



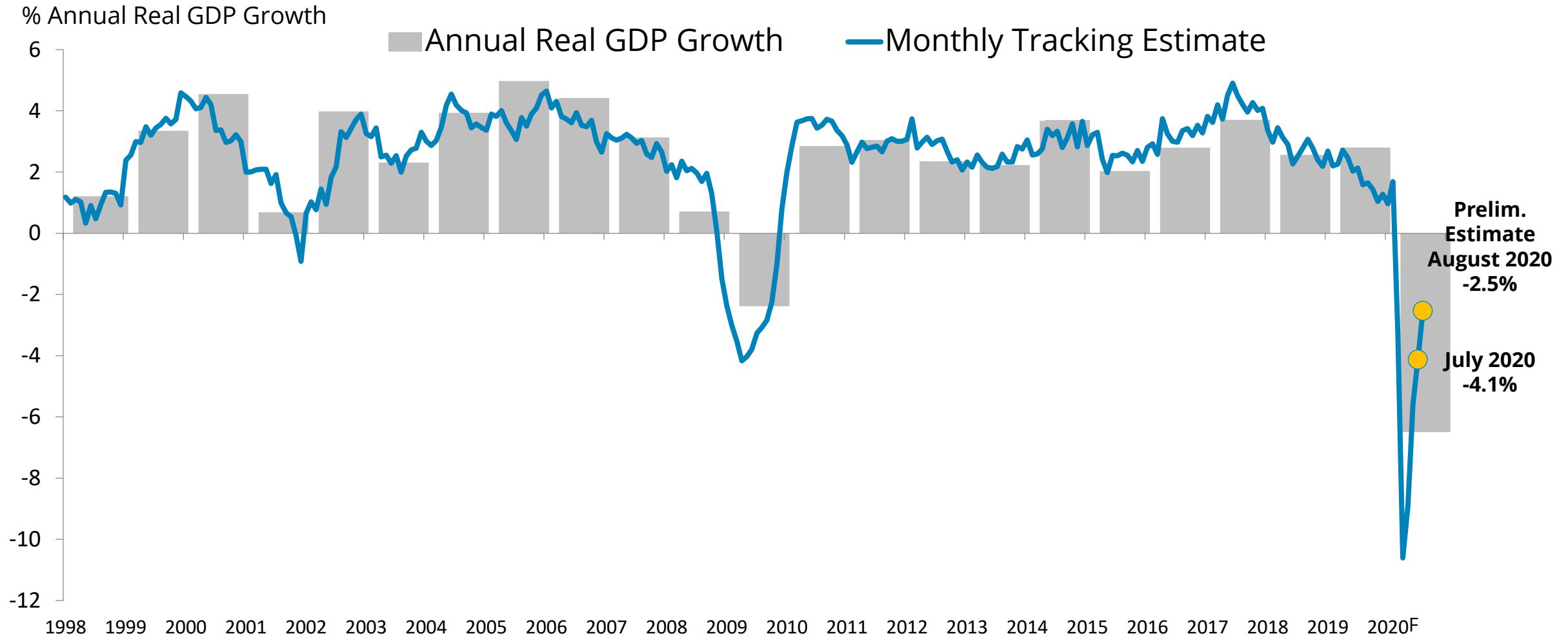
The Unusual World of Pandemic Economics

September 29, 2020

BCREA NOWCAST



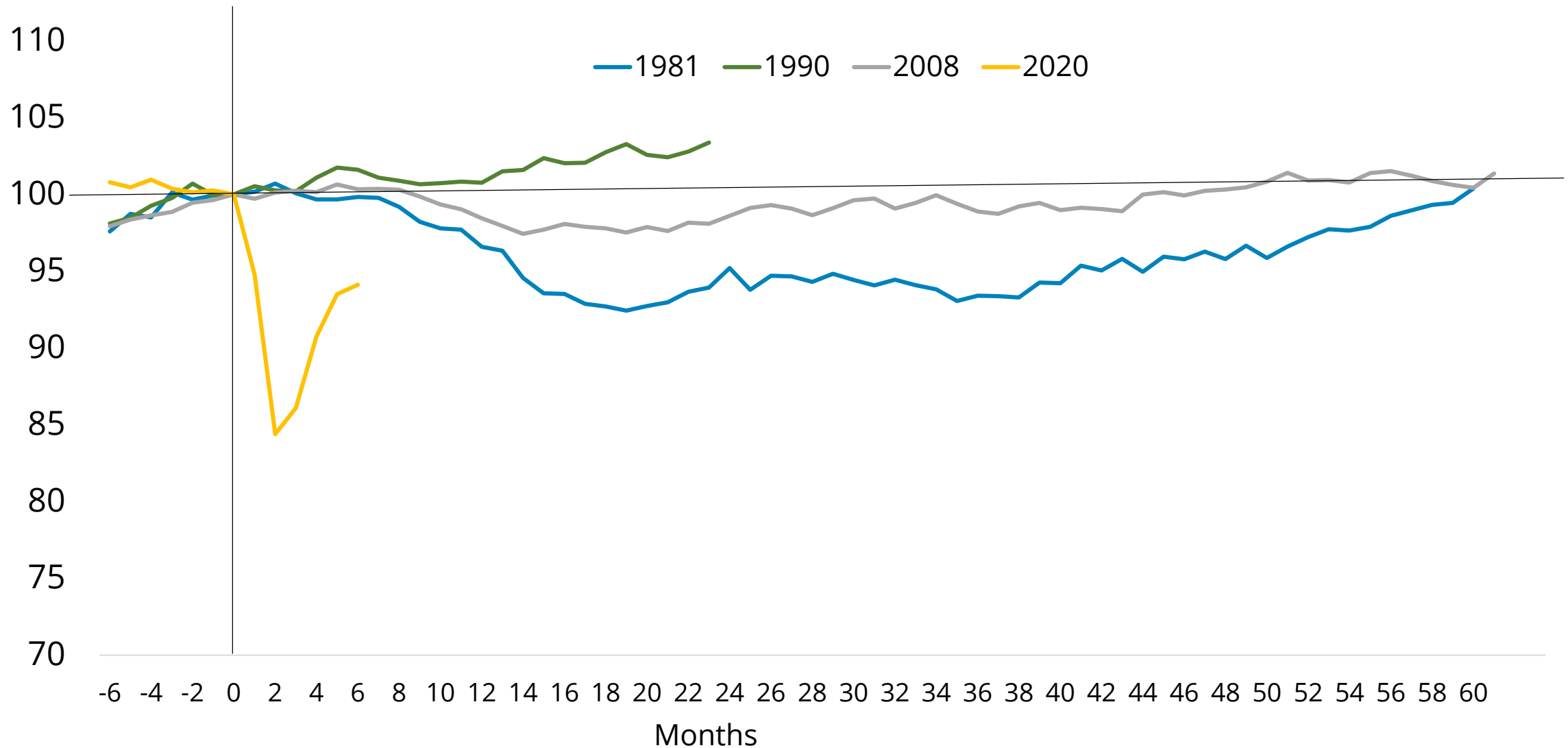
Estimate of Year-over-Year Real GDP Growth



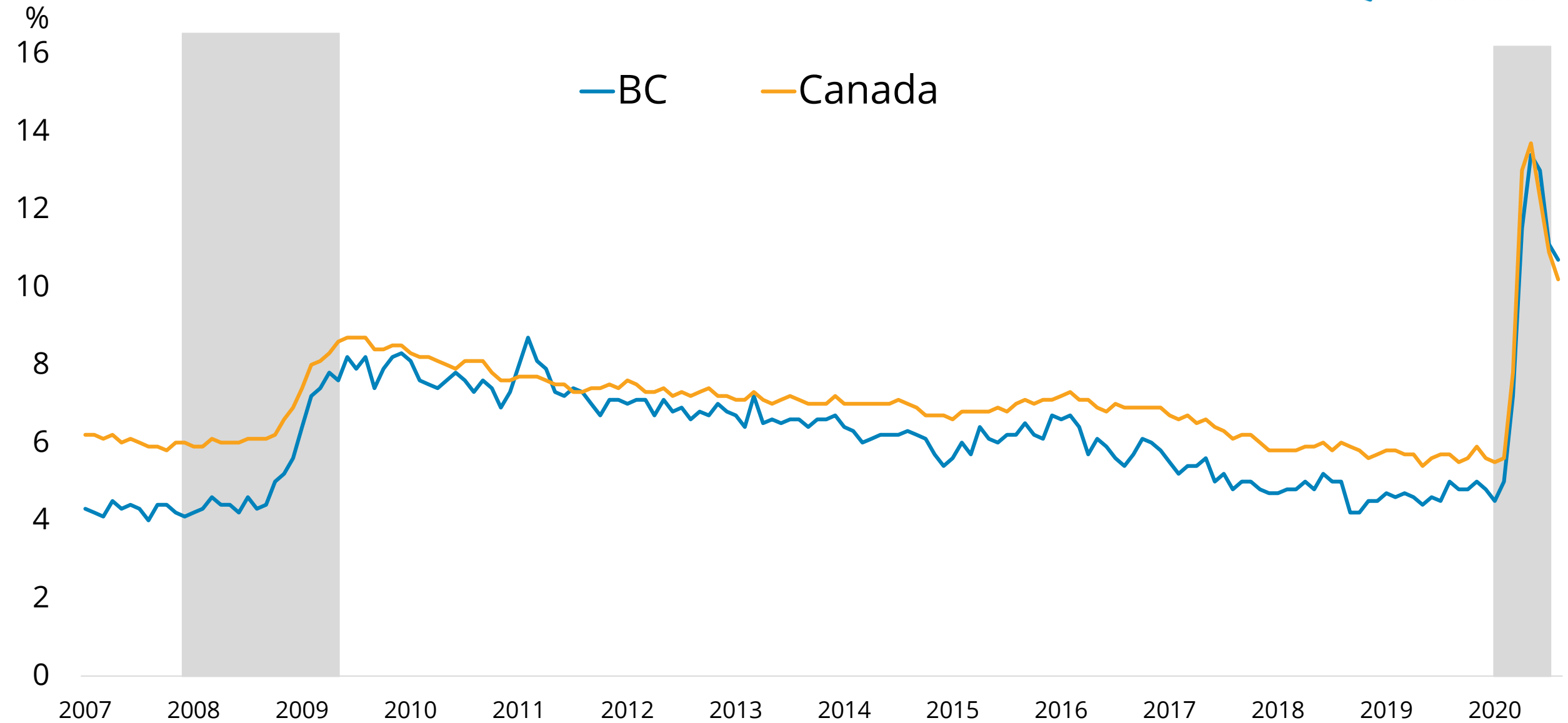
Recessions and BC Employment



Index: 100 = Start of Recession



Unemployment Falling, But Still High



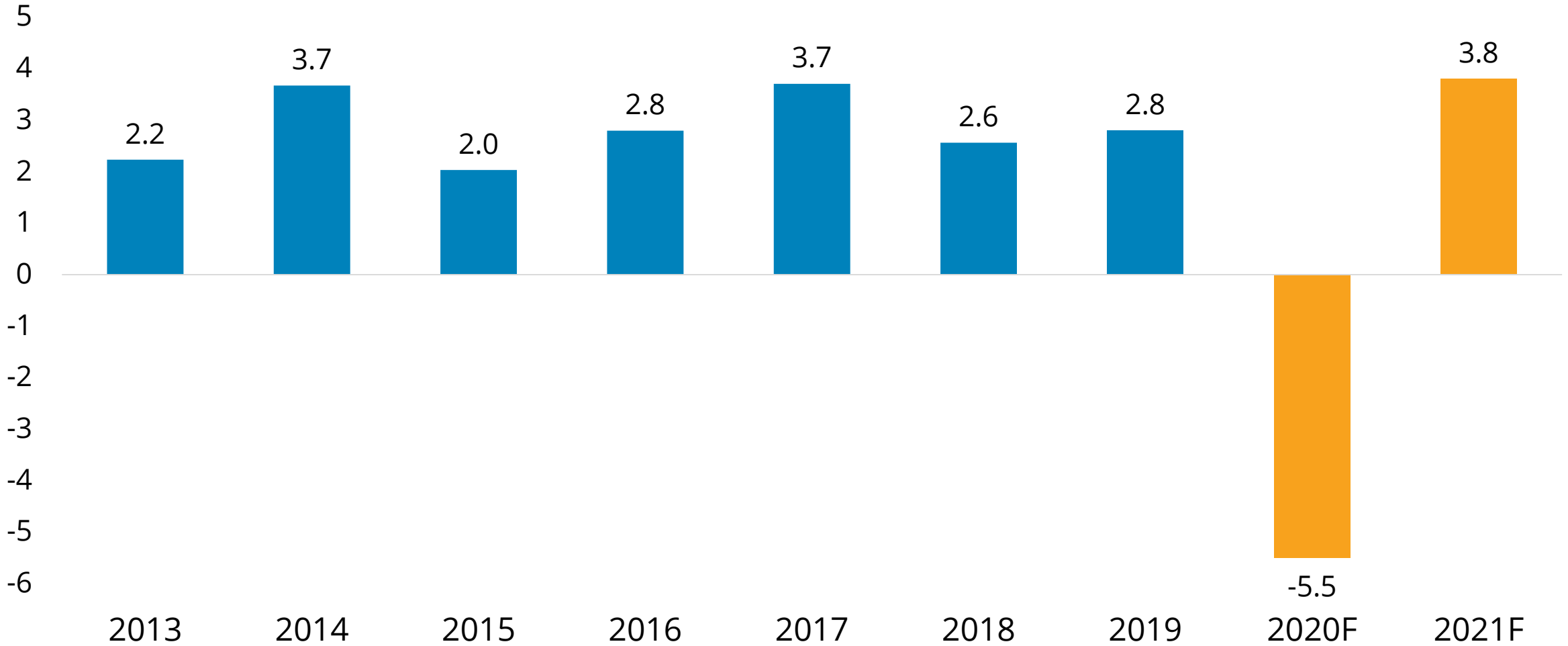
Source: Statistics Canada

BC Economic Forecast

Worst recession since 1982



% Real GDP Growth

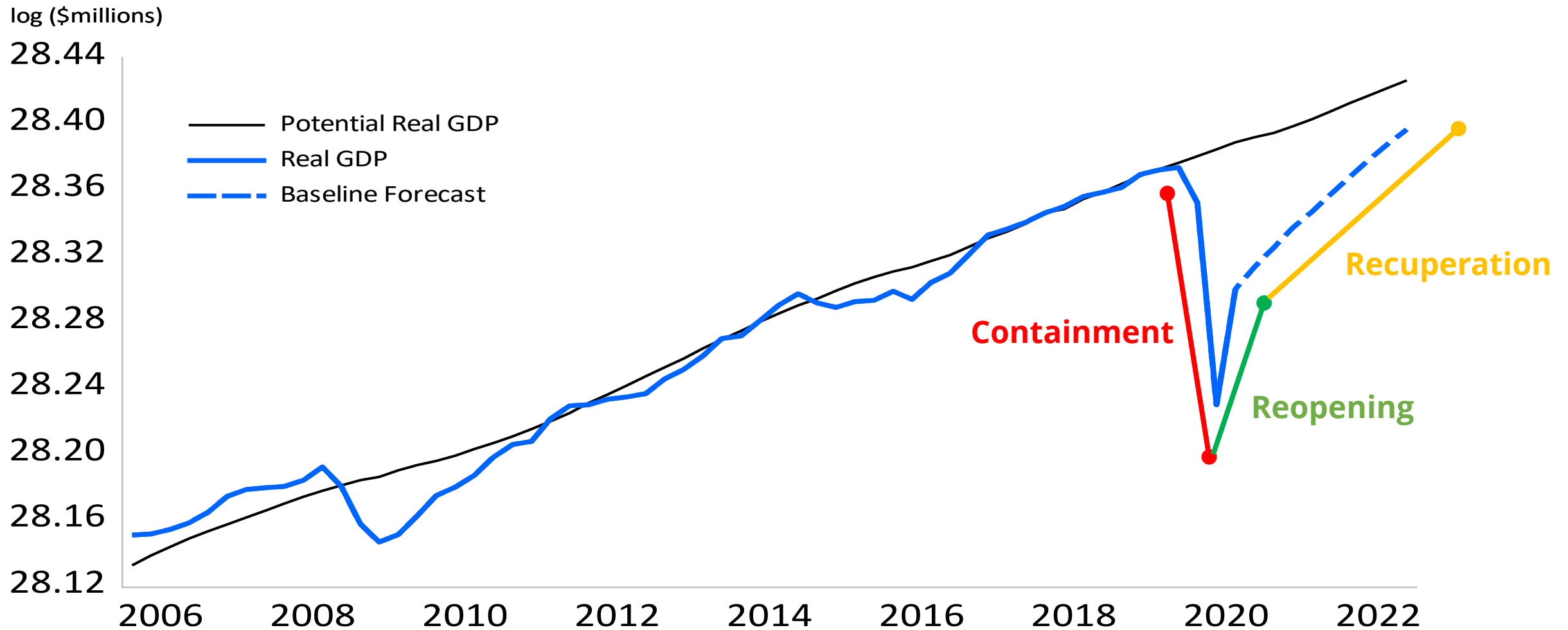


Canadian Real GDP Forecast

Unprecedented Swing in Real GDP



GDP vs Potential



Source: Bank of Canada, BC Real Estate Association

Source: BCREA Economics

Home Sales in Prior Recessions

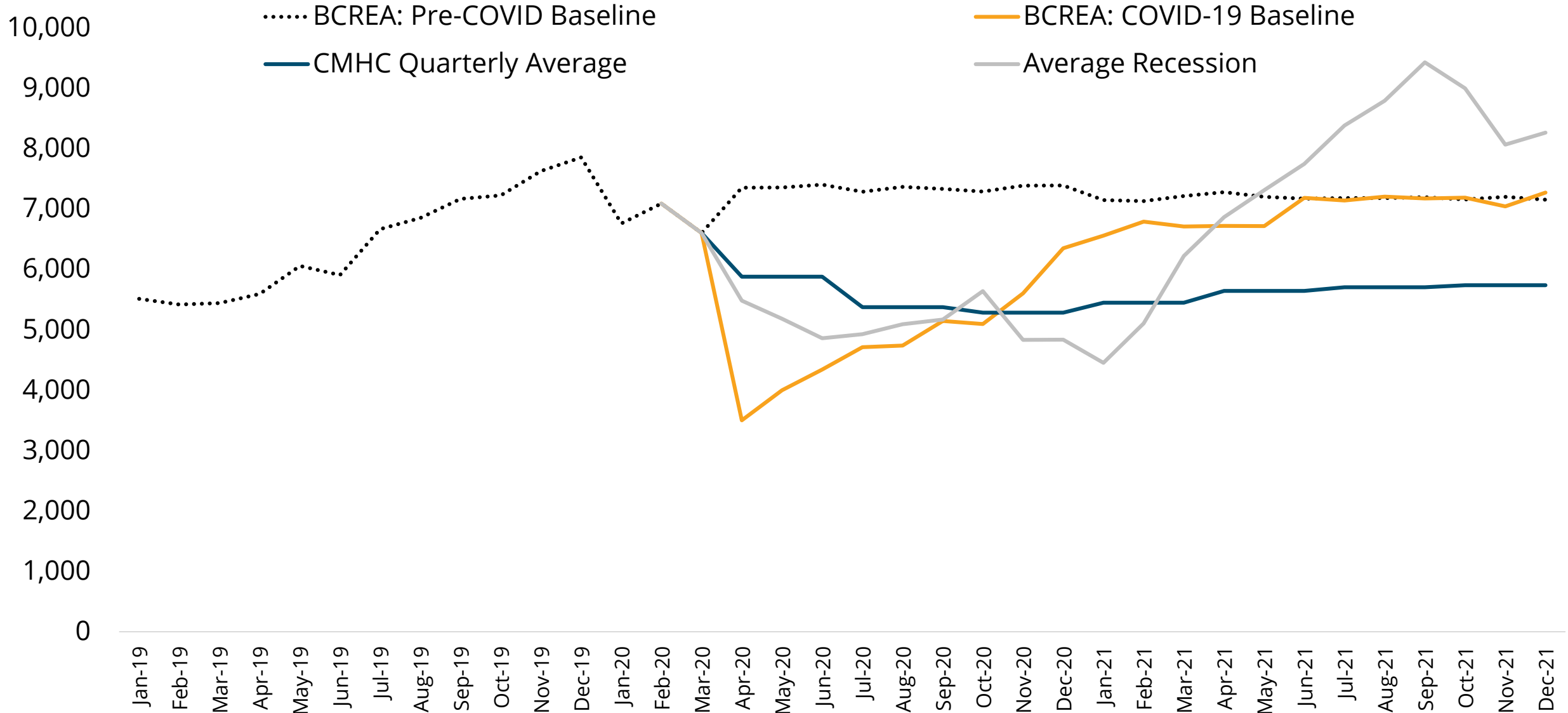
Home Sales - BC
Home Sales - Greater Vancouver
Home Sales - Fraser Valley



MLS® Unit Sales (Seasonally Adjusted)



Monthly Unit Sales



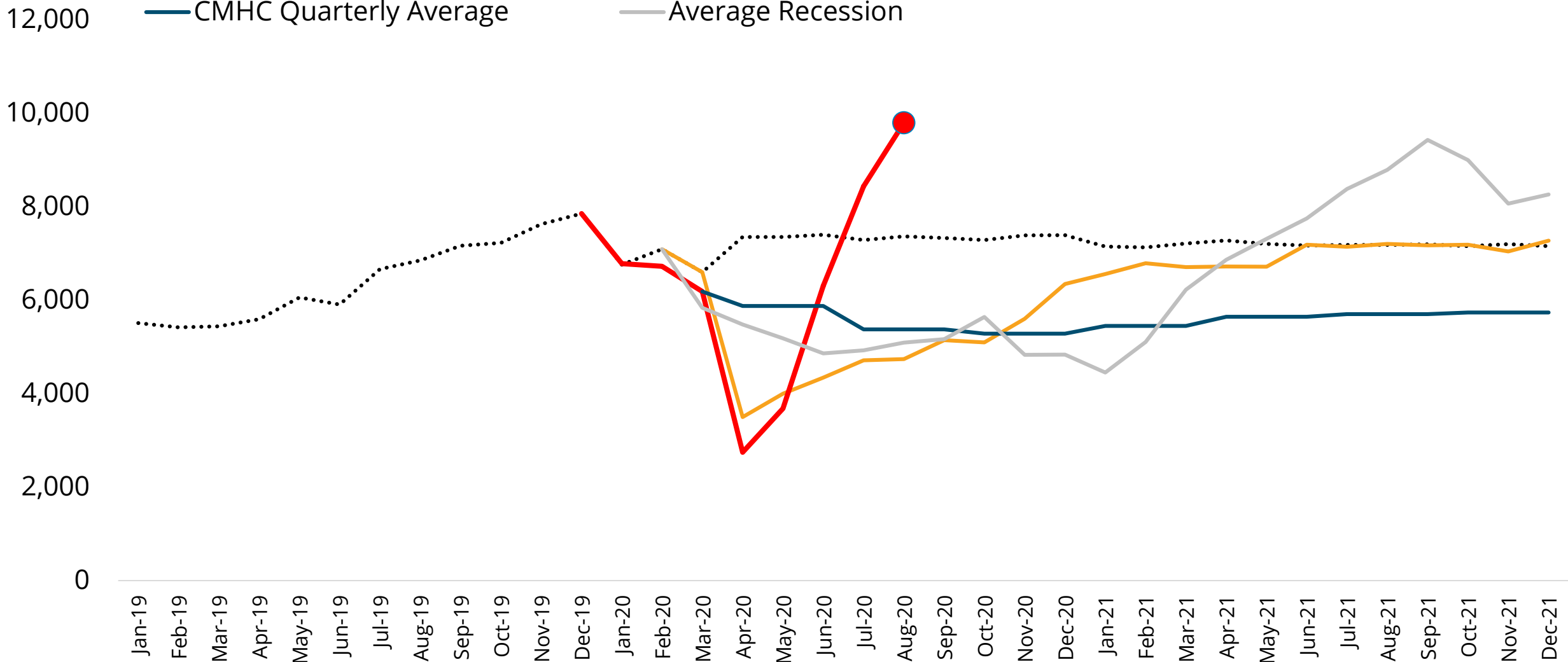
Source: BCREA Economics

MLS® Unit Sales (Seasonally Adjusted)



Monthly Unit Sales

- BCREA: Pre-COVID Baseline
- BCREA: COVID-19 Baseline
- Actual 2020
- CMHC Quarterly Average
- Average Recession

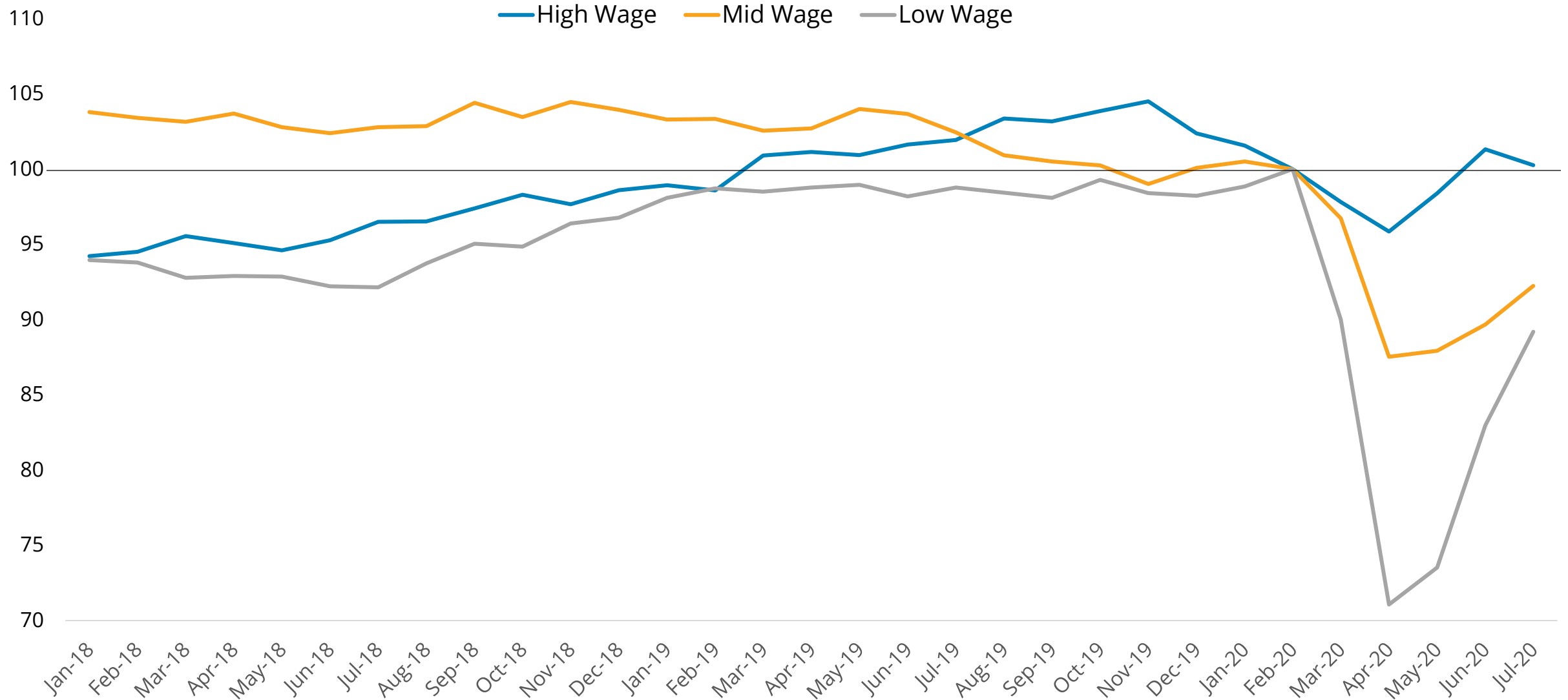


Source: BCREA Economics

And Low-to-Mid Paying Occupations



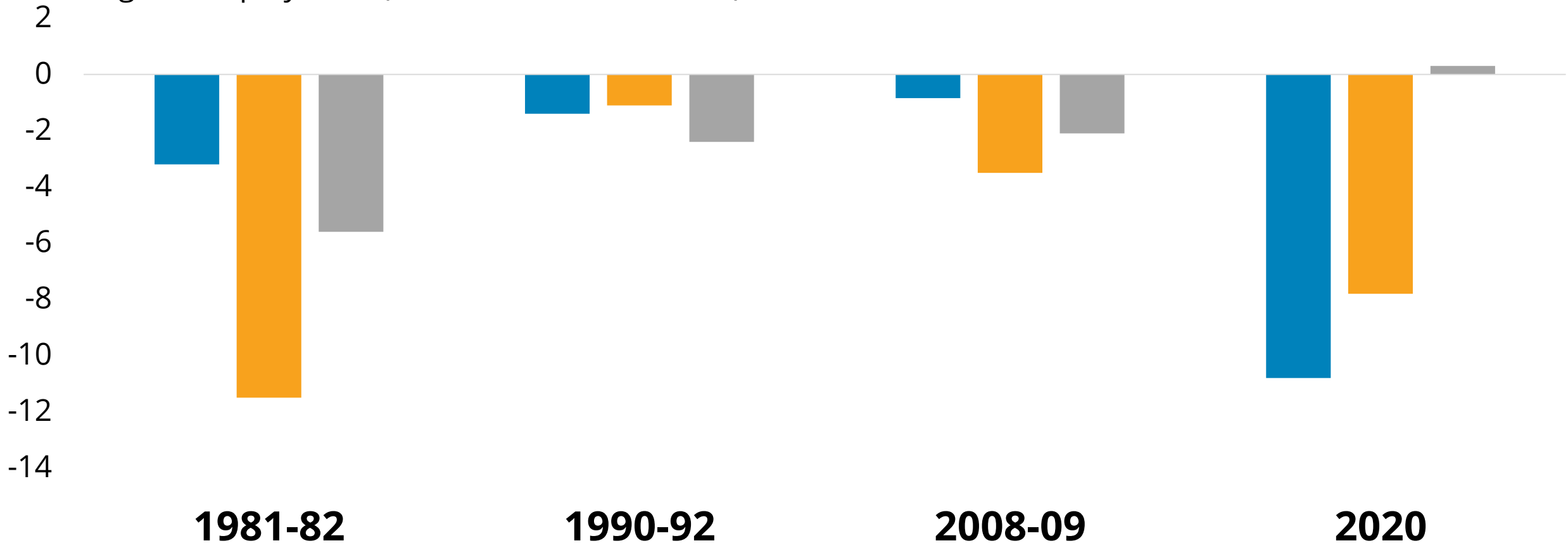
Index: 100=Feb 2020



Employment by Wage – Past Recessions

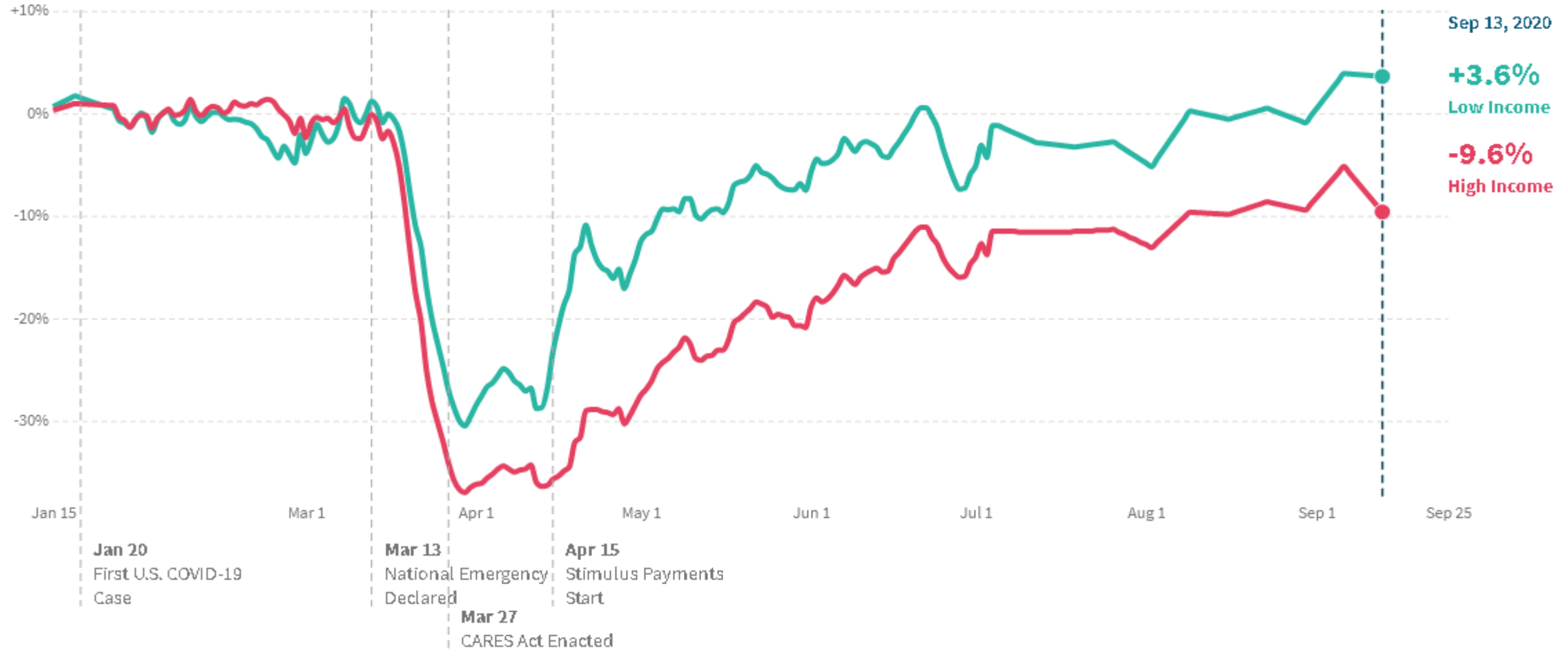
■ Low ■ Mid ■ High

% change in Employment (start of recession to end)

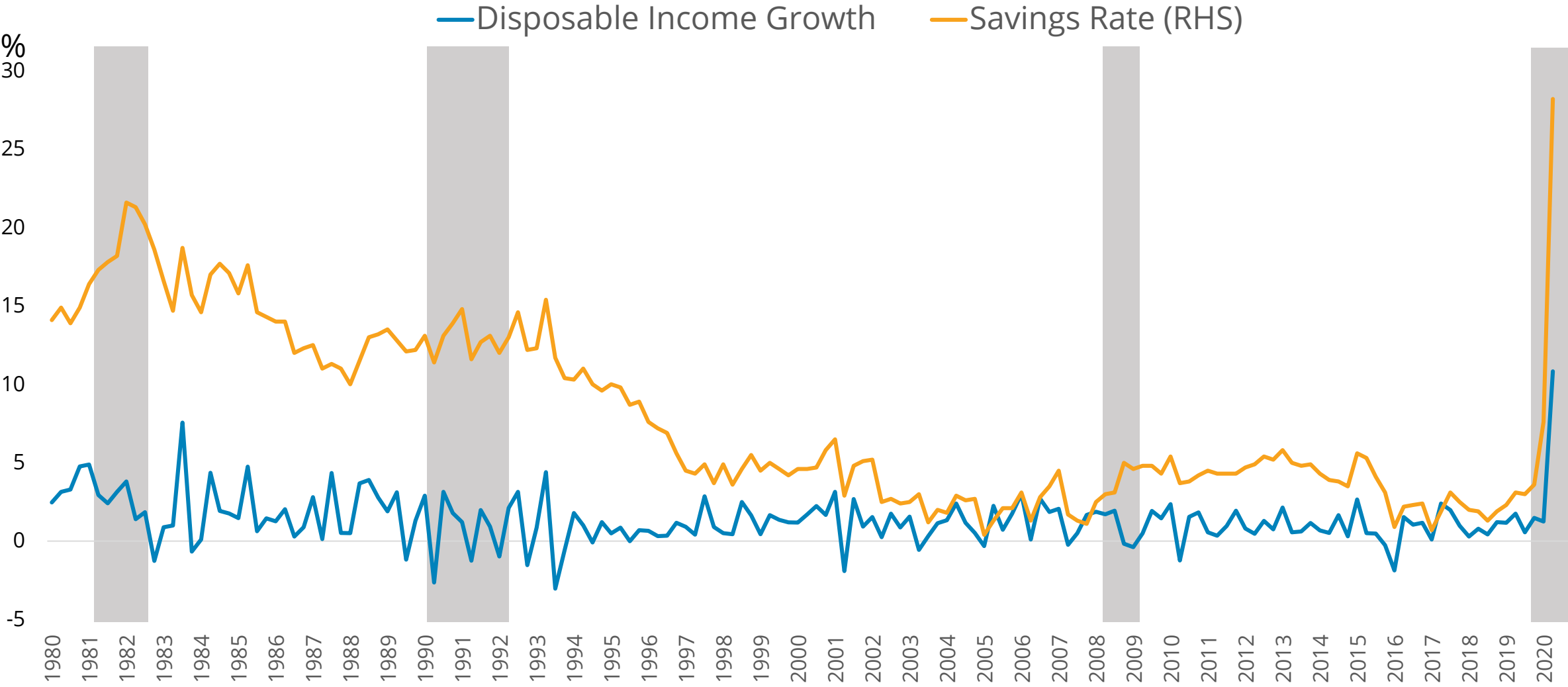


Employed, but Nowhere to Spend

In **the United States**, as of September 13 2020, total spending by low-income consumers increased by **3.6%** compared to January 2020.

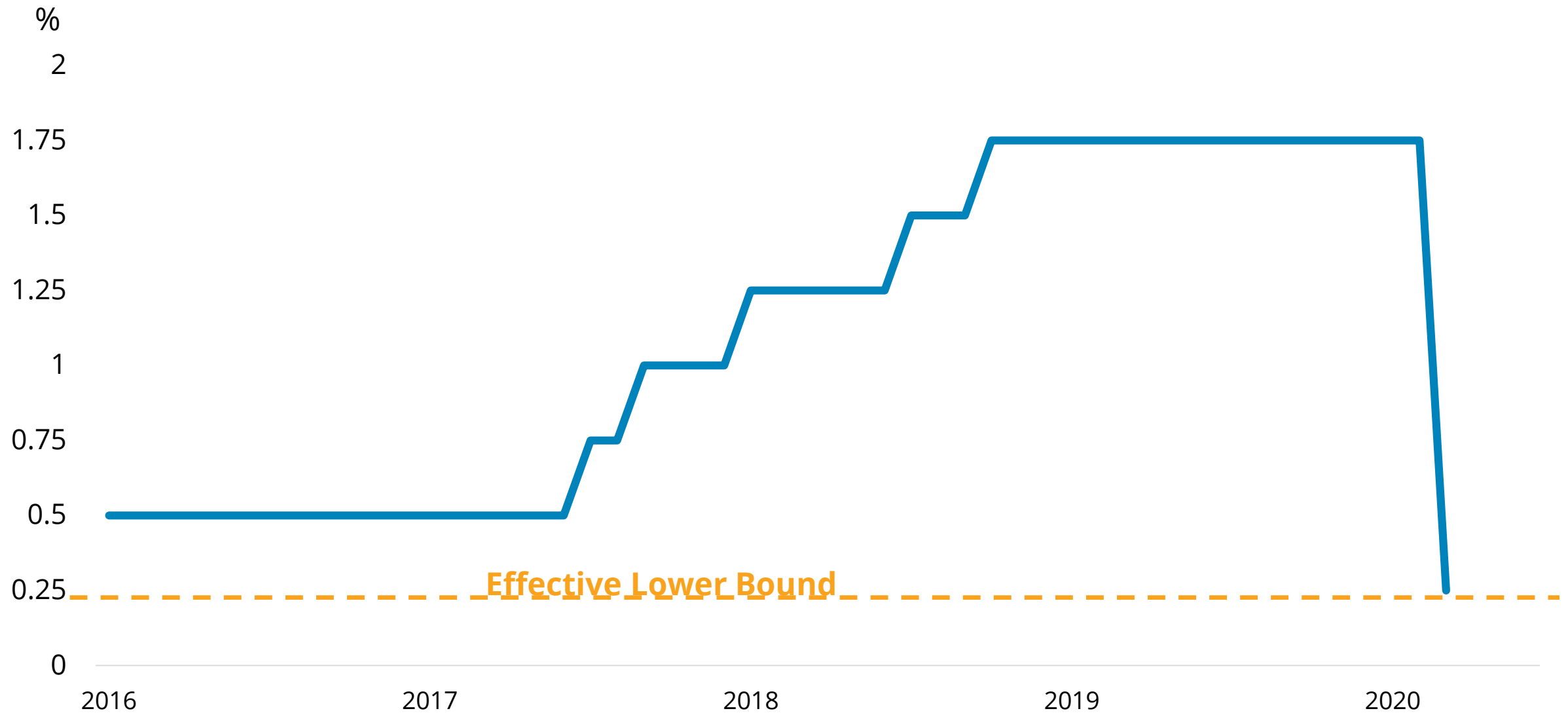


Savings and Disposable Income: Past Recessions

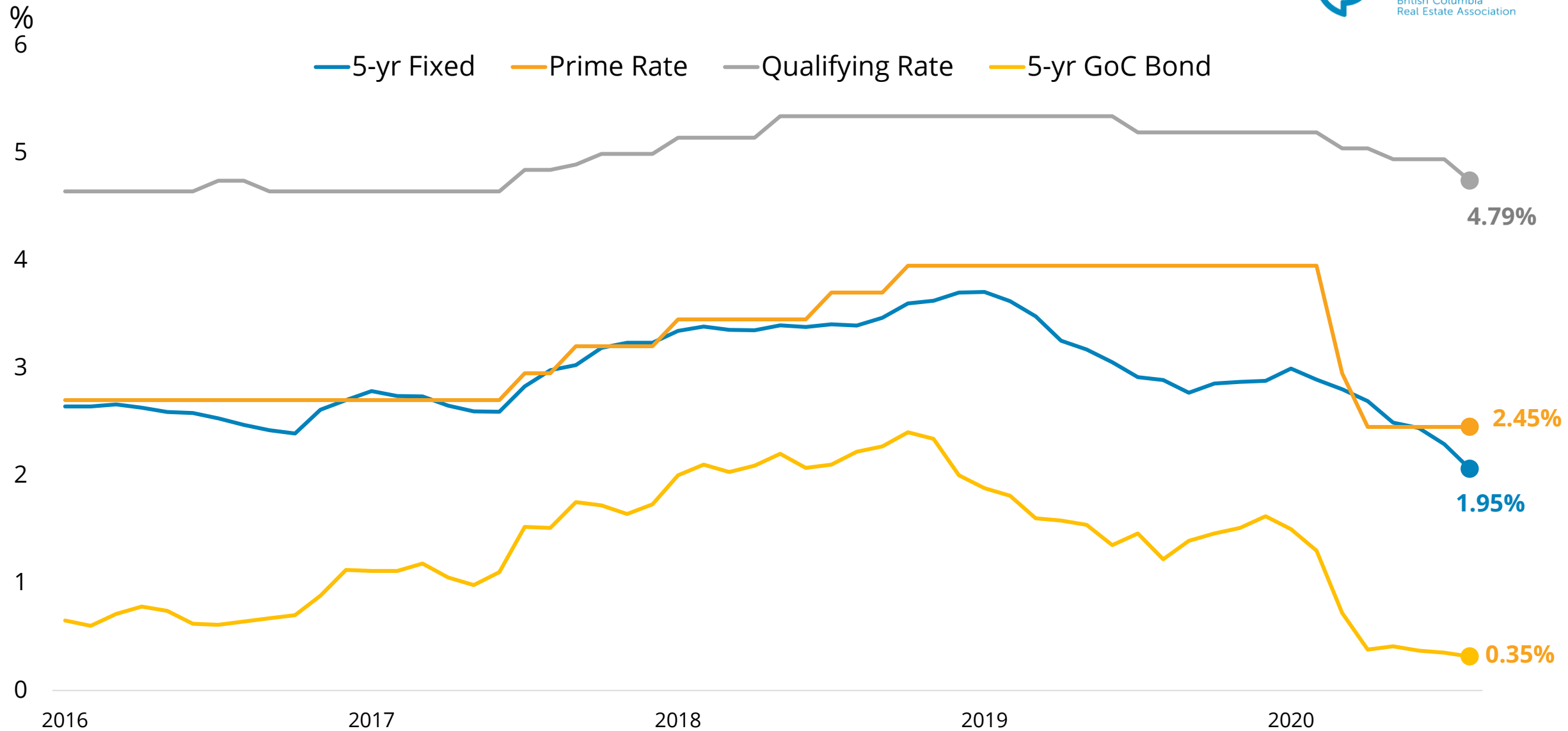


Source: Statistics Canada

Bank of Canada Overnight Rate



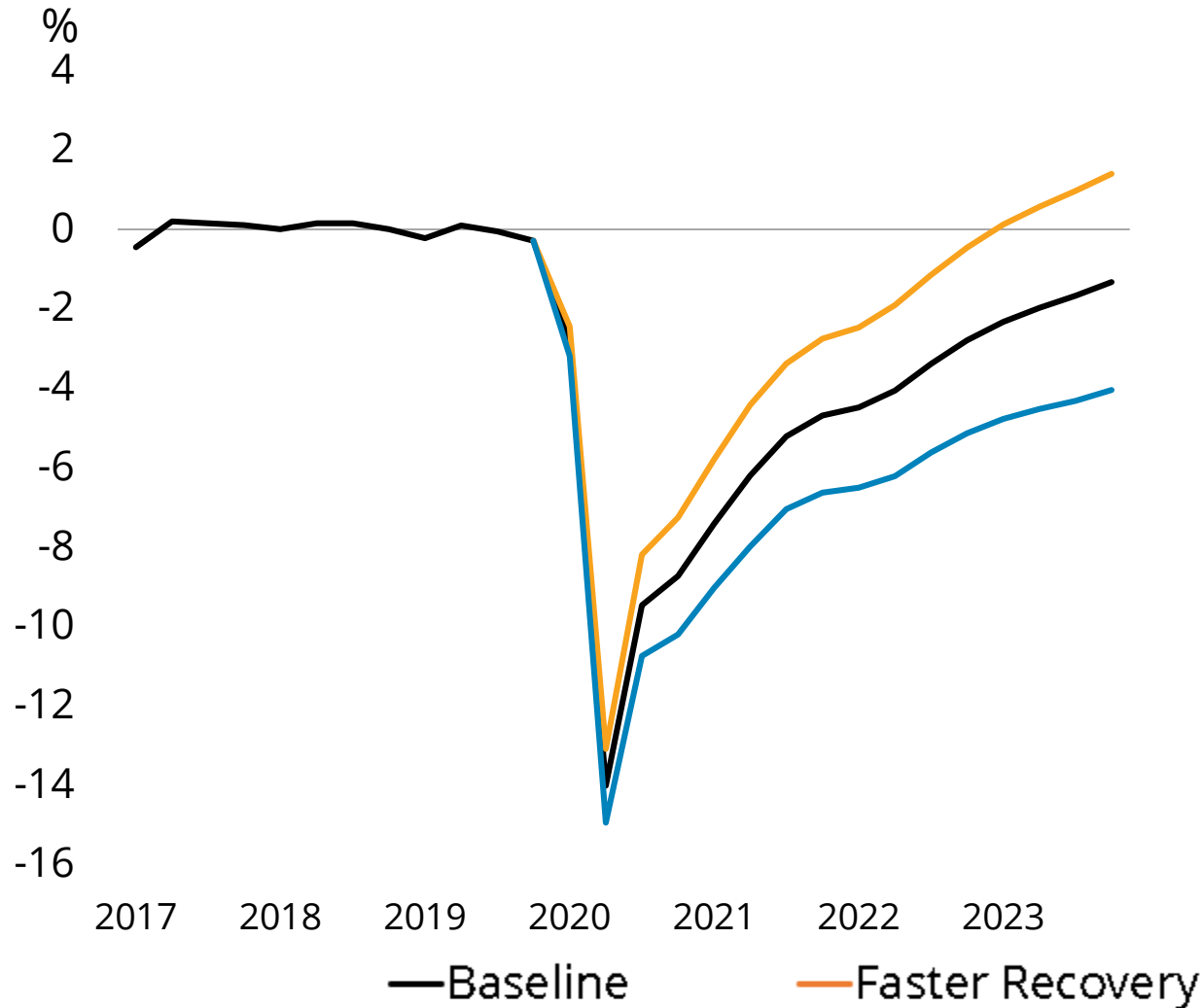
Mortgage Rates



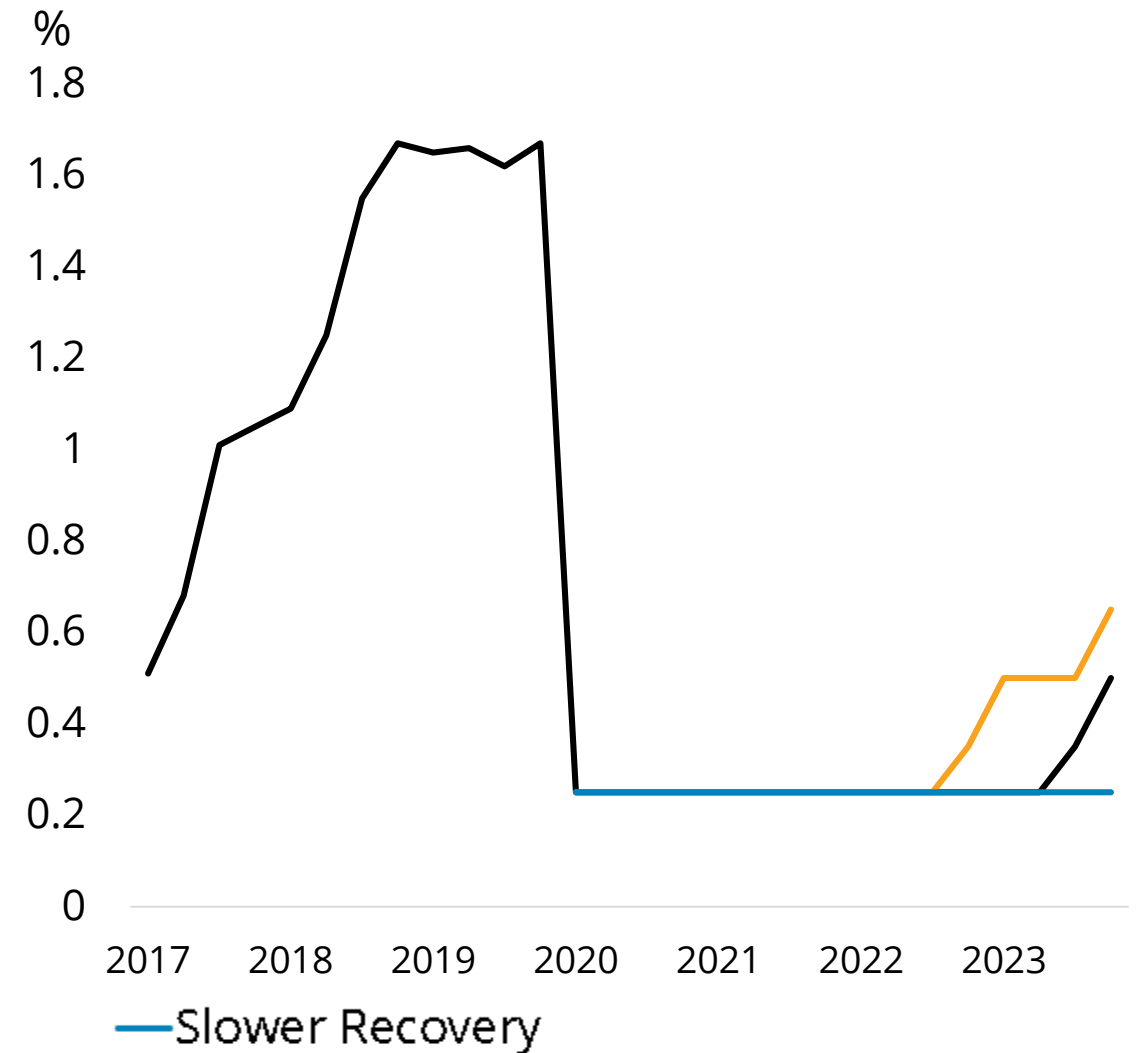
Bank of Canada Scenarios



Output Gap



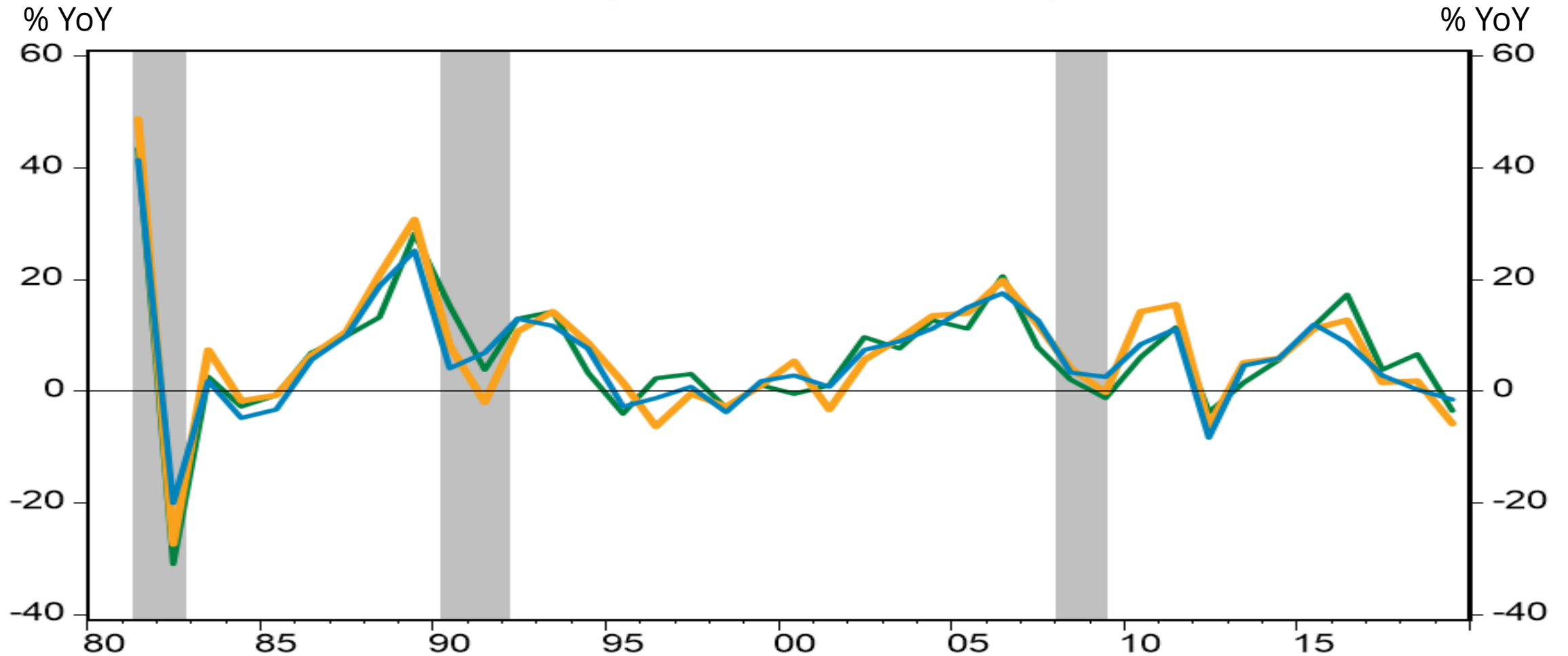
Policy Rate



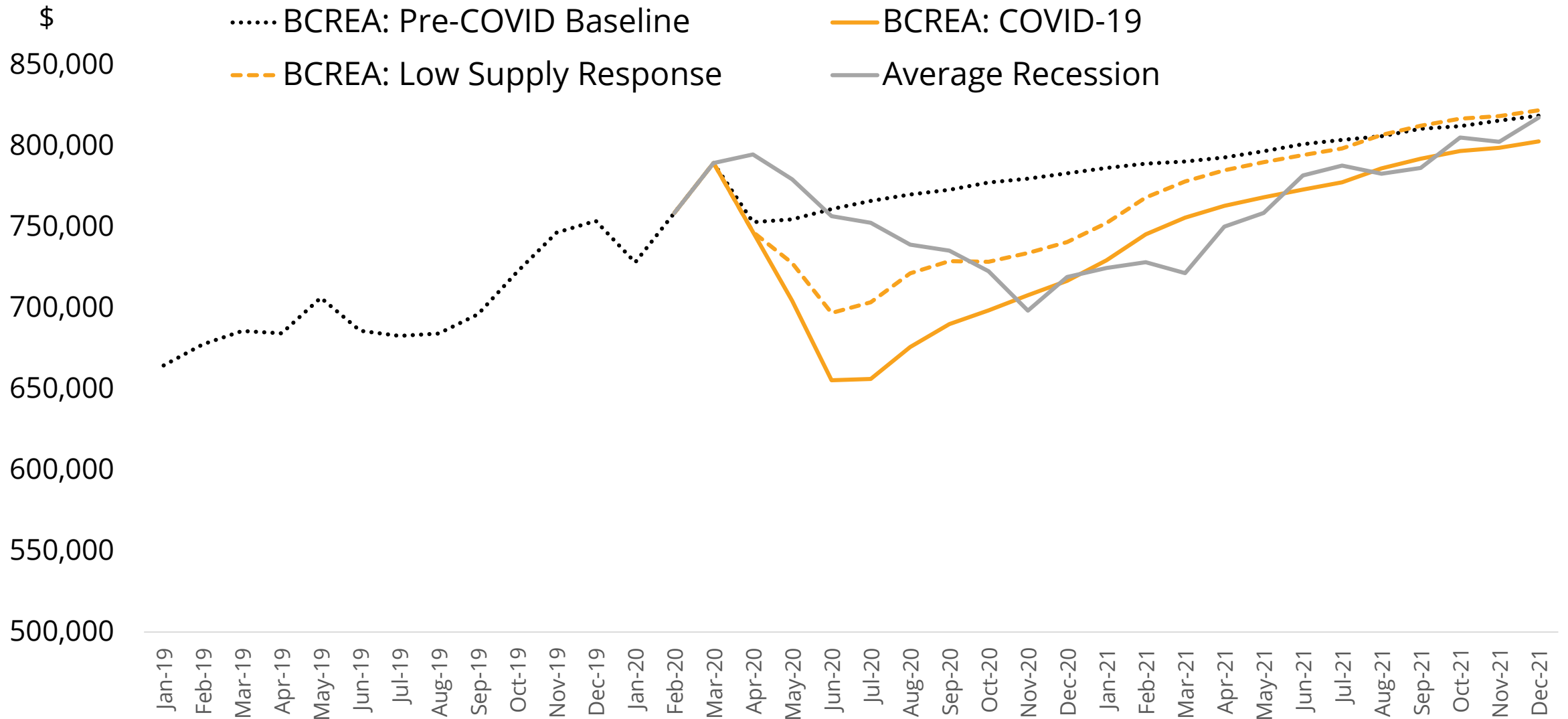
Source: BCREA Economics; Bank of Canada

Home Prices in Prior Recessions

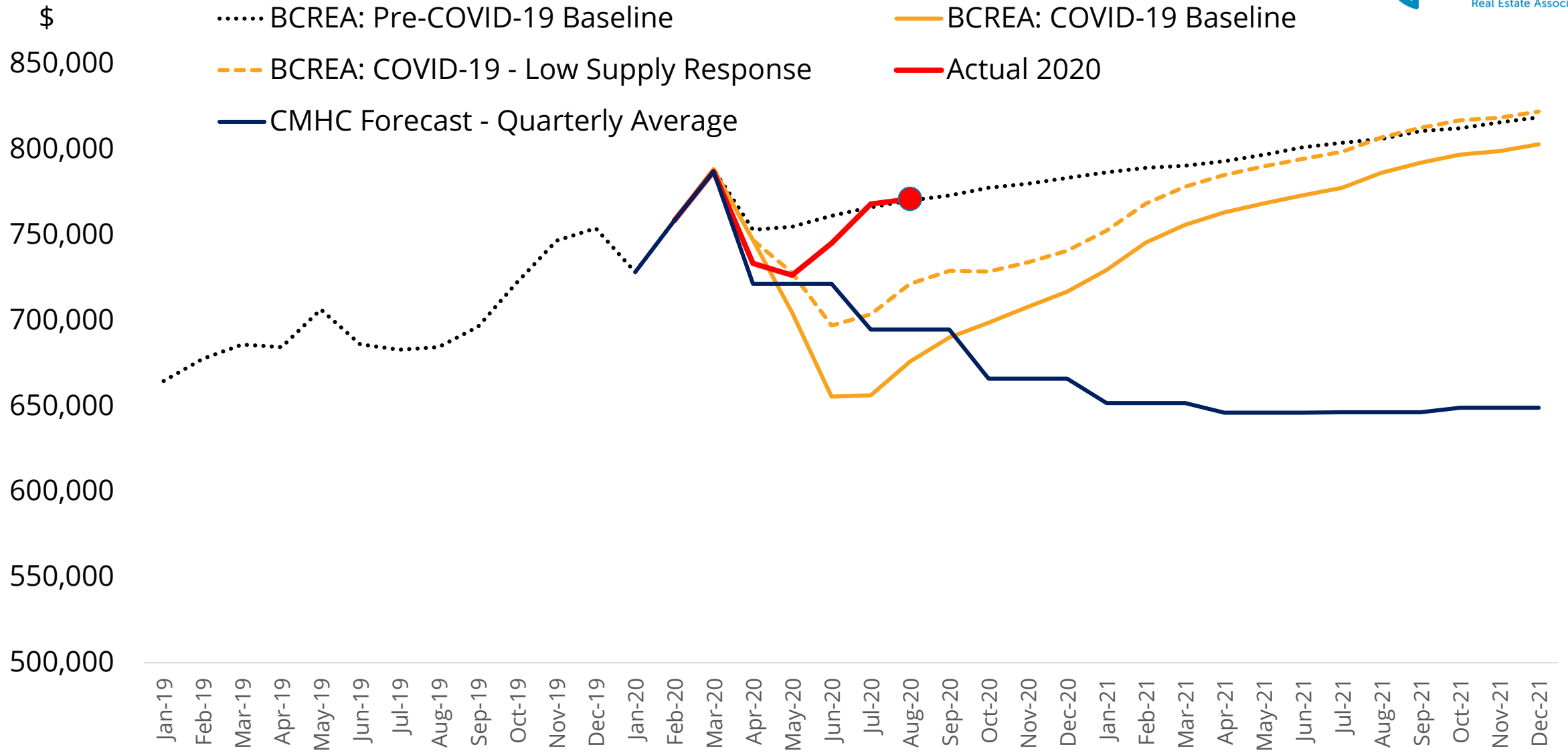
Average Price - BC
Average Price - Greater Vancouver
Average Price - Fraser Valley



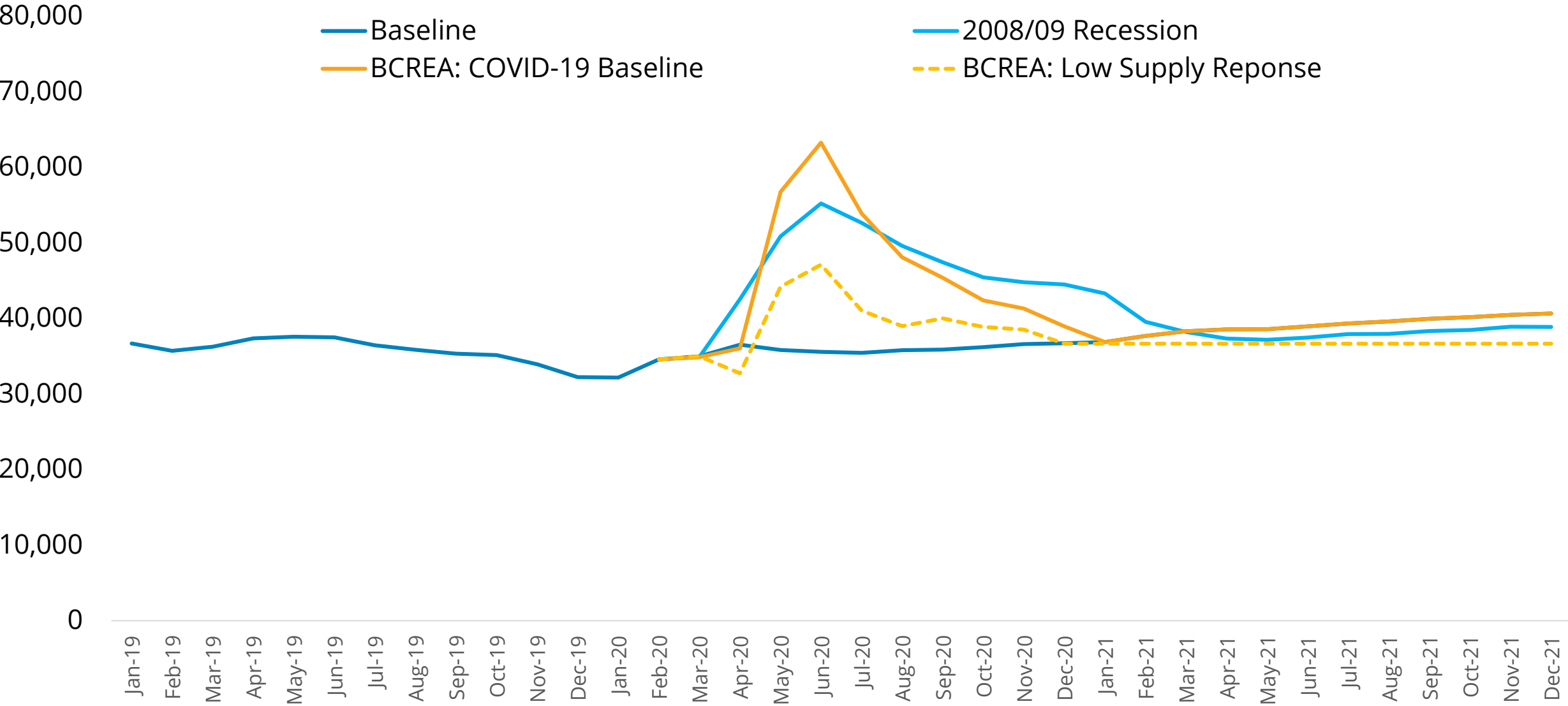
MLS® Average Price



MLS® Average Price (BC)

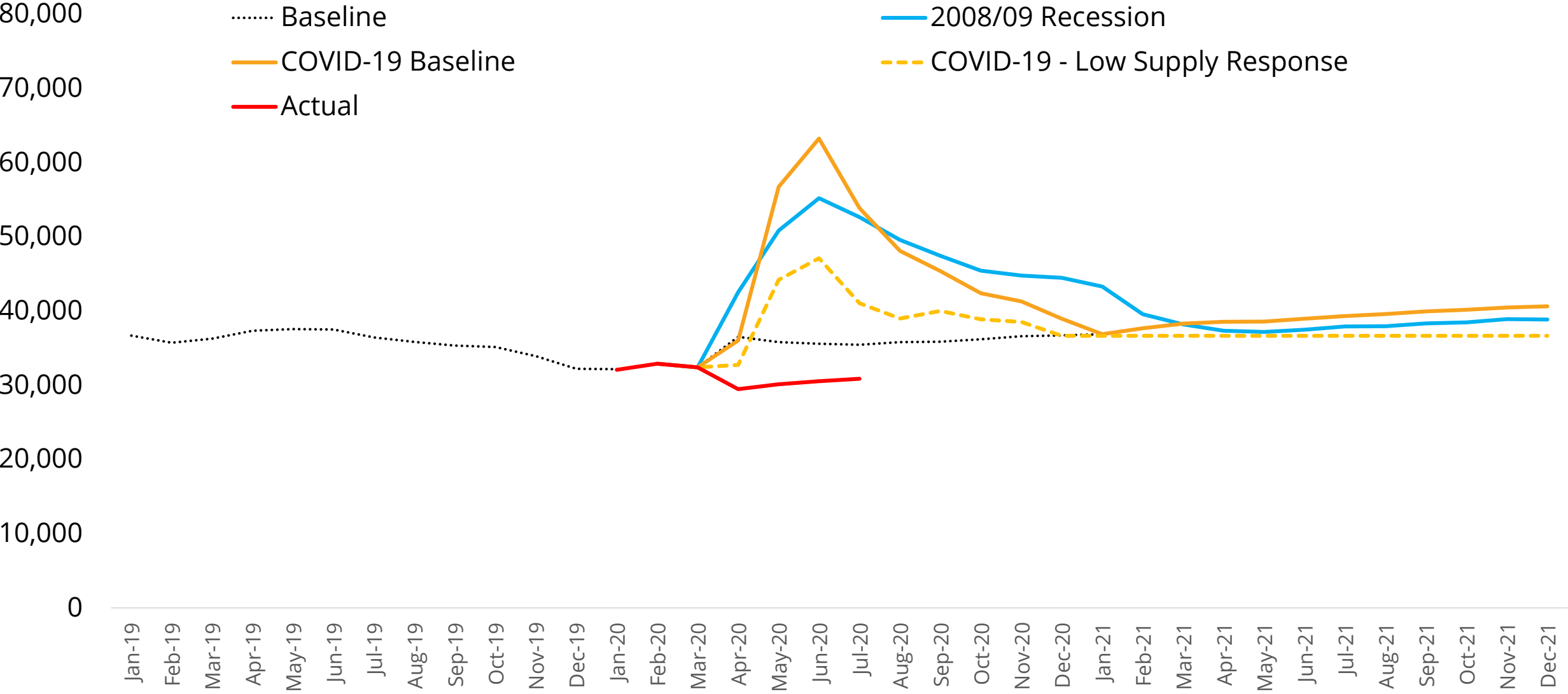


COVID-19 and Listings Activity



Source: BCREA Economics

COVID-19 and Listings Activity (BC)



Source: BCREA Economics

Deferrals Preventing Defaults



% Mortgage Arrears Rate

— With Deferrals — Without Deferrals

1.4

1.2

1

0.8

0.6

0.4

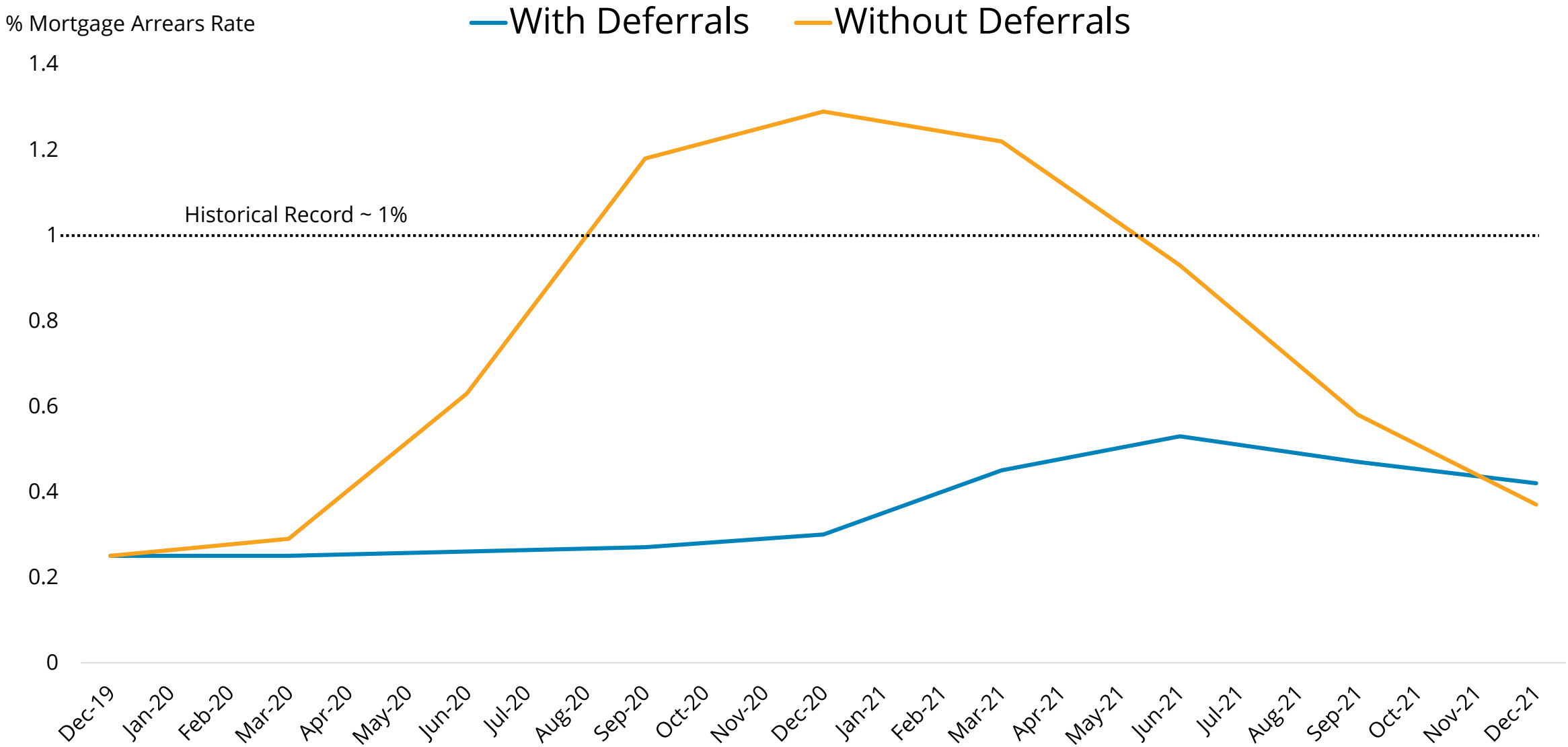
0.2

0

Historical Record ~ 1%

Dec-19 Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21 Feb-21 Mar-21 Apr-21 May-21 Jun-21 Jul-21 Aug-21 Sep-21 Oct-21 Nov-21 Dec-21

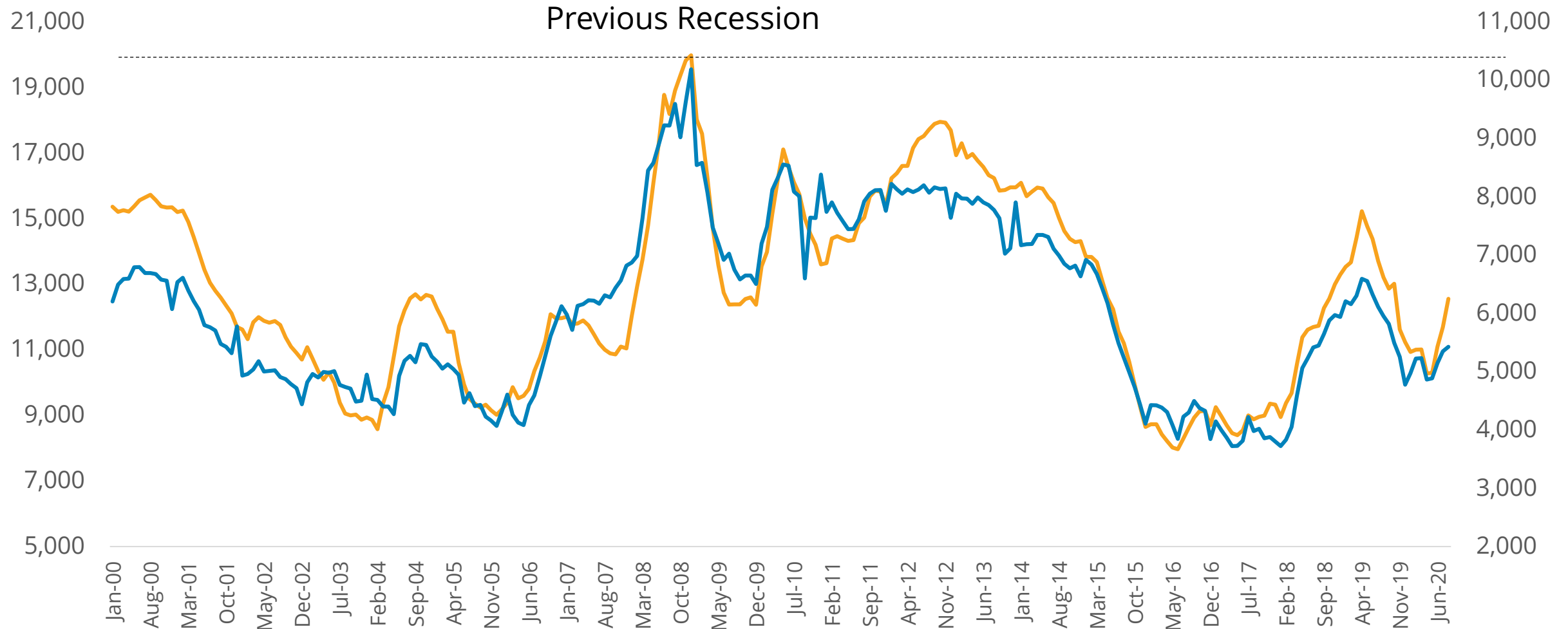
Source: Bank of Canada



Lower Mainland Resale Inventory



— REBGV (LHS) — FVREB (RHS)



MLS® Sales Forecast



2020/2021 Forecast:

MLS® Unit Sales

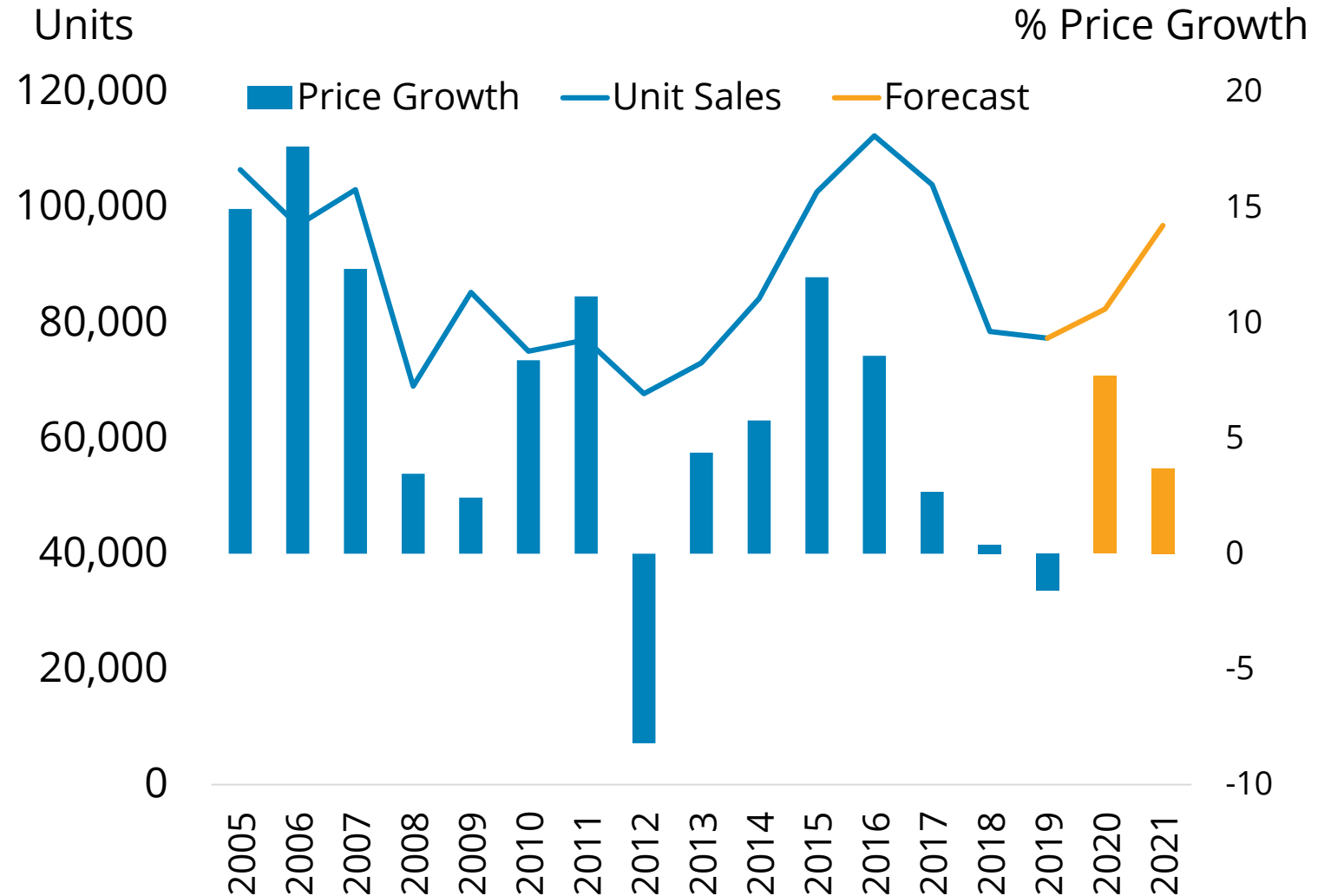
2020: 82,380 (+6.5%)

2021: 98,870 (+17.6%)

MLS® Avg. Price

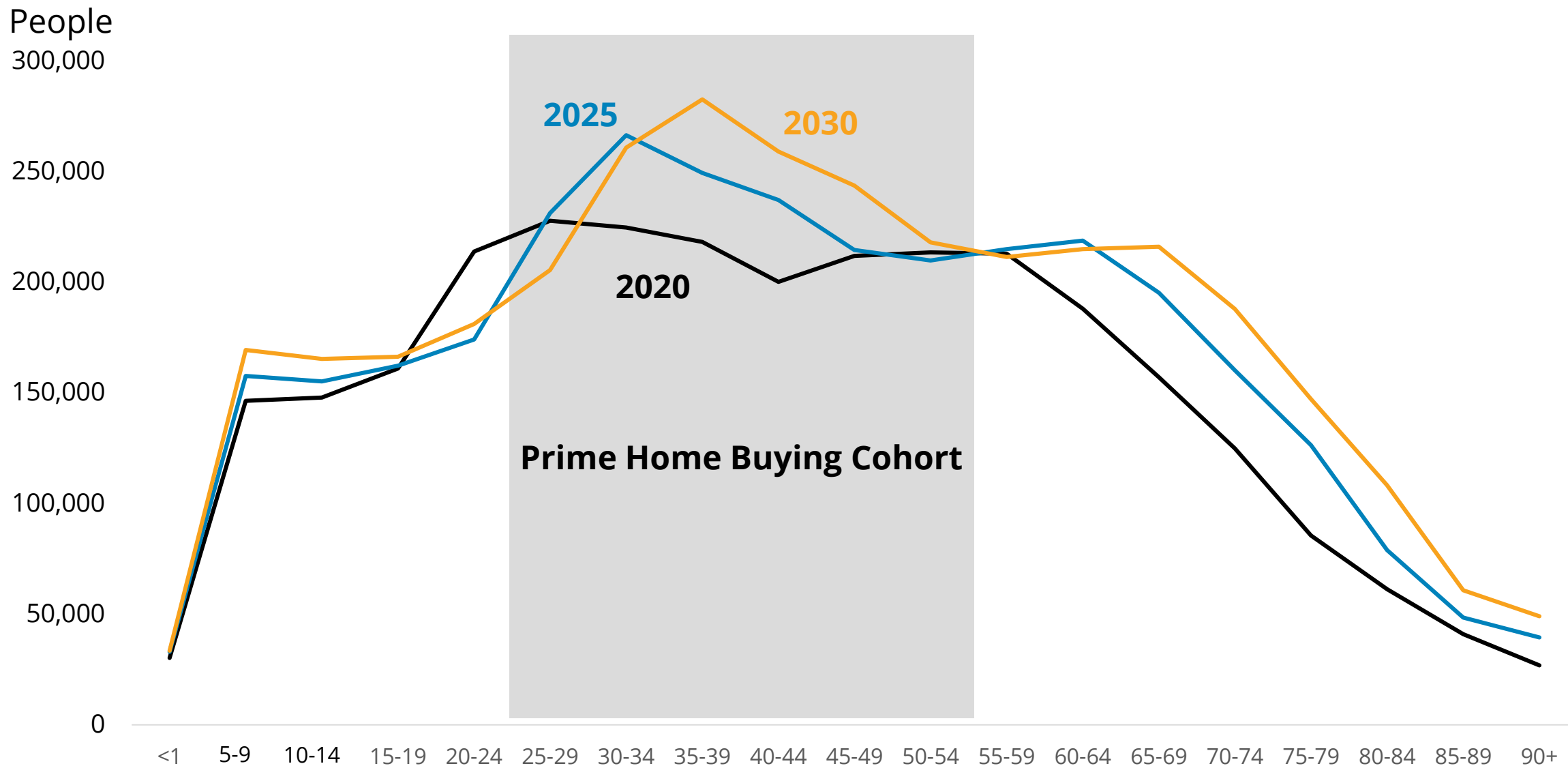
2020: \$754K (+7.7%)

2021: \$782K (+3.8%)



Lower Mainland Demographics

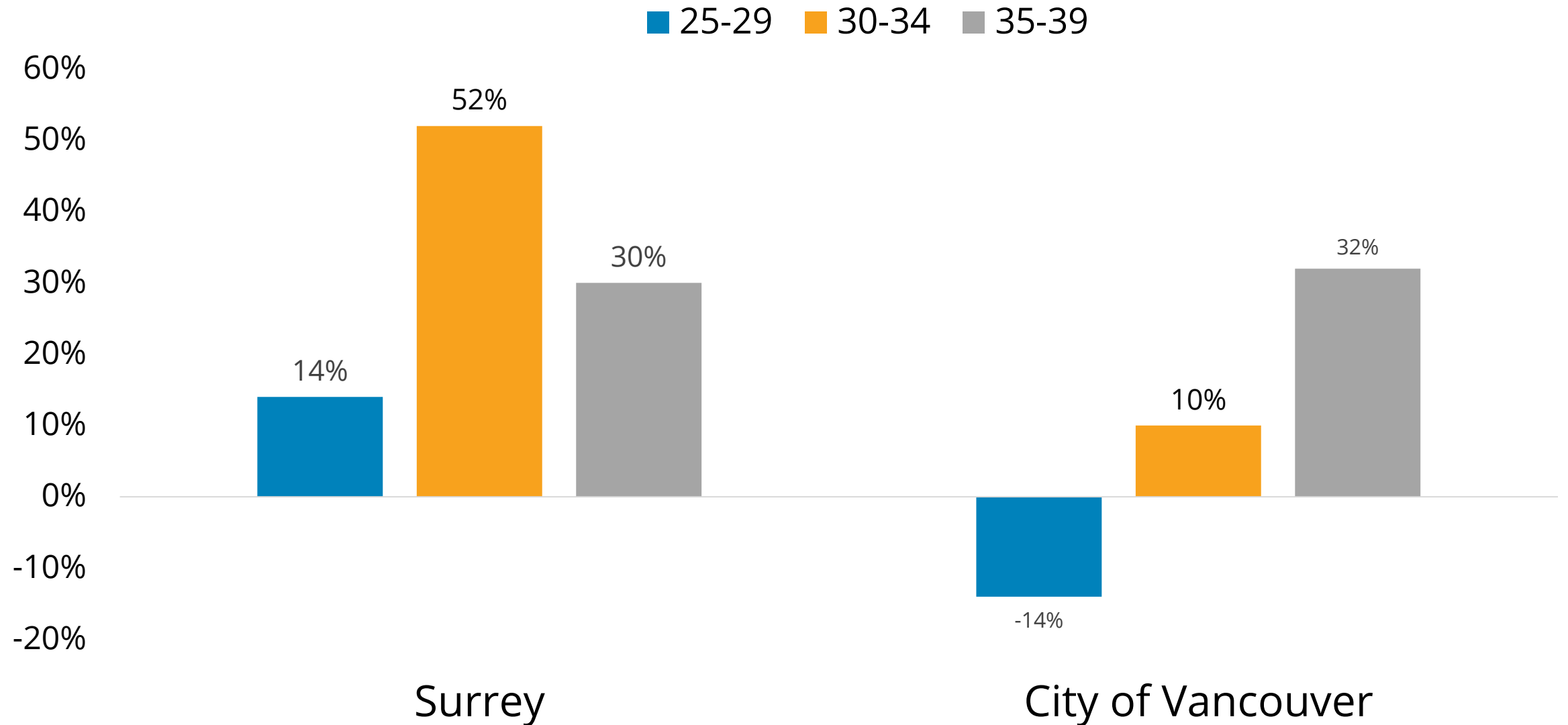
The Millennial Wave is Coming



Source: BC Stats

Population Growth by Age Cohort

2030 Demographic Projections

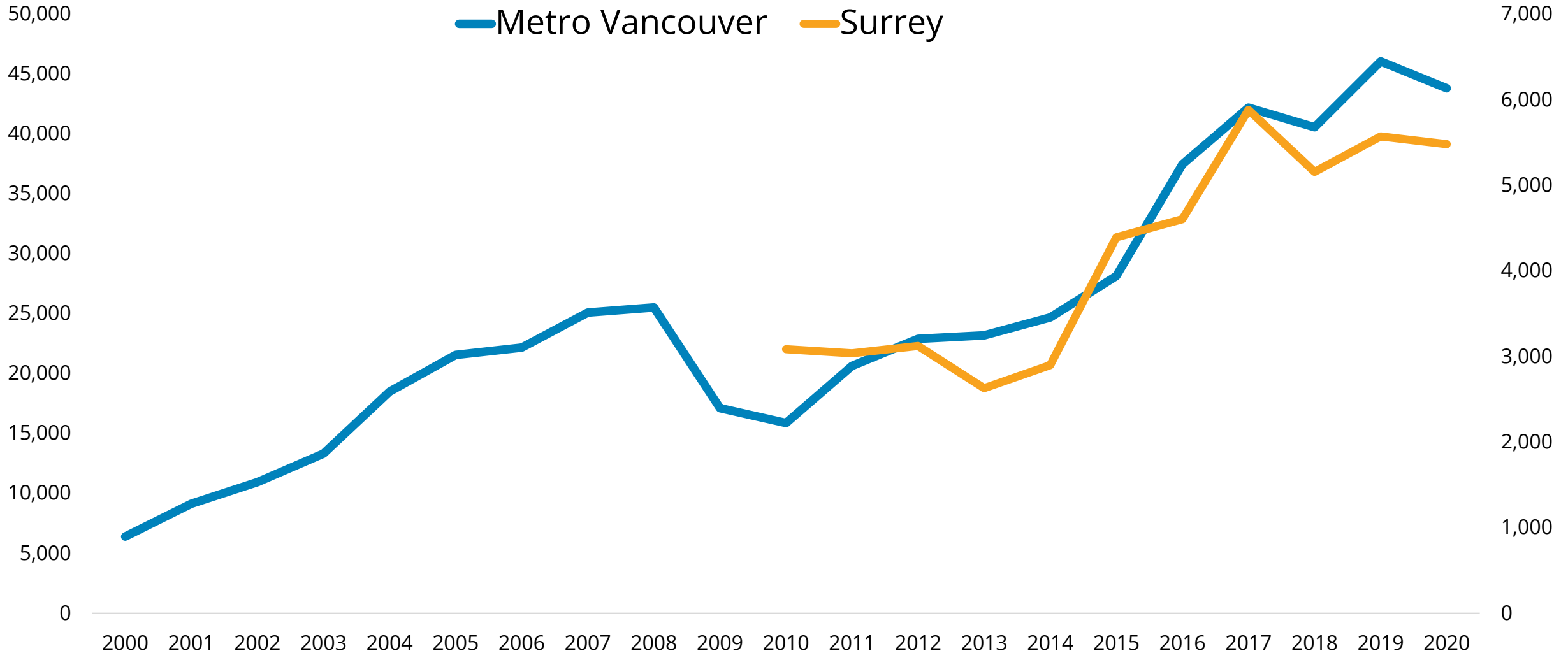


Record Units Under Construction



Units - Metro Vancouver

Units - Surrey



Construction – Average Time to Complete (Apartments)



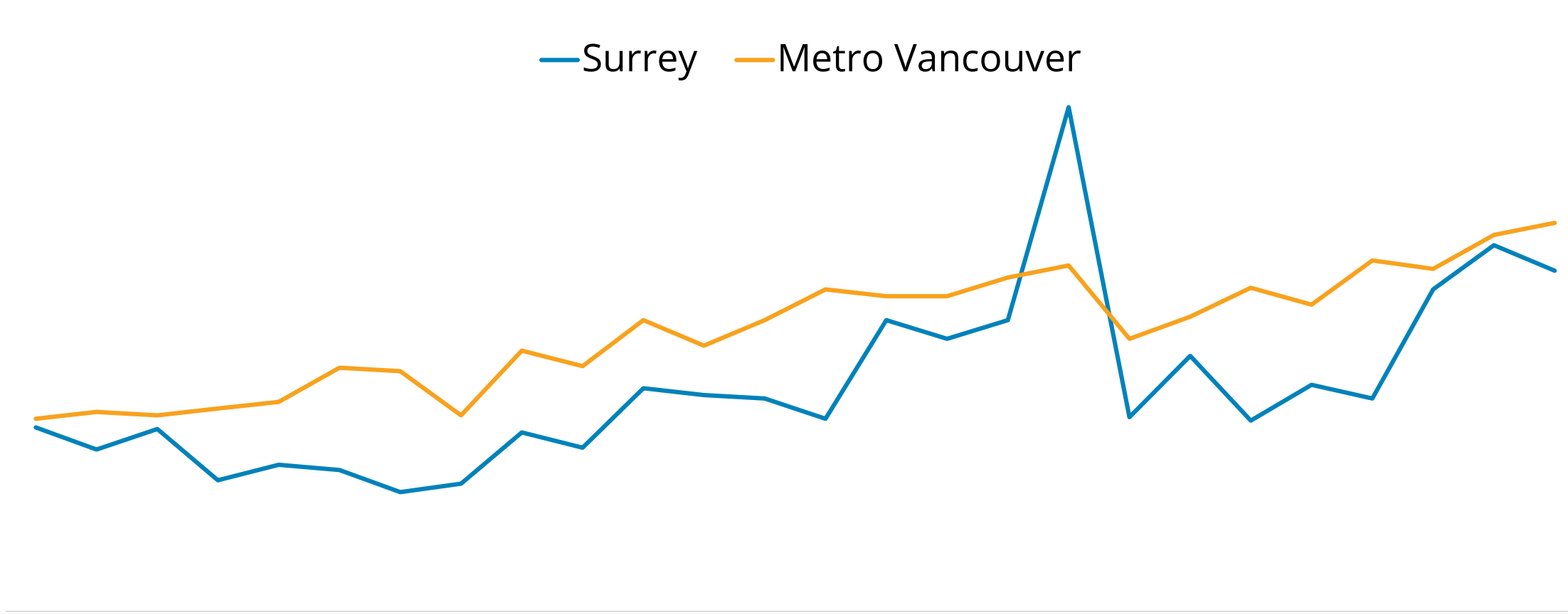
Months

35
30
25
20
15
10
5
0

—Surrey —Metro Vancouver

1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

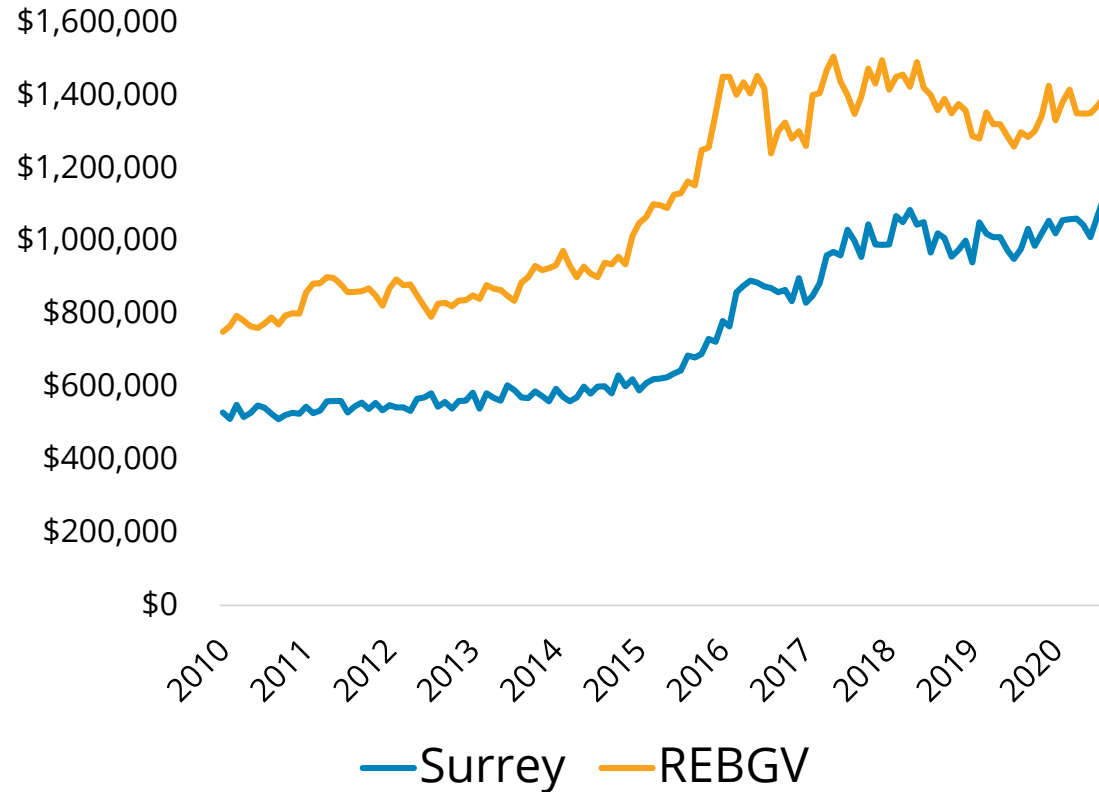
Source: CMHC



Home Prices: Surrey vs Rest of Metro-Vancouver



Single Family Prices Converging



Surrey Apartments Still More Affordable

