

HOUSING OUTLOOK FOR 2020

STABLE AND BALANCED

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After a year that has seen prices fall by over 10 per cent, a 30 per cent reduction in new-home sales, and a surplus of resale listings and new-home inventory through the first two quarters, the last two quarters of 2019 saw a remarkable rebound.

In 2017 and the first half of 2018, we saw the effect of one policy after the other introduced by municipal, provincial and federal levels of government to “cool” the market, stem the double-digit gains in property values, and address affordability.

The situation reversed in the last two quarters of 2019. Sales recovered to levels equal to the 10-year average, and prices, which had been off an average of 10 per cent, slowly crept upwards to being within 2018 values by three or four per cent.

The reasons for the recovery? Buyers and sellers have adjusted to the new reality in price points, and sales volumes have returned as buyers perceive more value. Additionally, money remains accessible with little or no change in the prime rate and mortgage rates.

The Federal B20 mortgage stress test is still a factor in terms of having a negative effect on the market, but buyers have had a year to increase savings and wages to offset the erosion of buying power.



Confidence also returned to the market as buyers perceive prices bottoming out with well-priced homes now selling. The luxury market, which had seen price drops of 30 to 40 percent, has also stabilized, as realistic price points prevail with fewer buyers, particularly from offshore.

Overall, the description of current conditions can be labelled as balanced, and at “near normal” levels, and this is being projected forward to predict conditions in 2020 through 2021.

Projected housing starts will continue to climb, in line with modest increases in economic activity and incomes, but will stay within the range of the 10-year average. Sales will continue to strengthen and recover the declines that have prevailed since 2016 and are expected to fully recover by the end of 2021, based on increases in household disposable income.

Price growth is expected at a moderate pace through 2020 and 2021 such that the average price will meet or exceed 2017

levels by the end of 2021, with growth in household income, a supportive rate of household formation, and favourable economic and demographic conditions here in B.C.

All of these factors point to a stable and effectively “balanced” market for the next 12 – 24 months, where measured growth in starts and sales volume, low and stable interest rates, and a modest rate of price increases leaves neither buyer nor seller with any distinct advantage, making this a favourable time to consider buying a home.

Representing the home building industry in Metro Vancouver since 1974, the Homebuilders' Association Vancouver (HAVAN), a not-for-profit society is proudly affiliated with the provincial and national Canadian Home Builders' Associations. Follow Ron @HAVANofficial or email ron@havan.ca

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