

2024 Crystal Ball Housing Forecast



VRBA's Annual Crystal Ball Housing Forecast featured presentations by:

- Laurie Lidstone, Chair, Victoria Real Estate Board
- Brendon Ogmundson, Chief Economist, BC Real Estate Association
- Braden Batch, Lead Economist, Canada Mortgage and Housing Corp.
- Casey Edge, Executive Director, VRBA

While interest rates will potentially start to decline in the spring, previous low rates are not expected. The forecast is 5.05% for a 5-year fixed by the end of 2024 with the stress test at 7.05%. After next year, the rate may be around 4.85%, still higher than the 3% average since 2010.

Taming inflation is the Bank of Canada's goal before setting lower rates. They should consider that high shelter costs feeding inflation are the result of inadequate housing supply, not overheated demand.

The Victoria Real Estate Board reports 2,132 active listings for sale at the end of December 2023, a 26.3% increase vs the 1,688 listings in December 2022. We are hovering in a balanced market and hope rising inventory levels offer more choice and selection for homebuyers.

The benchmark price for a single family home in Greater Victoria was \$1,134,600 in December 2023 a 2.5% increase over \$1,106,800 in December 2022.

High interest rates bumped many buyers out of the market, however they continue browsing, and lower interest rates in spring will provide them an opportunity to return. Almost 50% of all searchers on realtor.ca were between the ages of 25 to 44. Realtors report British Columbians represented 90% of purchasers, only 1% were from outside of Canada.

Total housing starts in Greater Victoria increased 4% to 4,992 in 2023 from 4,787 in 2022. There has been a major shift to rental projects over the last ten years. Large multi-family projects were up 17% while single family homes decreased 43% and missing middle (townhomes, duplexes) were down 23%.

New home construction numbers are similar to the 1970's, however the region's population has doubled. Greater Victoria has the disappointing distinction of being the most regulated region surveyed by CMHC vs Vancouver, Toronto, Montreal and others.

For 2024, the hope is BC's legislation enabling small multi-family projects on single family lots will boost supply.

Obstacles include expanded and rising Development Cost Charges (DCCs) and Community Amenity Contributions. The most recent example is the CRD's proposal to increase DCCs on new homes by as much as 78% for a new water supply plan.

An over-regulated community and fee increases are not in sync with the BC government's stated goal of more housing. To improve supply and housing in 2024, VRBA recommends a cap on municipal fees and regulations.



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