

First Quarter – February 2022

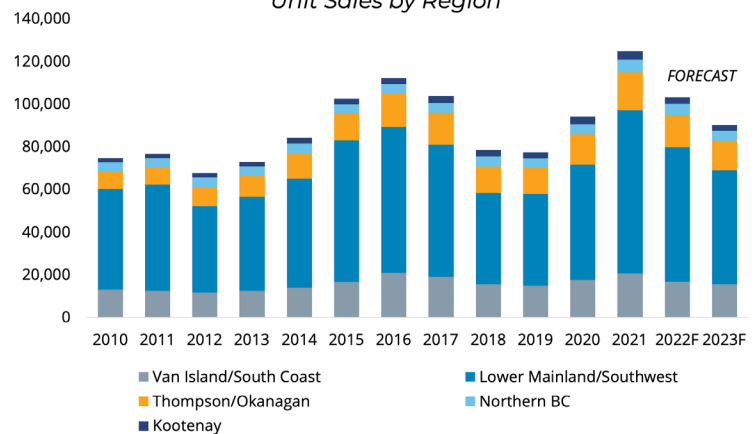
The BC housing market is entering 2022 with the lowest level of active listings on record and significant demand-side momentum. That means strong sales should persist through the first few months of the year and supply will remain severely limited. As a result, we expect to see continued upward pressure on home prices in all markets.

As the provincial economy continues its strong recovery, housing demand should remain robust. Though the latest wave of COVID-19 adds uncertainty, the provincial unemployment rate continues to trend downwards toward its pre-pandemic level, wages are rising and employment growth has become more balanced across sectors. Consequently, we are forecasting that provincial home sales will reach 103,250 units this year, a 17 per cent decline from the record set in 2021.

However, with inflation running at a multi-decade high, it is widely expected that the Bank of Canada will begin raising its overnight policy rate this year. Canadian mortgage rates have already risen substantially in expectation of tighter monetary policy and we should begin to see the impacts of those rising rates in the second half of 2022 and into 2023. As a result, home sales next year should further moderate toward a more normal, long-term average level of about 90,000 unit sales province-wide.

Slower sales activity will allow the inventory of resale listings to rebuild, but given how low listings currently are, it will take considerable time before markets can return to a healthy balance. In fact, active listings in most markets need to more than double to bring markets back into balance. Rebuilding the inventory of active listings is likely a multi-year process. As a result, home prices are expected to rise by 8.5 per cent in 2022 with much of that gain happening in the first half of the year. With sales activity normalizing in 2023 and inventories rebuilding, market conditions around the province should improve, and price growth is anticipated to slow to 2.7 per cent.

MLS® Residential Sales British Columbia Unit Sales by Region



Source: BCREA Economics

MLS®	2021	2022F	2023F	Housing Starts ¹	2021	2022F	2023F
Sales	124,877	103,250	90,200	Total	47,700	42,100	37,500
	32.8%	-17.3%	-12.6%		25.8%	-11.7%	-10.9%
Avg Price	927,800	1,006,200	1,033,300	Single	10,000	9,500	9,000
	18.7%	8.5%	2.7%		16.3%	-5%	-5.3%
\$ Volume	115.7 Bil	103.9 Bil	93.2 Bil	Multiple	37,700	32,600	28,500
	57.7%	-10.3%	-10.3%		28.7%	-13.5%	-12.6%

1. Sources: BCREA Forecast; CMHC

BC Economic Outlook	2021 ¹	2022F	2023F
Real GDP Growth (%)	5.5	3.8	3.1
Employment Growth (%)	6.5	3	2.5
Unemployment Rate (%)	6.5	5.5	4.5
Personal Disposable Income Growth (%)	5	4.9	4.7
Weekly Wage Growth (%)	2.4	2.5	2
Retails Sales Growth (%)	12.5	6	5.5

1. Values have been estimated where data has not yet been released.
Sources: BCREA Economics, Statistics Canada

Housing Forecast Summary - First Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2021	2022F	2023F	2021	2022F	2023F
Victoria	9,514 18%	7,800 -18%	7,400 -5.1%	906,404 16.5%	1,010,000 11.4%	1,035,000 2.5%
Vancouver Island	10,730 18.5%	8,500 -20.8%	7,900 -7.1%	664,149 25.1%	725,000 9.2%	735,000 1.4%
Powell River Sunshine Coast	431 3.6%	400 -7.2%	300 -25%	519,928 23.6%	560,000 7.7%	575,000 2.7%
Greater Vancouver	44,884 42%	37,800 -15.8%	32,500 -14%	1,188,693 11.5%	1,285,000 8.1%	1,320,000 2.7%
Fraser Valley	26,546 40.7%	21,500 -19%	18,000 -16.3%	1,013,855 22.7%	1,090,000 7.5%	1,150,000 5.5%
Chilliwack and District	4,799 37.3%	3,800 -20.8%	3,000 -21.1%	728,146 26.2%	805,000 10.6%	835,000 3.7%
Kamloops and District	3,746 23.1%	3,100 -17.2%	2,800 -9.7%	559,595 22%	630,000 12.6%	650,000 3.2%
Interior*	14,202 25%	11,900 -16.2%	10,800 -9.2%	701,416 19.6%	750,000 6.9%	765,000 2%
South Peace River**	538 62%	450 -16.4%	400 -11.1%	284,524 10.2%	300,000 5.4%	307,000 2.3%
Kootenay	3,992 14.7%	3,200 -19.8%	2,800 -12.5%	450,466 17.3%	508,000 12.8%	525,000 3.3%
BC Northern	5,495 28.6%	4,800 -12.6%	4,300 -10.4%	384,661 15.5%	400,000 4%	415,000 3.8%
BC Total	124,877 32.8%	103,250 -17.3%	90,200 -12.6%	927,800 18.7%	1,006,200 8.5%	1,033,300 2.7%

*NOTE: The Okanagan Mainline Real Estate Board (OMREB) amalgamated with the South Okanagan Real Estate Board (SOREB) on January 1, 2021, to form the Association of Interior REALTORS®.

**The former Northern Lights Board, which was merged with SOREB in 2011, will now be called the South Peace River Region and is part of the new Association of Interior REALTORS®.

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 more than 23,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's ten real estate boards, BCREA offers 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.

Send questions and comments about the Housing Forecast to:

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Additional economics information is available on BCREA's website at: www.bcrea.bc.ca.

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