

Home starts, sales to increase this year and next: CMHC

By Brian Morton, Vancouver Sun May 30, 2011



New home construction and existing home sales in Metro Vancouver will grow this year and next, according to a report released Monday by Canada Mortgage and Housing Corp.

Photograph by: Bryan Schlosser, Leader-Post, Leader-Post

VANCOUVER - New home construction and existing home sales in Metro Vancouver will grow this year and next, according to a report released Monday by Canada Mortgage and Housing Corp.

CMHC's spring housing market outlook concluded that home starts will increase five per cent this year, to 16,000 units and nine per cent in 2012, to 17,500 units.

As well, overall sales will increase six per cent, to 33,000 this year and another nine per cent, to 36,000 sales in 2012.

"An increase in higher-end detached home sales in the first quarter in some areas of Greater Vancouver will push the average price (for all home types combined) up 14 per cent in 2011, to \$770,000," CMHC senior market analyst Robyn Adamache said in a statement.

The average resale price is projected to increase 3.2 per cent in 2012, to \$795,000.

struction in the Greater Abbotsford area will rise this year to increase by 11 per cent in 2011 to 575 units, and 13 per cent in 2012 to 650 new homes started.

Prices in the Abbotsford area are expected to decline two per cent in 2011 to \$335,000, but rise 1.5 per cent next year to \$340,000.

"Housing demand will remain steady as favourable mortgage loan interest rates and lower home prices in comparison to other major centres in the Vancouver (area), attract home buyers to the Fraser Valley," CMHC market analyst Richard Sam said.

Fraser Valley sales are forecast to increase by seven per cent in 2011 to just over 15,000 transactions, and three per cent in 2012 15,500.

Meanwhile, B.C. housing starts are also forecast to gradually increase this year and 2012, reaching their ten-year average in 2012, CMHC said.

The outlook said housing starts, including single-detached and multiple-family homes, will total 26,400 units in B.C. in 2011 and 29,000 units in 2012.

"Mortgage loan interest rates which will remain low by historic standards, together with stable employment and strong population growth, will support the resale and new home markets in 2011 and 2012," CMHC's B.C. regional economist Carol Frketich said.

"This housing market outlook is similar to CMHC's first quarter forecast, except for adjustments to the existing home price outlook.ö

Higher than anticipated first quarter price gains in Metro Vancouver, specifically in the city of Vancouver, Richmond and West Vancouver, resulted in the average price forecast being revised higher in 2011, the report said.

The average B.C. price is forecast to rise 11 per cent in 2011 to \$560,600, but decline 2.1 per cent in 2012 to \$548,900.

"Greater Vancouver accounts for almost half of MLS sales in the province and a rising share of single detached home sales, which tend to have higher prices, as well as an increasing proportion of sales in higher priced areas of Greater Vancouver. These factors contributed to an increase in the B.C. average resale price," Frketich added.

The report said that resales throughout the province should approach 83,900 sales in 2011 and 87,500 sales in 2012, slightly above their ten-year average.