

## B.C. economy cooling off

### 'Concerns linger' over real-estate over-valuation

BY PAUL LUKE, THE PROVINCE APRIL 5, 2011

Like an athlete that gives their all at the Olympics, B.C.'s economy is taking a breather. After a strong performance in 2010, the Winter Olympics year, B.C. will see an economic cool-down this year and next, TD Bank said in a report Monday.

B.C., which logged GDP growth of 3.6 per cent in 2010, will post much more subdued growth of 2.6 per cent this year and 2.3 per cent in 2012, TD said.

"Weakness is expected to come from a reduction in regional housing market activity and relatively slower growth in a number of core industries, including construction and tourism," the bank said.

The housing market will see slower activity over the next two years with interest rates poised to rise this summer. Changes in mortgage eligibility rules will also have an impact, it said.

"What's more, concerns linger regarding a possible overvaluation of real estate, especially in the Greater Vancouver area," the report said.

Provincewide housing starts, which soared by 66.4 per cent last year, will rise by only 1.4 per cent in 2011 and 5.2 per cent next year, it said.

The average price for existing homes will ease by one per cent this year and two per cent next, it predicts.

Existing home sales will fall 8.5 per cent in 2011 and climb 2.5 per cent next year, it said.

On the resources side, the province will continue to grapple with depressed lumber prices as the U.S. housing market struggles to recover.

Reconstruction in Japan could boost lumber demand, the bank said.

The base-metal sector will continue to see gains over the next two years but an abundance of natural gas supplies will keep prices low, it said.

The bank expects B.C.'s jobless rate to be 7.3 per cent this year, down from 7.6 per cent in 2010. At 6.5 per cent next year, the jobless rate will remain 1.9 percentage points above 2008.

The Fraser Valley Real Estate Board reported its strongest March sales in five years Monday.

Sales of single-family detached homes in White Rock-South Surrey increased by more than 150 per

cent in March compared with last year.

The benchmark price for Fraser Valley detached homes in March rose 0.9 per cent year over year to \$519,628.

The Real Estate Board of Greater Vancouver saw year over year sales jump 30.1 per cent in March.

The board's benchmark price for all types of housing was \$615,810 in March, up 5.4 per cent from the same month last year.

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