



HOUSING FORECAST

HOME SALES TO EXCEED 100,000 FOR THIRD CONSECUTIVE YEAR

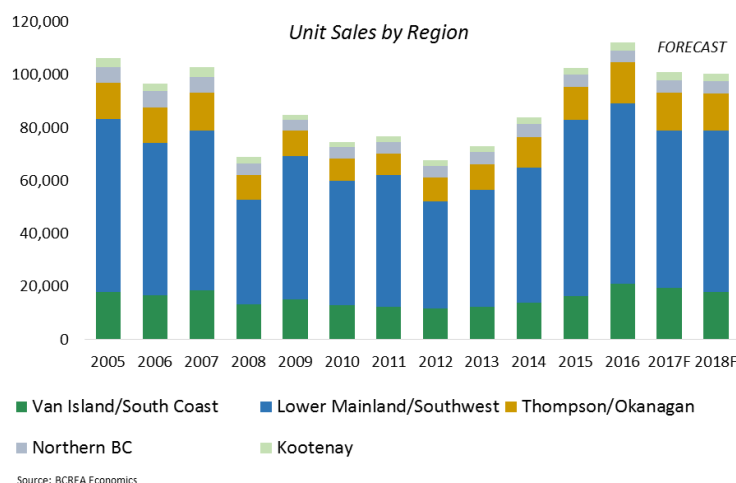
Multiple Listing Service® (MLS®) residential sales in the province are on pace to reach 101,000 units this year, a decline of 10 per cent from a record 112,200 unit sales in 2016. Housing demand gained strength this spring, as some of the effects of federal and provincial policy efforts to tamp it down dissipated. The shock to consumer confidence that followed the implementation of these measures, particularly the foreign buyer tax in Vancouver, has largely run its course. More importantly, strong economic and demographic fundamentals are underpinning an elevated level of transactions in BC.

The BC economy is expected to post its fourth consecutive year of 3 per cent or more real GDP growth in 2017. The cumulative effect of such a long period of above-trend economic expansion is rising employment levels, robust consumer confidence and increased migration from other provinces. After rising 3.1 per cent in 2016, employment in the province is expected to increase a further 2.8 per cent or 70,000 jobs this year. Consumer spending is also on an elevated path, with retail sales in the province expected to rise a further 5.7 per cent this year, after an exceptional 7.4 per cent increase in 2016. BC's economic performance hasn't gone unnoticed. Net inter-provincial migration over the past three years has been the strongest in over two decades.

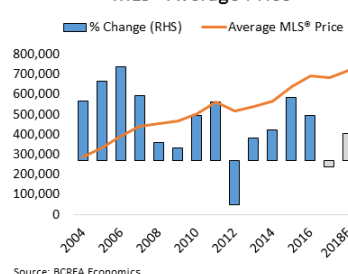
Strong housing demand across the province has not been met with a commensurate increase in the number of homes for sale. Total MLS® residential active listings reached a 20-year low this spring, and the resulting market imbalance is continuing to create upward pressure on home prices across most BC regions and product types. This condition is particularly acute in the Lower Mainland condominium market.

In the face of a lack of supply and tight market conditions, home builders have ramped up production. There are more than 40,000 units under construction in the province. However, most of the homes are condominiums, which take years to be completed and ready for occupancy. In the meantime, homebuyers are often forced to compete among each other for available units. While the average MLS® residential price in the province is expected to decline 1.1 per cent to \$683,500 in this year, the decline is largely due to a shift in the mix and share of homes sold, and not representative of rising values of the typical home.

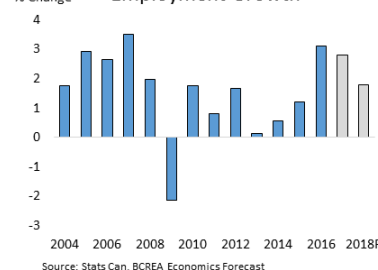
MLS® Residential Sales British Columbia



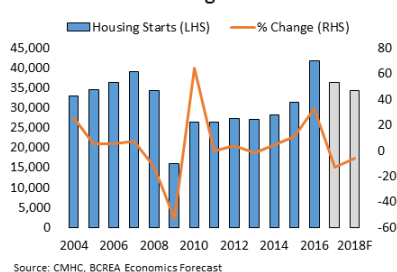
MLS® Average Price



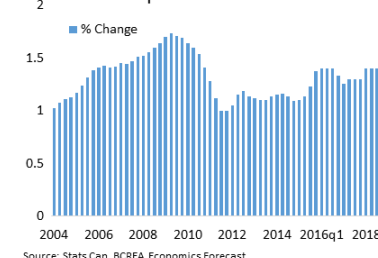
Employment Growth



Housing Starts



Population Growth



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ECONOMIC OUTLOOK

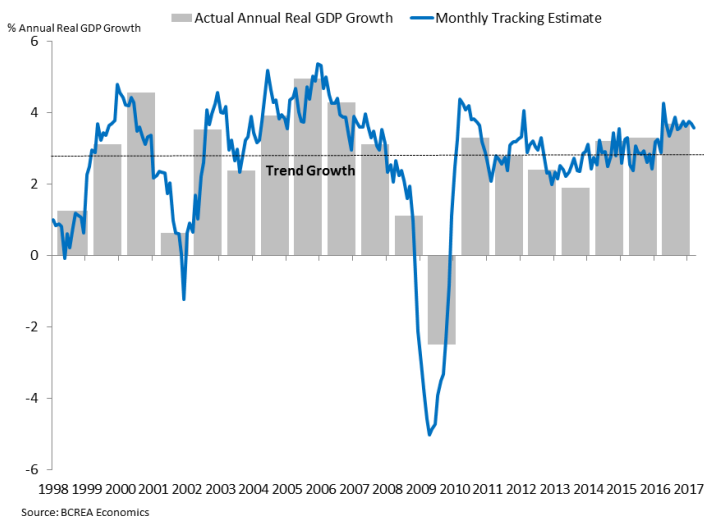
As 2016 ended, several factors suggested that the province's three-year run of economic growth of 3 per cent or better was likely coming to an end. Governments at the provincial, federal and municipal levels had acted to slow the housing market, global interest rates were on the rise and uncertainty abounded at the future of the normally rock-solid US-Canada trade relationship. However, despite these challenges, BCREA's monthly tracking estimate of provincial economic growth is signaling that the near 4 per cent growth of 2016 is being sustained.

BC Economic Outlook	2015	2016F ¹	2017F	2018F
Real GDP Growth (%)	3.0	3.7	3.3	2.7
Employment (millions)	2.307	2.380	2.446	2.459
Employment Growth (%)	1.2	3.1	2.8	1.8
Unemployment (000s)	149.9	152.9	147.6	139.0
Unemployment Rate (%)	6.0	6.0	5.7	5.3
Personal Disposable Income (\$billions)	154.9	162.9	170.0	177.4
Personal Disposable Income Growth (%)	5.9	5.1	4.4	4.3
Average Weekly Wage	914.0	920.9	934.7	952.5
Weekly Wage Growth (%)	3.6	0.8	1.5	1.9
Retail Sales (\$billions)	71.6	76.9	81.2	85.7
Retail Sales Growth (%)	6.9	7.4	5.7	5.4
Range of Posted 5-year Fixed Mortgage Rate	4.64-4.79	4.64-4.74	4.64-4.64	4.64-4.79

1. Values have been estimated where data has not yet been released.

Source: BCREA Economics, Statistics Canada

BCREA GDP NOWCAST

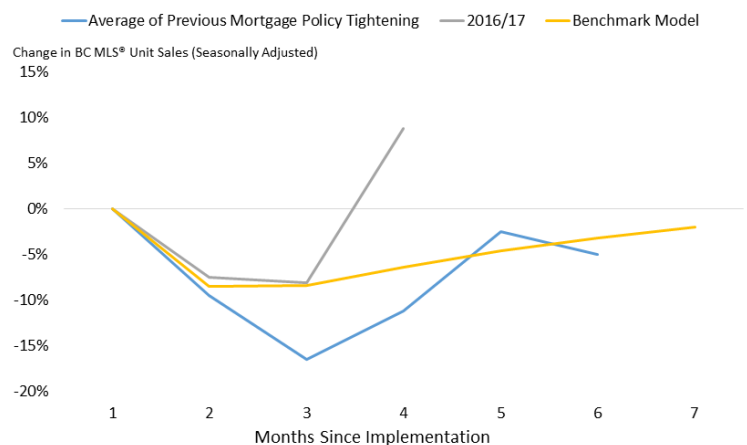


The federal government's decision to have all insured borrowers qualify at the posted 5-year mortgage rate was expected to negatively impact growth, with the Bank of Canada expecting the change in policy to shave 0.3 per cent from Canadian real GDP by 2018. In fact, the actual impact of the policy already seems to be fading. Home sales remain strong and incoming economic data has shown no sign of a slowing economy. Through the first four months of the year, we estimate that the BC economy is expanding at a 3.7 per cent rate. That growth is helping to fuel continued vigorous employment growth of over 3 per cent year-to-date, while pushing the BC unemployment rate to the lowest in the country.

Canadian mortgage rates seemed set to rise this year as the global bond market absorbed a

surprise US election result and attempted to parse the policies of the incoming Trump administration. However, the reality of passing legislation through a somewhat dysfunctional Congress, despite one-party control of all levels of government, has eroded the market's confidence that any of Trump's preferred fiscal measures can pass. That has sent long-term rates in both Canada and the US lower once again. That said, the US Federal Reserve remains committed to tightening monetary policy, and even though the Bank of Canada continues to hold rates constant, monetary tightening in the United States should translate to some added pressure on the long-term interest rates that influence mortgage rate pricing in Canada. Ultimately, we expect that discounted mortgage rates will bump up slightly by the end of the year, though posted rates will likely remain constant.

Impact of Mortgage Policy Tightening

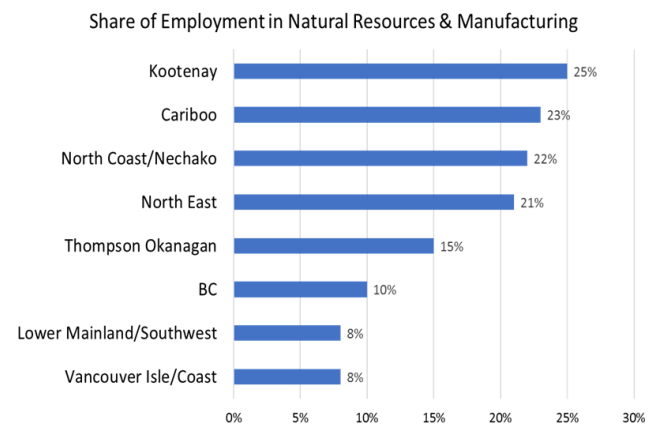


One positive impact of US and Canadian monetary policy being out of sync is that the ensuing increase in US rates over their Canadian counterparts puts downward pressure on the Canadian dollar. A cheaper currency helps Canadian manufacturers who export goods become more competitive, while also providing a boost to tourism across the province. The benefit of the lower dollar is already being felt across the tourism industry, with indicators from hotel revenues to the number of travelers entering BC from the US and overseas reaching multi-year highs in 2016.

While the economy remains strong, there are substantial risks on the horizon that could meaningfully alter the current economic landscape. Most importantly, increased anti-Canadian rhetoric from the US government, culminating in the implementation of a 20 per cent tariff on BC softwood lumber products, threatens to derail momentum in the forestry industry. The dollar volume of exports of softwood lumber products reached a 12-year high in 2016 while shipments of all wood products were their highest since the late 1990s. The impact of the tariff will make BC firms across the forestry supply chain less competitive, negatively impacting both the profitability and hiring of BC firms. Even more concerning, the trade policy decisions of the

Trump administration remain inscrutable, with threats to unilaterally cancel NAFTA made one day to promises to make the agreement better for all involved the next.

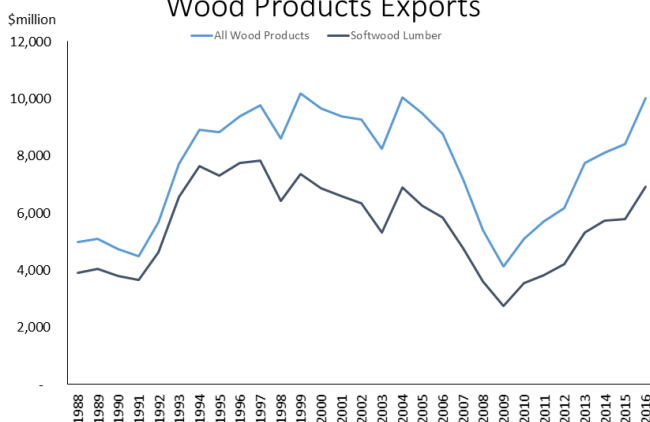
Regional Employment



Source: Statistics Canada

Disruptions in the BC export sector present the most significant risk to economic growth, particularly in those parts of the province that most rely on manufacturing and trade for employment. For example, the Kootenay, the Cariboo and much of Northern BC rely on natural resource extraction and manufacturing for more than 20 per cent of total employment. Moreover, the intricate web of the intra-provincial supply chain means that any weakness in these sectors could be multiplied throughout the province, in directly-linked industries such as transportation and warehousing, before leaking into the broader labour market, as well.

Wood Products Exports

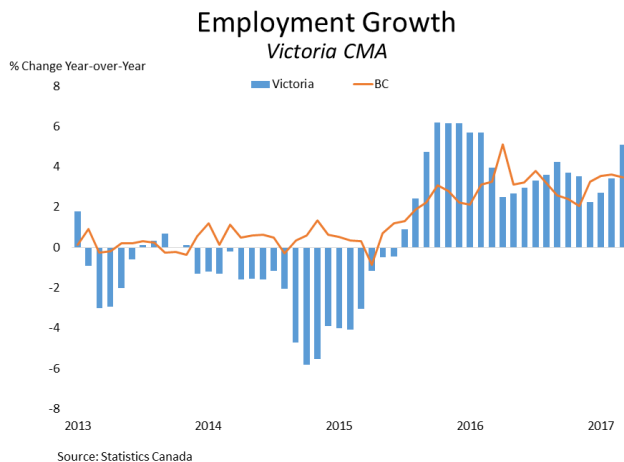


Source: BC Stats

BC's trade sector is well diversified across industries and trading partners, but the recently announced tariffs and the threat of further negative policy actions is still likely to act as a drag on growth. That said, without a significant rise in interest rates and given the modest impact so far from more strict mortgage regulation, we have increased our forecast for BC economic growth to 3.3 per cent, along with stronger job growth of 2.8 per cent.

VANCOUVER ISLAND-COAST

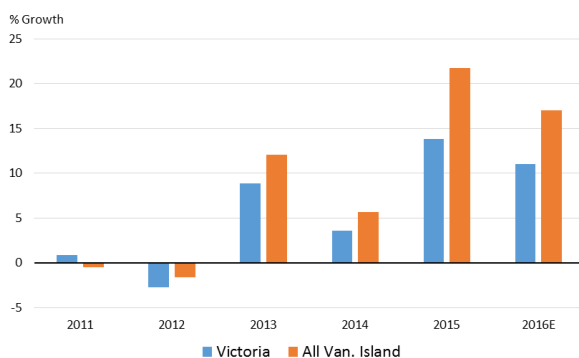
The Victoria, Vancouver Island and Powell River real estate boards service the Vancouver Island-Coast region of the province. The region has experienced a surge in demand over the past 12 months, coinciding with improved economic fundamentals across the southern half of the province.



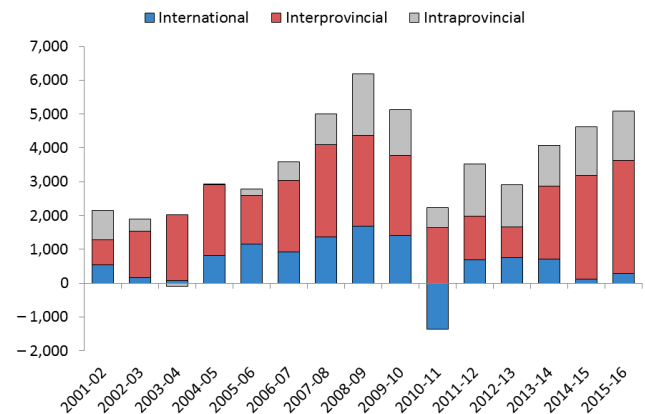
The provincial economy is on pace in 2017 to record the fourth consecutive year of 3 per cent or higher real GDP growth. The cumulative effect has pushed employment growth higher in most BC regions. Victoria has experienced a marked surge in employment growth in recent years. This has bolstered consumer confidence and supported rising retail sales activity.

The Vancouver Island-Coast region economy is now more concentrated in service sector related activities. While a significant number of public administration jobs are located in Victoria, the region also boasts a burgeoning high tech sector, and tourism remains

Vancouver Island Tourism - Hotel Room Revenues



Net Migration - Victoria CMA

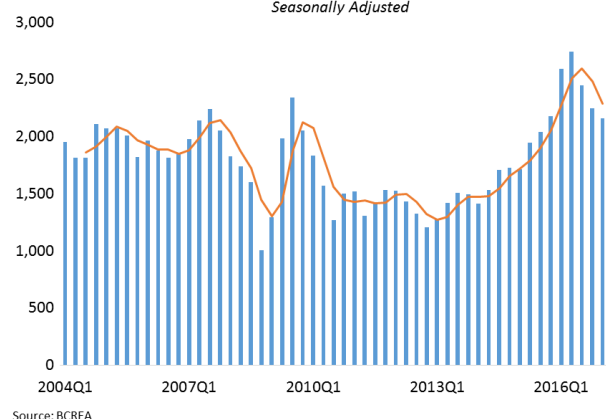


an important catalyst of economic activity. Indeed, the favourable exchange rate has benefited tourism activity, inducing both foreign visitors and stay-cationers from other parts of Canada. As a result, there has been a significant increase in hotel room revenues across Vancouver Island over the past 24 months.

One key housing market indicator is population growth, most notably net migration. Over the past few years, net migration from other provinces has grown significantly. In addition, a sizable contingent of British Columbians are choosing to relocate to the Island for retirement, employment opportunities and lifestyle preferences.

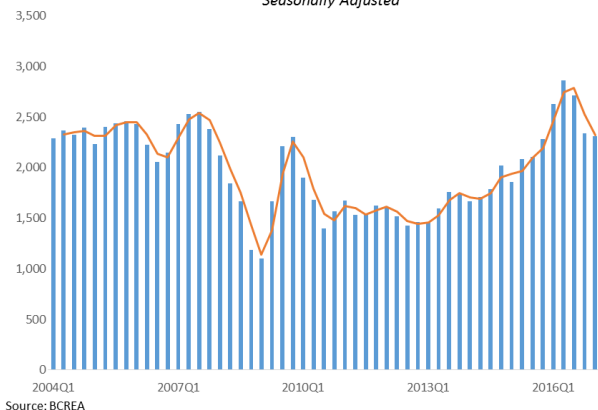
Housing demand has declined from the unsustainable pace of 12 months ago, but is expected to remain at elevated levels across the Vancouver Island Coast region in 2017. While MLS® residential sales in Victoria are forecast to decline 7.2 per cent to 9,310 units this year, it will still be the second highest annual tally after reaching a record 10,028 units in 2016.

MLS® Unit Sales – Victoria
Seasonally Adjusted



MLS® Unit Sales – Vancouver Island

Seasonally Adjusted

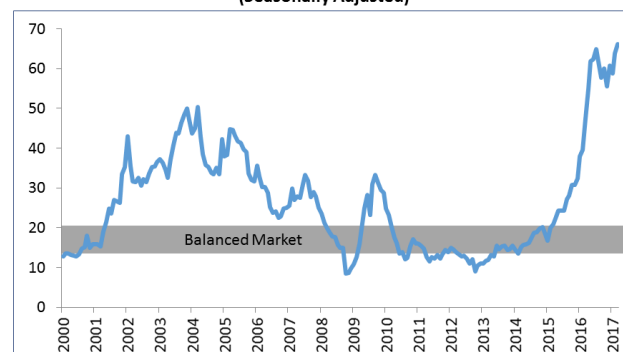


Like Victoria, MLS® residential sales on the rest of Vancouver Island have come down from the frenetic pace of last year, but are expected remain near record levels in 2017. After rising nearly 27 per cent to 10,532 units in 2016, MLS® residential sales are forecast to decline 6.5 per cent to 9,850 units this year.

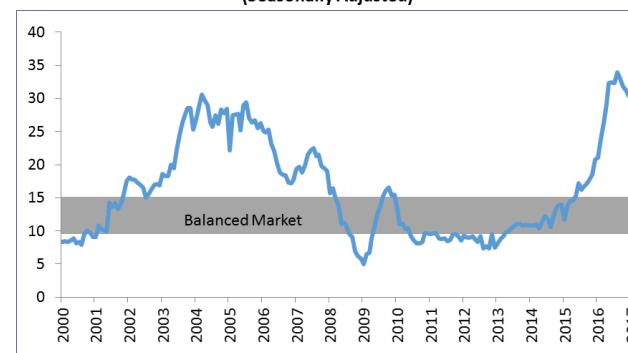
In the face of robust consumer demand, the supply of homes for sale is at its lowest level in over a decade. This dynamic has created significant upward pressure on home prices across the region. Total active listings on the market this spring were down 21 per cent in Victoria and 30 per cent across the rest of Vancouver Island. Strong sellers' market conditions are evident and multiple offers are frequent across most product types. This imbalance will continue to exert upward pressure on home prices until the supply of homes for sale increases, consumer demand declines, or both.

In response to these demand/supply conditions, home builders have ramped up production. The number of units under construction in Victoria have doubled over the last 18 months. However, since many of these units are part of

Victoria Real Estate Board

Sales-to-Active Listings Ratio
(Seasonally Adjusted)

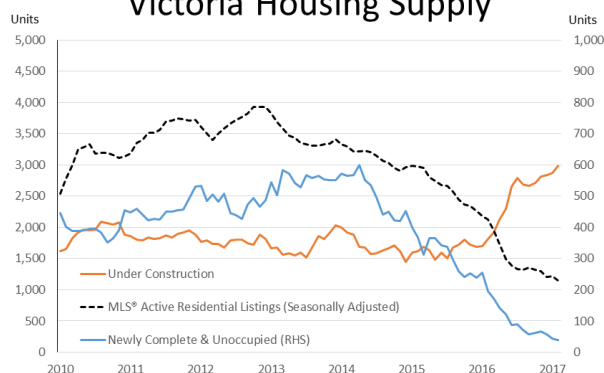
Vancouver Island Real Estate Board

Sales-to-Active Listings Ratio
(Seasonally Adjusted)

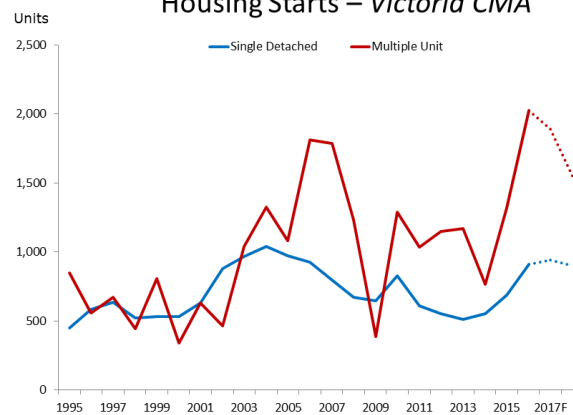
larger multi-family projects, it may be several quarters before they are ready to be occupied.

The average home price in the region is forecast to increase nearly 11 per cent to \$578,200 in the Victoria Real Estate Board area this year and a further 2.1 per cent to \$590,000 in 2018. Across the Vancouver Island Real Estate Board area, the average home price is forecast to rise 13 per cent to \$380,000 this year and a further 2.6 per cent to \$394,000 in 2018.

Victoria Housing Supply



Housing Starts – Victoria CMA



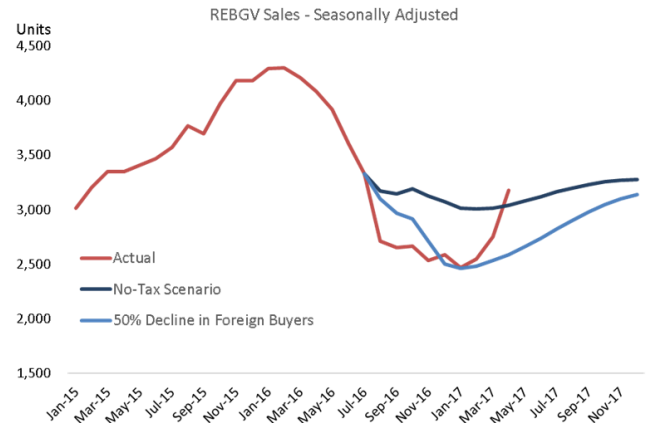
SPECIAL FEATURE: IMPACT OF THE FOREIGN BUYER TAX

On August 1, 2016, the provincial government implemented an additional 15 per cent Property Transfer Tax on all residential sales transactions by foreign entities in Metro Vancouver.

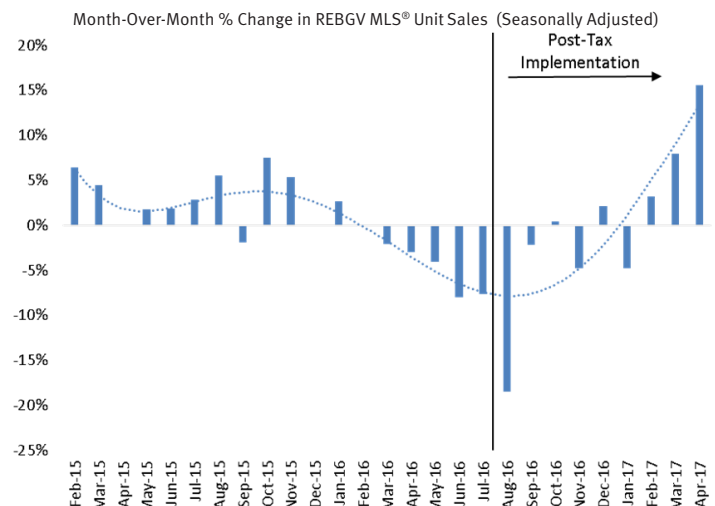
To get a sense of how the foreign entity tax impacted home sales in the months following the introduction of the tax, it is necessary to compare today's sales to the correct counterfactual of where sales would have been absent the tax. This is particularly true given that home sales had already been cooling off since the spring of 2016, and simply comparing a lower level of sales in August to the heights of the market in the early part of the year would dramatically overstate the impact. To provide a more appropriate benchmark, once the tax was announced, BCREA simulated how home sales in the REBGV area would evolve under a no-tax scenario. We also conducted a separate simulation under the assumption that about half of the measured foreign investment for the REBGV area would be pushed out of the market. ®

It turned out that the impact of the tax was much more immediate than in our simulation, owing to sales being brought forward to July to avoid the tax. Indeed, total REBGV sales fell 19 per cent in August 2016 compared to our projection of just 8 per cent. However, since then, sales have evolved broadly as expected in our scenario analysis. In fact, since the end of 2016, other than a weather-induced blip in January, home sales have been on an upswing and are where we would have expected them to have been at this point, without the tax. Some of that added momentum in the market is due to a return of some foreign buyers, though to less than half of the levels observed in the summer of 2016.

Impact of Foreign Buyer Tax

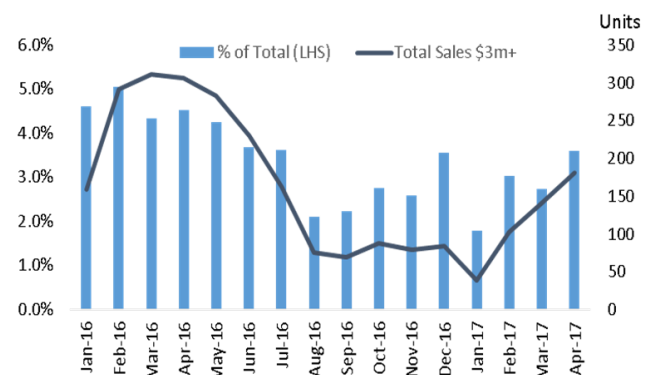


Source: BCREA Economics



Source: BCREA Economics

Sales of Homes Priced at \$3 Million or More

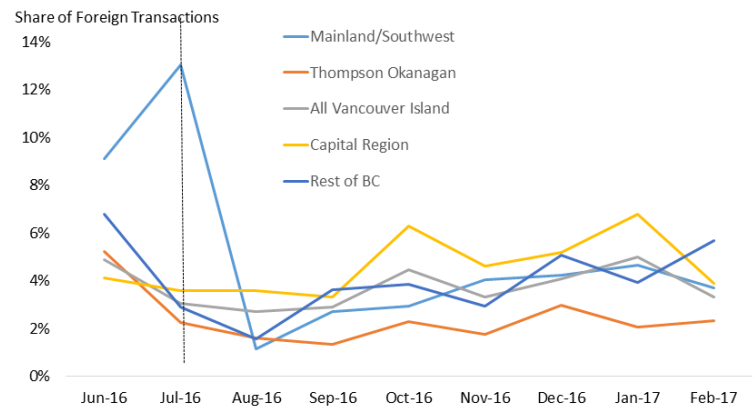


Source: BCREA Economics

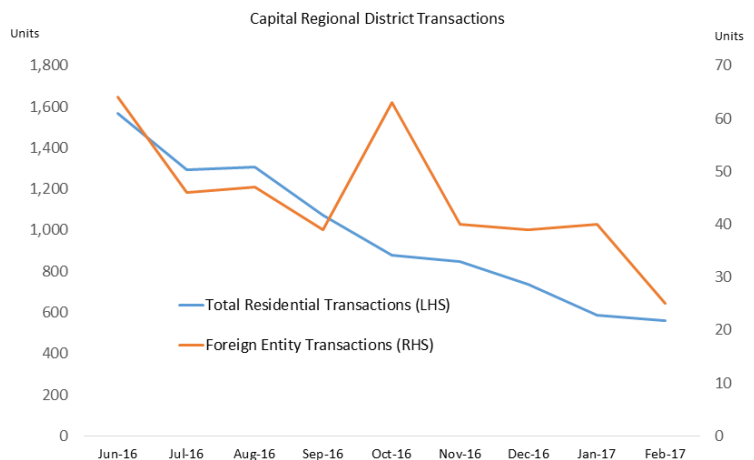
That isn't to say that the tax has had no impact. Given the preference for foreign buyers to invest at the luxury end of the market, it is no surprise that the tax has had its largest effect on that part of the market. Sales of homes priced over \$3 million ramped up in the first half of 2016, reaching 5 per cent of total Metro Vancouver sales in February. By August, when the tax was implemented, that share had already fallen to 3.6 per cent and continued to decline with the introduction of the foreign buyer tax. However, like the rest of the market, sales of luxury homes have also returned to more normal levels in the first four months of 2017. That experience is mirrored in the overall market for single detached housing, which peaked at 47 per cent in the first quarter of 2016 before falling to only one-third of total sales by the end of the year.

Additionally, there has been minimal leakage of foreign investment outside of the Greater Vancouver area. In fact, the regions that remain untaxed have seen relatively stable levels of foreign transactions following the imposition of the tax. The Capital Regional District of Vancouver Island, which encompasses Victoria, did experience two months in which the share of foreign investment briefly spiked higher, but since August the share of foreign transactions has averaged just 5.2 per cent. Moreover, the absolute level of transactions by foreign entities in the Capital Regional District has been trending lower for months, and the slight rise in the share of sales from foreign buyers is more a function of cooling overall sales than rising foreign investment.

Foreign Buyer Transactions by Region



Source: DataBC



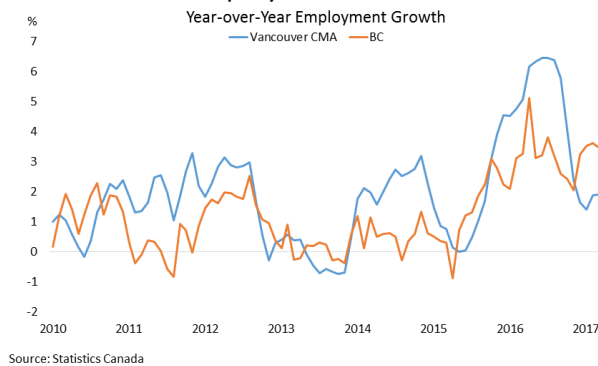
Source: DataBC

LOWER MAINLAND-SOUTHWEST

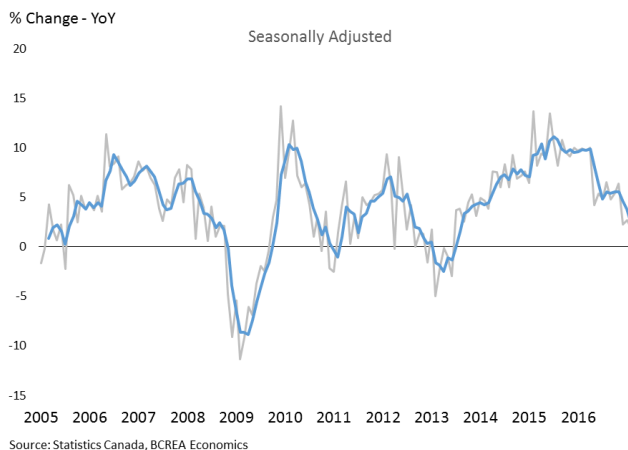
The Real Estate Board of Greater Vancouver, the Fraser Valley Real Estate Board and the Chilliwack and District Real Estate Board service the Lower Mainland–Southwest region. The area contributes approximately 60 per cent of the housing demand in the province.

Strong growth in the BC economy, led by the Lower Mainland–Southwest region, triggered a surge of employment growth over the past two years. The unemployment rate in Metro Vancouver is now at its lowest level since 2008. The cumulative effect has created stronger household financial conditions, underpinned consumer confidence and bolstered consumption. While growth in retail sales has moderated from 2016 levels, considerable momentum in the economy remains. Indeed, a marked upturn in housing

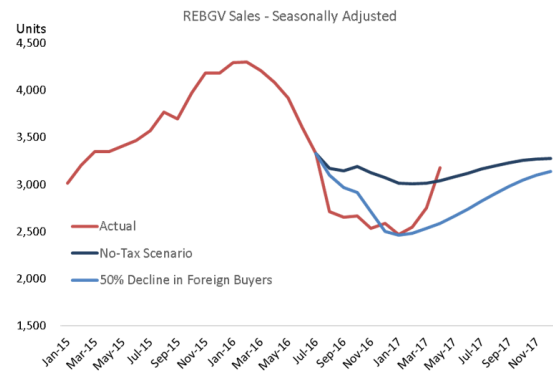
Employment Growth



Retail Sales Growth – Vancouver CMA



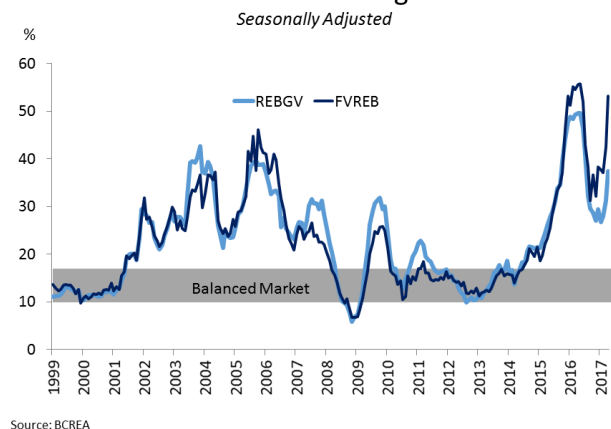
Impact of Foreign Buyer Tax



demand since January is expected to translate into a robust retail sector this year.

Federal and provincial policy efforts to tamp down housing demand in 2016 put cold water on an already-slowing regional market. In Vancouver, home sales declined far more before the foreign buyer tax was introduced than afterwards. However, policy efforts appear now to be superseded by a groundswell of underlying demand based on strong economic and demographic fundamentals. Indeed, our baseline estimate of the impact of the foreign buyer tax has already been exceeded by rising domestic demand. Residential sales in Vancouver climbed 35 per cent from January to May on a seasonally adjusted basis, with similar gains occurring in the Fraser Valley.

Sales-to-Active Listings Ratio

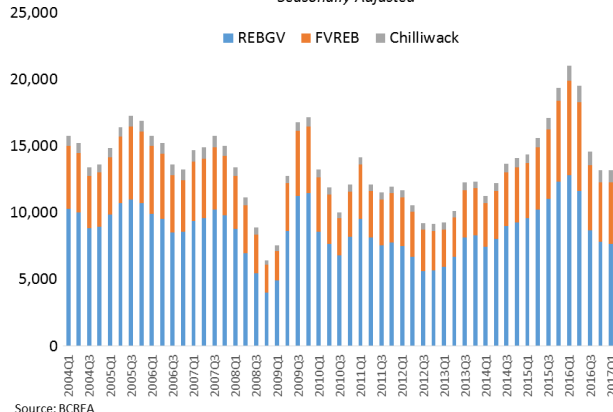


Rising consumer demand in the face of limited supply has tightened overall market conditions once again. As a result, upward pressure on home prices has resumed, alongside the frequency of multiple offers. A marked increase in demand for condominiums is evident this year, as the wave of millennials begins to enter their household forming years. After a widening between the price of a detached home and all others in 2016, apartments and townhouses appear to be largely catching up this year. Demand-side pressure on the relatively affordable condominium market is expected to continue over the next several years.

While changing demographics are a key propelling force in the first-time buyer market, population growth continues to underpin housing demand. Most immigrants to the province settle in Metro Vancouver, bolstering the working age population and providing additional housing demand. Weaker employment opportunities in other provinces, particularly those relying on the oil and gas sector, has created a

MLS® Unit Sales – Lower Mainland

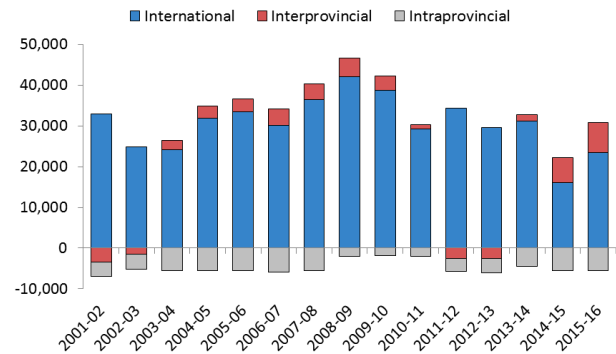
Seasonally Adjusted



recent surge in inter-provincial migration. Many of these households relocate to the relatively job rich Lower Mainland. The Lower Mainland–Southwest is expected to welcome 35,000-40,000 net migrants in each of the next two years.

Compared to the frenetic and unsustainable pace of housing demand last year, residential transactions through the Real Estate Board of Greater Vancouver, the Fraser Valley Real Estate Board and the Chilliwack and District Real Estate Board are expected to be

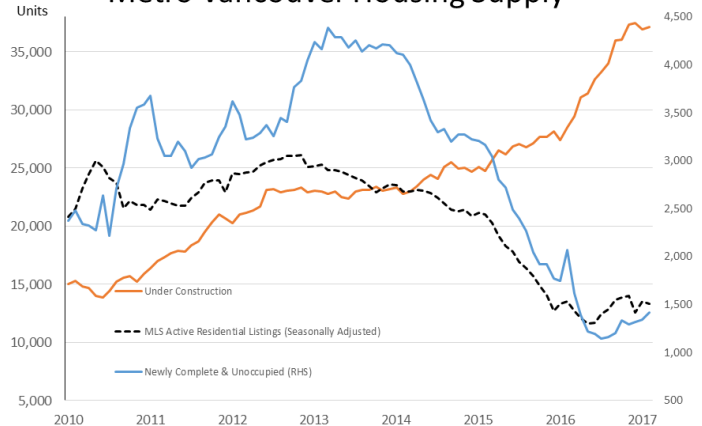
Net Migration - Vancouver CMA



11 to 19 per cent lower this year. However, the level of consumer demand is expected to remain at elevated levels from a historical perspective.

Housing starts climbed 34 per cent in Metro Vancouver, 41 per cent in Abbotsford and 22 per cent in Chilliwack, totaling 29,800 units in 2016. While low new home inventories are a significant signal for builders to continue ramping up production, a record number of homes already under construction is operating to constrain the capacity of the new home sector. As a result, total housing starts across Lower Mainland–Southwest region are expected to decline 15 per cent to approximately 25,000 units this year. Land supply constraints, local planning priorities, and market price points continue to tilt new home construction activity toward multi-family oriented housing. Over 80 per cent of housing starts this year are expected to be apartments and townhomes.

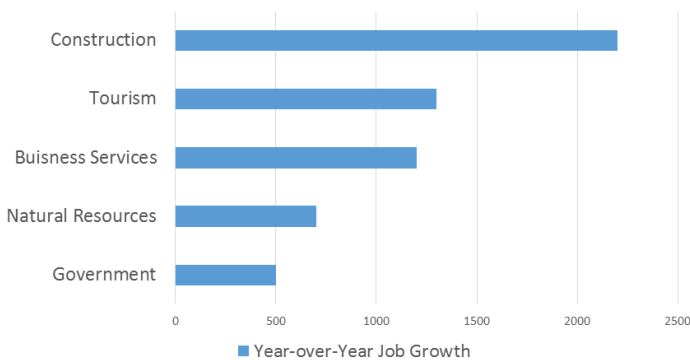
Metro Vancouver Housing Supply



THOMPSON-OKANAGAN

The Thompson-Okanagan region is served by the Okanagan Mainline and South Okanagan real estate boards, as well as the Kamloops & District Real Estate Association. Strong economic conditions in the region are consistent with overall provincial economic performance. The urban centres of Kamloops and Kelowna have increasingly diversified economies that support population growth, rising employment levels and new construction activity.

Employment Growth
Thompson/Okanagan

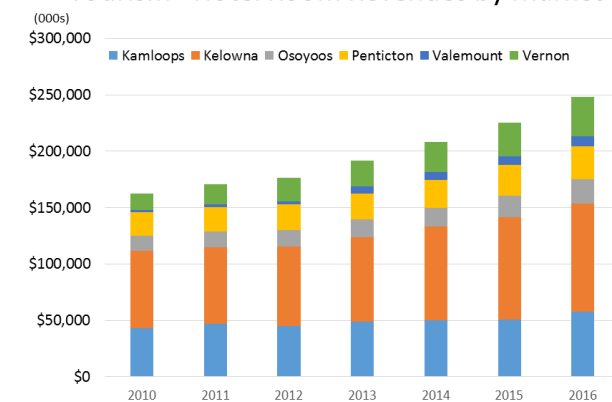


Source: Statistics Canada

Employment growth in business services, construction and tourism has been particularly robust. While a favourable exchange rate benefits BC exporters, it is also causing an increase in tourism-related activities from international visitors and from Canadians choosing to spend their vacation dollars at home.

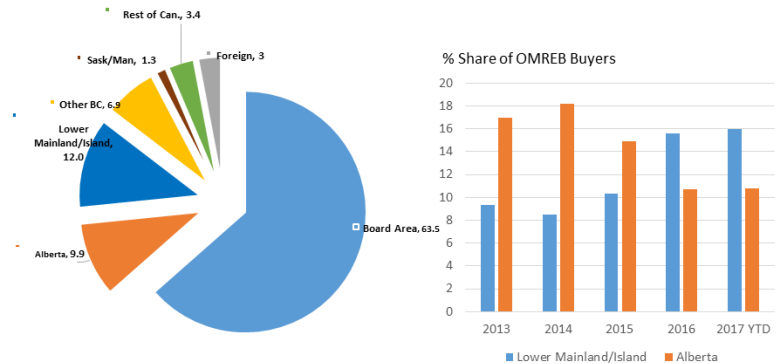
Net migration to the region has returned as a key population growth component after a significant decline in the post-recession period. Both migration from other provinces and from within British

Tourism - Hotel Room Revenues by Market



Source: BC Stats

Home Buyer Origins
Okanagan Mainline Estate Board



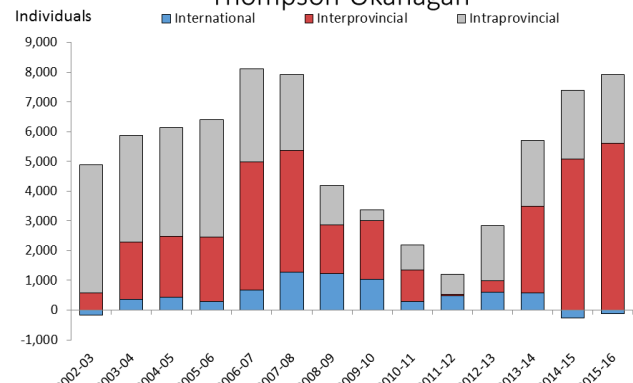
February 2017

Source: OMREB

Columbia are bolstering the region's population and adding to housing demand. While the proportion of homebuyers in the Okanagan Mainline Real Estate Board area originating from Alberta has declined since 2014, there has been an offsetting increase in activity originating from Metro Vancouver. The Thompson-Okanagan region's relative affordability, employment opportunities and retirement lifestyle are significant drivers of migration and overall population growth.

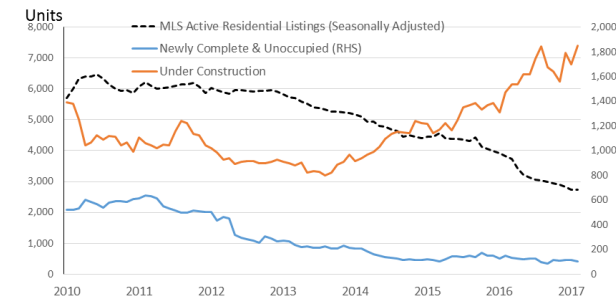
MLS® residential sales through the Okanagan Mainline Real Estate Board have eased from the record level recorded a year ago. However, consumer demand remains at an elevated level, and home sales are expected to post the second best performance on record this year. In the South Okanagan, housing demand is on pace to match last year's record level, with 2,450 units sold. Meanwhile,

Net Migration
Thompson-Okanagan



Sources: BC Stats, Statistics Canada, BCREA Economics

OMREB/Kelowna Housing Supply

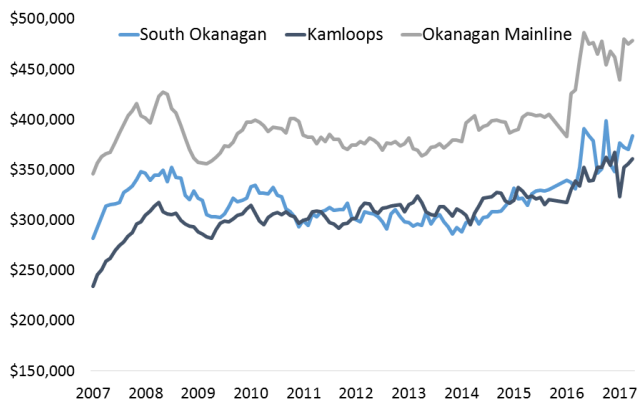


housing demand in the Kamloops area is also expected to remain robust this year, with 3,150 units trading hands. Condominiums have been in high demand across the Thompson/Okanagan region this year. Consumer demand for apartments is expected to rise nearly 26 per cent in the South Okanagan and 8 per cent in the Okanagan Mainline areas.

Market conditions in the region have continued to tighten this year. Strong consumer demand has drawn down the inventory of homes for sale and created more intense competition among homebuyers. Total active listings on the market in May were down nearly 28 per cent in Kamloops, and 16 to 19 per cent in the Okanagan boards, compared to the same month last year.

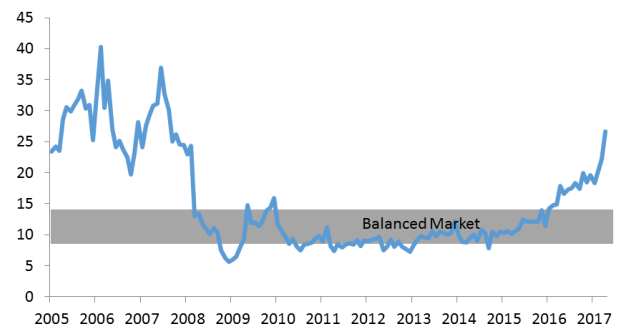
While tight supply conditions have induced home builders to ramp up new construction activity, the number of newly-built and unoccupied units

Thompson-Okanagan MLS® Average Price



Kamloops and District Real Estate Board

Sales-to-Active Listings Ratio
(Seasonally Adjusted)

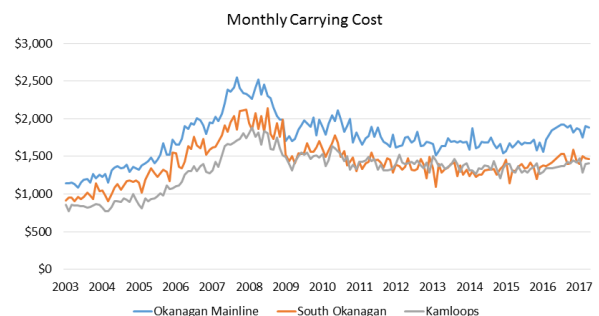


remains low. As a result, the total stock of homes is undersupplied in the face of current consumer demand, at least in the near term.

In addition, housing starts climbed 33 per cent in Kamloops and 72 per cent in both Okanagan boards areas last year. This activity has likely absorbed a significant amount of developable land. Combined with some capacity constraints for home builders, this is expected to limit new home starts this year.

Because of these factors, the average residential price is expected to continue an upward trend this year across the Thompson-Okanagan region, with apartments in the Okanagan Mainline area and townhouses in both the South Okanagan and Kamloops experiencing most significant gains. The relative affordability of the region continues to underpin demand. However, while the typical monthly carrying cost is still below the highs recorded in 2008, relative affordability has eroded over the last 24 months.

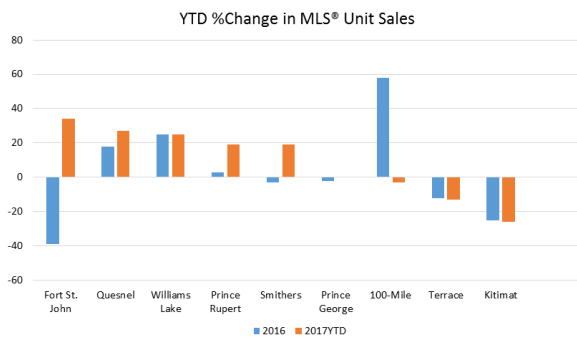
Affordability in the Thompson-Okanagan



NORTHERN BC

The theme across BC's northern housing markets for the past two years has been one of bifurcation. Those markets most exposed to falling commodity prices, particularly the steep decline in energy prices, have struggled while the more economically diversified regions have grown. To some extent, that narrative is still true, though there are encouraging signs that the impact of lower commodity prices, and the attendant decreased investment and employment, is fading.

Sales by BC Northern Market Area



Source: BCREA

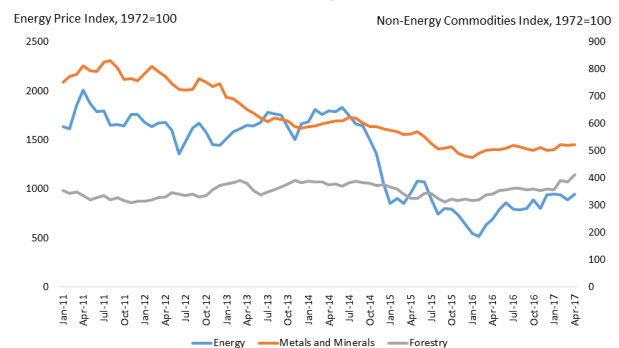
Markets that experienced declines like Fort St. John, Prince Rupert and Smithers have joined already strong markets like Quesnel and Williams Lake in posting double digit sales growth in the first quarter of 2017. However, sales in Kitimat and Terrace are still struggling while Prince George, the de facto capital of the region, has seen roughly flat sales growth.

After a challenging few years, the economy of the North may finally be on an upswing. Although energy and other commodity prices remain well below peak levels, activity is picking up, especially in the forestry sector which is experiencing a strong rebound. The dollar volume of exports of softwood lumber products reached a 12-year high in 2016, while shipments of all wood products were their highest since the late 1990s. The re-energization of the forestry industry, as well the pronounced uptick

in the manufacturing sector, is helping to propel home sales across the North. We forecast that MLS® home sales will rise by 8.1 per cent in the BC Northern Real Estate Board area this year.

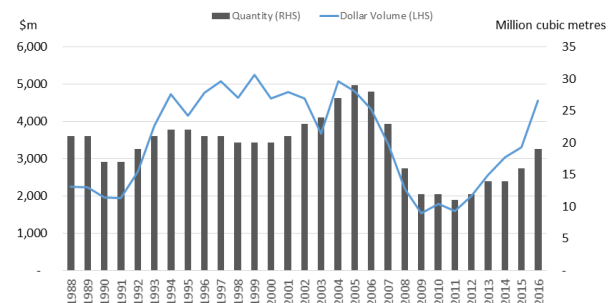
That said, there are substantial risks on the horizon. Most importantly, increased anti-Canadian rhetoric from the US government, culminating in the implementation of a 20 per cent tariff on BC softwood lumber products, threatens to derail momentum in the forestry industry. Consequently, we anticipate growth in home sales will slow in 2018, growing by just 1.1 per cent.

Commodity Prices



Source: Bank of Canada

BC Softwood Lumber Exports to the United States

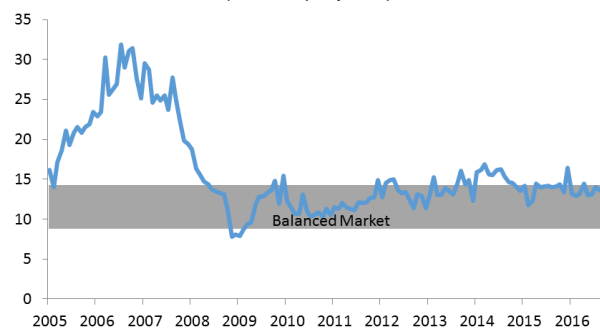


Source: BC Stats

Like most markets around the province, the supply of resale listings in the Northern BC region has been declining for several months, falling to their lowest level since 2008 on a seasonally adjusted basis. With demand recovering to historically normal levels, and supply declining, market conditions for the overall region have tightened. Consequently, the average MLS® price is up 5 per cent year-to-date, a rate of increase we expect will be maintained through to the end of the year.

BC Northern Real Estate Board

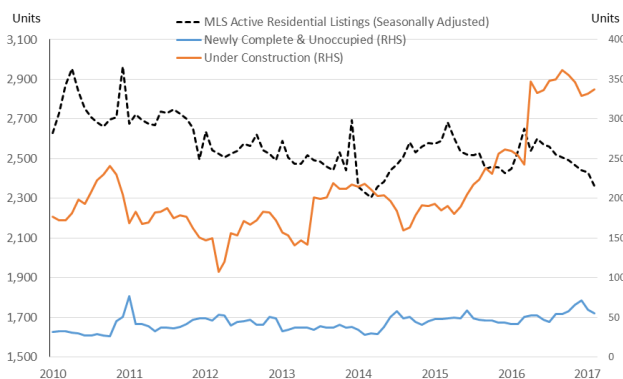
Sales-to-Active Listings Ratio
(Seasonally Adjusted)



Source: BCREA

The supply-constrained housing market should get some relief over the next year due to the high number of units under construction, as indicated by the near-record level of construction underway in the Prince George CA.

Prince George Housing Supply



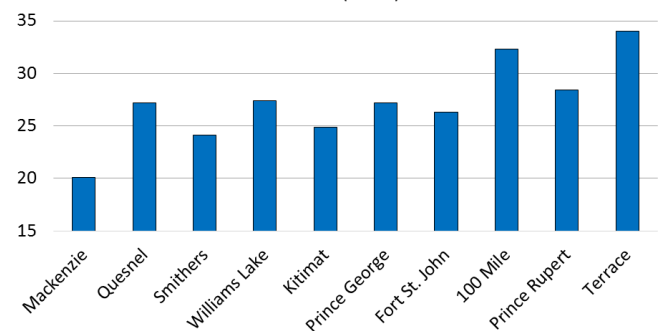
Source: CMHC, BCNREB, BCREA Economics

However, the elevated level of new home construction will likely mean a decline in housing starts this year. Total starts increased more than 50 per cent in 2016 to 313 units, including a surge in multiple-unit projects. We expect starts in the Prince George area will fall back to about 195 units in 2017.

That added supply should help to contain price growth in 2018. We forecast that the average MLS® price in the BC Northern Real Estate Board will increase by about 1 per cent next year as markets fall into balance.

Relative Housing Affordability

% Household Income Required for Typical Detached House (2016)



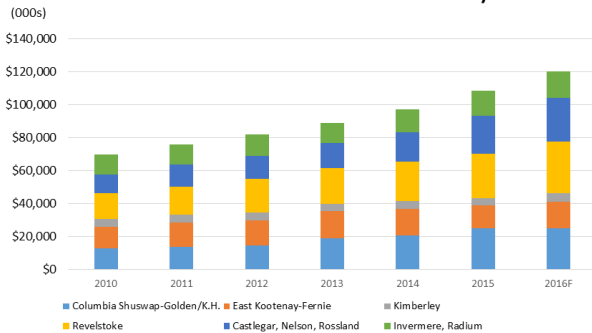
Source: BCNREB, BCREA Economics

An improving economy and a recovering regional natural resources sector should help buttress incomes in the North. That, combined with modestly rising home prices will preserve the region's attractive housing affordability.

KOOTENAY

The BC economy has posted strong growth for several consecutive years, but much of that growth has been concentrated in the Lower Mainland and Vancouver Island. However, gains are starting to spread out to all areas of the province, including the Kootenay. That uptick in local economic activity and employment has, in turn, driven home sales higher.

Tourism - Hotel Room Revenues by Market

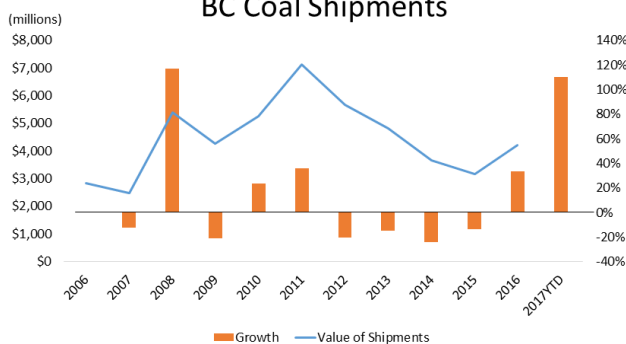


Source: BC Stats

The region has seen a strong upswing in local tourism, benefiting Kootenay hotels and resorts, particularly those around Revelstoke, Castlegar and Nelson.

Moreover, BC coal shipments, which primarily originate from the vast coal deposits in the East Kootenay, posted a strong rebound in 2016 that has gained momentum in the early months of 2017.

BC Coal Shipments



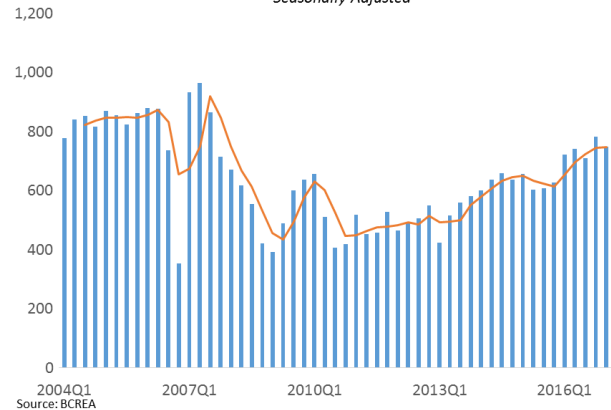
Source: BC Stats

Increased economic activity in the region has helped to propel job growth in the Kootenay. Since the summer of 2016, payrolls in the region have expanded by more than 10,000 jobs.

As a result, MLS® home sales in the Kootenay Real Estate Board area increased nearly 20 per cent in 2016 and have continued to trend higher through the first quarter of 2017.

MLS® Unit Sales – Kootenay

Seasonally Adjusted



Source: BCREA

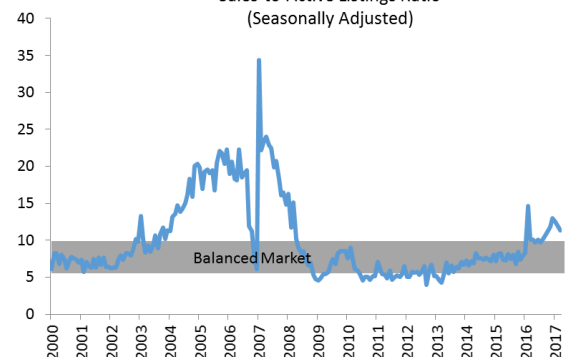
We do expect some headwinds in the second half of the year, due to modestly higher mortgage rates and some impact from tighter mortgage regulations introduced in late 2016. That said, we still forecast a 1.5 per cent increase in home sales this year to about 3,000 units.

While housing demand has been very strong, supply has not kept up. Active listings through the MLS® system in the Kootenay continued to slide lower in the early months of 2017 and, consequently, market conditions have become tight with the area tipping into sellers' market territory.

As demand outstrips supply, home prices have been pressured upward. The MLS® average price is up 13.1 per cent through the first four months of the year. We expect that listings activity will eventually pick up this year, alleviating some of the current pressure on home prices. However, we forecast that prices across the Kootenay region will finish the year more than 7 per cent higher at \$300,100.

Kootenay Real Estate Board

*Sales-to-Active Listings Ratio
(Seasonally Adjusted)*



Source: BCREA

BC Housing Outlook	2014	2015	2016	2017F	2018F
MLS® Unit Sales	84,049	102,517	112,209	101,030	100,555
% change	15.2	22	9.5	-10	-0.5
MLS® Average Price	\$568,405	\$636,600	\$691,100	\$683,500	\$719,100
% change	5.8	12	8.6	-1.1	5.2
MLS® Dollar Volume (\$billions)	\$47.77	\$65.26	\$77.55	\$69.05	\$72.31
% change	21.9	36.6	18.8	-11	4.7
Housing Starts	28,356	31,452	41,843	36,450	34,345
% change	4.8	10.9	33	-12.9	-5.8
Single	9,569	10,158	12,278	10,500	10,525
% change	12.3	6.2	20.9	-14.5	0.2
Multiple	18,787	21,294	29,565	25,950	23,820
% change	1.4	13.3	38.8	-12.2	-8.2
Total Net Migration	46,901	33,619	52,938	48,000	43,000
% change	30.7	-28.3	57.5	-9.3	-10.4
Net International Migration	31,042	12,148	32,912	33,000	33,000
% change	-1.6	-60.9	170.9	0.3	0
Net Interprovincial Migration	15,859	21,471	20,026	15,000	10,000
% change	1307.0	35.4	-6.7	-25.1	-33.3
Range of Posted 5-year Fixed Mortgage Rate (%)	4.79-4.99	4.64-4.79	4.64-4.74	4.64-4.64	4.64-4.79

BC Economic Outlook	2014	2015	2016	2017F	2018F
Real GDP Growth (%)	3.2	3	3.7	3.3	2.7
Employment (millions)	2.28	2.31	2.38	2.45	2.46
Employment Growth (%)	0.6	1.2	3.1	2.8	1.8
Unemployment (ooos)	146.9	149.9	152.9	147.6	139.0
Unemployment Rate (%)	6.1	6	6	5.7	5.3
Personal Disposable Income (\$billions)	145.9	154.9	162.9	170.0	177.4
Personal Disposable Income Growth (%)	2.7	5.9	5.1	4.4	4.3
Average Weekly Wage	\$882	\$914	\$921	\$935	\$952
Weekly Wage Growth (%)	0.3	3.6	0.8	1.5	1.9
Retail Sales (\$billions)	\$66.4	\$71.6	\$76.9	\$81.2	\$85.7
Retails Sales Growth (%)	5.8	6.9	7.4	5.7	5.4

Lower Mainland/Southwest

<i>MLS® Unit Sales</i>		2016	%	2017F	%	2018F	%
Real Estate Board of Greater Vancouver		40,880	-5.2	36,500	-10.7	38,400	5.2
Single Detached		14,665	-15.6	12,000	-18.2	13,500	12.5
Apartment		19,062	7.7	17,800	-6.6	18,100	1.7
Townhouse		6,306	-14.1	5,925	-6	6,200	4.6
Fraser Valley Real Estate Board		23,086	15.1	19,300	-16.4	19,350	0.3
Single Detached		11,843	6.9	8,700	-26.5	9,000	3.4
Apartment		5,077	66.7	5,500	8.3	5,400	-1.8
Townhouse		5,600	22.1	4,700	-16.1	4,600	-2.1
Chilliwack and District Real Estate Board		4,306	37.2	3,490	-19	3,200	-8.3
Single Detached		2,514	38.9	1,950	-22.4	1,850	-5.1
Apartment		509	58.1	575	13	485	-15.7
Townhouse		1,106	49.7	800	-27.7	725	-9.4
<i>MLS® Average Price</i>		2016	%	2017F	%	2018F	%
Real Estate Board of Greater Vancouver		\$ 1,017,228	12.7	\$ 980,790	-3.6	\$ 1,022,000	4.2
Single Detached		\$ 1,763,332	21.3	\$ 1,710,000	-3	\$ 1,750,000	2.3
Apartment		\$ 553,138	14.9	\$ 602,000	8.8	\$ 620,000	3
Townhouse		\$ 768,054	21.7	\$ 815,600	6.2	\$ 825,000	1.2
Fraser Valley Real Estate Board		\$ 676,946	17.2	\$ 667,000	-1.5	\$ 685,500	2.8
Single Detached		\$ 980,835	36.1	\$ 992,000	1.1	\$ 1,015,000	2.3
Apartment		\$ 263,346	13.0	\$ 305,100	15.9	\$ 312,000	2.3
Townhouse		\$ 447,904	23.5	\$ 515,200	15	\$ 525,000	1.9
Chilliwack and District Real Estate Board		\$ 397,911	18.4	\$ 433,000	8.8	\$ 445,000	2.8
Single Detached		\$ 492,272	30.3	\$ 555,000	12.7	\$ 575,000	3.6
Apartment		\$ 181,472	23.2	\$ 207,000	14.1	\$ 212,000	2.4
Townhouse		\$ 314,721	16.3	\$ 375,000	19.2	\$ 383,000	2.1
<i>Housing Starts</i>		2016	%	2017F	%	2018F	%
Vancouver CMA		27,914	33.8	23,300	-16.5	22,680	-2.7
Single		5,169	11.8	4,200	-18.7	4,680	11.4
Multiple		22,745	40	19,100	-16	18,000	-5.8
Abbotsford CMA		1,136	40.9	1,115	-1.8	810	-27.4
Single		469	19.3	290	-38.2	310	6.9
Multiple		667	61.5	825	23.7	500	-39.4
Chilliwack CA		769	21.9	635	-17.4	740	16.5
Single		404	35.6	335	-17.1	360	7.5
Multiple		365	9.6	300	-17.8	380	26.7

Vancouver Island/Coast

MLS® Unit Sales	2016	%	2017F	%	2018F	%
Victoria Real Estate Board	10,028	27.5	9,310	-7.2	8,900	-4.4
Single Detached	5,828	23.7	5,200	-10.8	4,975	-4.3
Apartment	2,914	40.9	2,950	1.2	2,800	-5.1
Townhouse	1,014	20.1	900	-11.2	885	-1.7
Vancouver Island Real Estate Board	10,532	26.6	9,850	-6.5	8,900	-9.6
Single Detached	7,082	17.3	6,500	-8.2	6,000	-7.7
Apartment	984	29.3	1,150	16.9	1,075	-6.5
Townhouse	1,358	19.1	1,290	-5	1,100	-14.7
Powell River Sunshine Coast Real Estate Board	417	9.4	440	5.5	370	-15.9
Single Detached	343	6.5	370	7.9	320	-13.5
Condo	60	36.4	40	-33.3	35	-12.5
Single Family Mobile	14	-6.7	15	7.1	15	0
MLS® Average Price	2016	%	2017F	%	2018F	%
Victoria Real Estate Board	\$ 585,745	12.3	\$ 656,900	12.1	\$ 665,000	1.2
Single Detached	\$ 738,944	15.7	\$ 836,000	13.1	\$ 875,000	4.7
Apartment	\$ 354,271	8.6	\$ 363,700	2.7	\$ 375,000	3.1
Townhouse	\$ 466,392	10.5	\$ 510,000	9.4	\$ 520,100	2
Vancouver Island Real Estate Board	\$ 383,192	12.8	\$ 420,000	9.6	\$ 437,000	4
Single Detached	\$ 440,035	13.5	\$ 476,700	8.3	\$ 502,000	5.3
Apartment	\$ 213,229	10.9	\$ 255,000	19.6	\$ 260,000	2
Townhouse	\$ 281,405	6.4	\$ 315,000	11.9	\$ 321,000	1.9
Powell River Sunshine Coast Real Estate Board	\$ 284,471	15.3	\$ 322,250	13.3	\$ 324,800	0.8
Single Detached	\$ 315,032	17.4	\$ 345,500	9.7	\$ 350,000	1.3
Condo	\$ 176,806	19.4	\$ 200,000	13.1	\$ 201,000	0.5
Single Family Mobile	\$ 68,588	32.7	\$ 75,000	9.3	\$ 77,000	2.7
Housing Starts	2016	%	2017F	%	2018F	%
Victoria CMA	2,933	46.1	2,440	-16.8	2,325	-4.7
Single	910	32.5	890	-2.2	850	-4.5
Multiple	2,023	53.1	1,550	-23.4	1,475	-4.8
Nanaimo CMA	878	3.3	810	-7.7	765	-5.6
Single	433	12.8	410	-5.3	375	-8.5
Multiple	445	-4.5	400	-10.1	390	-2.5

Thompson Okanagan

MLS® Unit Sales		2016	%	2017F	%	2018F	%
Okanagan Mainline Real Estate Board		10,036	25.6	8,800	-12.3	8,600	-2.3
Single Detached		5,301	23.5	4,500	-15.1	4,450	-1.1
Apartment		1,827	34.7	1,975	8.1	1,800	-8.9
Townhouse		1,529	23.1	1,550	1.4	1,500	-3.2
South Okanagan Real Estate Board		2,459	21.6	2,450	-0.4	2,350	-4.1
Single Detached		1,439	21.9	1,200	-16.6	1,150	-4.2
Apartment		378	13.5	475	25.7	400	-15.8
Townhouse		426	36.1	450	5.6	375	-16.7
Kamloops & District Real Estate Assoc.		3,181	23.6	3,150	-1	2,860	-9.2
Single Detached		2,142	16.3	2,050	-4.3	1,900	-7.3
Apartment		290	46.5	300	3.4	275	-8.3
Townhouse		404	35.6	425	5.2	350	-17.6
MLS® Average Price		2016	%	2017F	%	2018F	%
Okanagan Mainline Real Estate Board		\$ 461,791	13.1	\$ 478,000	3.5	\$ 498,700	4.3
Single Detached		\$ 555,934	14.6	\$ 580,000	4.3	\$ 603,000	4
Apartment		\$ 281,626	13.3	\$ 320,000	13.6	\$ 333,000	4.1
Townhouse		\$ 375,040	10.2	\$ 402,000	7.2	\$ 410,000	2
South Okanagan Real Estate Board		\$ 364,296	11.3	\$ 380,400	4.4	\$ 385,000	1.2
Single Detached		\$ 452,257	12	\$ 495,000	9.5	\$ 494,000	-0.2
Apartment		\$ 234,198	2.9	\$ 239,000	2.1	\$ 245,500	2.7
Townhouse		\$ 294,451	8.4	\$ 337,000	14.5	\$ 338,000	0.3
Kamloops & District Real Estate Assoc.		\$ 345,528	5.9	\$ 360,900	4.4	\$ 372,150	3.1
Single Detached		\$ 396,317	7	\$ 420,000	6	\$ 431,000	2.6
Apartment		\$ 207,256	9.3	\$ 204,000	-1.6	\$ 205,000	0.5
Townhouse		\$ 297,115	5.7	\$ 348,000	17.1	\$ 359,600	3.3
Housing Starts		2016	%	2017F	%	2018F	%
Kelowna CMA		2,196	71.6	2,500	13.8	1,460	-14.1
Single		785	25	700	-10.8	660	-5.7
Multiple		1,411	116.4	1,800	27.6	800	-20
Penticton CMA		435	71.9	420	-3.4	360	-14.3
Single		155	8.4	160	3.2	135	-15.6
Multiple		280	154.5	260	-7.1	225	-13.5
Kamloops CA		697	33.3	510	-26.8	500	-2
Single		259	-12.5	210	-18.9	200	-4.8
Multiple		438	93	300	-31.5	300	0

Kootenay

<i>MLS® Unit Sales</i>	2016	%	2017F	%	2018F	%
Kootenay Real Estate Board	2,955	18.2	3,000	1.5	2,850	-5
Single Detached	1,760	13.7	1,800	2.3	1,750	-2.8
Apartment	295	67.6	300	1.7	290	-3.3
Townhouse	191	22.4	195	2.1	180	-7.7
<i>MLS® Average Price</i>	2016	%	2017F	%	2018F	%
Kootenay Real Estate Board	\$ 279,500	1.5	\$ 300,100	7.4	\$ 303,000	1
Single Detached	\$ 282,000	1.5	\$ 307,000	8.9	\$ 310,000	1
Apartment	\$ 155,000	1.6	\$ 176,000	13.5	\$ 177,000	0.6
Townhouse	\$ 245,000	0.8	\$ 243,000	-0.8	\$ 248,000	2.1
<i>Housing Starts</i>	2016	%	2017F	%	2018F	%
Cranbrook CMA	99	94.1	90	-9.1	90	0
Single	76	58.3	65	-14.5	65	0
Multiple	23	666.7	25	8.7	25	0

Northern BC

<i>MLS® Unit Sales</i>	2016	%	2017F	%	2018F	%
BC Northern Real Estate Board	4,069	-3.4	4,400	8.1	4,450	1.1
Single Detached	2,236	-7.1	2,425	8.5	2,500	3.1
House with Acreage	801	15.4	775	-3.2	770	-0.6
Northern Lights Area ¹	260	-16.7	340	30.8	325	-4.4
Single Detached	222	-15.3	300	35.1	290	-3.3
<i>MLS® Average Price</i>	2016	%	2017F	%	2018F	%
Kootenay Real Estate Board	\$ 263,703	-0.4	\$ 277,000	5	\$ 279,600	0.9
Single Detached	\$ 278,708	-0.9	288,000	3.3	290,000	0.7
House with Acreage	\$ 340,686	3	\$ 375,000	10.1	\$ 380,000	1.3
Northern Lights Area ¹	\$ 233,357	-13.4	\$ 239,000	2.4	\$ 243,000	1.7
Single Detached	\$ 251,630	-12.8	\$ 258,000	2.5	\$ 262,200	1.6
<i>Housing Starts</i>	2016	%	2017F	%	2018F	%
Prince George CMA	313	53.4	195	-37.7	175	-10.3
Single	182	7.7	120	-34.1	90	-25
Multiple	131	274.3	75	-42.7	85	13.3
Dawson Creek CMA	10	-88	20	100	35	75
Single	7	-81.6	10	42.9	20	100
Multiple	3	-93.3	10	233.3	15	50

1. The former Northern Lights Real Estate Board merged with the South Okanagan Real Estate Board

Housing Forecast Summary — Second Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2016	2017F	2018F	2016	2017F	2018F
Victoria	10,028 27.5%	9,310 -7.2%	8,900 -4.4%	585,745 12.3%	656,900 12.1%	665,000 1.2%
Vancouver Island	10,532 26.6%	9,850 -6.5%	8,900 -9.6%	\$383,192 12.8%	\$420,000 9.6%	\$437,000 4%
Powell River Sunshine Coast	417 9.4%	440 5.5%	370 -15.9%	\$284,471 15.3%	\$322,250 13.3%	\$324,800 0.8%
Greater Vancouver	40,880 -5.2%	36,500 -10.7%	38,400 5.2%	1,017,228 12.7%	980,790 -3.6%	1,022,000 4.2%
Fraser Valley	23,086 15.1%	19,300 -16.4%	19,350 0.3%	\$676,946 17.2%	\$667,000 -1.5%	\$685,500 2.8%
Chilliwack and District	4,306 37.2%	3,490 -19%	3,200 -8.3%	\$397,911 18.4%	\$433,000 8.8%	\$445,000 2.8%
Kamloops and District	3,181 23.6%	3,150 -1%	2,860 -9.2%	345,528 5.9%	360,900 4.4%	372,150 3.1%
Okanagan Mainline	10,036 25.6%	8,800 -12.3%	8,600 -2.3%	\$461,791 13.1%	\$478,000 3.5%	\$498,700 4.3%
South Okanagan*	2,459 21.6%	2,450 -0.4%	2,350 -4.1%	\$364,296 11.3%	\$380,400 4.4%	\$385,000 1.2%
Northern Lights	260 -16.7%	340 30.8%	325 -4.4%	\$233,357 -13.4%	\$239,000 2.4%	\$243,000 1.7%
Kootenay	2,955 18.2%	3,000 1.5%	2,850 -5%	\$279,500 1.5%	\$300,100 7.4%	\$303,000 1.0%
BC Northern	4,069 -3.4%	4,400 8.1%	4,450 1.1%	\$263,703 -0.4%	\$277,000 5%	\$279,600 0.9%
BC Total	112,209 9.5%	101,030 -10.0%	100,555 -0.5%	691,100 8.6%	683,500 -1.1%	719,100 5.2%

NOTE: The Northern Lights Real Estate Board (NLREB) became part of the South Okanagan Real Estate Board (SOREB) on January 1, 2011.

*Excluding Northern Lights

BCREA Economics provides timely research, analysis and information on economic factors affecting British Columbia and its housing markets.

The British Columbia Real Estate Association (BCREA) is the professional association for over 22,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.

To demonstrate the profession's commitment to improving Quality of Life in BC communities, BCREA supports policies that help ensure economic vitality, provide housing opportunities, preserve the environment, protect property owners and build better communities with good schools and safe neighbourhoods.

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Additional economics information is available on
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