

HOUSING MARKET OUTLOOK

British Columbia Region Highlights

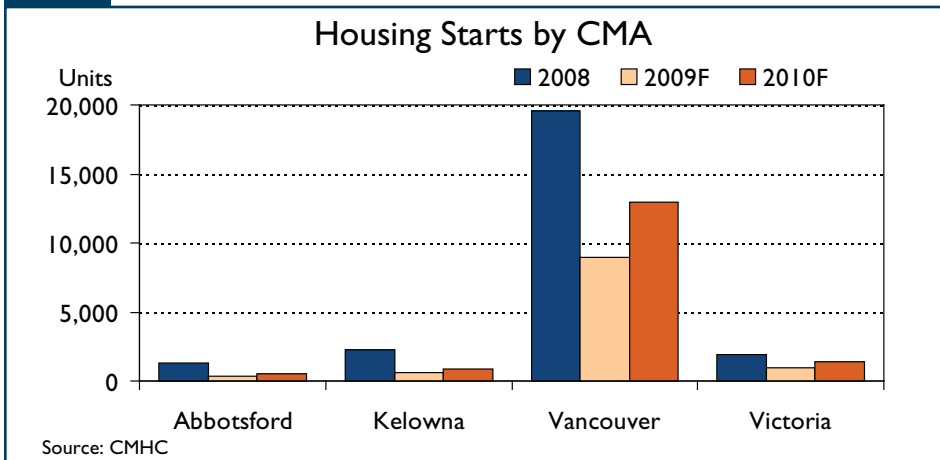


CANADA MORTGAGE AND HOUSING CORPORATION

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Housing Starts Up in 2010

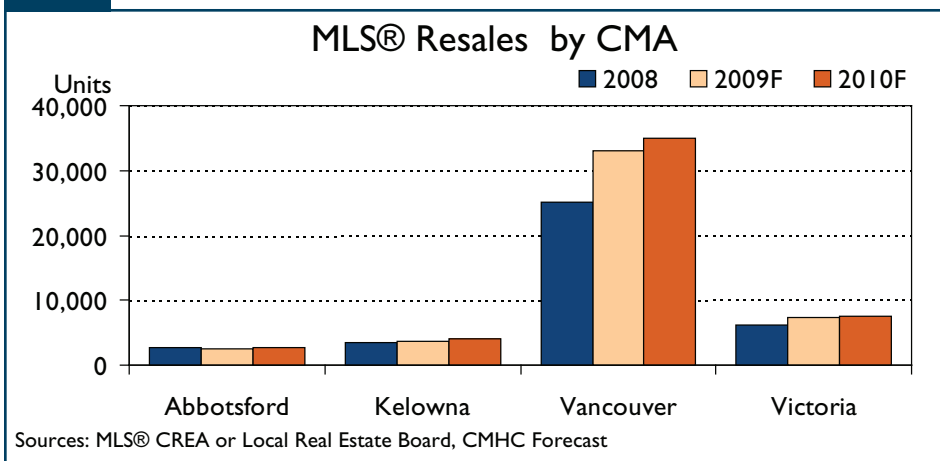
Figure 1



Overview

- A tight resale market will lead to more housing starts in 2010. Builders will increase residential construction next year as homebuyers look to new homes to meet their housing needs.
- Home resales will increase, but at a slower pace than this year, and new listings will rise in response to higher home prices. Sellers' or balanced market conditions will prevail. Existing home prices will be slightly higher than in 2009.

Figure 2



¹The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of October 1, 2009.

Economic Outlook

A stronger domestic economy will lead to more housing starts and increased renovation activity in 2010. Consumer spending, the largest component of the provincial economy, will add to growth. The recovery of the export sector, however, will be tempered by a high Canadian dollar.

The growing economy will add jobs in most sectors. Businesses will increase workers' hours, pushing up full-time employment. A global recovery is lifting energy prices and will create jobs in resource-rich parts of the province. British Columbia's 2010 Winter Olympics will boost tourism and retail spending. Employment in the service sector will increase to meet demand from a growing population.

Housing demand will receive a boost from the province's growing population, which is increasing at a faster pace than in the rest of Canada. The province's share of international migration has increased from 14.9 per cent in 2002 to 17.7 per cent in 2008. Interprovincial migration will also boost the population, although to a lesser extent. New arrivals will add to demand for rental and ownership housing.

The Bank of Canada cut the Target for the Overnight Rate in the early months of 2009. The rate was 1.50 per cent at the start of 2009 and has since fallen to 0.25 per cent. The Bank has committed to keeping this rate at 0.25 per cent through the middle of 2010 unless inflationary pressures warrant an increase.

Mortgage rates have fallen over the course of 2009, but are now expected to remain relatively stable for the rest of the year. Posted mortgage rates will gradually increase through 2010, but will do so at a slow pace. For 2010, the one-year posted mortgage rate will be in the 3.50-4.25 per cent range, while three and five-year posted mortgage rates are forecast to be in the 4.50-6.00 per cent range.

Mortgage rates		
1 Year	Q2 2009	3.85
	% pt. chg from Q2 2008	-2.83
	2009 (F)	4.03
	2010 (F)	3.83
5 Year	Q2 2009	5.45
	% pt. chg from Q2 2008	-1.48
	2009 (F)	5.55
	2010 (F)	5.75

Source: Bank of Canada, CMHC Forecast

NOTE: Mortgage rate forecast is based on Q2 2009 data

Housing Outlook

A strong resale market will lift new residential construction in 2010. Resale market conditions tightened during the second half of 2009. Lower home prices and low mortgage interest rates drew buyers back to the housing market. This pick up in home sales will reduce the supply of available existing homes for sale, and prompt builders to start more homes. In 2010 a higher level of home resales will be sustained by further job and income growth.

The sales-to-new listings ratio, a measure of supply relative to demand for existing homes, will stabilize next year. Sellers' or balanced market conditions will prevail as sales pick up and higher home prices draw more

listings. The average MLS home price will increase modestly in 2010.

Builders will respond to firmer home prices brought about by the lower levels of new home supply in both the resale and new home markets. Fewer housing starts in 2009 held inventories of newly completed and unoccupied homes in check. The numbers of new single-detached homes, row and townhouses available for occupancy will trend lower.

A rebound in both single-detached and multi-family housing starts will bring the level of residential construction closer to, but still below, the ten-year average. Single-detached homes starts are rising and will continue to trend higher next year. 2010 will see an

increase in the number of apartment condominiums started. Developers will continue to build smaller, phased projects. Some larger towers will also get underway, reflecting growing consumer demand for denser, less expensive housing. Total housing starts will be in the range of 20,200 to 26,800 homes next year.

B.C. Region Economic and Housing Indicators

		Labour Market			Housing Market					
		Emp. Growth SA ² (%)	Unemp. Rate SA ² (%)	Average Weekly Earnings (\$)	Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ³ (\$)	
Kamloops	Q3 2009	-2.4	8.3	n/a	Q3 2009	128	68	60	535	\$370,858
	Q3 2008	8.6	4.7	n/a	Q3 2008	230	81	149	470	\$380,713
	Change ¹	-11.0	3.6	-	% Change	-44.3	-16.0	-59.7	13.8	-2.6
Nanaimo	Q3 2009	-6.4	6.5	n/a	Q3 2009	229	88	141	629	\$314,213
	Q3 2008	4.6	6.8	n/a	Q3 2008	386	97	289	433	\$326,196
	Change ¹	-10.9	-0.2	-	% Change	-40.7	-9.3	-51.2	45.3	-3.7
Prince George	Q3 2009	-10.3	11.8	n/a	Q3 2009	63	47	16	330	\$231,650
	Q3 2008	3.5	8.0	n/a	Q3 2008	53	43	10	343	\$243,500
	Change ¹	-13.8	3.7	-	% Change	18.9	9.3	n/a	-3.8	-4.9
Abbotsford	Q3 2009	-4.1	8.9	768	Q3 2009	97	65	32	868	\$336,592
	Q3 2008	6.0	4.6	740	Q3 2008	291	135	156	895	\$362,549
	Change ¹	-10.2	4.3	3.8%	% Change	-66.7	-51.9	-79.5	-3.0	-7.2
Kelowna	Q3 2009	0.3	7.5	795	Q3 2009	193	115	78	1,068	\$397,909
	Q3 2008	16.0	5.1	800	Q3 2008	339	201	138	1,142	\$468,816
	Change ¹	-15.7	2.5	-0.6%	% Change	-43.1	-42.8	-43.5	-6.5	-15.1
Vancouver	Q3 2009	0.0	7.1	818	Q3 2009	2,302	945	1,357	11,325	\$599,980
	Q3 2008	1.4	4.3	787	Q3 2008	5,486	1,085	4,401	5,446	\$558,092
	Change ¹	-1.4	2.8	3.8%	% Change	-58.0	-12.9	-69.2	108.0	7.5
Victoria	Q3 2009	-6.0	6.1	784	Q3 2009	319	214	105	2,336	\$485,608
	Q3 2008	4.2	3.3	778	Q3 2008	477	217	260	1,569	\$473,486
	Change ¹	-10.2	2.8	0.8%	% Change	-33.1	-1.4	-59.6	48.9	2.6
B.C.	September 09	-2.0	7.4	802	Q3 2009	4,631	2,431	2,200	27,193	\$469,450
	September 08	1.9	4.7	785	Q3 2008	9,692	3,441	6,251	16,835	\$427,707
	Change ¹	-3.9	2.7	2.1%	% Change	-52.2	-29.4	-64.8	61.5	9.8
CANADA	September 09	-2.1	8.4	808	Q3 2009	42,934	23,173	19,761	135,182	\$327,736
	September 08	1.5	6.2	789	Q3 2008	58,292	27,724	30,568	114,786	\$296,173
	Change ¹	-3.6	2.2	2.4%	% Change	-26.3	-16.4	-35.4	17.8	10.7

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¹Changes to the Unemployment Rate and Employment Growth represent the **absolute** difference between current rates and the rates for the same period in the previous year.

²Seasonally adjusted Labour Force data is not available for Kamloops, Nanaimo, Prince George, and Kelowna, therefore, raw data was used.

³MLS® Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA

"SA" means Seasonally Adjusted

B.C. Region Housing Forecast - New Construction									
	Housing Starts	2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
Kamloops	Single-Detached	307	185	-39.7	275	48.6	116	266	-56.4
	Multiple	271	225	-17.0	200	-11.1	213	263	-19.0
	Total	578	410	-29.1	475	15.9	329	529	-37.8
Nanaimo	Single-Detached	389	280	-28.0	350	25.0	173	332	-47.9
	Multiple	532	550	3.4	450	-18.2	456	476	-4.2
	Total	921	830	-9.9	800	-3.6	629	808	-22.2
Prince George	Single-Detached	146	80	-45.2	90	12.5	73	126	-42.1
	Multiple	69	40	-42.0	40	0.0	30	33	-9.1
	Total	215	120	-44.2	130	8.3	103	159	-35.2
Abbotsford	Single-Detached	358	130	-63.7	150	15.4	119	299	-60.2
	Multiple	927	220	-76.3	350	59.1	127	907	-86.0
	Total	1,285	350	-72.8	500	42.9	246	1,206	-79.6
Kelowna	Single-Detached	765	325	-57.5	475	46.2	248	643	-61.4
	Multiple	1,492	325	-78.2	400	23.1	112	1,470	-92.4
	Total	2,257	650	-71.2	875	34.6	360	2,113	-83.0
Vancouver	Single-Detached	3,634	2,400	-34.0	3,000	25.0	1,820	2,953	-38.4
	Multiple	15,957	6,600	-58.6	10,000	51.5	3,824	12,711	-69.9
	Total	19,591	9,000	-54.1	13,000	44.4	5,644	15,664	-64.0
Victoria	Single-Detached	673	560	-16.8	700	25.0	410	548	-25.2
	Multiple	1,232	385	-68.8	650	68.8	210	1,146	-81.7
	Total	1,905	945	-50.4	1,350	42.9	620	1,694	-63.4
B.C.	Single-Detached	10,991	6,700	-39.0	8,400	25.4	5,097	8,984	-43.3
	Multiple	23,330	8,500	-63.6	15,000	76.5	5,696	19,217	-70.4
	Total	34,321	15,200	-55.7	23,400	53.9	10,793	28,201	-61.7
CANADA	Single-Detached	93,202	70,351	-24.5	79,700	13.3	51,016	72,320	-29.5
	Multiple	117,854	71,550	-39.3	85,200	19.1	51,488	91,669	-43.8
	Total	211,056	141,900	-32.8	164,900	16.2	102,504	163,989	-37.5

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

Source: CMHC (Starts and Completions Survey)

(F) = CMHC Forecast

B.C. Region Housing Forecast - Resale Market									
		2008	2009(F)*	% chg (2008/2009)	2010(F)*	% chg (2009/2010)	YTD 2009	YTD 2008	% chg (2008/2009)
Kamloops¹	MLS® Sales	1,641	1,850	12.7	2,200	18.9	1,456	1,477	-1.4
	MLS® Avg. Price	379,929	365,000	-3.9	383,000	4.9	356,440	385,899	-7.6
Nanaimo¹	MLS® Sales	1,599	1,500	-6.2	1,600	6.7	1,395	1,395	0.0
	MLS® Avg. Price	332,555	316,000	-5.0	320,000	1.3	314,690	331,879	-5.2
Prince George¹	MLS® Sales	1,168	950	-18.7	975	2.6	848	969	-12.5
	MLS® Avg. Price	240,240	227,000	-5.5	235,000	3.5	232,175	242,050	-4.1
Abbotsford	MLS® Sales	2,674	2,600	-2.8	2,700	3.8	392	759	-48.4
	MLS® Avg. Price	355,099	340,000	-4.3	346,000	1.8	329,025	357,361	-7.9
Kelowna	MLS® Sales	3,445	3,600	4.5	4,100	13.9	1,566	2,221	-29.5
	MLS® Avg. Price	430,755	405,000	-6.0	425,000	4.9	386,158	444,031	-13.0
Vancouver	MLS® Sales	25,149	33,000	31.2	35,000	6.1	26,790	21,940	22.1
	MLS® Avg. Price	593,767	580,000	-2.3	605,000	4.3	579,012	600,884	-3.6
Victoria	MLS® Sales	6,171	7,300	18.3	7,450	2.1	5,994	5,390	11.2
	MLS® Avg. Price	484,898	474,000	-2.2	487,000	2.7	470,934	490,145	-3.9
B.C.	MLS® Sales	68,923	77,400	12.3	83,000	7.2	63,522	59,742	6.3
	MLS® Avg. Price	454,599	452,000	-0.6	460,000	1.8	457,399	460,621	-0.7
Canada²	MLS® Sales	433,990	441,300	1.7	445,150	0.9	358,466	364,328	-1.6
	MLS® Avg. Price	303,607	312,950	3.1	324,500	3.7	314,874	309,093	1.9

* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges

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¹ MLS® Average Price for Prince George, Nanaimo, and Kamloops is for single-detached units only

² Canada total excludes the territories

Source: CREA

(F) = CMHC Forecast

B.C. Region Housing Forecast - Rental Market

	Vacancy Rate		Average Rent 1-Bedroom Units		Average Rent 2-Bedroom Units	
	2008	2009(F)	Oct 2008	Oct 2009(F)	Oct 2008	Oct 2009(F)
Kamloops	0.4	1.5	660	690	788	825
Nanaimo	1.2	1.4	614	645	750	788
Prince George	3.9	5.7	598	610	692	705
Abbotsford	2.6	4.0	627	640	765	775
Kelowna	0.3	3.0	803	810	967	970
Vancouver	0.5	1.2	880	910	1,124	1,164
Victoria	0.5	1.1	764	790	965	1,050
Canada¹	2.3	2.3	n/a	n/a	n/a	n/a

Source: CMHC Fall Rental Market Survey

(F) = CMHC Forecast

¹ All centres 100,000+

B.C. Region - Housing Forecast Ranges

	2009			2010		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
British Columbia						
Housing Starts	15,200	15,600	14,850	23,400	26,800	20,200
Multiple	8,500	8,750	8,250	15,000	17,100	12,700
Single	6,700	6,850	6,600	8,400	9,700	7,500
MLS® Sales	77,400	79,500	76,700	83,000	85,300	77,700
MLS® Average Price (\$)	452,000	461,000	444,300	460,000	485,500	440,000
Canada						
Housing Starts	141,900	146,000	138,000	164,900	190,000	135,000
Multiple	71,550	73,850	69,200	85,200	96,400	71,900
Single	70,351	72,150	68,800	79,700	93,600	63,100
MLS® Sales	441,300	453,500	437,000	445,150	460,000	415,000
MLS® Average Price (\$)	312,950	316,500	309,000	324,500	341,500	313,000

Sources : CMHC

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