

# 2014 Housing Outlook Seminar

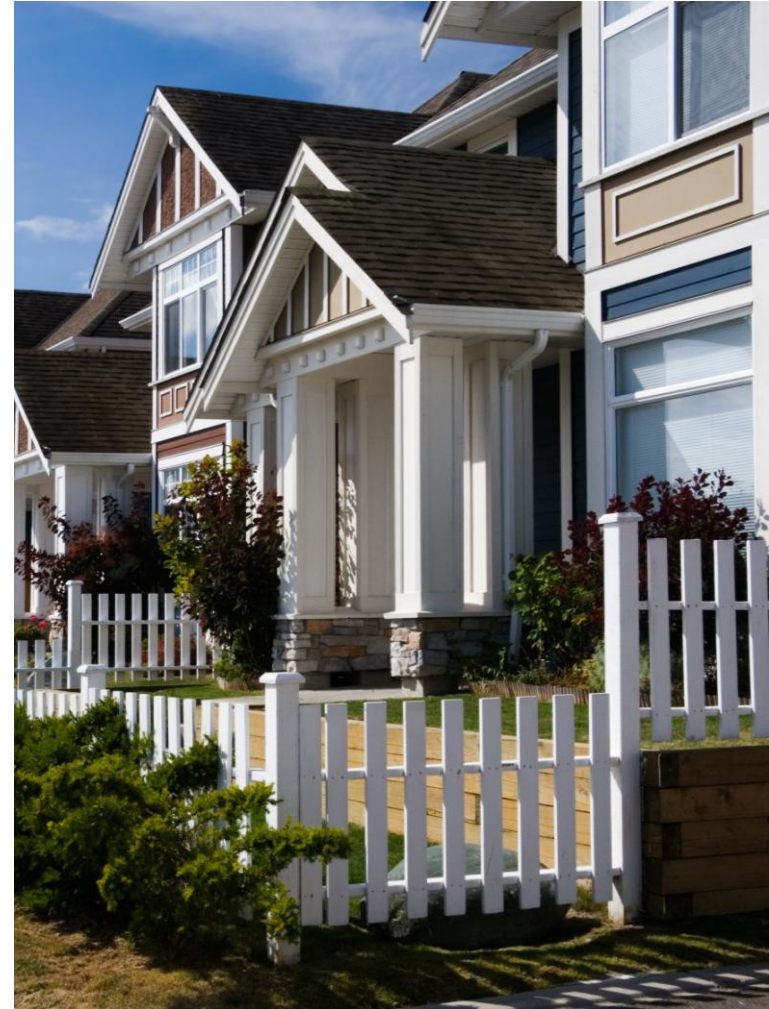
## Atlantic Canada Economic and Housing Outlook

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CANADA MORTGAGE AND HOUSING CORPORATION  
HOUSING OUTLOOK SEMINAR FREDERICTON N.B.



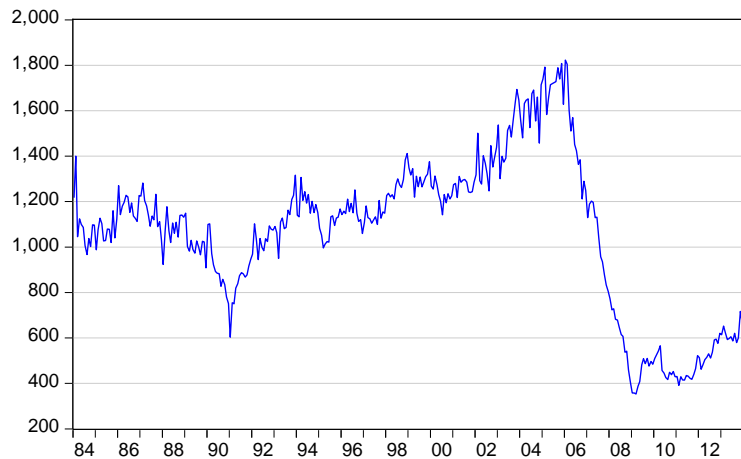
## Presentation Outline

- Economic Analysis and Outlook
- Population and Migration
- Housing Starts Trends and Forecast
- Existing Housing Analysis & Forecast
- Summary of Current Outlook

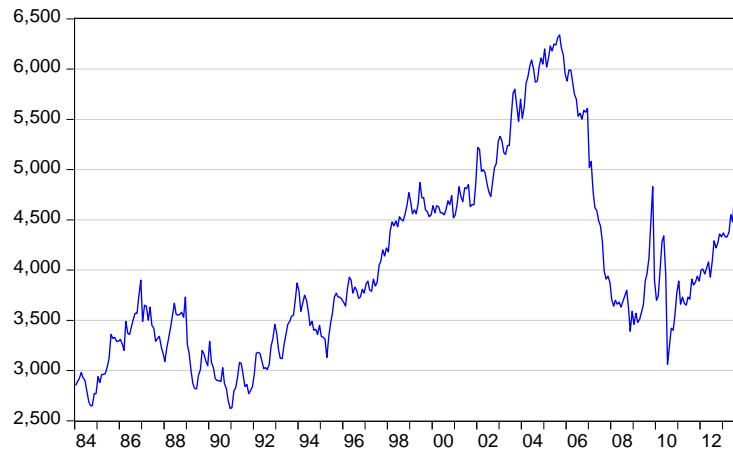


# U.S. Housing and Employment Improving but...

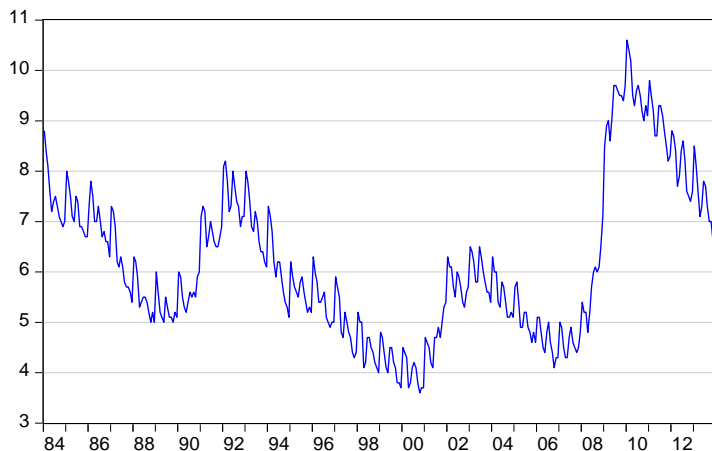
Housing starts: Single-family privately owned, (Ths., SAAR)



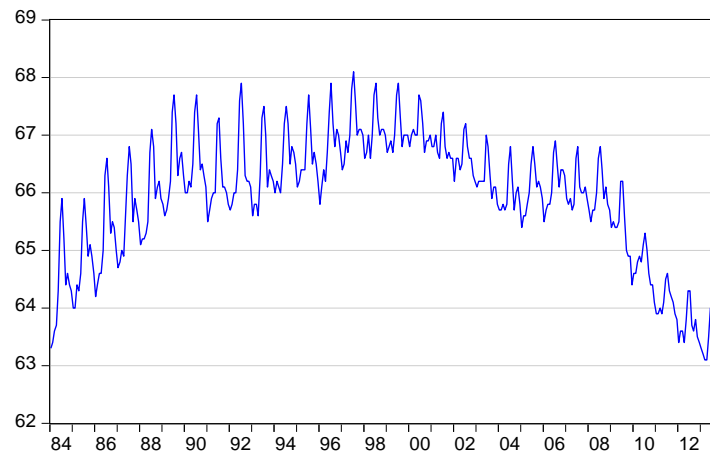
Existing Home Sales: Single-Family, (Ths., SAAR)



Unemployment rate: Total, (% , NSA)

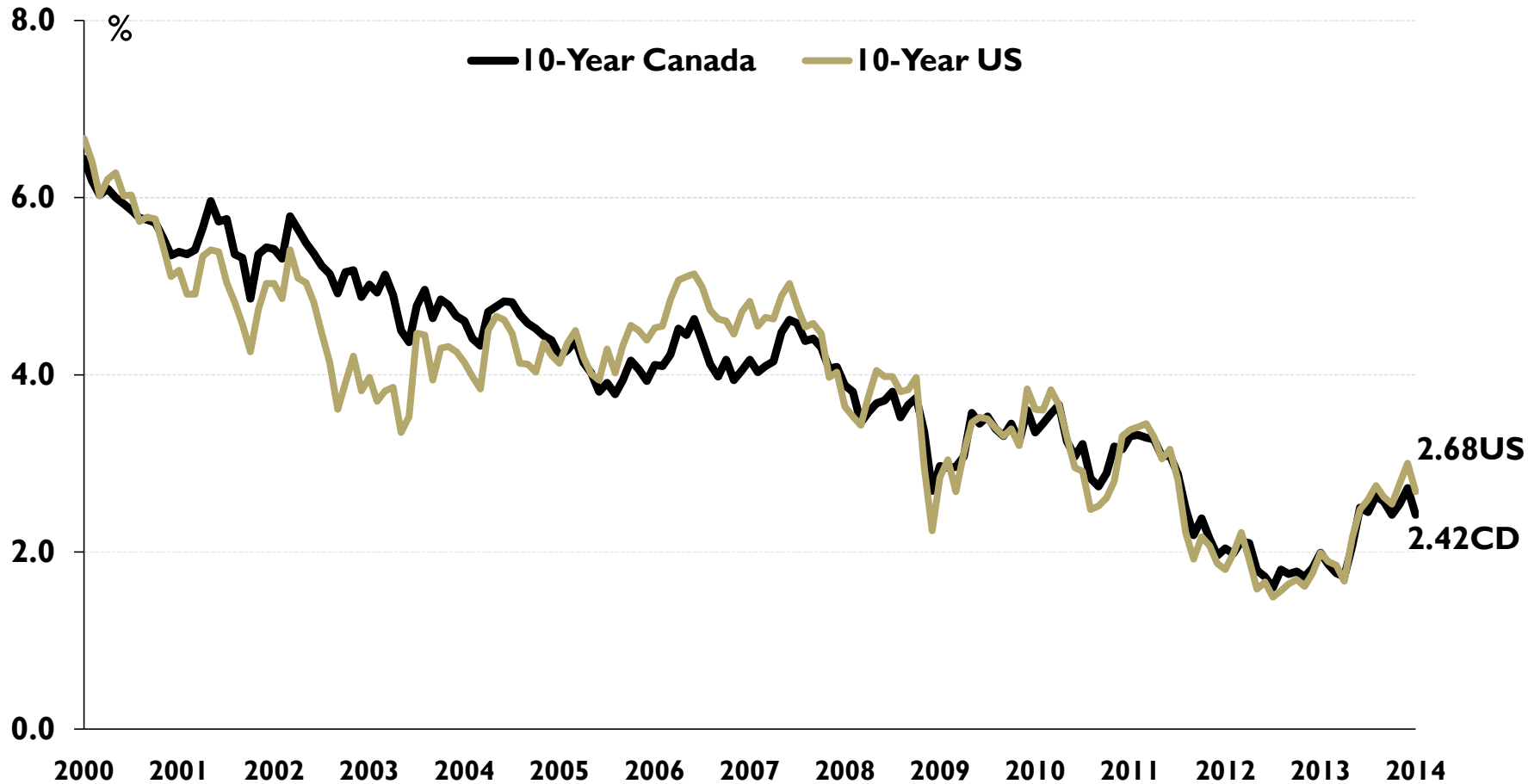


Labor force participation rate: Total, (% , NSA)



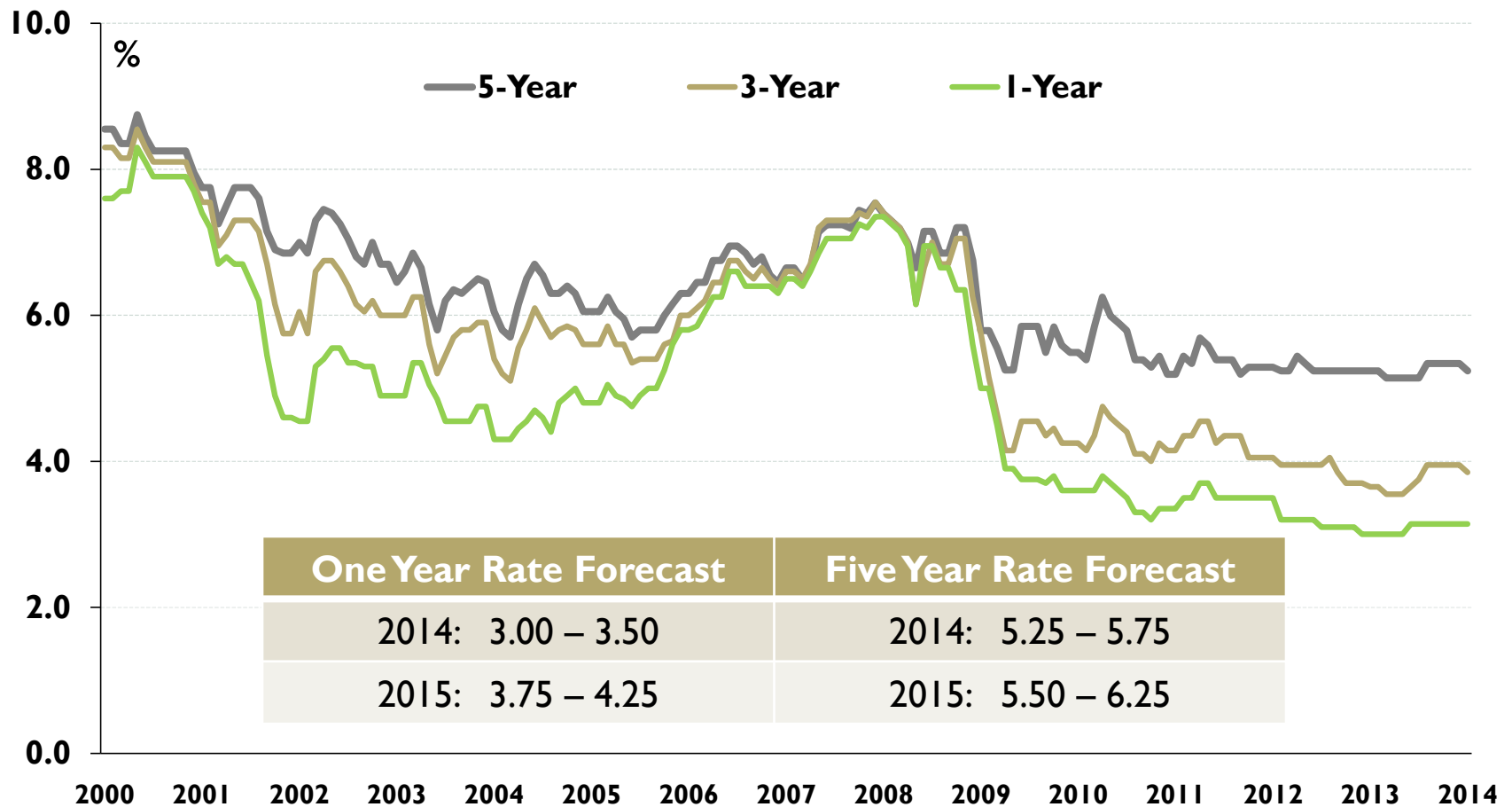
Source: U.S Bureau of Labour Statistics , National Association of Home Builders, National Association of Realtors<sup>®</sup>, S.A. : Seasonally Adjusted, S.A.A.R: Seasonally Adjusted at Annual Rates

# As US Yields Rise Canada Rates Will Follow



Source: Bank of Canada, US Federal Reserve, Based on Posted Rates, Jan 29, 2014

# Current CMHC Forecast for Mortgage Rates



Sources: Bank of Canada, CMHC(Forecast), Based on Posted Rates, Jan 29, 2014

# Canada: Economic Outlook

- *Economic Growth forecast at 2.2 %.*
- *Employment will grow by 1.5 %.*
- *Weakness in China or intensification in European Crisis could negatively impact outlook.*
- *Income growth expected to continue at a moderate pace.*
- *Population aging will continue to impact the type and tenure of housing in demand.*
- *Canada should continue to attract a high level of immigrants.*

Source: CMHC, Forecast: CMHC

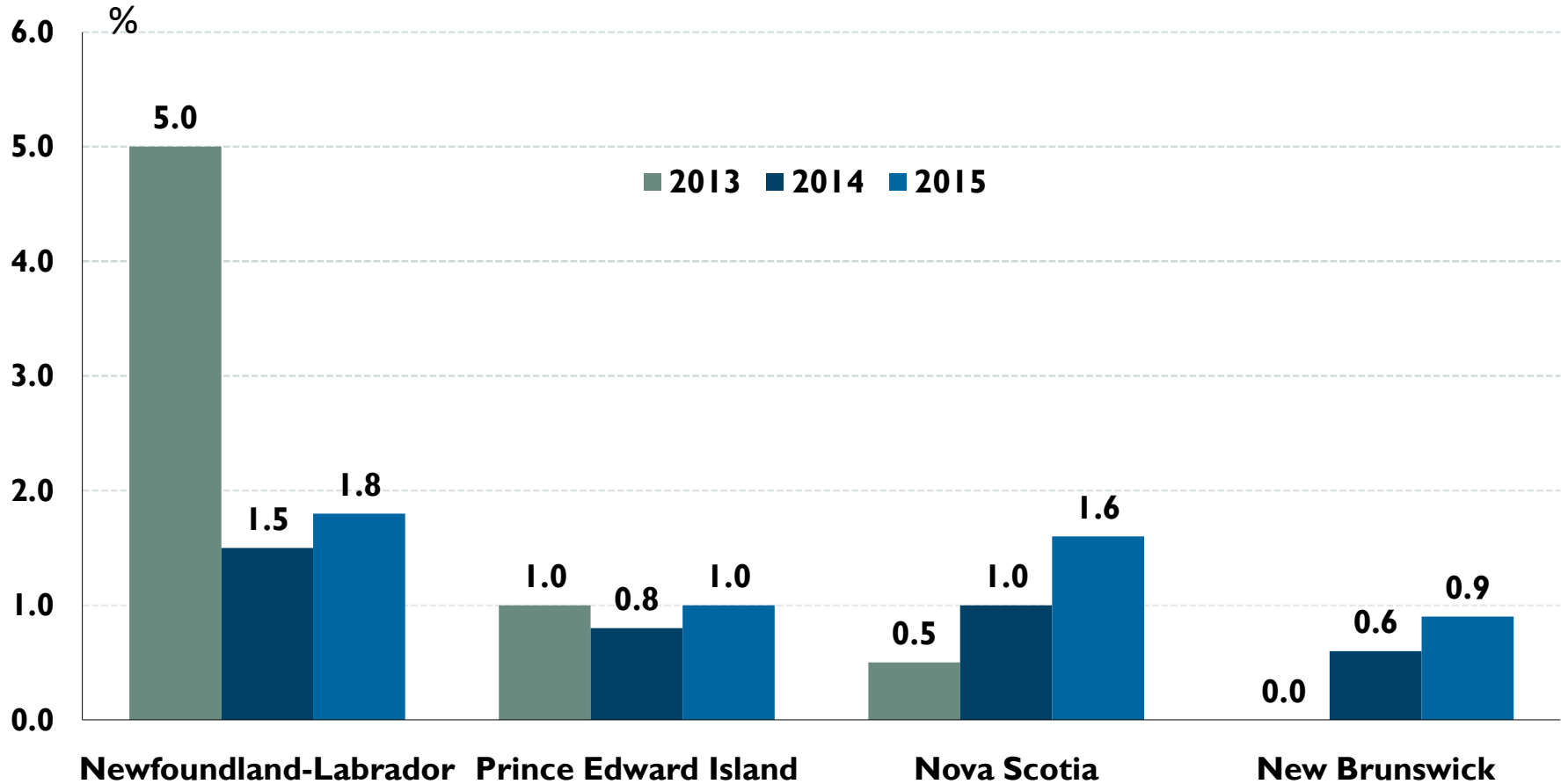




- *Current economic weakness stems in part from reduced capital investment and weakness in the natural resources sector.*
- *Economic growth will be 0.6 % in 2014 and 0.9 % in 2015.*
- *Labour market conditions will remain weak in 2014 as employment growth is projected to reach 0.5 % in 2014.*
- *By 2015, employment growth is expected to rise 0.8 %.*
- *The growth prospects for the province continue to be muted by the lack of population growth and a negative outlook for net-migration.*

# Forecast of Economic Growth for 2014 - 2015

% Change in GDP, Forecast by Province

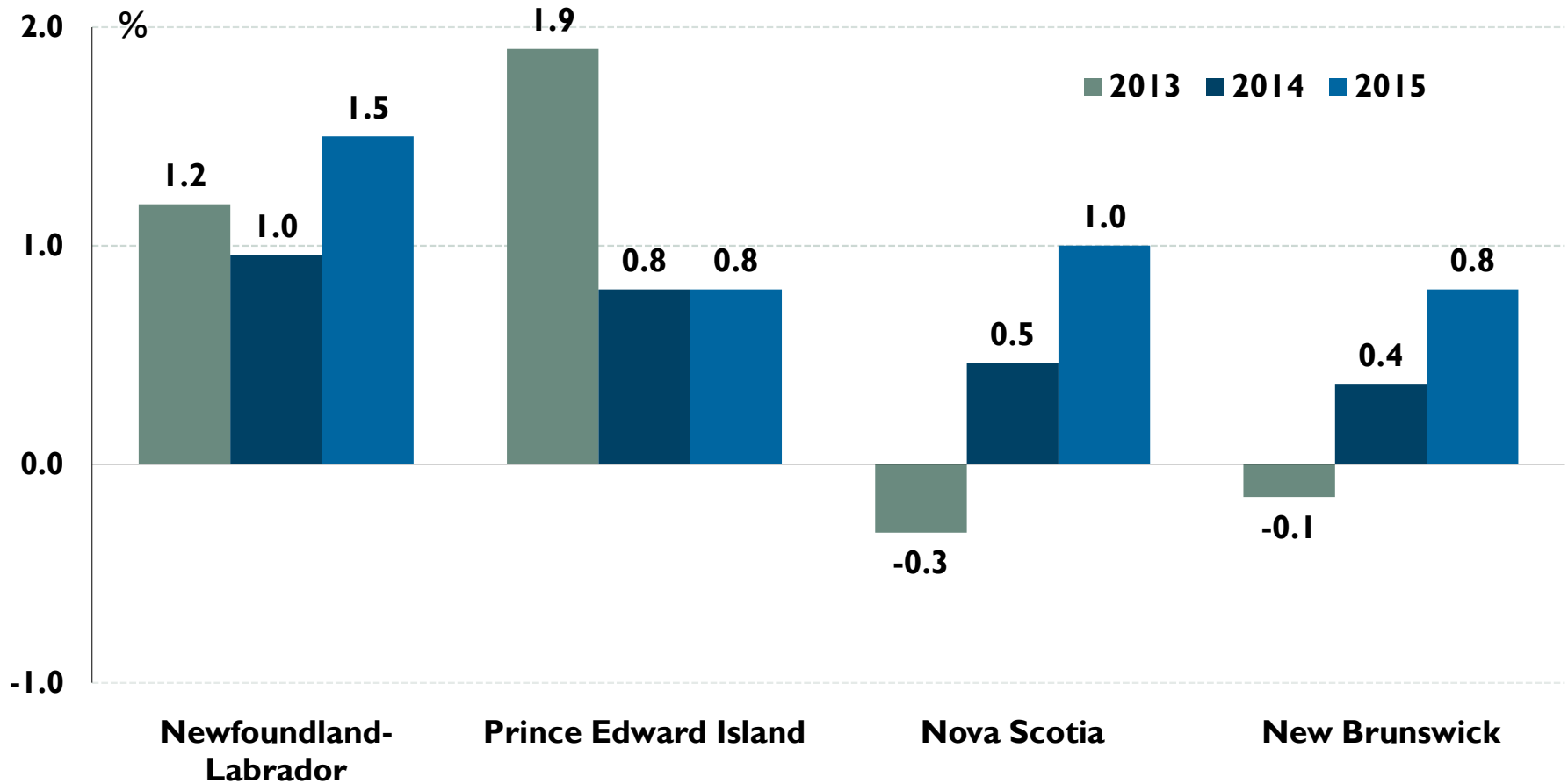


Source: Statistics Canada, CMHC Forecast, G.D.P. : Gross Domestic Product



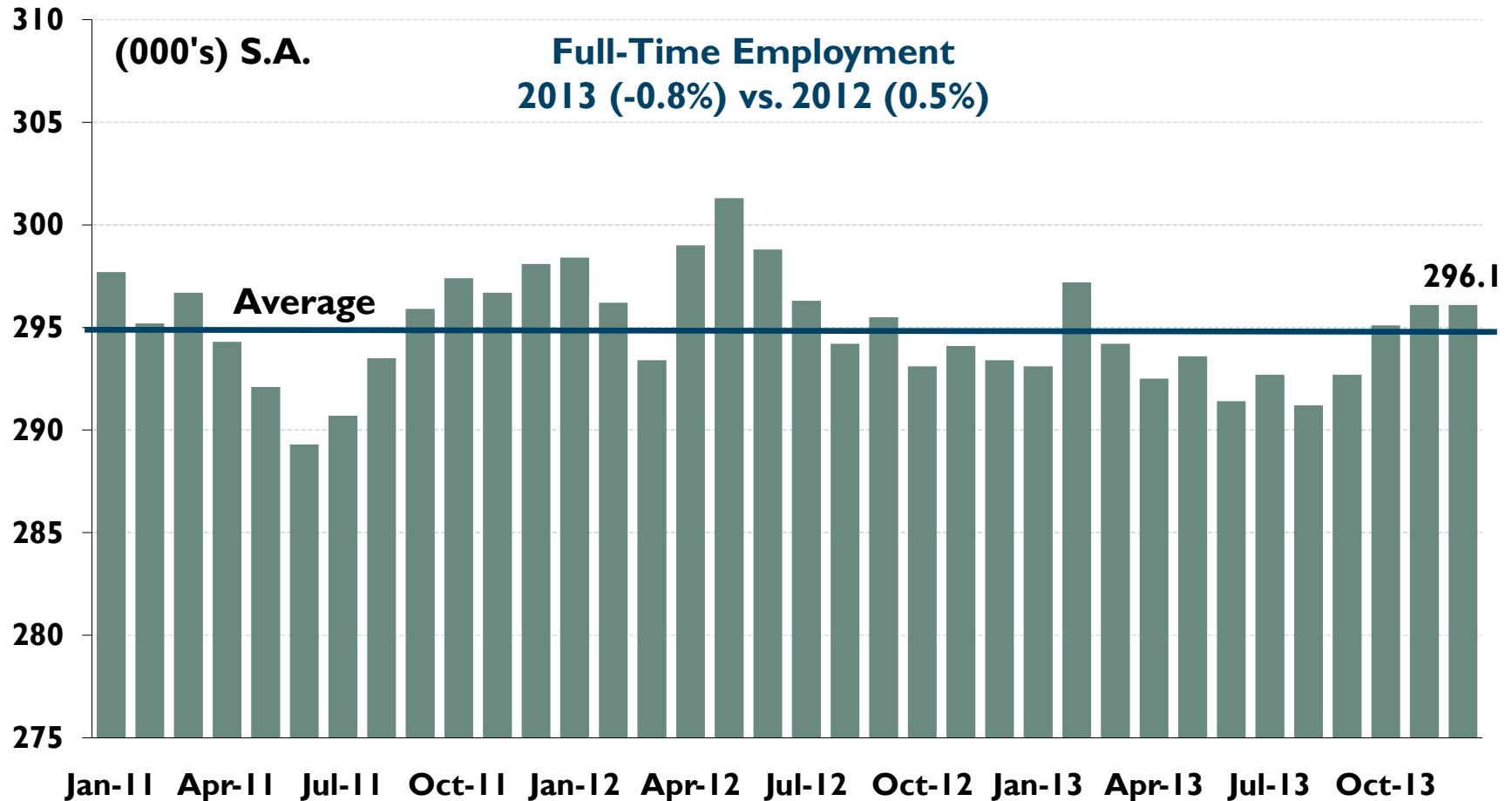
# Employment Outlook for 2014 - 2015

## % Change in Employment, Forecast by Province



Source: Statistics Canada, CMHC Forecast

# New Brunswick Full-Time Employment: 2011 - 2013



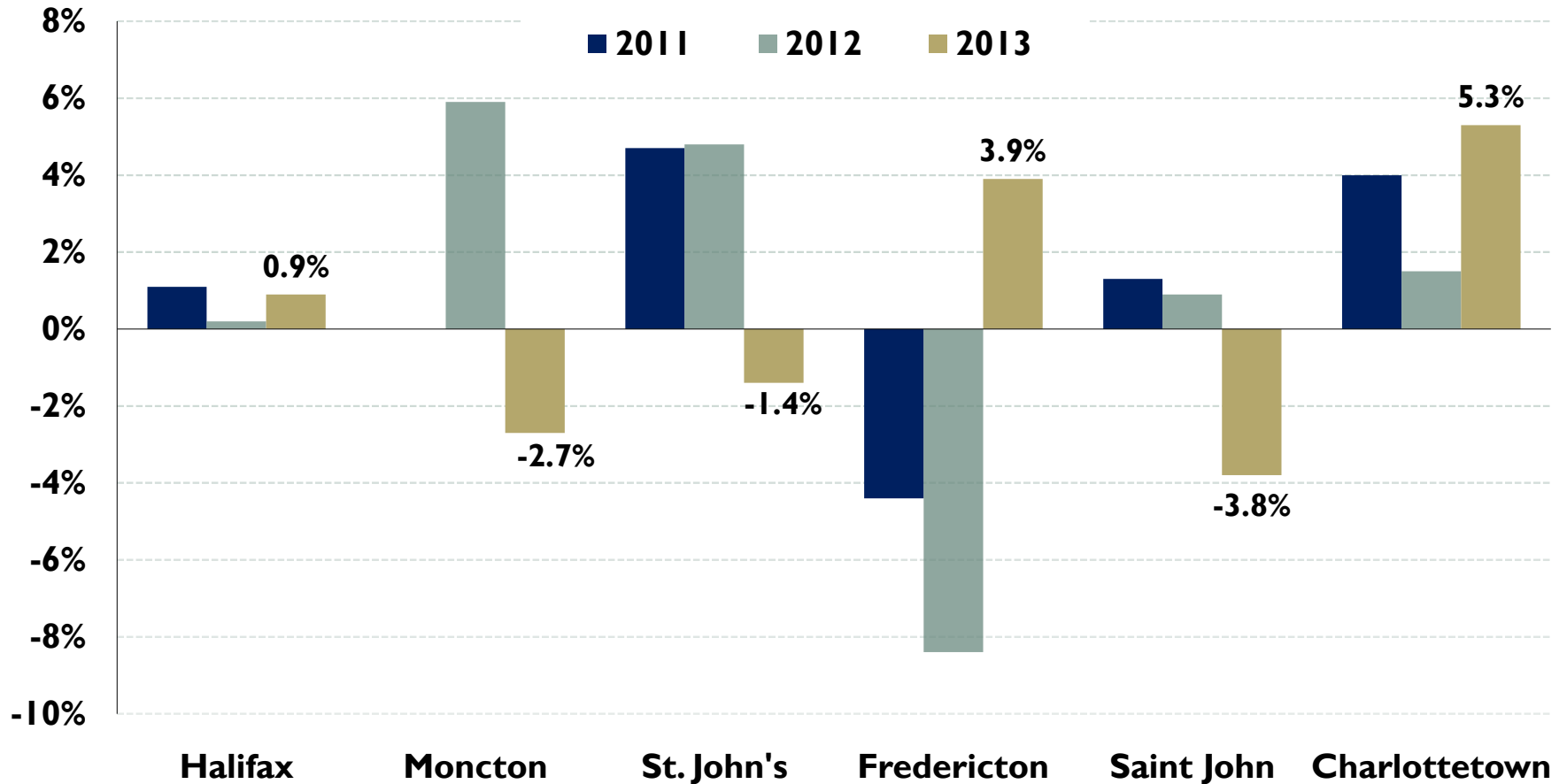
Source: Statistics Canada (Labour Force Survey)

S.A.: Seasonally Adjusted, December 2013 ,

Year over Year % Employment Comparison: December 2013 YTD vs. December 2012 YTD

# Urban Full-Time Employment: 2011 - 2013

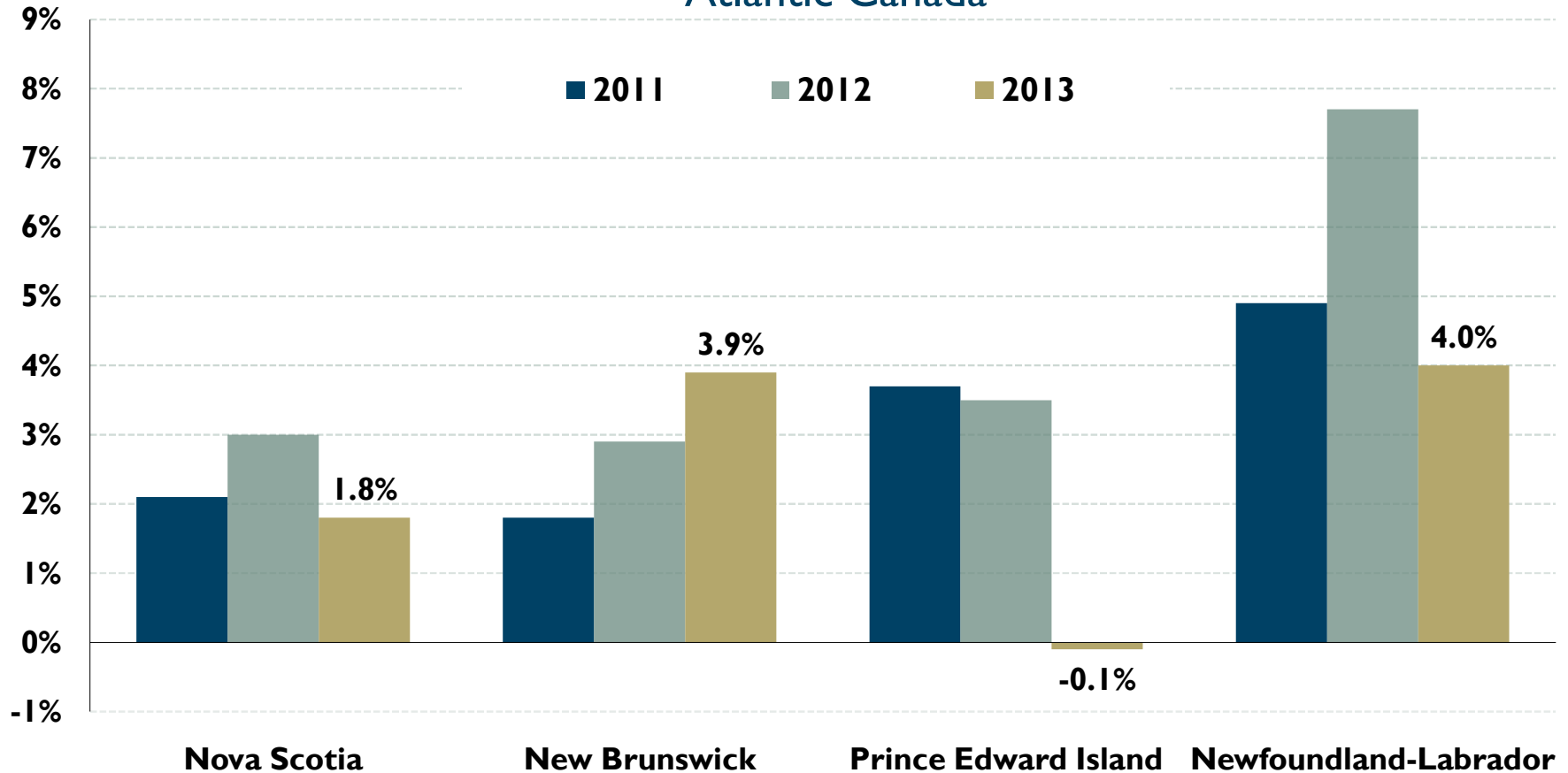
## Full-Time Employment Growth by City, Atlantic Canada



Source: Statistics Canada, 2013 December YTD

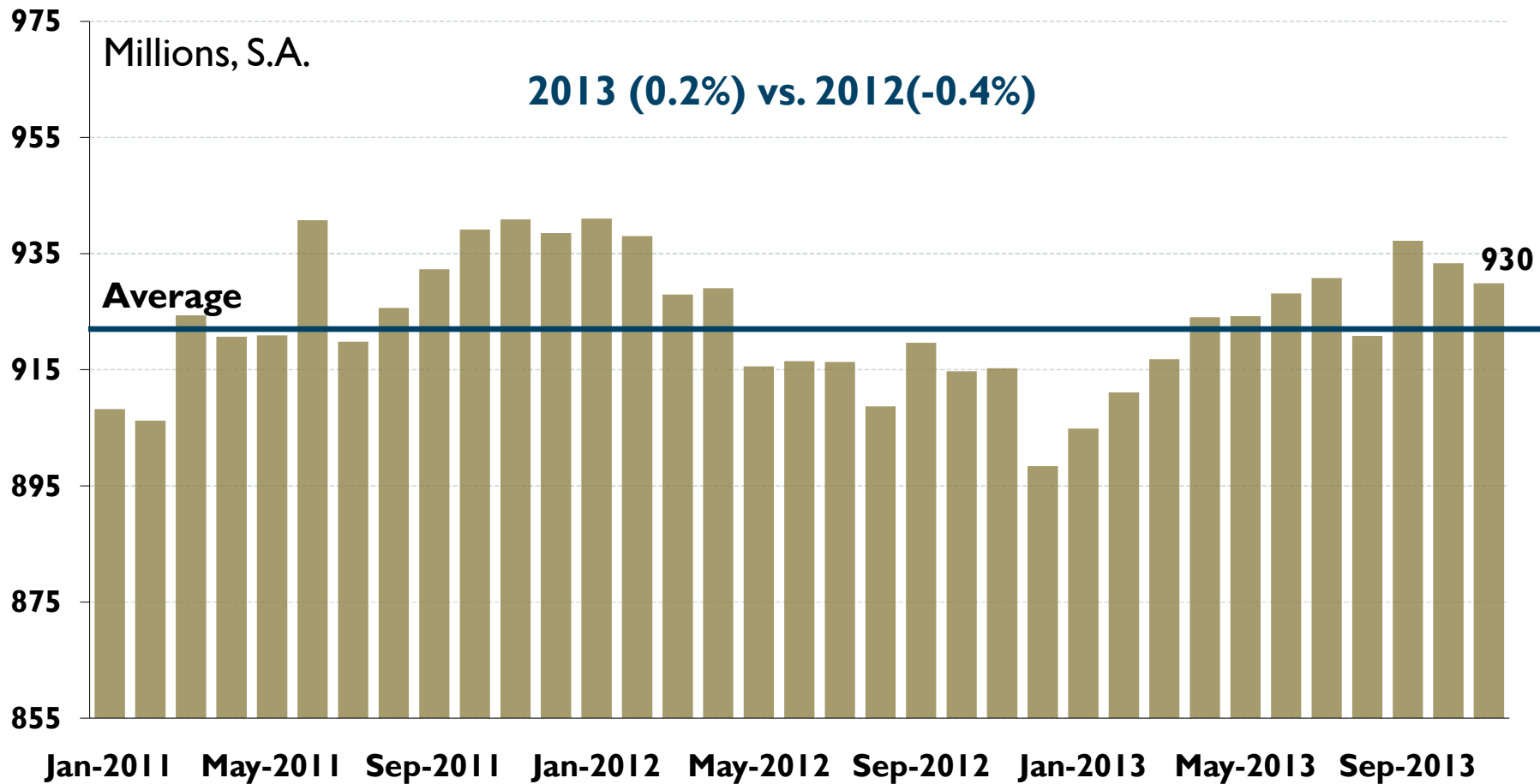
# Average Weekly Earnings by Province: 2011 - 2013

## % Change in Weekly Earnings by Province, Atlantic Canada



Source: Statistics Canada, 2013 December YTD

# New Brunswick Retail Sales: 2011 - 2013



Source: Statistics Canada

S.A.: Seasonally Adjusted, November 2013

Year over Year % Change in Sales Comparison: November 2013 YTD vs. November 2012 YTD

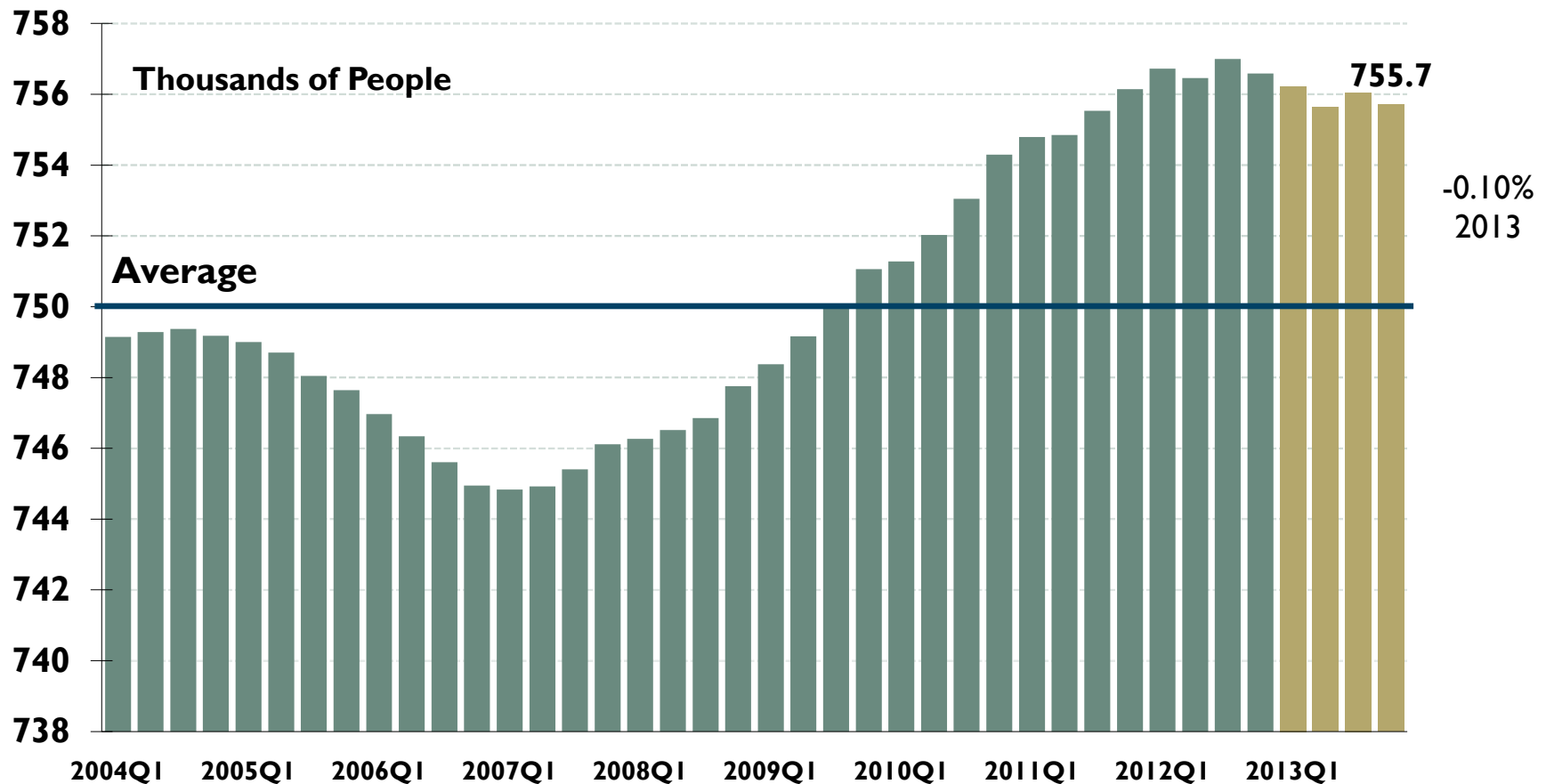
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# New Brunswick Quarterly Population

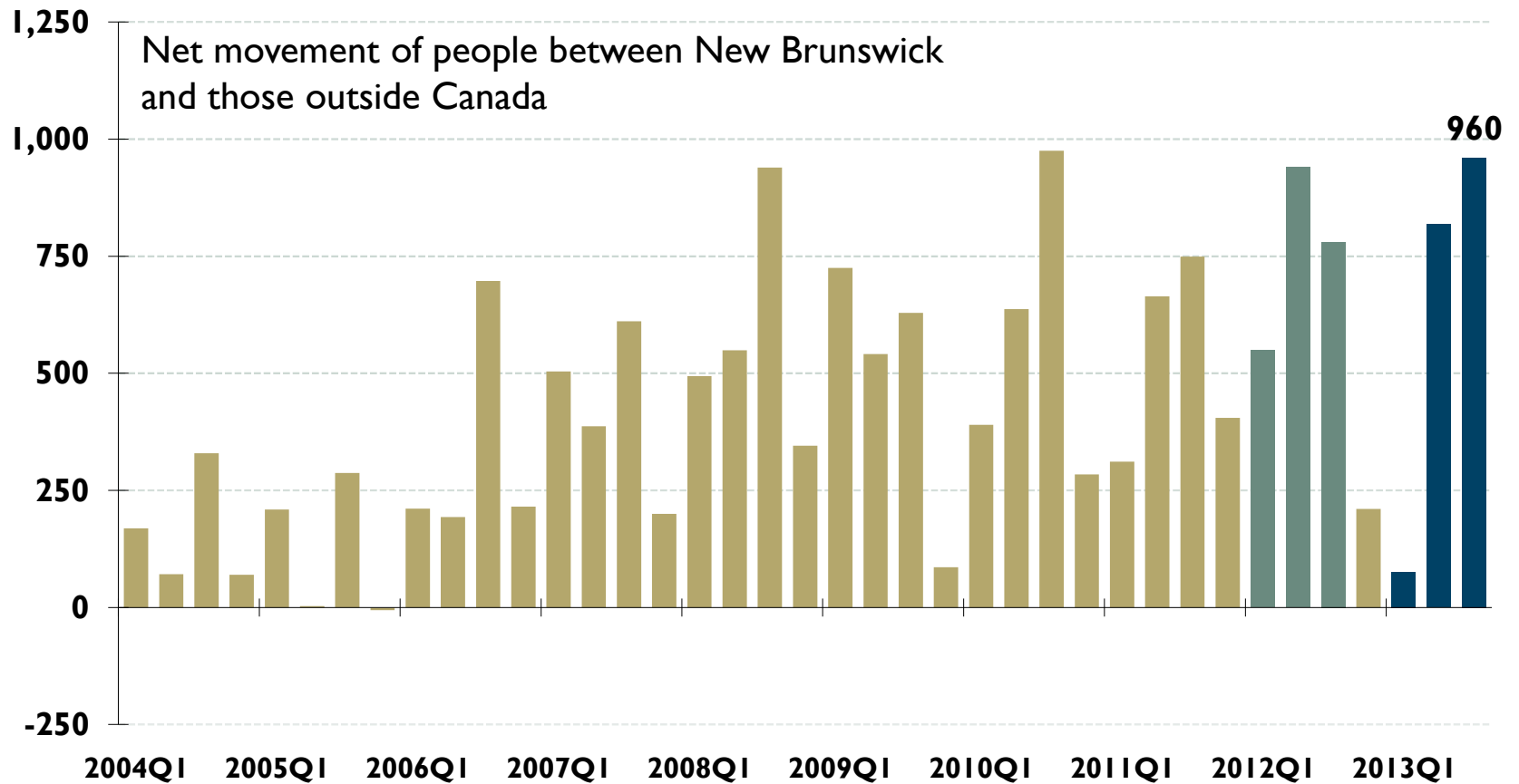
## Population Declined by 800 in 2013



Source: Statistics Canada  
Quarterly Demographic Survey, Fourth Quarter 2013  
Year over Year % Change in Population, 2013 vs. 2012

# New Brunswick Quarterly Net International Migration

## Growth Weaker in 2013

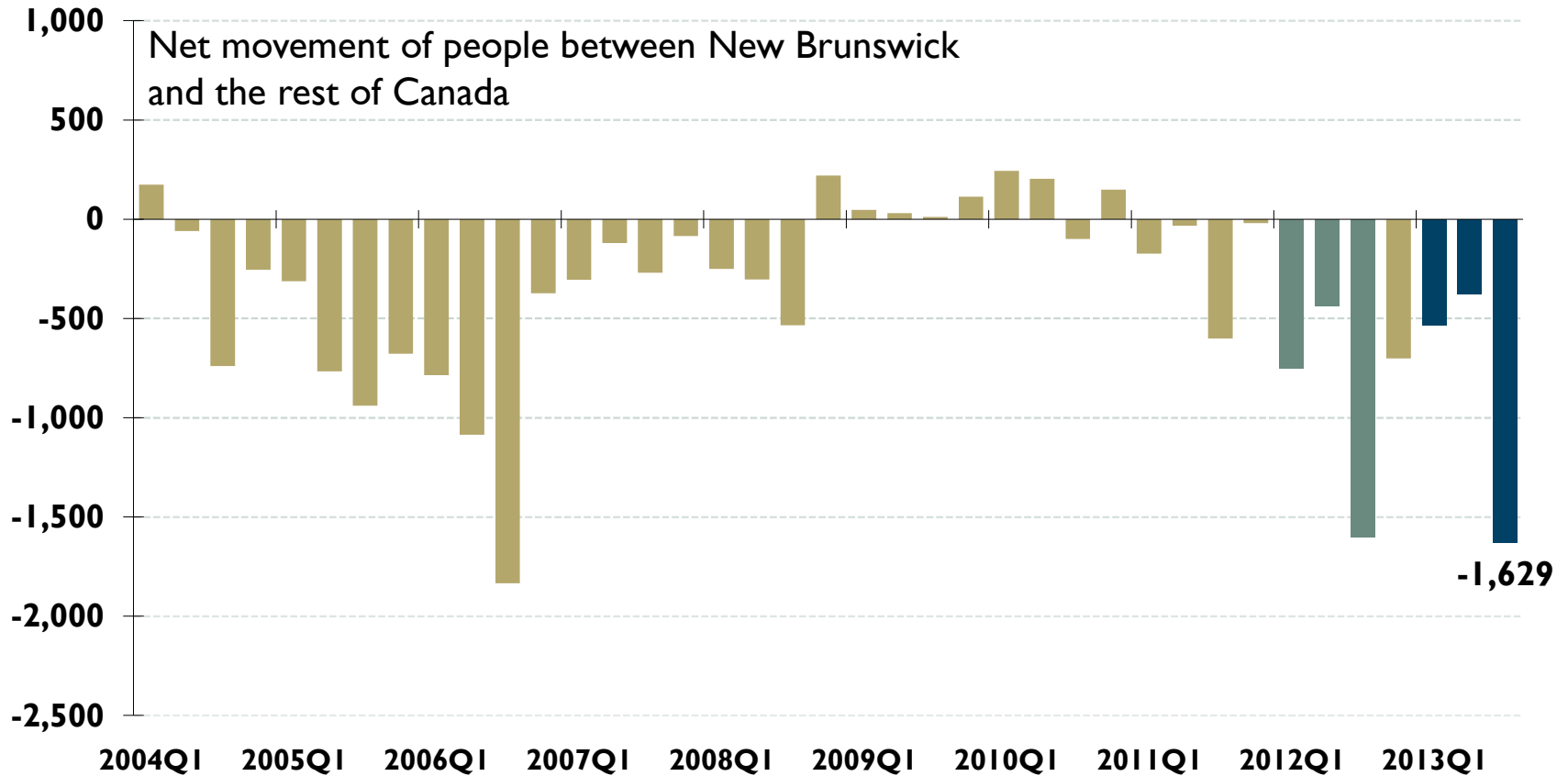


Source: Statistics Canada, Third Quarter 2013



# New Brunswick Quarterly Net Interprovincial Migration

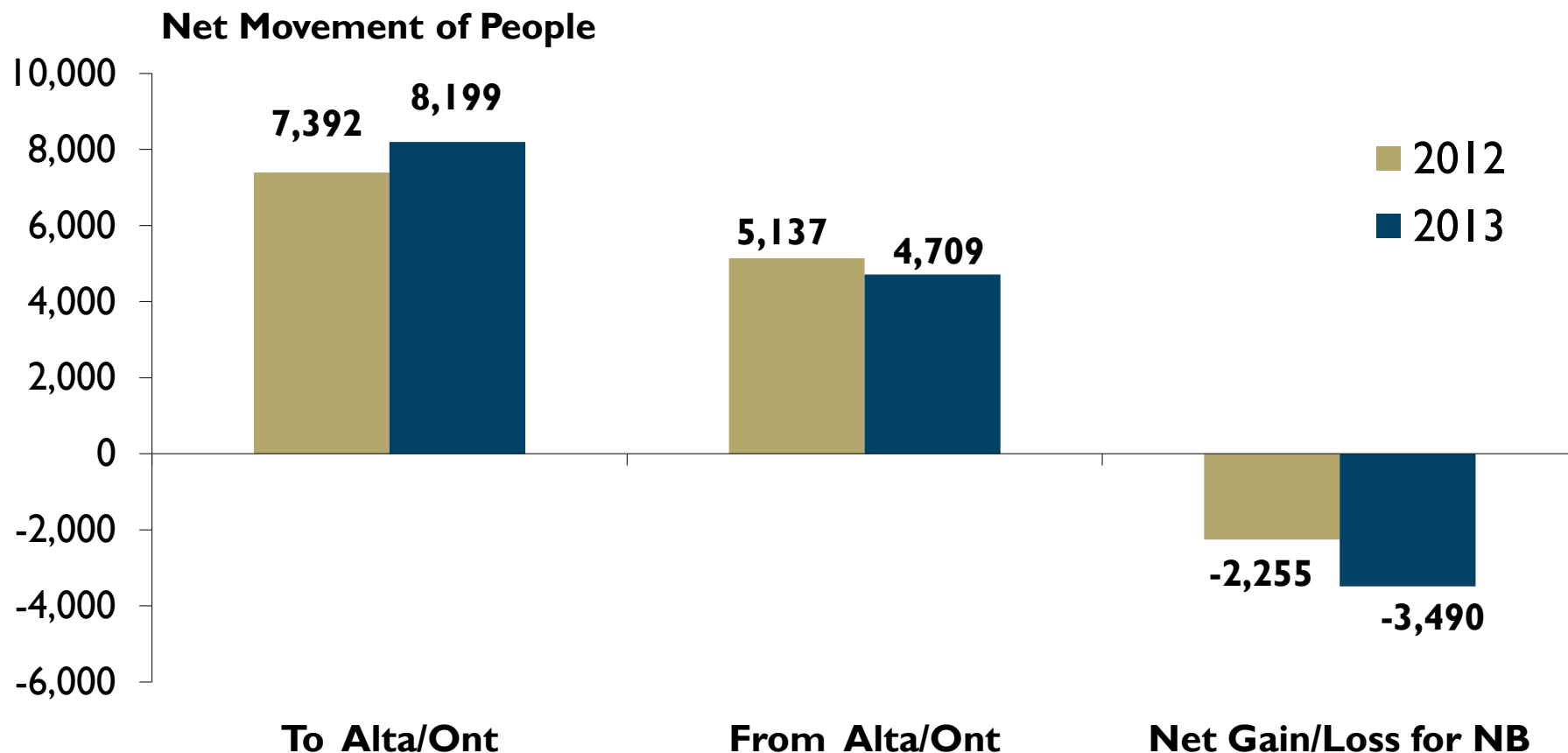
People continue to leave New Brunswick



Source: Statistics Canada, Third Quarter 2013

# Net Movement of People: 2012 vs. 2013

Alberta and Ontario (Combined)

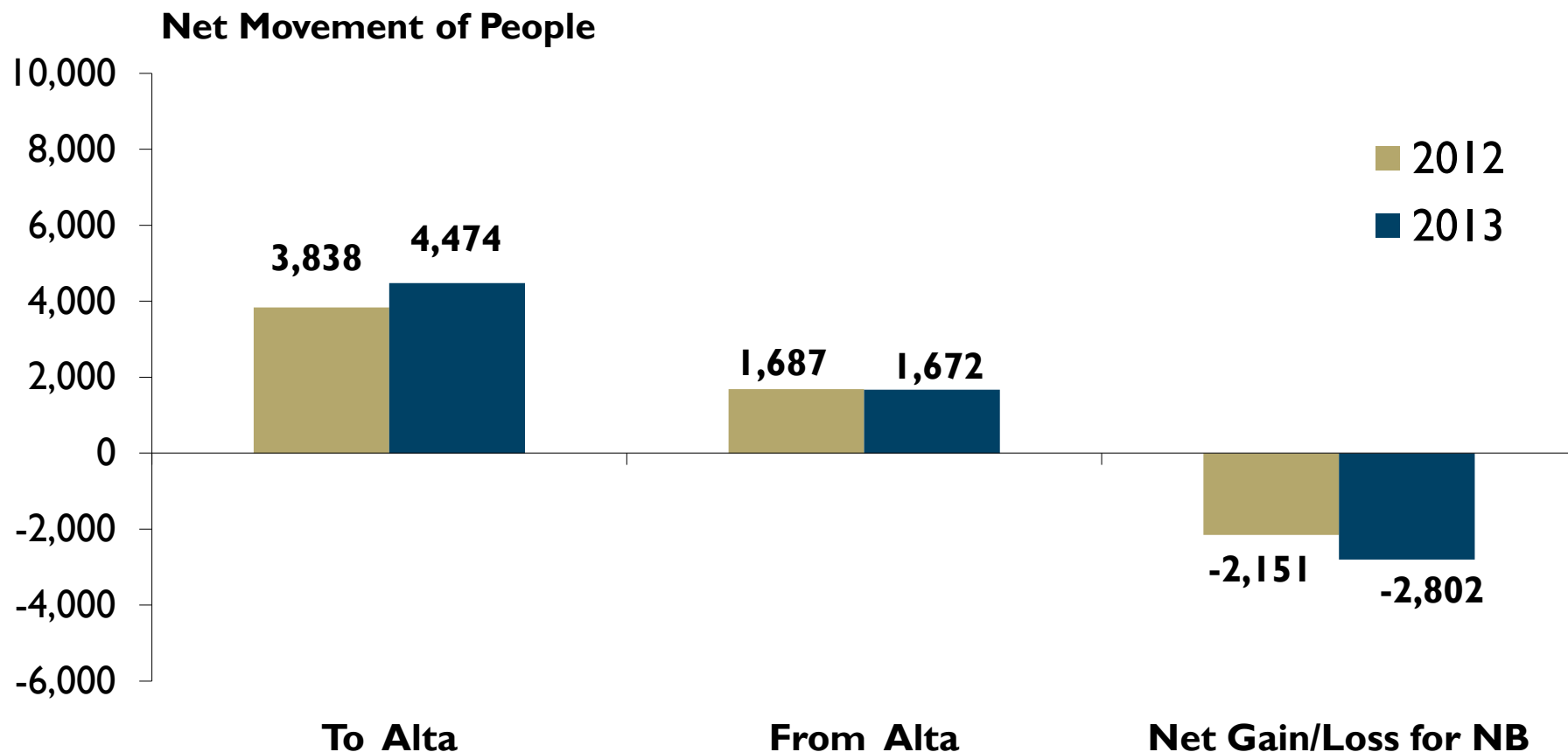


Source: Statistics Canada  
Quarterly Demographic Survey

Data is the total for first three quarters of each year plus  
the fourth quarter from the previous year

# Net Movement of People: 2012 vs. 2013

## Alberta (Only)



Source: Statistics Canada  
Quarterly Demographic Survey

Data is the total for first three quarters of each year plus  
the fourth quarter from the previous year

# Housing Starts Trends and Forecast

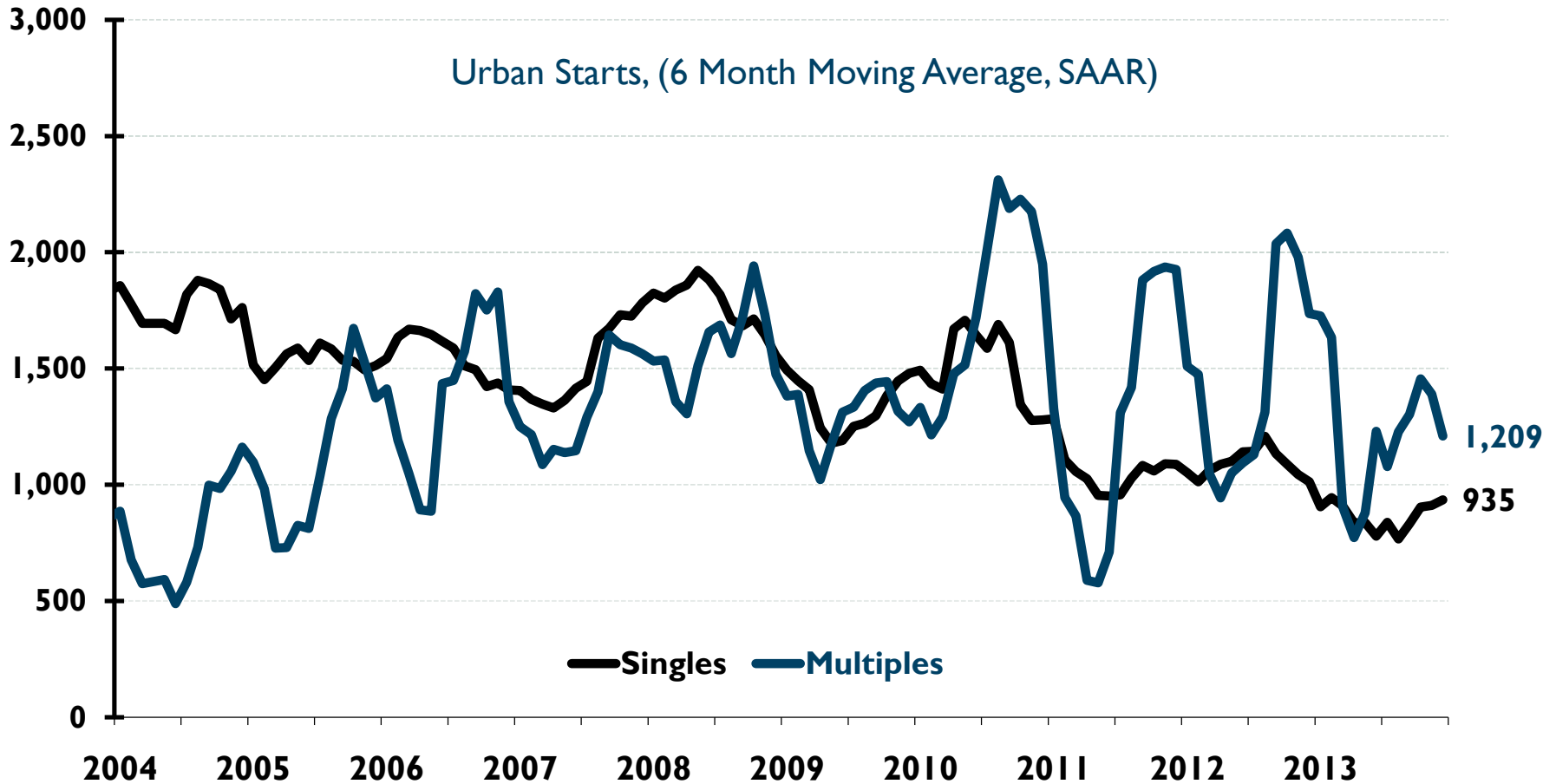
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# Trend in Urban Starts 10,000+

## New Brunswick



Source: CMHC, December 2013, Urban Starts 10,000+

# Apartment (Rental) Two Bedroom

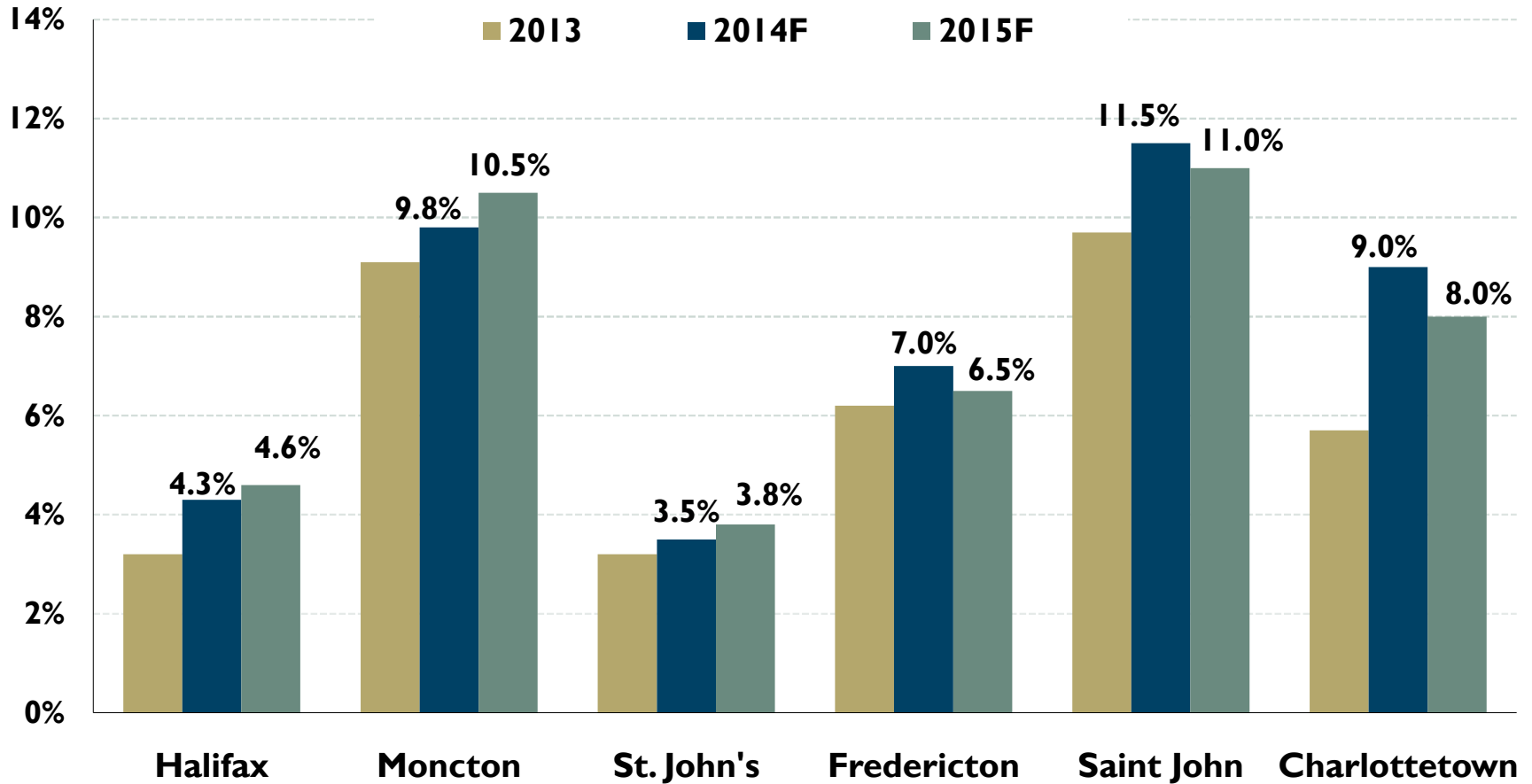
## Vacancy Rate and CMHC Forecast

	City	2013	2014F	2015F
1	<b>Calgary</b>	<b>1.0</b>	<b>1.2 (1)</b>	<b>1.5 (1)</b>
2	<b>Edmonton</b>	<b>1.4</b>	<b>1.6 (2)</b>	<b>1.7 (2)</b>
3	<b>Toronto</b>	<b>1.6</b>	<b>1.8 (3)</b>	<b>1.8 (3)</b>
4	<b>Vancouver</b>	<b>1.7</b>	<b>2.1 (4)</b>	<b>2.2 (4)</b>
5	<b>Regina</b>	<b>1.8</b>	<b>2.1 (4)</b>	<b>2.3 (5)</b>
6	<b>Winnipeg</b>	<b>2.5</b>	<b>2.8 (7)</b>	<b>3.0 (8)</b>
7	<b>Saskatoon</b>	<b>2.7</b>	<b>2.8 (7)</b>	<b>2.9 (7)</b>
8	<b>Montreal</b>	<b>2.8</b>	<b>2.6 (6)</b>	<b>2.5 (6)</b>
9	<b>Ottawa</b>	<b>2.9</b>	<b>2.3 (5)</b>	<b>1.8 (3)</b>
10	<b>Halifax</b>	<b>3.2</b>	<b>4.3 (8)</b>	<b>4.6 (9)</b>

Source: CMHC, 2013 Fall Rental Survey, CMHC(F), (Ranking)

# Vacancy Rates Forecast: 2014 - 2015

Vacancy Rate for Structures with 3 Units + by City, Atlantic Canada



Source: CMHC, Forecast: CMHC

# Two - Bedroom Average Rent and CMHC Forecast

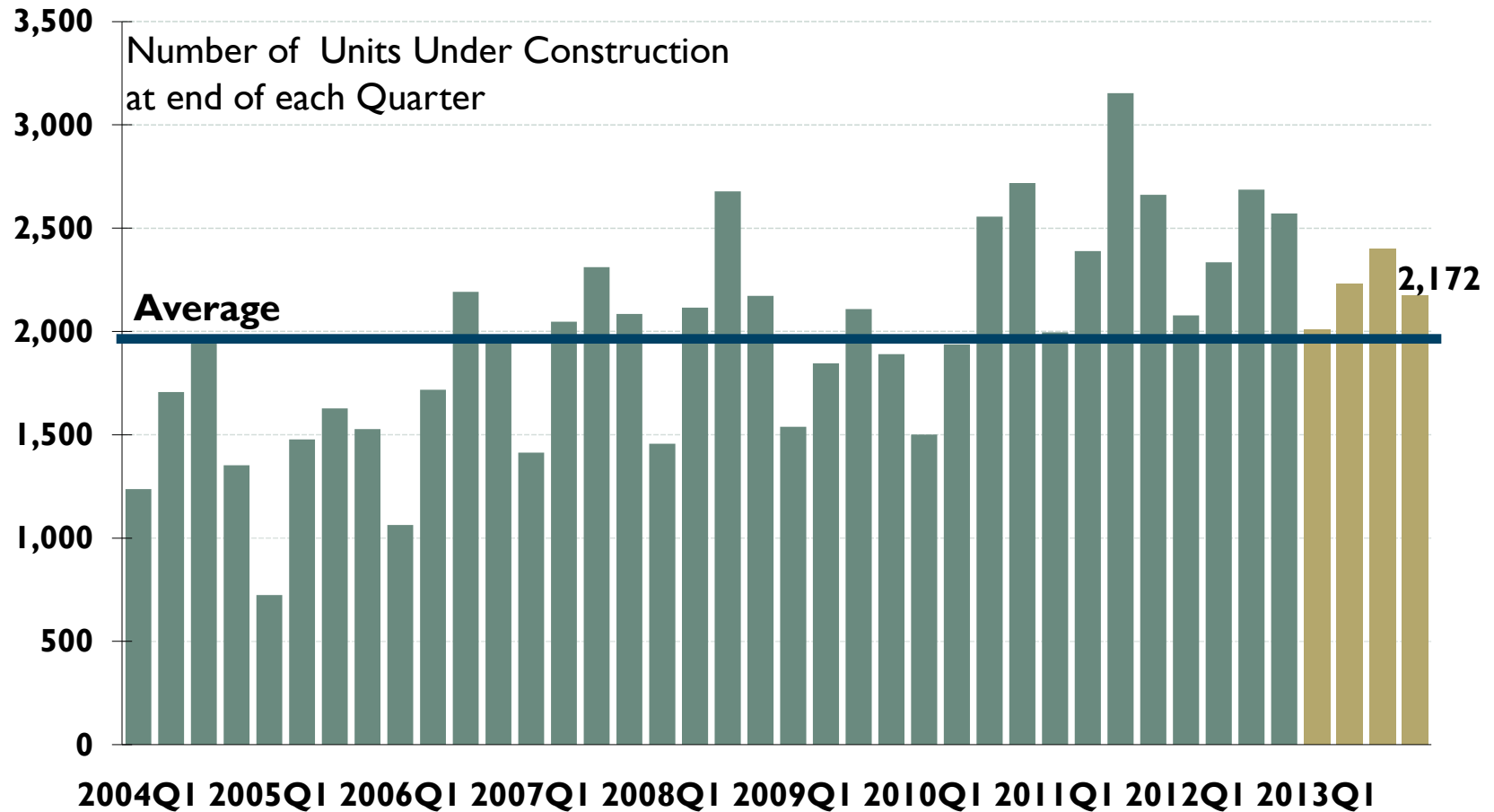
Higher Increases Expected in Western Canada in 2014 - 2015

	City	2013	2014F	2015F
1	<b>Vancouver</b>	<b>\$1,281</b>	<b>1.5%</b>	<b>2.3%</b>
2	<b>Calgary</b>	<b>\$1,224</b>	<b>4.6%</b>	<b>3.1%</b>
3	<b>Toronto</b>	<b>\$1,213</b>	<b>0.6%</b>	<b>1.1%</b>
4	<b>Edmonton</b>	<b>\$1,141</b>	<b>3.0%</b>	<b>2.1%</b>
5	<b>Ottawa</b>	<b>\$1,132</b>	<b>1.8%</b>	<b>1.7%</b>
6	<b>Saskatoon</b>	<b>\$1,041</b>	<b>3.3%</b>	<b>2.8%</b>
7	<b>Regina</b>	<b>\$1,018</b>	<b>3.1%</b>	<b>2.4%</b>
8	<b>Halifax</b>	<b>\$976</b>	<b>1.9%</b>	<b>2.0%</b>
9	<b>Winnipeg</b>	<b>\$969</b>	<b>4.2%</b>	<b>2.5%</b>
10	<b>Montreal</b>	<b>\$730</b>	<b>1.4%</b>	<b>1.4%</b>

Source: CMHC, 2013 Fall Rental Survey, CMHC(F)

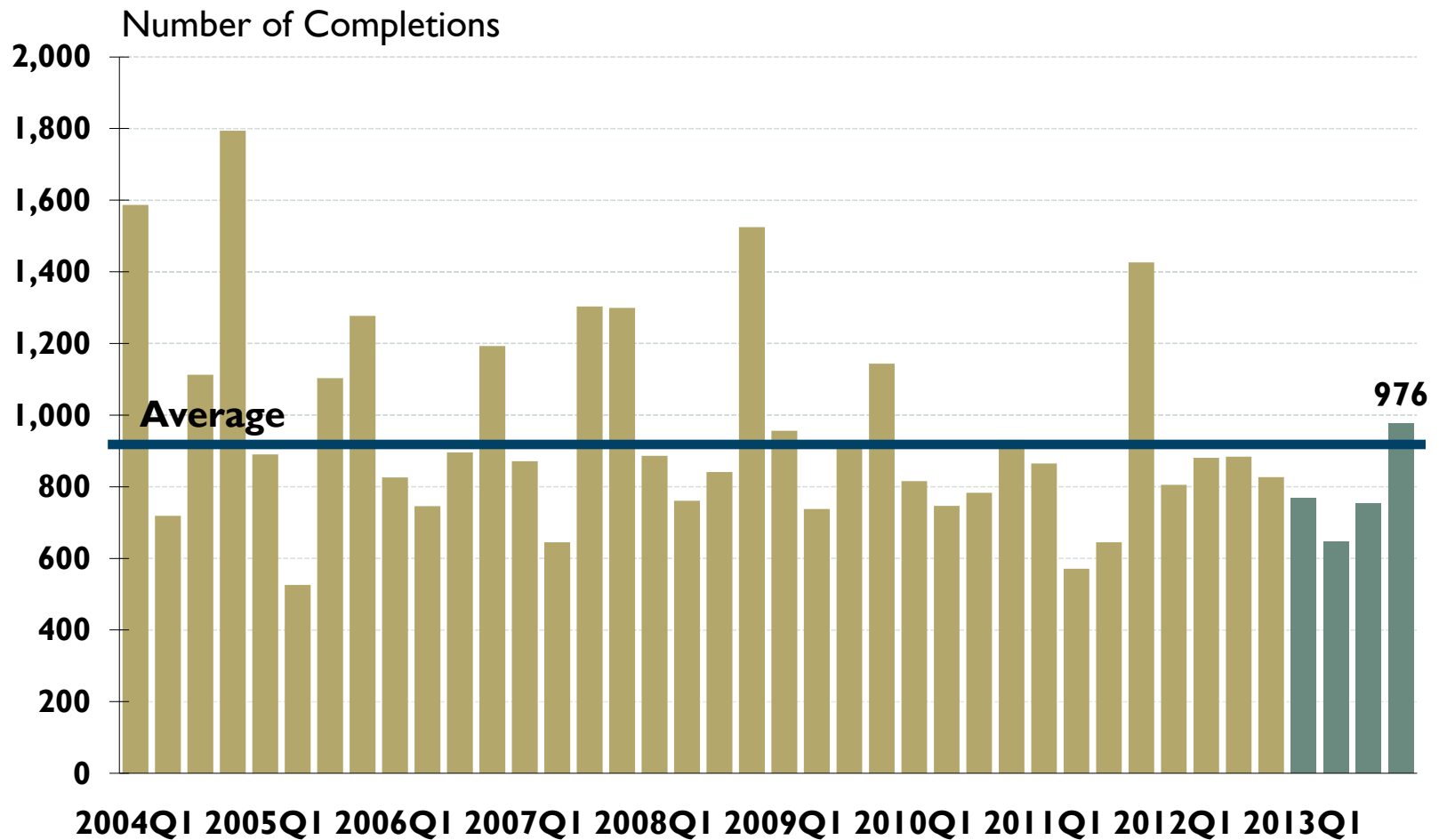


# Units Under Construction: New Brunswick



Source: CMHC, Fourth Quarter 2013

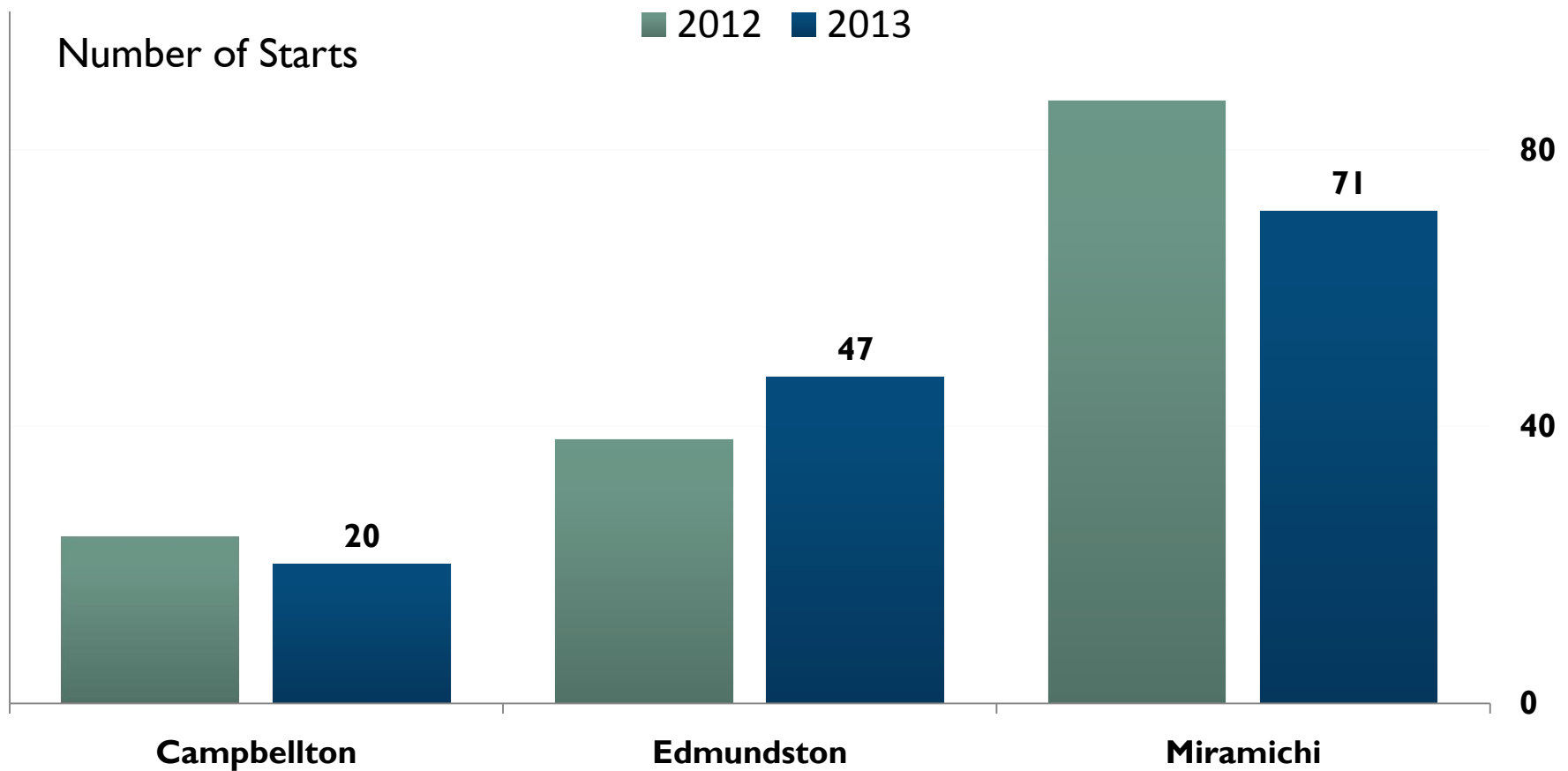
# Quarterly Completions: New Brunswick



Source: CMHC, Fourth Quarter 2013

# Small Urban Centres: Housing Starts in 2013

## Housing Starts, by Centre, New Brunswick



Source: CMHC, December, 2013, Urban Centres 10,000-49,999

## 2014 Forecast and Forecast Range

Canada		2012	2013	2014F	2013-2014	2014F Forecast Range
<b>Starts</b>	<b>Total</b>	<b>214,827</b>	<b>187,923</b>	<b>187,300</b>	<b>-0.3%</b>	<b>-6% to +7%</b>
<b>Starts</b>	<b>Single</b>	<b>83,657</b>	<b>76,893</b>	<b>76,700</b>	<b>-0.3%</b>	<b>-6% to +8%</b>
	<b>Multiple</b>	<b>131,170</b>	<b>111,030</b>	<b>110,600</b>	<b>-0.4%</b>	<b>-6% to +6%</b>

Source: CMHC, Forecast: CMHC

# CMA: Total Starts

## CMHC Forecast: 2014 - 2015

	City	2013	2014F	2015F
1	Toronto	33,547	-1.9%	-1.8%
2	Vancouver	18,696	-0.5%	-1.1%
3	Montreal	15,632	1.1%	0.6%
4	Edmonton	14,689	-10.1%	-3.8%
5	Calgary	12,584	12.0%	-4.3%
6	Ottawa	6,560	-14.3%	6.7%
7	Winnipeg	4,705	-6.0%	4.0%
8	Regina	3,122	-10.3%	-2.3%
9	Saskatoon	2,980	-2.7%	-1.7%
10	Halifax	2,439	-0.6%	-13.4%

Source: CMHC, (Ranking), CMHC(F), Number of Units

# 2014 Forecast and Forecast Range

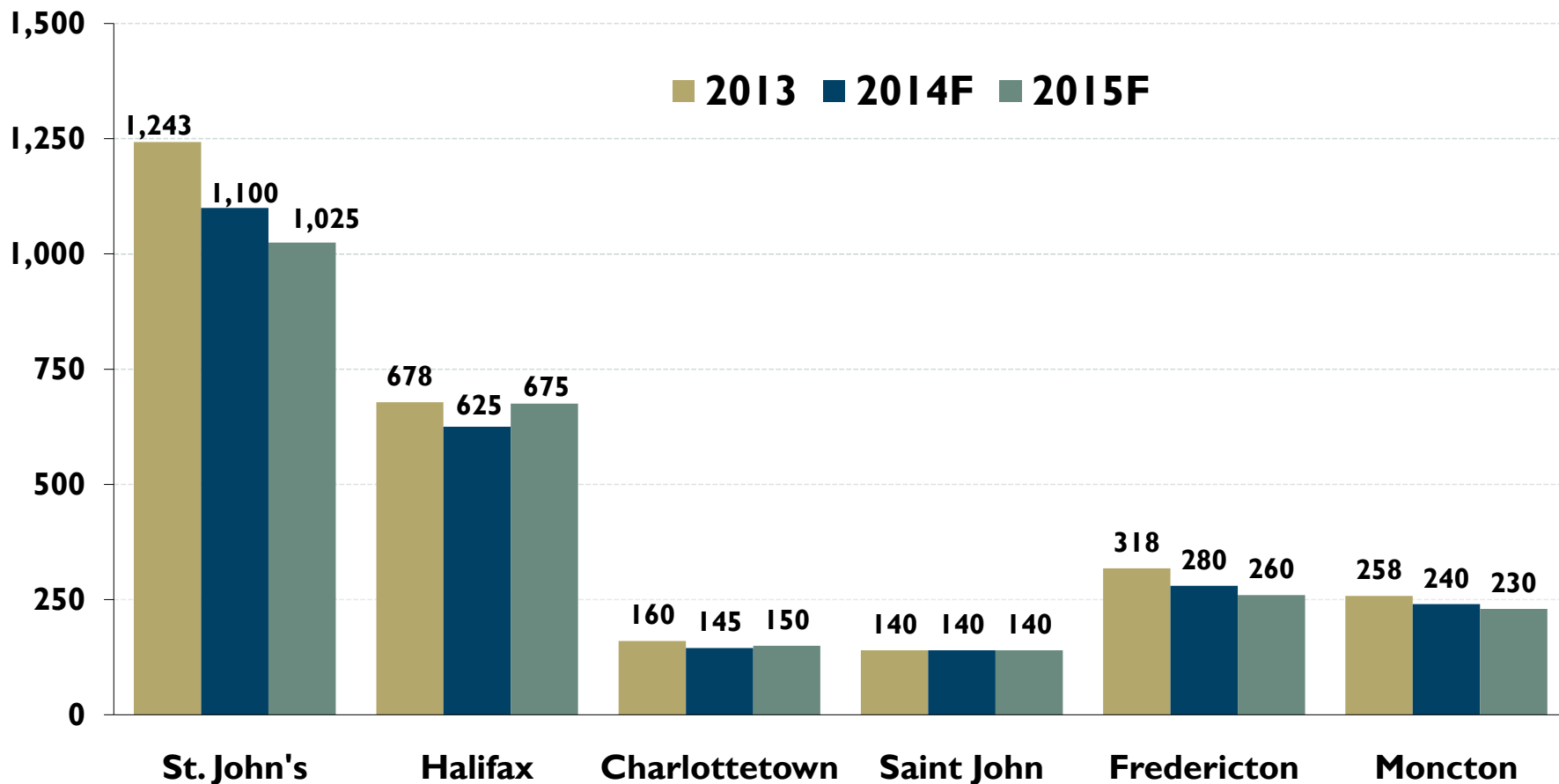
Atlantic Canada		2012	2013	2014F	2013-2014	
					2013-2014	2014F Forecast Range
Starts	Single	6,865	5,522	5,440	-1.5%	-8% to +7%
	Multiple	5,782	4,738	4,260	-10.1%	-16% to -4%

Source: CMHC, Forecast: CMHC

New Brunswick		2012	2013	2014F	2013-2014	
					2013-2014	2014F Forecast Range
Starts	Single	1,697	1,376	1,285	-6.6%	-12% to +1%
	Multiple	1,602	1,467	1,180	-19.6%	-26% to -14%

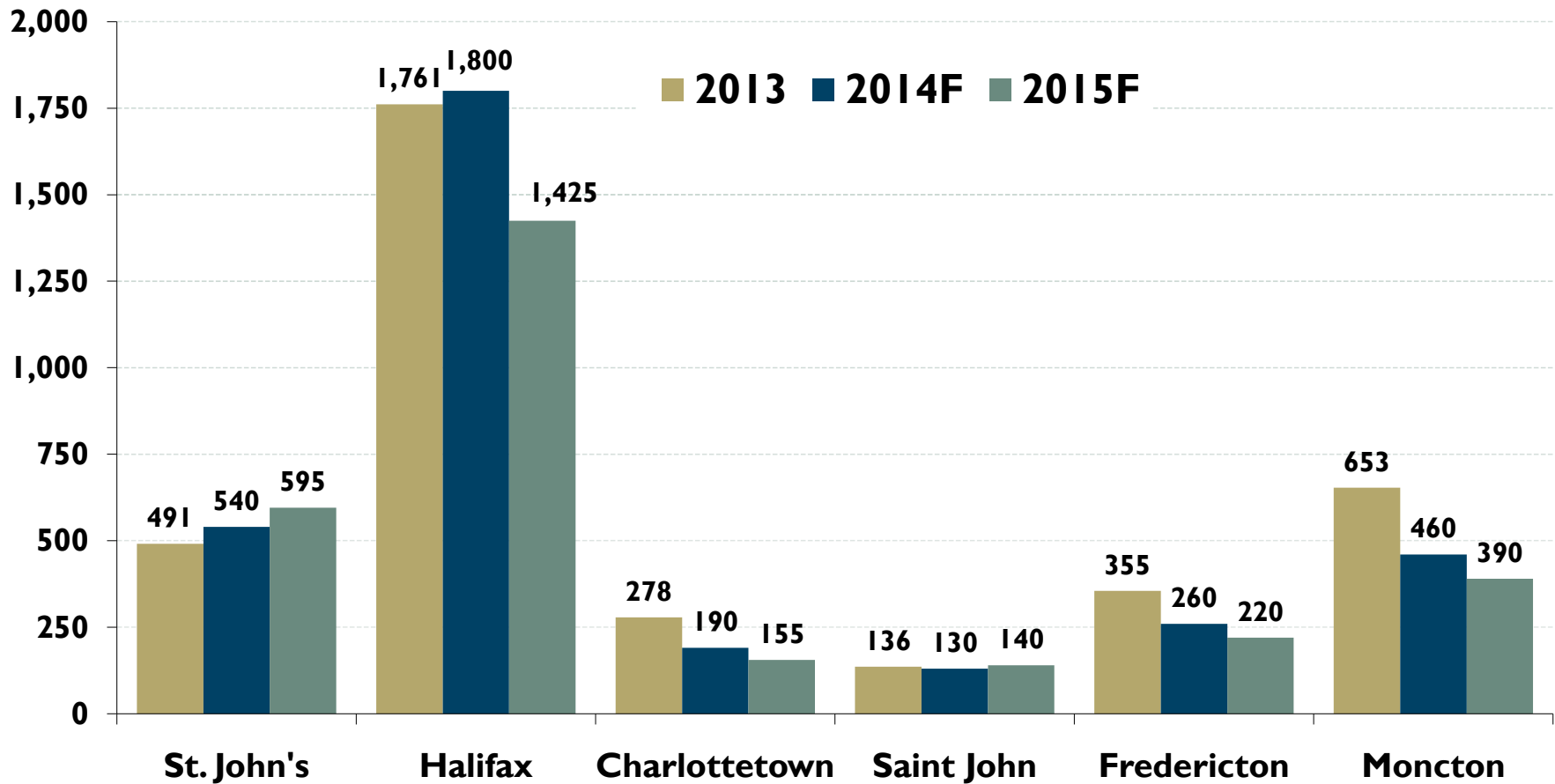
Source: CMHC, Forecast: CMHC

# Single Housing Starts Urban Forecast



Source: CMHC, Forecast: CMHC

# Multiple Starts Urban Forecast



Source: CMHC, Forecast: CMHC

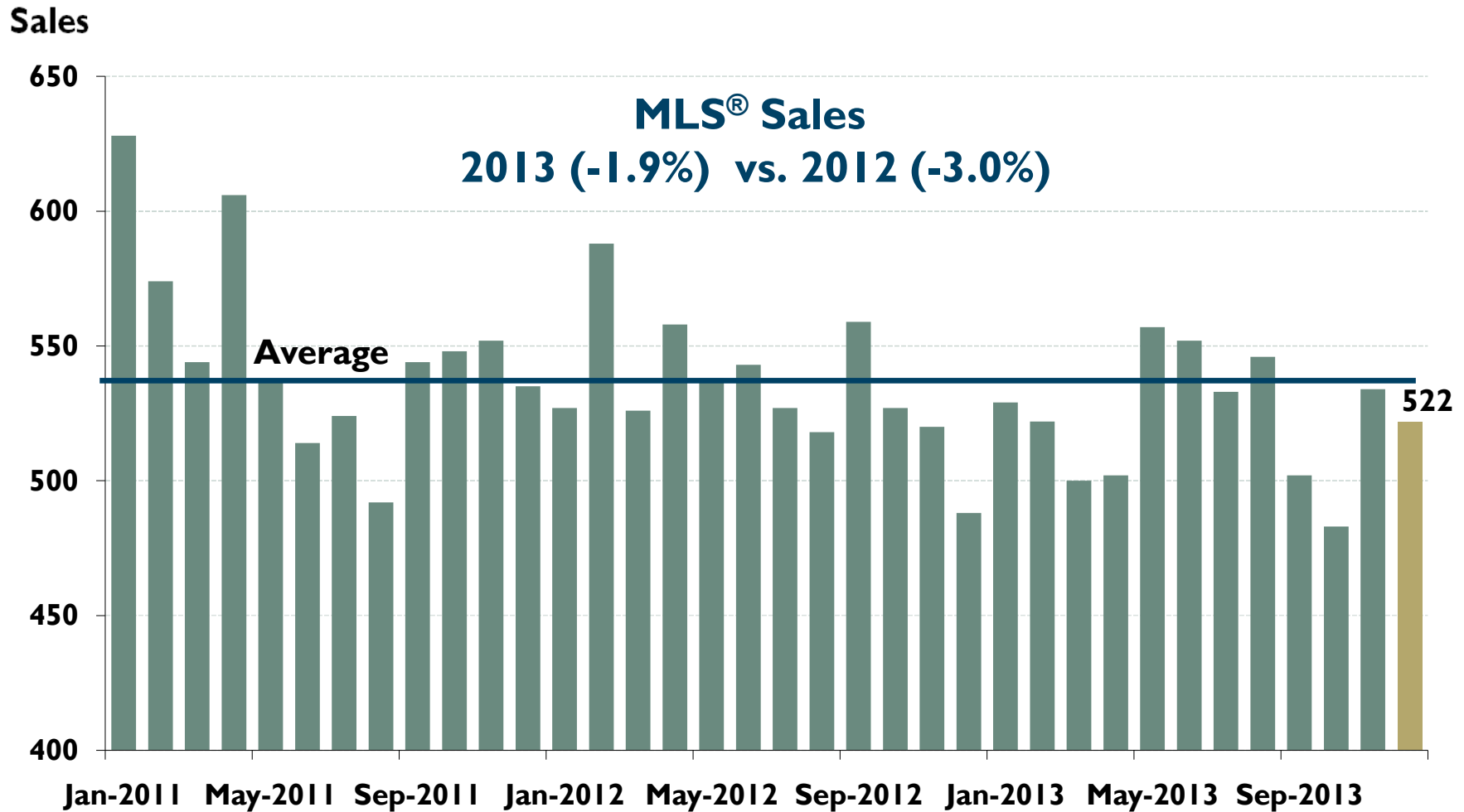


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# New Brunswick MLS<sup>®</sup> Sales: 2011 - 2013

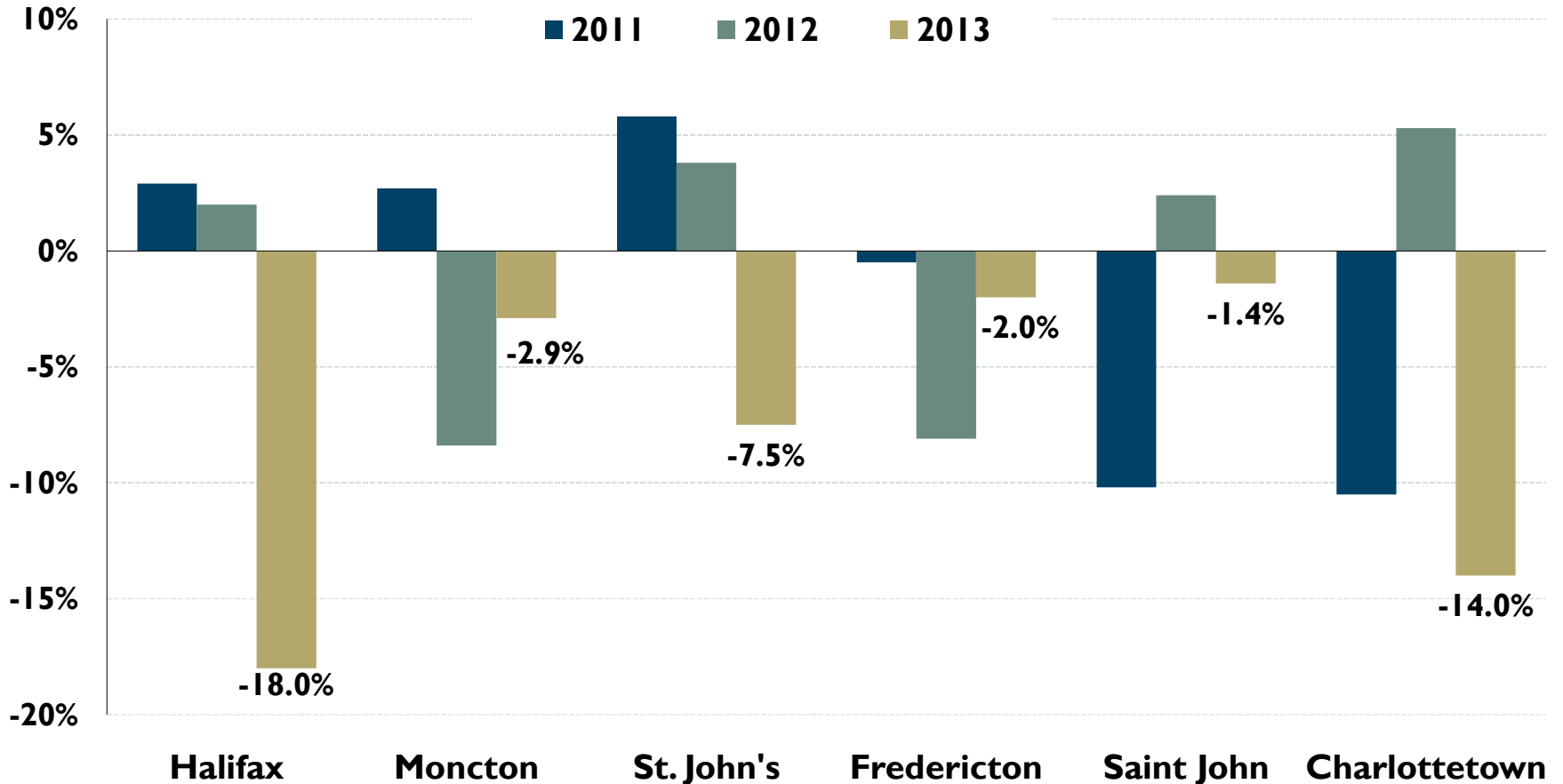


Source: CREA, Seasonally Adjusted, December 2013

MLS<sup>®</sup> is a registered trademark of the Canadian Real Estate Association

Year over Year % Change in Price Comparison: December 2013 YTD vs. December 2012 YTD

# Existing Home Sales: 2011 - 2013

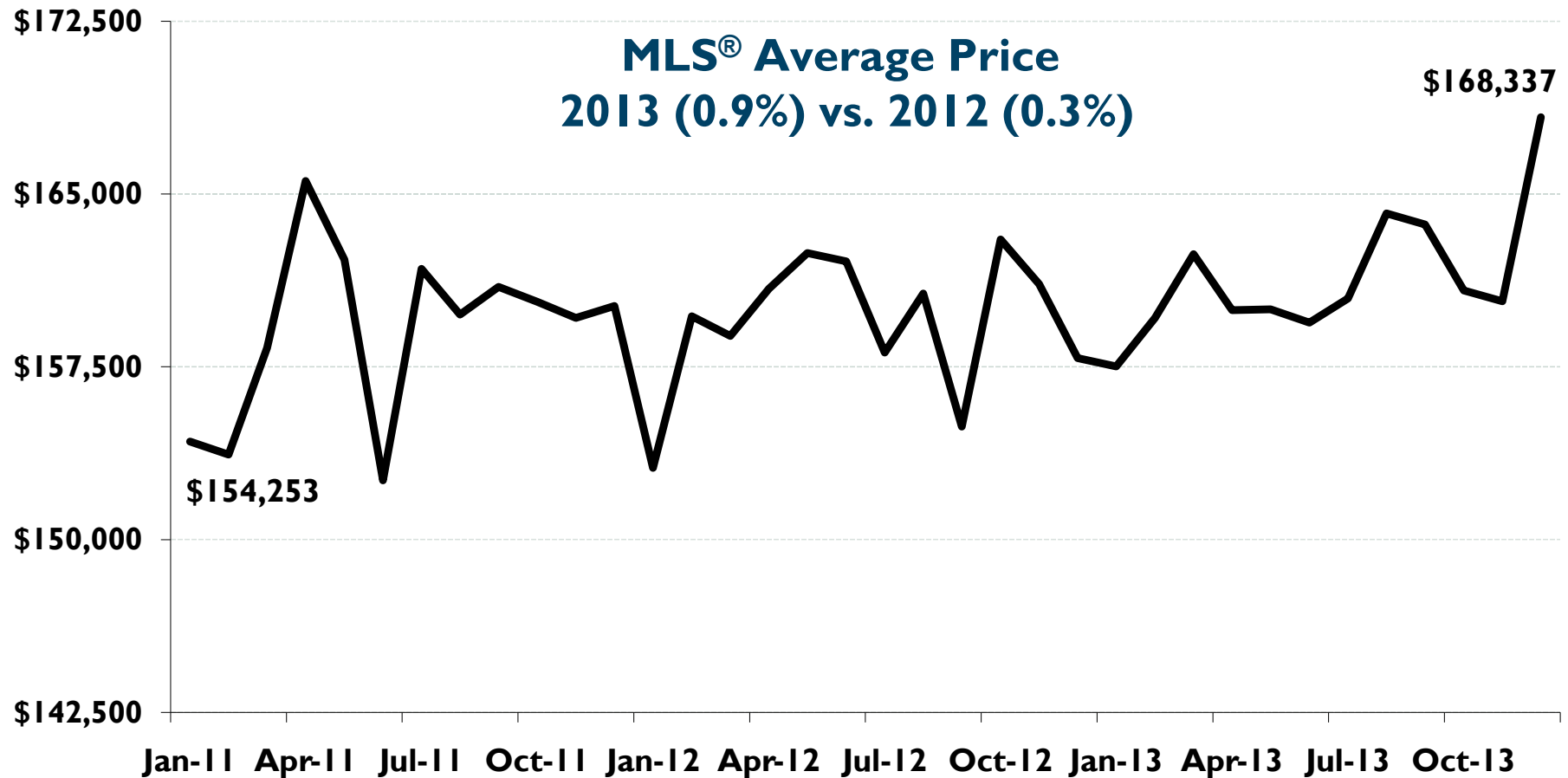


Source: CREA , December 2013

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2013: December 2013 YTD

# New Brunswick MLS<sup>®</sup> Average Price: 2011 - 2013

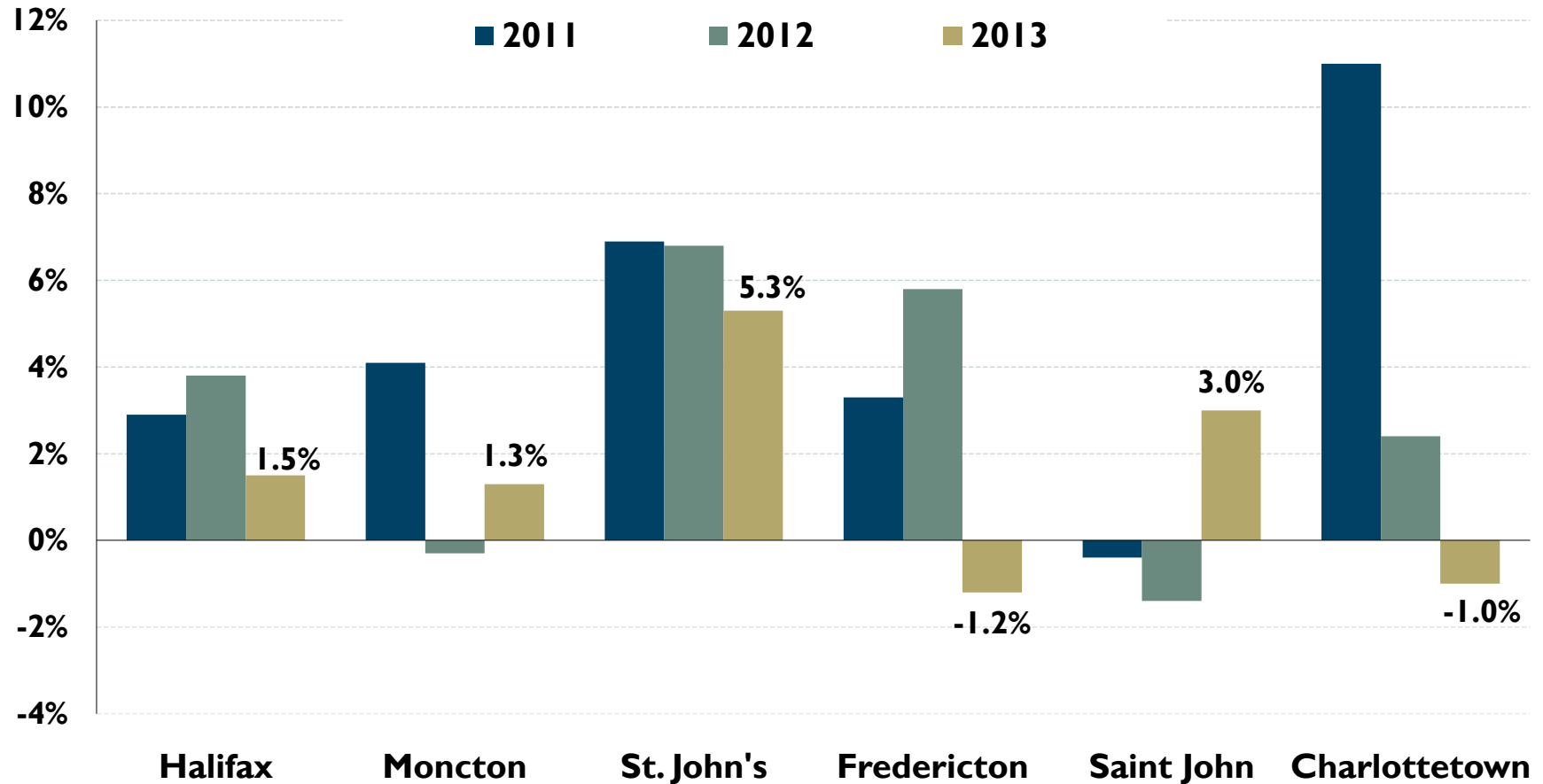


Source: CREA, Seasonally Adjusted, December 2013

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Year over Year % Change in Price Comparison: December 2013 YTD vs. December 2012 YTD

# Urban Average MLS<sup>®</sup> Sale Price Growth: 2011-2013



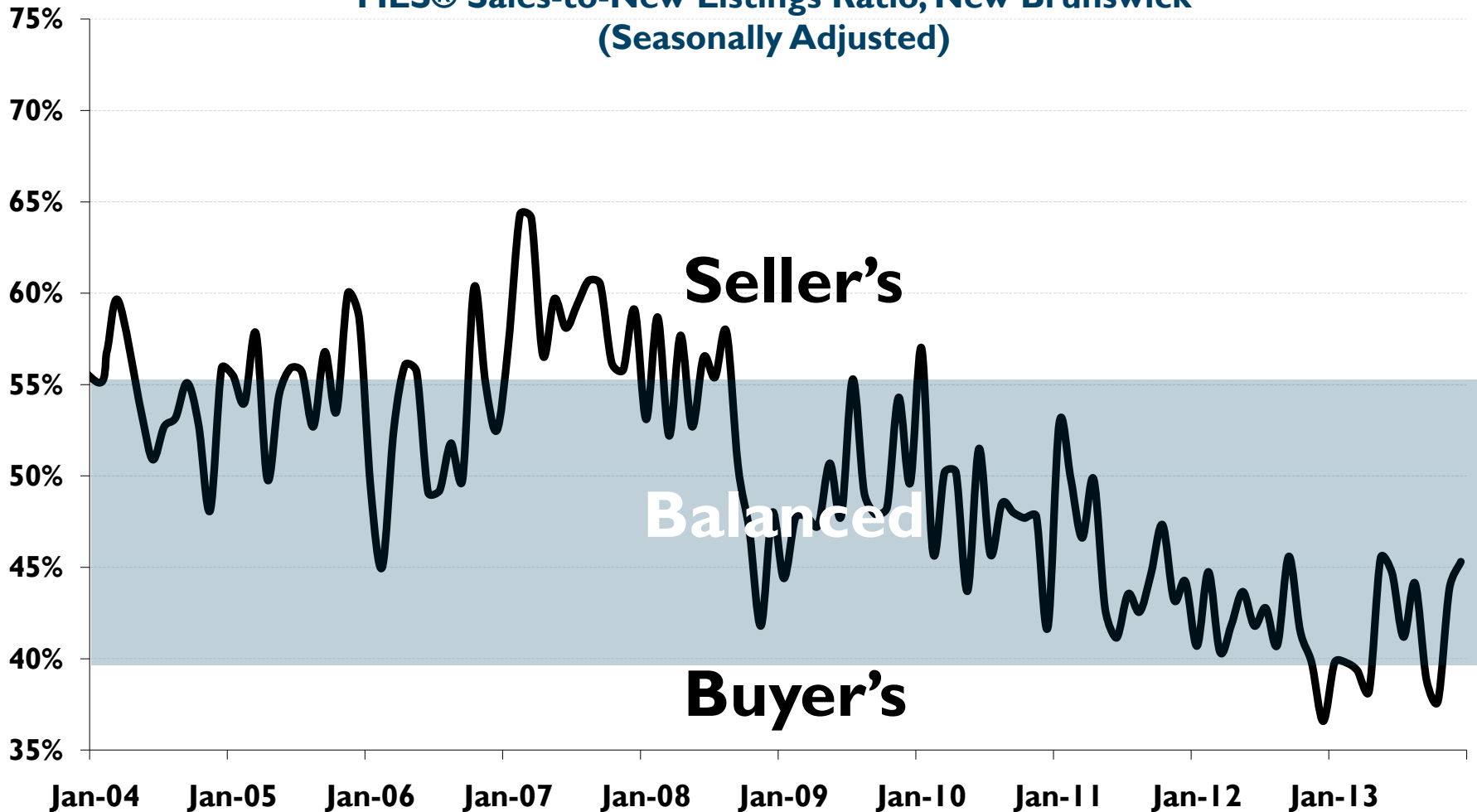
Source: CREA , December 2013

MLS<sup>®</sup> is a registered trademark of the Canadian Real Estate Association

2013: December 2013 YTD

# New Brunswick Market: Buyer's

**MLS® Sales-to-New Listings Ratio, New Brunswick  
(Seasonally Adjusted)**



Source: CREA, December 2013

MLS® is a registered trademark of the Canadian Real Estate Association

# 2014 Forecast: MLS<sup>®</sup> Sales and MLS<sup>®</sup> Prices

Canada		2012	2013	2014F	2013-2014	
					2013-2014	2014F Forecast Range
MLS <sup>®</sup>	Sales	454,003	457,485	466,500	2.0%	-5% to +9%
	Average Price	\$363,406	\$382,543	\$390,400	2.1%	-1% to +5%

Sources: CMHC, CREA; Forecast: CMHC

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# CMA: MLS<sup>®</sup> Sales

## CMHC Forecast: 2014 - 2015

	City	2013	2014F	2015F
1	<b>Vancouver</b>	<b>13.9%</b>	<b>2.4%</b>	<b>1.7%</b>
2	<b>Calgary</b>	<b>12.5%</b>	<b>4.5%</b>	<b>2.6%</b>
3	<b>Edmonton</b>	<b>10.8%</b>	<b>1.3%</b>	<b>1.5%</b>
4	<b>Saskatoon</b>	<b>1.5%</b>	<b>2.8%</b>	<b>1.3%</b>
5	<b>Toronto</b>	<b>0.9%</b>	<b>0.6%</b>	<b>1.1%</b>
6	<b>Winnipeg</b>	<b>0.0%</b>	<b>1.3%</b>	<b>1.2%</b>
7	<b>Ottawa</b>	<b>-3.1%</b>	<b>1.1%</b>	<b>1.4%</b>
8	<b>Regina</b>	<b>-6.6%</b>	<b>2.9%</b>	<b>1.3%</b>
9	<b>Montreal</b>	<b>-9.0%</b>	<b>5.4%</b>	<b>3.1%</b>
10	<b>Halifax</b>	<b>-18.0%</b>	<b>2.3%</b>	<b>2.9%</b>

Sources: CREA; Forecast: CMHC

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# 2014 Forecast: MLS<sup>®</sup> Sales and MLS<sup>®</sup> Prices

Atlantic		2012	2013	2014F	2013-2014	
					2013-2014	2014F Forecast Range
MLS <sup>®</sup>	Sales	23,104	21,161	20,800	-1.7%	-9% to +5%
	Average Price	\$208,952	\$210,290	\$211,594	0.6%	-2% to +3%

Sources: CMHC, CREA; Forecast: CMHC

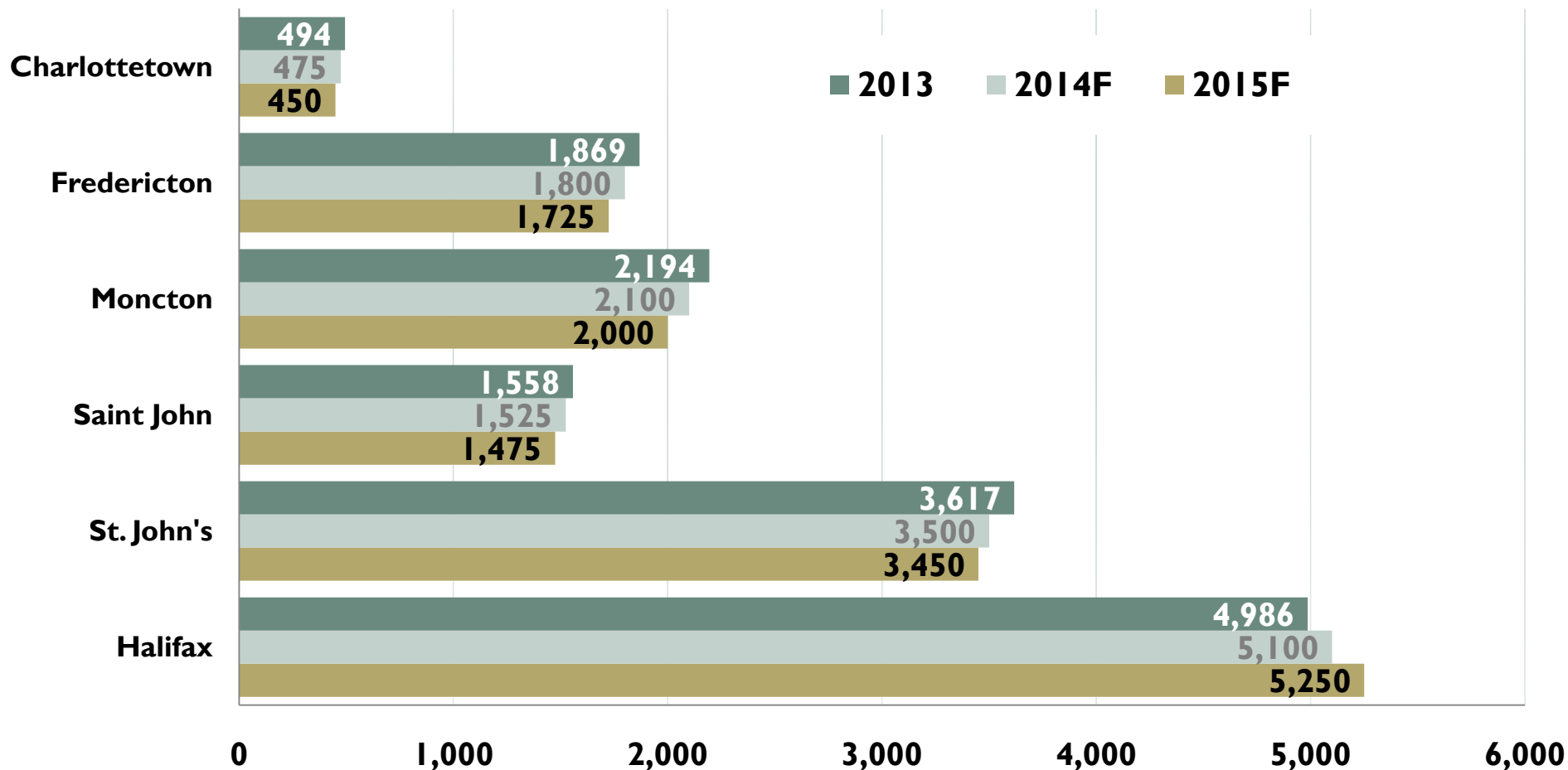
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New Brunswick		2012	2013	2014F	2013-2014	
					2013-2014	2014F Forecast Range
MLS <sup>®</sup>	Sales	6,403	6,282	6,100	-2.9%	-10% to +4%
	Average Price	\$161,116	\$162,652	\$162,000	-0.4%	-3% to +3%

Sources: CMHC, CREA; Forecast: CMHC

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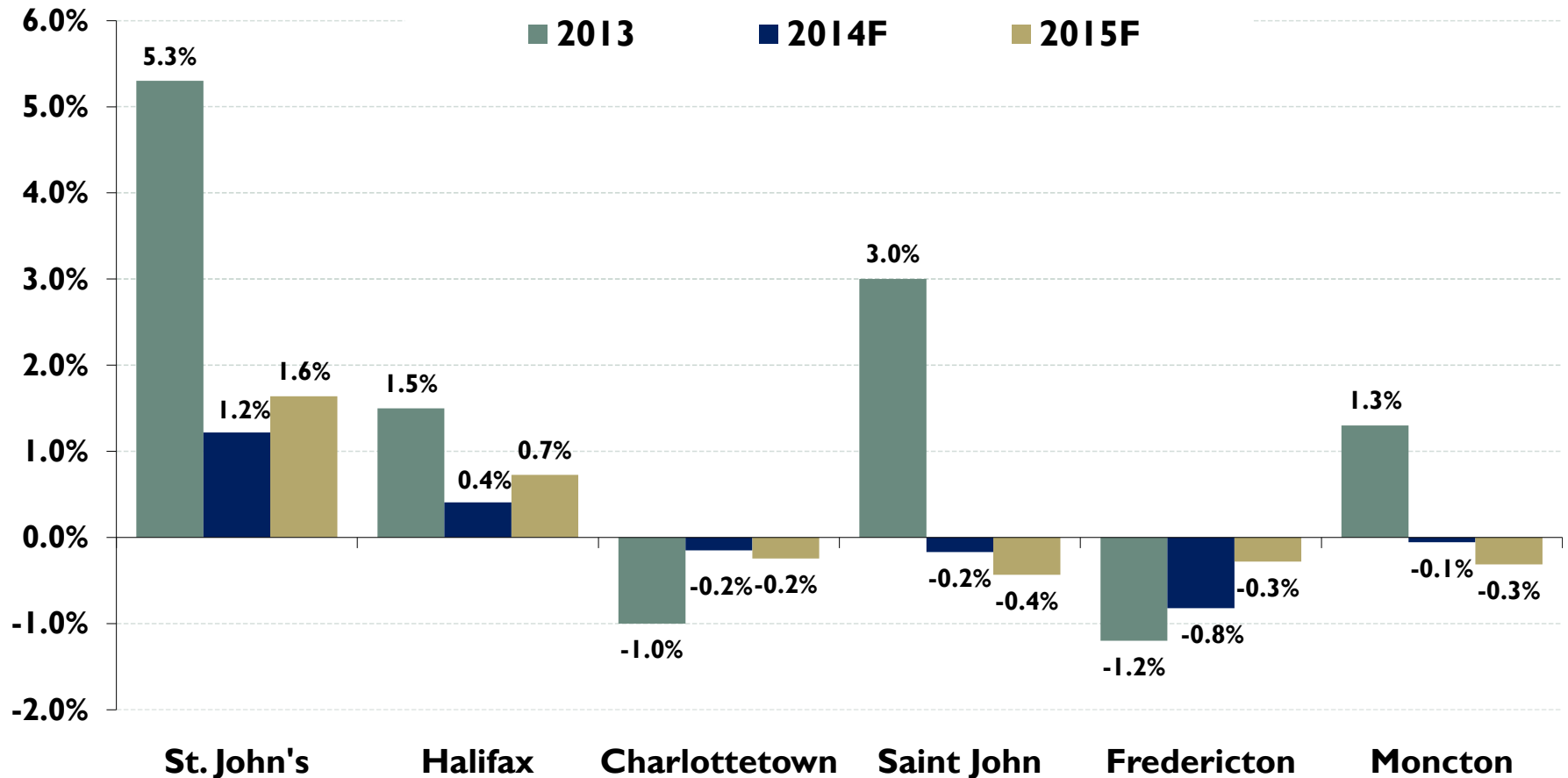
# Existing Home Sales Urban Forecast



Source: CREA, Forecast: CMHC

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# Urban Average MLS<sup>®</sup> Price Forecast by Centre



Source: CREA, Forecast: CMHC

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# Summary of Current Outlook

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- *GDP growth is forecast to reach 2.2 % in 2014 and increase a further 2.5 % in 2015.*
- *Both single and multiple starts are expected to remain near similar levels in 2014.*
- *Declines in both singles and multiples are forecast to match the overall moderate slowdown in starts in 2015.*
- *Both existing home sales and prices are expected to rise close to 2 % in 2014 and 2015.*

# New Brunswick Outlook: 2014 - 2015

- *GDP growth will reach close to 1 % in 2014 and 2015.*
- *Single starts are expected to decline close to 7 % in 2014 and a further 5 % in 2015.*
- *Multiple starts are expected to drop close to 20 % in 2014 and a further 11 % in 2015.*
- *Existing home sales should decline 3 % in 2014 and 2015.*
- *Prices will remain near current levels in 2014 and 2015.*

Thank You

*Questions?*



# Contact Information



*Alex MacDonald*

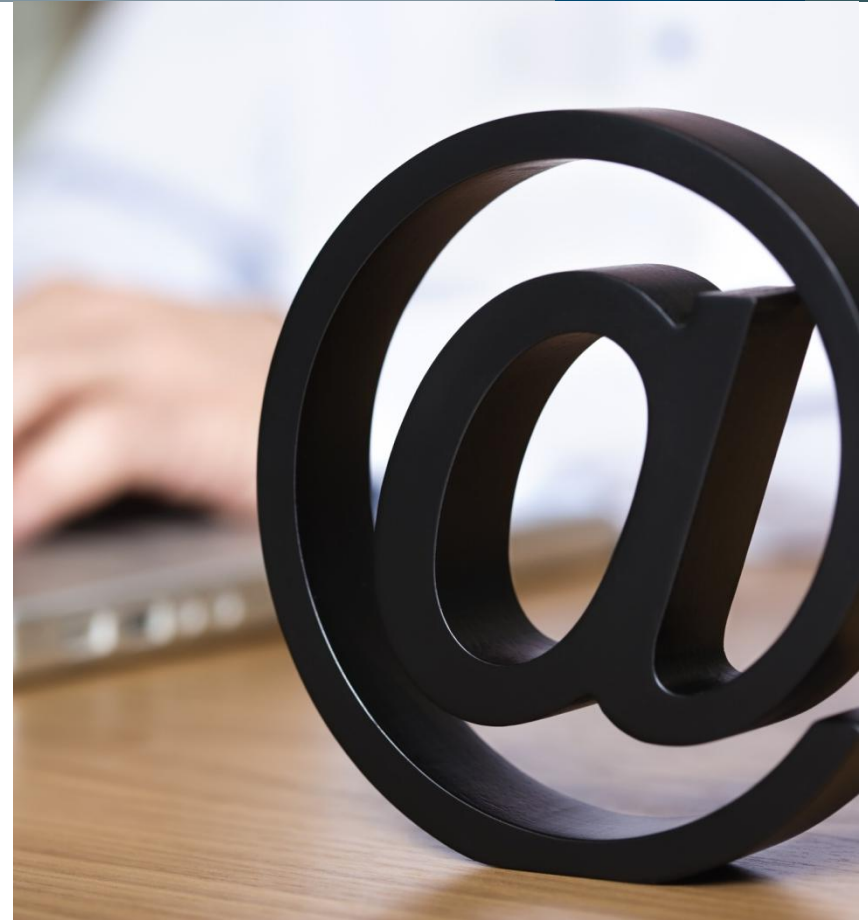
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