

# Vancouver Housing Market

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*Housing market intelligence you can count on*

Canada



## Today's Talk

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- **Housing Demand**
- **Resale Market**



## Demand-side overview

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- **Population**
- **Economy**
- **Mortgage interest rates**

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## Population growth drives housing demand

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**Migration: main source of growth in population  
in British Columbia.**

**Annual net migration adds about 61,000 people.\***

**Housing demand 24,000 – 24,500 \***

\* 2009 estimate and 2010 projection

Source: CMHC, adapted from BC STATS

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## Population growth drives housing demand

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### Greater Vancouver Area:

**Annual net migration adds about 44,500 people.\***

**Housing demand 18,000 \***

\* 2009 estimate and 2010 projection

Source: CMHC, adapted from BC STATS

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## 2008 – 2020: Population aged 25-34 to increase in BC

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**Age cohort typically associated with first-time household formation**



Source: BC STATS



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## 2008 – 2020: Population aged 55-64 will increase in BC

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**Empty nesters typically associated with “downsizing”**



Source: BC STATS

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## Employment: Some gains but not much

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**Total employment up since Apr '09;**

**Part-time positions up but full-time positions down;\***

**Unemployment rate up: 7.3% in Aug '09 vs. 7.0% in Jul '09;**

**Average weekly wage rate growing about 2.6% per year over past 10 years.**

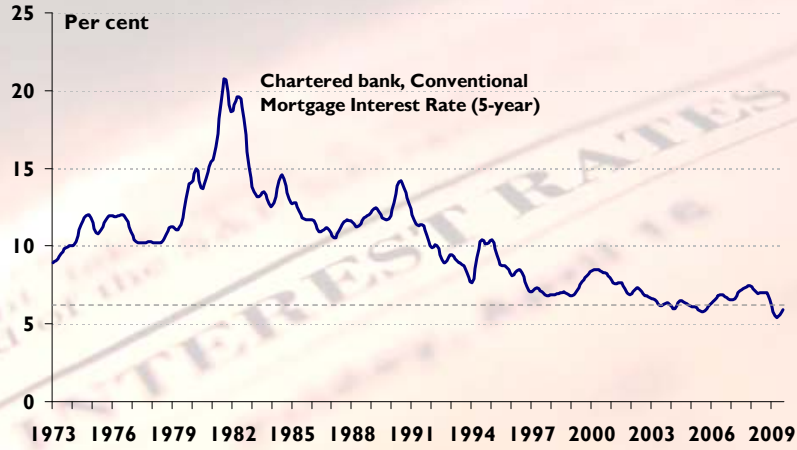
Source: Statistics Canada, BC Statistics

\* As of Jul 2009

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## Mortgage interest rates to remain low

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Source: Bank of Canada

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## Uncertainty and risks remain

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Can see light but economy not out of the woods yet

Retail sales improvement mostly price driven

Manufacturing shipments still volatile

Average weekly hours worked down

Exports still down

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# Resale Market

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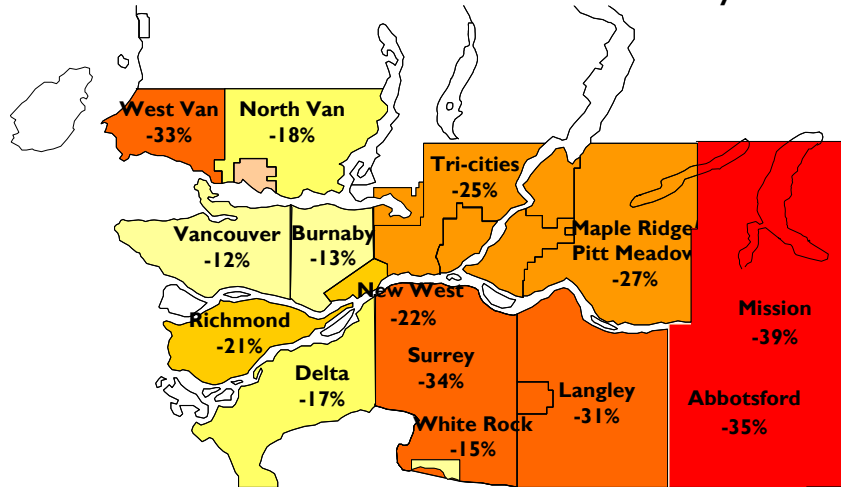
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# Spring: Sales Down from Last Year (Jan – May)

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**Greater Vancouver - 20%**

**Fraser Valley - 30%**



Sources: REBGV, Fraser Valley Real Estate Board (FVREB)  
% Change CMHC Calculation, YTD = Jan - May

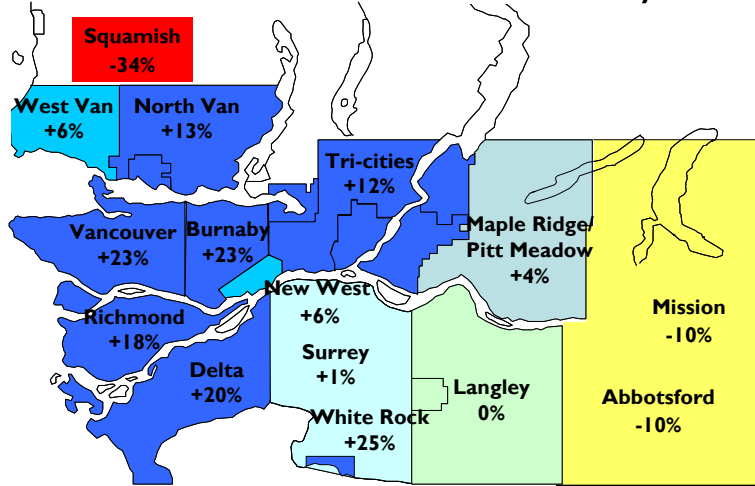
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# Sales Recover by End of Summer

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**Greater Vancouver +15%**

**Fraser Valley +2%**

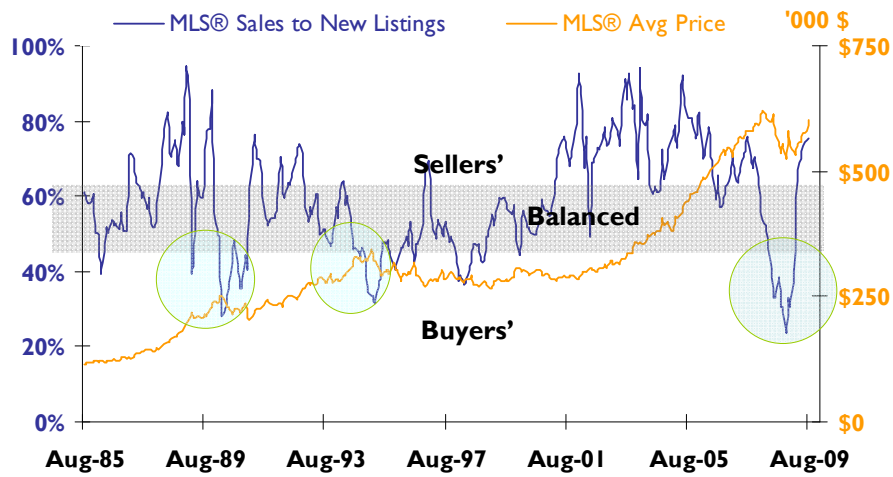


Sources: REBGV, Fraser Valley Real Estate Board (FVREB)  
 % Change CMHC Calculation, YTD 2008 → YTD 2009 (Jan - Aug)

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# Leading Indicator Bounces into Sellers' Territory

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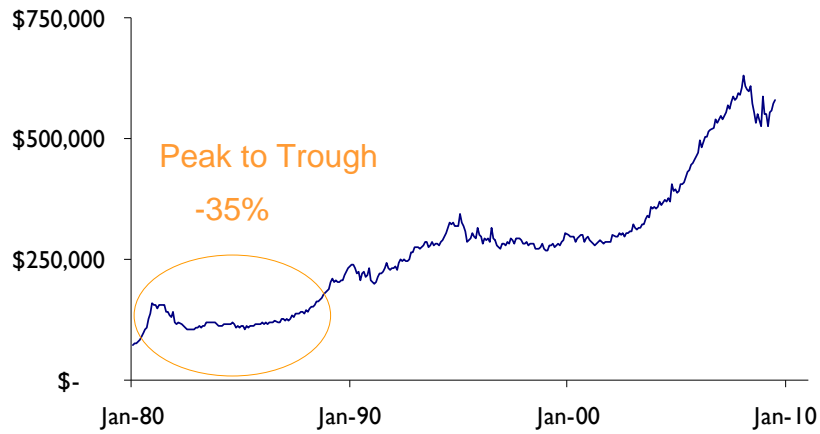
Source: REBGV, Seasonal Adjustment by CMHC, End Point Aug 09

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## Early 80's Price Correction Cycle

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### Average MLS® Price (Greater Vancouver)

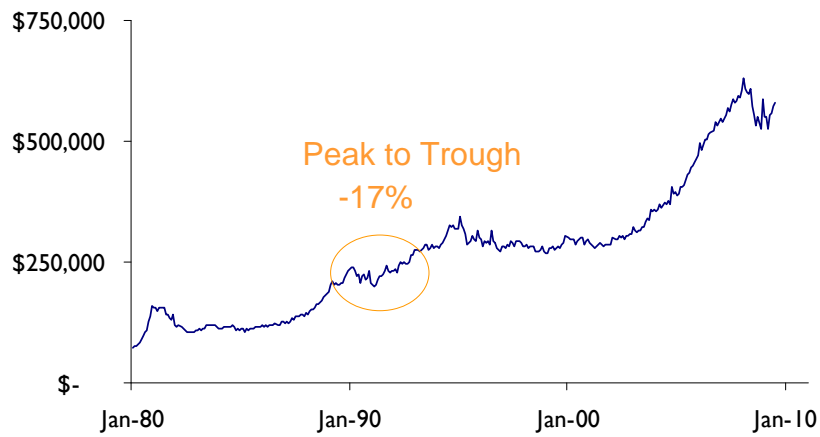


Source: CREA, Seasonal Adjustment by CMHC, End Point Jul 09

## Early 90's Price Correction Cycle

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### Average MLS® Price (Greater Vancouver)

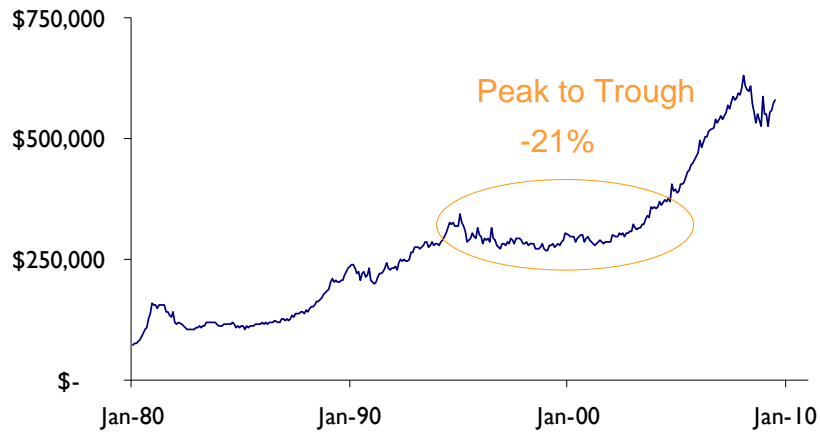


Source: CREA, Seasonal Adjustment by CMHC, End Point Jul 09

## Mid 90's Price Correction Cycle

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### Average MLS® Price (Greater Vancouver)

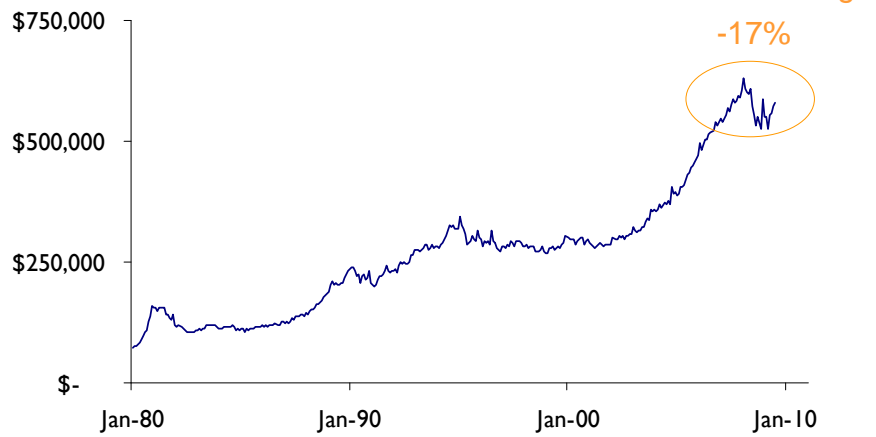


Source: CREA, Seasonal Adjustment by CMHC, End Point Jul 09

## Current Price Correction Cycle

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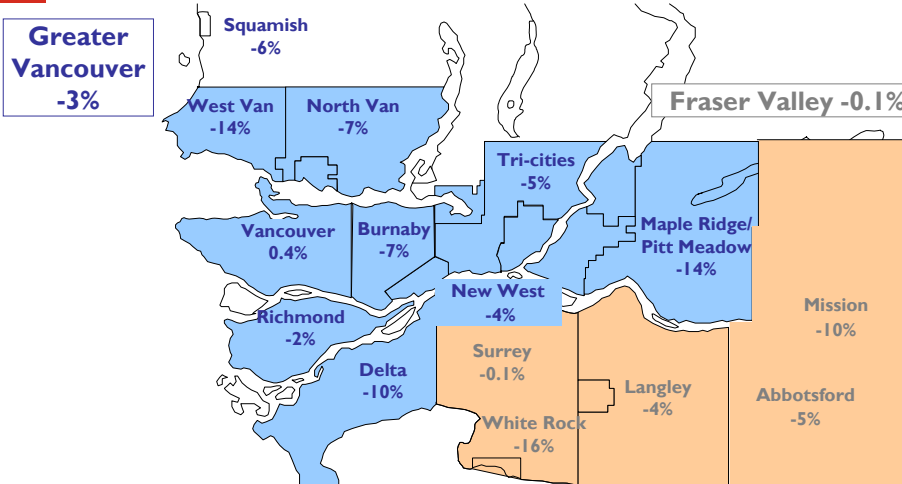
### Average MLS® Price (Greater Vancouver)



Source: CREA, Seasonal Adjustment by CMHC, End Point Jul 09

## Prices Still Below Peak Level

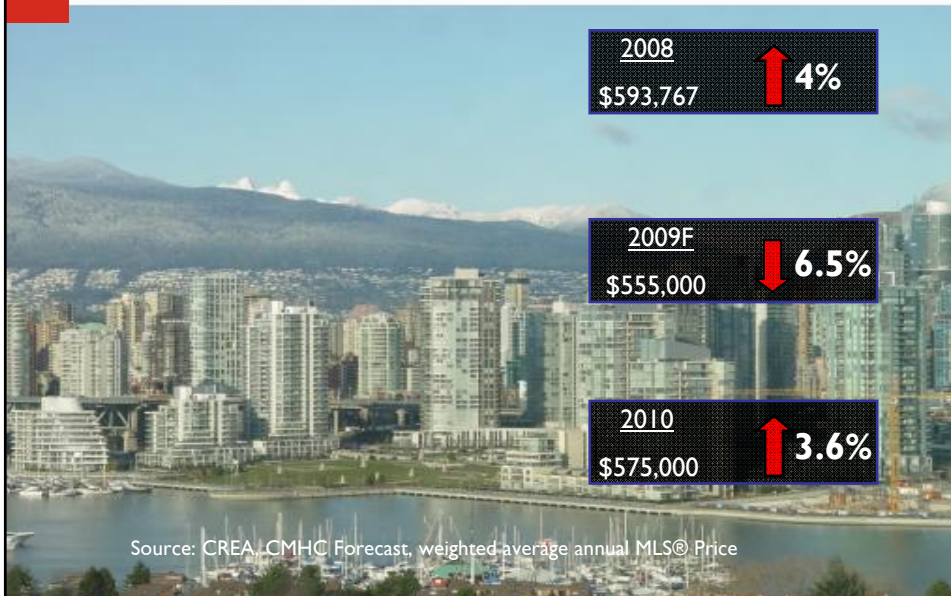
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Sources: REBGV, Fraser Valley Real Estate Board (FVREB)  
 % Change CMHC Calculation – peak (varies by area) to Aug. 2008 seasonally adjusted prices

## Home Price Forecast (Greater Vancouver)

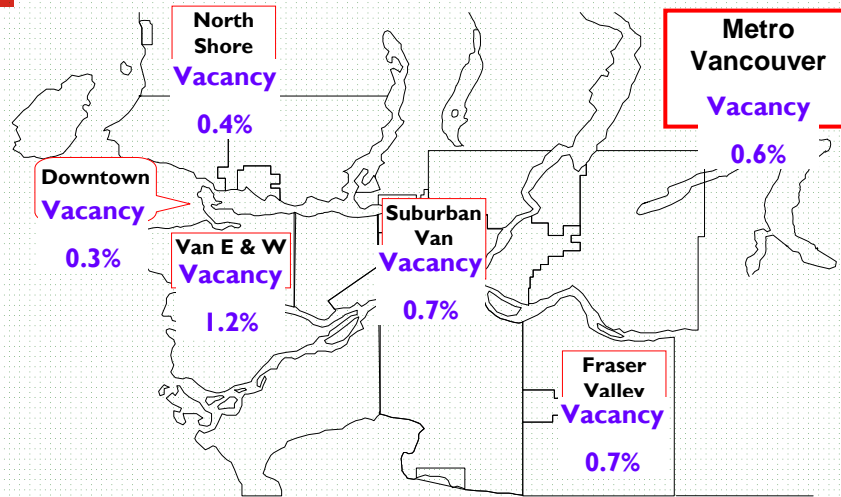
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Source: CREA, CMHC Forecast, weighted-average annual MLS® Price

## One-Fifth of Condos Rented Out

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Source: CMHC, Condo Vacancy Survey, Oct 2008

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## Investor Demand Cools

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- Fewer expectations of quick equity gains
- 40% down payment on condo  
=> positive cash flow as rental\*



\*Assumptions: 25 year amortization, Bank of Canada posted 5 yr mortgage rate, comparing average condo rent (\$1,334/mo) from CMHC Rental Market Survey Oct 08, and monthly carrying cost on average priced apartment condo as of July 09 (REBGV) \$400K, does not include property taxes or strata fees.

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## Wrap-Up

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Economy showing some positive signs

Resale market heating up again

Home prices will continue to adjust



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## Thank you!

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### Access Free Market Analysis Reports Online:

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

Forecast Reports (Canada, BC, Vancouver, Victoria, Kelowna): **Housing Market Outlook Report**

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