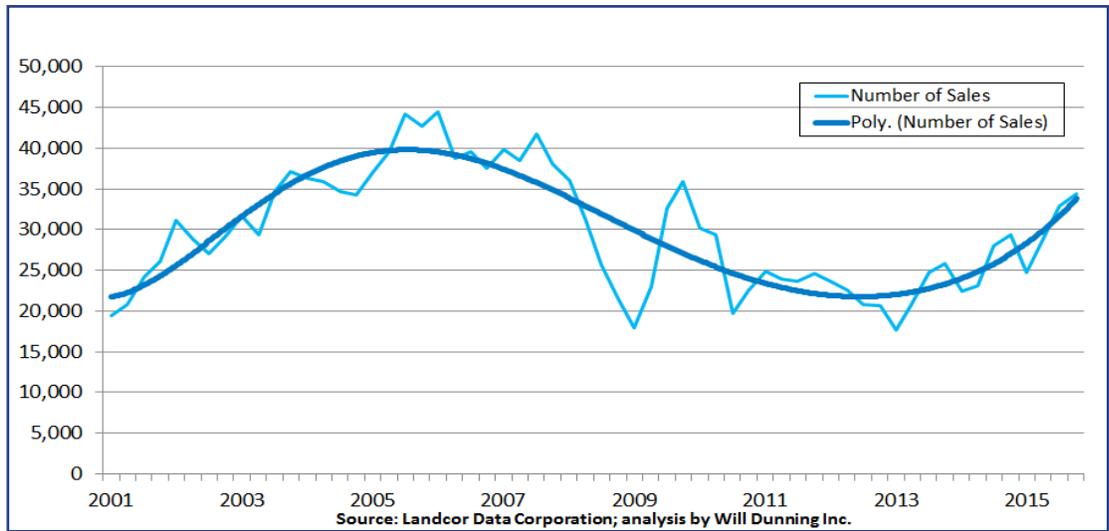


Report by economist WILL DUNNING. Will Dunning operates a consulting firm that specializes in analysis of housing markets.

## BC Housing Market Overview

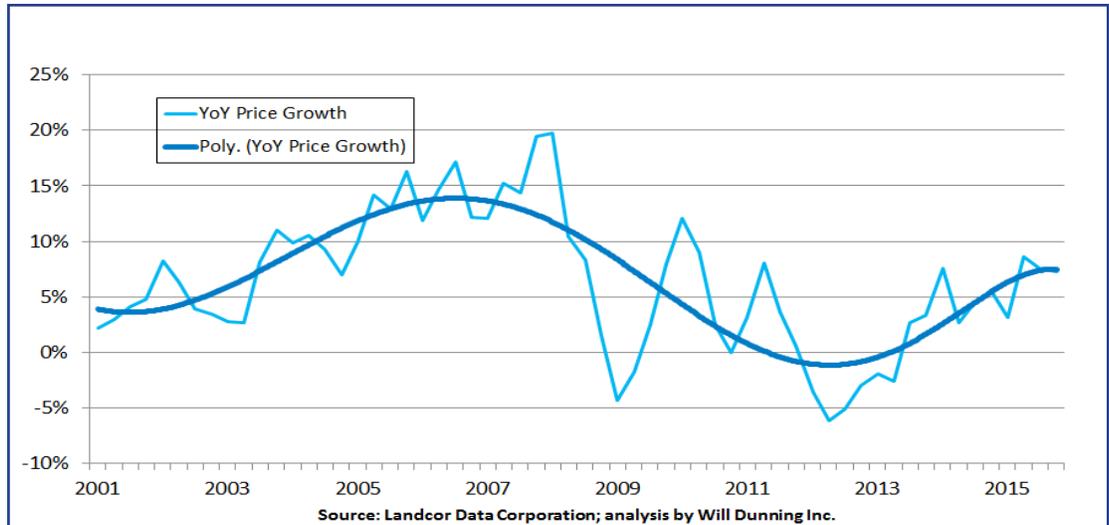
Landcor's data shows that activity continues to strengthen for BC's residential real estate, as the trend line for seasonally adjusted activity continues to rise. Yet, sales are still below the over-heated levels seen before the recession: the trend line is now about 15% below the pre-recession peak (in these charts "Poly." refers to a "polynomial" trend line that is generated by Excel).

**Residential Sales in BC / Seasonally-Adjusted**



Meanwhile, price growth remains very strong, with year-over-year growth at 7.3% as of Q4, 2015. Over the past decade, the median price has increased by an average of 5.3% per year (and the average price is up even more, by 6.6% per year).

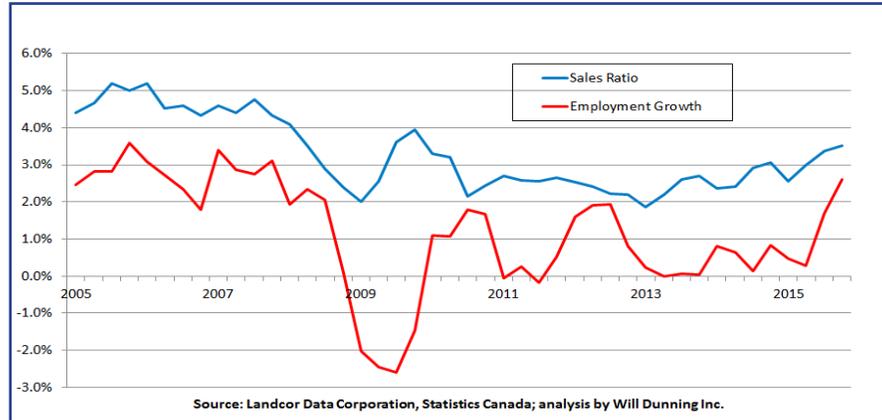
**Year-Over-Year Growth of the Median Sale Price in BC**



BC Housing Market Overview (cont'd)

I like to look at the sales data in another way, comparing sales to the size of the population. Since the population is expanding (and so is the inventory of housing that exists and can potentially be sold), we should expect that sales will trend upwards over time. Looking at this sales ratio (sales divided by the population of adults, as estimated by Statistics Canada's labour force survey) gives us a more complete perspective on sales relative to the potential. The chart below shows the history of that sales ratio. It shows that the current rate of about 3.5% is well below the pre-recession level (when the peak was slightly above 5.0%). This chart also contrasts the sales rate to the rate of job creation: job creation is one of the main "drivers" of housing demand and so we should expect to find that the rate of sales is statistically related to job growth. In that regard we can see that during the past few years, job growth has been quite slow. Before the recession, the rate of job creation was very strong, in the range of 3.0%. The reduction in the sales ratio compared to the pre-recession period can be attributed to the slowdown of job creation.

**Sales Ratio vs Job Growth in BC**

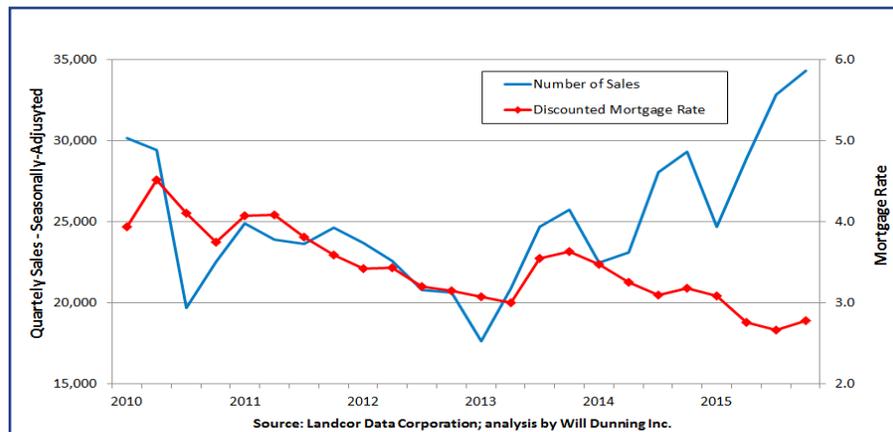


I fear that I need to add some complications to this discussion:

- Taking the employment data at face value, it appears that housing activity has recently been too strong. According to this data, job creation has averaged just 0.9% per year over the past five years. If that is correct, housing activity should currently be slowing, and the rising sales trend would be difficult to justify.
- But, the data on job creation from Statistics Canada's labour force survey can sometimes be wrong, and I think that's happening here.
- Statistics Canada has another survey of employment (the survey of employment, payrolls, and hours, which obtains data from companies). That data gets a lot less attention, because it comes out almost two months later. But, that data shows more consistent growth, averaging 1.8% per year over the past five years. If that second survey is more accurate, then the sales trend for BC is justified.

A further consideration is mortgage interest rates, which are also a "driver" of housing demand. As was discussed in the two prior editions of this report, recent very low mortgage interest rates are resulting in excellent affordability of home ownership in BC (and throughout Canada). The combination of strong, steady job growth and highly favourable affordability are continuing to support healthy levels of housing activity in British Columbia.

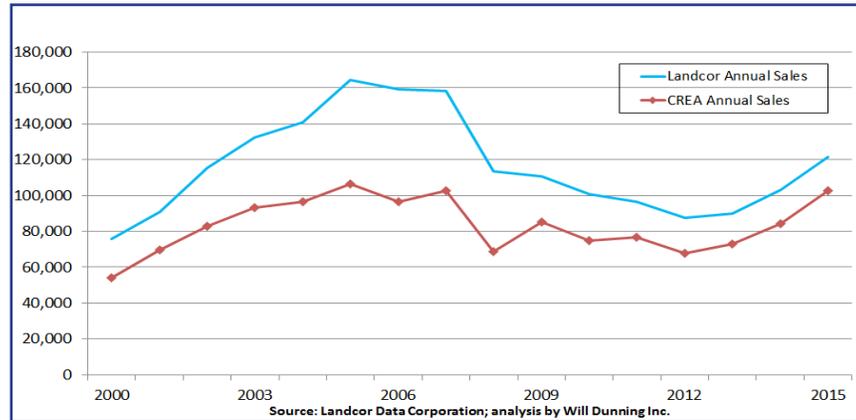
**House Sales in BC vs Mortgage Rates**



## Contrasting Housing Data

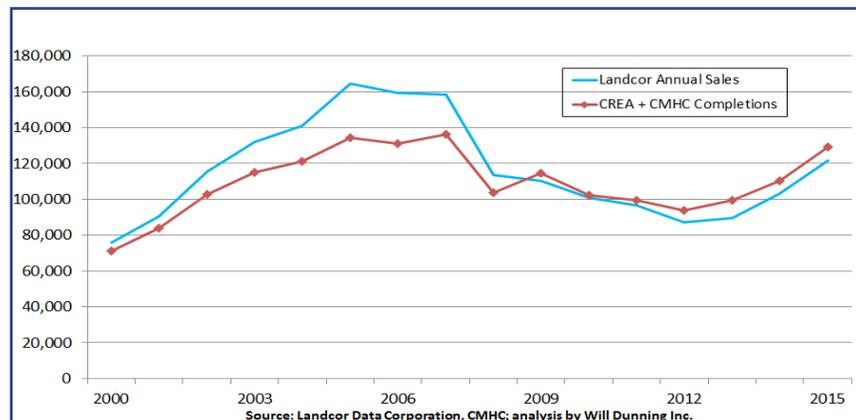
Media coverage of housing market trends frequently relies on data from the Canadian Real Estate Association (“CREA”). The chart below contrasts the numbers of sales reported by Landcor and CREA. As can be seen in this chart, Landcor consistently reports higher numbers of sales (and the gap was especially large during the pre-recession period).

### Residential Transaction in BC - Landcor vs CREA



The differences between the two sets of numbers appear to be mainly because the Landcor data also includes private, pre-sales and new homes that are captured by the land registry service (most new homes activity will be excluded from the CREA data, which is mostly sales of existing homes). The next chart therefore adds data from CMHC on housing completions to the CREA data: those combined totals should be quite similar to the Landcor data. As can be seen in this chart, the two data sets match quite well most of the time, except that there was a rising gap during the pre-recession period, which ultimately became very large. It is most likely that this gap was due to sales of existing homes that occurred outside of the CREA system. That phenomenon seems to have disappeared in the post-recession period. Note: There are exceptions to Landcor’s data whereby Reserve transactions may not be available.

### Residential Transaction in BC - Landcor vs CREA+ Completions



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*His website is [www.wdunning.com](http://www.wdunning.com).*

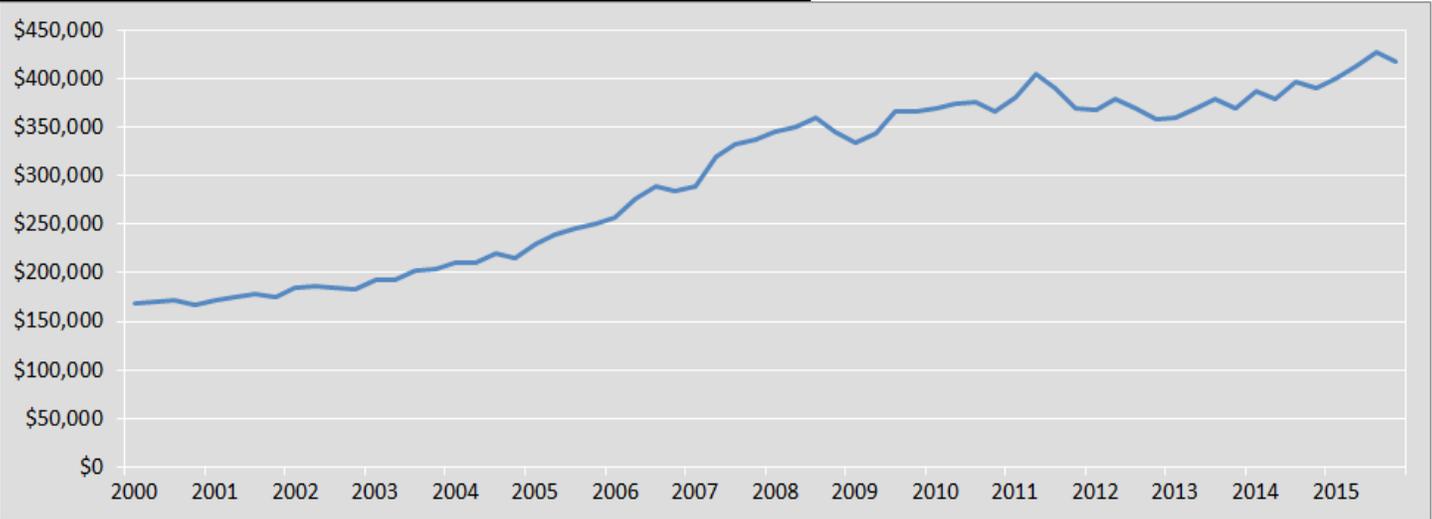


# BC Residential Sales Summary for Q4 2015

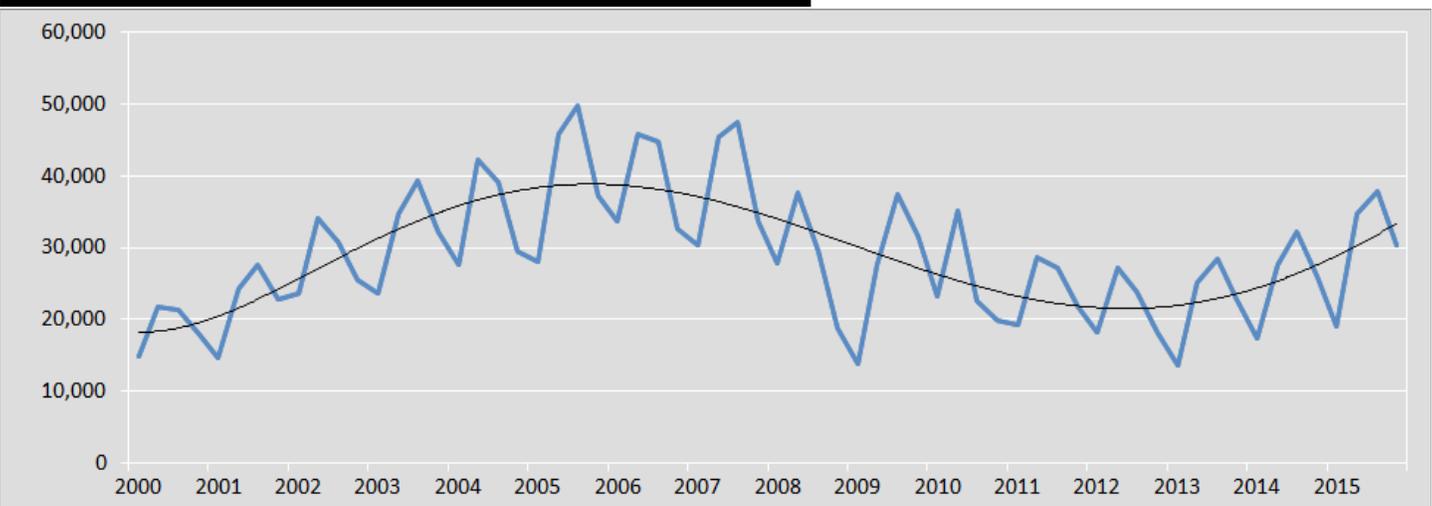
<sup>1</sup>% change Q3'2015- Q4'2015    <sup>2</sup>% change Q4'2014- Q4'2015

BC		Q4 2015	Q3 2015	% Chg <sup>1</sup>	Q4 2014	% Chg <sup>2</sup>
Number of Sales		30,271	37,822	-19.96%	25,866	17.03%
Total Value of Sales		\$18.62B	\$22.92B	-18.76%	\$14.11B	31.95%
Detached	Average	\$611,161	\$602,983	1.36%	\$539,424	13.30%
	Median	\$578,000	\$570,000	1.40%	\$515,000	12.23%
Condo	Average	\$350,565	\$347,884	0.77%	\$339,181	3.36%
	Median	\$350,000	\$350,000	0.00%	\$350,000	0.00%
Attached	Average	\$410,288	\$396,484	3.48%	\$377,629	8.65%
	Median	\$385,000	\$380,368	1.22%	\$364,900	5.51%

## Median Sale Prices/BC All



## Sales Counts/BC All



<sup>1</sup> % change Q3'2015- Q4'2015    <sup>2</sup> % change Q4'2014- Q4'2015

## Quarterly Sales

Gr. Vancouver		Q4 2015	Q3 2015	% Chg <sup>1</sup>	Q4 2014	% Chg <sup>2</sup>
Number of Sales		15,381	18,527	-16.98%	12,657	21.52%
Total Value of Sales		\$13.00B	\$15.52B	-16.28%	\$9.48B	37.07%
Detached	Average	\$1,114,357	\$1,047,053	6.43%	\$945,571	17.85%
	Median	\$1,042,900	\$967,750	7.77%	\$870,000	19.87%
Condo	Average	\$407,786	\$402,688	1.27%	\$386,306	5.56%
	Median	\$396,900	\$393,900	0.76%	\$380,900	4.20%
Attached	Average	\$522,901	\$509,643	2.60%	\$471,731	10.85%
	Median	\$516,250	\$495,000	4.29%	\$446,000	15.75%

## Monthly Sales

Gr. Vancouver		October	November	% Chg <sup>1</sup>	December	% Chg <sup>3</sup>
Number of Sales		5,545	5,255	-5.23%	4,581	-17.39%
Total Value of Sales		\$4.53B	\$4.54B	0.18%	\$3.92B	-13.46%
Detached	Average	\$1,094,512	\$1,093,507	-0.09%	\$1,168,352	6.75%
	Median	\$1,001,000	\$1,015,000	1.40%	\$1,127,000	12.59%
Condo	Average	\$387,963	\$404,167	4.18%	\$436,705	12.56%
	Median	\$375,000	\$405,000	8.00%	\$425,000	13.33%
Attached	Average	\$499,031	\$526,140	5.43%	\$551,366	10.49%
	Median	\$499,952	\$510,733	2.16%	\$538,476	7.71%

## Quarterly Sales

Vancouver Island		Q4 2015	Q3 2015	% Chg <sup>1</sup>	Q4 2014	% Chg <sup>2</sup>
Number of Sales		4,798	6,251	-23.24%	4,180	14.78%
Total Value of Sales		\$2.04B	\$2.58B	-21.08%	\$1.61B	26.90%
Detached	Average	\$432,996	\$439,263	-1.43%	\$409,725	5.68%
	Median	\$430,000	\$435,000	-1.15%	\$409,155	5.09%
Condo	Average	\$239,690	\$255,614	-6.23%	\$257,339	-6.86%
	Median	\$232,500	\$254,900	-8.79%	\$260,000	-10.58%
Attached	Average	\$338,670	\$322,101	5.14%	\$315,307	7.41%
	Median	\$338,500	\$326,500	3.68%	\$323,579	4.61%

## Monthly Sales

Vancouver Island		October	November	% Chg <sup>1</sup>	December	% Chg <sup>3</sup>
Number of Sales		1,768	1,659	-6.17%	1,371	-22.45%
Total Value of Sales		\$0.73B	\$0.69B	-5.66%	\$0.63B	-13.97%
Detached	Average	\$434,011	\$436,347	0.54%	\$427,121	-1.59%
	Median	\$432,500	\$430,000	-0.58%	\$429,000	-0.81%
Condo	Average	\$255,510	\$241,932	-5.31%	\$223,761	-12.43%
	Median	\$250,000	\$242,500	-3.00%	\$217,706	-12.92%
Attached	Average	\$333,157	\$342,264	2.73%	\$341,940	2.64%
	Median	\$342,000	\$340,000	-0.58%	\$335,000	-2.05%

<sup>1</sup>% change Q3'2015- Q4'2015 <sup>2</sup>% change Q4'2014- Q4'2015

## Quarterly Sales

Okanagan		Q4 2015	Q3 2015	% Chg <sup>1</sup>	Q4 2014	% Chg <sup>2</sup>
Number of Sales		3,566	5,214	-31.61%	3,463	2.97%
Total Value of Sales		\$1.28B	\$1.93B	-33.73%	\$1.20B	6.08%
Detached	Average	\$401,595	\$417,598	-3.83%	\$392,634	2.28%
	Median	\$406,750	\$420,000	-3.15%	\$391,900	3.79%
Condo	Average	\$220,213	\$234,177	-5.96%	\$214,760	2.54%
	Median	\$222,000	\$240,000	-7.50%	\$213,500	3.98%
Attached	Average	\$305,649	\$296,352	3.14%	\$300,844	1.60%
	Median	\$310,000	\$303,000	2.31%	\$301,000	2.99%

## Monthly Sales

Okanagan		October	November	% Chg <sup>1</sup>	December	% Chg <sup>3</sup>
Number of Sales		1,488	1,176	-20.97%	902	-39.38%
Total Value of Sales		\$0.54B	\$414.05M	-23.20%	\$324.12M	-39.88%
Detached	Average	\$405,272	\$402,885	-0.59%	\$393,663	-2.86%
	Median	\$405,000	\$411,500	1.60%	\$401,993	-0.74%
Condo	Average	\$231,418	\$205,331	-11.27%	\$222,237	-3.97%
	Median	\$235,000	\$199,950	-14.91%	\$225,000	-4.26%
Attached	Average	\$318,232	\$305,381	-4.04%	\$282,211	-11.32%
	Median	\$325,000	\$307,150	-5.49%	\$290,601	-10.58%

## Quarterly Sales

Fraser Valley		Q4 2015	Q3 2015	% Chg <sup>1</sup>	Q4 2014	% Chg <sup>2</sup>
Number of Sales		3,904	4,551	-14.22%	2,820	38.44%
Total Value of Sales		\$1.68B	\$2.06B	-18.32%	\$1.14B	47.53%
Detached	Average	\$528,101	\$520,448	1.47%	\$472,538	11.76%
	Median	\$523,649	\$519,000	0.90%	\$469,011	11.65%
Condo	Average	\$205,644	\$184,072	11.72%	\$180,594	13.87%
	Median	\$213,250	\$189,000	12.83%	\$185,000	15.27%
Attached	Average	\$315,996	\$304,864	3.65%	\$300,950	5.00%
	Median	\$316,730	\$312,000	1.52%	\$308,521	2.66%

## Monthly Sales

Fraser Valley		October	November	% Chg <sup>1</sup>	December	% Chg <sup>3</sup>
Number of Sales		1,356	1,462	7.82%	1,086	-19.91%
Total Value of Sales		\$0.58B	\$0.63B	8.25%	\$479.53M	-17.08%
Detached	Average	\$518,628	\$526,504	1.52%	\$544,688	5.02%
	Median	\$520,000	\$515,000	-0.96%	\$538,000	3.46%
Condo	Average	\$183,062	\$210,708	15.10%	\$222,606	21.60%
	Median	\$197,750	\$214,900	8.67%	\$233,250	17.95%
Attached	Average	\$313,556	\$314,910	0.43%	\$320,977	2.37%
	Median	\$315,500	\$318,798	1.05%	\$316,000	0.16%

<sup>1</sup>% change Q3'2015- Q4'2015 <sup>2</sup>% change Q4'2014- Q4'2015

## Quarterly Sales

BC North/NW		Q4 2015	Q3 2015	% Chg <sup>1</sup>	Q4 2014	% Chg <sup>2</sup>
Number of Sales		1,666	2,223	-25.06%	1,794	-7.13%
Total Value of Sales		\$385.86M	\$0.54B	-28.96%	\$434.26M	-11.15%
Detached	Average	\$265,727	\$271,297	-2.05%	\$259,734	2.31%
	Median	\$271,000	\$277,250	-2.25%	\$263,500	2.85%
Condo	Average	\$229,401	\$165,772	38.38%	\$214,215	7.09%
	Median	\$274,909	\$219,400	25.30%	\$266,375	3.20%
Attached	Average	\$219,039	\$201,553	8.68%	\$235,620	-7.04%
	Median	\$250,000	\$245,000	2.04%	\$229,900	8.74%

## Monthly Sales

BC North/NW		October	November	% Chg <sup>1</sup>	December	% Chg <sup>3</sup>
Number of Sales		676	549	-18.79%	441	-34.76%
Total Value of Sales		\$157.02M	\$131.79M	-16.07%	\$97.05M	-38.19%
Detached	Average	\$270,254	\$265,908	-1.61%	\$258,060	-4.51%
	Median	\$283,000	\$266,000	-6.01%	\$262,000	-7.42%
Condo	Average	\$225,960	\$225,660	-0.13%	\$251,232	11.18%
	Median	\$262,400	\$247,900	-5.53%	\$288,663	10.01%
Attached	Average	\$215,189	\$230,142	6.95%	\$208,862	-2.94%
	Median	\$235,000	\$252,000	7.23%	\$245,000	4.26%

## Quarterly Sale

Kootenay		Q4 2015	Q3 2015	% Chg <sup>1</sup>	Q4 2014	% Chg <sup>2</sup>
Number of Sales		956	1,056	-9.47%	952	0.42%
Total Value of Sales		\$238.36M	\$282.97M	-15.77%	\$243.82M	-2.24%
Detached	Average	\$277,408	\$294,727	-5.88%	\$285,836	-2.95%
	Median	\$286,500	\$310,000	-7.58%	\$290,000	-1.21%
Condo	Average	\$155,589	\$158,009	-1.53%	\$155,993	-0.26%
	Median	\$167,000	\$178,250	-6.31%	\$161,450	3.44%
Attached	Average	\$241,828	\$248,041	-2.51%	\$261,504	-7.52%
	Median	\$252,500	\$260,000	-2.88%	\$256,653	-1.62%

## Monthly Sales

Kootenay		October	November	% Chg <sup>1</sup>	December	% Chg <sup>3</sup>
Number of Sales		378	302	-20.11%	276	-26.98%
Total Value of Sales		\$95.29M	\$78.99M	-17.10%	\$64.08M	-32.75%
Detached	Average	\$278,749	\$293,013	5.12%	\$259,838	-6.78%
	Median	\$281,000	\$300,000	6.76%	\$270,000	-3.91%
Condo	Average	\$141,101	\$156,102	10.63%	\$174,495	23.67%
	Median	\$158,000	\$157,300	-0.44%	\$193,000	22.15%
Attached	Average	\$248,932	\$251,978	1.22%	\$217,192	-12.75%
	Median	\$245,000	\$275,500	12.45%	\$245,000	0.00%

# LANDCOR® DATA CORPORATION

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Rudy Nielsen, R.I., F.R.I.  
President and CEO

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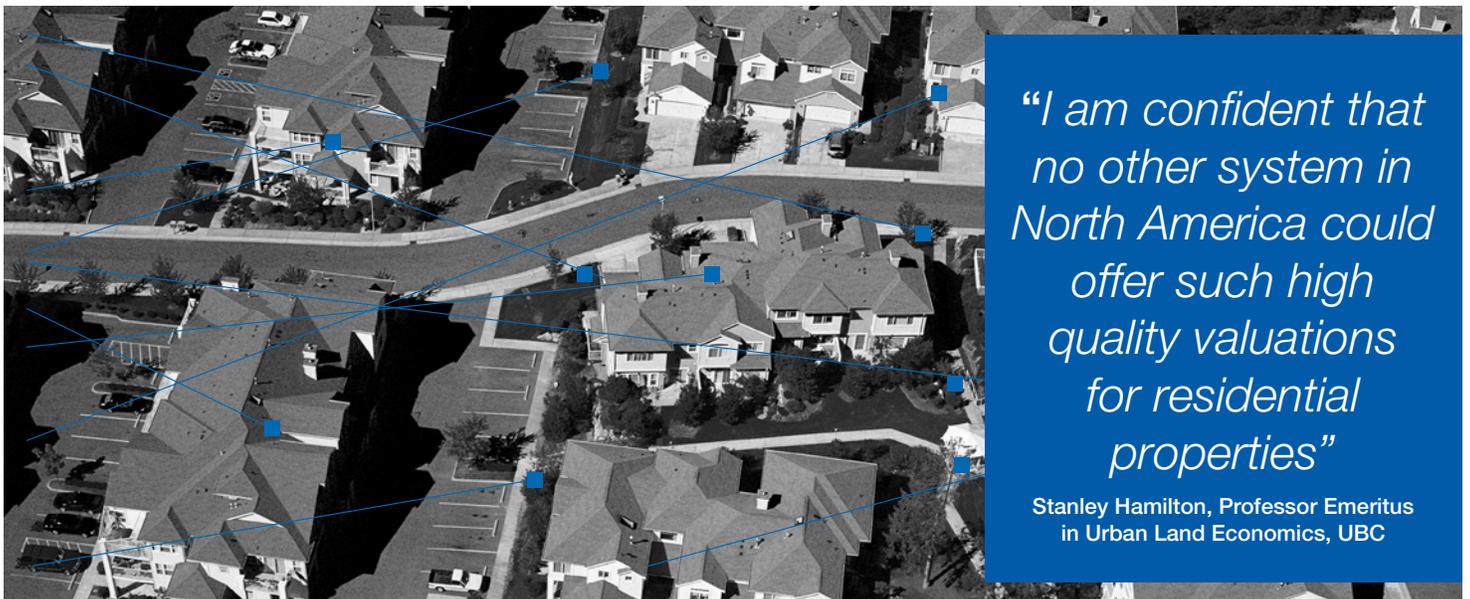
- BC Assessment data on 1.96 million properties,
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*"I am confident that no other system in North America could offer such high quality valuations for residential properties"*

Stanley Hamilton, Professor Emeritus  
in Urban Land Economics, UBC