



Second Quarter – June 2020

Two years on from being buffeted by demand-stifling government policies, the BC housing market was set to record a relatively normal year in 2020. However, hopes for a return to normal were upended by a worldwide pandemic that has thrown a blanket of uncertainty over the entire global economy.

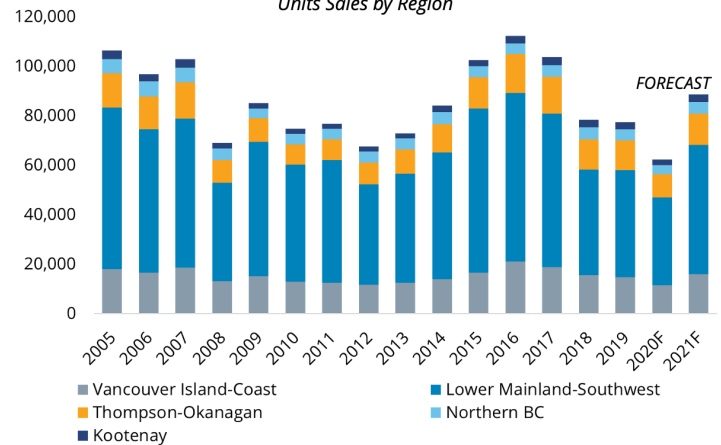
With much of the economy at a standstill, and households and the real estate sector adhering to social distancing, activity in the housing market has slowed dramatically. Sales in the early spring fell to unprecedented lows and we anticipate that sales will remain below normal through the summer months.

However, as the economy “re-opens” and measures to mitigate the spread of COVID-19 are gradually eased, we expect home sales will start to rebound, aided by record-low mortgage rates and pent-up demand. We are forecasting that provincial MLS® sales will fall 21.3 per cent this year to 60,885 units before posting a strong recovery to 88,490 units in 2021.

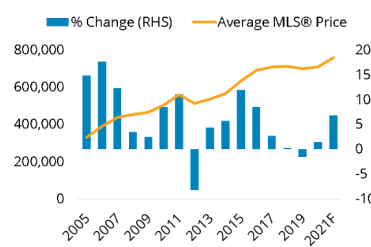
The impact of the current pandemic and associated recession on prices is largely determined by the reaction of supply. If the inventory of listings accumulates significantly, and particularly if that inventory represents foreclosures or motivated selling by those impacted by rising unemployment, prices will be more severely impacted. However, given the unusual nature of COVID-19, the supply of listings for sale has declined for at least the first month of the pandemic. Even when social distancing measures ease and normal recession dynamics take over, the total supply of homes for sale will likely peak at a lower level than would be expected given the underlying economic turmoil.

A muted rise in for-sale inventory along with plummeting interest rates and pent-up demand may translate to home prices remaining relatively firm in 2020. We are forecasting the provincial MLS® average price to finish the year up 1.8 per cent and increase a further 5.6 per cent in 2021.

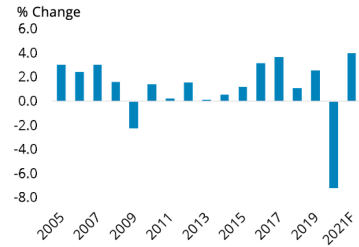
MLS® Home Sales
British Columbia
Units Sales by Region



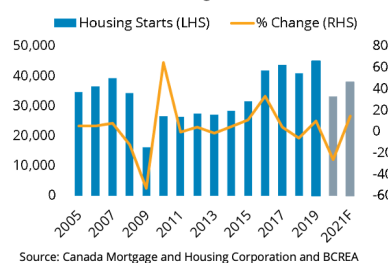
MLS® Average Price



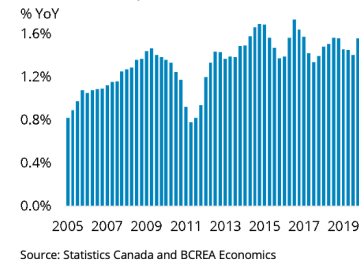
Employment Growth



Housing Starts



Population Growth



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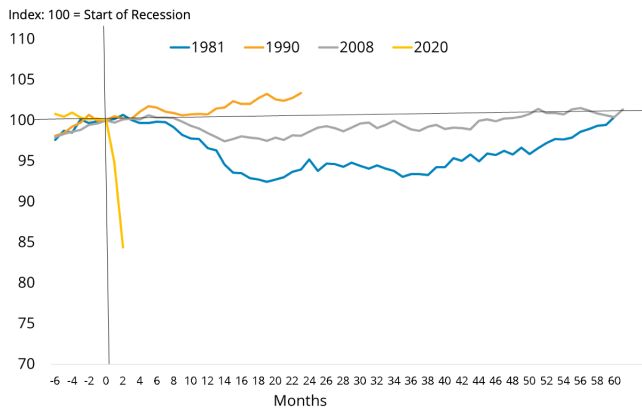
ECONOMIC OUTLOOK

For the first time in over a decade, the BC economy is in a recession. This recession is unprecedented in that it did not evolve due to collective poor business decisions, rapidly rising interest rates, bad loans, or misadventures in financial engineering. Rather, the economy has been purposely halted for the greater good. The implication of this is that the shorter the duration of this unusual period, the more likely it is that demand can readily return to near where it was pre-COVID-19. However, the longer the duration, the more likely that jobs will not return, businesses will fail, and the recovery will be much slower.

BC Economic Outlook ¹	2019	2020F	2021F
Real GDP Growth (%)	1.8	(6.3)	3.6
Employment (millions)	2.558	2.374	2.469
Employment Growth (%)	2.6	(7.2)	4
Unemployment Rate (%)	4.7	10.1	7.9
Personal Disposable Income (\$billions)	203.9	194.1	202.8
Personal Disposable Income Growth (%)	5.1	(4.8)	4.5
Average Weekly Wage	999.3	1,009.3	1,024.4
Weekly Wage Growth (%)	1	1	1.5
Retail Sales (\$billions)	86.5	76.6	80.4
Retails Sales Growth (%)	0.6	(11.5)	5
Average 5-year Fixed Mortgage Rate	2.77-3.71	2.5-2.99	2.5-2.5

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

Recessions and BC Employment



Source: Statistics Canada

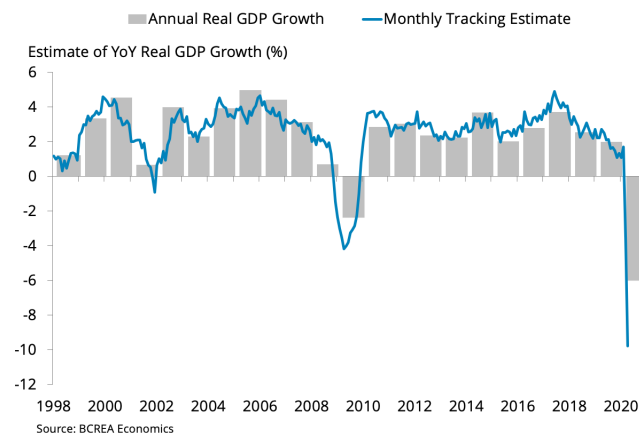
While the timing and strength of the recovery remain highly uncertain, the early costs of the recession are all too well realized. Employment in BC has fallen by 400,000 jobs in just two months, and the unemployment rate has risen to a 23-year high of 11.5 per cent.

Moreover, hours worked across the BC economy plummeted 20 per cent, reflecting not just the fall in employment but reduced hours of those still employed.

Our tracking measure of the BC economy, which rolls together all of the economic data released for BC in a given month, is signaling a deep contraction of provincial GDP in March and April, with the latter month approaching a double-digit year-over-year decline in economic activity.

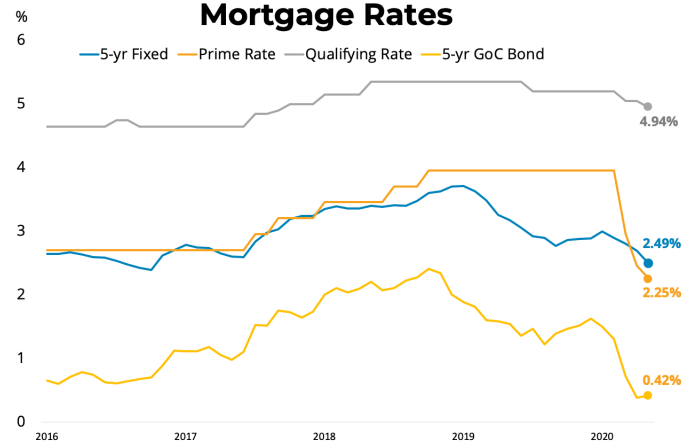
Fortunately, measures to mitigate the severity of the recession are being implemented with impressive speed and scope. The federal and provincial governments have enacted programs to bridge households through this challenging time and, as much as possible, keep workers attached to their current jobs while ensuring those businesses can stay afloat through financial assistance and rent relief programs. At nearly

BCREA GDP NOWCAST



Source: BCREA Economics

Mortgage Rates



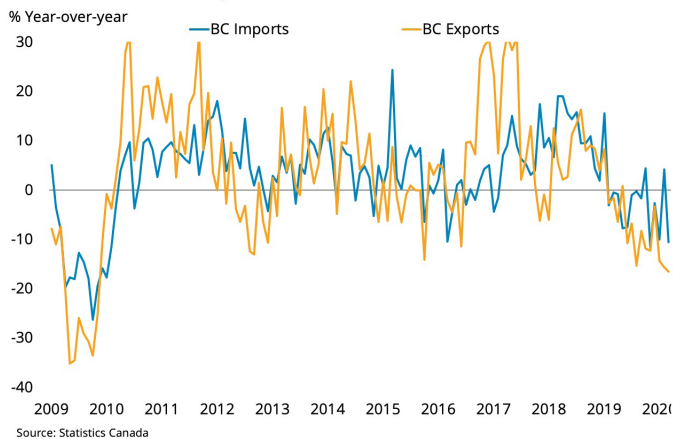
Source: Haver; RateSpy

10 per cent of GDP, these programs are much more akin to disaster relief than a normal stimulus package.

The Bank of Canada is also doing its part, not just by lowering its policy rate to its effective lower bound of 25 basis points, but also by unleashing its considerable ability to expand its balance sheet to tamp down rising credit spreads across the entire spectrum of borrowers. There are indications that these programs are working, prompting falling borrowing costs of small businesses and reversing what was an initial rise in Canadian mortgage rates.

The global nature of the pandemic and the severity of the outbreak inside the borders of BC's largest trading partner will have significant consequences for the province's export businesses. BC exports were already struggling to start the year due to elevated trade tensions, tariffs and a faltering forestry sector. A sharp slowdown in global demand will only compound those underlying issues.

Sharp Decline in Trade

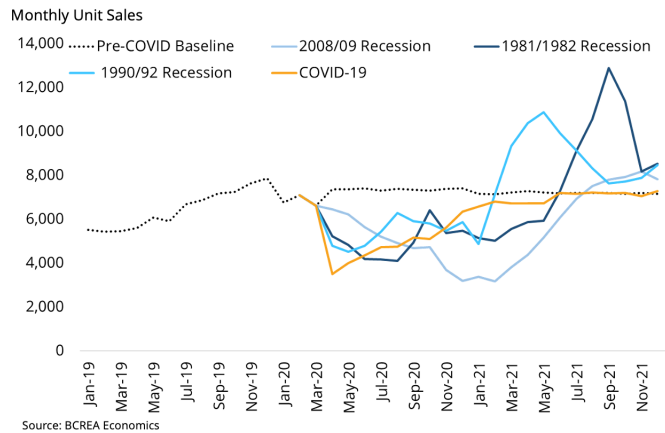


In addition, an enormous uncertainty hangs over the province's important tourism sector as borders close to international travel. Even upon an eventual reopening, there will likely be a hesitancy to travel without an available vaccine.

These factors add up to what will be the worst year of real GDP growth in the BC economy since the 1982 recession. We expect the BC economy will contract by 6.3 per cent in 2020, with most of the decline occurring in the spring and early summer months.

However, one thing all recessions have in common is that they eventually end. How the recovery evolves this time around depends crucially on whether permanent damage is done to the economy.

BC Home Sales in Past Recessions



Some sectors such as retail and food services may take much longer to recover, while other industrial sectors may be more immediate. The housing sector often leads recoveries, as pent-up demand builds and interest rates decline. While new home construction in BC slowed in April, starts remained relatively strong at a 30,000-unit seasonally adjusted annual rate. Given the unusual nature of this recession and the need for supply in large centres like Vancouver, there may not be a prolonged slowdown in the construction industry as in prior recessions.

The ultimate magnitude of the recovery will depend on how quickly economic activity can converge to its pre-COVID-19 level. That convergence depends crucially on the level of comfort people feel in getting back to work, going to stores, or catching a movie with friends, a variable that is ultimately unforecastable. While the way we do those things will certainly change, we choose to be optimistic that the economy will bounce back in 2021, hopefully propelled by advances in therapy or a successful vaccine, aided by fiscal and monetary stimulus, and driven by pent-up demand. Those factors are forecast to boost economic growth to 3.6 per cent next year and lower the provincial unemployment rate to under 8 per cent by the end of 2021.

VANCOUVER ISLAND-COAST

Prior to the outbreak of COVID-19, housing markets in the Vancouver Island Coast Region, which is serviced by the Vancouver Island Real Estate Board, the Victoria Real Estate Board and the Powell River and Sunshine Coast Real Estate Board, were mixed to start 2020. While home sales across the Victoria region were off to a strong start, a struggling forestry sector and a lack of inventory had hampered activity across much of Vancouver Island.

The staggering job losses across the BC economy have fallen particularly hard on the service sector and especially for tourism-driven jobs in the hotel, restaurant and retail sectors, which has reversed a strong trend of employment growth in Victoria. A sharp decline in visitors to the island and the uncertainty hanging over the tourism sector could mean a slower recovery in parts of the island that are most dependent on traffic from international and Canadian visitors.

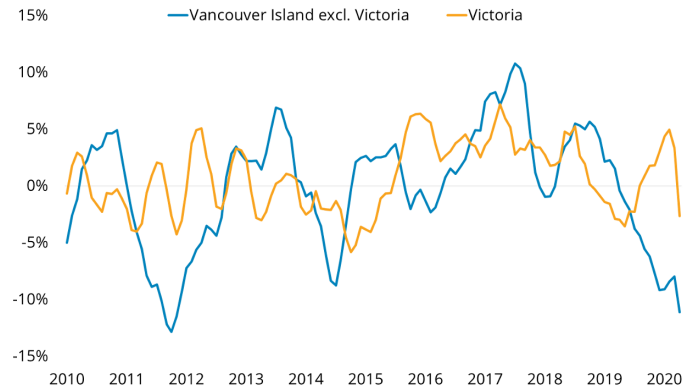
As social distancing measures were instituted, sales in the Victoria and Vancouver Island board regions fell back to near record-low levels of activity. We expect home sales will remain well below seasonal levels into early summer but, as the industry and buyers and sellers adapt, activity is likely to pick up before returning to pre-COVID levels by 2021. Our forecast is for home sales in the Victoria board region to decline 26 per cent this year before bouncing back by 41 per cent in 2021 to 7,200 units. The Vancouver Island board region will likely see a decline of 20 per cent this year before bouncing back by 40 per cent to 8,400 units in 2021.

Much of the Vancouver Island resale market was under-supplied even before the COVID-19 pandemic slowed new listings activity. Active listings in the Vancouver Island board area are near historical lows and likely to move lower as potential sellers remain cautious over in-person viewings. In Victoria, strong demand had already prompted a decline in inventory before listings pulled back further due to social distancing. New home construction activity in Victoria and Nanaimo has moderated as expected to start 2020, following three consecutive years of robust activity. Housing starts may slow further through the summer due to COVID-19, though early data shows relatively strong homebuilding activity.

As a result of a challenging supply environment, prices were rising in the Vancouver Island and Victoria markets

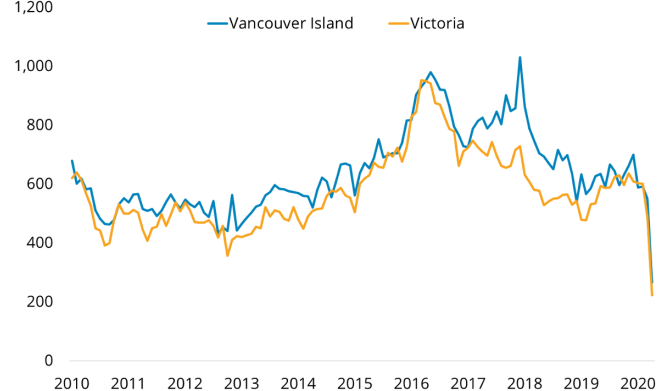
at a pace of 4 per cent through the first three months of the year. While price growth will likely moderate due to COVID-19, we expect prices to rebound as we emerge from this pandemic.

Employment Growth
(Year-over-Year)



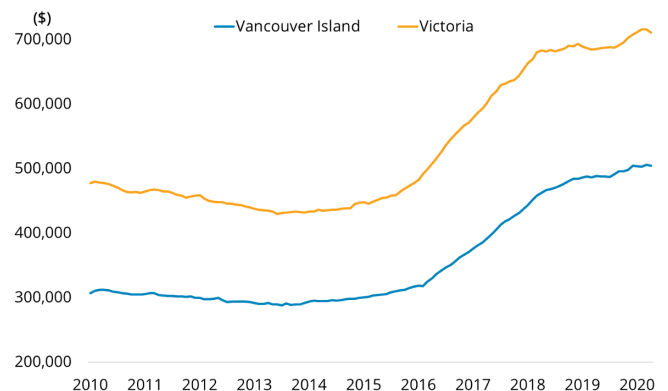
Source: Statistics Canada and BCREA Economics

MLS® Home Sales
(Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices
(Seasonally Adjusted)



Note: Prices represent the HPI Benchmark Composite.
Source: BCREA Economics

Vancouver Island-Coast

MLS® Unit Sales		2019	%	2020F	%	2021F	%
Victoria Real Estate Board		6,892	1.8	5,125	-25.6	7,200	40.5
Single Detached		3,666	7	2,700	-26.4	3,800	40.7
Apartment		2,202	6	1,500	-31.9	2,200	46.7
Townhouse		826	7.6	600	-27.4	800	33.3
Vancouver Island Real Estate Board		7,539	-10.2	6,000	-20.4	8,400	40
Single Detached		4,985	-8.8	4,000	-19.8	5,800	45
Apartment		941	-10	650	-30.9	900	38.5
Townhouse		1,148	-12.8	940	-18.1	1,300	38.3
Powell River Sunshine Coast Real Estate Board		322	-11.3	250	-22.4	330	32
Single Detached		245	-15.5	200	-18.4	270	35
Condo		20	-20	15	-25	20	33.3
Single Family Mobile		25	47.1	15	-40	20	33.3
MLS® Average Price		2019	%	2020F	%	2021F	%
Victoria Real Estate Board		\$ 688,689	-1.7	\$ 690,000	0.2	\$ 698,000	1.2
Single Detached		\$ 865,174	-1.8	\$ 875,000	1.1	\$ 890,000	1.7
Apartment		\$ 466,500	-0.3	\$ 475,000	1.8	\$ 485,000	2.1
Townhouse		\$ 599,549	0.3	\$ 605,000	0.9	\$ 620,000	2.5
Vancouver Island Real Estate Board		\$ 488,848	5.1	\$ 505,400	3.4	\$ 515,800	2.1
Single Detached		\$ 565,807	3.8	\$ 585,000	3.4	\$ 600,000	2.6
Apartment		\$ 287,459	6.2	\$ 295,000	2.6	\$ 305,000	3.4
Townhouse		\$ 391,925	5.4	\$ 405,000	3.3	\$ 415,000	2.5
Powell River Sunshine Coast Real Estate Board		\$ 363,074	0.6	\$ 366,000	0.8	\$ 370,000	1.1
Single Detached		\$ 402,397	0.8	\$ 403,000	0.1	\$ 408,000	1.2
Condo		\$ 257,175	20.4	\$ 260,000	1.1	\$ 265,000	1.9
Single Family Mobile		\$ 339,664	-0.4	\$ 342,000	0.7	\$ 346,000	1.2
Housing Starts		2019	%	2020F	%	2021F	%
Victoria CMA		3,499	-18.1	2,750	-21.4	3,100	12.7
Single		638	-22	550	-13.8	600	9.1
Multiple		2,861	-17.2	2,200	-23.1	2,500	13.6
Nanaimo CMA		1,338	60.4	1,000	-25.3	1,150	15
Single		306	-2.9	250	-18.3	300	20
Multiple		1,032	98.8	750	-27.3	850	13.3

LOWER MAINLAND-SOUTHWEST

After being the hardest hit by a combination of federal and provincial policies in 2018 and 2019, Lower Mainland housing markets were set to post a strong rebound this year. However, like everything else, that recovery was upended by the COVID-19 pandemic and associated recession that now hangs over the outlook for home sales and prices this year.

As the epicenter of the BC economy, employment in Metro Vancouver has borne the majority of job losses prompted by the province-wide pause in social and economic activity. Employment in the Vancouver CMA was down 9 per cent year-over-year in April, with front-line service sector jobs the most impacted.

As households and the real estate sector adhered to social distancing through the early stages of the pandemic, home sales across the Lower Mainland were down more than 40 per cent compared to the same time last year. We anticipate that sales will remain near those lows in early summer but should start to see a strong recovery through the end of the summer as the economy gradually re-opens and buyers and sellers adapt to the new normal.

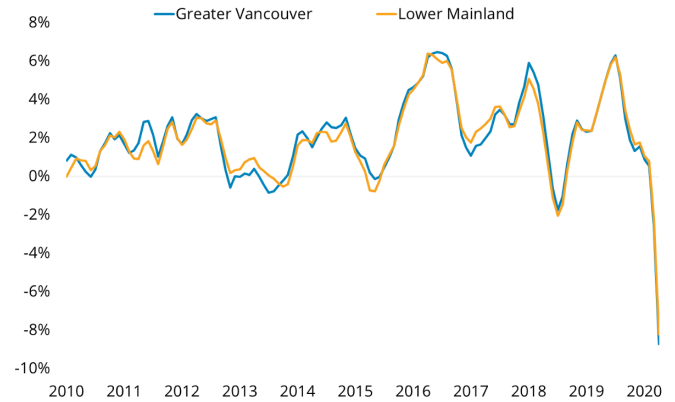
Our baseline projection is for home sales to return to near pre-COVID-19 levels by the end of 2020 and post a strong recovery through 2021, boosted by pent-up demand and historically low interest rates. Home sales in the Greater Vancouver board area are forecast to slow to 20,500 units this year before jumping 57 per cent to 32,200 units in 2021. Similarly, we expect to see a 23 per cent slowdown in the Fraser Valley board area in 2020 before bouncing back in 2021, and a 16 per cent decline in the Chilliwack board area, followed by a 40 per cent increase in 2021.

The unusual nature of this recession means that rather than a rapid accumulation of inventory due to falling sales and a flood of motivated sellers, the total number of listings declined through the spring. New home construction, which was set to moderate from record levels in 2019, has indeed slowed during the pandemic, but remains at relatively robust levels.

While these are not normal times and there remains tremendous uncertainty, home prices have remained firm in the early stages of this recession. Without a sharp rise in inventory, the ultimate impact of dramatically

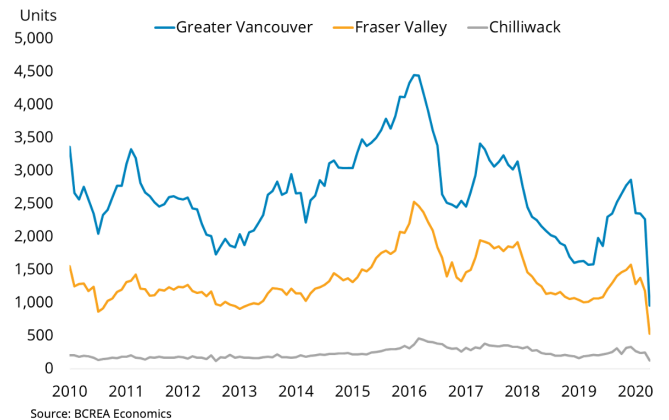
slowing sales on home prices may be somewhat muted. This year, we expect home prices to increase 1 per cent in the Chilliwack board area, 1.4 per cent across the Fraser Valley board area and 2.4 per cent in the Greater Vancouver board area.

Employment Growth (Year-over-Year)



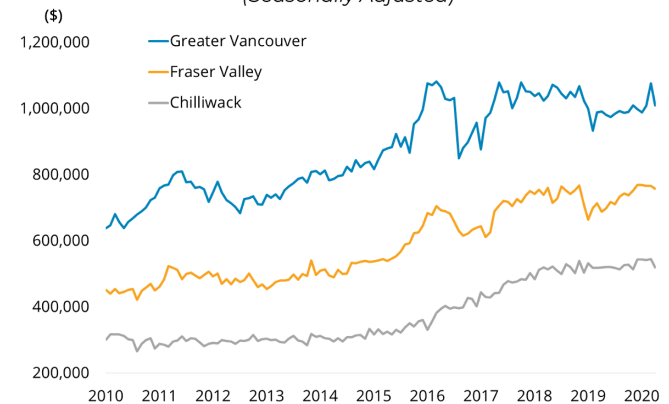
Source: Statistics Canada and BCREA Economics

MLS® Home Sales (Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices (Seasonally Adjusted)



Note: Represents MLS® average prices.
Source: BCREA Economics

Lower Mainland-Southwest

MLS® Unit Sales	2019	%	2020F	%	2021F	%
Real Estate Board of Greater Vancouver	25,681	2.5	20,500	-20.2	32,200	57.1
Single Detached	8,178	9	7,000	-14.4	10,500	50
Apartment	12,468	-2.9	9,500	-23.8	15,500	63.2
Townhouse	4,666	8.5	4,000	-14.3	5,800	45
Fraser Valley Real Estate Board	14,683	-1	11,300	-23	16,700	47.8
Single Detached	6,134	-0.2	4,900	-20.1	7,400	51
Apartment	4,104	-4.6	2,900	-29.3	4,200	44.8
Townhouse	4,071	0.6	3,300	-18.9	4,800	45.5
Chilliwack and District Real Estate Board	2,809	-0.7	2,350	-16.3	3,300	40.4
Single Detached	1,597	2.4	1,300	-18.6	1,800	38.5
Apartment	399	-26	350	-12.3	500	42.9
Townhouse	692	10.7	600	-13.3	800	33.3

MLS® Average Price	2019	%	2020F	%	2021F	%
Real Estate Board of Greater Vancouver	\$ 986,797	-5.9	\$ 1,010,000	2.4	\$ 1,050,000	4
Single Detached	\$ 1,578,417	-7.8	\$ 1,600,000	1.4	\$ 1,650,000	3.1
Apartment	\$ 660,594	-7.9	\$ 672,000	1.7	\$ 705,000	4.9
Townhouse	\$ 875,400	-5.6	\$ 880,000	0.5	\$ 910,000	3.4
Fraser Valley Real Estate Board	\$ 721,775	-3.5	\$ 731,700	1.4	\$ 752,800	2.9
Single Detached	\$ 1,057,381	-4.8	\$ 1,060,000	0.2	\$ 1,080,000	1.9
Apartment	\$ 391,450	-3.1	\$ 395,000	0.9	\$ 405,000	2.5
Townhouse	\$ 578,852	-2.8	\$ 584,600	1	\$ 600,000	2.6
Chilliwack and District Real Estate Board	\$ 522,776	1.1	\$ 528,000	1	\$ 545,000	3.2
Single Detached	\$ 648,211	0.8	\$ 660,000	1.8	\$ 675,000	2.3
Apartment	\$ 269,159	2.5	\$ 270,000	0.3	\$ 275,000	1.9
Townhouse	\$ 429,463	-2.6	\$ 435,000	1.3	\$ 445,000	2.3

Housing Starts	2019	%	2020F	%	2021F	%
Vancouver CMA	28,142	20.2	21,250	-24.5	23,500	10.6
Single	3,426	-25.4	2,750	-19.7	3,500	27.3
Multiple	24,716	31.4	18,500	-25.1	20,000	8.1
Abbotsford CMA	1,694	62.1	1,100	-35.1	1,600	45.5
Single	354	13.1	300	-15.3	350	16.7
Multiple	1,340	83.1	800	-40.3	1,250	56.3
Chilliwack CA	1,246	42.4	860	-31	850	-1.2
Single	393	-7.1	370	-5.9	350	-5.4
Multiple	853	88.7	490	-42.6	500	2

THOMPSON-OKANAGAN

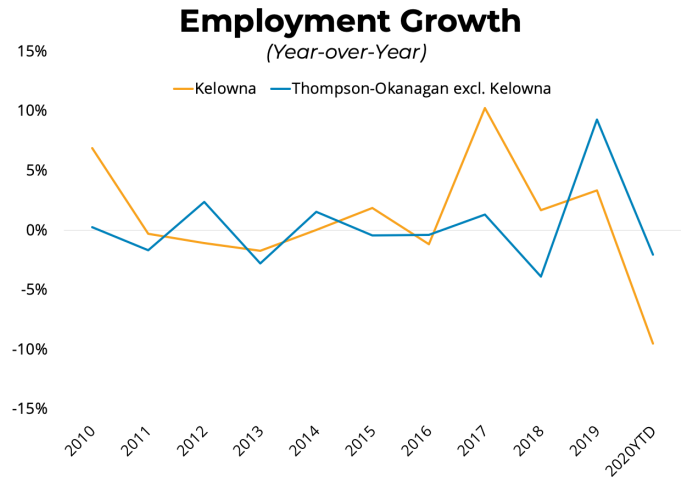
Housing markets across the Thompson Okanagan region, which is serviced by the South Okanagan Real Estate Board, the Okanagan Mainline Real Estate Board, and the Kamloops and District Real Estate Association, were off to a strong start in 2020 before the COVID-19 pandemic dramatically slowed all economic activity in the province.

The initial employment losses in the Thompson Okanagan region were much more severe in the more service sector-oriented economy of Kelowna than through the rest of the region. Since the start of the pandemic, employment fell more than 10 per cent year-over-year in Kelowna, but was down only 2 per cent across the rest of the region.

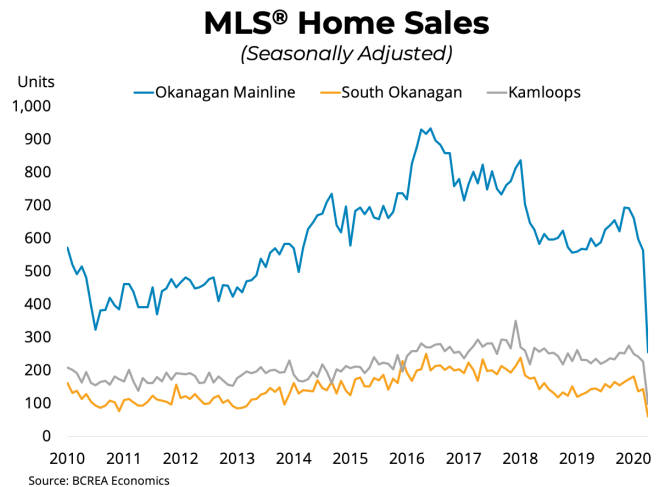
As households and the real estate sector adhere to social distancing, home sales across the region fell back to the lows of the 2008/09 financial crisis. We expect that as the industry and households adapt to the new normal, home sales will continue to linger near those levels through the spring and early summer before a gradual re-opening of the economy spurs increased activity. We are forecasting home sales in the South Okanagan area will finish the year down 17 per cent before recovering 37 per cent in 2021 to 2,000 units. The Okanagan Mainline area is expected to experience a decline of 26 per cent before rising 38 per cent to 7,600 units in 2021. In Kamloops, home sales are forecast to fall 17 per cent this year before increasing 27 per cent to 3,050 units next year.

While demand is currently suppressed, so is the supply of re-sale inventory. Total active listings in both Okanagan regions, and especially in Kamloops, were already low and heading lower as potential sellers wait to list until the crisis phase of the pandemic has passed. New listings across the region fell by close to 60 per cent year-over-year in April, essentially matching the decline in sales. Even before the pandemic began, the pace of new home construction was expected to moderate this year following several years of robust activity and a large pipeline of units currently under construction. The low level of supply across the region will likely mute the eventual impact of the COVID-19-induced recession on home prices. We are forecasting that the MLS® average price will finish the year 1.9 per cent higher in the Okanagan Mainline area and will increase by 2.1 per

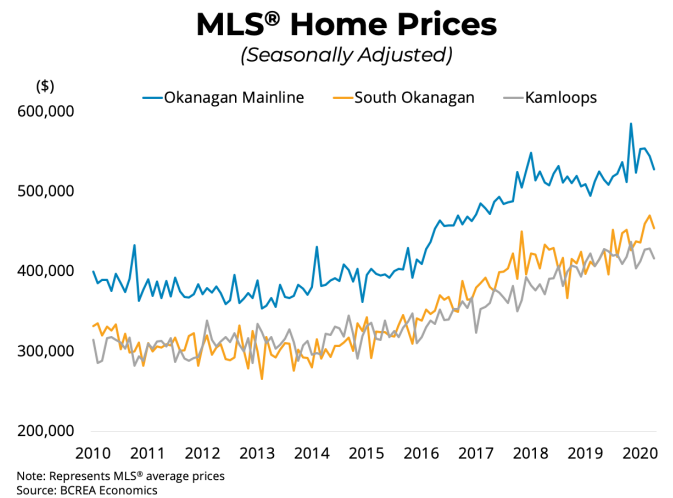
cent in the South Okanagan. In Kamloops, we anticipate prices will remain essentially unchanged this year.



Source: Statistics Canada and BCREA Economics



Source: BCREA Economics



Note: Represents MLS® average prices
Source: BCREA Economics

Thompson-Okanagan

MLS® Unit Sales	2019	%	2020F	%	2021F	%
Okanagan Mainline Real Estate Board	7,389	-2.2	5,500	-25.6	7,600	38.2
Single Detached	3,710	-2.9	2,840	-23.5	3,840	35.2
Apartment	1,409	-12	1,100	-21.9	1,500	36.4
Townhouse	1,770	8.1	1,300	-26.6	1,800	38.5
South Okanagan Real Estate Board	1,768	-6.2	1,460	-17.4	2,000	37
Single Detached	987	-2.9	800	-18.9	1,100	37.5
Apartment	333	-8.3	280	-15.9	380	35.7
Townhouse	273	-16.3	240	-12.1	320	33.3
Kamloops & District Real Estate Assoc.	2,876	-3.6	2,400	-16.6	3,050	27.1
Single Detached	1,806	0.7	1,500	-16.9	2,000	33.3
Apartment	286	-19.4	250	-12.6	325	30
Townhouse	540	-5.6	380	-29.6	450	18.4

MLS® Average Price	2019	%	2020F	%	2021F	%
Okanagan Mainline Real Estate Board	\$ 524,841	0.8	\$ 535,000	1.9	\$ 548,000	2.4
Single Detached	\$ 655,775	0	\$ 675,000	2.9	\$ 695,000	3
Apartment	\$ 342,758	6.2	\$ 345,000	0.7	\$ 355,000	2.9
Townhouse	\$ 484,340	-1.7	\$ 490,000	1.2	\$ 496,000	1.2
South Okanagan Real Estate Board	\$ 429,677	2.7	\$ 438,500	2.1	\$ 451,000	2.9
Single Detached	\$ 540,696	1.7	\$ 552,000	2.1	\$ 560,000	1.4
Apartment	\$ 296,956	4.4	\$ 302,000	1.7	\$ 310,000	2.6
Townhouse	\$ 379,752	5.6	\$ 385,000	1.4	\$ 400,000	3.9
Kamloops & District Real Estate Assoc.	\$ 418,846	7.2	\$ 420,000	0.3	\$ 430,000	2.4
Single Detached	\$ 487,166	4.2	\$ 497,500	2.1	\$ 510,000	2.5
Apartment	\$ 271,622	11.3	\$ 273,600	0.7	\$ 280,000	2.3
Townhouse	\$ 372,446	6.6	\$ 375,000	0.7	\$ 380,000	1.3

Housing Starts	2019	%	2020F	%	2021F	%
Kelowna CMA	2,225	-12.9	1,920	-13.7	2,250	17.2
Single	494	-20.1	420	-15	700	66.7
Multiple	1,731	-10.6	1,500	-13.3	1,550	3.3
Penticton CMA	288	-52.2	140	-51.4	215	53.6
Single	89	-47	40	-55.1	90	125
Multiple	199	-54.1	100	-49.7	125	25
Kamloops CA	657	-46.1	500	-23.9	725	45
Single	229	-25.4	150	-34.5	175	16.7
Multiple	428	-53.1	350	-18.2	550	57.1

NORTHERN BC

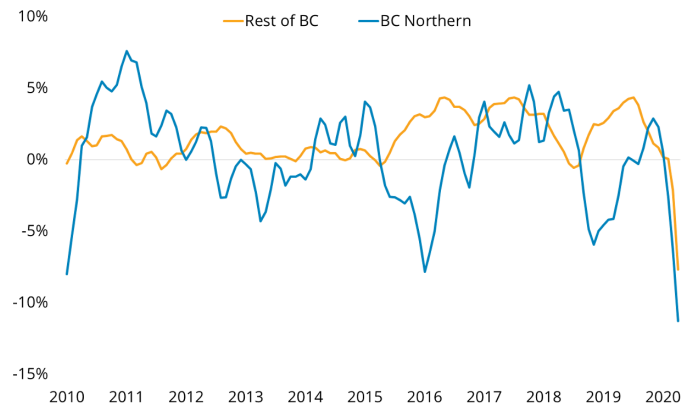
The first quarter of 2020 saw a persistent pullback in housing demand in Northern BC, serviced by the BC Northern Real Estate Board, as the BC forestry, mining and oil sectors continued to struggle. The decline in housing demand was compounded by the COVID-19 pandemic and the state of emergency declared by the province, leading MLS® unit sales to plummet by 58 per cent in April year-over-year. Despite the pullback in demand, average prices increased by 2.4 per cent in the same period due to a significant decline in new listings.

Job losses in the region were largely in the services sector, representing almost two-thirds of the total 8,800 jobs lost (-6%) since the pandemic was announced. The hardest hit sub-sectors were construction, professional/technical services and other services (excluding public administration), which were likely related to the scaling back of significant investment projects such as LNG and BC Hydro. The monthly unemployment rate in the region increased by almost 3 percentage points, from 6 per cent in February to 9 per cent in April. Compared to the same time last year, employment in the region is down by 9 per cent.

We expect MLS® sales to continue to decline in 2020 due to the slowdown in economic activity brought on by the COVID-19 pandemic. In addition, work at the LNG site in Kitimat that is deemed non-essential continues to be on pause but is expected to resume when conditions allow. Furthermore, the struggling BC forestry sector will continue to weigh on the economy amidst an uncertain global trade environment. We are forecasting that total MLS® unit sales will fall by almost 18 per cent in 2020 compared to last year, with sales bouncing back by 27 per cent in 2021 to 4,300 units.

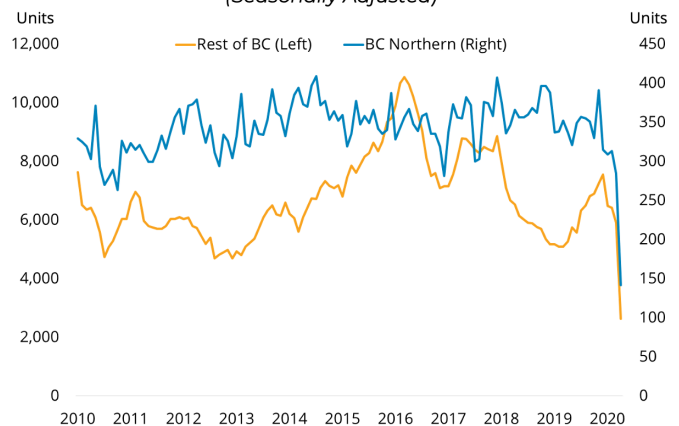
New listings dropped by 57 per cent in April year-over-year as potential sellers put off listing their properties, which brought down active listings to levels not seen since the 2008/09 financial crisis. Moreover, housing starts were down in 2019, further limiting supply for this year. As the BC economy begins to re-open and demand starts to pick-up, supply will be slow to respond as we forecast housing starts to fall almost 19 per cent in notable regions like Prince George. As such, we forecast MLS® average prices to rise by 2.3 per cent in 2020 and continue the upward trend in 2021, increasing 5.5 per cent to \$335,000.

Employment Growth
(Year-over-Year)



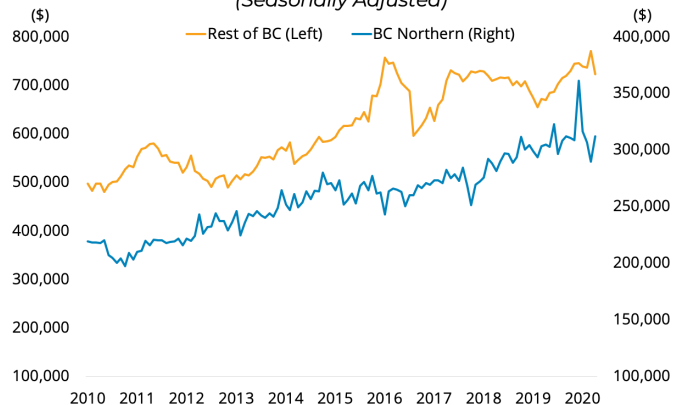
Source: Statistics Canada and BCREA Economics

MLS® Home Sales
(Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices
(Seasonally Adjusted)



Note: Represents MLS® average prices
Source: BCREA Economics

Northern BC

MLS® Unit Sales		2019	%	2020F	%	2021F	%
BC Northern Real Estate Board		4,134	-6.1	3,400	-17.8	4,300	26.5
Single Detached		3,090	-5.7	2,600	-15.9	3,300	26.9
Northern Lights Area ¹		358	-5.5	300	-16.2	410	36.7
Single Detached		302	-1.3	260	-13.9	349	34
MLS® Average Price		2019	%	2020F	%	2021F	%
BC Northern Real Estate Board		\$ 310,548	5.1	\$ 317,600	2.3	\$ 335,000	5.5
Single Detached		\$ 347,377	5.7	\$ 355,000	2.2	\$ 367,000	3.4
Northern Lights Area ¹		\$ 257,839	2.3	\$ 260,000	0.8	\$ 268,000	3.1
Single Detached		\$ 274,724	0.9	\$ 275,000	0.1	\$ 280,000	1.8
Housing Starts		2019	%	2020F	%	2021F	%
Prince George CMA		417	-2.3	340	-18.5	385	13.2
Single		186	-4.1	150	-19.4	180	20
Multiple		231	-0.9	190	-17.7	205	7.9
Dawson Creek CMA		13	-59.4	25	92.3	30	20
Single		11	-21.4	10	-9.1	15	50
Multiple		2	-88.9	15	650	15	0

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

KOOTENAY

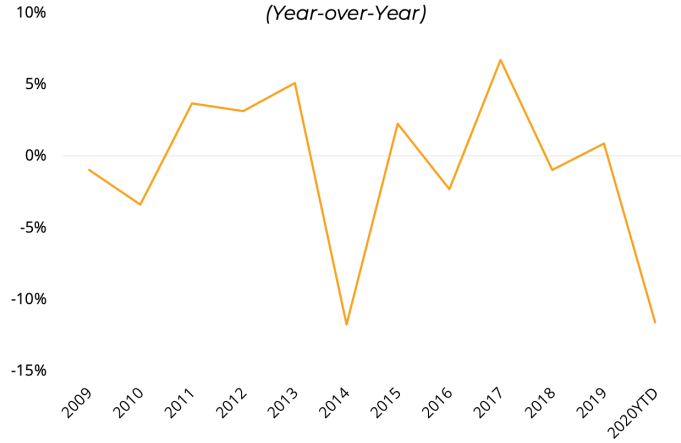
Home sales in the Kootenay region, which is serviced by the Kootenay Association of REALTORS®, were on track in the first few months of 2020, but felt the full force of the COVID-19 pandemic by April, with monthly sales falling by 57 per cent. Compared to the same time last year, MLS® home sales in the region are down by 58 per cent in April, mirroring other regions in the province.

Prior to the pandemic, employment in the region was steadily declining, largely due to the services-producing industries. This trend was exacerbated by the pandemic, with a loss of 5,000 jobs within two months. The monthly unemployment rate almost doubled from 6 per cent in March to 11 per cent in April. Two-thirds of the employment decline occurred in the forestry/mining/gas, manufacturing, retail, and accommodations/food services sectors. Job losses in the latter two sectors were a direct response to BC’s state of emergency. Compared to the same time last year, employment in the region is down by 12 per cent.

As households and the real estate sector adhere to physical distancing measures, home sales across the Kootenay region have fallen back to levels not seen since 2006. Sales are expected to continue to linger as households adjust to the new normal and new real estate practices are formulated in the context of COVID-19. Moreover, demand from out-of-province buyers, especially those from Alberta looking for recreational properties, is expected to curtail as the province’s economy struggles with persistently weak crude oil prices and a high unemployment rate of 13 per cent. We are forecasting that home sales will fall in the Kootenay region by 21 per cent in 2020 before bouncing back in 2021, rising 30 per cent to 3,000 units.

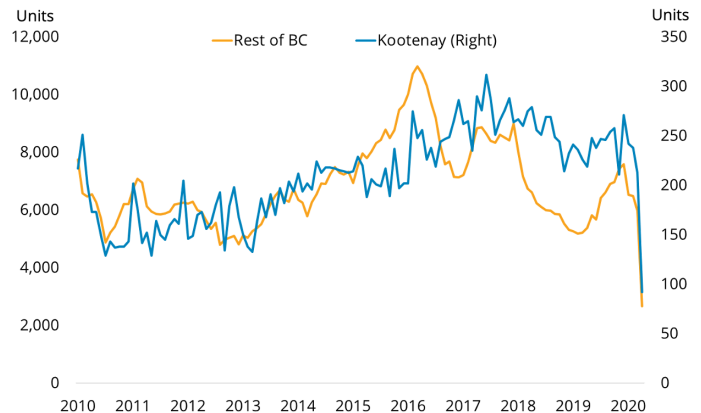
Due to potential sellers waiting to list their properties until the crisis phase of the pandemic passes, new listings fell 47 per cent in April year-over-year, putting active listings at levels not seen since the 2008/09 financial crisis. Although housing starts in 2019 were robust, homes in the pipeline will buffer only a small portion of the fall in supply. Moreover, we are forecasting a fall in housing starts by 69 per cent this year in places like Cranbrook. As the BC economy begins to re-open and demand starts to pick up, supply is expected to be slow to respond. As such, MLS® average prices are forecasted to rise by 1.1 per cent in 2020 and rise a further 3.4 per cent in 2021 to \$360,000.

Employment Growth in Kootenay
(Year-over-Year)



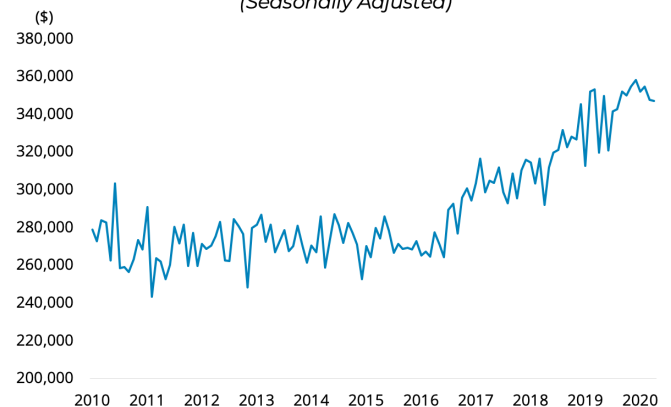
Source: Statistics Canada and BCREA Economics

MLS® Home Sales
(Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices in Kootenay
(Seasonally Adjusted)



Note: Represents MLS® average prices
Source: BCREA Economics

Kootenay

MLS® Unit Sales		2019	%	2020F	%	2021F	%
Kootenay Association of REALTORS®		2,896	-5.5	2,300	-20.6	3,000	30.4
Single Detached		2,156	-3.7	1,680	-22.1	2,200	31
Apartment		326	-12.6	250	-23.3	300	20
Townhouse		323	-4.2	250	-22.6	320	28
MLS® Average Price		2019	%	2020F	%	2021F	%
Kootenay Association of REALTORS®		\$ 344,351	7.2	\$ 348,000	1.1	\$ 360,000	3.4
Single Detached		\$ 389,109	7.2	\$ 395,000	1.5	\$ 410,000	3.8
Apartment		\$ 189,839	4.7	\$ 195,000	2.7	\$ 200,000	2.6
Townhouse		\$ 295,194	8.1	\$ 300,000	1.6	\$ 310,000	3.3
Housing Starts		2019	%	2020F	%	2021F	%
Cranbrook CMA		129	104.8	40	-69	60	50
Single		62	12.7	30	-51.6	50	66.7
Multiple		67	737.5	10	-85.1	10	0

BC Housing Outlook	2017	2018	2019	2020F	2021F
MLS® Unit Sales	103,965	78,516	77,347	60,885	88,490
% change	-7.5	-24.5	-1.5	-21.3	45.3
MLS® Average Price	\$708,868	\$711,564	\$700,385	\$713,000	\$753,000
% change	2.7	0.4	-1.6	1.8	5.6
MLS® Dollar Volume (\$billions)	\$73.70	\$55.87	\$54.17	\$43.41	\$66.63
% change	-5	-24.2	-3	-19.9	53.5
Housing Starts	43,664	40,857	44,932	33,100	37,900
% change	4.4	-6.4	10	-26.3	14.5
Single	12,346	11,163	8,792	7,100	8,900
% change	0.6	-9.6	-21.2	-19.2	25.4
Multiple	31,318	29,694	36,140	26,000	29,000
% change	5.9	-5.2	21.7	-28.1	11.5
Total Net Migration	61,334	61,028	73,992	37,500	75,000
% change	3.8	-0.5	21.2	-49.3	100
Net International Migration	48,610	57,126	64,441	35,000	65,000
% change	36.9	17.5	12.8	-45.7	85.7
Net Interprovincial Migration	12,724	3,902	9,551	2,500	10,000
% change	-46.1	-69.3	144.8	-73.8	300
Range of Posted 5-year Fixed Mortgage Rate (%)	2.59-3.23	3.37-3.72	2.77-3.71	2.5-2.99	2.5-2.5

BC Economic Outlook ¹	2017	2018	2019	2020F	2021F
Real GDP Growth (%)	3.8	2.4	1.8	(6.3)	3.6
Employment (millions)	2.47	2.49	2.56	2.37	2.47
Employment Growth (%)	3.7	1.1	2.6	(7.2)	4
Unemployment Rate (%)	5.1	4.7	4.7	10.1	7.9
Personal Disposable Income (\$billions)	185.1	194	203.9	194.1	202.8
Personal Disposable Income Growth (%)	7	4.8	5.1	(4.8)	4.5
Average Weekly Wage	936.4	974.8	999.3	1,009.3	1,024.4
Weekly Wage Growth (%)	1.7	4.1	1	1	1.5
Retail Sales (\$billions)	84.3	86	86.5	76.6	80.4
Retails Sales Growth (%)	9.3	2	0.6	(11.5)	5

Sources: BCREA Economics, Statistics Canada

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

Housing Forecast Summary - Second Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2019	2020F	2021F	2019	2020F	2021F
Victoria	6,892 1.8%	5,125 -25.6%	7,200 40.5%	688,689 -1.7%	690,000 0.2%	698,000 1.2%
Vancouver Island	7,539 -10.2%	6,000 -20.4%	8,400 40%	488,848 5.1%	505,400 3.4%	515,800 2.1%
Powell River Sunshine Coast	322 -11.3%	250 -22.4%	330 32%	363,074 0.6%	366,000 0.8%	370,000 1.1%
Greater Vancouver	25,681 2.5%	20,500 -20.2%	32,200 57.1%	986,797 -5.9%	1,010,000 2.4%	1,050,000 4%
Fraser Valley	14,683 -1%	11,300 -23%	16,700 47.8%	721,775 -3.5%	731,700 1.4%	752,800 2.9%
Chilliwack and District	2,809 -0.7%	2,350 -16.3%	3,300 40.4%	522,776 1.1%	528,000 1%	545,000 3.2%
Kamloops and District	2,876 -3.6%	2,400 -16.6%	3,050 27.1%	418,846 7.2%	420,000 0.3%	430,000 2.4%
Okanagan Mainline	7,389 -2.2%	5,500 -25.6%	7,600 38.2%	524,841 0.8%	535,000 1.9%	548,000 2.4%
South Okanagan*	1,768 -6.2%	1,460 -17.4%	2,000 37%	429,677 2.7%	438,500 2.1%	451,000 2.9%
Northern Lights	358 -5.5%	300 -16.2%	410 36.7%	257,839 2.3%	260,000 0.8%	268,000 3.1%
Kootenay	2,896 -5.5%	2,300 -20.6%	3,000 30.4%	344,351 7.2%	348,000 1.1%	360,000 3.4%
BC Northern	4,134 -6.1%	3,400 -17.8%	4,300 26.5%	310,548 5.1%	317,600 2.3%	335,000 5.5%
BC Total	77,347 -1.5%	60,885 -21.3%	88,490 45.3%	700,385 -1.6%	713,000 1.8%	753,000 5.6%

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 about 23,000 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.

Send questions and comments about the Housing Forecast to:

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

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