

### First Quarter – January 2024

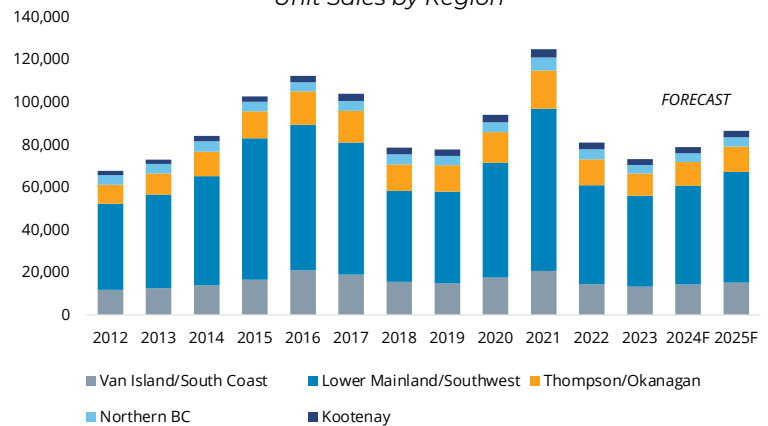
A year marked by elevated mortgage rates resulted in the slowest pace of housing activity in British Columbia since 2013. In 2023, the total number of home sales in BC reached 73,000, while new listings activity was similarly constrained by the so-called “lock-in” effect as potential sellers put off listing to avoid taking on a new mortgage at a much higher rate and payment. With a sharp decline in mortgage rates at the end of 2023 and the possibility of the Bank of Canada lowering rates as early as spring, the housing market is expected to rebound in 2024, setting the stage for a robust 2025.

As observed in mid-2023, following a pause by the Bank of Canada, the resale housing market can swiftly respond to changes in monetary policy. With substantial progress in bringing inflation back to 2 per cent and a softening in economic growth and employment, there is less necessity for monetary policy to remain stringent. Therefore, we anticipate the Bank of Canada will begin to lower its policy rate this year, ultimately bringing its overnight rate back to 4 per cent by the end of 2024. This anticipated move has already been factored into bond markets, leading to five-year fixed mortgage rates dropping below 5.5 per cent, down from the peak of over 6 per cent in late 2023.

Fueled by pent-up demand from strong population growth and favourable demographics, even a small improvement in affordability could significantly stimulate home sales this year. Our forecast is for home sales to increase by 7.8 percent to 78,775 this year before rising to 86,475 in 2025.

The ultimate impact on prices resulting from higher sales hinges entirely on how inventory evolves this year. Here, there are two possible risks. Sales could quickly outpace existing inventory, leading to a rapid tightening of markets and faster-than-expected appreciation of home prices. Conversely, the spectre of mortgage renewals at much higher payments in the near future for many borrowers could spur a larger influx of new listings to the market. Our current view is that new listings will likely increase in 2024 but not at a worrying pace, resulting in a more balanced market with relatively stable pricing.

### MLS® Residential Sales British Columbia Unit Sales by Region



Source: BCREA Economics

MLS®	2023	2024F	2025F	Housing Starts <sup>1</sup>	2023	2024F	2025F	
	Sales	73,071	78,775		86,475	Total	46,000	40,300
	-9.2%	7.8%	9.8%			-1.5%	-12.4%	14.1%
Avg Price	\$971,152	\$987,700	\$1,020,800	Single	9,000	8,300	8,000	
	-2.6%	1.7%	3.4%			-9.1%	-7.8%	-3.6%
\$ Volume	70.96 Bil	77.81 Bil	88.27 Bil	Multiple	37,000	32,000	38,000	
	-11.6%	9.6%	13.5%			0.5%	-13.5%	18.8%

1. Sources: BCREA Forecast; CMHC

BC Economic Outlook	2023 <sup>1</sup>	2024F	2025F
Real GDP Growth (%)	1.2	1	2.6
Employment Growth (%)	1.5	1.2	1.9
Unemployment Rate (%)	5.2	5.8	5.5
Personal Disposable Income Growth (%)	3.5	3.2	4.5
Weekly Wage Growth (%)	6	2.5	2
Retail Sales Growth (%)	1.5	2.5	4.5

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 (\$)		
	2023	2024F	2025F	2023	2024F	2025F
Victoria	5,934 -8.7%	6,500 9.5%	6,900 6.2%	982,350 -3%	995,000 1.3%	1,020,000 2.5%
Vancouver Island	7,114 -6.6%	7,400 4%	7,900 6.8%	716,744 -6.7%	735,000 2.5%	750,000 2%
Powell River Sunshine Coast	256 -20.5%	375 46.5%	375 0%	632,576 -4.1%	645,000 2%	668,000 3.6%
Greater Vancouver	26,111 -10%	28,500 9.1%	32,000 12.3%	1,277,232 0.2%	1,290,000 1%	1,310,000 1.6%
Fraser Valley	13,974 -4.1%	15,000 7.3%	17,000 13.3%	1,016,990 -7.2%	1,030,000 1.3%	1,080,000 4.9%
Chilliwack and District	2,592 0.9%	2,800 8%	3,000 7.1%	744,164 -8.4%	755,000 1.5%	785,000 4%
Interior						
Okanagan*	7,910 -16.1%	8,500 7.5%	9,000 5.9%	749,918 -5.3%	760,000 1.3%	785,000 3.3%
Kamloops and District	2,406 -8.2%	2,700 12.2%	2,800 3.7%	597,934 -6.2%	625,000 4.5%	640,000 2.4%
Kootenay	2,733 -11.8%	2,900 6.1%	3,100 6.9%	511,469 1%	520,000 1.7%	545,000 4.8%
South Peace River**	395 -24.8%	400 1.3%	400 0%	289,064 7.1%	290,000 0.3%	295,000 1.7%
BC Northern	3,646 -14.5%	3,700 1.5%	4,000 8.1%	411,502 -0.7%	420,000 2.1%	440,000 4.8%
BC Total	73,071 -9.2%	78,775 7.8%	86,475 9.8%	971,152 -2.6%	987,700 1.7%	1,020,800 3.4%

\*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.

BCREA is the provincial association for BC REALTORS®. As a champion for the real estate sector, BCREA advances REALTOR® professionalism and ensures the REALTOR® voice is heard, for the benefit of consumers and communities, across BC. By working in collaboration with the province's real estate boards, our mission is to provide professional development opportunities, advocacy, economic and policy research, and standard forms so REALTORS® are trusted, respected, and proud of their profession.

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Additional economics information is available on BCREA's website at: [www.bcrea.bc.ca](http://www.bcrea.bc.ca).

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