



Second Quarter – May 2023

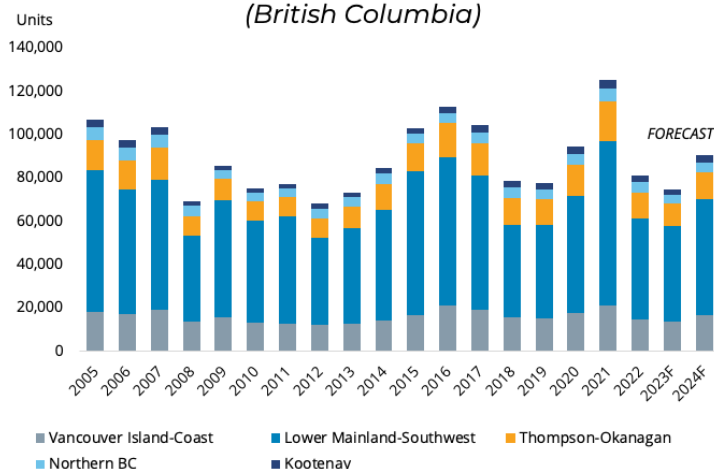
The BC housing market is currently stuck in a low-activity equilibrium. Rather than robust buying activity and plentiful supply, the market is characterized by sales and listings far below normal levels. The result is that after a year-long adjustment to prices spurred by the sharp, rapid rise of interest rates, most markets are seeing a nascent return to rising home prices.

An uptick in home sales to start the spring, despite still high mortgage rates, indicates how much pent-up demand there is in the market waiting to be unlocked. However, unlocking that demand will almost certainly require a more substantial decline in interest rates. With the Bank of Canada on hold and fixed mortgage rates still stubbornly high, home sales are unlikely to fully normalize this year. As such, we forecast that annual MLS® home sales will reach 75,530 units this year before lower rates and strong population growth push sales to 90,100 units next year.

While home sales remain close to 25 per cent below normal, the inventory of homes for sale has not accumulated significantly as potential sellers have held off on listing their homes in a slow market. While there is significant uncertainty surrounding the economic outlook, the current market shows no signs of financial vulnerability or highly motivated sellers. As sales recover into a under-supplied market, prices will likely continue to rise month-over-month and finish the year higher than at the start. However, on an annual basis, average prices are still expected to be down about 6.1 per cent from a record high in 2022.

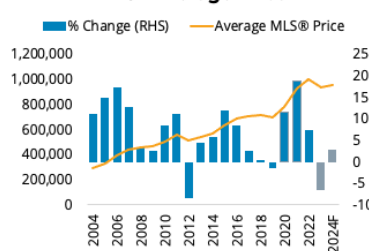
Looking beyond this year, the impact of record high immigration and a likely decline in interest rates will put further pressure on prices. However, we are hopeful that an uptick in market activity will bring more listings to the market, and that recently announced changes to provincial zoning will expand the housing stock, moderating future price growth.

MLS® Home Sales (British Columbia)



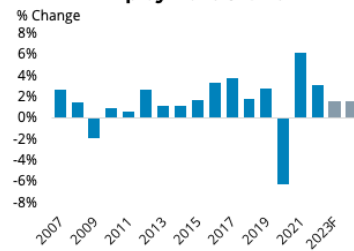
Source: BCREA Economics

MLS® Average Price



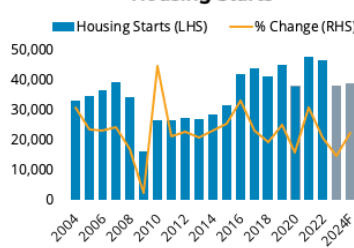
Source: BCREA Economics

Employment Growth



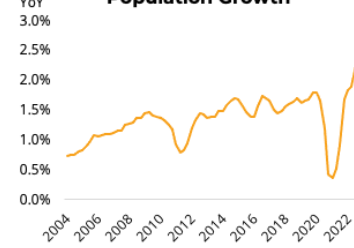
Source: Statistics Canada and BCREA Economics

Housing Starts



Source: Canada Mortgage and Housing Corporation and BCREA

Population Growth



Source: Statistics Canada and BCREA Economics

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ECONOMIC OUTLOOK

As we head into the second half of 2023, a widely anticipated recession has yet to materialize. The question of when or whether this recession will arrive—and with what severity—remains a matter of discussion and debate. Job growth in Canada has been robust, the unemployment rate is still at a record low, and consumer spending is still propped up by a strong labour market and the mountain of savings accumulated during the pandemic. That said, cracks in the economy may be starting to show.

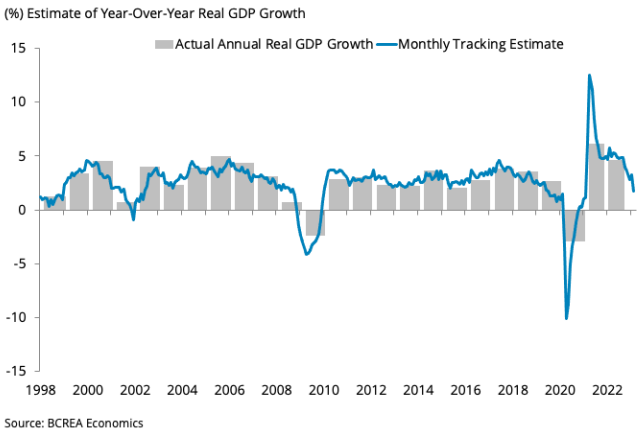
In Canada, economic growth stalled in the fourth quarter of 2022 and in BC, we see early signs of slowing growth. Our Nowcast tracking measure shows annual growth slipping below 3 per cent for the first time since early 2021. We expect growth to continue to slow through 2023 with the economy ultimately expanding by less than 1 per cent this year. There is an emerging downside risk to the forecast related to the rapid pace of rising interest rates. A common saying about monetary tightening is that central banks should keep raising rates “until something breaks.” That something may have been the system of small regional banks in the United States which were revealed to be taking excessive risks with their deposit base, culminating in the failure of Silicon Valley Bank and plummeting confidence in the viability of select other small regional banks.

BC Economic Outlook ¹	2022	2023F	2024F
Real GDP Growth (%)	3.5	0.8	2.2
Employment Growth (%)	3.1	1.7	2
Unemployment Rate (%)	4.6	5.5	5.4
Personal Disposable Income Growth (%)	4.8	3	3.5
Weekly Wage Growth (%)	4.8	3.2	2.5
Retails Sales Growth (%)	2.7	2	3

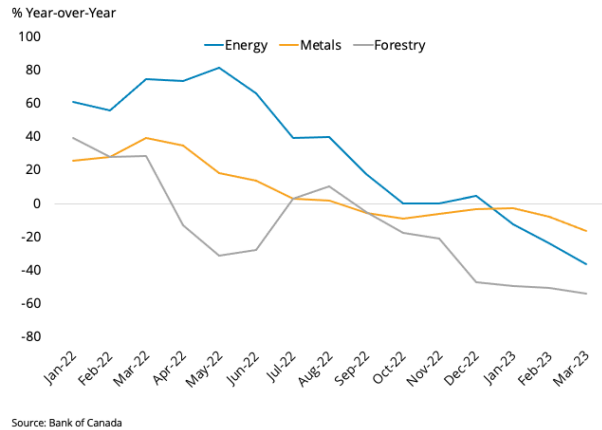
Sources: Statistics Canada and BCREA Economics
1. Values have been estimated where data has not yet been released.
2. Average weekly wages are being skewed higher as low-wage employment fell during the pandemic

While Canadian Banks are not at risk, the extent of the fallout in the United States is not yet known, and there could be a general drawback in credit in the US and Canada as lending practices are tightened. A more significant slowdown in the US economy would naturally have consequences for BC export growth, compounding the impact of already sharp declines in global commodity prices.

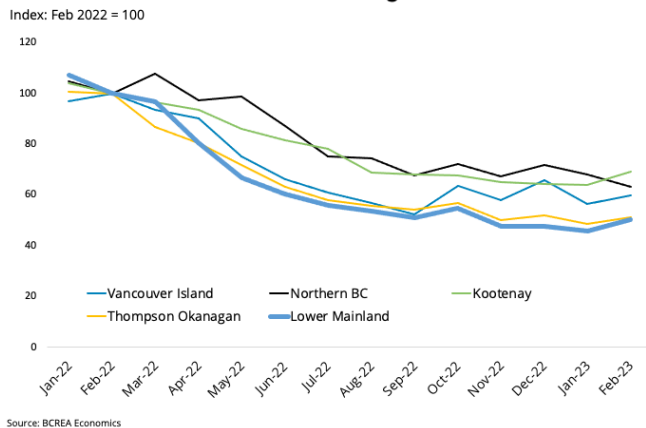
GDP Nowcast



Commodity Prices Falling



High Mortgage Rates Slowing Sales Activity



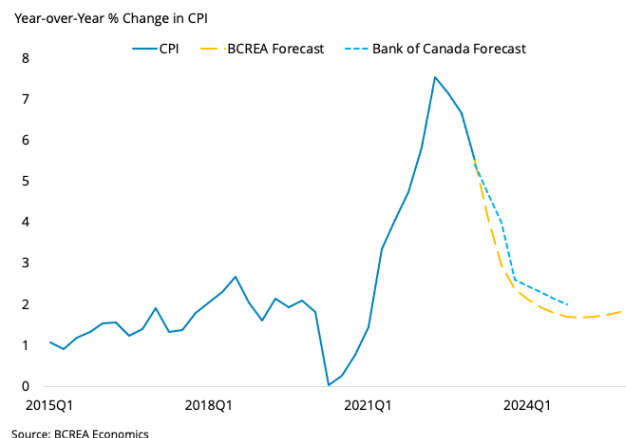
High interest rates have prompted a slowdown in the highly rate-sensitive housing market. Home sales began the year down about 50 per cent from 2022, and even with some recent improvements remain about 25 per cent below normal activity levels. The impact of high rates and slow sales may also show up in the new home construction market, though very strong long-term demographic and population growth drivers will likely keep housing starts at higher than normal levels.

Lower resale market activity, combined with the knock-on wealth effect of lower home prices, would normally lead to a decline in consumption, particularly in spin-off consumption activity such as purchases of home furnishings, appliances, and building materials that tend to follow rising home sales. However, consumption is holding up reasonably well, as indicated by retail sales growth in BC, trending between 3 and 4 per cent in 2022. A more pointed decline in consumption has likely been stemmed by the household savings accumulated over the past two years. How rapidly those savings are spent down will be a major determinant of how the economy will perform over the next year.

Ultimately, a recovery in the economy will rely on a shift from the Bank of Canada to lower rates, an outcome that can only arise from inflation returning to normal. Fortunately, inflation has been trending in the right direction. The three-month trend in both total CPI inflation and core inflation has fallen for three consecutive months, and total CPI inflation is now trending below its 2 per cent target. Looking ahead, gas prices have started to subtract from year-over-year inflation and will continue to do so in greater magnitude, absent a significant shift in oil prices. Additionally, raw materials and shipping costs should benefit from a downtrend in global commodity prices and a normalization of supply chains. Given the Bank's overnight rate is currently set about 150 to 200 basis points above where the Bank judges it should be in the long term, there is significant room for interest rates to come down once inflation has returned to its target of 2 per cent.

While it is still uncertain if the economy will fall into recession this year, the number of headwinds facing the economy make at least a substantial slowdown very likely. Our forecast is for the BC economy to eke out meagre growth this year, likely near 1 per cent growth in real GDP along with a material uptick in unemployment. That said, while some challenges to growth may persist into next year, we do anticipate the slowdown to be brief and for the economy to recover in 2024 as inflation normalizes, interest rates fall, and the housing market returns to more normal activity.

Inflation Trending Lower



VANCOUVER ISLAND-COAST

(VANCOUVER ISLAND REAL ESTATE BOARD / VICTORIA REAL ESTATE BOARD / POWELL RIVER AND SUNSHINE COAST REAL ESTATE BOARD)

Housing market activity in the Vancouver Island-Coast region has been low but flat since the summer of last year. Excluding the early pandemic period, sales in the previous two quarters are at their lowest level since 2012 on Vancouver Island.

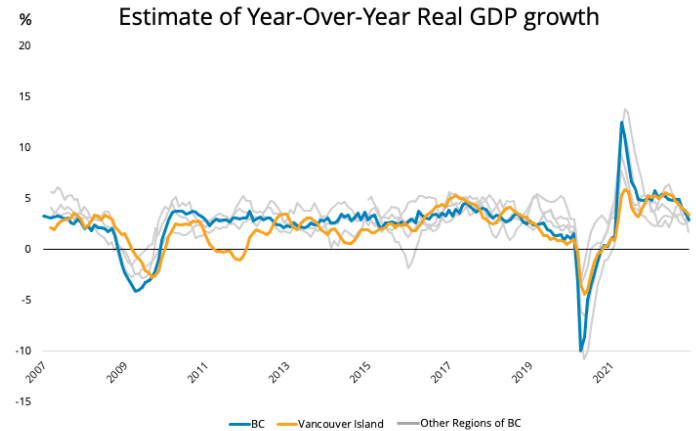
With low sales, active listings have accumulated since mortgage rates began rising in late 2021. Listings are currently nearly three times higher than they were at their nadir in December 2021. Still, active listings remain well below the levels that prevailed prior to 2016.

Employment in the Vancouver Island and Coast region has fully recovered from the pandemic and is currently close to a record high, while the unemployment rate is hovering between 3 and 4 per cent, near a record low. Furthermore, the Island's demographics also remain strong, with population growth above 2 percent year-over-year since Q1, higher than the average for the province. Victoria has a particularly young population, with 30 per cent more millennials in prime family-forming years than baby boomers. These tailwinds will provide the support needed for MLS® sales to recover from their current lows to an estimated 7,400 sales on Vancouver Island (excluding Victoria), 6,000 sales in Victoria, and 250 sales in Powell River in 2023. By 2024, we anticipate sales to rise a further 15 per cent to 8,500 in the Vancouver Island board area, 25 per cent to 7,500 in Victoria, and to 20 per cent to 300 sales in Powell River.

Although the central bank has placed a conditional pause on further rate hikes, the Bank of Canada's overnight rate has risen 425 basis points in roughly one year. Financial markets anticipate that rates will decline, but five-year fixed mortgage rates remain above 5 per cent and continue to siphon demand out of the housing market. It remains to be seen whether the bank will raise rates further or if GDP or employment stalls in 2023. We forecast that the MLS® average price will decline 12 per cent to \$675,000 in the Vancouver Island board area, and fall 7 per cent to \$945,000 in Victoria in 2023. Prices will begin rising in the second half of 2023, but remain down on average for the year due to the high peak in 2022. In 2024, we anticipate prices will continue to recover, rising 4 per cent in Vancouver Island to \$700,000 and 2 per cent in Victoria to \$960,000.

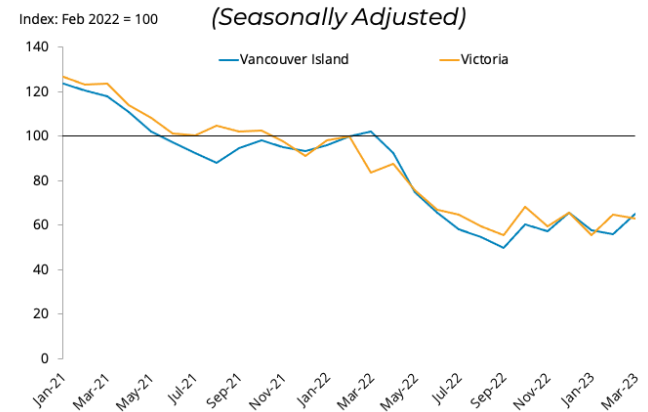
Vancouver Island Nowcast

Estimate of Year-Over-Year Real GDP growth



MLS® Home Sales

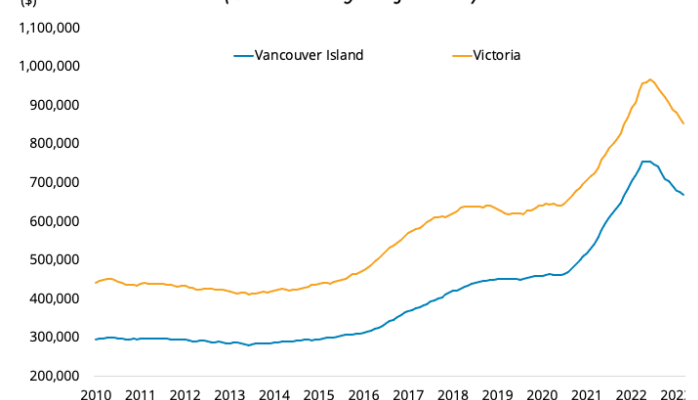
(Seasonally Adjusted)



Source: BCREA Economics

MLS® HPI Composite Prices

(Seasonally Adjusted)



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

Vancouver Island-Coast

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Victoria Real Estate Board		6,499	-31.7	6,000	-7.7	7,500	25
Single Detached		3,028	-30.4	2,900	-4.2	3,700	27.6
Apartment		2,288	-33.9	2,100	-8.2	2,500	19
Townhouse		770	-32.3	700	-9	980	39.9
Vancouver Island Real Estate Board		7,618	-29	7,400	-2.9	8,500	14.9
Single Detached		4,766	-25.1	4,600	-3.5	5,310	15.4
Apartment		936	-34.5	870	-7.1	1,000	15
Attached		1,055	-26.5	1,000	-5.2	1,200	20
Powell River Sunshine Coast Real Estate Board		322	-25.3	250	-22.4	300	20
Single Detached		249	-23.4	200	-19.7	240	20
MLS® Average Price		2022	%	2023F	%	2024F	%
Victoria Real Estate Board		\$ 1,012,428	11.7	\$ 945,000	-6.7	\$ 960,000	1.6
Single Detached		\$ 1,340,000	6.3	\$ 1,250,000	-6.7	\$ 1,270,000	1.6
Apartment		\$ 638,771	12.2	\$ 617,500	-3.3	\$ 629,500	1.9
Townhouse		\$ 858,550	15.6	\$ 831,500	-3.2	\$ 860,300	3.5
Vancouver Island Real Estate Board		\$ 767,889	15.6	\$ 675,000	-12.1	\$ 700,000	3.7
Single Detached		\$ 915,597	10.6	\$ 807,400	-11.8	\$ 860,000	6.5
Apartment		\$ 427,092	13.1	\$ 380,400	-10.9	\$ 400,000	5.2
Attached		\$ 601,784	13.5	\$ 540,900	-10.1	\$ 560,300	3.6
Powell River Sunshine Coast Real Estate Board		\$ 659,436	26.8	\$ 625,000	-5.2	\$ 650,000	4
Single Detached		\$ 737,407	26.4	\$ 675,000	-8.5	\$ 700,000	3.7
Apartment		\$ 496,268	57.8	\$ 450,000	-9.3	\$ 455,000	1.1
Attached		\$ 410,180	-17.3	\$ 400,000	-2.5	\$ 435,000	8.7
Housing Starts		2022	%	2023F	%	2024F	%
Victoria CMA		4,787	-0.5	4,550	-5	4,750	4.4
Single		679	-21	650	-4.3	750	15.4
Multiple		4,108	4	3,900	-5.1	4,000	2.6
Nanaimo CMA		1,184	9.2	1,200	1.4	1,100	-8.3
Single		261	-0.8	300	14.9	350	16.7
Multiple		923	12.4	900	-2.5	750	-16.7

LOWER MAINLAND-SOUTHWEST

(REAL ESTATE BOARD OF GREATER VANCOUVER / FRASER VALLEY REAL ESTATE BOARD / CHILLIWACK AND DISTRICT REAL ESTATE BOARD)

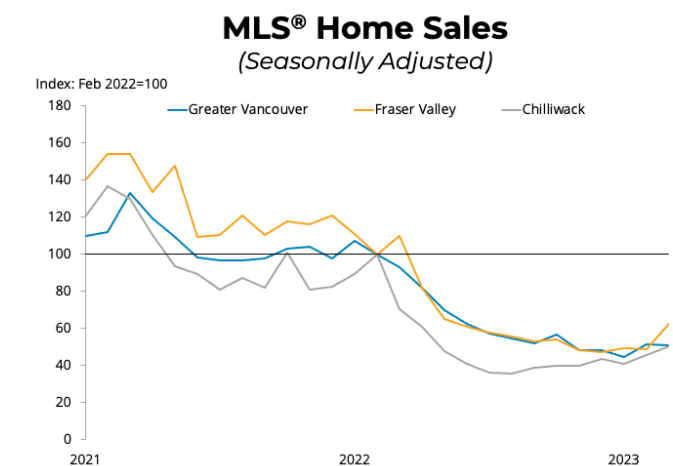
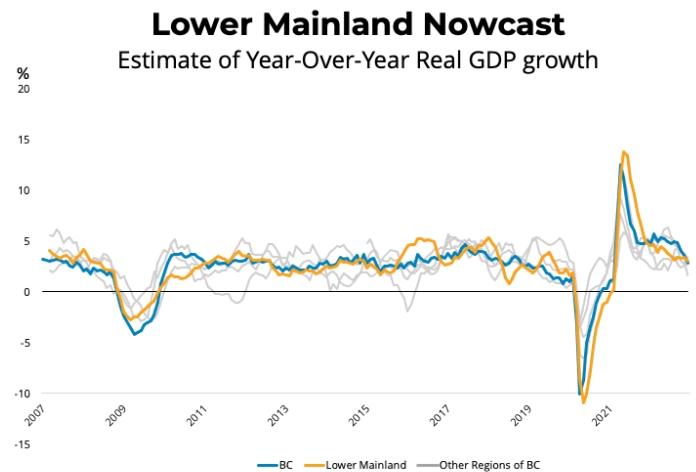
Sales have trended downwards in the Lower Mainland-Southwest region of BC since monetary tightening by the Bank of Canada began roughly one year ago. Prices in the region are currently down about 9 per cent from their peak in February. The latest month of data shows tentatively increasing sales and prices, and declining active listings, which could indicate an inflection point for the regional housing market coinciding with the pause in rate hikes, but this remains uncertain.

Active listings are up 53 per cent from their nadir in December 2021, but are down about 10 per cent from their peak in November 2022. Listings, however, remain below the level we would like to see for the market to stay sustainably supplied to keep price appreciation in line with the consumer price index.

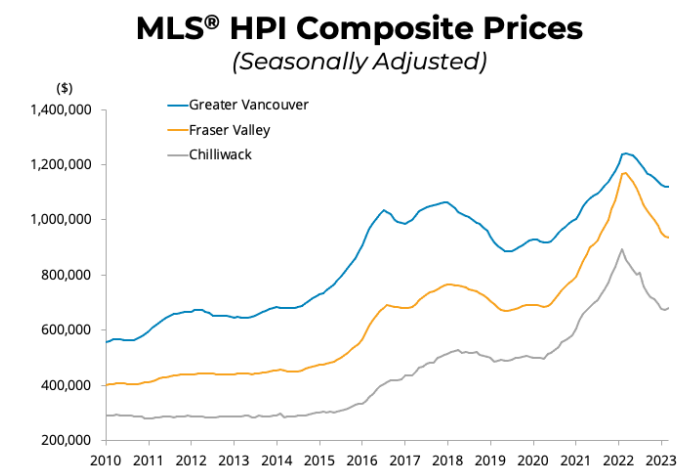
Growth in the BC economy appears to be slowing. The BCREA Nowcast, as of the latest data in February, indicates that real GDP grew 1.8 per cent year-over-year. The economy of the Lower Mainland region appears to be slowing in a similar fashion to the broader provincial economy. However, despite ticking up sharply in February, the unemployment rate remains low at 4.8 per cent. The tailwind of a generally strong labour market has prevented prices and sales from declining more steeply from their peak last year.

Although the central bank has placed a conditional pause on further rate hikes, the Bank of Canada's overnight rate has risen 425 basis points in roughly one year. Financial markets anticipate that rates will decline, but five-year fixed mortgage rates remain above 5 per cent and continue to siphon demand out of the housing market. It remains to be seen if the bank will raise rates further or if GDP or employment will stall in 2023.

Generally, our forecast is for sales and prices to stabilize in 2023 as interest rates likely decline, before sales and prices rise again later in 2023 and into 2024. In Greater Vancouver, we estimate prices will decline 4 per cent in 2023 before rising 2 per cent in 2024. In the Fraser Valley, we expect prices to fall 13 per cent in 2023 and increase 2 per cent in 2024. In Chilliwack, we forecast prices to fall 13 per cent in 2023 and rise 2 per cent in 2024. In 2023, sales are expected to fall by 4 per cent in both Greater Vancouver and the Fraser Valley, while increasing 5 per cent in Chilliwack. In 2024, we expect sales to continue recovering strongly in each region, with double-digit percentage increases.



Source: BCREA Economics



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

Lower Mainland-Southwest

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Real Estate Board of Greater Vancouver		29,261	-34.8	28,000	-4.3	33,000	17.9
Single Detached		8,310	-40.7	8,300	-0.1	9,800	18.1
Apartment		15,632	-28.3	14,700	-6	16,600	12.9
Attached		4,963	-38.7	4,700	-5.3	6,200	31.9
Fraser Valley Real Estate Board		14,584	-44.9	14,000	-4	17,500	25
Single Detached		5,467	-52.6	5,850	7	7,200	23.1
Apartment		4,851	-34	4,100	-15.5	4,900	19.5
Attached		4,008	-44.7	3,700	-7.7	4,900	32.5
Chilliwack and District Real Estate Board		2,574	-46.2	2,700	4.9	3,000	11.1
Single Detached		1,336	-51.8	1,420	6.3	1,570	10.6
Apartment		491	-40.1	500	1.9	530	5.9
Attached		622	-42	640	2.9	760	18.7
MLS® Average Price		2022	%	2023F	%	2024F	%
Real Estate Board of Greater Vancouver		\$ 1,272,096	7	\$ 1,225,000	-3.7	\$ 1,250,000	2
Single Detached		\$ 2,170,000	8.5	\$ 2,060,000	-5.1	\$ 2,100,000	1.9
Apartment		\$ 798,193	10.3	\$ 788,000	-1.3	\$ 800,800	1.6
Attached		\$ 1,200,000	12.1	\$ 1,200,000	0	\$ 1,230,000	2.5
Fraser Valley Real Estate Board		\$ 1,096,839	8.3	\$ 955,000	-12.9	\$ 970,000	1.6
Single Detached		\$ 1,680,000	9.1	\$ 1,425,000	-15.2	\$ 1,450,000	1.8
Apartment		\$ 511,719	6.5	\$ 526,000	2.8	\$ 530,000	0.8
Attached		\$ 860,000	12.4	\$ 825,000	-4.1	\$ 840,000	1.8
Chilliwack and District Real Estate Board		\$ 812,568	11.6	\$ 710,000	-12.6	\$ 725,000	2.1
Single Detached		\$ 1,020,000	10.4	\$ 900,900	-11.7	\$ 925,000	2.7
Apartment		\$ 405,397	14.6	\$ 390,300	-3.7	\$ 406,300	4.1
Attached		\$ 651,136	9.7	\$ 576,000	-11.5	\$ 598,000	3.8
Housing Starts		2022	%	2023F	%	2024F	%
Vancouver CMA		25,983	-0.1	24,000	-7.6	23,000	-4.2
Single		3,392	12.5	3,200	-5.7	3,000	-6.3
Multiple		22,591	-1.8	20,800	-7.9	20,000	-3.8
Abbotsford CMA		1,467	36.1	1,300	-11.4	1,450	11.5
Single		419	28.9	400	-4.5	450	12.5
Multiple		1,048	39.2	900	-14.1	1,000	11.1
Chilliwack CA		1,232	-9.5	900	-26.9	750	-16.7
Single		387	-29.4	350	-9.6	300	-14.3
Multiple		845	3.8	550	-34.9	450	-18.2

THOMPSON-OKANAGAN

(ASSOCIATION OF INTERIOR REALTORS®)

Housing market activity in the Thompson-Okanagan region has been trending downwards since the second quarter of 2022 when mortgage rates began to rise. We expect sales to remain soft in 2023 before converging back to historical norms in 2024.

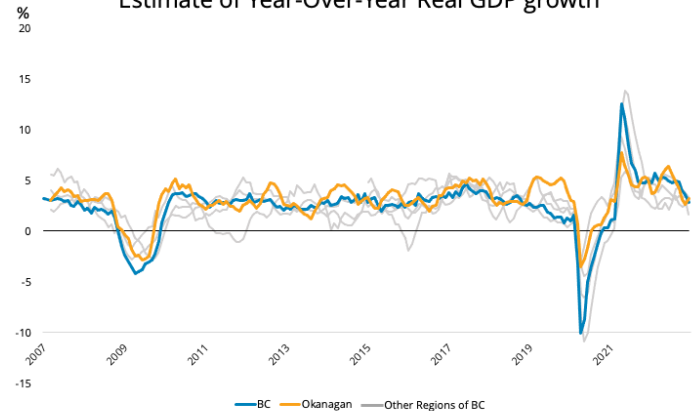
With weak sales, active listings have accumulated since the central bank began raising its overnight rate one year ago. Active listings are now 117 per cent higher than they were at their nadir one year ago. The sales-to-active-listings ratio now sits at 12 per cent, similar to the level that prevailed during the weak market of 2018-2019.

Employment in the Thompson-Okanagan region has fully recovered from the COVID-19 crisis and is at historically normal levels. Meanwhile, the unemployment rate is currently near record lows, hovering around 4.1 per cent. The region also has strong demographic trends, with Kelowna being Canada's fastest-growing Census Metropolitan Area (CMA) from 2016 to 2021. The broader Thompson-Okanagan region is growing in population at about 2 per cent per year, faster than the province. These tailwinds will provide the support needed for MLS® sales to recover from their current lows to average an estimated 8,000 units in 2023 before recovering a further 19 per cent in 2024 to 9,500 units. In Kamloops we expect sales to fall 5 per cent from 2022 levels to 2,500 in 2023 and recover 24 per cent in 2024 to 3,100.

Although the central bank has placed a conditional pause on further rate hikes, the Bank of Canada's overnight rate has risen 425 basis points in roughly one year. Financial markets anticipate that rates will decline, but five-year fixed mortgage rates remain above 5 per cent and continue to siphon demand out of the housing market. It remains to be seen whether the bank raises rates further or if GDP or employment stalls in 2023. Due to these downside risks, we forecast that the MLS® average price will fall 7 per cent to \$730,000 in the Okanagan and fall 3 per cent to \$615,000 in Kamloops. Prices are likely to rise from current levels over the course of 2023, but still be down on an annual basis due to the record high price set in 2022. In 2024, we anticipate a recovery, with prices up 3 per cent in the Okanagan to \$750,000 and 2 per cent to \$630,000 in Kamloops.

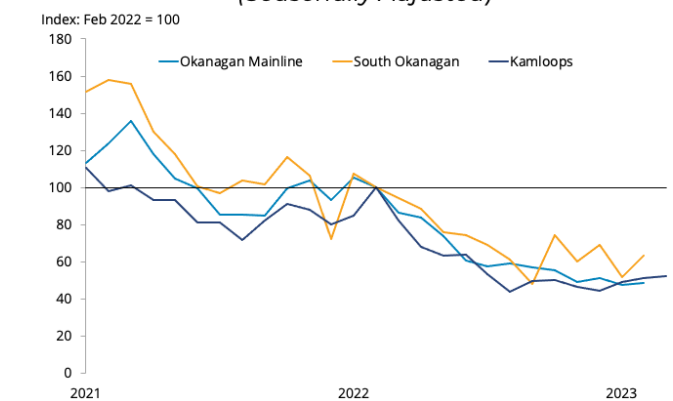
Okanagan BC Nowcast

Estimate of Year-Over-Year Real GDP growth



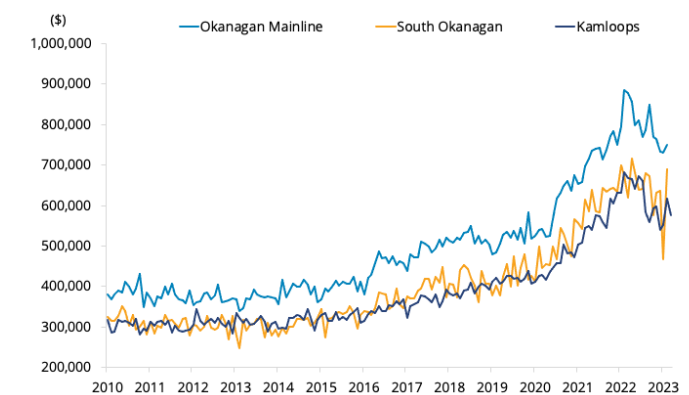
MLS® Home Sales

(Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices



Note: Represents MLS® average prices
Source: BCREA Economics

Thompson-Okanagan

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Interior REALTORS® – Okanagan ¹		9,502	-33.1	8,000	-15.8	9,500	18.8
Single Detached		4,950	-32.5	4,180	-15.6	5,000	19.6
Apartment		2,141	-33.9	1,750	-18.2	2,100	20
Attached		2,169	-32.3	1,790	-17.5	2,150	20.1
Interior REALTORS® – Kamloops ¹		2,621	-30	2,500	-4.6	3,100	24
Single Detached		1,535	-29.8	1,470	-4.2	1,840	25.2
Apartment		359	-38.9	350	-2.5	410	17
Attached		502	-29.5	460	-8.3	600	30.3
MLS® Average Price		2022	%	2023F	%	2024F	%
Interior REALTORS® – Okanagan ¹		\$ 788,732	12.5	\$ 730,000	-7.4	\$ 750,000	2.7
Single Detached		\$ 950,942	8.3	\$ 910,500	-4.3	\$ 925,200	1.6
Apartment		\$ 495,348	18.1	\$ 460,000	-7.1	\$ 480,000	4.3
Attached		\$ 733,708	12.2	\$ 681,700	-7.1	\$ 700,000	2.7
Interior REALTORS® – Kamloops ¹		\$ 637,216	13.9	\$ 615,000	-3.5	\$ 630,000	2.4
Single Detached		\$ 757,900	11.4	\$ 724,100	-4.5	\$ 737,700	1.9
Apartment		\$ 381,924	11.9	\$ 377,100	-1.3	\$ 400,000	6.1
Attached		\$ 658,466	11.5	\$ 622,100	-5.5	\$ 629,300	1.2
Housing Starts		2022	%	2023F	%	2024F	%
Kelowna CMA		3,382	3.6	2,400	-26.5	2,300	-4.2
Single		657	-29	600	-35.2	700	16.7
Multiple		2,725	16.5	1,800	-23.1	1,600	-11.1
Penticton CMA		124	-70.1	150	-63.9	190	26.7
Single		40	-60	80	-20	90	12.5
Multiple		84	-73.3	70	-77.8	100	42.9
Kamloops CA		522	-24.3	500	-27.5	550	10
Single		152	-47.8	150	-48.5	200	33.3
Multiple		370	-7.3	350	-12.3	350	0

1. 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®. In February 2022, the Association merged with the Kootenay and Kamloops real estate boards.

NORTHERN BC

(BC NORTHERN REAL ESTATE BOARD / ASSOCIATION OF INTERIOR

Sales in the region covered by the BC Northern Real Estate Board have continued to soften since the second quarter of 2022 when mortgage rates began rising. They are now below historically average levels. We expect sales to remain relatively soft in 2023.

As sales have weakened, active listings have slowly climbed back from record lows. Active listings are nearly 60 per cent higher than one year ago, an all-time low for the region. Still, at under 1,900 total listings for the entire region on a seasonally adjusted basis, active listings remain below the level needed for the region to sustainably remain in balanced market territory as sales recover.

Despite large projects such as the Site C dam and LNG Canada terminal and pipeline, there is evidence of a decline in employment in the Cariboo and Northeast in recent months, and there has been a corresponding uptick in the unemployment rate. With rising rates still biting into housing demand, we anticipate weak unit MLS® sales in the region for 2023 at 3,500, the lowest since 2002. By 2024, we anticipate sales will return to their long-run average of 4,200 units.

Although the central bank has placed a conditional pause on further rate hikes, the Bank of Canada's overnight rate has risen 400 basis points in roughly one year. Financial markets anticipate that rates will decline, but five-year fixed mortgage rates remain above 5 per cent and continue to siphon demand out of the housing market. It remains to be seen whether the bank raises rates further, or if GDP or employment stalls in 2023. Amid this uncertainty, we are forecasting a gradual price recovery in 2023, averaging \$390,000 for the year, before rising a further 3.8 per cent to \$405,000 in 2024.

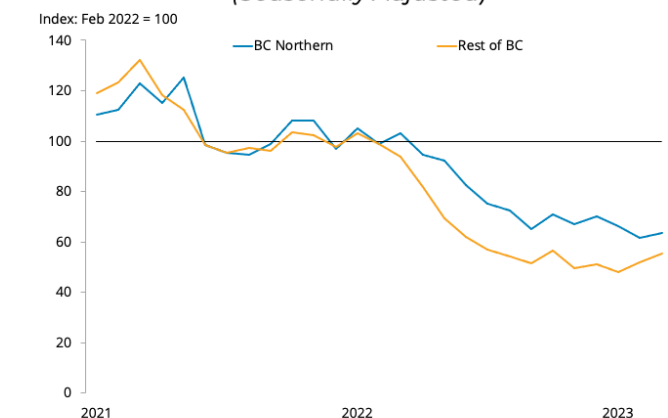
Northern BC Nowcast

Estimate of Year-Over-Year Real GDP growth



MLS® Home Sales

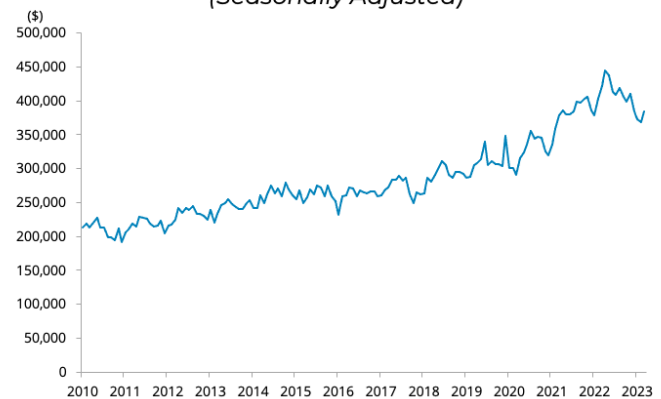
(Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices

(Seasonally Adjusted)



Note: Represents MLS® average prices
Source: BCREA Economics

Northern BC

MLS® Unit Sales		2022	%	2023F	%	2024F	%
BC Northern Real Estate Board		4,268	-22.3	3,500	-18	4,200	20
Single Detached		3,017	-24.4	2,600	-13.8	3,100	19.2
Interior REALTORS® – South Peace River ¹		525	-2.4	380	-27.6	400	5.3
Single Detached		446	-0.6	319	-28.5	340	6.5
MLS® Average Price		2022	%	2023F	%	2024F	%
BC Northern Real Estate Board		\$ 414,630	7.7	\$ 390,000	-5.9	\$ 405,000	3.8
Single Detached		\$ 474,217	9.2	\$ 450,000	-5.1	\$ 465,000	3.3
Interior REALTORS® – South Peace River ¹		\$ 269,731	-5.2	\$ 285,000	5.7	\$ 290,000	1.8
Single Detached		\$ 301,000	-4.4	\$ 318,200	5.7	\$ 325,000	2.1
Housing Starts		2022	%	2023F	%	2024F	%
Prince George CMA		451	-32.2	270	-40.1	250	-7.4
Single		150	-14.8	120	-20	120	0
Multiple		301	-38.4	150	-50.2	130	-13.3
Dawson Creek CMA		1	-88.9	30	2900	40	33.3
Single		-	-100	20	n/a	20	0
Multiple		1	n/a	10	900	20	100

1. The former Northern Lights Real Estate Board has been renamed the South Peace River Region of the Association of Interior REALTORS®.

KOOTENAY

(ASSOCIATION OF INTERIOR REALTORS®)

Home sales in the Kootenay region have continued to trend downwards since monetary tightening began one year ago and are now just below historically normal levels for the region. Seasonally-adjusted sales in the Kootenay ticked up last month to 220 units, coinciding with the pause in monetary tightening and following most other regions of the province. This could indicate an inflection point for the region and the coming months will reveal if sales have turned a corner.

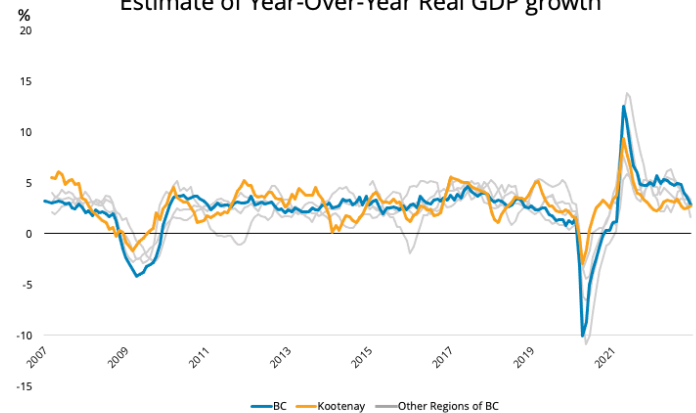
With slower sales since the beginning of monetary tightening one year ago, active listings have risen from record lows. Active listings are up 62 per cent since February 2022. With active listings appearing to change direction while still below a healthy level and the level that prevailed prior to COVID-19, we expect to see prices rising again in the coming months. Our latest forecast has an average price of \$500,000 in 2023, rising to \$515,000 in 2024.

Compared to other regions, prices in the Kootenay have been relatively resilient. The latest month of data has average prices just 8 per cent down from the peak price last April. Still, at less than \$500,000, prices remain affordable compared to other areas of the province, with the provincial average price about 80 per cent higher. Employment in the region has fully recovered from the pandemic and is typical for this time of year at roughly 80,000. The unemployment rate is close to a record low of 2.9 per cent. As of the latest data in December, the BCREA Nowcast indicates that BC GDP grew 2.8 per cent year-over-year.

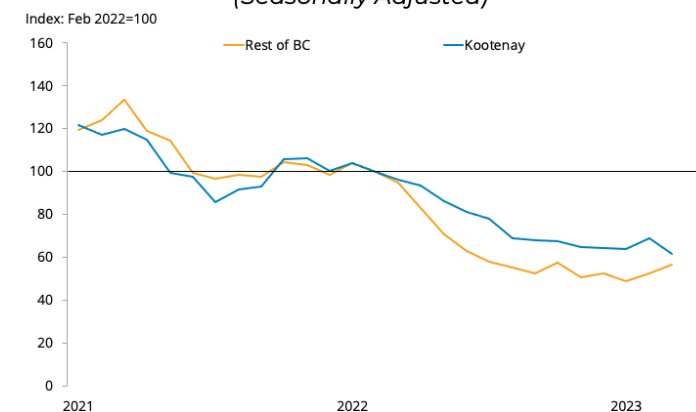
Although the central bank has placed a conditional pause on further rate hikes, the Bank of Canada's overnight rate has risen 400 basis points in roughly one year. Financial markets anticipate that rates will decline, but five-year fixed mortgage rates remain above 5 per cent and continue to siphon demand out of the housing market. It remains to be seen whether the bank raises rates further, or if GDP or employment stalls in 2023. Due to these downside risks, we forecast that MLS® home sales will decline in the Kootenay region by 9.6 per cent this year to 2,800 units before rising by 10.7 percent to 3,100 units in 2024, almost exactly on par with sales for 2022.

Kootenay Nowcast

Estimate of Year-Over-Year Real GDP growth

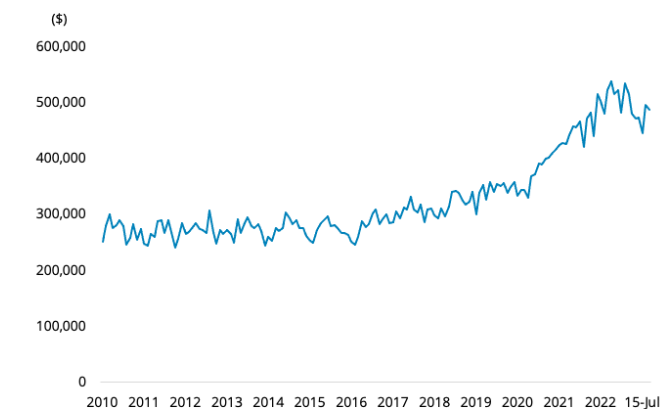


MLS® Home Sales (Seasonally Adjusted)



Source: BCREA Economics

MLS® Home Prices



Note: Represents MLS® average prices
Source: BCREA Economics

Kootenay

MLS® Unit Sales		2022	%	2023F	%	2024F	%
Interior REALTORS® – Kootenay ¹		3,097	-22.4	2,800	-9.6	3,100	10.7
Single Detached		2,046	-23.4	1,850	-9.6	2,110	14
Apartment		490	-26.5	430	-12.2	480	11.5
Attached		373	-18.9	350	-6.2	390	11.4
MLS® Average Price		2022	%	2023F	%	2024F	%
Interior REALTORS® – Kootenay ¹		\$ 506,293	12.4	\$ 500,000	-1.2	\$ 515,000	3
Single Detached		\$ 600,400	11.6	\$ 581,300	-3.2	\$ 600,000	3.2
Apartment		\$ 265,696	13.9	\$ 240,000	-9.7	\$ 248,600	3.6
Attached		\$ 430,049	15.3	\$ 461,000	7.2	\$ 467,700	1.5
Housing Starts		2022	%	2023F	%	2024F	%
Cranbrook CMA		135	-30.8	120	-11.1	130	8.3
Single		90	-25	100	11.1	100	0
Multiple		-	-100	20	n/a	30	50

1. 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®. In February 2022, the Association merged with the Kootenay and Kamloops real estate boards.

BC Housing Outlook	2022	2023F	2024F
MLS® Unit Sales	80,871	75,530	90,100
% change	-35.2	-6.6	19.3
MLS® Average Price	\$996,600	\$935,500	\$957,100
% change	7.4	-6.1	2.3
MLS® Dollar Volume (\$billions)	\$80.60	\$70.66	\$86.23
% change	-30.4	-12.3	22
Housing Starts	46,700	38,000	39,000
% change	-1.9	-18.6	2.6
Single	9,900	8,000	8,000
% change	-10.2	-19.2	0
Multiple	36,800	30,000	31,000
% change	0.6	-18.5	3.3
Total Net Migration	151,264	163,000	168,000
% change	59.6	7.8	3.1
Net International Migration	150,783	165,000	170,000
% change	123.2	9.4	3
Net Interprovincial Migration	481	(2,000)	(2,000)
% change	-98.2	-515.8	0
Range of Posted 5-Year Fixed Mortgage Rate (%)	2.30 - 5.50	5.50-4.95	4.95-4.50

BC Economic Outlook ¹	2020	2021	2022	2023F	2024F
Real GDP Growth (%)	(3)	6.1	3.5	0.8	2.2
Employment Growth (%)	(6.5)	6.2	3.1	1.7	2
Unemployment Rate (%)	9	6.5	4.6	5.5	5.4
Personal Disposable Income Growth (%)	8.8	5	4.8	3	3.5
Weekly Wage Growth (%)	8.1	2.4	4.8	3.2	2.5
Retails Sales Growth (%)	1.2	12.6	2.7	2	3

Sources: Statistics Canada and BCREA Economics

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

2. Average weekly wages are being skewed higher as low-wage employment fell during the pandemic

Housing Forecast Summary – Second Quarter

Board Area	Unit Sales			Average MLS® Price (\$)		
	2022	2023F	2024F	2022	2023F	2024F
Victoria	6,499 -31.7%	6,000 -7.7%	7,500 25.0%	1,012,428 11.7%	945,000 -6.7%	960,000 1.6%
Vancouver Island	7,618 -29%	7,400 -2.9%	8,500 14.9%	767,889 15.6%	675,000 -12.1%	700,000 3.7%
Powell River Sunshine Coast	322 -25.3%	250 -22.4%	300 20%	659,436 26.8%	625,000 -5.2%	650,000 4%
Greater Vancouver	29,261 -34.8%	28,000 -4.3%	33,000 17.9%	1,272,096 7%	1,225,000 -3.7%	1,250,000 2%
Fraser Valley	14,584 -44.9%	14,000 -4%	17,500 25%	1,096,839 8.3%	955,000 -12.9%	970,000 1.6%
Chilliwack and District	2,574 -46.2%	2,700 4.9%	3,000 11.1%	812,568 11.6%	710,000 -12.6%	725,000 2.1%
Interior						
Okanagan*	9,502 -33.1%	8,000 -15.8%	9,500 18.8%	788,732 12.5%	730,000 -7.4%	750,000 2.7%
Kamloops and District	2,621 -30%	2,500 -4.6%	3,100 24%	637,216 13.9%	615,000 -3.5%	630,000 2.4%
Kootenay	3,097 -22.4%	2,800 -9.6%	3,100 10.7%	506,293 12.4%	500,000 -1.2%	515,000 3%
South Peace River**	525 -2.4%	380 -27.6%	400 5.3%	269,731 -5.2%	285,000 5.7%	290,000 1.8%
BC Northern	4,268 -22.3%	3,500 -18%	4,200 20%	414,630 7.7%	390,000 -5.9%	405,000 3.8%
BC Total	80,871 -35.2%	75,530 -6.6%	90,100 19.3%	996,605 7.4%	935,500 -6.1%	957,100 2.3%

***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®. In February 2022, the Association merged with the Kootenay and Kamloops real estate boards.

****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 26,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's eight real estate boards, BCREA offers professional development opportunities, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.

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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