



Strategic information for REBGV REALTORS®

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BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

BC home sales expected to rise in 2011

BCREA Housing Forecast Update - Third Quarter 2010

BC housing markets are returning to typical post-recession demand patterns. The dramatic rebound in consumer demand during 2009 and subsequent decline during the first two quarters of 2010 has set the stage for a gradual increase in home sales during the fall and through 2011. Residential unit sales through the Multiple Listing Service® (MLS®) in BC are forecast to decrease 7 per cent to 79,500 units in 2010, before climbing 5 per cent to 83,400 units in 2011.

A slower than expected normalization of interest rates will temper erosion of affordability as economic output posts more moderate growth for the balance of this year and through 2011. Stronger corporate profits are triggering employment growth and a reduction in the unemployment rate is now underway.

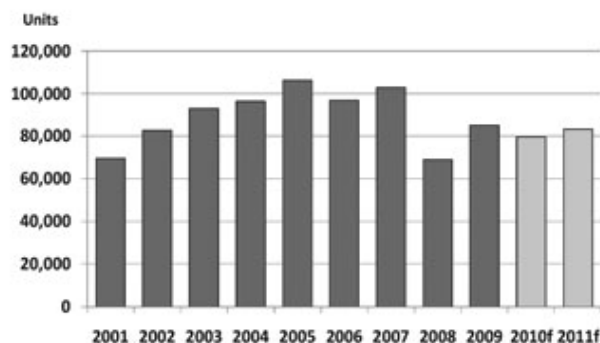
A larger inventory of homes for sale has created the most favourable supply conditions for home buyers in more than a year. While tighter mortgage qualifications for low equity home buyers has negatively impacted demand, more borrowers are now channeling into 5-year fixed mortgages where discounted rates increase purchasing power.

The average MLS® residential price is forecast to increase 6 per cent to \$492,800 this year and edge down 1 per cent to \$489,500 in 2011. Some softness in home prices is expected through the summer months in most regional markets. However, inventory levels peaked in May and will likely edge lower in the coming months, leading to more balanced conditions in the fall with a commensurate firming of home prices.

“The volatility in consumer demand characteristic of the past 24 months is expected to give way to more gradual improvement through 2011,” said Cameron Muir, BCREA Chief Economist. “Housing demand has fallen back to earth from its break-neck pace at the end of 2009 and is expected to more closely match overall economic performance over the next 18 months.

“A larger inventory of homes for sale has created the most favourable conditions for home buyers in more than a year,” added

BC MLS® Residential Sales



Source: BCREA

Muir. "However, the buyers' market is expected to be short-lived as total active listings peaked in May and are beginning to wane, with more balanced conditions set to emerge in the fall."

After a sharp pull back in new home construction last year, home builders are gradually increasing production to meet demand. BC led the country in population growth over the last three quarters and with the inventory of complete and unoccupied units expected to decline, builders are adjusting production to match supply with household formation.

HOUSING FORECAST SUMMARY— QUARTER 3 2010

Board Area	Unit Sales			Average MLS® Price (\$)		
	2009	2010F	2011F	2009	2010F	2011F
Victoria	7,660 24.1%	6,800 (11.2%)	7,150 5.1%	476,137 (1.8%)	507,800 6.6%	505,000 (0.6%)
Vancouver Island	7,280 6.8%	7,250 (0.4%)	7,690 6.1%	316,118 (4.4%)	324,900 2.8%	332,400 2.3%
Powell River Sunshine Coast	263 25.2%	275 4.6%	280 1.8%	237,125 (6.7%)	244,000 2.9%	249,200 2.1%
Greater Vancouver	36,257 44.2%	31,900 (12.0%)	33,600 5.3%	592,441 (0.2%)	654,500 10.5%	644,000 (1.6%)
Fraser Valley	15,660 24.4%	15,300 (2.3%)	15,500 1.3%	425,796 (1.4%)	448,800 5.4%	446,000 (0.6%)
Chilliwack and District	2,274 11.7%	2,310 1.6%	2,400 3.9%	296,601 (6.2%)	312,100 5.2%	316,000 1.2%
Kamloops and District	2,334 4.4%	2,240 (4.0%)	2,410 7.6%	300,349 (2.3%)	309,500 3.0%	312,000 0.8%
Okanagan Mainline	5,678 4.0%	5,400 (4.9%)	5,850 8.3%	379,711 (6.6%)	389,000 2.4%	395,000 1.5%
South Okanagan	1,545 4.3%	1,540 (0.3%)	1,610 4.5%	314,833 (7.2%)	324,600 3.1%	329,500 1.5%
Kootenay	2,119 (6.4%)	2,250 6.2%	2,400 6.7%	274,118 (4.7%)	276,600 0.9%	279,500 1.0%
Northern Lights	340 (28.1%)	385 13.2%	410 6.5%	222,294 16.0%	218,000 (1.9%)	223,400 2.5%
BC Northern	3,618 (10.4%)	3,850 6.4%	4,100 6.5%	211,805 (1.6%)	217,500 2.7%	224,000 3.0%
BC Total	85,028 23.4%	79,500 (6.5%)	83,400 4.9%	465,725 2.4%	492,820 5.8%	489,454 (0.7%)

Source: British Columbia Real Estate Association

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