BRITISH COLUMBIA REAL ESTATE ASSOCIATION

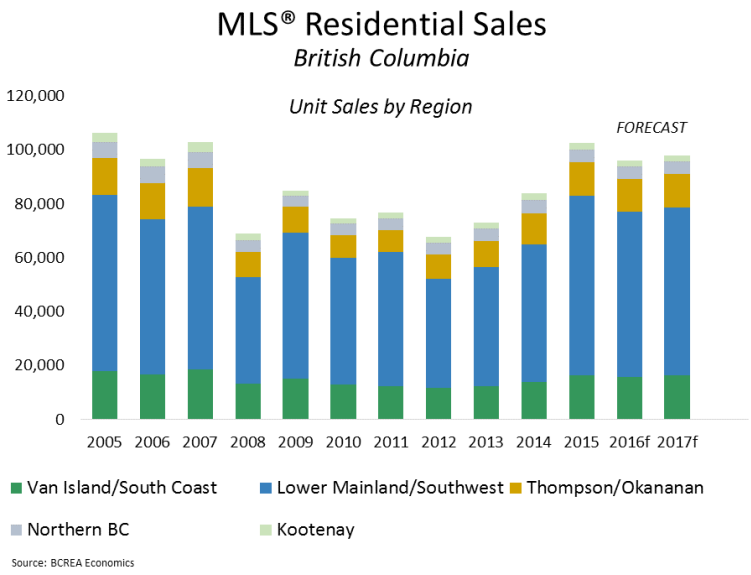
HOUSING FORECAST UPDATE

BC HOME SALES TO REMAIN STRONG THROUGH 2017

Multiple Listing Service® (MLS®) residential sales in the province are expected to edge back 6.3 per cent to 96,100 units in 2016. Home sales surpassed the 100,000 unit threshold for only the third time on record last year, as strong market fundamentals and elevated consumer confidence charged demand. While fewer home sales are expected this year, economic conditions remain robust and will support relatively high levels of housing demand. Strengthening economic conditions at home and abroad are expected to bolster housing consumption activity in 2017. BC MLS® residential sales are forecast to increase 2 per cent to 98,000 units next year.

The BC economy is proving resilient to the collapse in oil prices and weak commodity demand. Consumer spending through retail sales is growing at its fastest rate in a decade, while employment in the province increased by over 2 per cent during the latter half of 2015, with a marked increase in full-time jobs. Tighter labour market conditions have also led to a 4 per cent rise in average wages. While BC exports have yet to fully realize the competitive advantage of the lower dollar, tourism has experienced significant gains. A record level of overnight visitors came to Vancouver over the last 12 months. Finally, interprovincial migration to BC is on an upswing, with waning job opportunities in Alberta driving workers from the province.

Market conditions are not consistent around the province. Regional economies with a heavy reliance on commodities have demonstrated weaker housing market conditions, while larger urban areas have experienced declining inventories and strong sellers' market conditions. Indeed, Vancouver and the Fraser Valley are exhibiting accelerating market conditions. However, a marked increase in new construction activity, now at its highest level since 2008, and an increase in new listings during the spring market are expected to ease some of the upward pressure on home prices. After rising 12 per cent in 2015, the average MLS® residential price in the province is forecast to increase 6.4 per cent to $677,200 this year and a further 4.2 per cent to $705,300 in 2017.



MLS®	15	16f	17f
Sales	102,517	96,100	98,000
	15.2%	-6.2%	2%
Avg Price	636,600	677,200	705,300
	12%	6.4%	4.1%
$ Volume	65.3 Bil	65.1 Bil	69.1 Bil
	36.6%	-0.3%	6.2%

Housing Starts[1]	15	16f	17f
Total	31,446	30,100	29,500
	10.9%	-4.3%	-2%
Single	10,152	9,800	9,500
	6.1%	-3.5%	-3.1%
Multiple	21,294	20,300	20,000
	13.3%	-4.7%	-1.5%

BC Economic Outlook	2015 [1]	2016F	2017F
Real GDP Growth (%)	2.7	2.8	3.0
Employment (millions)	2.31	2.35	2.39
Employment Growth (%)	1.2	2.0	1.6
Unemployment (0oos)	149.9	142.2	137.1
Unemployment Rate (%)	6.0	5.8	5.4
Personal Disposable Income ($billions)	151.6	157.7	164.5
Personal Disposable Income Growth (%)	3.9	4.0	4.3
Average Weekly Wage	$914	$935	$954
Weekly Wage Growth (%)	3.6	2.3	2.0
Retail Sales ($billions)	$66.4	$70.0	$73.5
Retails Sales Growth (%)	6.8	5.4	5.0
Range of Posted 5-year Fixed Mortgage Rate	4.64-4.79	4.64-4.79	4.79-5.20

1. Values have been estimated where data has not yet been released.
Source: BCREA Economics, Statistics Canada

Housing Forecast Summary — First Quarter

	Unit Sales			Average MLS® Price ($)		
Board Area	2015	2016F	2017F	2015	2016F	2017F
Victoria	7,868 *23.5%*	7,600 *-3.4%*	7,750 *2%*	$521,616 *5.1%*	$545,000 *4.5%*	$561,000 *2.9%*
Vancouver Island	8,320 *15.8%*	8,050 *-3.2%*	8,300 *3.1%*	$339,835 *3.4%*	$349,000 *2.7%*	$357,000 *2.3%*
Powell River Sunshine Coast	381 *18%*	340 *-10.8%*	330 *-2.9%*	$246,691 *5.7%*	$255,000 *3.4%*	$261,000 *2.4%*
Greater Vancouver	43,145 *28.1%*	39,600 *-8.2%*	40,500 *2.3%*	$902,801 *11.1%*	$980,000 *8.6%*	$1,025,000 *4.6%*
Fraser Valley	20,055 *33.5%*	18,600 *-7.3%*	18,900 *1.6%*	$577,507 *11.5%*	$629,000 *8.9%*	$655,000 *4.1%*
Chilliwack and District	3,138 *25.6%*	2,950 *-6%*	2,900 *-1.7%*	$335,999 *8.8%*	$355,000 *5.7%*	$369,000 *3.9%*
Kamloops and District	2,574 *13.9%*	2,450 *-4.8%*	2,500 *2%*	$326,398 *2.6%*	$337,000 *3.2%*	$342,000 *1.5%*
Okanagan Mainline	7,988 *6.2%*	7,800 *-2.4%*	7,860 *0.8%*	$408,394 *2.7%*	$419,000 *2.6%*	$432,000 *3.1%*
South Okanagan*	2,023 *15.1%*	1,925 *-4.8%*	1,980 *2.9%*	$327,243 *6.1%*	$332,000 *1.5%*	$339,000 *2.1%*
Northern Lights	312 *-16.6%*	300 *-3.8%*	330 *10%*	$269,494 *-4.9%*	$251,000 *-6.9%*	$250,000 *-0.4%*
Kootenay	2,499 *-1.5%*	2,300 *-8%*	2,350 *2.2%*	$275,349 *-0.9%*	$275,000 *-0.1%*	$279,000 *1.5%*
BC Northern	4,214 *-6.5%*	4,200 *-0.3%*	4,300 *2.4%*	$264,696 *1%*	$252,000 *-4.8%*	$255,000 *1.2%*
BC Total	102,517 *15.2%*	96,100 *-6.2%*	98,000 *2%*	636,600 *12%*	677,200 *6.4%*	705,260 *4.1%*

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 19,000 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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