

Lower Mainland Housing Outlook

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CMHC Market Analysis & Research

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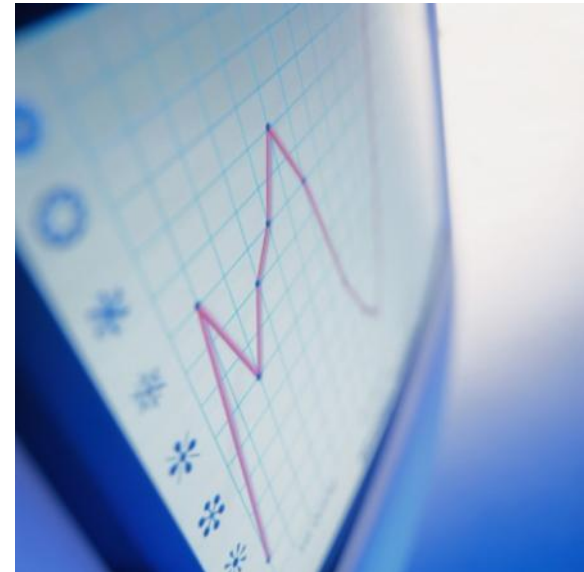


25 years of housing market intelligence you can count on

Trends to Watch in 2013: Economic Factors

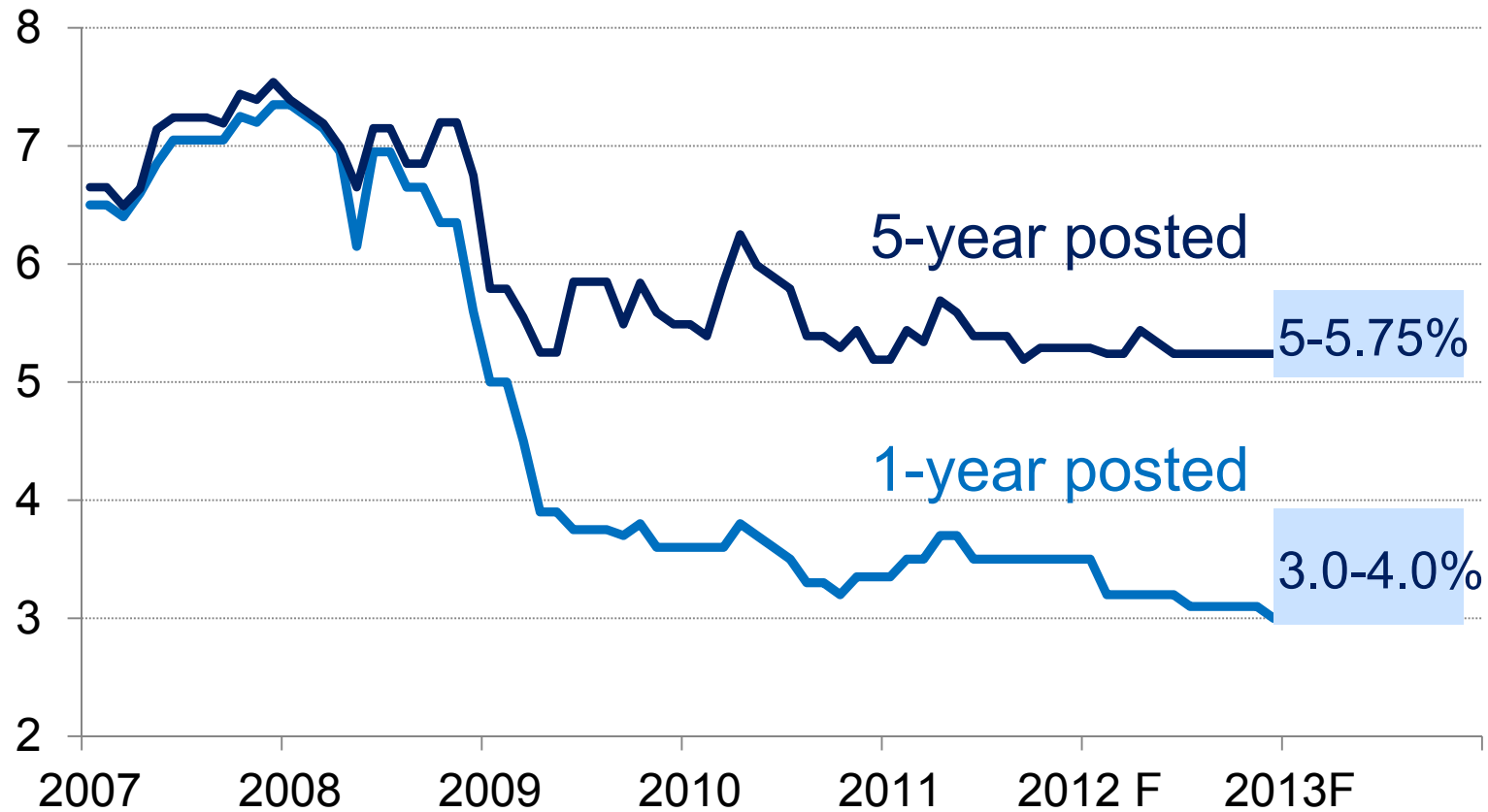
25 years of housing market intelligence you can count on

- ✓ Low mortgage interest rates
- ✓ Employment gains more widespread
- ✓ Population and household growth
- ✓ Pent up demand



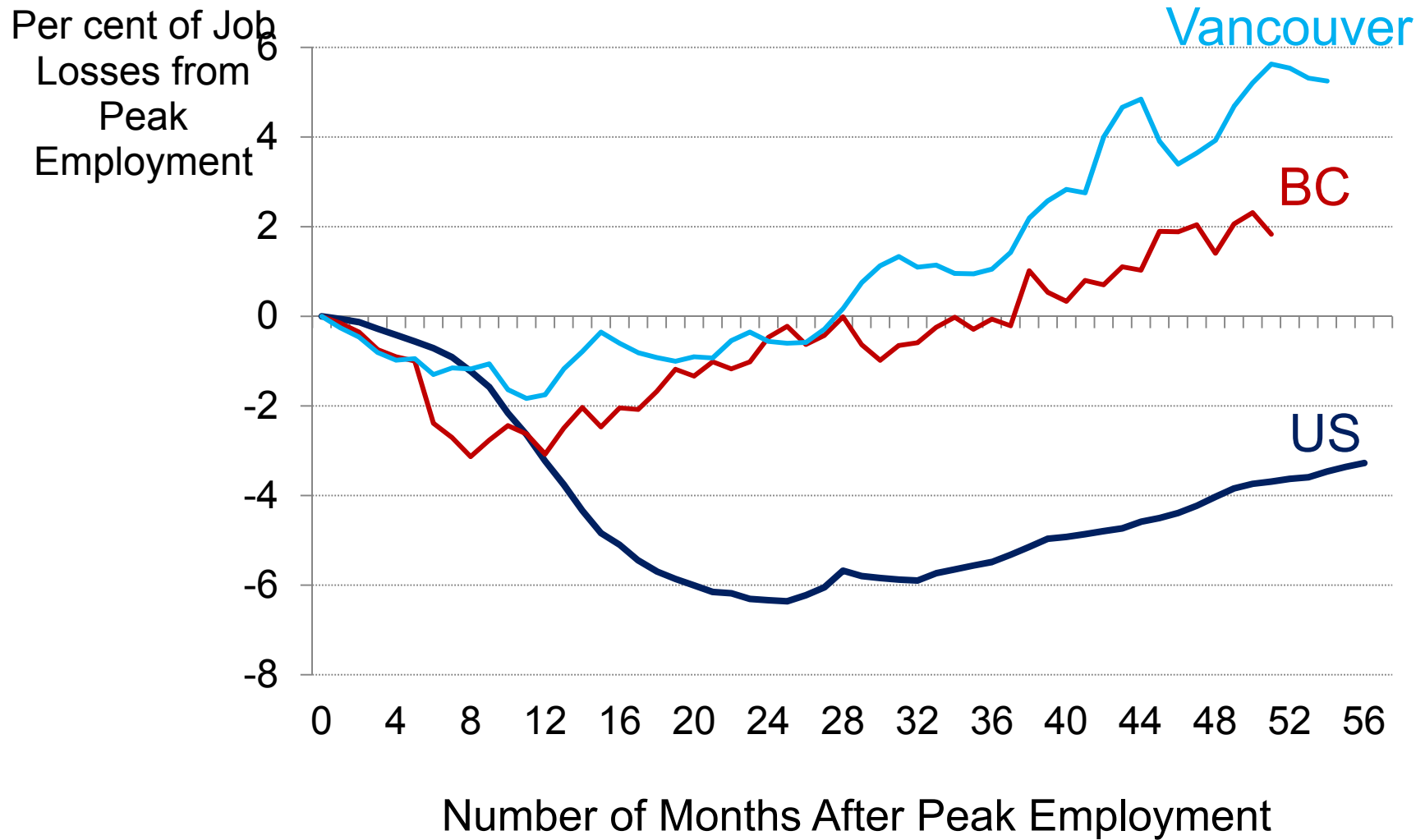
Mortgage Interest Rates Expected to Remain Low

Selected mortgage interest rates, per cent



Source: Bank of Canada historical, CMHC Forecast

Contrasting Picture of Job Markets



Sources: Statistics Canada and US Bureau of Labour Statistics

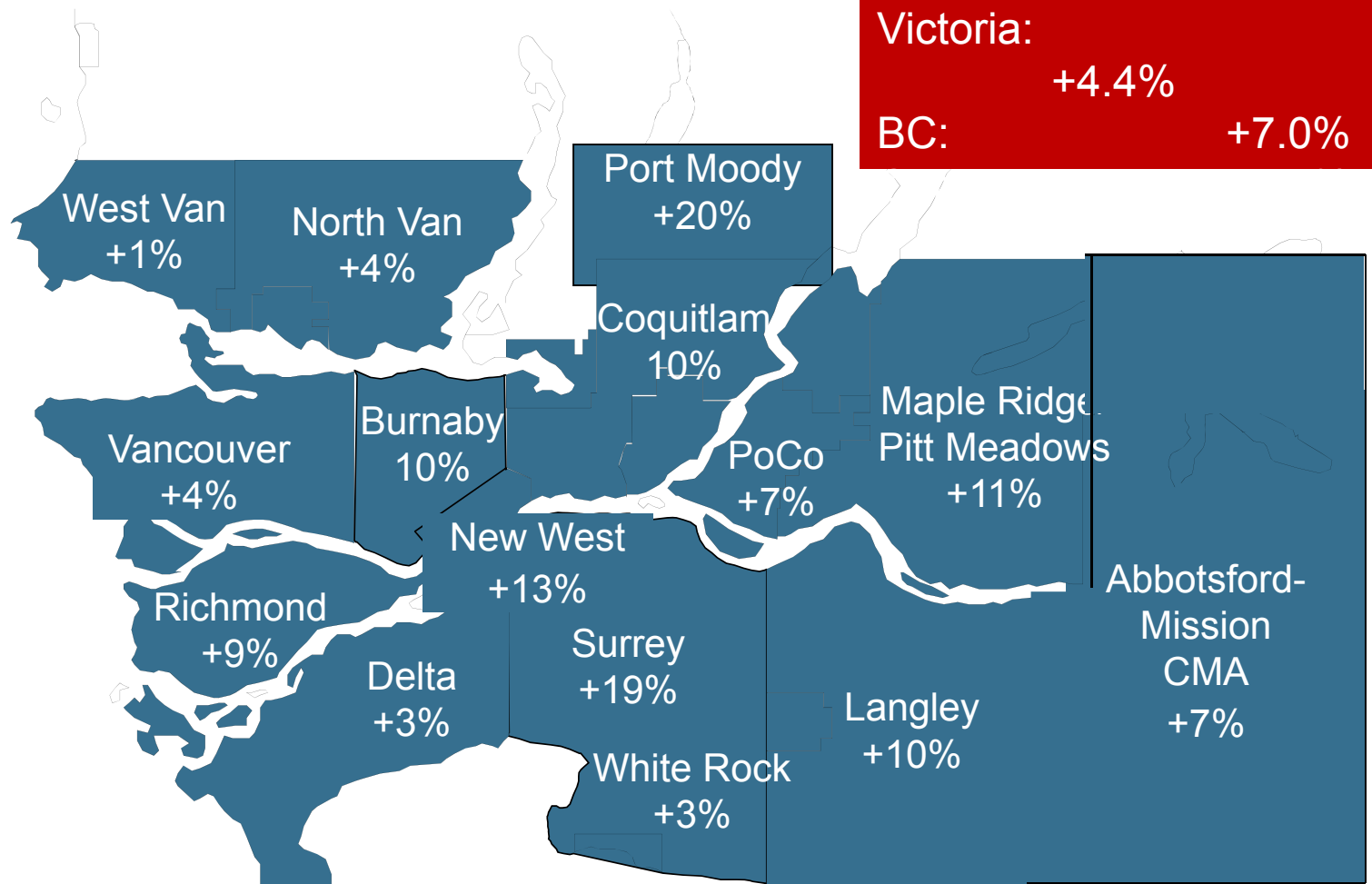
Growing Population Supports Housing Demand

Population change 2006 – 2011 Census

Vancouver:	+9.3%
Victoria:	+4.4%
BC:	+7.0%

Growing Population Supports Housing Demand

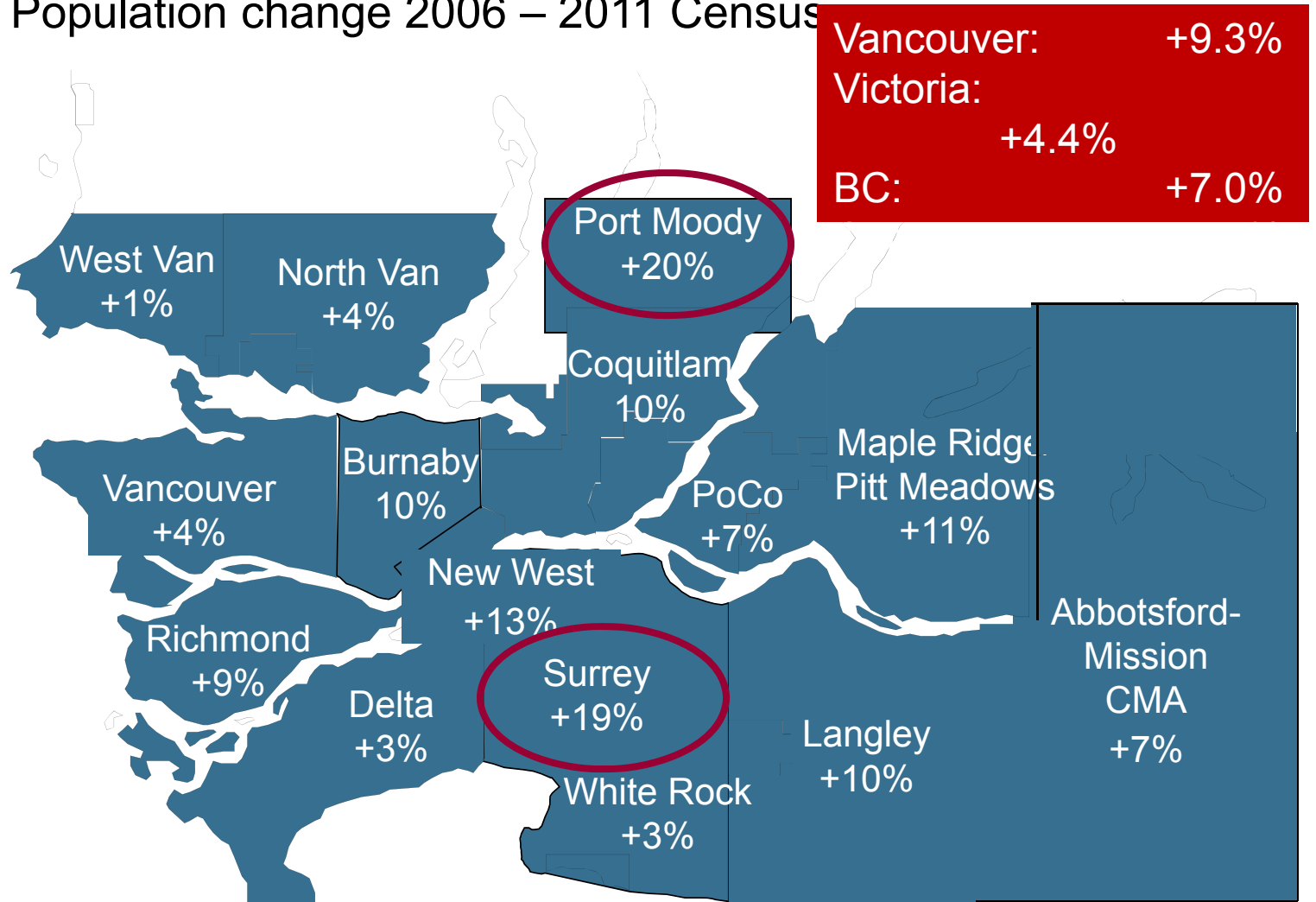
Population change 2006 – 2011 Census



Source: Statistics Canada, Census 2011 & Census 2006

Growing Population Supports Housing Demand

Population change 2006 – 2011 Census



Source: Statistics Canada, Census 2011 & Census 2006

Demographic Trends and Housing Types

Will changing demographics shift housing types to smaller or larger homes?

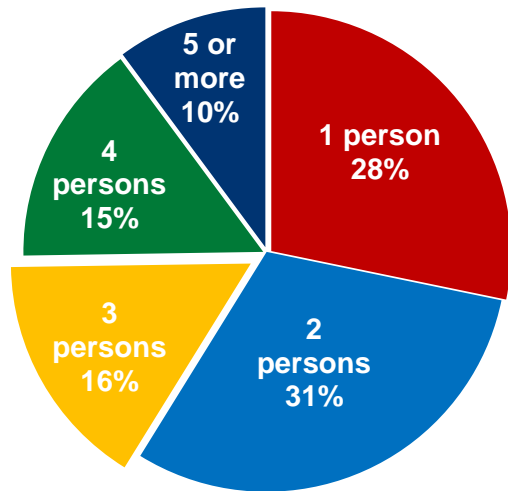


Growing share for
condo apartments?



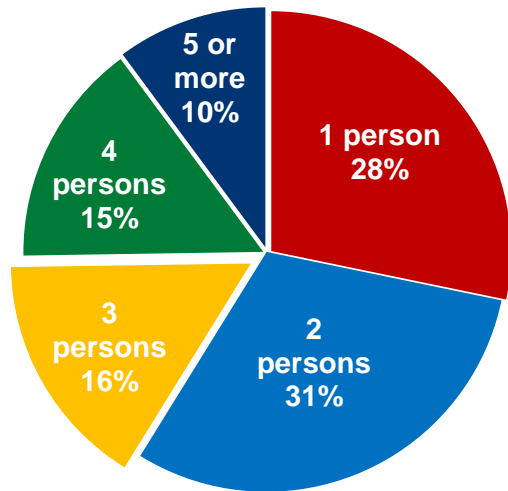
Growing share for ever-larger houses?

Demographic Trends and Housing Types

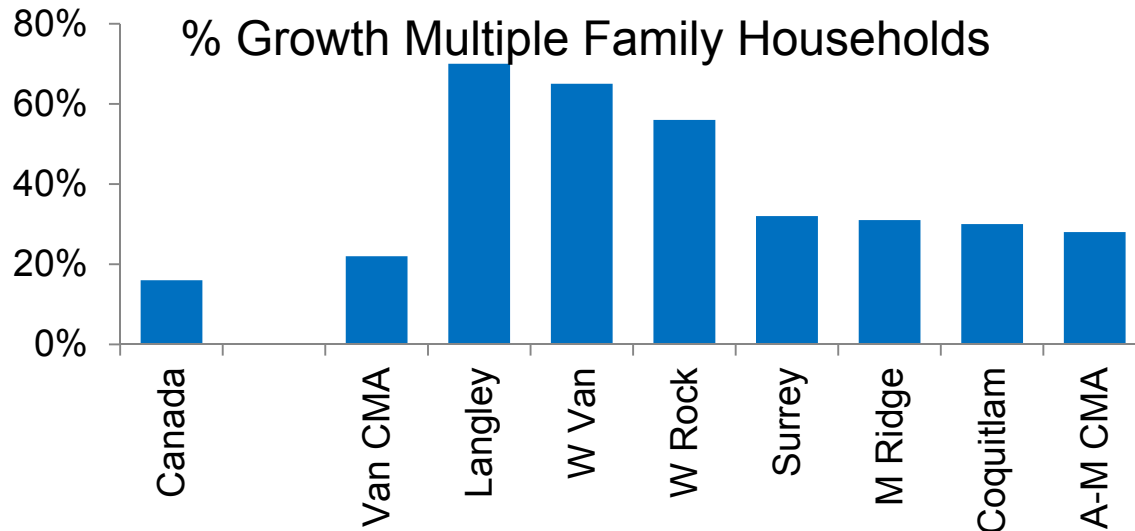


- Majority of households comprise 1 or 2 people

Demographic Trends and Housing Types



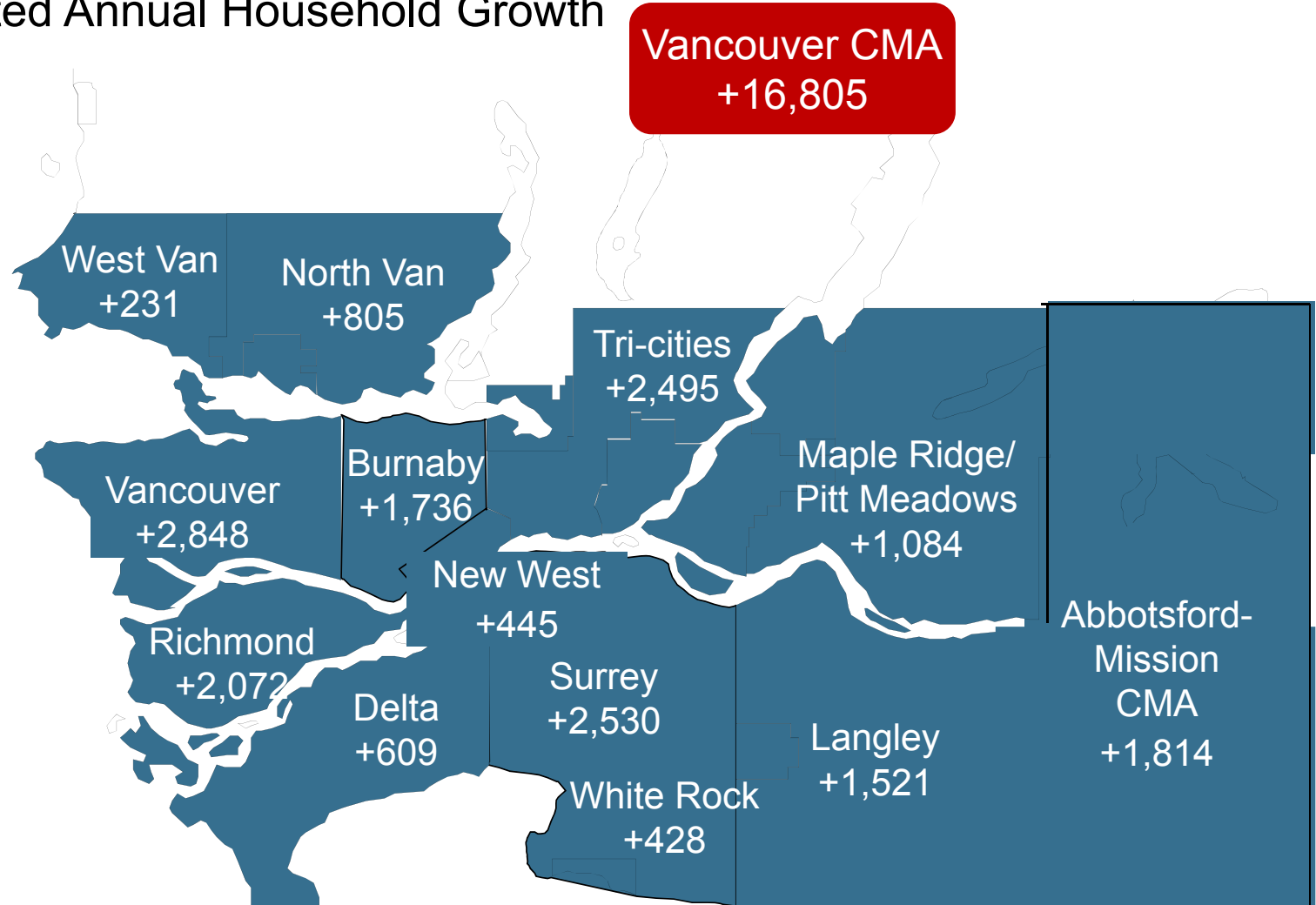
- Majority of households comprise 1 or 2 people
- Fastest growing type: multiple family households



Source: Stats Canada, Census 2011, 2006

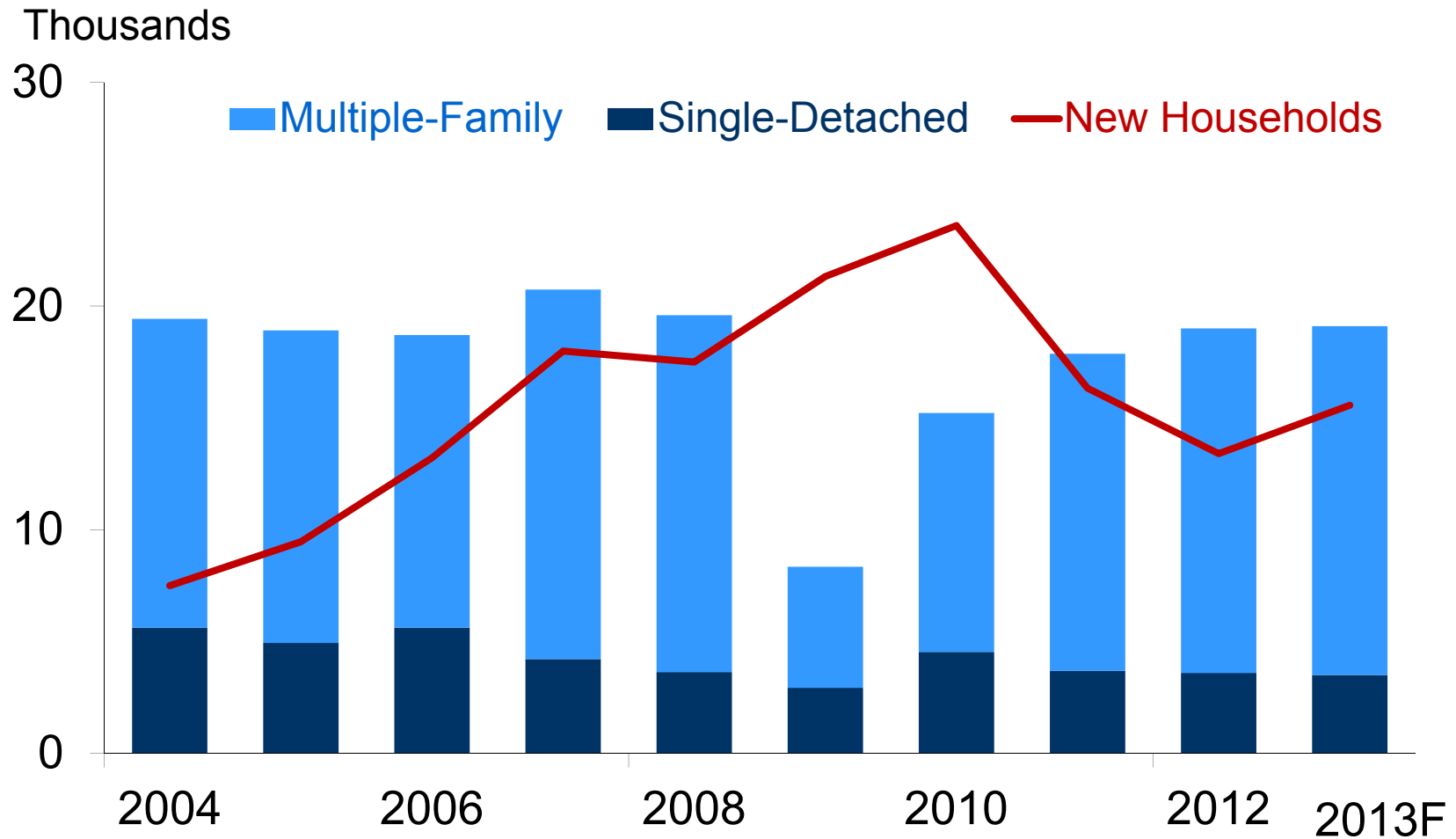
Household Growth Fuels Demand for Housing

Projected Annual Household Growth



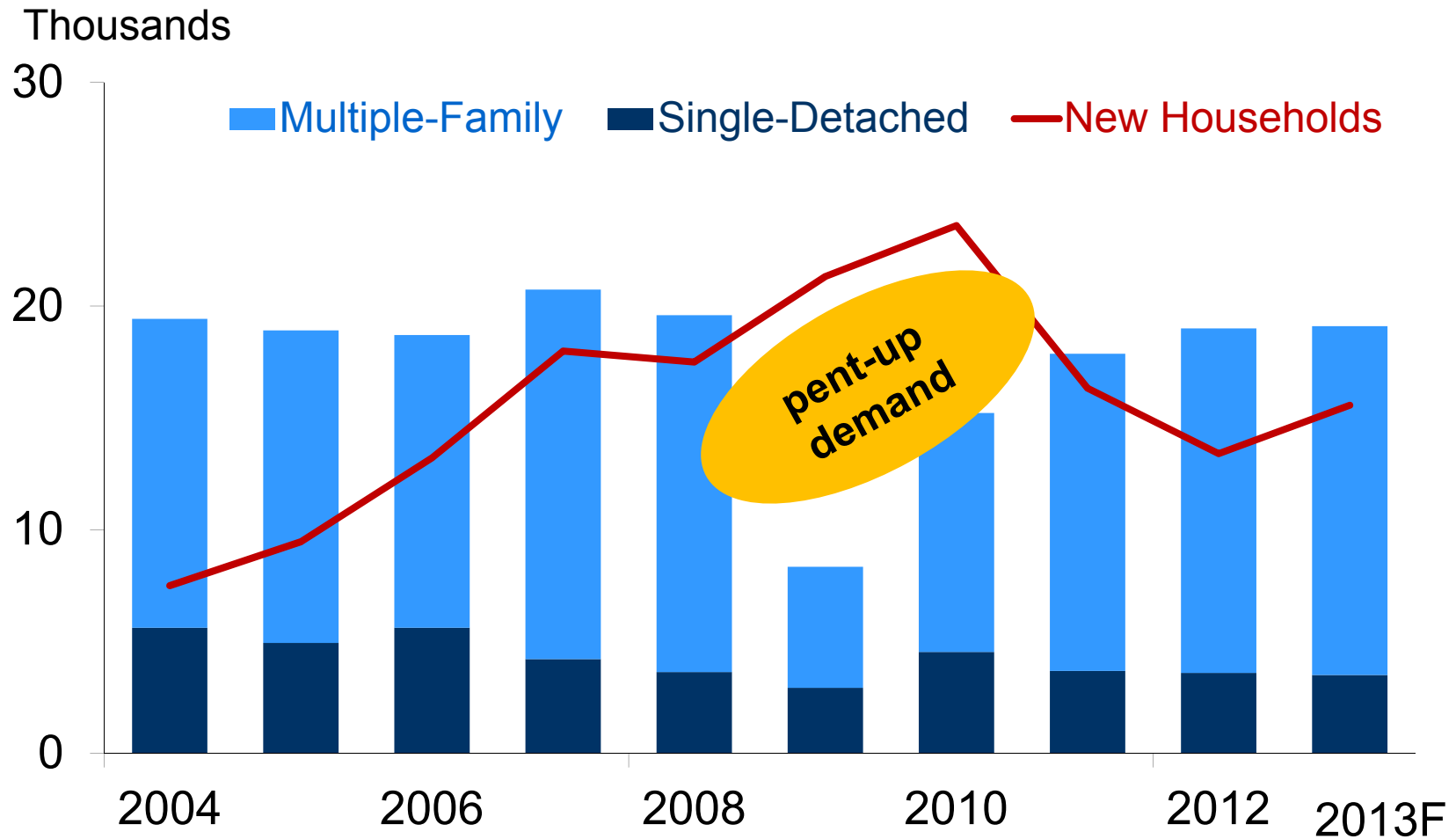
Sources: BC Stats, P.E.O.P.L.E. 2012 Household Projections, CMHC calculation average hh growth 2012-2016

Housing Starts Realign with Household Growth



Sources: CMHC Starts and Completions Survey and Forecast, BC Stats, P.E.O.P.L.E. 2012 Household Projections

Housing Starts Realign with Household Growth



Sources: CMHC Starts and Completions Survey and Forecast, BC Stats, P.E.O.P.L.E. 2012 Household Projections

Risks to the Outlook

Upside:

- Stronger migration
- Pent-up demand for housing
- Consumer spending

Downside:

- US recovery
- European debt containment
- Canadian household debt



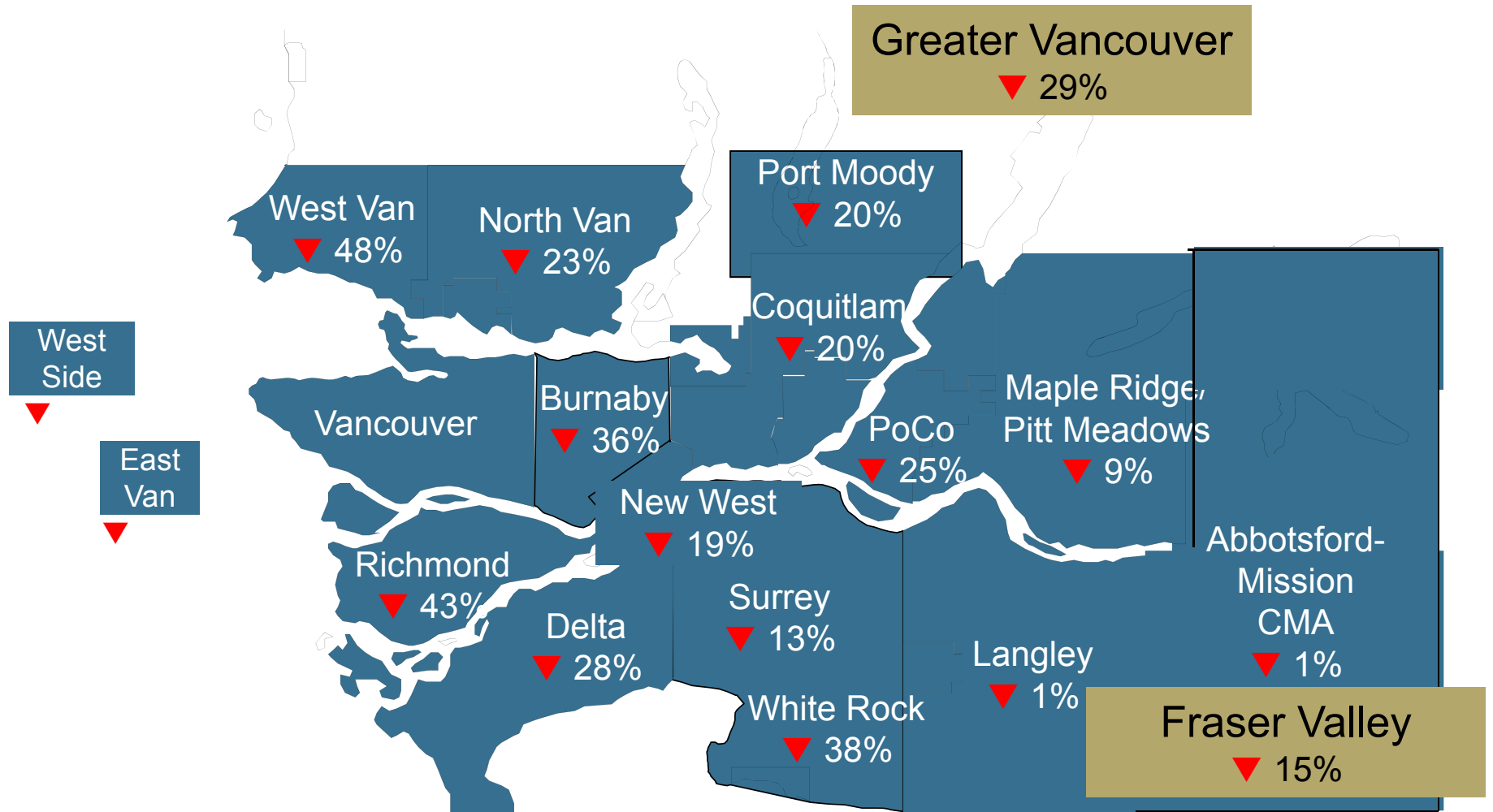
Trends to Watch in 2013: Detached Houses

- ✓ Conditions favour buyers
- ✓ Sellers not pressed to sell at a discount
- ✓ Higher priced markets account for smaller share of sales
- ✓ Modest price increases in 2013



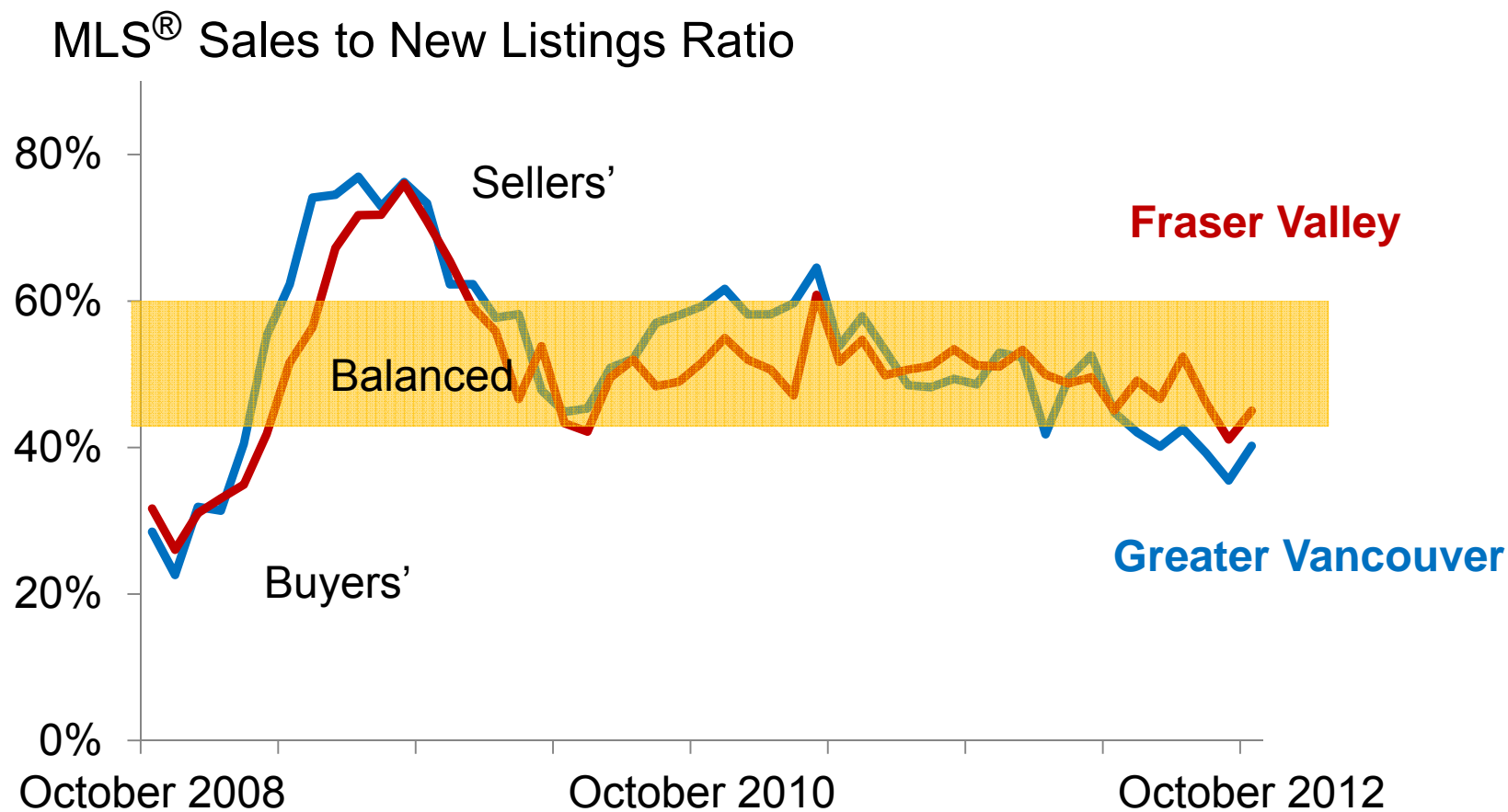
Detached Home Sales

Detached Sales (2012 vs. 2011)



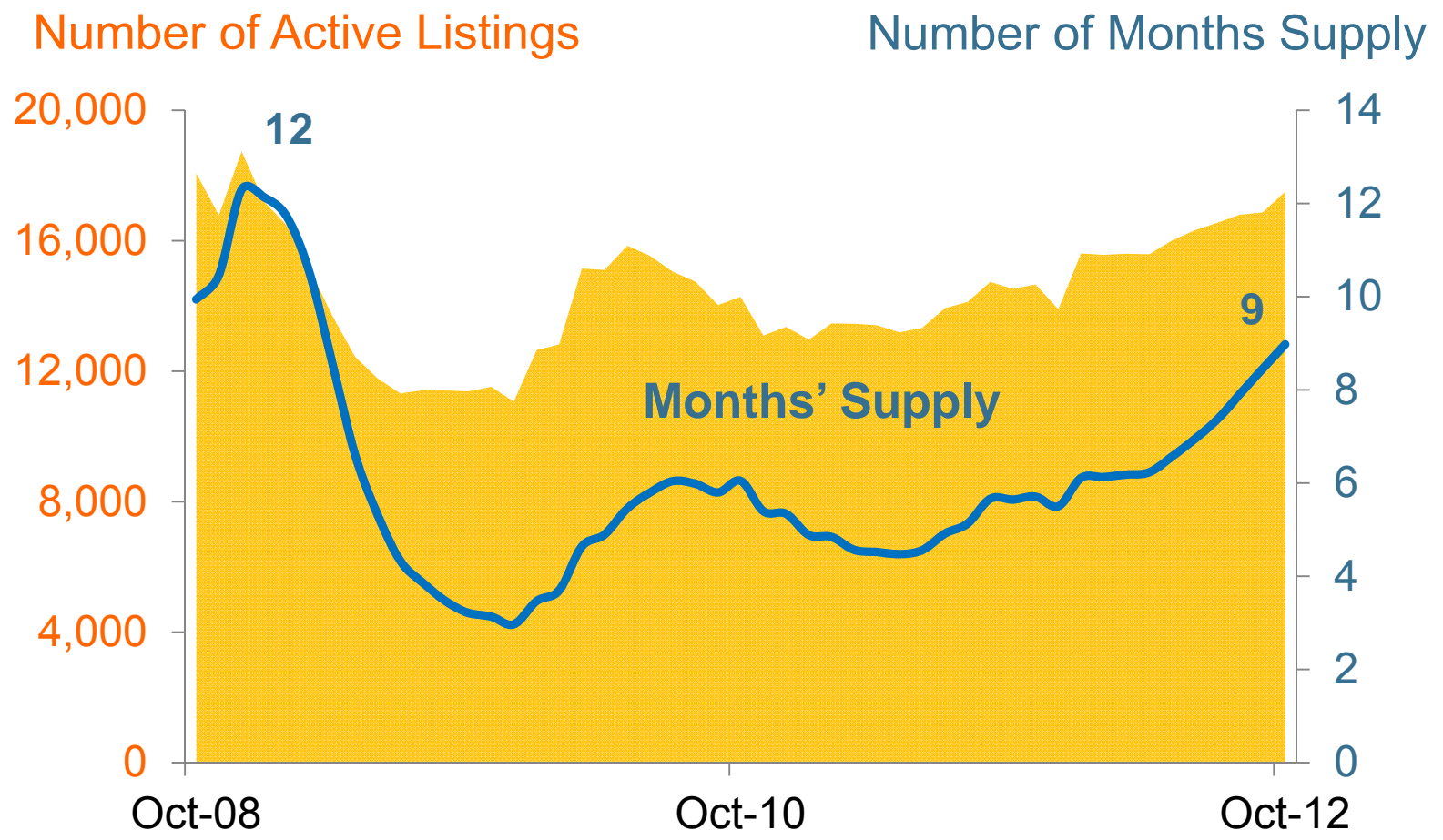
Source: REBGV, FVREB, CMHC Calculations

Market Conditions Favour Buyers



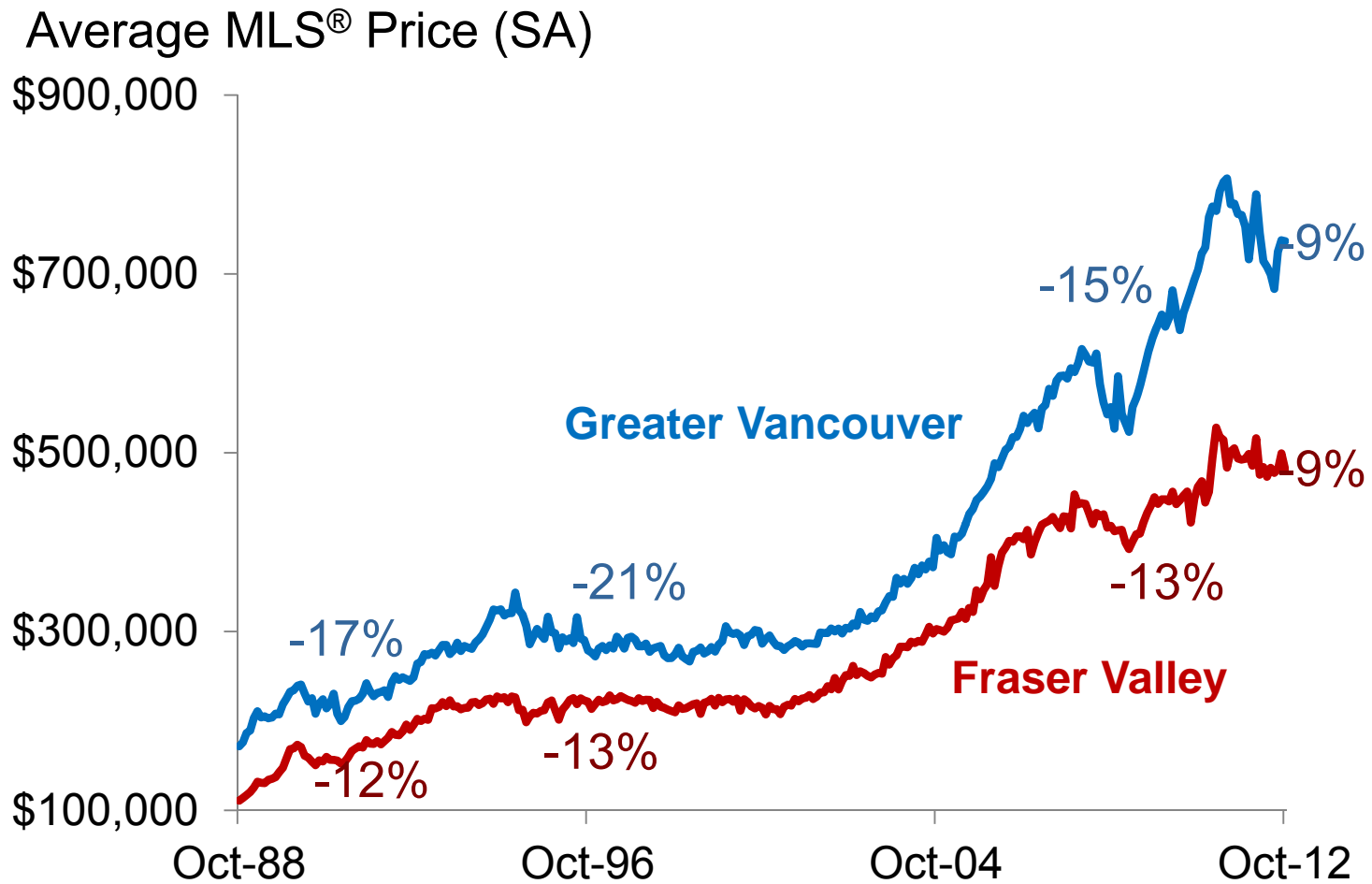
Source: CMHC, adapted from CREA. MLS[®] is a registered trademark of CREA

Ample Choice for Buyers



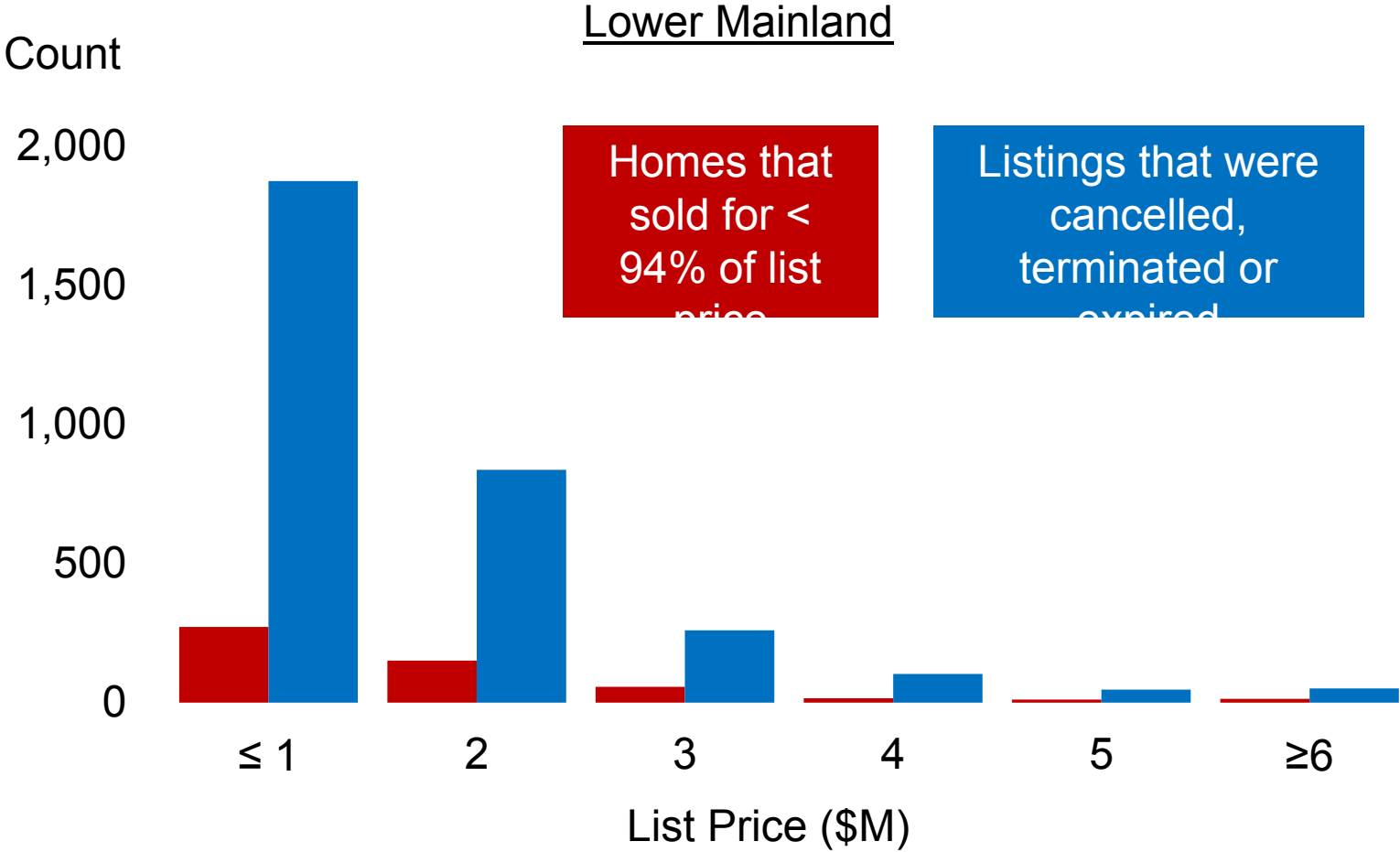
Source: REBGV, CMHC Seasonal Adjustment.

Current Price Correction



Sources: CREA, CMHC seasonal adjustment and calculations

More Sellers Cancel Listing than Sell at Discount



Source: CMHC, adapted from REBGV and FVREB - Jul – Aug 29, 2012: Single detached homes

Fewer Detached Sales in Highest Priced Markets

Vancouver West MLS® Sales

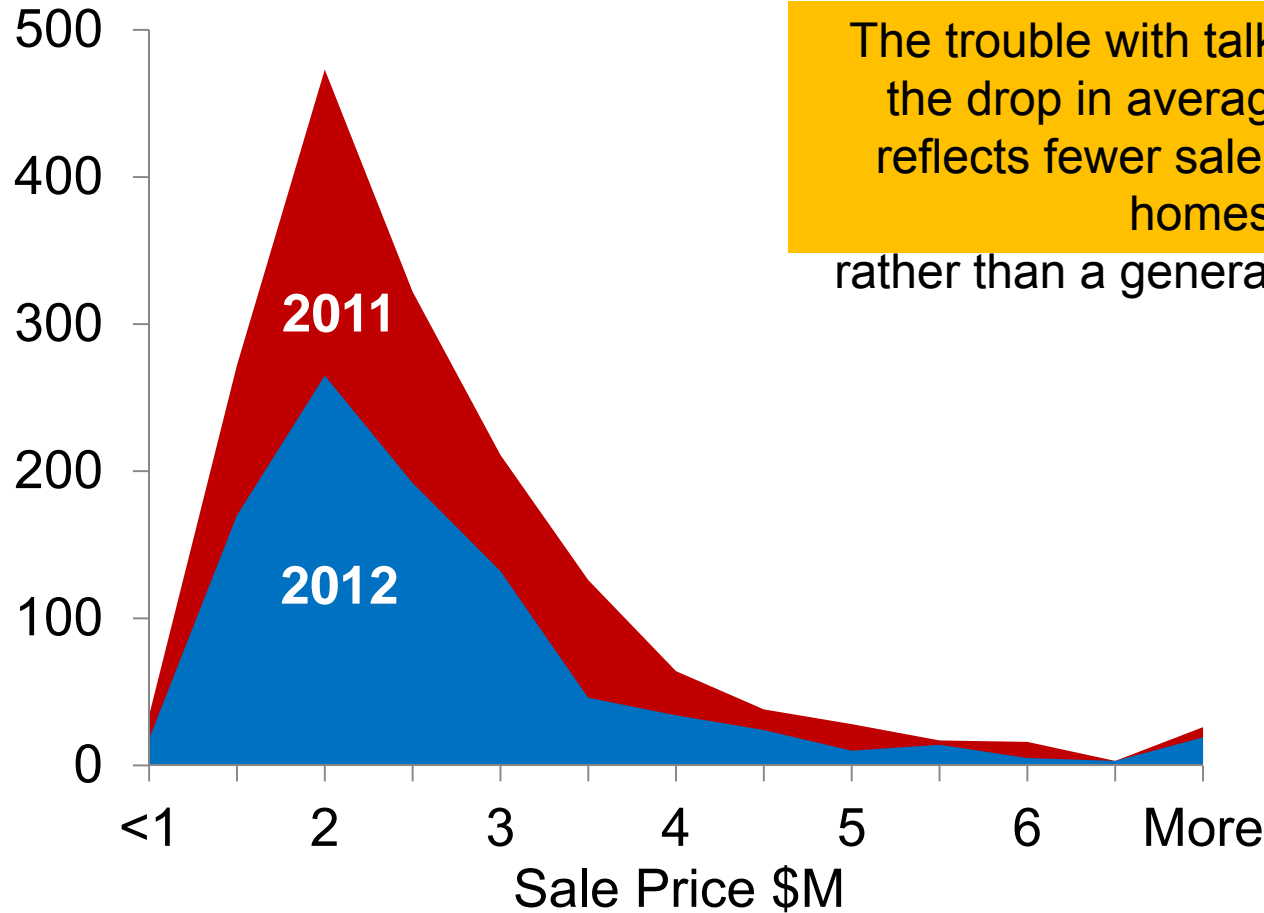


The trouble with talking averages:
the drop in average MLS price
reflects fewer sales of high-end
homes,
rather than a general drop in prices

Source: CMHC, adapted from REBGV

Fewer Detached Sales in Highest Priced Markets

Vancouver West MLS® Sales



The trouble with talking averages:
the drop in average MLS price
reflects fewer sales of high-end
homes,
rather than a general drop in prices

Price gains in
Shaughnessy
Point Grey
UEL

Source: CMHC, adapted from REBGV

Higher Priced Markets Normalize

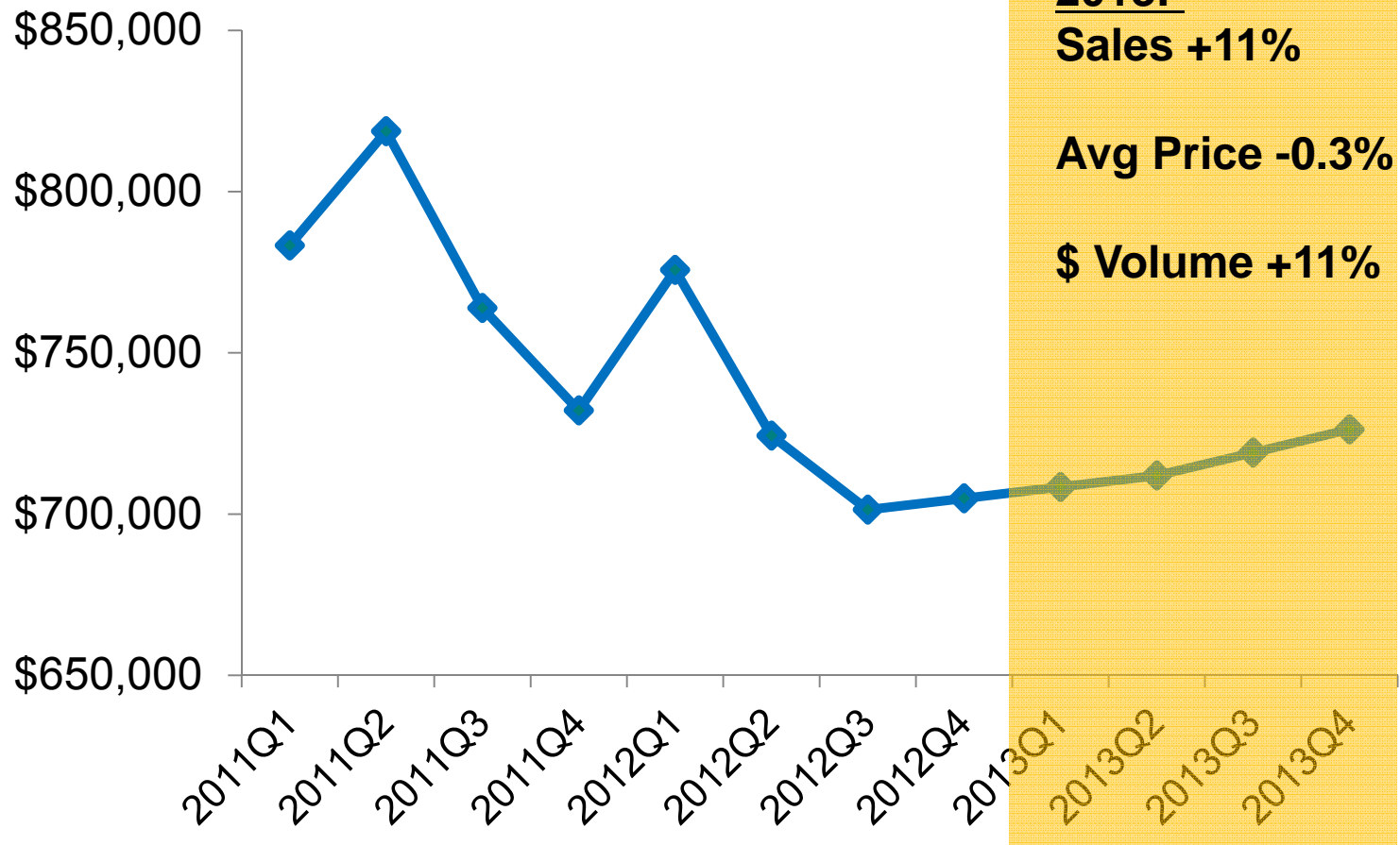
% Change Average MLS® Price



Source: CMHC, adapted from REBGV & FVREB, Avg Price 2012 vs. 2011

Prices Forecast to Edge Higher (slightly)

Average MLS® Price



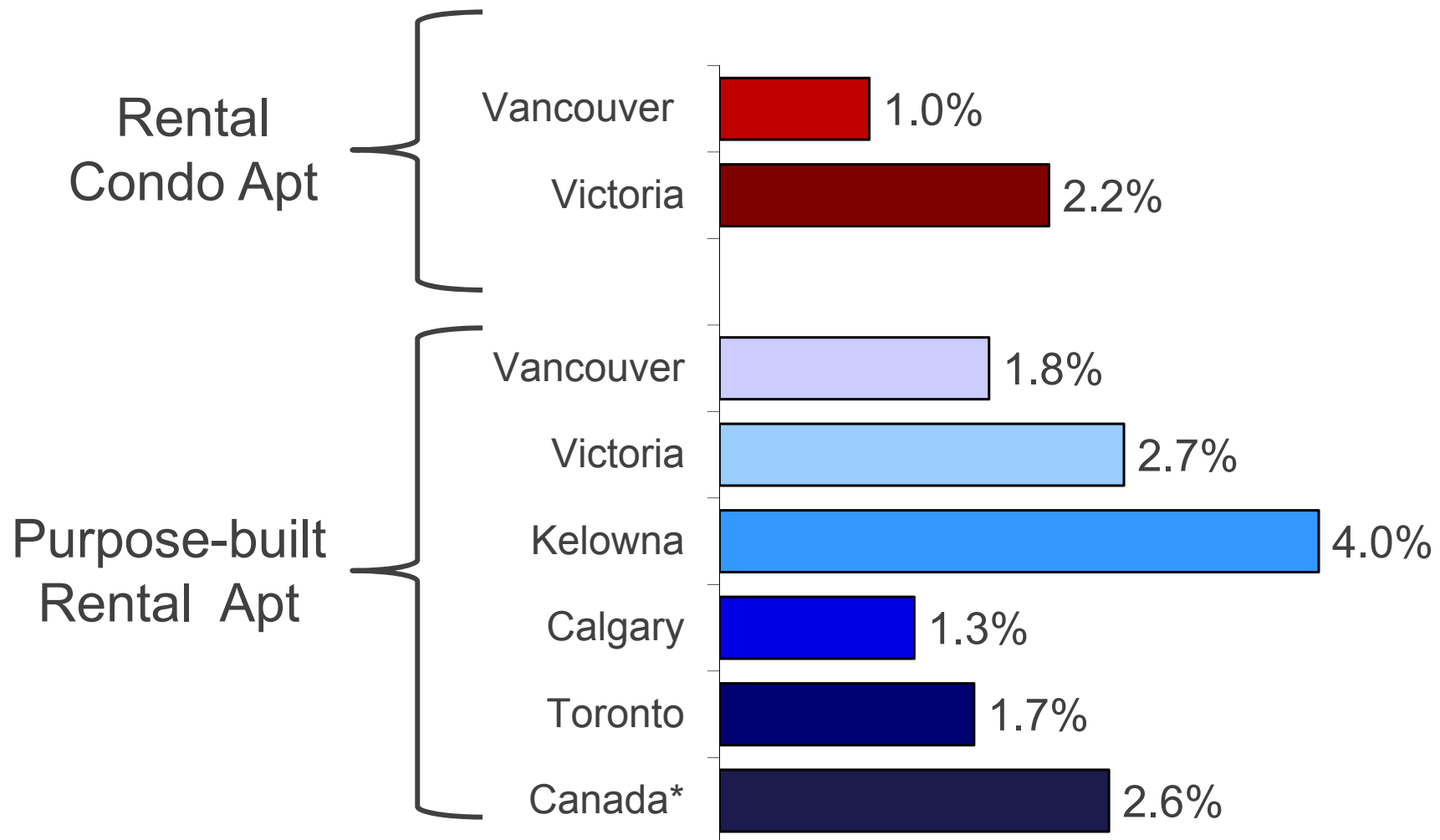
Sources: CREA, CMHC Forecast

Condo Market Trends to Watch in 2013

- ✓ Most investors hold unit for several years
- ✓ Supply of unsold condos rising but below previous peaks
- ✓ Condo prices stable

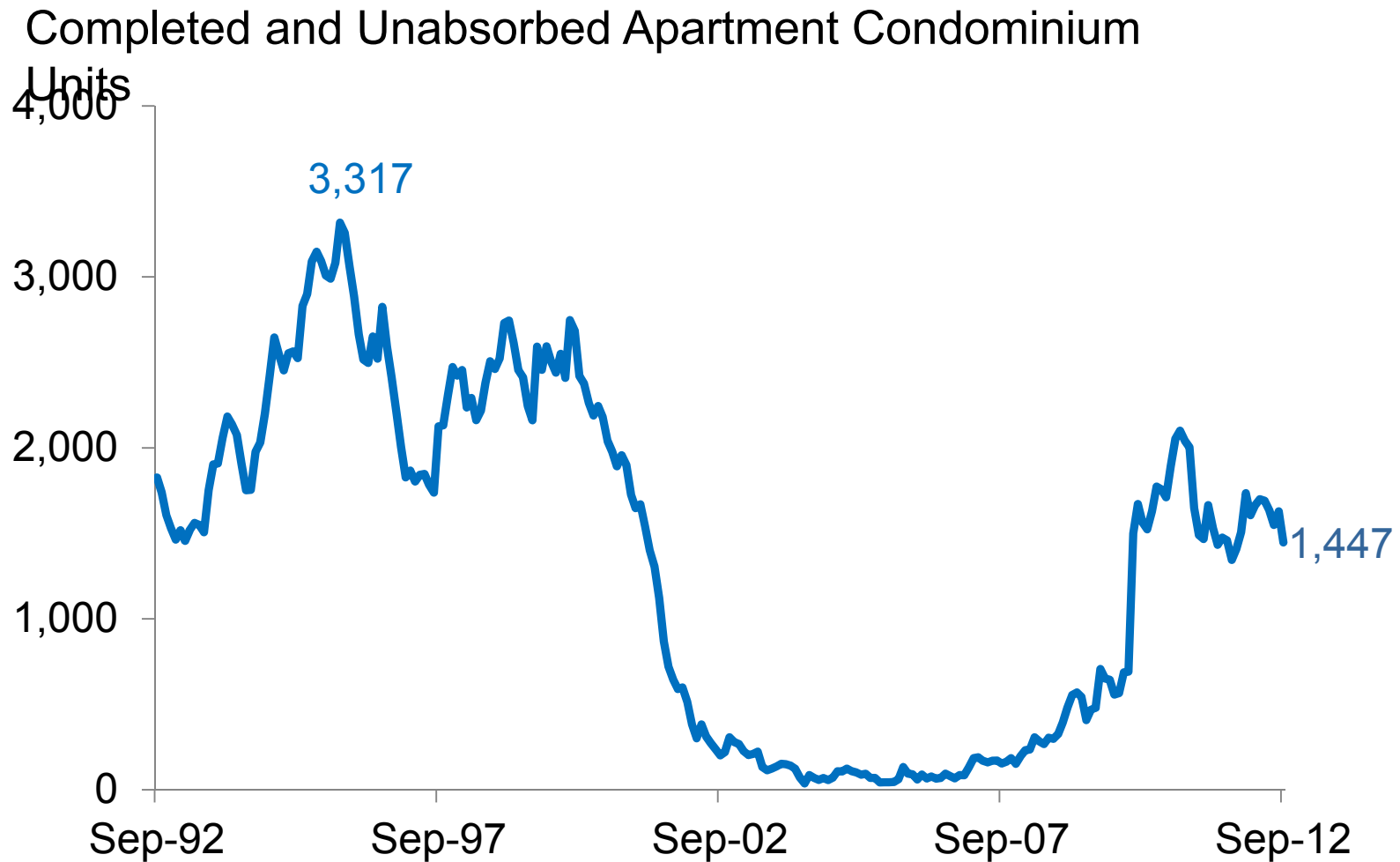


Rental Demand Keeps Vacancies Low



Source: CMHC Rental Market Survey Oct 2012, Condo Vacancy Survey Oct 2012 *Major Centres

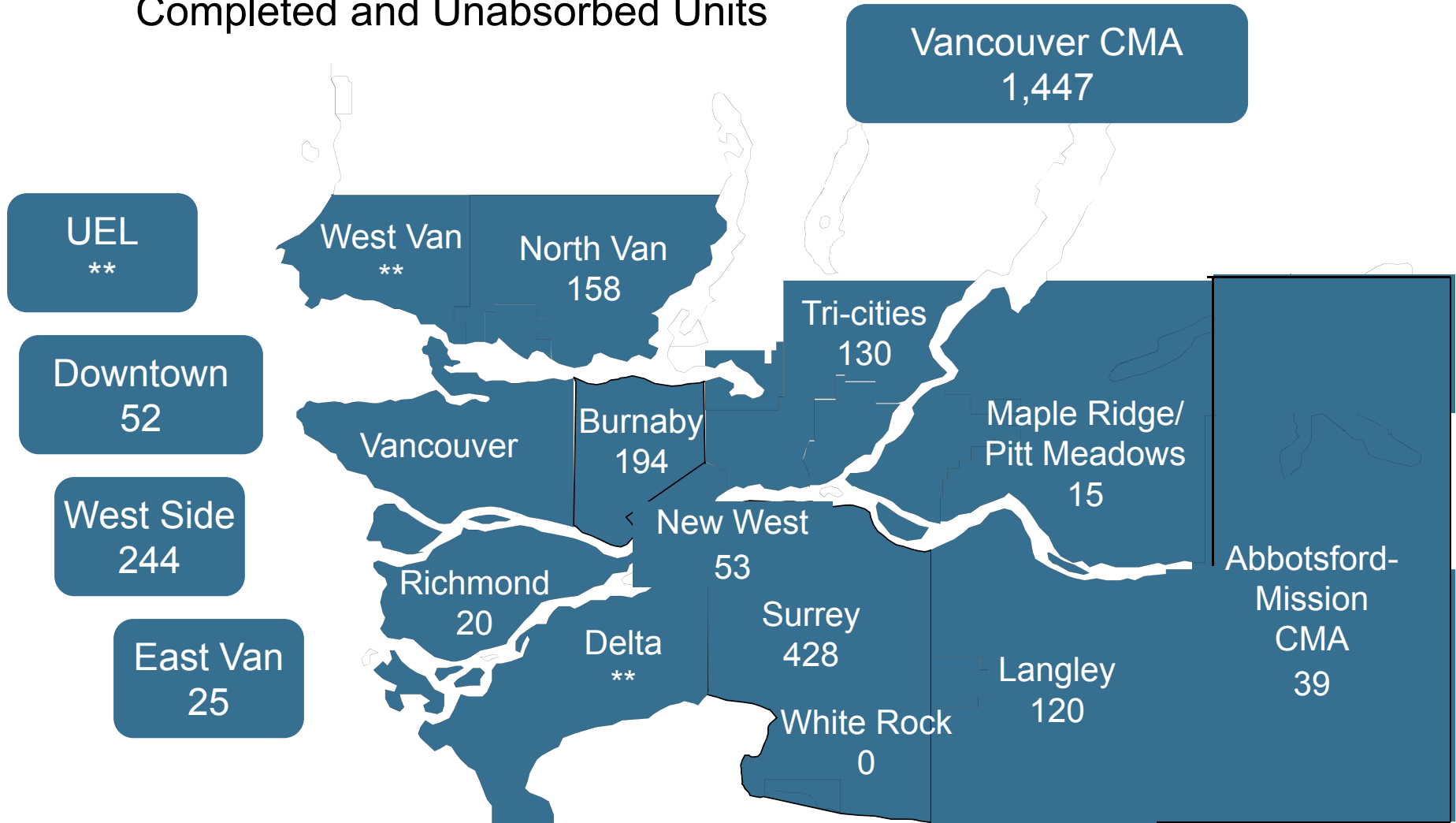
New Apartment Inventory Plateaus



Source: CMHC, Market Absorption Survey

Standing Inventory Concentrated

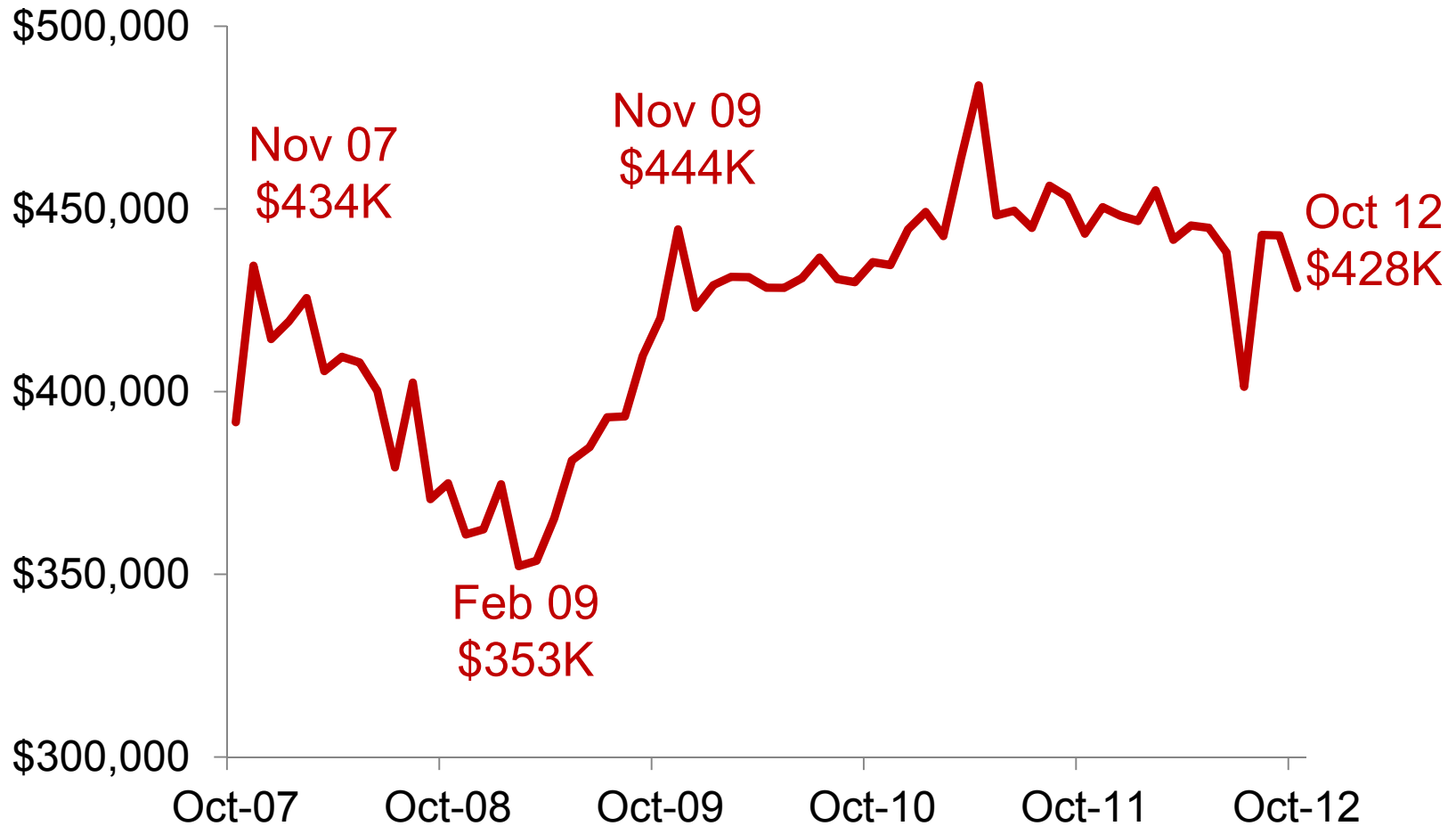
Completed and Unabsorbed Units



Source: CMHC Market Absorption Survey, Sept 2012

Condo Prices Stable Since Late 09

MLS® Average Condo Apt Price (SA)



Sources: REBGV, Condo Apt, Seasonal Adjustment by CMHC

Big Picture Trends to Watch in 2013

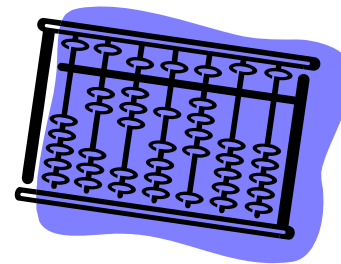
- ✓ Buyers' conditions until mid-year
- ✓ Shifting sales contribute to flat prices
- ✓ Housing starts target demographic demand
- ✓ Supply of homes for sale elevated but below peak



Thank You!!

For More Information Contact:

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Access Free Market Analysis Reports Online:

<http://www.cmhc-schl.gc.ca/en/inpr/homain/index.cfm>

**Including: Rental Market Reports & Forecast Reports
(Housing Market Outlook)**