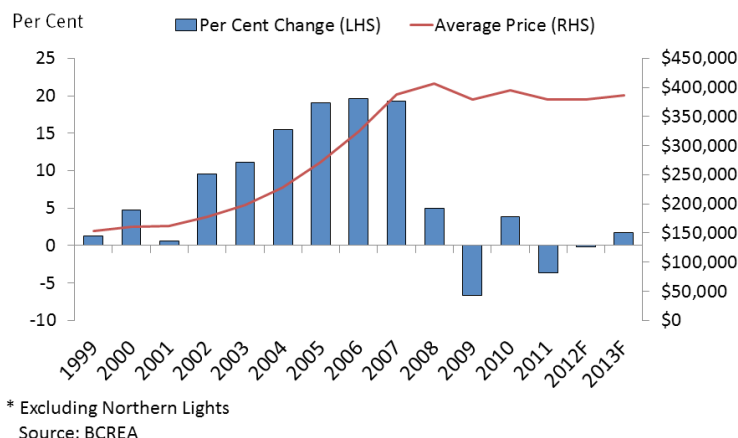
## OKANAGAN MAINLINE REAL ESTATE BOARD

The Okanagan Mainline Real Estate Board (OMREB) area is on track to post its best year for MLS® residential sales since 2009. Home sales are expected to finish the year up 13 per cent to 5,450 units even after factoring in the impact of tighter credit conditions for buyers with lower down payments. Recovery in consumer demand is being bolstered by improved affordability, resulting from lower unit prices and persistently low mortgage interest rates. In addition, a more robust Alberta economy has translated to a welcome uptick in demand for recreational and retirement properties. Consumer demand is expected to more closely reflect overall economic conditions in 2013. A total of 5,675 units are forecast to change hands next year, up 4 per cent from 2012.

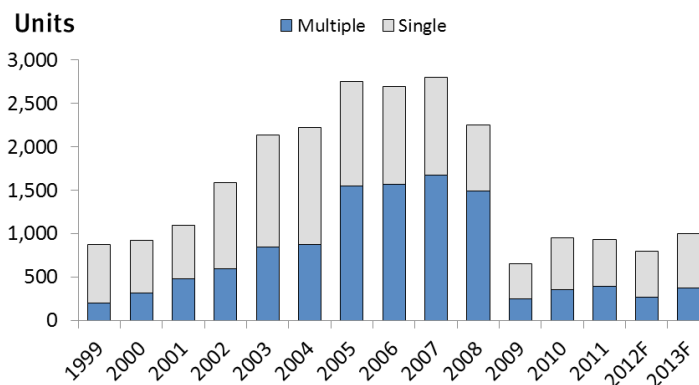
Market conditions in the OMREB area continue to tilt in favour of home buyers. However, the inventory of homes for sale has trended lower in recent months as has new listings activity slowed. Rising consumer demand combined with moderating inventories should begin to trend market conditions toward balance over the next year. The MLS® average residential price is forecast to remain relatively unchanged this year, albeit down 0.2 per cent to \$379,000, before rising just under 2 per cent to \$385,800 in 2013.

This year will likely mark the fourth consecutive year that the total housing starts in the Kelowna CMA fall under 1,000. Constructing 2,500 units per year was commonplace before the 2009 recession. However, the new home market appears to be bottoming out as the mountain of unsold inventory that has plagued the Kelowna market for several years has been drawn down to its lowest level since the global financial crisis of 2008. With the resale market turning the corner this year, we expect to see some tangible growth next year, and in subsequent years, as both resale and new home inventories further recede.

### MLS® Residential Price Okanagan Mainline



### Housing Starts Kelowna



#### MLS®

#### Sales

#### Avg Price

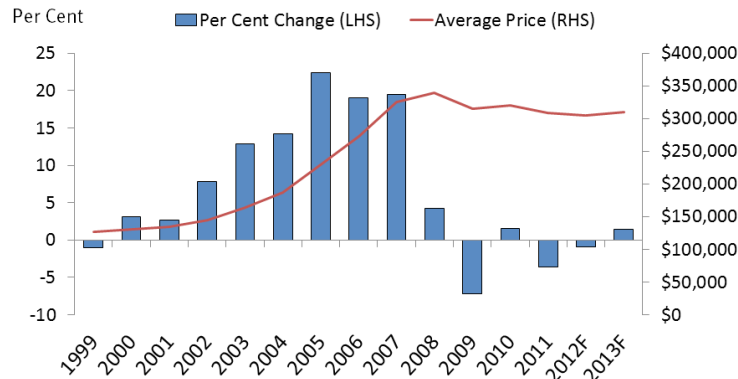
#### Housing Starts<sup>2</sup>

	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
<b>11</b>	4,831	2,692	681	776	379,837	446,068	323,653	237,620	934	539	395
	-0.1%	0.3%	-3.8%	2.4%	-3.7%	-3.8%	-1.7%	-4.4%	-2.4%	-9.4%	9.1%
<b>12f</b>	5,450	3,100	740	870	379,200	449,000	325,000	236,000	800	525	275
	12.8%	15.2%	8.7%	12.1%	-0.2%	0.7%	0.4%	-0.7%	-14.3%	-2.6%	-30.4%
<b>13f</b>	5,675	3,250	775	900	385,800	456,000	332,500	243,000	1,000	625	375
	4.1%	4.8%	4.7%	3.4%	1.7%	1.6%	2.3%	3%	25%	19%	36.4%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. Kelowna CMA Sources: CMHC, BCREA Forecast

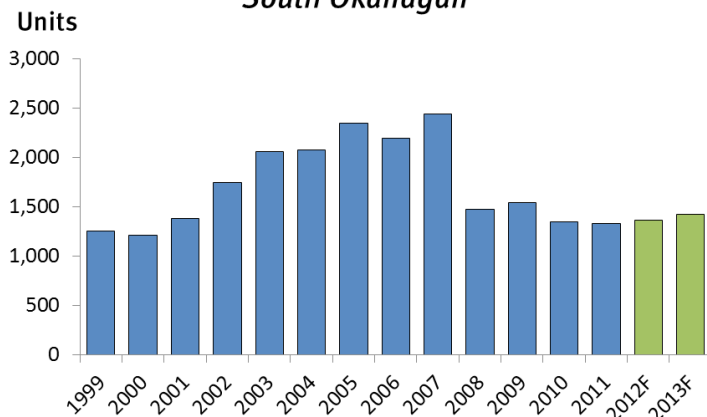
## SOUTH OKANAGAN REAL ESTATE BOARD

### MLS® Residential Price South Okanagan\*



\* Excluding Northern Lights  
Source: BCREA

### MLS® Residential Sales South Okanagan\*



\* Excluding Northern Lights  
Source: BCREA

Following two challenging years of ebbing consumer demand, the housing market is posting a turnaround year. Improving labour market conditions and persistently low mortgage interest rates are underpinning the market. In addition, a stronger Alberta economy is beginning to translate into some increased activity in BC's recreation market. MLS® residential sales are expected to increase 3.6 per cent to 1,365 units this year, led by an elevated level of detached and apartment transactions. A continued upward trajectory in consumer demand is expected through 2013, with residential sales increasing a further 4.4 per cent to 1,425 units next year.

While much improved from recent years, market conditions in the South Okanagan continue to be influenced by a sizable inventory of homes for sale. Despite the market being tilted in favour of home buyers, home prices have not experienced much downward pressure. The average MLS® residential price is expected to edge down 1 per cent to \$305,500 this year, with the largest change occurring in attached homes where average prices are down 8 per cent. Additional consumer demand combined with fewer homes for sales will trend the market toward more balanced conditions and operate to stabilize price levels next year. The average MLS® residential price is forecast to edge higher by 1.5 per cent to \$310,000 in 2013.

New home construction activity in the Penticton CA fell sharply in 2011, and lower construction levels are expected to continue through this year and 2013. The sharp pullback in housing stock expansion is enabling new home inventories to be drawn down and is setting the stage for better overall supply conditions in the new and resale market. A total of 85 housing starts are forecast through 2013.

	Sales					Avg Price				Housing Starts <sup>2</sup>		
	South Okanagan				Northern Lights	South Okanagan				Northern Lights	Penticton CA	Dawson Creek CA
	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Total	Detached	Attached	Apartment	Total	Total	Total
<b>11</b>	1,317	724	172	229	511	308,261	369,517	271,581	245,084	216,470	89	69
	-2.2%	3.3%	-0.6%	-6.1%	0.4%	-3.6%	-6%	-2%	-1.4%	5.5%	99.2%	181.1%
<b>12f</b>	1,365	770	145	250	560	305,500	363,100	249,900	240,000	246,000	85	75
	3.6%	6.4%	-15.7%	9.2%	9.6%	-0.9%	-1.7%	-8%	-2.1%	13.6%	-4.5%	8.7%
<b>13f</b>	1,425	780	175	255	600	310,000	365,700	257,400	242,000	250,000	85	85
	4.4%	1.3%	20.7%	2%	7.1%	1.5%	0.7%	3%	0.8%	1.6%	0%	13.3%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. Sources: CMHC, BCREA Forecast

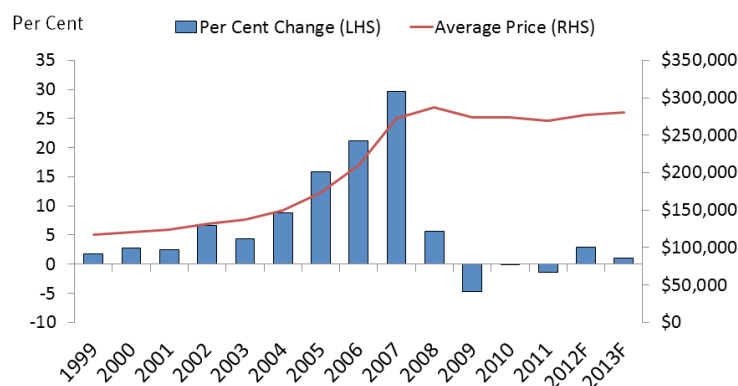
## KOOTENAY REAL ESTATE BOARD

The Kootenay housing market picked up significantly in the summer months following a difficult start to 2012. MLS® residential sales are expected to post a 1.4 per cent increase to 1,980 units by year-end. The Kootenay housing market has benefited from an improved labour market. Full-time employment has increased an impressive 11 per cent year-over-year. We anticipate that the current low interest rate environment will continue to help underpin housing demand in 2013. In addition, stronger economic conditions in Alberta are expected to provide a much needed lift to the recreation market. However, further weakness in the global economy may constrain job growth in resource and tourism focused regions of the BC economy. Total residential sales are forecast to increase 1.8 per cent to 2,025 units in 2013.

An elevated level of existing home inventory continues to prevail in the Kootenay market. However, in spite of these conditions, home prices in the board area are projected to rise 3 per cent to \$277,000 this year. Stronger demand for detached homes is responsible for the change. A larger proportion of sales occurring in the more expensive detached market has skewed the average price higher. Improving market conditions in 2013 will contribute to a further 1 per cent increase in the average residential price to \$280,000.

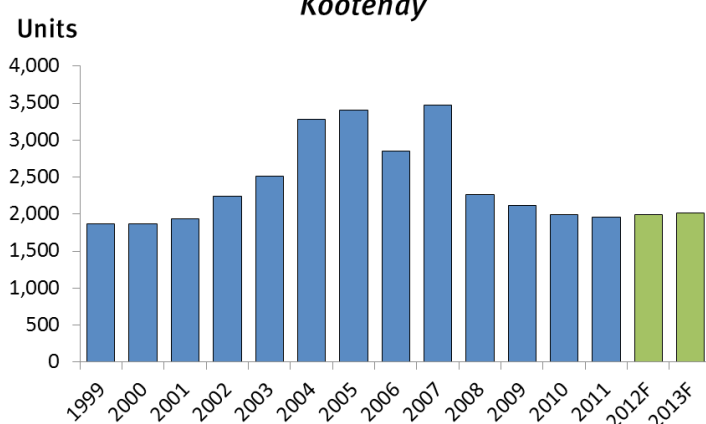
New home construction in the Cranbrook CA is forecast to rise moderately in 2012, but will remain at an activity level well below what was experienced prior to the 2009 recession. We anticipate total housing starts in the Cranbrook CA to increase 13 per cent to 85 units this year, with single-family homes accounting for the majority of new starts. Housing starts are forecast to remain unchanged in 2013. However, given the small market size, this forecast could vary significantly if an unanticipated project comes online next year.

### MLS® Residential Price Kootenay



Source: BCREA

### MLS® Residential Sales Kootenay



Source: BCREA

#### MLS®

#### Sales

	Total <sup>1</sup>	Detached	Attached	Apartment	Total	Detached	Attached	Apartment	Total	Single	Multiple
<b>11</b>	1,953	1,225	84	158	269,025	290,199	240,763	180,492	75	72	3
	-2.1%	-1.5%	-22.2%	-1.3%	-1.7%	-0.9%	-18.3%	-7.4%	-56.6%	-46.7%	-92.1%
<b>12f</b>	1,980	1,250	85	160	277,000	295,250	260,500	176,900	85	75	10
	1.4%	2%	1.2%	1.3%	3%	1.7%	8.2%	-2%	13.3%	4.2%	233.3%
<b>13f</b>	2,025	1,260	95	160	280,000	297,400	261,750	179,000	85	75	10
	2.3%	0.8%	11.8%	0%	1.1%	0.7%	0.5%	1.2%	0%	0%	0%

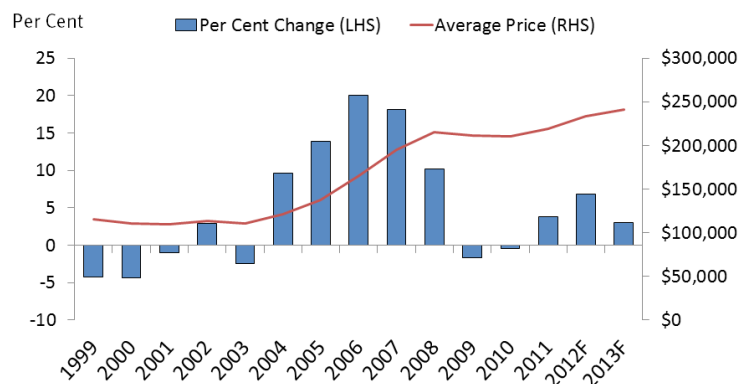
1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage

2. Cranbrook CA Sources: CMHC, BCREA Forecast



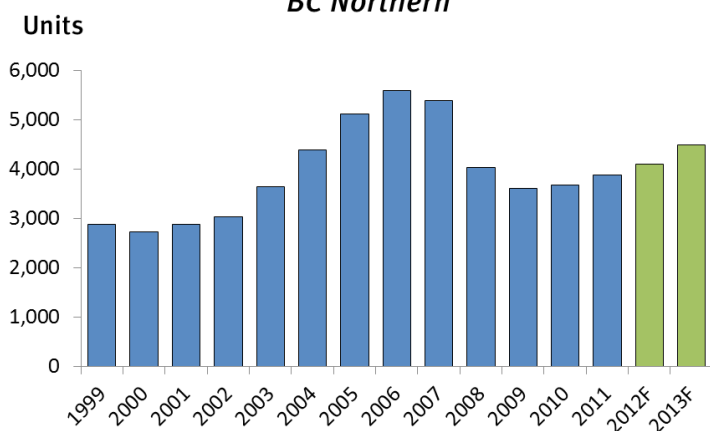
## BC NORTHERN REAL ESTATE BOARD

### MLS® Residential Price BC Northern



Source: BCREA

### MLS® Residential Sales BC Northern



Source: BCREA

Northern BC remains one of the strongest performing housing markets in the province. The strength is primarily the result global commodity demand and relatively buoyant price levels. Investment in oil, gas and mineral exploration and production has helped underpin labour markets and household wealth. In addition, BC's struggling forestry industry is starting to find its footing thanks to growing trade partnerships with emerging Asian economies. MLS® residential sales in the board area are expected to increase 5.4 per cent to 4,100 units this year, and forecast further rise nearly 10 per cent to 4,500 units in 2012.

Market conditions across the BC Northern Real Estate Board area have been generally favourable, with consumer demand putting upward pressure on home prices. As a result, the average MLS® residential price is expected to increase nearly 7 per cent to \$234,000 this year. However, the inventory of homes for sale has grown, creating a more stable price environment. The average home price is forecast to increase 3 per cent to \$241,000 in 2013.

Housing starts in the Prince George CA have posted a strong recovery in 2012 in contrast to a relatively slow 2011. The robust labour and strong resale markets have helped drive new home construction this year. Multiple starts are forecast to jump from 41 units to 75 units this year. They are forecast to increase further to 100 units in 2013. Construction of new single-detached homes is forecast to rise 29 per cent this year to 150 units and a further 10 per cent to 165 units in 2013.

#### BC Northern Real Estate Board

MLS®	Sales			Avg Price		
	Total <sup>1</sup>	Detached	House & Acreage	Total	Detached	House & Acreage
<b>11</b>	3,891 5.8%	2,340 8.7%	541 -2.7%	219,061 3.9%	227,000 0%	282,000 0.7%
<b>12f</b>	4,100 5.4%	2,550 9%	600 10.9%	234,000 6.8%	233,500 2.9%	292,000 3.5%
<b>13f</b>	4,500 9.8%	2,730 7.1%	610 1.7%	241,000 3%	242,900 4%	296,400 1.5%

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. BC Northern Real Estate Board Sources: CMHC, BCREA Forecast

#### Prince George

MLS®	Sales		Avg Price		Housing Starts <sup>2</sup>	
	Detached	Detached	Detached	Detached	Total	Single
<b>11</b>	823 4.7%	246,484 2.3%	157 0%	116 -23.2%	41 -33.9%	
<b>12f</b>	900 9.4%	252,000 2.2%	225 43.3%	150 29.3%	75 82.9%	
<b>13f</b>	940 4.4%	258,000 2.4%	265 17.8%	165 10%	100 33.3%	

1. Sum of product types may not match as total may include other property types; i.e., mobile, house and acreage  
2. Prince George CA Sources: CMHC, BCREA Forecast

## Housing Forecast Summary — Fourth Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2011	2012F	2013F	2011	2012F	2013F
Victoria	5,773 -6.4%	5,775 0%	6,060 4.9%	498,300 -1.2%	486,000 -2.5%	492,500 1.3%
Vancouver Island	6,367 -2.8%	6,150 -3.4%	6,300 2.4%	326,513 -0.2%	320,000 -2%	322,000 0.6%
Powell River Sunshine Coast	313 15.9%	300 -4.2%	310 3.3%	223,183 -6.3%	220,000 -1.4%	222,000 0.9%
Greater Vancouver	32,936 5.8%	26,200 -20.5%	29,800 13.7%	779,730 15.4%	734,000 -5.9%	720,000 -1.9%
Fraser Valley	14,727 5.2%	13,200 -10.4%	13,950 5.7%	502,562 11.4%	487,000 -3.1%	488,000 0.2%
Chilliwack and District	2,025 -1.0%	1,975 -2.5%	2,050 3.8%	296,695 -2.4%	295,100 -0.5%	299,300 1.4%
Kamloops and District	2,077 -2.1%	2,145 3.3%	2,225 3.7%	301,300 -0.8%	314,100 4.2%	315,000 0.3%
Okanagan Mainline	4,831 -0.1%	5,450 12.8%	5,675 4.1%	379,837 -3.7%	379,200 -0.2%	385,800 1.7%
South Okanagan*	1,317 -2%	1,365 3.6%	1,425 4.4%	308,261 -3.6%	305,500 -0.9%	310,000 1.5%
Northern Lights	511 0.4%	560 9.6%	600 7.1%	216,470 5.5%	246,000 13.6%	250,000 1.6%
Kootenay	1,953 -2.1%	1,980 1.4%	2,025 2.3%	269,025 -1.7%	277,000 3%	280,000 1.1%
BC Northern	3,891 5.8%	4,100 5.4%	4,500 9.8%	219,061 3.9%	234,000 6.8%	241,000 3%
BC Total	76,721 2.8%	69,200 -9.8%	74,920 8.3%	561,026 11.1%	518,600 -7.6%	522,000 0.7%

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.

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To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that encourage economic vitality, provide housing opportunities, respect the environment and build communities with good schools and safe neighbourhoods.

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