



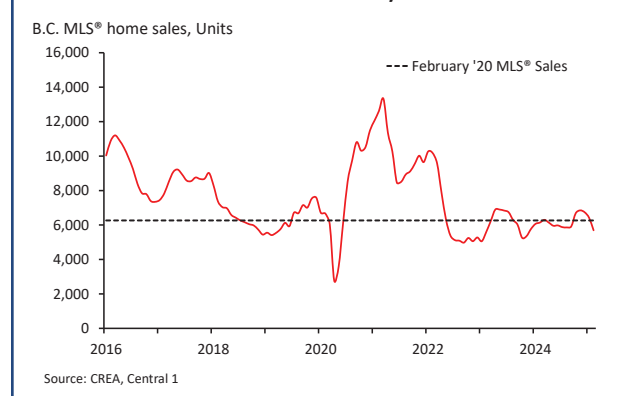
## B.C. Housing Market and Forecast Update 2025 - 2027

Last year marked a brighter year for B.C.'s housing market as sales improved from dismal numbers recorded in the last two years due to significantly high interest rates and affordability constraints. That said, sales volume remained low despite cumulative interest rate cuts and federal government measures to address affordability. The market has since slumped in 2025, as U.S.- tariff threats clubbed consumer confidence, at least temporarily.

The rise of uncertainty will likely keep buyers on the sidelines this year, even with the accumulation of pent-up demand from rapid population growth in recent years. Fears of job loss and recession are a counterweight. Home sales are forecast to remain low for the year alongside mild price growth before picking up more vigorously in the coming year.

While there are some challenges around excess new home supply in the condominium market, weaker resale market conditions and lack of pre-sales also set the stage for even less building going forward despite government measures to boost construction.

Home sales recede in first months of 2025 as tariff threats fuel uncertainty



*Gains recorded in 2024; market slumps in 2025 amidst trade relation uncertainty*

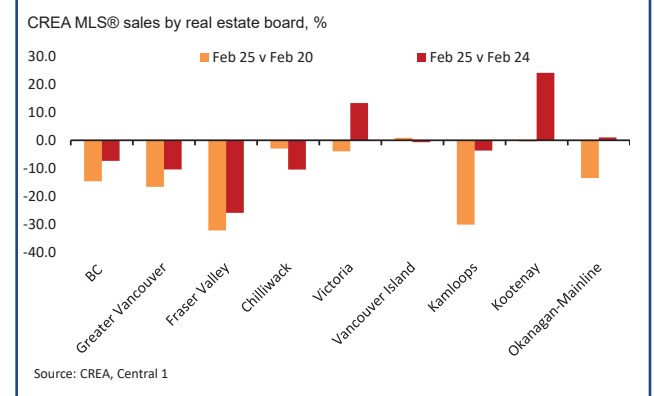
B.C.'s housing market is in retreat to start 2025 and has lost any momentum gained in the latter stages of 2024 when sales bounced higher by 14.8 per cent in the last quarter. Home sales have fallen since December and in February 2025, sales had dropped by 11.3 per cent from the prior month. In many regions

in the province, monthly sales have receded sharply since the start of the year, with the three-month trend down in most areas. Economic risks have outweighed supportive interest rates trends and federal measures to increase access in larger, more expensive markets.

In 2024, higher priced areas in the Lower Mainland saw greater interest towards the end of the year as rate cuts accumulated while eased mortgage qualification rules supported demand as well. That said, some areas still rounded up the year with poor sales performance. In the Fraser Valley, annual home sales volume reached the lowest in 10-years and similarly in the Okanagan-Mainline. Home sales in Kamloops also declined by 1.4 per cent. On a slightly more positive note, some regions saw their first sales increase since 2021. In more affordable areas like the Kootenay, sales picked up by 3.3 per cent. Vancouver Island (excluding Victoria) noted a 2.3 per cent rise in home sales while Victoria saw home sales grow by 10.9 per cent, more than making up for the prior year's loss of 8.7 per cent. Chilliwack also noted 6.4 per cent more sales, stronger results than 2023's 1.1 per cent gain.

Early weakness points to another disappointing year for the housing market, and industries reliant on its volume. This forecast has MLS® sales up 3.4 per cent this year after last year's 2.1 per cent gain (which was the lowest among provinces). While nudging higher once uncertainty eases, annual sales will remain among the lowest over the past two decades despite population expansion.

MLS® sales recede sharply in most areas as consumer confidence weakened

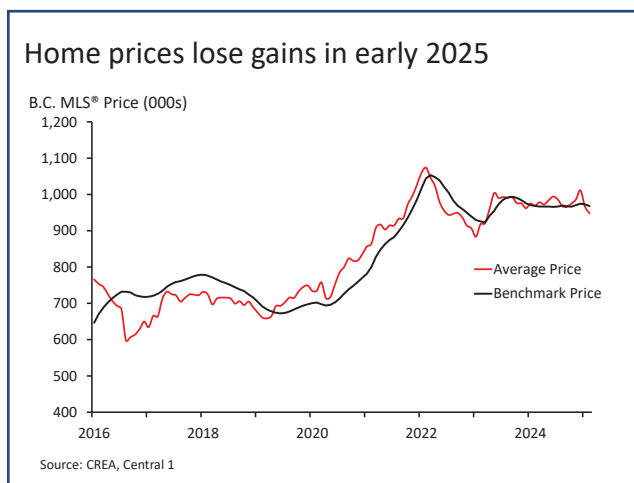


Home prices have tempered with sales, with a downward trajectory in January and February 2025. Home values are now down from the 2024 annual peak of

\$1.01 million by 6.3 per cent by the second month of the year. December 2024's peak was also the highest value since the highs recorded two years prior, but still below all-time high in February 2022 by 5.8 per cent. We expect the average price to hold near \$1 million, marking a 2.0 per cent increase.

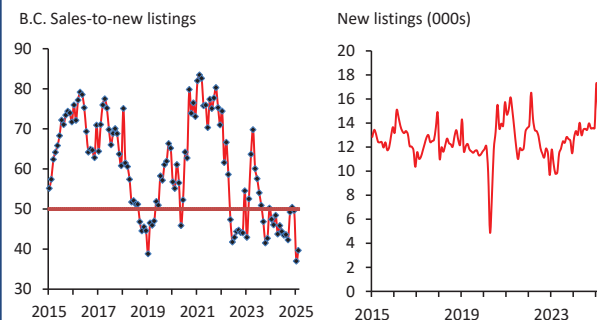
Annually, 2024's average home price was 1.1 per cent higher than 2023 at \$981K . That said, average prices can vary widely due to sales composition, but quality-adjusted benchmark prices which tend to lag average price trends have not shown the same magnitude of change, only declining slightly since the start of the year.

With regards to regional home prices, Greater Vancouver remains the most expensive region across the province, with the annual 2024 average home price sitting at \$1.3 million. Homes in other regions are considerably pricy as well, with the Okanagan region (encompassing South Okanagan and Okanagan-Mainline) seeing prices upwards of \$700K in 2024. In Victoria, home prices in 2024 were noted to be \$973K while in the rest of Vancouver Island, average home prices were \$734K.



New listings growth was rangebound throughout 2024 while the sales-to-new listings ratio grew significantly in the last quarter of 2024. Although relatively balanced, the odds were in the buyer's favour during this period. This is likely to continue in this period of economic uncertainty, which could temporarily push prices lower. The condo market has seen a vast influx of new listings coming to the market, stemming from the completion of projects which began a few years ago. Although some of these condominiums were pre-sold, some units remain unsold as they were priced-high since developers face elevated costs while high interest rates suppressed buyer interest. Investors also reined in on purchasing in these markets, and condo sales in metro markets have suffered for this.

### Sales-to-new listings drop as supply unmatched by adequate demand in early 2025



Source: CREA, Central 1

*Housing market momentum in 2025 in a holding pattern to be dictated by economic uncertainty; projections may be dampened by rapid escalation in trade tensions*

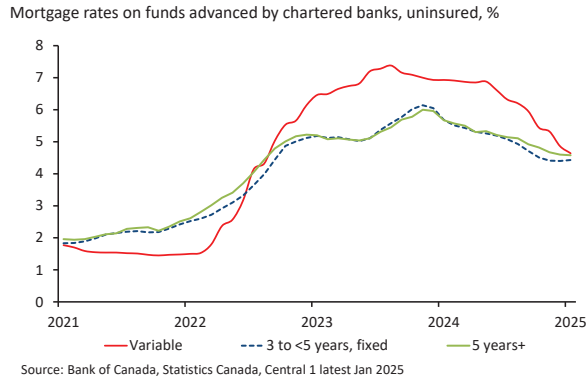
The pace of home sales will be tied to the economic outlook, already evident in the downbeat sales results for January and February 2025. While the economy is uncertain, our base case is still for tariffs to be negotiated lower which should lift confidence, while lower interest rates will also be supportive. As a higher priced market, B.C. will likely see ongoing reluctance on the part of buyers relative to other provinces. That said, B.C. is in a relatively cushioned position given a more diversified list of trading partners compared to other provinces.

The Bank of Canada continues to lower rates further to reach its neutral rate. This will prompt variable mortgage rates to fall significantly, while fixed rates follow a downtick in bond yields in anticipation of deeper rate cuts. Although, this is given the mitigation of cost-push inflationary pressures keeping rates lifted through 2025.

Economic factors likely stabilize in the latter half of 2025 and through 2026/2027, making pent-up demand, which has accumulated for more than 2-years, more resilient in sustaining larger sales growth through the next two years. In addition, the federal government has made new laws to boost homeownership opportunities, including raising the \$1-million price cap for insured mortgages to \$1.5 million, which already went into effect on December 15, 2024, reducing the percentage of downpayments to qualify for a mortgage while eligibility for 30-year mortgage amortizations is extended to all first-time homebuyers and to all buyers of new build.

In addition to the speculative and vacancy tax which are set to rise in 2026, the home-flipping tax went into effect on January 1, 2025, and aims to improve housing affordability issues in the province by targeting

## Mortgage rates pull back from highs in 2023



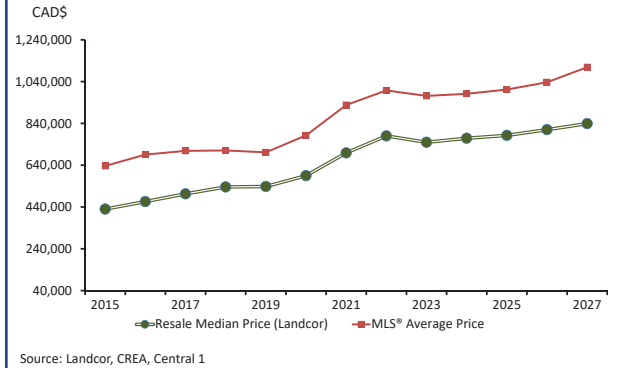
speculative real estate sales. Amidst worries of an unsteady Canadian economy during a US-Canada trade war which may limit investor demand, these levies may deter foreign interest in the B.C. housing market which has historically lifted prices higher in the region. Although it is somewhat early to determine any shifts in market activity due to the introduction of the tax, it may limit available inventory for potential buyers by a small magnitude. That said, the benefits on home affordability may outweigh the costs, especially as housing supply issues are being mitigated as more housing projects reach completion in 2025 and the coming years.

### Land title transfers

Land title transfer data provide a more complete picture of the housing market compared to MLS® data given comparability amongst regions and product markets, inclusion of private sales, and without the influence of factors like collapsed sales. That said, data is less timely given the lag between a firm sale and registration of title with the province. The pickup in late 2024 MLS® data will be a factor driving title transfer gains in 2025.

Resale land title transfers transactions are forecast to increase by 3.2 per cent in 2025, followed by 3.6 per cent in 2026 and 4.9 per cent in 2027 while MLS® sales increase by 3.4 per cent in 2025 and 5.3 per cent in 2026, in part due to timing lags since MLS® sales precede title transfers. Lower Mainland-Southwest resales increase by 3.0 per cent in 2025 while rising in Thompson-Okanagan by 3.9 per cent, as housing demand in urban markets expand though remote work continues to wind down. Resale transactions on the Vancouver Island-Coast rise by 3.1 per cent while Kootenay sales increase by 3.8 per cent. In Northern B.C., resales remain subdued due to persistent challenges and more severe impact of tariffs in major sectors such as forestry and manufacturing, as well as the end of major project construction. North

## Prices lifted by limited inventory as demand grows in second half of 2025 into 2026



coast sales grow by 3.3 per cent during the year, while up in Nechako by 3.8 per cent and in the Northeast by 3.5 per cent.

The annual median home value increases in 2025, rising by 1.8 per cent before accelerating in the next two years. A price increase of 2.8 per cent is recorded in Lower Mainland /Southwest given stronger performance in the area while smaller increments are seen in Northern B.C. compared to other regions in the province.

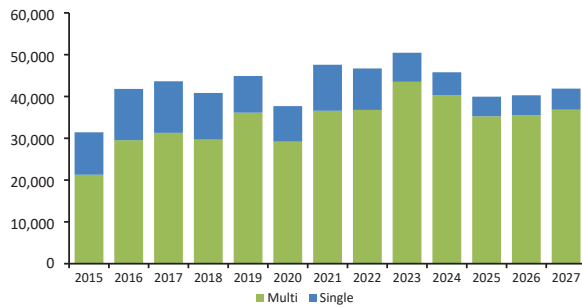
### Building permits and Housing starts

Home starts in the province were dampened by still elevated interest rates which disincentivized developers from taking on more projects. In 2024, the number of housing units started in urban centres in B.C., unadjusted, was down 9.2 per cent compared to 2023, with 45,828 units versus 50,490 units. This was due to a 7.5 per cent drop in multi-family unit starts while single-family unit starts dropped 20.3 per cent. On the other hand, residential building permits showed stellar gains during the year, reaching the highest point in April 2024 since the data series began in 2017, due to a peak in multi-family residential starts. That said, on a constant dollar basis, residential building permits dropped by 9.3 per cent in 2024. A housing supply deficit still persists with tight rental markets reported in most regions in 2024, even with weaker demand. Mounting uncertainty in 2025 may dampen presales and initiation of new projects. Supply may be augmented by relaxing restrictions on foreign investment and purchases.

The construction sector may continue to encounter difficulties in project starts as tariff uncertainty in 2025 clouds the decision making process. Growth in building permits may be limited by higher costs and uncertainty from shaky trade relations with the US. BC builds, a program introduced in 2024 to facilitate new housing developments, has seen new projects already

## Construction to dip as past market weakness bites

B.C. Housing starts, units



Source: CMHC, Central 1

underway with more to come in the following years. The program will also be receiving additional funding according to the B.C. Budget 2025. Housing starts are forecast to decline by 12.8 per cent in 2025, followed by gains, though minor, in the coming year.

### Rental market

2024 saw a jump in total housing completions in Canada (14.8 per cent). Amongst these were a significant amount of apartment projects reaching completion during the year, with CMHC estimating a 25.9 per cent rise in apartment housing completions throughout the country. In B.C., the Vancouver CMA reported a rise of 23.2 per cent. Rental market inventory growth was also evident in the 2.8 per cent gain

in rental units (row and apartment) during the year. That said, the pace of growth in the purpose-built rental supply slowed in 2024, although nearly 30 per cent of newly completed apartments by investors were placed on the secondary rental market in metro areas during the year. A combination of higher but still limited inventory, increasing rental vacancy rates, especially in the large CMAs, will likely slow rent growth in 2025. In addition, a drop in immigration from less inflow of non-permanent residents reduces rental market demand. The vacancy rate increased from 1.2 per cent in 2023 to 1.9 per cent in 2024. We forecast the vacancy rate to continue rising in 2025 to 2.3 per cent.

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**Housing Forecast - Table 1**

	2021	2022	2023	2024	2025	2026	2027
Residential Transactions, Units	113,984	81,495	65,091	64,451	66,497	68,937	72,302
% ch	39.9	-28.5	-20.1	-1.0	3.2	3.7	4.9
Residential Median Transaction Price	699,000	780,000	750,000	767,500	781,500	808,000	837,000
% ch	18.5	11.6	-3.8	2.3	1.8	3.4	3.6
Housing Starts	47,609	46,721	50,490	45,828	39,979	40,300	41,900
% ch	26.2	-1.9	8.1	-9.2	-12.8	0.8	4.0

**Housing Forecast - Table 2**

		2021	2022	2023	2024	2025	2026	2027
Residential Transactions	All Units	137,985	86,435	71,074	70,551	72,502	75,037	78,852
	% ch	35.0	-37.4	-17.8	-0.7	2.8	3.5	5.1
	Resale Component	113,984	81,495	65,091	64,451	66,497	68,937	72,302
	% ch	39.9	-28.5	-20.1	-1.0	3.2	3.7	4.9
	New Component	24,001	4,940	5,983	6,100	6,005	6,100	6,550
	% ch	15.7	-79.4	21.1	2.0	-1.6	1.6	7.4
Median Price	All Units	689,900	788,000	760,000	777,450.0	792,777	818,500	846,792
	% ch	15.9	14.2	-3.6	2.3	2.0	3.2	3.5
	Resale Component	699,000	780,000	750,000	767,500.0	783,000	810,000	839,000
	% ch	18.5	11.6	-3.8	2.3	2.0	3.4	3.6
	New Component	664,900	891,500	885,000	885,000.0	898,300	910,900	928,400
	% ch	7.8	34.1	-0.7	0.0	1.5	1.4	1.9
MLS® Activity	Sales	123,881	80,350	72,935	74,488.0	77,009	81,100	85,900
	% ch	32.7	-35.1	-9.2	2.1	3.4	5.3	5.9
	Listings	159,921	151,877	139,789	161,247.0	165,300	175,000	185,250
	% ch	11.0	-5.0	-8.0	15.4	2.5	5.9	5.9
	Average Price	927,868	998,023	971,683	981,927.0	1,002,000	1,037,000	1,109,000
	% ch	18.5	7.6	-2.6	1.1	2.0	3.5	6.9
Housing Starts, Units	Total	47,609	46,721	50,490	45,828.0	39,979	40,300	41,900
	% ch	26.2	-1.9	8.1	-9.2	-12.8	0.8	4.0
	Single-Detached	11,013	9,906	6,965	5,550.0	4,690	4,740	5,050
	% ch	29.3	-10.1	-29.7	-20.3	-15.5	1.1	6.5
	Multi-family	36,596	36,815	43,525	40,278.0	35,289	35,560	36,850
	% ch	25.3	0.6	18.2	-7.5	-12.4	0.8	3.6
Vacancy Rate		1.4%	1.3%	1.2%	1.9%	2.3%	2.2%	2.0%



Annual Residential Resale Transactions							
	2021	2022	2023	2024	2025	2026	2027
Vancouver Island/Coast	18,155	13,620	11,641	11,984	12,350	12,780	13,290
% ch	23.0	-25.0	-14.5	3.0	3.1	3.5	4.0
Lower Mainland/Southwest	68,688	47,472	37,616	36,503	37,580	38,890	40,800
% ch	49.3	-30.9	-20.8	-3.0	3.0	3.5	4.9
Thompson/Okanagan	16,464	11,859	9,275	9,026	9,375	9,820	10,343
% ch	32.6	-28.0	-21.8	-2.7	3.9	4.7	5.3
Kootenay	4,577	3,404	2,748	2,782	2,889	3,005	3,160
% ch	21.7	-25.6	-19.3	1.2	3.8	4.0	5.2
Cariboo	3,263	2,639	1,917	2,160	2,238	2,312	2,441
% ch	31.6	-19.1	-27.4	12.7	3.6	3.3	5.6
North Coast	1,028	861	637	672	694	714	765
% ch	27.9	-16.2	-26.0	5.5	3.3	2.9	7.1
Nechako	583	475	337	368	382	400	432
% ch	15.7	-18.5	-29.1	9.2	3.8	4.7	8.0
Northeast	1,227	1,163	923	956	989	1,016	1,071
% ch	59.6	-5.2	-20.6	3.6	3.5	2.7	5.4
Province	113,985	81,493	65,094	64,451	66,497	68,937	72,302
% ch	39.9	-28.5	-20.1	-1.0	3.2	3.7	4.9

Annual Median Residential Price							
	2021	2022	2023	2024	2025	2026	2027
Vancouver Island/Coast	650,000	760,000	720,000	740,000	750,000	766,000	784,000
% ch	20.4	16.9	-5.3	2.8	1.4	2.1	2.3
Lower Mainland/Southwest	842,021	930,000	885,000	915,000	940,500	973,350	1,020,500
% ch	15.3	10.4	-4.8	3.4	2.8	3.5	4.8
Thompson/Okanagan	559,450	650,000	624,000	628,500	640,000	669,400	710,000
% ch	19.5	16.2	-4.0	0.7	1.8	4.6	6.1
Kootenay	370,000	425,000	449,900	475,000	495,000	511,900	534,000
% ch	13.4	14.9	5.9	5.6	4.2	3.4	4.3
Cariboo	344,900	380,500	388,000	395,000	420,900	440,680	449,700
% ch	13.1	10.3	2.0	1.8	6.6	4.7	2.0
North Coast	345,000	375,000	370,000	370,000	375,450	382,200	390,000
% ch	13.1	8.7	-1.3	0.0	1.5	1.8	2.0
Nechako	260,000	299,500	315,000	347,750	350,940	358,450	365,300
% ch	16.1	15.2	5.2	10.4	0.9	2.1	1.9
Northeast	290,000	275,000	278,000	285,000	289,000	295,700	300,800
% ch	9.4	-5.2	1.1	2.5	1.4	2.3	1.7
Province	699,000	780,000	750,000	767,500	781,500	808,000	837,000
% ch	18.5	11.6	-3.8	2.3	1.8	3.4	3.6

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