

B.C. Housing Forecast 2013 - 2015

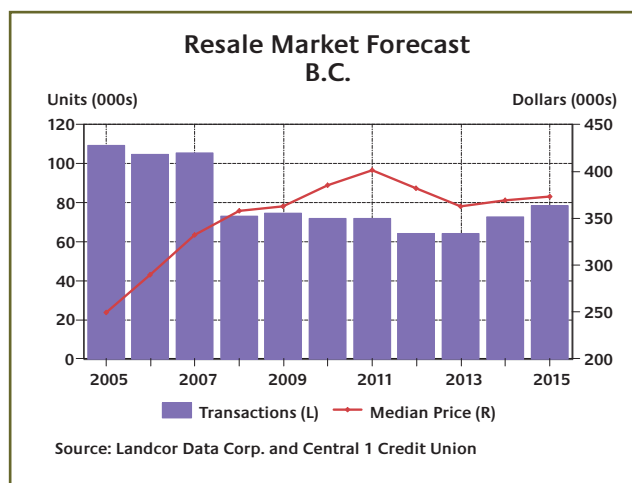
Highlights:

- B.C. home sales to strengthen in the fall but the recovery will be modest
- Annual sales in Lower Mainland to dip as sales edge higher elsewhere in the province
- Median annual price to slip 5 per cent in 2013 to about \$363,000, matching a level last seen in 2009
- Slow job growth, weak population gains will temper demand
- Tighter mortgage conditions dampen first-time buyer activity
- Housing starts to decline in 2013 before cyclical increase takes hold in 2014 and 2015

Housing will drag on provincial economic growth in 2013 and 2014 as constrained demand will suppress home sales and growing inventory will lead developers to dial back project starts. Weak market conditions will fuel modest price declines in most regions this year before stabilizing in the latter half. Resale transaction volume and housing starts are expected to trend to more respectable levels in 2015, as stronger economic growth results in higher incomes and demand fuels activity.

Economic and demographic drivers point to weak housing recovery

A B.C. housing market recovery will depend on the strength of economic and population growth, given



mortgage rates that are already at near historical lows, will not be a catalyst for a rebound. However, the signs don't look good for a substantial rebound over the next two years.

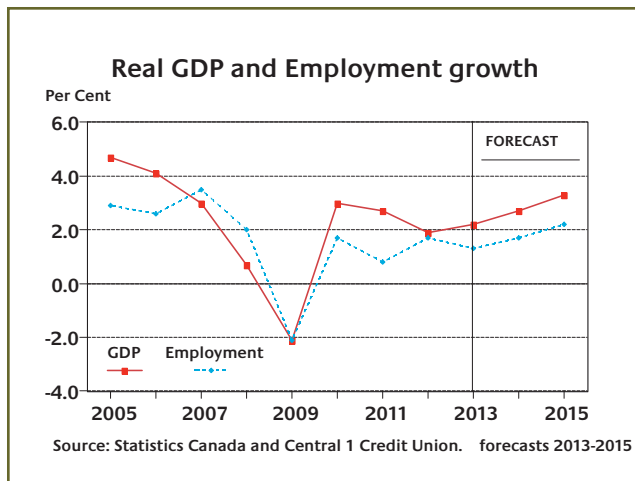
Central 1 forecasts economic growth will remain subdued at about 2 per cent this year, following last year's deceleration to 1.9 per cent. Growth will accelerate in 2014 as U.S. growth pulls the B.C. economy into a higher gear, but gains will remain modest. The growth cycle is forecast to pick up through 2015 and beyond as a global economic pick-up kicks into higher gear.

The provincial labour market will underperform, accordingly. While employment growth accelerated to 1.7 per cent last year, following an abysmal 2011, gains were front-loaded with little improvement following the spring. Substantial labour market slack contributed to below average income growth. One of the few bright spots was a shift of the market towards full-time employment, suggesting some consolidation of employees and increased hours per worker. Employment is forecast to rise by only 1.3

Housing Forecast

	2010	2011	2012	2013F	2014F	2015F
Residential Resale Transactions, Units	71,852	71,819	64,399	64,180	72,590	78,500
% change	-3.8	-0.0	-10.3	-0.3	13.1	8.1
Residential Median Resale Transaction Price	385,000	401,000	382,000	363,000	369,000	373,000
% change	6.1	4.2	-4.7	-5.0	1.7	1.1
Housing Starts	26,479	26,400	27,465	24,800	26,600	30,000
% change	64.7	-0.3	4.0	-9.7	7.3	12.8

Source: Landcor Data Corp., CMHC, Central 1 Credit Union



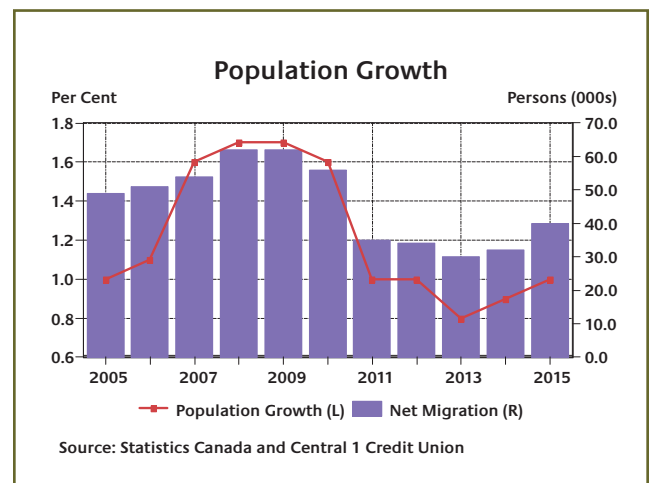
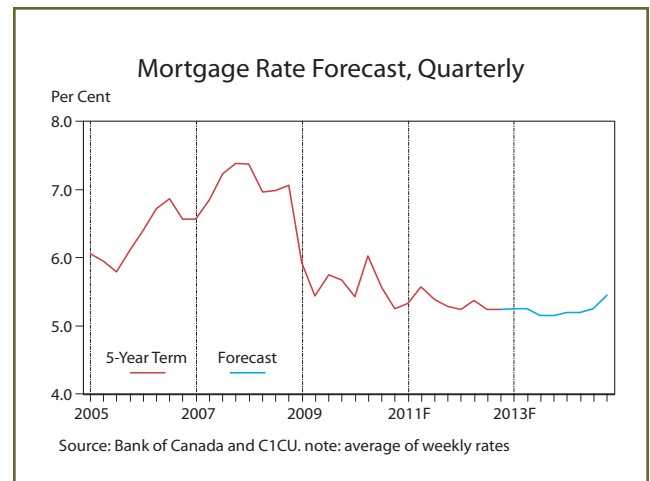
per cent this year with modest improvement in 2014 and 2015, generating income growth in line with inflation.

Low population growth has both contributed to and been reflective of the subdued economic expansion and labour market conditions. B.C. residents have been attracted eastward to the Prairies by attractive job prospects and incomes, more than offsetting net inflows from other provinces. Annual inter-provincial net migration was negative for the first time since 2003 and that trend looks set to continue. Net international migration – the primary source of population growth -- picked up from a multi-year low in 2011, but remained below average as global economic conditions slowed the flow of entries. Population growth is forecast to trend at or below 1 per cent through 2015.

Subdued employment trends and weak population gains point to a slowdown in household formation, which will generate tempered homeownership demand through 2014.

Tighter financing conditions to hamper demand

Mortgage financing constraints will continue to hamper sales activity. Last year's reduction in the maximum amortization period for federally-backed mortgage insurance to 25-years curtailed buying power for lower-equity and first-time buyers. Shorter amortization periods are similar to a permanent interest rate bump and lower the maximum amount that can be borrowed by households, which reduces the pool of qualified buyers. Mortgage insurance was also limited to properties valued below a \$1 million threshold.



While some priced-out buyers will find homes affordable this year following modest price declines and some income gains, financing constraints will contribute to a continuation of weak home sales and factor into fewer move-up purchases.

In addition, credit standards for federally regulated financial institutions were also tightened by the Office of the Superintendent of Financial Institutions (OSFI) late in the year. Both measures will impede household credit growth and lower homeownership demand.¹

Reversion to PST on April 1 to nudge up home sales

The long-awaited switch back to a PST from the current HST tax system will likely generate a slight bump in home sales after April. While resale home sales are not directly subject to value-added taxes and the impacts on new home sales have been mitigated in part by transitional rebates, some buyers have

¹ OSFI, Residential Mortgage Underwriting Practices and Procedures, http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/guidelines/sound/guidelines/b20_e.pdf

likely delayed purchases to avoid additional taxes on closing costs and professional services. Reversion to a PST will also lower taxes on real estate commission. Buyers may see this as a sign of greater price flexibility on the part of sellers. The tax regime shift will also provide a boost to renovation activity.

Home sales will fail to rebound in 2013

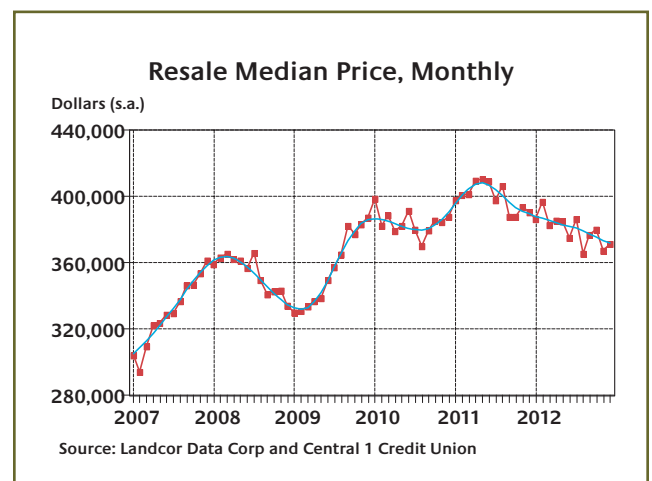
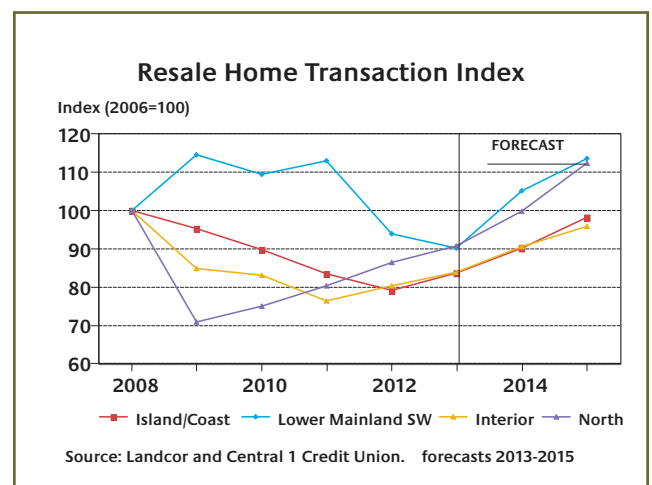
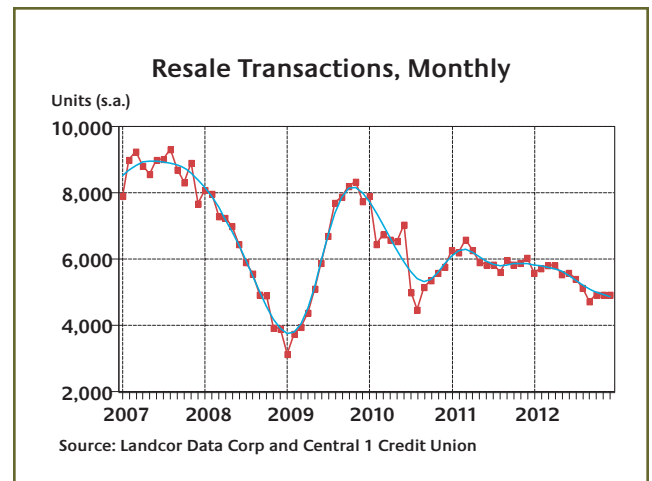
B.C. resale activity is forecast to hold steady this year but, coming off a 12-year low of 64,400 units, 2013 resales will again be dismal. The year-long housing correction in resale home transactions likely bottomed in the first quarter of 2013 and a nascent recovery is expected through the rest of the year – however, gains will be modest. Annual sales are forecast to reach about 64,200 units. Sluggish employment and population growth, and stringent credit conditions will be the primary anchors.

Lower Mainland-Southwest (LMSW) resale transactions, which account for about 60 per cent of provincial sales, are forecast to decline by 4 per cent despite a second half upshift in momentum that will extend into 2014. Tightening of mortgage insurance rules hit the region particularly hard. In contrast, higher activity in other regions of the province will provide an offset. Housing volumes in the Okanagan, Kootenay and Vancouver Island remain near recessionary levels as they struggle with weak demand and excess inventory, but sales are bottom-building and expected to rise with moderate improvements in demand and easing of new home inventory. Sales declines in the Lower Mainland will keep provincial condominium apartment sales low following a 14 per cent drop in 2012.

A positive sales trajectory is expected to extend through 2014, generating annual sales growth of about 13 per cent in 2014 and 8 per cent in 2015 to 78,500 units. Improving growth in the economy will be the driving factors as will higher consumer confidence. Sales growth is forecast to decelerate later in the forecast horizon as rising mortgage rates pare the housing market recovery.

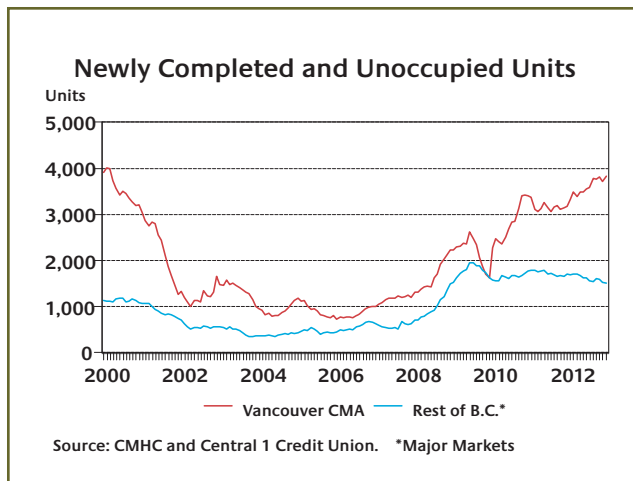
Median price to fall 5 per cent this year

Provincial median home values have eroded since mid-2011 and that trend looks likely to continue into the second half of 2013. Persistent low home sales and excess inventories in most regions of the province will pull the median value down for a second consecutive year as more sellers waver on asking prices amidst buyers' market conditions. Following last year's 4 per cent decline, expect B.C.'s median



annual price to slip 5 per cent to about \$363,000, matching a level last seen in 2009.

A 5.5 per cent decline in the Lower Mainland-Southwest median home price will drive provincial performance. Despite sales advances in the central and southern interior markets, and on the Vancouver Island, the persistence of weak demand in the recreational and retiree markets will further erode prices. These markets have recorded low volume and



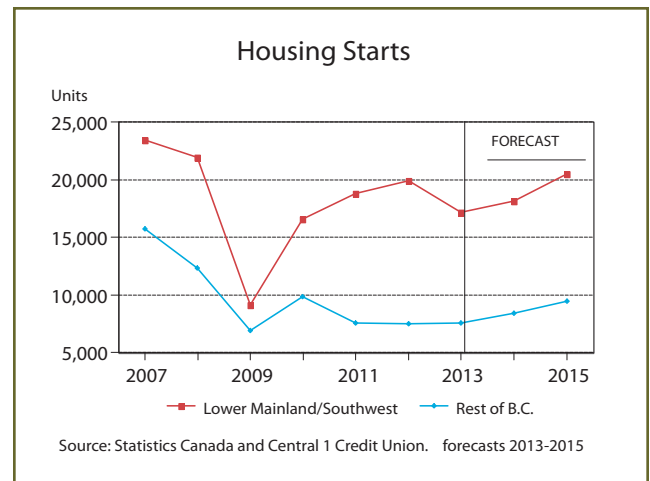
gradual price declines since the recession. Northerly markets are expected to observe stronger sales and price profiles as major project construction and investment underpin activity.

Adjustments to both housing supply and an upturn in demand are necessary to arrest the price slide. The former is already underway. Fewer houses are coming onto the existing home market as some potential sellers choose to wait for better market conditions. In the absence of shocks to household finances such as job loss or sharp increases in interest rates, sellers have the luxury of time and will delay selling if reservation prices are not met. Combined with an expected sales improvement, price levels are forecast to stabilize by the third quarter. A build up of new home inventory, particularly in the Lower Mainland, suggests underlying supply will remain elevated, despite owners taking their properties off the market.

Home sales and inventories will continue to adjust through 2015, but conditions will underpin a flat pricing environment. Central 1 forecasts B.C.'s provincial resale price to rise by less than 2 per cent in 2014 to \$369,000, with a further gain of 1 per cent in 2015.

New home sales

While resale activity makes up the bulk of total transaction activity, sales of new homes have averaged about 18 per cent since 1980, with the share rising and falling with housing construction cycles. Following three annual declines, new home transactions will rise sharply to more than 19,000 units this year as multi-family projects starts from 2010 and 2011 reach completion. While most units are pre-sold as a condition of construction financing and will translate into sales, weak home sales suggest a further increase in new home inventory upon completion as a higher than normal excess units go unsold. New home



transactions are forecast to ease in 2014 as housing starts slow.

Housing starts to moderate on weaker resale market

Housing starts decelerated in the latter part of 2012 as developers pulled back in light of low resale market activity, declining prices and high resale and new home inventories. Starts are forecast to fall about 10 per cent this year to 24,800 units, largely reflecting fewer multi-family project starts in the Lower Mainland-Southwest. While builder activity typically lags peaks in demand, slower pre-sale activity will curtail project starts as developers are unable to meet pre-sale thresholds required for construction financing. Excess supply in the central and southern interior markets and Vancouver Island will constrain new home starts for another year, keeping them near recessionary lows.

Stronger economic conditions should generate increased starts in 2014, but the uptrend will be more muted than observed in past cycles since interest rates will be rising from record lows. Nonetheless, a cyclical upturn in demand is predicted to pull housing starts up 8 per cent in 2014 and to above 30,000 units annually in 2015.

Rental Market

Rental market conditions vary significantly by local area. Larger urban markets like Metro Vancouver, Victoria and Kelowna typically have lower vacancy rates, reflecting higher population growth and diversified economies. Relatively tighter conditions are also observed in more northerly markets, which have benefitted from the commodities-related investment cycle and job creation. In contrast, areas with

stronger dependence on industries like tourism and forestry have higher vacancy rates.

The provincial vacancy rate of purpose-built rental units rose to 2.8 per cent in 2012 from 2.5 per cent in 2011, despite a delay in homeownership by entry-level buyers due to tighter mortgage insurance rules. Weak population and employment growth limited household formation, while the rental universe of purpose-built and the number of privately owned condo rentals increased.

Vacancy rates are forecast to hold steady this year and ease in 2014 and 2015. Constraints to homeownership for first-time buyers and modest improvements to the economy will increase demand for housing accommodations, including rental. However, with rental unit starts elevated in 2012 and a high number of condominium projects reaching completion – a significant portion of which will be rented out – supply also looks likely to rise. The provincial vacancy rate is forecast to dip to 2.6 per cent this year and trend to about 2.2 per cent by 2015.

Renovations

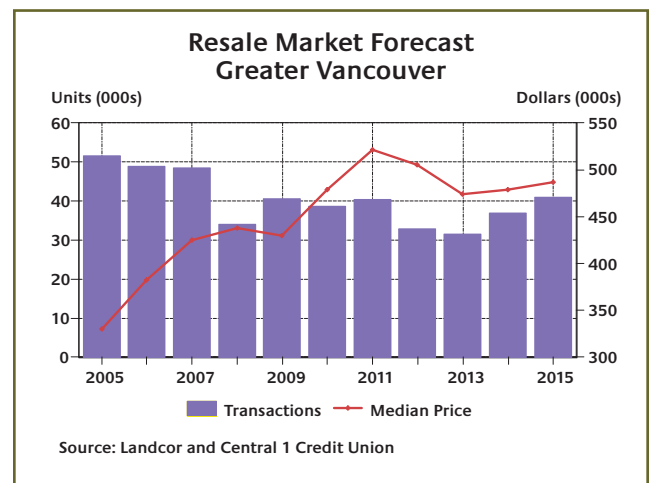
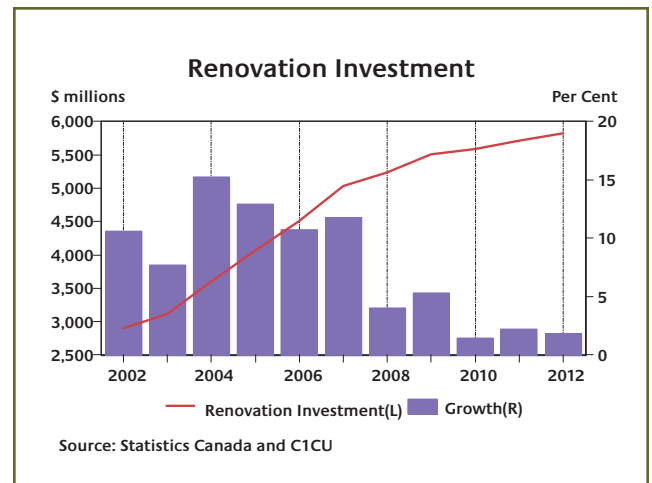
Renovation spending held steady in 2012, rising less than 2 per cent in current dollars – little changed from 2011 after construction-cost inflation. The economic and housing slowdown played a role in the performance. The looming switch back to the PST could also have postponed some spending, particularly as the switchover date approaches. Renovation spending will bump up during 2013 and into 2014 before gaining significant traction in 2016 and 2017.

Residential Investment

The slowdown in housing market activity dampens the overall economic growth profile through 2014 before shifting higher in 2015. Residential investment is forecast to edge lower in 2013 by 0.6 per cent, adjusted for inflation, as fewer housing starts drag on output, and slow resale activity weighs on acquisition activity. Investment is forecast to increase by a modest 1.4 per cent in 2014 before accelerating to about 7 per cent in 2015 as the housing market recovery gains traction.

Regional Resale Market Activity

Regional housing market activity can differ sharply from provincial trends, particularly given the significant weight attributed to the Lower Mainland-Southwest. While general macro-economic factors



including interest rates, the economic environment and confidence impact all markets, local economic and housing market circumstances contribute to regional differences.

Lower Mainland-Southwest

The Lower Mainland-Southwest B.C. drives province-level activity, accounting for about 60 per cent of provincial resale activity. Greater Vancouver accounts for about 85 per cent of regional sales, with much of the remainder in the Abbotsford-Mission and Chilliwack anchored Fraser Valley.

Greater Vancouver

Last year's listless housing market performance will persist through 2013. Factors contributing to a 12-year low of 32,850 sales and price declines in 2012 are still in play. While the intra-year sales trend will increase, annual resale activity is forecast to fall short, declining about 4 per cent this year to 31,500 units. The median price is forecast to dip 6 per cent to \$474,000.

Subdued immigration, stagnant employment growth and the most recent round of mortgage insurance rule tightening will weigh on purchasing with the reduced amortization period and property price caps for high-ratio mortgages biting particularly hard in high-priced Greater Vancouver.

Nonetheless, sales likely bottomed in early 2013 and a modest uptrend is expected as some buyers sidelined by last year's tightening of mortgage insurance rules find affordability within reach following a period of income gains and price declines. Bubble fever is expected to subside as the proverbial soft landing in prices becomes apparent. The X-Factor of improved buyer confidence, which has been lacking over the past year, is expected to generate a stronger sales trend.

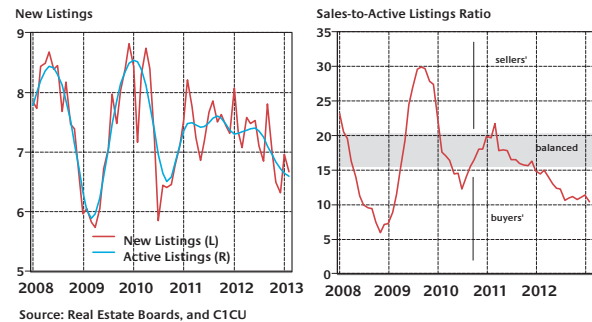
Elevated new and existing home inventories will continue to drive prices lower during the first three quarters of this year but at a decelerated pace. The gap between sales and active listings will narrow, as weak market conditions fuel further delisting of properties even as sales pull higher. Listing trends have trended lower since the latter half 2012. In the absence of adverse shocks to employment or interest rates, most home sellers can be patient rather than accept sharply lower bids.

Entry level owners limited in ability to cut prices

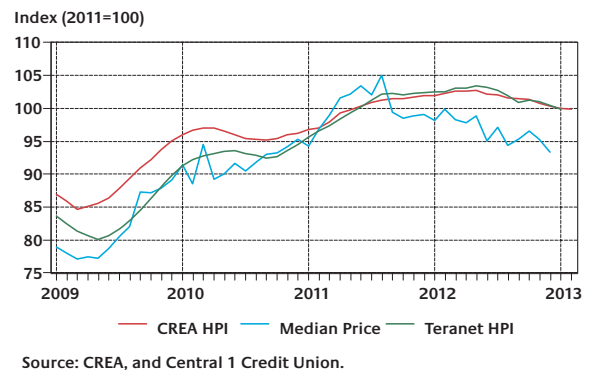
In the first-time buyer segment, lower purchasing power resulting from tighter mortgage insurance rules will not be met by a seller price mark-down. Entry-level home purchasers over the past few years have experienced stagnant property prices, while detached home properties have appreciated. Lack of price appreciation and stagnant incomes suggests these owners, who are more likely to be move-up buyers due to life-cycle transitions, are less able to cut prices to allow them to move-up or transition laterally in the market. Transaction costs and price cuts would whittle down existing equity and impede financing availability. Tighter financing availability will generate mobility constraints for some existing owners, contributing to a supply squeeze in entry-level home listings and fewer move-up buyers.

Greater Vancouver's median price is forecast to slip 10 per cent from its peak to a low of about \$470,000, before edging higher at the tail-end of 2013. Declines in the MLS® and Teranet home price indices, which better measure pure-price deflation, will be less substantial; declines of about 7 per cent from the peak are forecast. Median price declines reflect both

Supply Conditions, Lower Mainland



Price Metrics Greater Vancouver Monthly



compositional sales back towards multi-family homes following a surge in detached homes in recent years and pure price changes. A lack of price flexibility will delay a recovery in transaction volume.

A slip in Greater Vancouver's lofty home prices inevitably leads to speculation that values will collapse. Indeed, the region is no stranger to price cycles, having experienced at least four since the late 1970s. However, there is little consensus on how corrections play out. Past cycles have exhibited a range of behaviour from the sharp pull-back in the early 1980s following a surge in interest rates and subsequent rising unemployment, to a moderate nominal decline in the 1990s, followed by a multi-year period of stagnation.

High prices alone are insufficient to cause a price correction. Low interest rates have kept annualized mortgage-service payments as a ratio of income manageable. While the risk to prices from a sharp spike in interest rate exists, a gradual increase that will be more than offset by income gains is expected.

Fraser Valley

While sales plunged in Greater Vancouver, the multi-year erosion in activity continued in the Fraser Valley. Total resale transactions declined for a fifth consecutive year to 3,820 units, down nearly 5 per cent from 2011 and the lowest level since 2000, with a more substantial decline in Abbotsford-Mission relative to Chilliwack. Sales activity in the mid-2000s was consistently above 7,000 units per year.

The sales slump reflects low population gains in the region, which fell to 0.6 per cent in 2012, compared to an average gain of about 1.5 per cent over the past decade, and a subdued labour market. While the unemployment rate in Chilliwack has eased, the rate has remained about 8 per cent in Abbotsford-Mission, up from about 5 per cent prior to the recession.

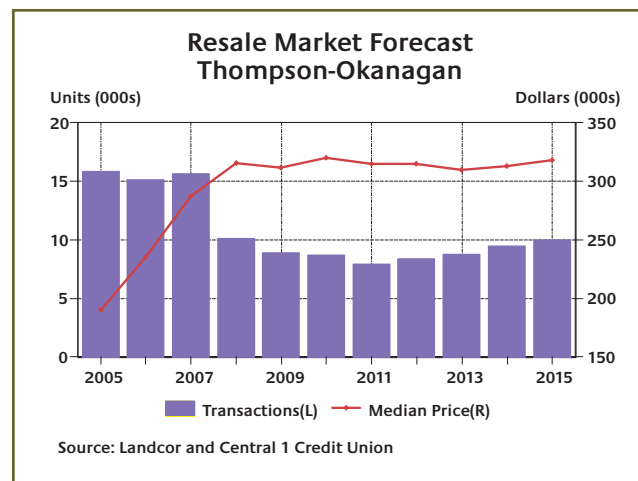
Excess supply of housing remains an issue in the region with the persistence of high new and existing home inventory relative to sales. Sales activity is forecast to remain low and in line with the past two years, but rise by 7 per cent this year to 4,100 units. However, a material rebound will necessitate improvement in the Greater Vancouver region. The region has increasingly become a bedroom-community for the broader Vancouver/Surrey area, given lower real estate prices. The median home price is forecast to decline 2 per cent this year to \$314,000 with gains of about 1 per cent per annum over the following two years.

Interior B.C.

Thompson-Okanagan

Housing markets in the Thompson-Okanagan which span Kamloops-centred Thompson-Nicola through the Okanagan region anchored by Kelowna, Vernon and Penticton, recorded a slight bump in sales in 2012, while median price levels held steady. Nonetheless, market conditions were challenging, with few signs of recovery following the post-recession slump. Resale transactions rose 6 per cent to about 8,400 units in 2012, but followed a fourth consecutive decline in 2011, and were the second lowest since 2000. In comparison, average annual resale transactions from 2004 through 2006 topped 15,000 units. Resale transactions increased by about 5 per cent in the Kelowna-anchored Central Okanagan region and rose 3.5 per cent in Thompson-Nicola following sharp declines in 2011.

A mid-decade building boom and a steep drop in sales have led to excessive levels of inventory in the



region. The MLS® sales-to-active listing ratio across Thompson-Okanagan markets remained heavily entrenched in a buyers' market that has persisted since the recession. Resale inventory and speculative bets gone wrong continue to compete with elevated levels of empty developer-owned new home product. Despite signs that the number of complete and unoccupied new units in larger markets are gradually being absorbed, new home inventory remains elevated.

The persistence of buyers' market conditions has led to a slow erosion of median prices in the Okanagan, but levels have remained surprisingly stable. Low mortgage rates have likely cushioned against a more significant price decline. The median price in the region held steady at \$315,000, with a slight decline in Central Okanagan and an increase in Thompson-Nicola.

Low resale volume and stagnant prices are expected through the forecast horizon as excess new home inventory and weak demand continue to weigh. Recreational housing demand from neighbouring Alberta, as well as Greater Vancouver, has all but evaporated since the recession and will remain a drag on the recovery given economic uncertainty and deals south of the border. Expectations for an Alberta-induced rebound in housing demand have dimmed with challenging energy markets and deficit budgets in that province. Low external demand, weak tourism and delayed recovery in forestry have dampened local economic conditions, slowing population gains and household formation.

Central 1 expects resale home transactions to rise nearly 5 per cent this year to 8,800 units. Sales growth will remain positive through 2015, when activity reaches 10,000 units – but will remain a long way below normal. The median price is forecast to

pull back about 2 per cent this year and hold steady through the forecast horizon.

Kootenay

Similar to the Thompson-Okanagan, housing activity fell sharply in the Kootenays following the recession. While there was some boost from coal-related investments, external demand for recreational and retiree real estate similarly dried up. Total resale transactions rebounded by 4 per cent in 2012 following a slump in 2011 but, at about 2,200 units, remained about half of mid-decade levels and in line with the post-2009 trend.

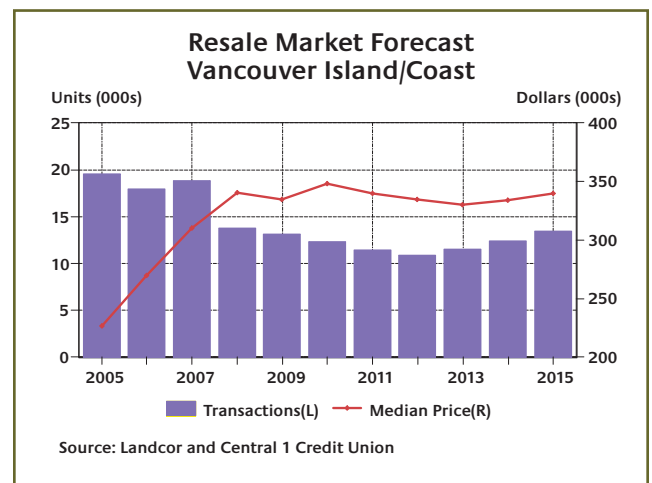
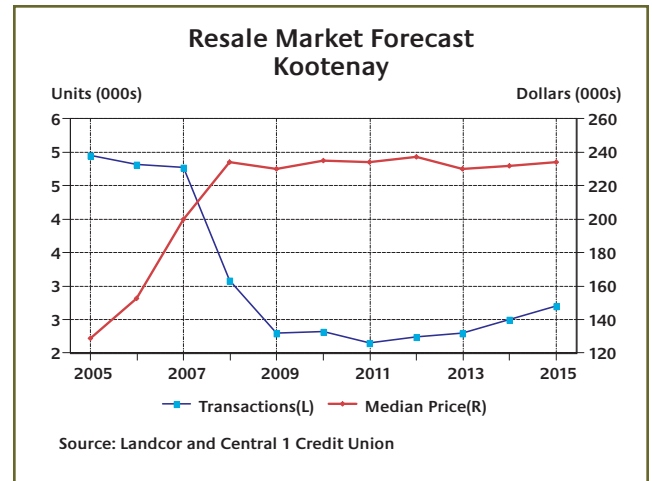
Regional housing sales are expected to show mild improvement over the forecast horizon. While population growth has been tepid, employment levels have rebounded from 2010 troughs. Total resale transactions are forecast to increase by about 3 per cent this year to 2,300 units and increase by 8 per cent in 2014 and 2015. Excess supply persists, which will lead to further erosion in price of about 3 per cent this year to \$230,000, before rising at a pace of about 1 per cent over the subsequent two years.

Vancouver Island

Challenging housing market conditions are forecast to persist on Vancouver Island although sales will likely see modest increases through 2015. Similar to markets in the southern interior, Vancouver Island was hammered by a retrenchment in recreational and retiree housing demand which has yet to improve, particularly in areas outside the provincial capital. Meanwhile, budget tightening on the part of the provincial government has tempered activity in the provincial capital.

Resale activity on the Island fell 5 per cent in 2012, marking a fifth consecutive contraction in annual sales. The 2012 slump is expected to reverse this year, pushing sales to 11,500 units, before gradually rising to 13,500 units in 2015. In comparison, resale activity ranged from 18,000 units to 20,000 units from 2005 through 2007.

While retiree demand is forecast to improve slowly over the forecast horizon as baby boomers revisit retirement plans, overall sales will remain stunted. The regional economy will likely see some improvement to the coastal forestry sector, but tourism will be held back by the elevated Canadian dollar, relatively high transportation fees to the Island and competition for dollars south of the border. Tempered government spending will also weigh on the market.



A persistent over-supply of new and existing housing on the Island, particularly outside the Capital region, will lead to further easing of median price levels this year of about 1.5 per cent. This will mark a third consecutive annual decline. Median prices are expected to hold steady in both 2014 and 2015 as higher activity props up prices.

Northern Regions

Housing markets in B.C.'s northern areas have fared well compared to other regional markets, as commodity-related investments in mining, energy and infrastructure have underpinned local economic conditions. Resale transactions in northern B.C., in which Central 1 includes the Cariboo, North Coast & Nechako, and Northeast, recorded a 7.5 per cent increase last year. A further 5 per cent gain in transactions is expected this year. Gains are forecast to accelerate to 10 per cent per year, led by sales in the Cariboo.

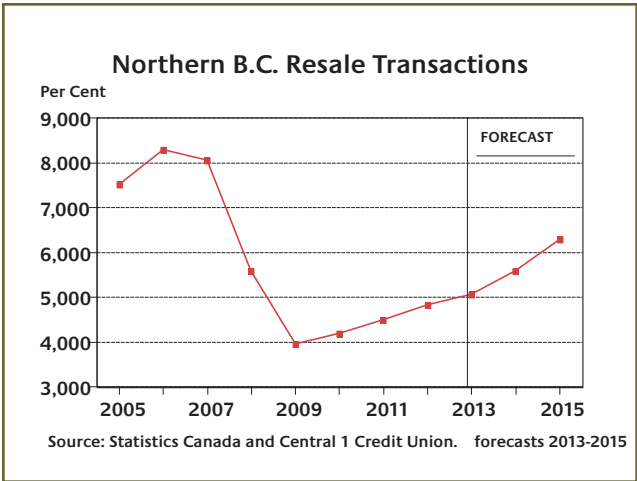
Increased activity will be driven primarily by the commencement and expectations of major commodity-based projects across the north, including liquefied

natural gas terminals and port expansions in the northwest, mining in the interior and continued activity in the oil and gas fields in the northeast.

Activity in the Cariboo, which felt the brunt of province’s forestry downturn, has been slower to recover than more northerly regions but is expected to rebound, going forward. The growing importance of the Prince George area as a northern gateway and hub will keep resale transactions on an up-trend through 2015.

Median price growth will be mixed this year but outperform the rest of the province. Unlike markets in southern B.C. and on the Island, northern regions did not experience substantial overbuilding related to recreational activity in the mid-2000s. This has kept market conditions closer to balance, and, in the northeast, in sellers’ conditions for most of 2012. Median prices are forecast to rise in most northern regions this year, led by a 3 per cent increase in the Northeast and a 4 per cent gain in Nechako.

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Terms

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Housing Forecast

		2010	2011	2012	2013F	2014F	2015F
Residential Transactions	All Units	88,517	86,304	78,508	83,280	89,590	96,000
	% change	-10.9	-2.5	-9.0	6.1	7.6	7.2
	Resale Component	71,852	71,819	64,399	64,180	72,590	78,500
	% change	-3.8	-0.0	-10.3	-0.3	13.1	8.1
	New Component	16,665	14,485	14,109	19,100	17,000	17,500
	% change	-32.6	-13.1	-2.6	35.4	-11.0	2.9
Median Price	All Units	390,000	400,000	383,000	370,000	376,000	380,000
	% change	5.4	2.6	-4.3	-3.4	1.6	1.1
	Resale Component	385,000	401,000	382,000	363,000	369,000	373,000
	% change	6.1	4.2	-4.7	-5.0	1.7	1.1
	New Component	410,000	399,900	386,804	389,000	401,000	407,000
	% change	6.2	-2.5	-3.3	0.6	3.1	1.5
MLS® Activity	Sales	74,640	76,721	67,637	68,300	76,500	81,500
	% change	-12.2	2.8	-11.8	1.0	12.0	6.5
	Listings	161,104	160,844	158,888	154,000	152,000	155,000
	% change	8.1	-0.2	-1.2	-3.1	-1.3	2.0
Housing Starts, Units	Total	26,479	26,400	27,465	24,800	26,600	30,000
	% change	64.7	-0.3	4.0	-9.7	7.3	12.8
	Single-Detached	11,462	8,867	8,333	8,500	9,000	10,000
	% change	45.2	-22.6	-6.0	2.0	5.9	11.1
	Multi-family	15,017	17,533	19,132	16,300	17,600	20,000
	% change	83.5	16.8	9.1	-14.8	8.0	13.6
Vacancy Rate ¹		2.8%	2.5%	2.8%	2.6%	2.4%	2.2%
Residential Investment (\$2002, Millions)	Total	11,853	12,079	12,665	12,594	12,779	13,653
	% change	4.9	1.9	4.8	-0.6	1.5	6.8
	New Dwellings	5,061	5,183	5,759	5,596	5,572	6,131
	% change	6.6	2.4	11.1	-2.8	-0.4	10.0
	Renovations	5,149	5,211	5,100	5,160	5,300	5,439
	% change	1.2	1.2	-2.1	1.2	2.7	2.6
	Total Acquisition Costs	1,511	1,549	1,667	1,696	1,763	1,937
	% change	14.2	2.5	7.6	1.8	4.0	9.9
	Other Residential Construction	132	136	139	142	144	146
	% change	-8.4	3.2	2.1	2.0	1.6	1.7

Source: Landcor Data Corp., CREA, CMHC, Central 1 Credit Union

¹ Includes purpose-built apartment and townhouse units

Transactions by Product, Table 3

		2010	2011	2012	2013F	2014F	2015F
Total Transactions	All Units	88,517	86,304	78,508	83,280	89,590	96,000
	% change	-10.9	-2.5	-9.0	6.1	7.6	7.2
	Detached	42,188	42,715	38,492	38,300	42,600	45,500
	% change	-2.8	1.2	-9.9	-0.5	11.2	6.8
	Condo Apartment	27,064	25,133	22,869	27,400	28,900	30,300
	% change	-23.5	-7.1	-9.0	19.8	5.5	4.8
	Row/Duplex	15,416	14,854	13,745	14,300	14,700	15,800
	% change	-8.4	-3.6	-7.5	4.0	2.8	7.5
Resale Transactions	All Units	71,852	71,819	64,399	64,180	72,590	78,500
	% change	-3.8	-0.0	-10.3	-0.3	13.1	8.1
	Detached	36,921	38,466	34,958	34,300	38,500	41,200
	% change	-2.9	4.2	-9.1	-1.9	12.2	7.0
	Condo Apartment	19,499	18,724	16,073	16,400	19,500	20,800
	% change	-5.6	-4.0	-14.2	2.0	18.9	6.7
	Row/Duplex	11,602	11,067	9,976	10,300	11,300	12,200
	% change	-5.1	-4.6	-9.9	3.2	9.7	8.0
New Home Transactions	All Units	16,665	14,485	14,109	19,100	17,000	17,500
	% change	-32.6	-13.1	-2.6	35.4	-11.0	2.9
	Detached	5,267	4,249	3,534	4,000	4,100	4,300
	% change	-2.0	-19.3	-16.8	13.2	2.5	4.9
	Condo Apartment	7,565	6,409	6,796	11,000	9,400	9,500
	% change	-48.6	-15.3	6.0	61.9	-14.5	1.1
	Row/Duplex	3,814	3,787	3,769	4,000	3,400	3,600
	% change	-17.2	-0.7	-0.5	6.1	-15.0	5.9

Source: Landcor Data Corp., Central 1 Credit Union

Median Price by Product

		2010	2011	2012	2013F	2014F	2015F
All Transactions	All Units	390,000	400,000	383,000	370,000	376,000	380,000
	% change	5.4	2.6	-4.3	-3.4	1.6	1.1
	Detached	489,000	513,750	480,000	465,000	473,000	481,000
	% change	6.3	5.1	-6.6	-3.1	1.7	1.7
	Condo Apartment	325,000	331,900	324,000	323,000	326,000	330,000
	% change	1.6	2.1	-2.4	-0.3	0.9	1.2
	Row/Duplex	365,000	368,950	350,000	338,000	343,000	348,000
	% change	4.6	1.1	-5.1	-3.4	1.5	1.5
Resale Transactions	All Units	385,000	401,000	382,000	363,000	369,000	373,000
	% change	6.1	4.2	-4.7	-5.0	1.7	1.1
	Detached	480,000	508,000	472,000	455,000	462,000	470,000
	% change	6.7	5.8	-7.1	-3.6	1.5	1.7
	Condo Apartment	315,000	325,000	313,800	302,000	310,000	313,000
	% change	6.8	3.2	-3.4	-3.8	2.6	1.0
	Row/Duplex	359,000	368,000	346,669	330,000	333,000	338,000
	% change	7.2	2.5	-5.8	-4.8	0.9	1.5
New Home Transactions	All Units	410,000	399,900	386,804	389,000	401,000	407,000
	% change	6.2	-2.5	-3.3	0.6	3.1	1.5
	Detached	531,000	541,894	537,551	540,000	550,000	560,000
	% change	2.1	2.1	-0.8	0.5	1.9	1.8
	Condo Apartment	359,000	351,800	346,900	354,000	358,000	365,000
	% change	2.3	-2.0	-1.4	2.0	1.1	2.0
	Row/Duplex	384,753	369,900	359,443	360,000	375,000	382,000
	% change	-0.1	-3.9	-2.8	0.2	4.2	1.9

Source: Landcor Data Corp., Central 1 Credit Union

Annual Residential Resale Transactions

	2010	2011	2012	2013F	2014F	2015F
Vancouver Island/Coast	12,342	11,478	10,900	11,500	12,400	13,500
% change	-5.8	-7.0	-5.0	5.5	7.8	8.9
Lower Mainland/Southwest	44,295	45,733	38,009	36,500	42,600	46,000
% change	-4.5	3.2	-16.9	-4.0	16.7	8.0
Thompson/Okanagan	8,697	7,959	8,413	8,800	9,500	10,000
% change	-2.6	-8.5	5.7	4.6	8.0	5.3
Kootenay	2,317	2,149	2,238	2,300	2,500	2,700
% change	0.9	-7.3	4.1	2.8	8.7	8.0
Cariboo	2,209	2,088	2,208	2,400	2,700	3,200
% change	3.0	-5.5	5.7	8.7	12.5	18.5
North Coast	515	695	886	900	975	1,050
% change	-3.0	35.0	27.5	1.6	8.3	7.7
Nechako	389	460	457	480	515	550
% change	2.6	18.3	-0.7	5.0	7.3	6.8
Northeast	1,088	1,257	1,288	1,300	1,400	1,500
% change	19.0	15.5	2.5	0.9	7.7	7.1
Province	71,852	71,819	64,399	64,180	72,590	78,500
% change	-3.8	-0.0	-10.3	-0.3	13.1	8.1

Annual Residential Resale Transactions

	2010	2011	2012	2013F	2014F	2015F
Greater Vancouver	38,595	40,449	32,852	31,500	37,000	41,000
% change	-4.9	4.8	-18.8	-4.1	17.5	10.8
Capital	5,798	5,129	4,974	5,200	5,600	6,200
% change	-9.1	-11.5	-3.0	4.5	7.7	10.7
Central Okanagan	3,100	2,920	3,065	3,200	3,500	3,800
% change	-1.7	-5.8	5.0	4.4	9.4	8.6
Fraser Fort-George	1,398	1,363	1,380	1,500	1,700	2,000
% change	2.6	-2.5	1.2	8.7	13.3	17.6
Fraser Valley	4,329	4,009	3,820	4,100	4,600	5,200
% change	-5.2	-7.4	-4.7	7.3	12.2	13.0
Nanaimo	2,832	2,642	2,511	2,650	2,800	3,000
% change	-1.8	-6.7	-5.0	5.5	5.7	7.1
Thompson-Nicola	2,088	1,957	2,026	2,100	2,300	2,500
% change	-1.1	-6.3	3.5	3.7	9.5	8.7

Source: Landcor Data Corp., Central 1 Credit Union

Median Annual Residential Price

	2010	2011	2012	2013F	2014F	2015F
Vancouver Island/Coast	348,000	340,000	335,000	330,000	334,000	340,000
% change	3.9	-2.3	-1.5	-1.5	1.2	1.8
Lower Mainland/Southwest	448,000	488,000	472,500	447,000	451,000	459,000
% change	8.0	8.9	-3.2	-5.4	0.9	1.8
Thompson/Okanagan	319,900	315,000	315,000	310,000	313,000	318,000
% change	2.5	-1.5	0.0	-1.6	1.0	1.6
Kootenay	235,000	234,000	237,375	230,000	232,000	234,000
% change	2.2	-0.4	1.4	-3.1	0.9	0.9
Cariboo	185,000	193,000	196,500	193,000	194,300	199,000
% change	2.8	4.3	1.8	-1.8	0.7	2.4
North Coast	145,000	140,000	151,133	152,000	155,000	158,000
% change	5.5	-3.4	8.0	0.6	2.0	1.9
Nechako	145,000	163,250	170,000	177,000	180,000	185,000
% change	3.6	12.6	4.1	4.1	1.7	2.8
Northeast	213,000	235,000	260,000	268,000	270,000	275,000
% change	-0.9	10.3	10.6	3.1	0.7	1.9
Province	385,000	401,000	382,000	363,000	369,000	373,000
% change	6.1	4.2	-4.7	-5.0	1.7	1.1

Median Annual Residential Price

	2010	2011	2012	2013F	2014F	2015F
Greater Vancouver	478,500	521,500	505,000	474,000	479,000	487,000
% change	11.3	9.0	-3.2	-6.1	1.1	1.7
Capital	460,000	452,000	445,000	440,000	444,000	450,000
% change	7.0	-1.7	-1.5	-1.1	0.9	1.4
Central Okanagan	377,000	370,000	367,500	361,000	366,000	370,000
% change	3.7	-1.9	-0.7	-1.8	1.4	1.1
Fraser Fort-George	195,000	204,000	208,250	202,000	205,000	209,000
% change	1.3	4.6	2.1	-3.0	1.5	2.0
Fraser Valley	315,000	308,000	320,000	314,000	318,000	322,000
% change	3.3	-2.2	3.9	-1.9	1.3	1.3
Nanaimo	316,000	317,500	308,500	302,000	305,000	309,000
% change	5.3	0.5	-2.8	-2.1	1.0	1.3
Thompson-Nicola	290,000	288,500	295,000	290,000	292,000	295,000
% change	5.8	-0.5	2.3	-1.7	0.7	1.0

Source: Landcor Data Corp., Central 1 Credit Union

Total Housing Starts		2010	2011	2012	2013F	2014F	2015F
Vancouver Island/Coast	Total	4,010	3,196	3,173	3,000	3,400	3,800
	% change	56.5	-20.3	-0.7	-5.5	13.3	11.8
Lower Mainland/Southwest	Total	16,598	18,837	19,922	17,200	18,200	20,500
	% change	81.1	13.5	5.8	-13.7	5.8	12.6
Thompson/Okanagan	Total	2,213	1,763	1,645	1,600	1,800	2,000
	% change	41.3	-20.3	-6.7	-2.7	12.5	11.1
Kootenay	Total	173	75	73	80	100	120
	% change	63.2	-56.6	-2.7	9.6	25.0	20.0
Cariboo	Total	302	238	301	400	475	500
	% change	16.6	-21.2	26.5	32.9	18.8	5.3
North Coast	Total	27	35	23	30	40	45
	% change	-12.9	29.6	-34.3	30.4	33.3	12.5
Northeast	Total	309	221	361	320	360	375
	% change	67.9	-28.5	63.3	-11.4	12.5	4.2
Province	Total	26,479	26,400	27,465	24,800	26,600	30,000
	% change	64.7	-0.3	4.0	-9.7	7.3	12.8

Source: CMHC, Central 1 Credit Union

Note: Provincial denotes all areas, regional information includes only census agglomerations and census metropolitan areas

Forecast Summary: British Columbia

	2010	2011	2012	2013F	2014F	2015F
Real GDP, % change	3.0	2.7	1.9	2.2	2.7	3.3
Nominal GDP, % change	5.9	4.6	4.0	4.0	5.7	6.8
Employment, % change	1.7	0.8	1.7	1.3	1.7	2.2
Unemployment Rate, %	7.6	7.5	6.8	6.5	6.0	5.4
Population, % change	1.6	1.0	1.0	0.8	0.9	1.0
Housing Starts, units, 000s	26.5	26.4	27.6	24.8	26.6	30
Retail Sales, % change	4.8	2.7	3.5	4.2	4.2	5.4
Personal Income, % change	4.0	4.6	3.4	2.8	2.9	4.3
Consumer Price Index, % change	1.4	2.4	1.1	1.2	1.8	2.2

Statistics Canada, Central 1 Credit Union

Population components: British Columbia

	2010	2011	2012	2013F	2014F	2015F
Population, 000s	4529.7	4573.3	4617.5	4656.7	4696.8	4744.6
% change	1.6	1.0	1.0	0.8	0.9	1.0
Net Migration, 000s	55.9	34.7	33.9	29.9	31.7	40.1
Net International, 000s	47.2	31.3	39.4	34.5	35.4	38.2
Net Interprovincial, 000s	8.7	3.4	-5.4	-4.5	-3.7	1.9

Statistics Canada, Central 1 Credit Union

Posted Fixed Term Mortgage Rates

	2010	2011	2012	2013F	2014F	2015F
1-Year	3.49	3.52	3.18	2.95	3.05	3.50
3-Year	4.28	4.29	3.91	3.60	3.75	4.10
5-Year	5.57	5.39	5.27	5.20	5.30	5.90

Bank of Canada, Central 1 Credit Union