

## BC HOME SALES TO RISE IN 2020

Multiple Listing Service (MLS®) residential sales in the province are forecast to fall 9 per cent to 71,400 units this year, after recording 78,346 residential sales in 2018. MLS® residential sales are forecast to increase 14 per cent to 81,700 units in 2020. The 10-year average for MLS® residential sales in the province is 84,800 units. The shock to affordability from restrictive mortgage policies, especially the B20 stress test, will continue to limit housing demand in the province this year. However, a relatively strong economy and favourable demographics are likely creating pent-up demand in the housing market.

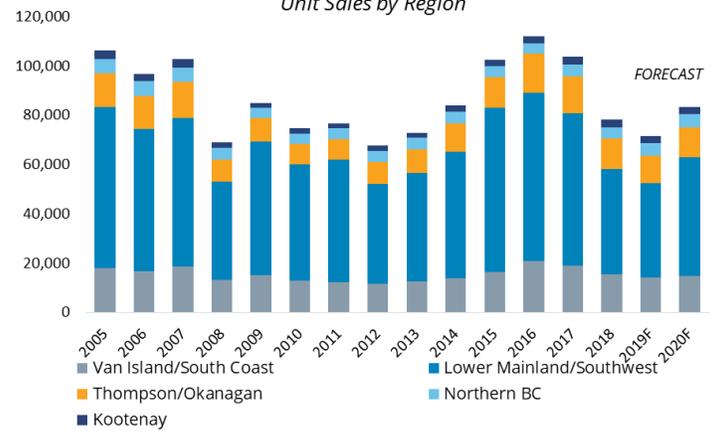
Despite the policy-led slowdown in housing demand, the BC economy continues to be highly supportive of housing demand. After treading water in 2018, BC employment growth is expected to double to 2.2 per cent this year. In addition, the unemployment rate is forecast to continue its downward trajectory, falling to just 4.3 per cent in 2020, its lowest level in over a decade. Against this backdrop, population growth fueled by immigration, as well as the millennial generation entering their household-forming years, provides a solid underpinning to housing demand.

The inventory of homes for sale has climbed out of a cyclical low, leading to balanced market conditions in many areas and buyer's market conditions in some communities and across some product types. This shift in market conditions has enabled many potential home buyers to be sole bidders of the properties of their choice.

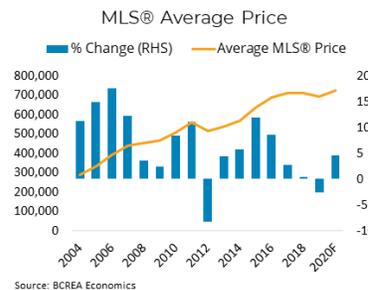
Current market conditions are expected to provide little upward pressure on home prices this year, with the average annual residential price forecast to remain essentially unchanged, albeit down 2 per cent to \$697,000. Modest improvement in consumer demand is expected to unfold through 2020, with unit sales climbing 15 per cent and the average residential price increasing 4 per cent to \$726,000.

### MLS® Residential Sales

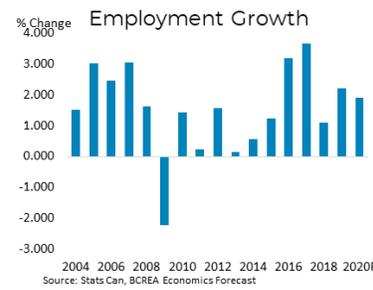
British Columbia  
Unit Sales by Region



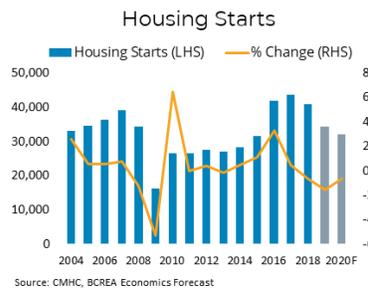
Source: BCREA Economics



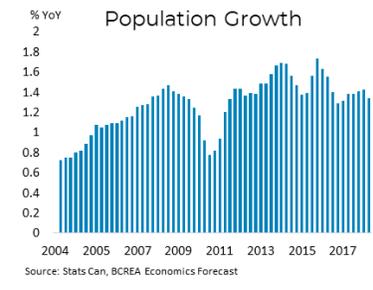
Source: BCREA Economics



Source: Stats Can, BCREA Economics Forecast



Source: CMHC, BCREA Economics Forecast



Source: Stats Can, BCREA Economics Forecast

### INSIDE

Economic Outlook .....	2
Vancouver Island-Coast .....	4
Lower Mainland-Southwest .....	6
Thompson-Okanagan .....	8
Northern BC .....	10
Kootenay .....	12
Tables .....	13

# ECONOMIC OUTLOOK

Economic growth in BC looks to have slowed by more than expected in 2018, expanding at about 2.5 per cent rather than the 2.8 per cent we had forecast. Rising Canadian interest rates and the deeper-than-anticipated impact of the B20 mortgage stress test on home sales slowed the housing market and prompted a dramatic pull-back in consumer spending. Growth was helped by continued strength in both residential and non-residential construction spending, while global trade uncertainty constrained export growth.

Going forward, we expect slower growth to continue in 2019 as overly-restrictive mortgage regulations dampen home sales and new home construction slows. However, the provincial economy should get a boost as construction of the LNG Canada project gets underway. We are forecasting that the BC economy will grow just 2.2 per cent in 2019 followed by an uptick in 2020 to 2.8 per cent.

BC Economic Outlook	2018 <sup>1</sup>	2019F	2020F
Real GDP Growth (%)	2.4	2.2	2.7
Employment (millions)	2.494	2.549	2.597
Employment Growth (%)	1.1	2.2	1.9
Unemployment (000s)	123.3	118.6	112.2
Unemployment Rate (%)	4.7	4.5	4.3
Personal Disposable Income (\$billions)	192.0	200.0	208.8
Personal Disposable Income Growth (%)	4.4	4.2	4.4
Average Weekly Wage	974.8	984.6	1,005.2
Weekly Wage Growth (%)	4.1	1.0	2.1
Retail Sales (\$billions)	86.0	88.6	93.0
Retails Sales Growth (%)	2.0	3.0	5.0
Range of Average 5-year Fixed Mortgage Rate	3.37-3.72	3.72-2.99	3.14-3.4

1. Values have been estimated where data has not yet been released.

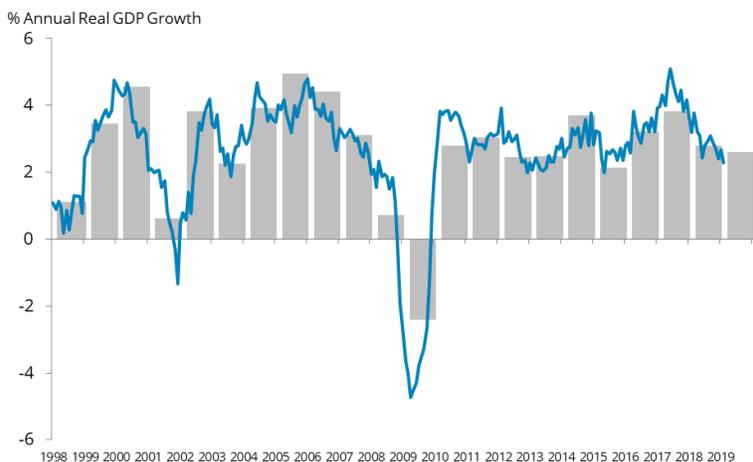
rates and a policy-induced slowing of the housing market created a drag on household spending. Interest rate sensitive purchases like new cars or renovation spending and purchases linked to home sales like appliances and home furnishings were a major drag on overall retail sales last year.

On a positive note, employment growth has accelerated since mid-2018. Total employment in the province has expanded at an annual rate of over 2 per cent since September 2018, with most job growth coming in the form of full-time employment. That job growth has kept the BC unemployment rate under 5 per cent for the past seven months, which should put upward pressure on wages as firms bid for increasingly scarce labour. As the labour market improves, growth in household spending should bounce back to a level consistent with its long-run average.

Softening domestic demand in 2018 was compounded by an unpredictable global trade environment. Exports of BC

## BCREA GDP NOWCAST

■ Annual Real GDP Growth — Monthly Tracking Estimate



Source: BCREA Economics

Consumption spending by BC households slowed substantially in 2018, growing at an estimated 2.3 per cent, the slowest rate of growth since the 2009 recession. The consumption slowdown was primarily the result of a collapse in retail sales growth. On the heels of a near record-setting 2017, total retail spending in the province posted a meagre 2 per cent growth in 2018.

There were two primary factors in BC's disappointing retail sales growth. Employment growth was stagnant through the first half of the year, and rising interest

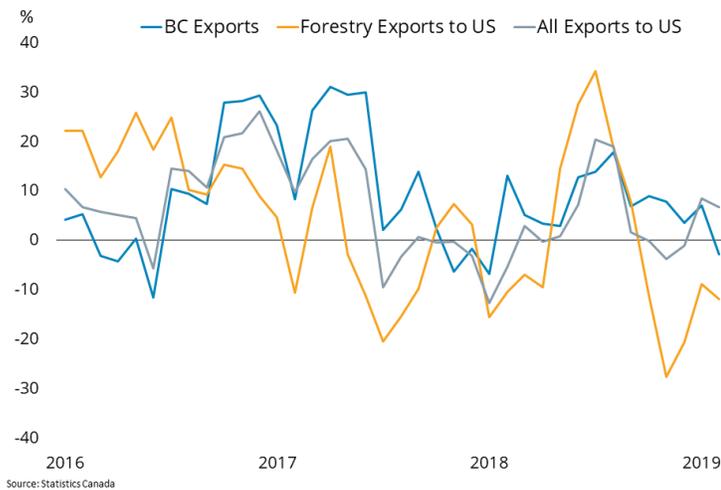
## BC Retail Sales



Source: Statistics Canada

goods have been sliding lower since the summer of 2018, driven by a tariff-induced slowdown in the shipment of forestry products to the United States. The preference for tariffs and trade wars as a negotiating tactic on the part of our largest trading partner continues to be a major source of risk for the BC economy, and indeed for the global economy. Global economic growth is forecast to weaken in 2019, largely because of a trade dispute between BC's two largest trading partners, the United States and China.

### BC Export Growth

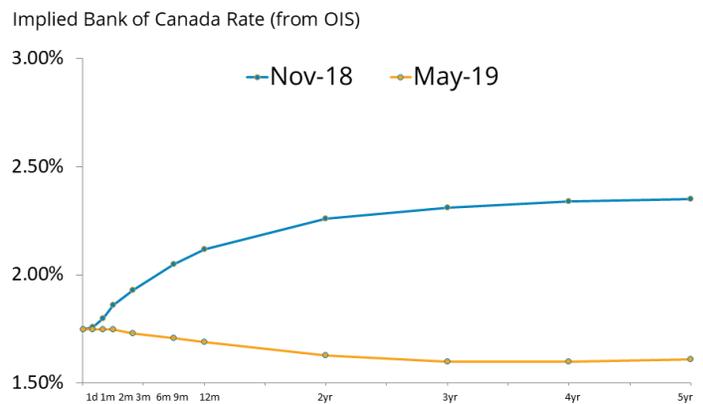


The risk of sharply higher interest rates is rapidly abating. As late as the fall of 2018, it appeared that the Bank of Canada was well on its way to returning its overnight policy rate to its long-run or “neutral” level. Expectations of continued monetary tightening prompted key Canadian interest rates to reach levels not seen in many years. The yield on five-year Government of Canada bonds, an important benchmark for Canadian mortgage rates, increased to a seven-year high of 2.4 per cent in October 2018, up almost 200 basis points from its 2016 lows. That rise compelled Canadian lenders to raise five-year mortgage rates, which peaked at 3.74 toward the end of 2018.

However, as the Canadian economy stumbled to the finish line last year – a consequence of a downturn in the national housing market and a planned reduction in Alberta oil production designed to stabilize Canadian oil prices – market expectations for the Bank of Canada dramatically shifted.

A slowing Canadian economy and muted inflation has pushed the Bank back to the sideline, sending bond yields and Canadian mortgage rates lower. Those lower rates should provide a boost to home sales and new

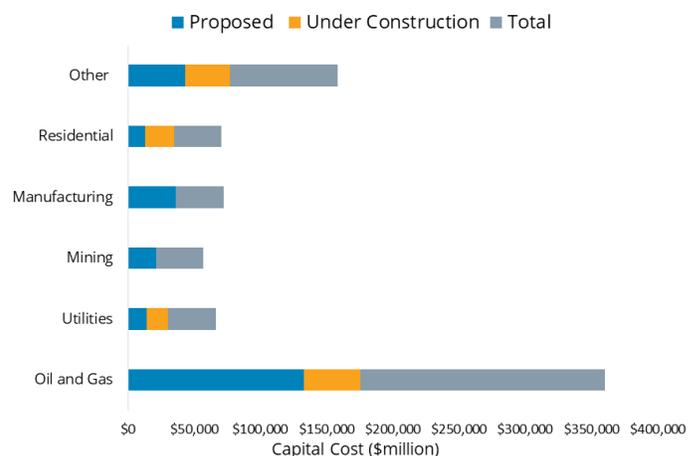
### Market Expectations for Bank of Canada Policy Rate



home construction. However, there remains a very large pipeline of units under construction across BC, with over 40,000 units under construction in the Metro Vancouver area alone. While that construction is an important contributor to economic growth, a subdued housing market could lead to a build-up of inventory that will likely constrain housing starts over the next two years. However, major infrastructure and other projects, including those already underway like Site C and those about to ramp up like LNG Canada and other LNG projects, will be important sources of investment spending and job growth over the next several years.

Clearly there are headwinds facing the BC economy over the next year. Still, the province's long-term growth prospects remain strong. Favourable demographics, strong population growth and an accelerating job market mean that the economy, after a brief slowdown this year, should regain momentum in 2020 and beyond.

### Major Construction Projects

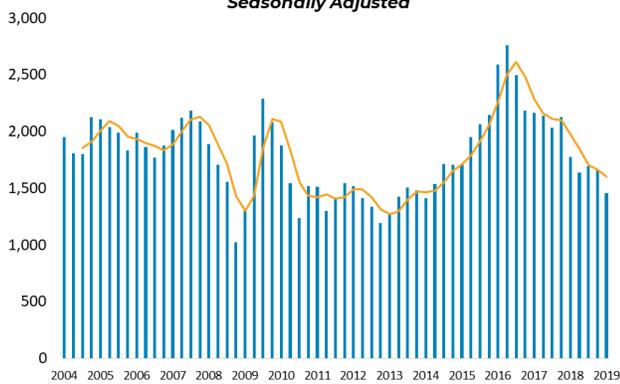


# VANCOUVER ISLAND-COAST

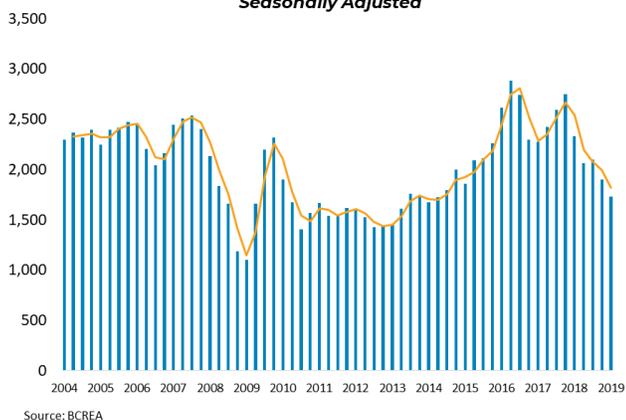
The Victoria Real Estate Board (VREB), the Vancouver Island Real Estate Board (VIREB) and the Powell River Sunshine Coast Real Estate Board (PRSCREB) service the Vancouver Island-Coast Region of the province. Housing demand in the region has shifted lower as the shock to affordability caused by the B20 mortgage stress test continues to take its toll. Many potential homebuyers were priced out of their preferred market option upon the implementation of the new rules. However, while more tepid housing demand will remain this year, a relatively strong economy and favourable demographics are likely now creating pent-up demand in the region.

consumer spending. However, employment growth is forecast to double last year’s lukewarm performance, rising from 1.1 per cent in 2018 to 2.2 per cent this year. In addition, the provincial unemployment rate is expected to decline to 4.5 per cent this year and 4.3 per cent in 2020. However, employment growth in Victoria has not kept pace with the rest of the province and has actually declined through the first five months of 2019. That is a reversal from very strong job growth in 2018.

**MLS® Unit Sales – Victoria**  
*Seasonally Adjusted*



**MLS® Unit Sales – Vancouver Island**  
*Seasonally Adjusted*



BC economic growth is expected to fall below trend this year resulting from current policy-driven weakness in housing demand and related

**Employment Growth**  
*Victoria CMA*



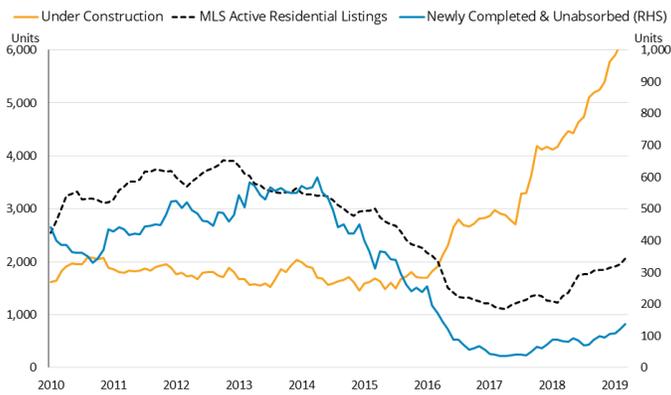
Housing demand across the Vancouver Island-Coast region will continue to be supported by local economic growth and favourable demographics through next year. Future employment opportunities in the larger urban centres, are expected to attract millennials from the mainland seeking relatively more affordable housing.

In addition, with the majority of home buyers in the VIREB area now retirees, the Vancouver Island-Coast region will continue to benefit from an aging boomer population seeking lifestyle opportunities. A key attribute of retiree home buyers is less vulnerability to the B20 stress test since many are not burdened by a mortgage. Both millennials and retirees are expected to underpin housing demand in the region over the next decade.

The supply of homes for sale in Victoria has increased from a cyclical low at the beginning of last year. This rise in inventory is primarily the result of weaker consumer demand and, to a lesser extent, burgeoning new home construction. Inventory levels have been on the rise across most of the southern half of the province since the introduction of the B20 stress test in January 2018. However, inventories in many areas of the island outside the Capital Regional District continue to be near historic lows.

inventories are keeping many areas in balance to sellers' market territory. As a result, the average home price is expected to edge down 3 per cent in Victoria this year, while increasing 5 per cent across the rest of the region.

### Victoria Housing Supply



Source: CMHC, VREB, BCREA Economics

Despite the policy-induced decline in housing demand, market conditions remain relatively strong in the region. While some market segments like the luxury market have faced some downward pricing pressure, limited

### Vancouver Island Real Estate Board

Sales-to-Active Listings Ratio (Seasonally Adjusted)

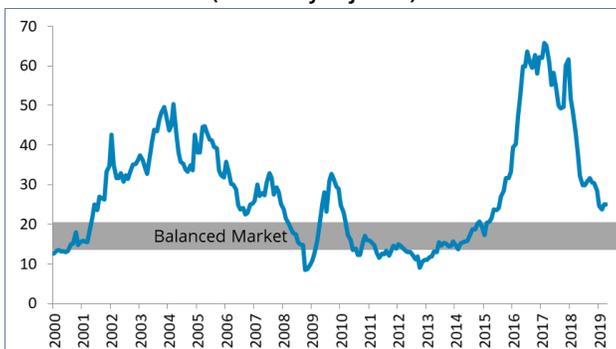


Source: BCREA

The lack of housing supply in the region has induced a significant increase in homebuilding activity over the past few years. However, new construction activity is expected to slow this year. Slower housing demand combined with rising inventories are expected to contribute to a 30 per cent decline in Victoria housing starts. In contrast, housing starts in the City of Nanaimo are expected to remain essentially unchanged, albeit down by 2 per cent from the 834 units started last year.

### Victoria Real Estate Board

Sales-to-Active Listings Ratio (Seasonally Adjusted)



Source: BCREA

### Housing Starts – Victoria CMA



Source: CMHC, BCREA Economics

# LOWER MAINLAND-SOUTHWEST

The Real Estate Board of Greater Vancouver (REBGV), the Fraser Valley Real Estate Board (FVREB) and the Chilliwack and District Real Estate Board (CADREB) service the Lower Mainland-Southwest region of the province. The area typically contributes to approximately 60 per cent of the housing demand in the province.

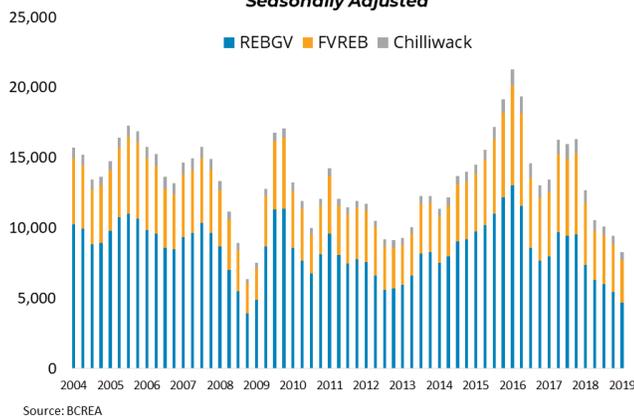
The sharp erosion of affordability caused by the B20 mortgage stress test has hit the Lower Mainland market especially hard. While the necessary retrenchment of household finances has now been underway for eighteen months, the negative impact on demand will limit home sales again this year. Provincial government policies targeting foreigners, second home owners, citizens working outside of Canada and soon, money laundering, provide little help to home buyers, except impacting consumer confidence in the near term.

Meanwhile, the longer home sales continue below fundamental levels, pent-up demand will become increasingly latent in the region.

Millennials may be temporarily stalled by the toughest mortgage qualifying rules in modern Canadian history, but they will form households in the rental and ownership markets eventually. The only question is whether these tough mortgage qualification policies will backfire on policy makers by slowing the expansion of the housing stock and cause yet another round of rapid price inflation in the coming years.

Demographics will continue to play a key role in the lower mainland housing market. While boomers have profited from a significant appreciation in property values over the past several decades, their children will drive growth in housing demand. Wealth transference from one generation to another is expected to intensify as affordability continues to be the most significant constraint to finding accommodation near employment centres.

**MLS® Unit Sales – Lower Mainland**  
*Seasonally Adjusted*



**Pent up Demand: Sales per Capita**  
*Metro Vancouver*



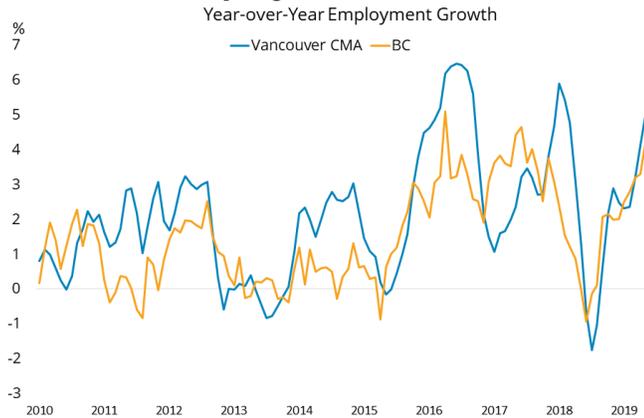
**Metro Vancouver Housing Supply**



BC economic conditions remain relatively strong. Employment growth is expected to trend toward long-term levels after moving essentially sideways last year. The unemployment rate is also expected to improve, declining both this year and in 2020. While GDP growth is forecast to slow to below trend this year, the weaker performance will be almost entirely due to the slowdown of the housing market and related consumer spending.

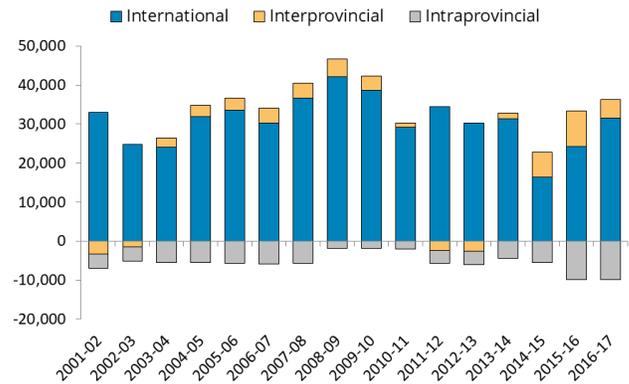
The Metro Vancouver population is growing at an annual pace of nearly 1.8 per cent this spring, the strongest pace in three years, while Abbotsford's 2.5 per cent growth

### Employment Growth



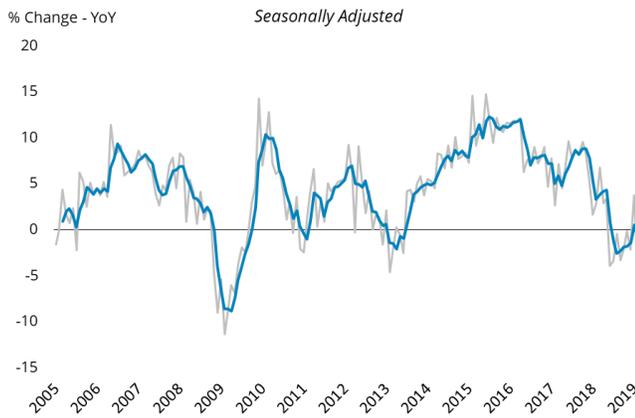
Source: Statistics Canada

### Net Migration - Vancouver CMA



Sources: BC Stats, Statistics Canada, BCREA Economics

### Retail Sales Growth – Vancouver CMA



Source: Statistics Canada, BCREA Economics

rate is the highest in more than a decade. Total net migration is expected to average 60,000 individuals this year and in 2020. A total of 55,000 individuals are expected to come from international sources, with the remaining arriving from other regions of Canada. With immigration the largest component of population growth in the region, an expected rise in the number of immigrants to Canada will bolster population growth and housing demand in the future.

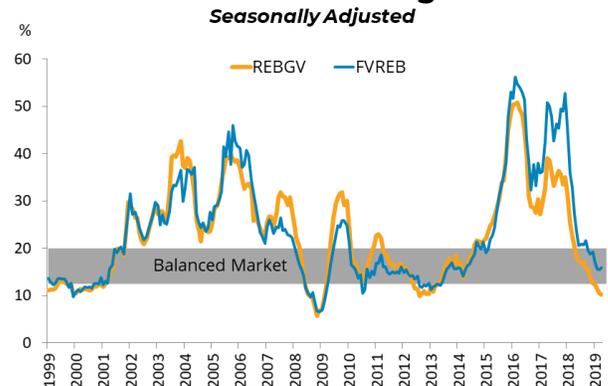
Market conditions in the Lower Mainland during the first half of the year have varied from favouring home buyers to exhibiting relative balance between market participants, depending on the neighbourhood and home type. For example, the luxury market has experienced downward pressure on prices over the last year. However, this market segment typically has much higher price volatility than more modestly priced homes. More moderate consumer demand has helped potential buyers as rising inventory levels reduce the

chance of multiple offers on the same property and has enabled buyers more time to complete their due diligence around the home purchase, such as getting a valuable home inspection.

Home sales in the region are expected to improve in the second half of the year. However, the REBGV, FVREB and CADREB areas are forecast to experience fewer sales on an annual basis in 2019. However, some recovery in housing demand is expected in 2020 as households retrench their finances and favourable demographics unfold in the marketplace.

Home prices are forecast to stabilize this year, albeit with the average residential price down from 2 to 4 per cent in Vancouver and the Fraser Valley, and up 4 per cent in Chilliwack. Stronger consumer demand in 2020 is forecast to push home prices higher, near the rate of overall consumer price inflation.

### Sales-to-Active Listings Ratio

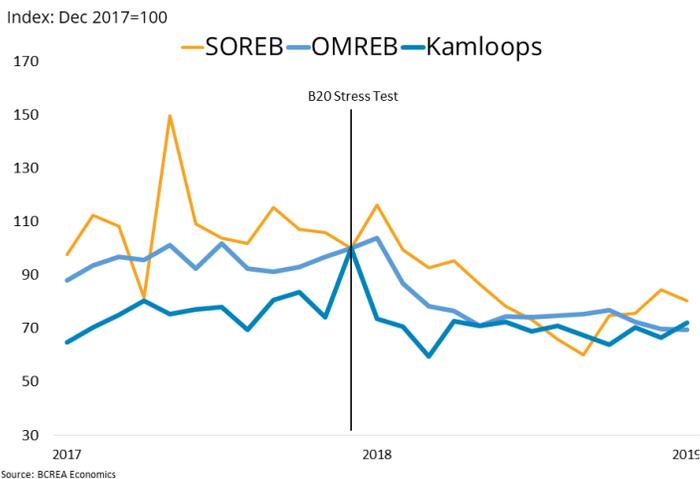


Source: BCREA

# THOMPSON-OKANAGAN

MLS® home sales in the Thompson-Okanagan region, which is serviced by the Okanagan Mainline Real Estate Board (OMREB), the South Okanagan Real Estate Board (SOREB) and the Kamloops & District Real Estate Board (KADREA), fell a combined 17 per cent in 2018 and home sales across the region continued to struggle under the weight of provincial and federal policies as well as higher

## Impact of B20 in the Thompson-Okanagan



interest rates.

Canadian mortgage rates rose over 100bps from their lows in 2017 to where they eventually peaked in 2018 as the Bank of Canada embarked on an interest rate tightening cycle. The impact of higher interest rates, compounded by the stress test, played a significant role in stalling an early recovery in home sales in the summer of 2018.

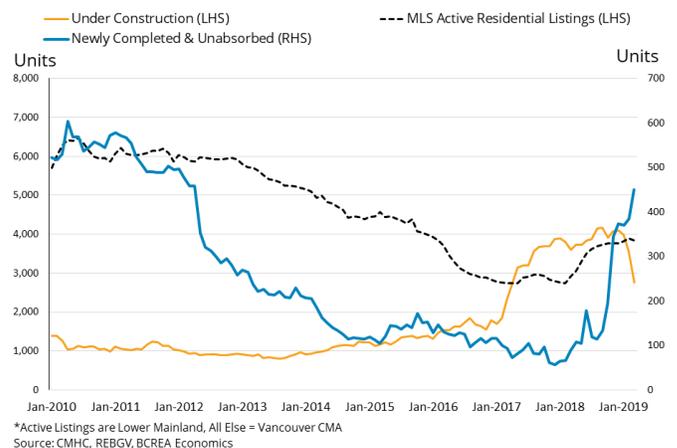
Now that the Bank of Canada has been forced to the sidelines by a slowing Canadian economy, Canadian mortgage rates are once again moving lower. That should make the hurdle of qualifying under the stress test a little easier, providing a boost to sales in the second half of 2019.

In addition to contending with tighter mortgage rules, the Kelowna CMA is also subject to the Province’s speculation tax on out-of-province buyers and vacant homes, while neighboring markets in the South Okanagan and Kamloops are not. While the degree to which the speculation tax is holding back home sales in the OMREB region is not clear,

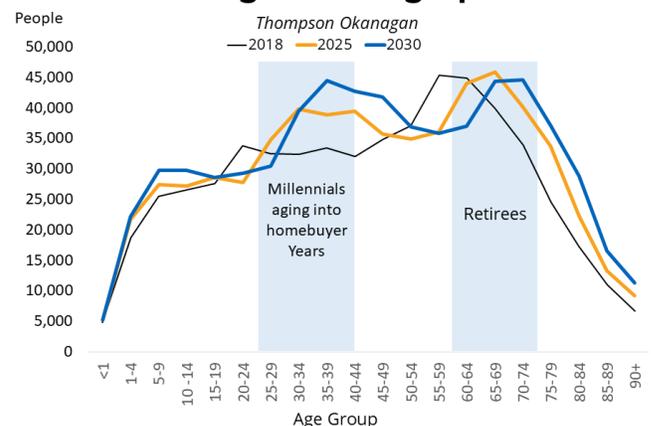
or at least is not immediately noticeable in relative market trends between tax and no-tax markets, it does seem to be having a significant impact in the new-home market. The speculation tax disrupts historically important market dynamics in Kelowna, where out-of-province buyers compose a significant share of the market. That share has been falling in recent years due to economic conditions in Alberta, but now could fall further due to the presence of the speculation tax.

As we have pointed out in the past, without those buyers, the large number of new units under construction in Kelowna may have trouble selling, leading to a build-up of new home inventories. That scenario could be playing out right now as inventories in Kelowna build due to a flood of new completions in recent months.

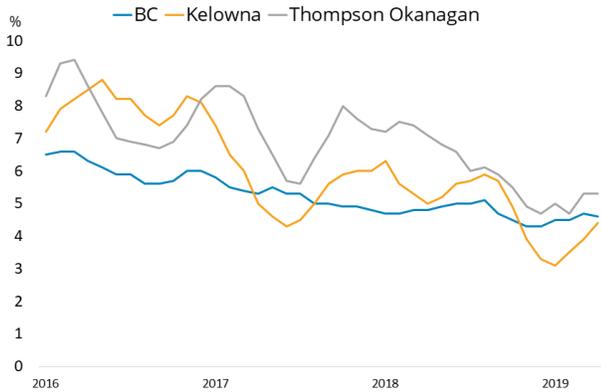
## OMREB/Kelowna Housing Supply



## Okanagan Demographics



## Regional Unemployment Rate



Source: Statistics Canada

Absent of the impact of polices, regional home sales would likely be higher given the strength of the regional economy. The regional unemployment rate has been falling steadily for the past year, driven by strong full-time employment growth, particularly in Kelowna. Moreover, demographic projections imply a coming boost in housing demand from both millennials and retirees.

Those fundamentals should translate to a recovery of MLS® home sales, beginning in the second half of 2019 and through 2020. We are forecasting an 8 to 10 per cent decline in unit sales in OMREB and SOREB this year followed by a 9 per cent rise in sales next year. In the Kamloops area, we expect sales to dip about 3 per cent in 2019, followed by a 5 per cent rise next year.

Home sales returning to a level more in line with historical averages will help to stabilize market conditions at a time when supply is rising. The inventory of homes for sale is up significantly in

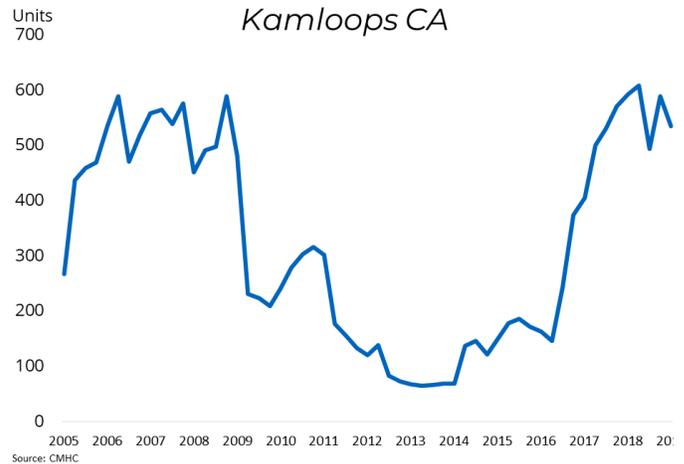
both the OMREB and SOREB areas, which has put some downward pressure on home prices to start 2019. That is particularly true for the condo market in Penticton, which has seen prices trend down more than 10 per cent in the first quarter of 2019.

In contrast to the Okanagan, home prices in Kamloops rose steadily in the first quarter of 2019 and supply in the area remains very low. That may change over the next year given the significant number of units under construction and due to complete soon.

With demand projected to recover in 2020, and supply of both resale and new homes set to rise, markets in the OMREB and SOREB area will trend towards balance. That will translate to minimal change to average prices in 2019 and 2020.

In the more supply constrained Kamloops market, we expect the MLS® average price to rise about 5 per cent in 2019 to \$411,000 and a further 1.5 per cent in 2020 as rising supply brings the Kamloops market into balance.

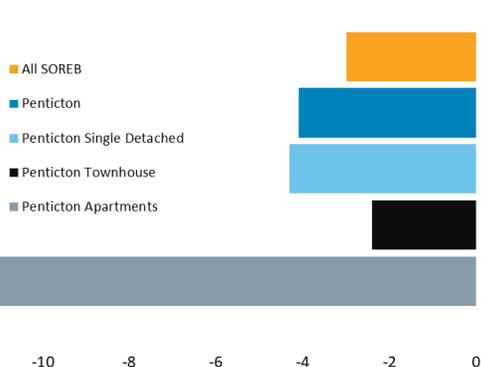
## Units Under Construction Kamloops CA



Source: CMHC

## SOREB MLS® Prices

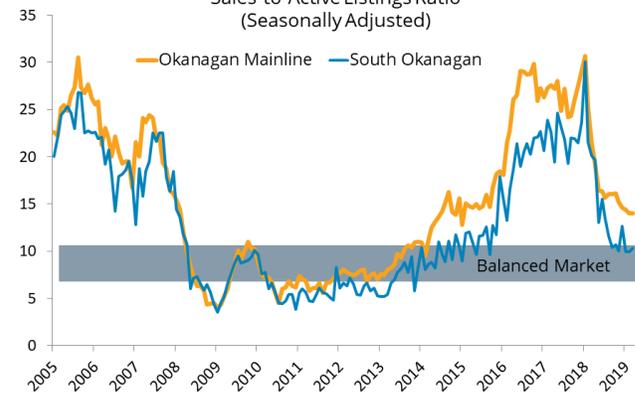
% Change in Price (3-Month Trend)



Source: BCREA

## Okanagan Market Conditions

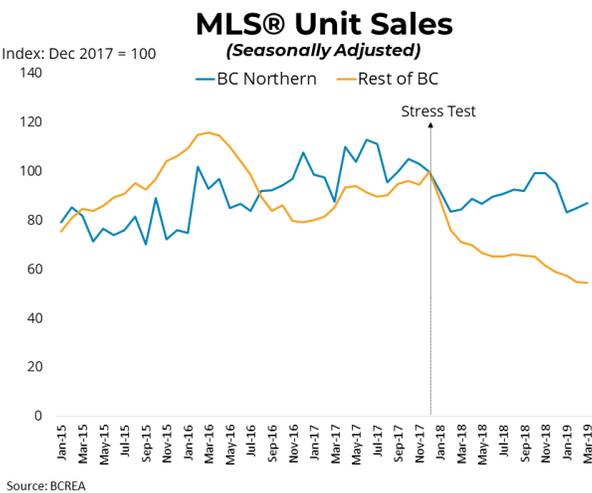
Sales-to-Active Listings Ratio (Seasonally Adjusted)



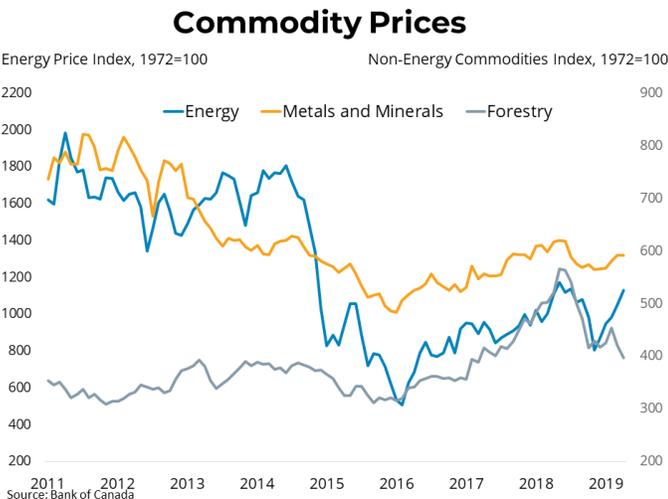
Source: BCREA

# NORTHERN BC

Housing markets in BC’s northern regions have remained relatively unscathed by the policy-induced demand shock holding back sales across the rest of the province. MLS® unit sales in the areas covered by the BC Northern Real Estate Board are down just 4.6 per cent year-to-date in 2019 compared to a close to 25 per cent decline for the province as a whole. Total dollar volume of sales is up slightly versus a nearly 30 per cent provincial decline. That divergence is largely the product of momentum in the northern economy from upcoming LNG investment as well as strong housing affordability.



The northern economy is about to become the epicentre of investment activity in BC. Along the North Coast, projects with an estimated capital cost of close to \$140 billion have been proposed and construction of the \$40 billion LNG Canada terminal in Kitimat is now underway. Along with that project,

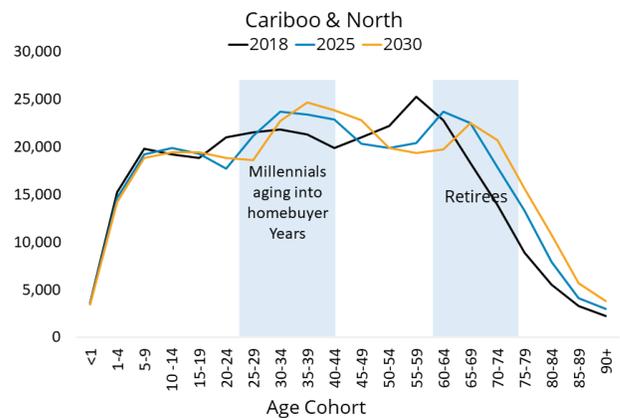


the \$6 billion Coastal GasLink pipeline and other upgrades in support of the larger LNG Canada project have started construction. Overall, as much as \$10 billion is estimated to be spent within BC over the next two to three years.

That injection of economic stimulus should help the North weather the difficulties being brought about by trade tariffs in the forestry sector. Those tariffs, and falling forestry prices, are acting as a drag on the local manufacturing and export sector.

Despite some challenges, the Northwest and Northeast have nearly regained their pre-oil shock full-time employment levels. As major LNG projects ramp up construction, strong employment and wage growth will continue, adding a considerable boost to regional housing demand. Moreover, the millennial generation will be aging into their prime earning and homebuying years over the coming decade, providing further support for strong housing demand and the need for an expansion in housing stock.

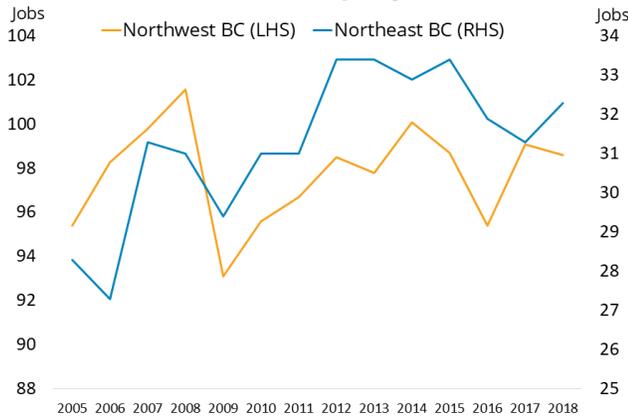
## Northern Population Demographics



We are forecasting that total MLS® unit sales will improve over the second half of 2019, ultimately finishing about 5 per cent higher in 2019. Continued growth in the regional economy will help support elevated housing demand in 2020, with sales expanding a further 5 per cent.

Although LNG Canada is constructing temporary accommodation capable of housing up to 7,000 workers, we still expect significant pressure on the limited northern housing stock. Indeed, even though demand has softened slightly to start 2019, we are still seeing significant upward pressure on prices in some markets. The most glaring

### Full-Time Employment



Source: Statistics Canada

example is Kitimat, which saw a surge in housing demand following the LNG Canada approval but has very little available supply. Even though sales were slow to start the year, prices have been pushed close to 60 per cent higher than one year ago. A similar situation is developing in Terrace, which has seen average prices rise 35 per cent compared to this time last year.

Larger and more economically diversified markets like Prince George have seen relatively flat unit sales and price growth. Other markets, particularly Quesnel and Prince Rupert, have experienced a deeper slowdown, with price declines over the first half of 2019. MLS® average prices are up about 6 per cent for the BCNREB area as a whole and we anticipate further price growth through the remainder of 2019. Market conditions in the board area remain tight due to low supply of resale

### BC Northern Sub-Markets



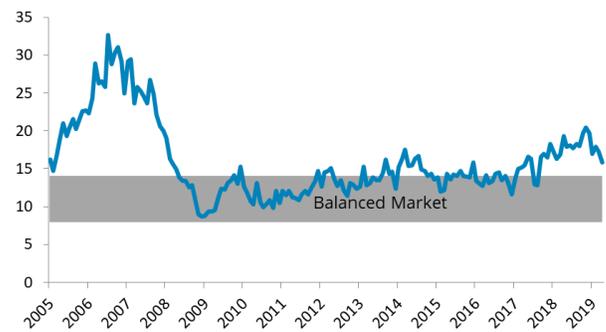
Source: CREAA

listings and very little inventory of newly completed homes. At the current level of sales-to-active listings, a measure of overall market balance, we would classify the North as being in a sellers' market, with expected price growth of 8 per cent this year and nearly 10 per cent in 2020.

Given the anticipated boost to housing demand from a thriving economy and favourable demographics, new construction in the North will have to accelerate. The number of units currently under construction has indeed risen thanks to a jump in housing starts last year, but new home construction is off to a slow start in 2019. We are forecasting that this trend will reverse in 2020 with housing starts rising 20 per cent in Prince George and surrounding areas.

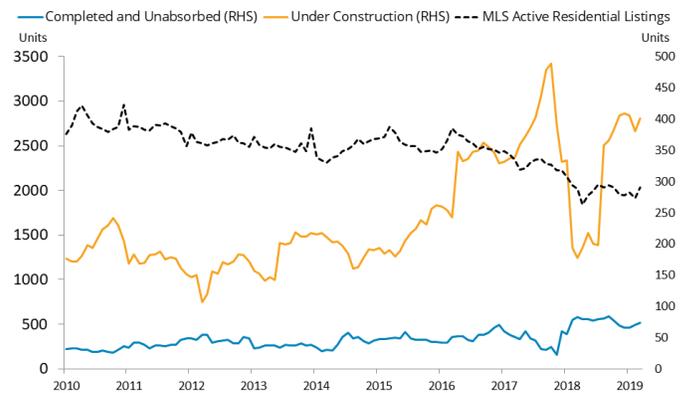
### BC Northern Real Estate Board

Sales-to-Active Listings Ratio (Seasonally Adjusted)



Source: BCREA

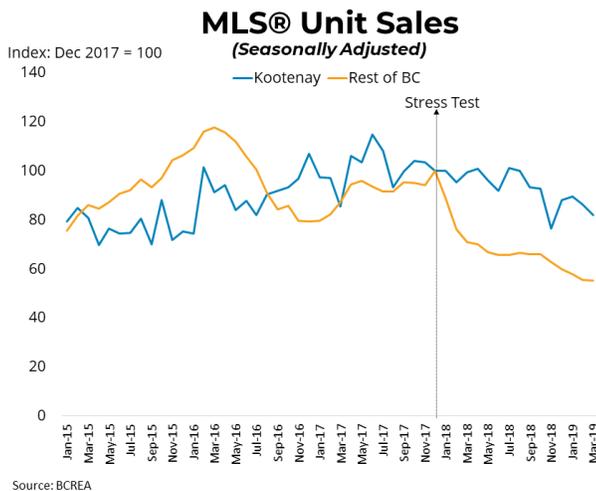
### Prince George Housing Supply



Source: CMHC, BCNREB, BCREA Economics

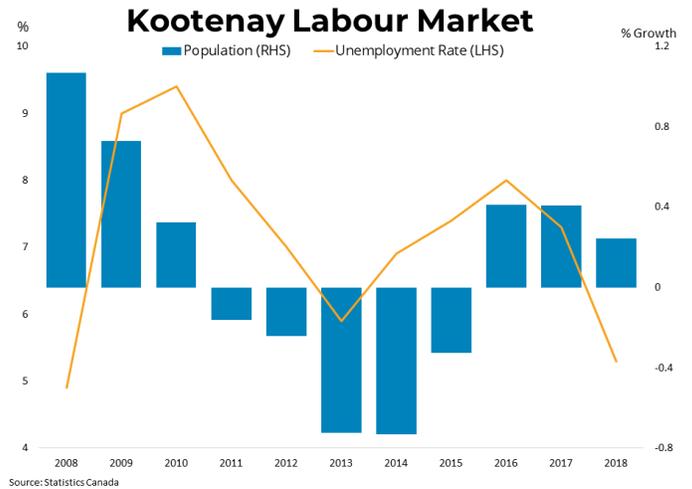
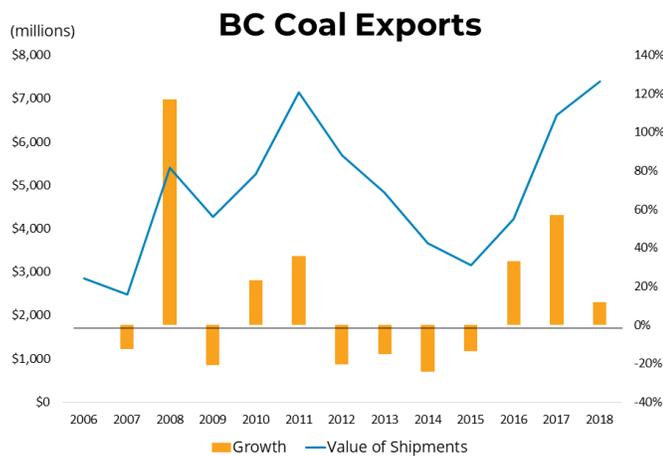
# KOOTENAY

Home sales in the Kootenay region continue to outperform the rest of the province in 2019, showing few effects from the mortgage stress test. Through the first four months of this year, MLS® home sales in the region serviced by the Kootenay Real Estate Board (KREB) are down 15 per cent compared to the same time last year, weighed down by rising borrowing costs and a slowdown in the provincial economy. However, that compares quite favourably with a 25 per cent year-to-date decline in provincial MLS® sales.



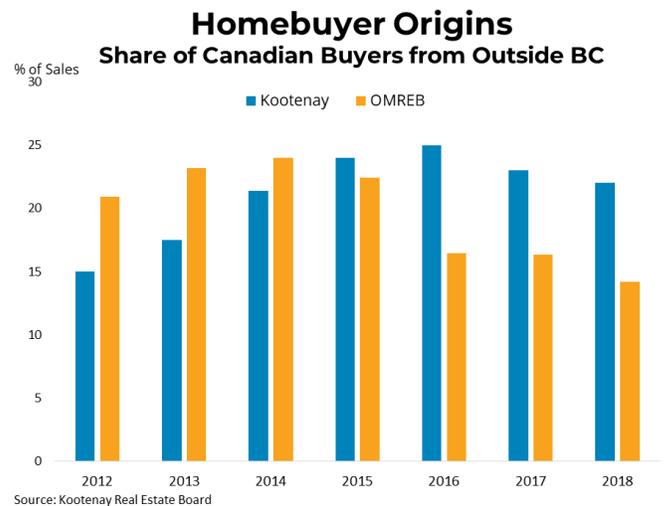
The economy of the Kootenay has benefited in recent years from an upswing in the value of coal shipments. The region's other main resource export, forest products, looks to be recovering from the tariff-induced shock to demand in 2018.

A strong regional economy has provided a boost to once lagging population growth. After declining for 5 consecutive years, the Kootenay region has now posted three straight years of modest but positive population growth. Moreover, strong job growth has pushed the unemployment rate in the region down to its lowest point in a decade.



In contrast to the experience of the Okanagan, demand from out-of-province buyers has maintained in recent years in the Kootenay region. The Kootenay's more attractive home prices and lack of a speculation tax on non-BC residents may make the Kootenay the preferred destination for Alberta buyers looking for recreational property in coming years.

Those factors led to relatively stable demand in the face of changes to mortgage qualification rules and higher interest rates. We are forecasting that home sales in the region will decline about 9 per cent this year before bouncing back and rising about 4 per cent in 2020.



While housing demand is forecast to be modestly lower in 2019, the inventory of active listings continues to trawl along at close to ten-year lows. That situation means that market conditions in the Kootenay are tilted slightly toward sellers in terms of pricing. We are forecasting that MLS® average prices will rise 4 per cent in 2019 to \$335,200 before markets return to balance in 2020 with prices rising about 2 per cent.

BC Housing Outlook	2016	2017	2018	2019F	2020F
MLS® Unit Sales	112,211	103,764	78,346	71,380	81,680
% change	9.5	-7.5	-24.5	-8.9	14.4
MLS® Average Price	\$691,120	\$709,601	\$712,504	\$697,000	\$726,000
% change	8.6	2.7	0.4	-2.2	4.2
MLS® Dollar Volume (\$billions)	\$77.55	\$73.63	\$55.82	\$49.75	\$59.30
% change	18.8	-5.1	-24.2	-10.9	19.2
Housing Starts	41,843	43,664	40,857	34,400	32,100
% change	33.1	4.4	-6.4	-15.8	-6.7
Single	12,278	12,346	11,163	8,900	8,500
% change	20.9	0.6	-9.6	-20.3	-4.5
Multiple	29,565	31,318	29,694	25,500	23,600
% change	38.8	5.9	-5.2	-14.1	-7.5
Total Net Migration	59,102	61,334	61,028	59,000	60,000
% change	60.2	3.8	-0.5	-3.3	1.7
Net International Migration	35,516	48,610	57,126	55,000	55,000
% change	152.6	36.9	17.5	-3.7	0
Net Interprovincial Migration	23,586	12,724	3,902	4,000	5,000
% change	3.3	-46.1	-69.3	2.5	25
Range of Posted 5-year Fixed Mortgage Rate (%)	4.64-4.74	2.59-3.23	3.37-3.72	3.72-3.15	3.24-3.5

BC Economic Outlook <sup>1</sup>	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.5	3.8	2.4	2.2	2.7
Employment (millions)	2.38	2.47	2.49	2.55	2.60
Employment Growth (%)	3.1	3.7	1.1	2.2	1.9
Unemployment (000s)	152.9	133.9	123.3	118.6	112.2
Unemployment Rate (%)	6	5.1	4.7	4.5	4.3
Personal Disposable Income (\$billions)	176	183.8	192	200	208.8
Personal Disposable Income Growth (%)	5.3	4.9	4.4	4.2	4.4
Average Weekly Wage	920.9	936.4	974.8	984.6	1,005.2
Weekly Wage Growth (%)	0.8	1.7	4.1	1	2.1
Retail Sales (\$billions)	77.1	84.3	86	88.6	93
Retails Sales Growth (%)	7.7	9.6	2	3	5

1. Values have been estimated where data has not yet been released.

## Lower Mainland-Southwest

MLS® Unit Sales		2018	%	2019F	%	2020F	%
Real Estate Board of Greater Vancouver		25,051	-31.6	22,150	-11.6	27,750	25.3
Single Detached		7,502	-34.6	7,000	-6.7	8,900	27.1
Apartment		12,838	-29.8	10,800	-15.9	13,600	25.9
Townhouse		4,302	-31.5	4,000	-7	4,950	23.8
Fraser Valley Real Estate Board		14,837	-30.8	13,250	-10.7	15,900	20
Single Detached		6,145	-34.3	6,000	-2.4	6,700	11.7
Apartment		4,303	-30.5	3,500	-18.7	4,600	31.4
Townhouse		4,045	-26.2	3,500	-13.5	4,200	20
Chilliwack and District Real Estate Board		2,829	-29	2,600	-8.1	2,800	7.7
Single Detached		1,539	-30.6	1,450	-5.8	1,500	3.4
Apartment		545	-18.8	430	-21.1	440	2.3
Townhouse		617	-33.7	600	-2.8	700	16.7
MLS® Average Price		2018	%	2019F	%	2020F	%
Real Estate Board of Greater Vancouver		\$ 1,048,435	1.6	\$ 1,010,000	-3.7	\$ 1,015,000	0.5
Single Detached		\$ 1,709,287	-2.5	\$ 1,600,000	-6.4	\$ 1,620,000	1.3
Apartment		\$ 713,252	10.1	\$ 672,300	-5.7	\$ 686,000	2
Townhouse		\$ 924,149	7.3	\$ 870,300	-5.8	\$ 885,000	1.7
Fraser Valley Real Estate Board		\$ 747,725	6.5	\$ 736,500	-1.5	\$ 757,000	2.8
Single Detached		\$ 1,105,716	4.2	\$ 1,060,000	-4.1	\$ 1,100,000	3.8
Apartment		\$ 401,455	22.8	\$ 397,500	-1	\$ 400,000	0.6
Townhouse		\$ 594,771	10	\$ 580,000	-2.5	\$ 587,605	1.3
Chilliwack and District Real Estate Board		\$ 516,843	11.2	\$ 537,500	4	\$ 536,000	-0.3
Single Detached		\$ 652,514	11.3	\$ 664,600	1.9	\$ 665,000	0.1
Apartment		\$ 262,651	22.6	\$ 255,000	-2.9	\$ 257,000	0.8
Townhouse		\$ 435,851	9.6	\$ 433,000	-0.7	\$ 435,000	0.5
Housing Starts		2018	%	2019F	%	2020F	%
Vancouver CMA		23,404	-10.7	20,900	-10.7	20,250	-3.1
Single		4,592	-6.5	3,900	-15.1	3,750	-3.8
Multiple		18,812	-11.7	17,000	-9.6	16,500	-2.9
Abbotsford CMA		1,045	-38.9	1,060	1.4	950	-10.4
Single		313	-24.8	300	-4.2	350	16.7
Multiple		732	-43.4	760	3.8	600	-21.1
Chilliwack CA		875	-15.3	825	-5.7	790	-4.2
Single		452	-29.8	425	-6	400	-5.9
Multiple		423	8.7	400	-5.4	390	-2.5

## Vancouver Island-Coast

MLS® Unit Sales		2018	%	2019F	%	2020F	%
Victoria Real Estate Board		6,770	-20	6,400	-5.5	6,800	6.3
Single Detached		3,417	-25.1	3,450	1	3,650	5.8
Apartment		2,080	-25.3	2,000	-3.8	2,150	7.5
Townhouse		768	-11.2	720	-6.3	770	6.9
Vancouver Island Real Estate Board		8,391	-16.4	7,550	-10	7,700	2
Single Detached		5,467	-21.7	5,100	-6.7	5,300	3.9
Apartment		1,047	-13	870	-16.9	870	0
Townhouse		1,317	-7.2	1,200	-8.9	1,250	4.2
Powell River Sunshine Coast Real Estate Board		351	-13.5	300	-14.5	330	10
Single Detached		280	-17.2	240	-14.3	260	8.3
Condo		53	-8.6	45	-15.1	55	22.2
Single Family Mobile		18	80	15	-16.7	15	0
MLS® Average Price		2018	%	2019F	%	2020F	%
Victoria Real Estate Board		\$ 700,630	7.3	\$ 680,000	-2.9	\$ 682,000	0.3
Single Detached		\$ 874,008	5.1	\$ 863,500	-1.2	\$ 865,000	0.2
Apartment		\$ 469,544	11.9	\$ 448,000	-4.6	\$ 450,000	0.4
Townhouse		\$ 601,439	12	\$ 597,500	-0.7	\$ 600,000	0.4
Vancouver Island Real Estate Board		\$ 465,124	7.9	\$ 488,200	5	\$ 505,400	3.5
Single Detached		\$ 544,109	8.3	\$ 550,000	1.1	\$ 570,000	3.6
Apartment		\$ 271,946	11.5	\$ 273,000	0.4	\$ 277,800	1.8
Townhouse		\$ 370,707	13	\$ 382,000	3	\$ 390,000	2.1
Powell River Sunshine Coast Real Estate Board		\$ 359,047	13.3	\$ 358,400	-0.2	\$ 366,000	2.1
Single Detached		\$ 397,148	15.5	\$ 395,000	-0.5	\$ 405,000	2.5
Condo		\$ 247,426	26.3	\$ 252,000	1.8	\$ 255,000	1.2
Single Family Mobile		\$ 104,415	52.2	\$ 92,000	-3.1	\$ 98,000	6.5
Housing Starts		2018	%	2019F	%	2020F	%
Victoria CMA		4,273	10.6	2,980	-30.3	2,560	-14.1
Single		818	-8.7	480	-41.3	460	-4.2
Multiple		3,455	16.5	2,500	-27.6	2,100	-16
Nanaimo CMA		834	-15.8	815	-2.3	775	-4.9
Single		315	-25.9	275	-12.7	300	9.1
Multiple		519	-8.3	540	4	475	-12

## Thompson-Okanagan

MLS® Unit Sales		2018	%	2019F	%	2020F	%
Okanagan Mainline Real Estate Board		7,400	-18.3	6,800	-8.1	7,400	8.8
Single Detached		3,729	-19	3,450	-7.5	4,050	17.4
Apartment		1,592	-15.7	1,300	-18.3	1,700	30.8
Townhouse		1,106	-20.3	1,050	-5.1	1,175	11.9
South Okanagan Real Estate Board		1,885	-22.4	1,680	-10.9	1,830	8.9
Single Detached		1,016	-23	900	-11.4	1,000	11.1
Apartment		363	-19.2	320	-11.8	330	3.1
Townhouse		314	-27.5	310	-1.3	330	6.5
Kamloops & District Real Estate Assoc.		2,984	-10.8	2,900	-2.8	3,050	5.2
Single Detached		1,811	-14.1	1,800	-0.6	1,920	6.7
Apartment		355	-3.5	340	-4.2	350	2.9
Townhouse		394	-13.6	370	-6.1	380	2.7
MLS® Average Price		2018	%	2019F	%	2020F	%
Okanagan Mainline Real Estate Board	\$	526,200	5.7	\$ 531,500	1	\$ 534,200	0.5
Single Detached	\$	647,704	7.7	\$ 640,000	-1.2	\$ 650,000	1.6
Apartment	\$	315,000	-0.1	\$ 320,000	1.6	\$ 322,000	0.6
Townhouse	\$	437,422	5.9	\$ 438,000	0.1	\$ 440,000	0.5
South Okanagan Real Estate Board	\$	418,422	4.6	\$ 419,100	0.2	\$ 425,000	1.4
Single Detached	\$	531,630	4.4	\$ 533,000	0.3	\$ 537,000	0.8
Apartment	\$	284,456	10.5	\$ 270,000	-5.1	\$ 284,000	5.2
Townhouse	\$	358,756	2.4	\$ 365,000	1.7	\$ 368,000	0.8
Kamloops & District Real Estate Assoc.	\$	390,668	7	\$ 411,000	5.2	\$ 417,300	1.5
Single Detached	\$	465,721	9.3	\$ 488,000	4.8	\$ 493,000	1
Apartment	\$	243,986	12.8	\$ 258,000	5.7	\$ 263,000	1.9
Townhouse	\$	344,866	3.2	\$ 355,000	2.9	\$ 360,000	1.4
Housing Starts		2018	%	2019F	%	2020F	%
Kelowna CMA		2,555	-28.6	2,000	-21.7	2,050	2.5
Single		618	-33.0	450	-27.2	550	22.2
Multiple		1,937	-27.0	1,550	-20	1,500	-3.2
Penticton CMA		602	7.7	345	-42.7	320	-7.2
Single		168	6.3	145	-13.7	140	-3.4
Multiple		434	8.2	200	-53.9	180	-10
Kamloops CA		1,220	85.4	725	-40.6	600	-17.2
Single		307	-6.4	225	-26.7	200	-11.1
Multiple		913	176.7	500	-45.2	400	-20

## Kootenay

MLS® Unit Sales		2018	%	2019F	%	2020F	%
Kootenay Real Estate Board		3,065	-6.4	2,800	-8.6	2,900	3.6
Single Detached		1,865	-6.1	1,675	-10.2	1,700	1.5
Apartment		374	2.7	340	-9.1	365	7.4
Townhouse		212	-2.8	200	-5.7	220	10
MLS® Average Price		2018	%	2019F	%	2020F	%
Kootenay Real Estate Board		\$ 321,123	4.6	\$ 335,200	4.4	\$ 342,100	2.1
Single Detached		\$ 338,000	5	\$ 342,000	1.2	\$ 350,000	2.3
Apartment		\$ 187,700	1.2	\$ 195,000	3.9	\$ 200,000	2.6
Townhouse		\$ 253,500	-0.1	\$ 255,000	0.6	\$ 257,000	0.8
Housing Starts		2018	%	20189F	%	2020F	%
Cranbrook CMA		63	3.3	70	11.1	75	7.1
Single		55	-9.8	60	9.1	65	8.3
Multiple		8	NA	10	25	10	0

## Northern BC

MLS® Unit Sales		2018	%	2019F	%	2020F	%
BC Northern Real Estate Board		4,404	2.6	4,650	5.6	4,900	5.4
Single Detached		3,794	1	3,930	3.6	4,350	10.7
Northern Lights Area <sup>1</sup>		351	-19.9	300	-14.5	320	6.7
Single Detached		306	-16.8	255	-16.7	270	5.9
MLS® Average Price		2018	%	2019F	%	2020F	%
Kootenay Real Estate Board		\$ 295,427	7.8	\$ 320,000	8.3	\$ 350,000	9.4
Single Detached		\$ 305,279	7.2	\$ 334,000	9.4	\$ 362,000	8.4
Northern Lights Area <sup>1</sup>		\$ 252,060	1.5	\$ 255,100	1.2	\$ 257,000	0.7
Single Detached		\$ 272,355	-0.4	\$ 290,000	6.5	\$ 293,000	1
Housing Starts		2018	%	2019F	%	2020F	%
Prince George CMA		427	57	330	-22.7	390	18.2
Single		194	2.1	150	-22.7	200	33.3
Multiple		233	184.1	180	-22.7	190	5.6
Dawson Creek CMA		32	88.2	35	9.4	35	0
Single		14	7.7	15	7.1	15	0
Multiple		18	350	20	11.1	20	0

1. The former Northern Lights Real Estate Board has merged with the South Okanagan Real Estate Board

## Housing Forecast Summary — Second Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2018	2019F	2020F	2018	2019F	2020F
Victoria	6,770 -20%	6,400 -5.5%	6,800 6.3%	700,630 7.3%	680,000 -2.9%	682,000 0.3%
Vancouver Island	8,391 -16.4%	7,550 -10%	7,700 2%	\$465,124 7.9%	\$488,200 5%	\$505,400 3.5%
Powell River Sunshine Coast	351 -13.5%	300 -14.5%	330 10%	\$359,047 13.3%	\$358,400 -0.2%	\$366,000 2.1%
Greater Vancouver	25,051 -31.6%	22,150 -11.6%	27,750 25.3%	1,048,435 1.6%	1,010,000 -3.7%	1,015,000 0.5%
Fraser Valley	14,837 -30.8%	13,250 -10.7%	15,900 20%	\$747,725 6.5%	\$736,500 -1.5%	\$757,000 2.8%
Chilliwack and District	2,829 -29.0%	2,600 -8.1%	2,800 7.7%	\$516,843 11.2%	\$537,500 4%	\$536,000 -0.3%
Kamloops and District	2,984 -10.8%	2,900 -2.8%	3,050 5.2%	390,668 7%	411,000 5.2%	417,300 1.5%
Okanagan Mainline	7,400 -18.3%	6,800 -8.1%	7,400 8.8%	\$526,200 5.7%	\$531,500 1%	\$534,200 0.5%
South Okanagan*	1,885 -22.4%	1,680 -10.9%	1,830 8.9%	\$418,422 4.6%	\$419,100 0.2%	\$425,000 1.4%
Northern Lights	379 -13.5%	300 -20.8%	320 6.7%	\$252,060 1.5%	\$255,100 1.2%	\$257,000 0.7%
Kootenay	3,065 -6.4%	2,800 -8.6%	2,900 3.6%	\$321,123 4.6%	\$335,200 4.4%	\$342,100 2.1%
BC Northern	4,404 2.6%	4,650 5.6%	4,900 5.4%	\$295,427 7.8%	\$320,000 8.3%	\$350,000 9.4%
BC Total	78,346 -24.5%	71,380 -8.9%	81,680 14.4%	712,504 0.4%	697,000 -2.2%	726,000 4.2%

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 about 23,000 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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Additional economics information is available on BCREA's website at: [bcrea.bc.ca](http://bcrea.bc.ca).

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