



THE VANCOUVER LIFE

Real Estate Market Report

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THE VANCOUVER LIFE
REAL ESTATE GROUP



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Your Comprehensive Guide To Vancouver Real Estate Data

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01. Month In Review



Covid-19 Impacts to The Vancouver Real Estate Market

May 2020 was a very interesting month in real estate. The market began to show positive movement in the first half of the month and then as the province began to open up, more businesses put employees back to work as restaurants and some retail locations opened to the public.

Nationally, we now know that the Federal Government has injected an 82 billion dollar aid package into the economy to help ward off a financial collapse and it appears to be working. Despite the major Banks getting the go ahead to defer mortgages across Canada, only about 19% of Canadians have actually applied for the benefit. This means that the vast majority are still paying their mortgages as many employees learn to work from home.

Many people originally felt home prices would begin to fall but strikingly, they have persisted and remained constant, changing by only a few thousand dollars month over month. Why? Those who were able to continue to pay their rent have done so and smart investors have subsequently deferred their mortgages so they can earn a rental kickback. Furthermore, 87% of renters paid their rent in the month May and while there's been up to 15% unemployment nationally, only 5% of employment income has been eroded. As such, it's likely that 5% was not in the marketplace to buy a home to begin with.



Month In Review

Covid-19 Impacts to The Vancouver Real Estate Market

This positive movement was also felt in the real estate sector as sales numbers increased, inventory numbers rose with Seller's putting their places back on the market, Buyer activity has increased substantially as there have been many properties sold in multiple offer situations. The sales to active ratio for all property types is also on the rise as all property types, including single family homes move into a balanced market. This means for every 100 homes listed, between 12% and 20% of those homes are selling within a month of being on the market. The caveat to this is that all property types are actually trending towards a Sellers market.

There are several reasons why we are seeing a surge in buying and selling. Naturally, with the impact that Covid-19 has had, many Seller's are now seeing the May through September months as an opportunity to sell their homes and find a new one before the winter months and the fear of another potential lock down. With many companies and work places moving to a work from home model, those working from home are now assessing if their home fits their new lifestyle needs.

The other major reason we are seeing an increase in activity is because of the political unrest in Hong Kong that continues to take place. Many Agents have reported, especially in West Vancouver, that a number of the properties they have sold recently have been to people overseas as more money flows into the province. Globally, BC and Vancouver in particular has emerged as one of the top 100 cities in the world to live in since the Covid-19 epidemic. Furthermore our healthcare leadership has been praised globally, once again putting Vancouver on the map for the rest of the world as a safe, healthy and beautiful place to live. That coupled with a weakening Canadian dollar will make Vancouver an attractive place for people looking to relocate from around the globe.



CMHC New Rules Enforces Their Prediction

New Mortgage Qualification Rules To Tighten Even Further Starting July 1, 2020

In late May the CMHC (Canada Mortgage and Housing Corporation) made the dire prediction that home prices across Canada would drop 9% - 18% over the next 12 months. This prediction was largely scoffed at by Realtors and bullish lenders. But then on June 5th the CMHC introduced new qualification rules that may make their prediction a reality.

The new changes are as follows:

- Maximum gross debt service (GDS) ratio drops from 39 to 35
- Maximum total debt service (TDS) ratio drops from 44 to 42
- Minimum credit score rises from 600 to 680
- Borrowed down payments will be banned

This effectively lowers a borrowers qualifying amount by around 11% for insured mortgages.

This type of move is normally seen when prices are increasing, not when they are declining. In a market already stalled by the pandemic, the results may be deep and long lasting.

The move ultimately makes it harder for riskier borrowers, who offer downpayments of less than 20% to access CMHC's default mortgage insurance.

Is the purpose of the new requirements to limit the risk & exposure to the market? Because if that's the intent, it appears that first time Buyers looking to get into the market are going to be pushed out again (much like they were with the stress test). Early figures suggest this policy will decrease buying power by a further 10%. Insured mortgages exist so that those without the required 20% down payment can still get into the market but as prices remain stable and activity increases, CHMC is now largely limiting entry level Buyers from getting in. In the short run, those affected by the insured mortgage requirement changes will see a push to buy through the month of June before they take effect on July 1st.

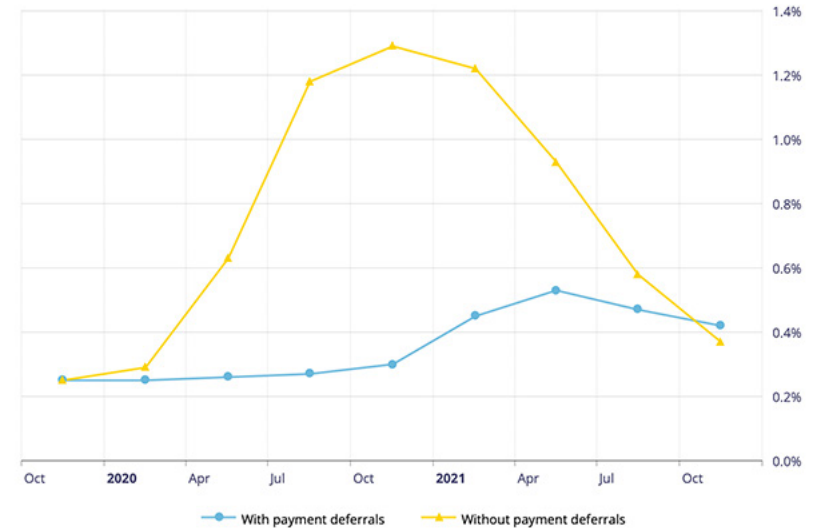
Mortgage Arrears Prediction

Bank Of Canada Expects Mortgage Arrears To Peak At 0.5% In Q2 2021

Most lenders in Canada are allowing households affected financially by COVID-19 to defer payments for up to six months. That means the state of the labour market at the end of the six-month deferral period will ultimately determine mortgage arrears. To put into perspective just how important this factor is, the Bank of Canada created a simulation that shows mortgage arrears with and without payment deferrals.

Without deferrals, the mortgage arrears rate reaches a peak of 1.3%. This is slightly higher than the historical peak of 1% witnessed in the early 1980s. Once we account for payment deferrals, the picture is much more favourable. With deferrals, the arrears rate remains relatively flat over much of 2020, eventually rising to a peak of 0.5% in the second quarter of 2021. The increase in arrears in 2021 occurs because, with the assumed four-quarter labour market recovery, the unemployment rate does not fully recover once the six-month deferral period ends.

Chart 5: Simulated mortgage arrears rate





Greater Vancouver Real Estate Stats

Prices stable while volume increases from April, still well below the 10 year average

The average Metro Vancouver home price remained stable through the second month of quarantine, dropping by only \$400. This is the first decrease in average prices in 7 months.

Average home prices are up \$28,600 or 2.8% year-over-year.

Volume picked up 33.9% from last month, totalling 1,485 homes sold, though this is a 43.7% decrease from May 2019. Last month's sales were also 54.4% below the 10-year May sales average.

New listings performed similarly with 3,684 new properties becoming available in May 2020. This represents a 37.1% decrease compared to the 5,861 homes listed in May 2019 and a 59.3% increase compared to April 2020 when 2,313 homes were listed.

The total number of homes currently listed for sale in Metro Vancouver is 9,927, a 32.4% decrease compared to May 2019 (14,685) and a 5.7% increase compared to April 2020 (9,389).

Home sales and listing activity is down compared to typical levels and up compared to the activity we saw in April 2020. Notably, the vast majority of the sales in May happened in the last 2 weeks of the month, right after the quarantine restrictions were eased.

For all housing types, the sales-to-active listings ratio for May 2020 is 15% - a Balanced Market. By housing type, the ratio is 13.5% for detached homes, 18.9% for townhomes, and 14.8% for apartments.

Downward pressure on home prices occurs when the ratio dips below 12% for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.

Greater Vancouver Real Estate Stats

Average Property Prices

Average home prices in Metro Vancouver remained almost unchanged from April, dropping only \$400. This marks the first decrease in average prices in the past 7 months.

Prices are up year-over-year by \$28,400 or 2.8%.



ALL PROPERTY TYPES

AVERAGE SALE PRICE

\$1,028,400

MAY 2019: \$999,800

Y/Y CHANGE

2.8%

+ \$28,400



MLS® HPI Price

\$1.03M

\$1.02M

\$1.01M

\$1.00M

\$0.99M

\$0.98M

REBGV

1-2019

1-2020

Greater Vancouver Real Estate Stats

Total Volume of Property Sales

Home sales increased 33.9% in May over April, with 1,485 properties selling.

This also represents a 43.7% decrease from the 2,638 sales recorded in May 2019..

HOMES SOLD

1,485

MAY 2019: 2,638

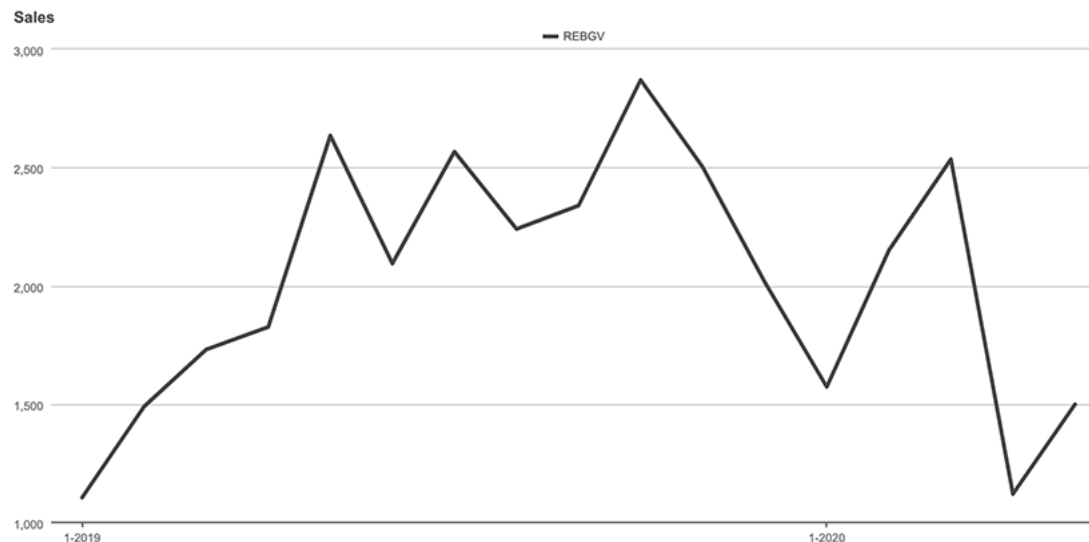
Y/Y CHANGE

43.7%

- 1,153



ALL PROPERTY TYPES



Greater Vancouver Real Estate Stats

Newly Listed Homes

There were 3,684 properties newly listed for sale in Metro Vancouver in May 2020.

This represents a 37.1% decrease compared to the 5,861 homes listed in May 2019 and a 59.3% increase compared to April 2020 when 2,313 homes were listed.

May 2020 registered the lowest new listings for the month in over 15 years.



ALL PROPERTY TYPES

NEWLY LISTED

3,684

MAY 2019: 5,861

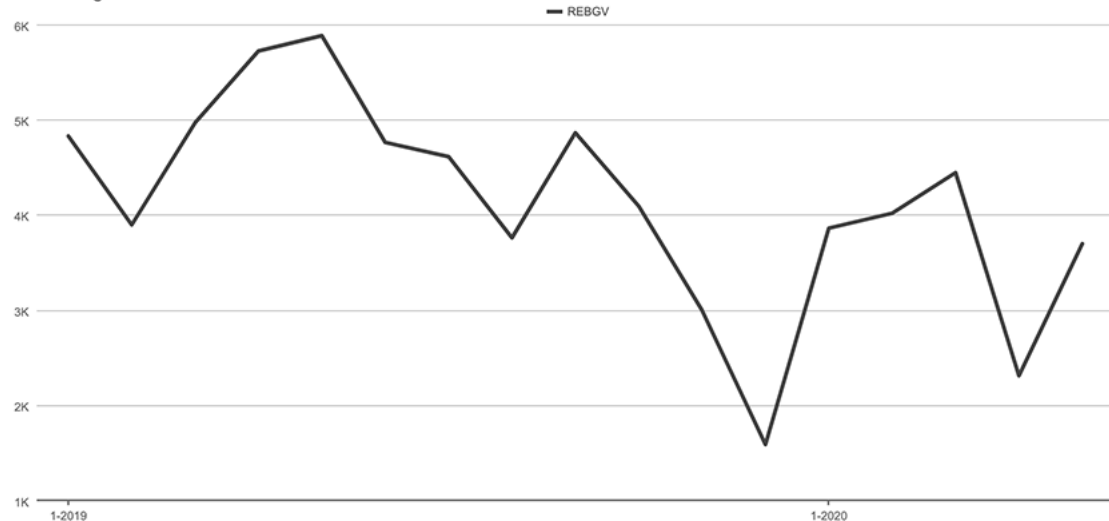
Y/Y CHANGE

37.1%

- 2,177



New Listings



Greater Vancouver Real Estate Stats

Total Inventory

The total number of homes currently listed for sale in Metro Vancouver is 9,927, a 32.4% decrease compared to May 2019 (14,685) and a 5.7% increase compared to April 2020 (9,389).

Inventory is well below the 10-Year Average.



ALL PROPERTY TYPES

TOTAL INVENTORY

9,927

MAY 2019: **14,685**

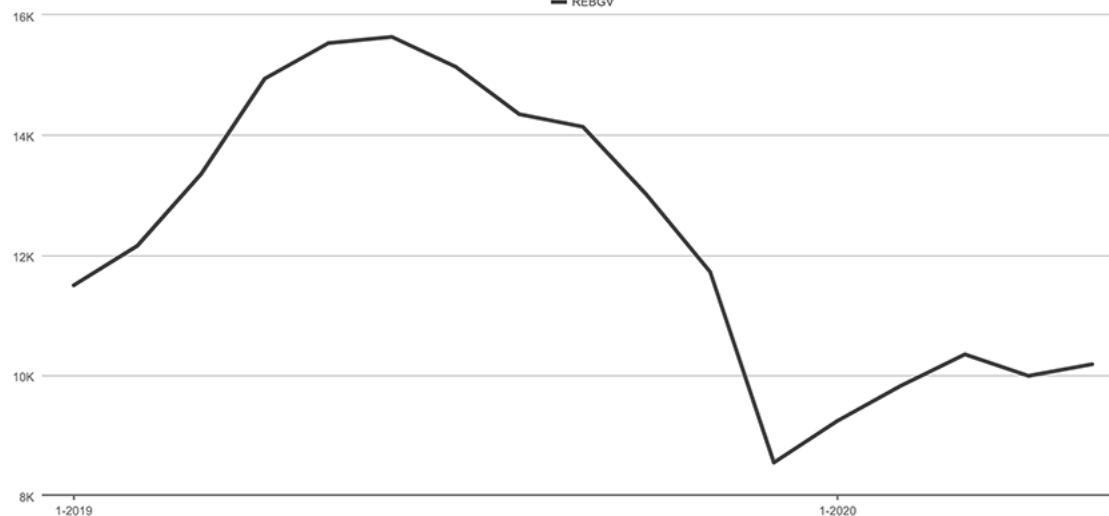
Y/Y CHANGE

32.4%

- 4,758



Total Inventory



Greater Vancouver Real Estate Stats

Sales to Active Listings Ratio

For all housing types, the sales-to-active listings ratio for May 2020 is 14.7%. A Balanced Market.

By housing type, the ratio is 13.5% for detached homes, 18.9% for townhomes, and 14.8% for apartments.

Downward pressure on home prices occurs when the ratio dips below 12 % for a sustained period, while home prices often experience upward pressure when it surpasses 20% over several months.



ALL PROPERTY TYPES

SALES RATIO

14.7%

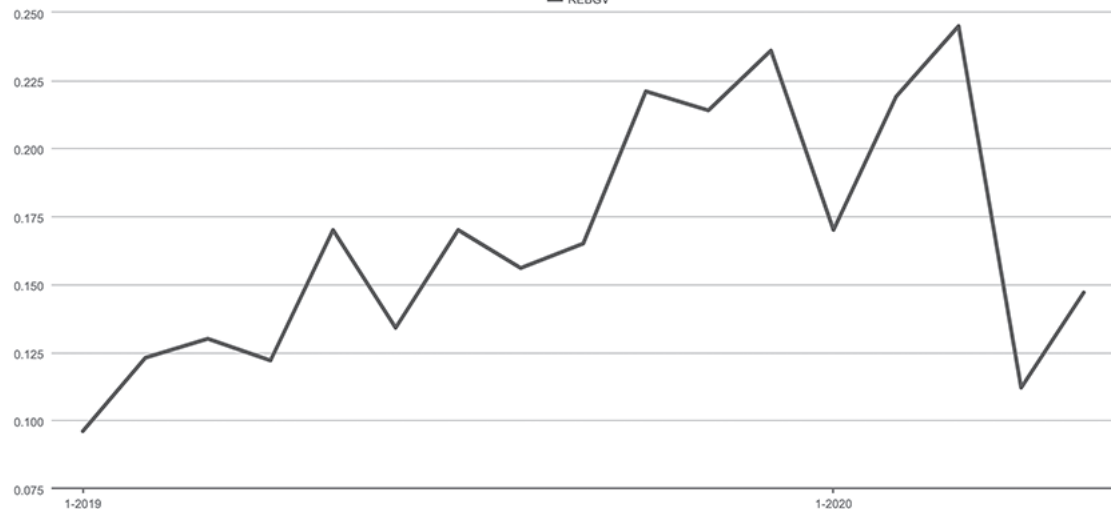
MAY 2019: 17%

Y/Y CHANGE

2.3%

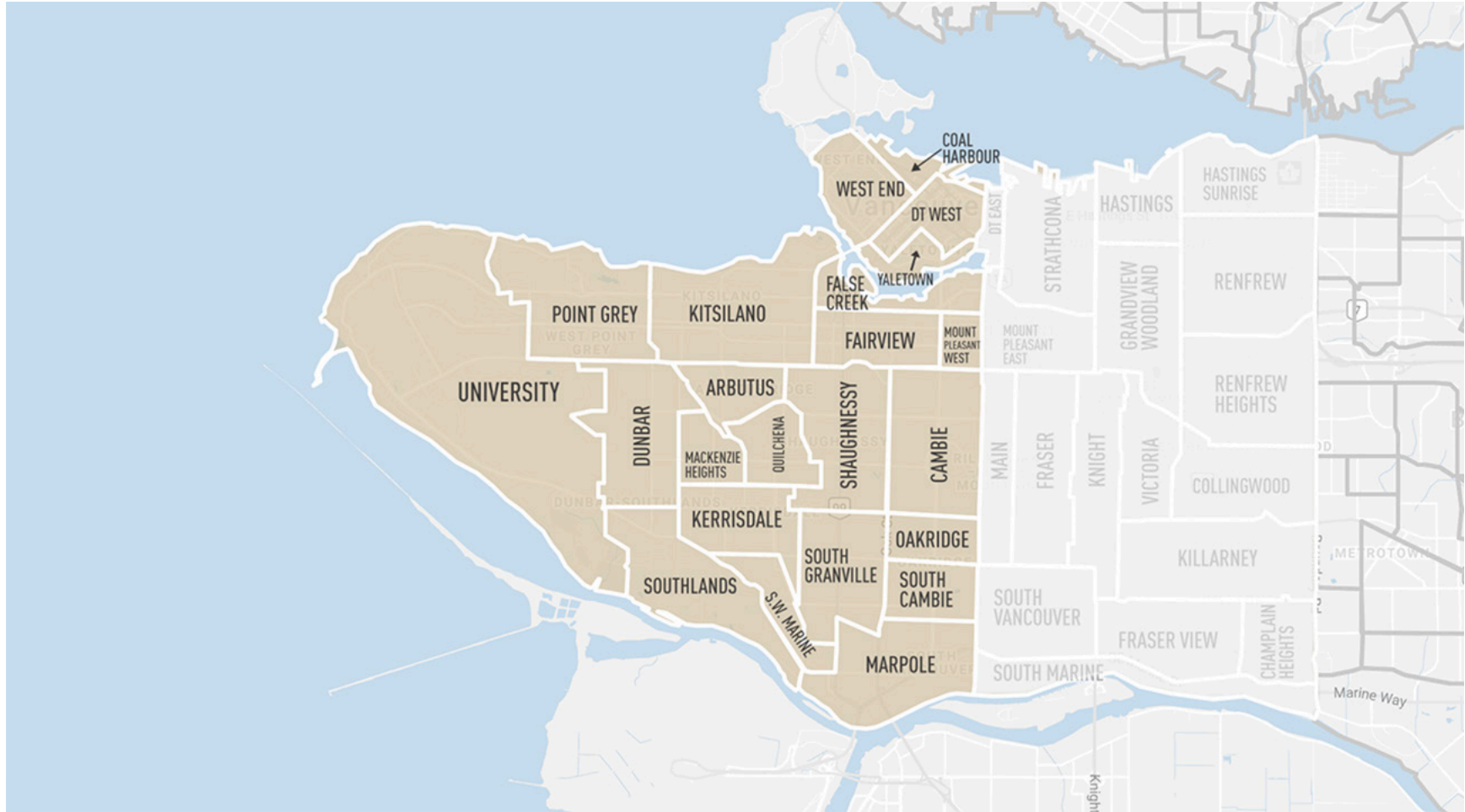


Sales to Actives Ratio



Vancouver West Real Estate Stats

A Focused Look At How The Vancouver West Market Performed In April





Vancouver West Detached Stats
APRIL 2020

Vancouver West Real Estate Stats : Detached

Average Property Prices for the Detached Home Market

Detached homes in the Vancouver West area saw prices increase for a third straight month. This added to the year-over-year performance which saw an above average gain of \$113,500 or 3.8%

AVERAGE SALE PRICE

\$3,041,100

MAY 2019: \$2,927,600

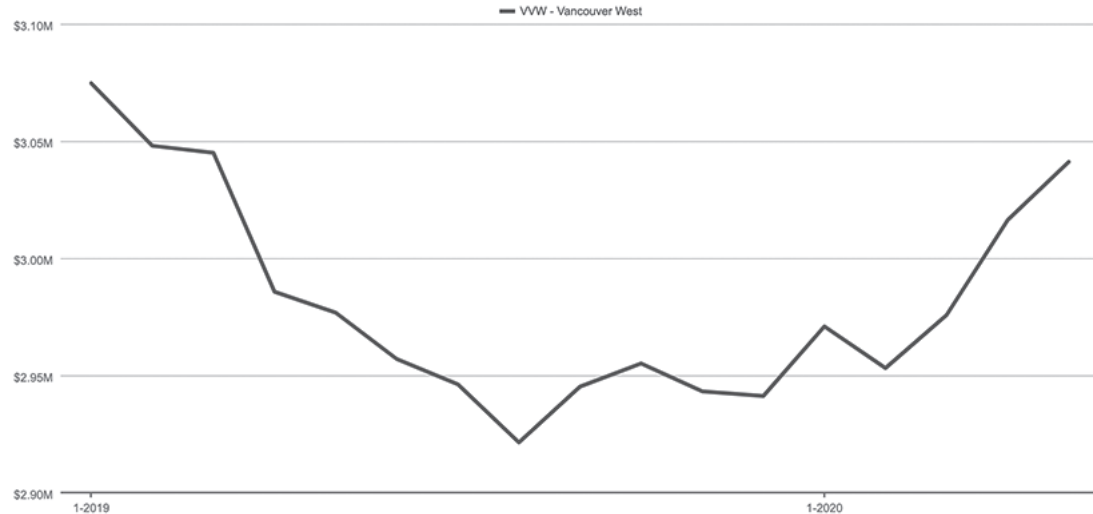
Y/Y CHANGE

3.8%

+ \$113,500



MLS® HPI Price



Vancouver West Real Estate Stats : Detached

Total Sold, Listed, Inventory & Sales Ratio For Detached Homes In The Region

All indicators outside of the average price point dropped in May. The market 'freeze' continued with large reductions in sales volumes, new listings and total inventory.

The only indicator which didn't move was the Sales Ratio, which remains in Sellers Market Territory.



HOMES SOLD

52

MAY 2019: 86

Y/Y CHANGE

39.6%

- 34



NEWLY LISTED

116

MAY 2019: 220

Y/Y CHANGE

47.3%

-104



TOTAL INVENTORY

467

MAY 2019: 777

Y/Y CHANGE

39.9%

- 310



SALES RATIO

11.1%

MAY 2019: 11.1%

Y/Y CHANGE

0%



Vancouver West Townhome Stats

APRIL 2020



Vancouver West Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

Townhome prices tick upwards slightly in May, ending a 3 month price slide. Year-over-year prices edge slightly upwards as well gaining \$9,000 or 0.8% on the year.

AVERAGE SALE PRICE

\$1,125,000

MAY 2019: \$1,116,000

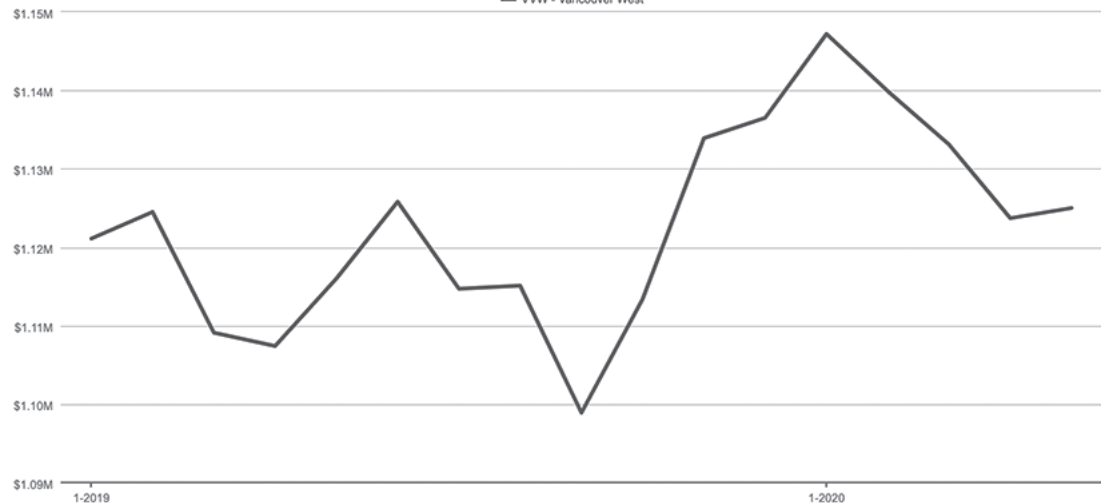
Y/Y CHANGE

0.8%

+ \$9,000



MLS® HPI Price



Vancouver West Real Estate Stats : Townhome

Average Property Prices for the Townhome Market

All indicators outside of the average price point and Sales Ratio dropped in May. The market 'freeze' continued with large reductions in sales volumes, new listings and total inventory.

The Sales Ratio at 16.6% places townhomes in a Balanced Market.



HOMES SOLD

30

MAY 2019: 48

Y/Y CHANGE

37.5%

- 18



NEWLY LISTED

67

MAY 2019: 121

Y/Y CHANGE

44.7%

- 54



TOTAL INVENTORY

174

MAY 2019: 304

Y/Y CHANGE

42.8%

- 130



SALES RATIO

16.6%

MAY 2019: 15.8

Y/Y CHANGE

0.8%





Vancouver West Condo Stats

APRIL 2020

Vancouver West Real Estate Stats : Condo

Average Property Prices for the Condominium Market

Vancouver West Condo prices decreased for the second month in a row, but performed the strongest year-over-year with a \$42,800 or 5.6% annual increase.

Sub \$800k condo's continue to be the most sought after property type in the region.



AVERAGE SALE PRICE

\$801,300

MAY 2019: \$758,500

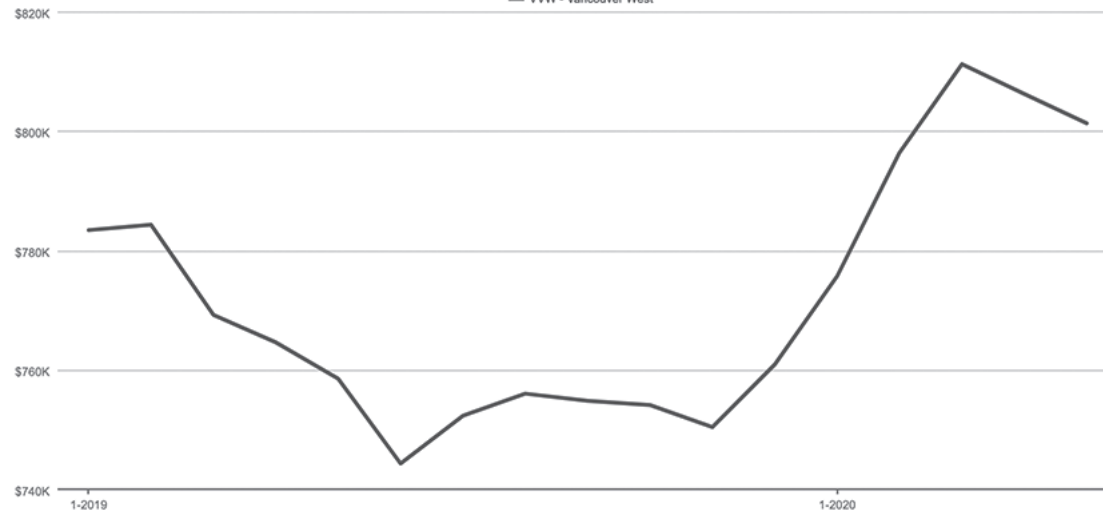
Y/Y CHANGE

5.6%

+ \$42,800



MLS® HPI Price



Vancouver West Real Estate Stats : Condo

Average Property Prices for the Condominium Market

While all indicators other than price were down year-over-year, do take notice of the increased listings. It was the closest performer to last years numbers and indicates an increase in seller activity. As the property type is in the lower end of a Balanced market, we'll be watching this closely to see if Condo's enter a Sellers market for the first time since January 2019. (Other than last month of course)



HOMES SOLD

178

MAY 2019: 319

Y/Y CHANGE

44.3%

- 141



NEWLY LISTED

546

MAY 2019: 600

Y/Y CHANGE

9.0%

-54



TOTAL INVENTORY

1,256

MAY 2019: 1,804

Y/Y CHANGE

30.4%

- 548



SALES RATIO

14.1%

MAY 2019: 17.7%

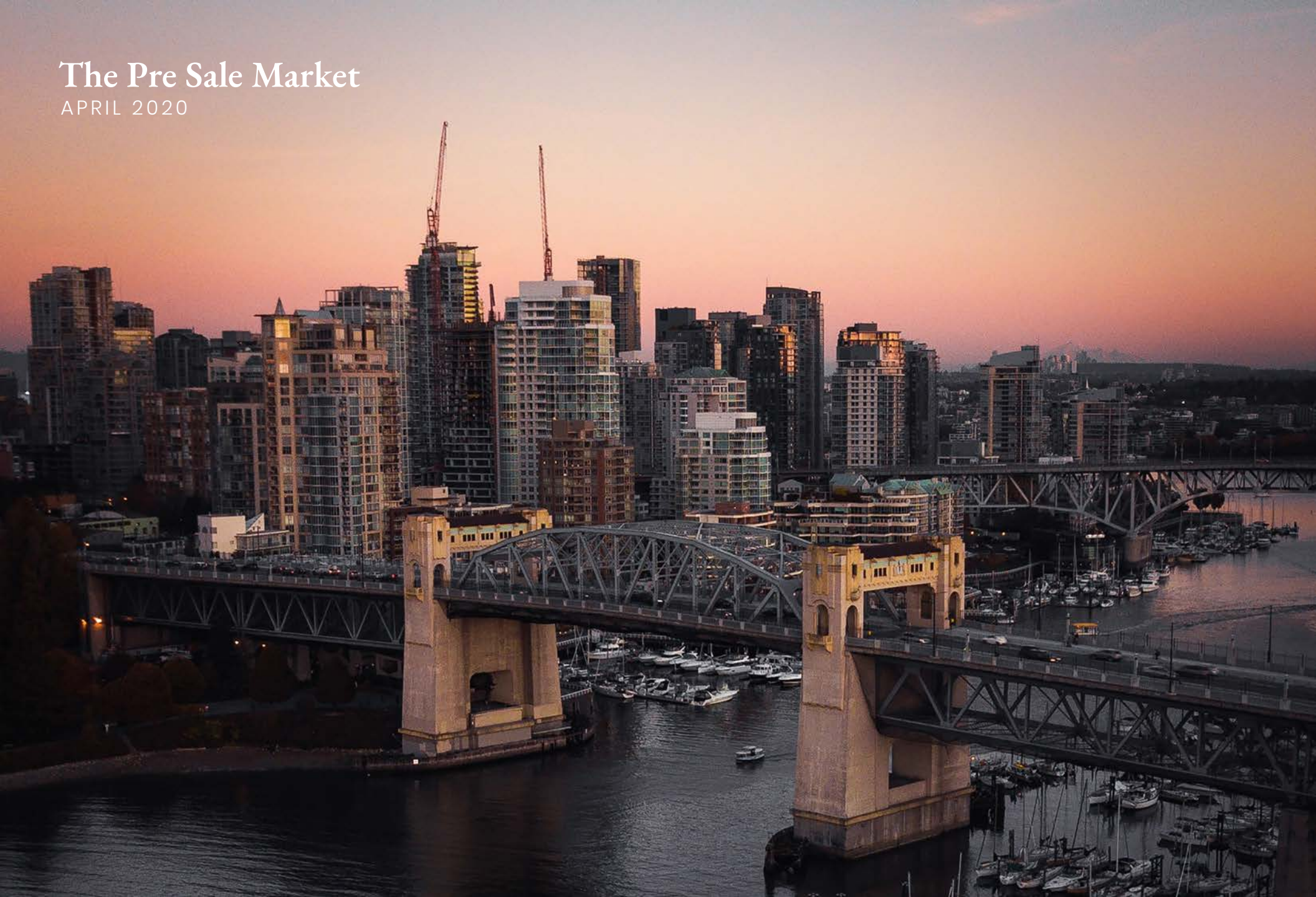
Y/Y CHANGE

3.6%



The Pre Sale Market

APRIL 2020





The Pre Sale Market

An overview of how the Pre Sale Market performed in the month of May 2020

On May 15th, BC began phase two of its provincial restart plan. Accordingly, most presentation centres increased appointments and began drop-in hours to attract motivated buyers. Despite this, many projects continue to see decreased activity as economic, social, and financial uncertainty remains. In May the projects that found success were largely townhome projects, located in the Fraser Valley. Specific areas with increased levels of sales activity were Langley and South Surrey. With closer completion timelines and end-user focused product, townhome projects have proven to be quite attractive to families who have a genuine need for housing. There were a total of seven pre-sale projects that launched in May, releasing 240 townhome units to the market. While the usual monthly pre-sale sold rates vary between 20% - 35%, May was undoubtedly impacted by Covid-19 and experienced a pre-sold rate of merely 10%

Although the volume of sales has been significantly impacted and traffic numbers in sales centres are still down, there have been some glistening lights in the market. As previously stated, townhomes continue to be the number one performing product, however there are sales happening across all product types, especially at entry level price segments. The Sentinel in West Vancouver by Denna Homes was the first concrete tower released since Covid. An MLA Canada project, in three weeks over 50 homes have sold as buyers see the rarity in a West Vancouver address with stunning views and a wonderful product. More standard high rises will wait for increased consumer confidence. On a separate note, it was shared last month that technology was going to continue to affect our industry. Virtual realtor events are now changing sales programs with several scheduled in the next few weeks. The outcome of these events remains to be unseen, but it is expected that we will see more creativity and adaptations to sales processes as we continue into the summer.

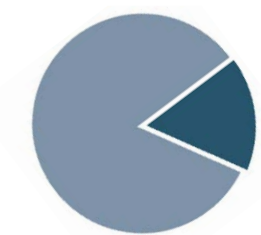


The Pre Sale Market

An overview of how the Pre Sale Market performed in the month of May 2020

The sudden cancelation of events, mandated social distancing, and disruption to personal routines have taken out many purchasers, but as we start to get used to phase two of services opening there are significant projects that are eager to launch and take advantage of improving conditions. However, this excitement is toned down by the need for a rebound in consumer confidence. Townhome projects will continue to perform the best short term and bigger projects will look into the fall for possible release dates. It is forecasted that 8 pre-sale projects will release in June, bringing approximately 479 townhome units and 118 wood frame condominium units to the market. These projects are spread out throughout the lower mainland and serve as evidence that market activity is increasing despite the increase of uncertainty.

GVRD & FRASER VALLEY SOLD RATE MAY 2020



10% Sold

240 Units Brought To Market

PAST & UPCOMING PROJECT LAUNCHES APRIL TO JUNE



MONTH	PROJECTS	UNITS
April	5	283
May	7	240
June	8	597

BANQUE
DU
CANADA

Interest Rates & Mortgages
APRIL 2020



Mortgage & Interest Rate Update

New CMHC Rules Sees Buying Power Lower By 10%

In mortgages, rates are trending slightly lower than they were last month and we are now seeing less volatility with fixed rates. Rates well below 3% are available for a variety of term lengths. Variable rate mortgages have not changed much with the average discount off Prime being about 0.20%. The Bank of Canada has held Prime at 2.45% with the Benchmark rate coming down 10 basis points from 5.09% to 4.94%. This is the “Stress Test” rate that all mortgages 5 years or less need to qualify at. This test is designed to make sure that borrowers can pay their mortgage if rate go up as high as the Benchmark rate.

The biggest news in terms of mortgage financing is that as of July 1 2020, CMHC will tighten it's debt servicing criteria for buyers who have less than 20% down payment. This move is essentially deterring people with too much debt and not enough down payment from getting a mortgage. CMHC is also increasing its minimum credit score from 600 to 680. The final piece of this set of rules is that borrowed down payment will no longer be allowed. This mean that you can't use a loan, credit card, or line of credit to help with down payment.

It should be noted that gifted down payment is still allowed from an immediate family member (and in some cases an employer) as long as it is truly a gift with no terms of repayment.

Interestingly, Genworth and Canada Guaranty, Canada's other mortgage insurers, have no plans to follow suit with these changes so make sure that you are working with a mortgage broker who has access to all three insurers. Dealing directly with the bank may not offer this flexibility.

Here is a general example of how CMHC's changes affect affordability:

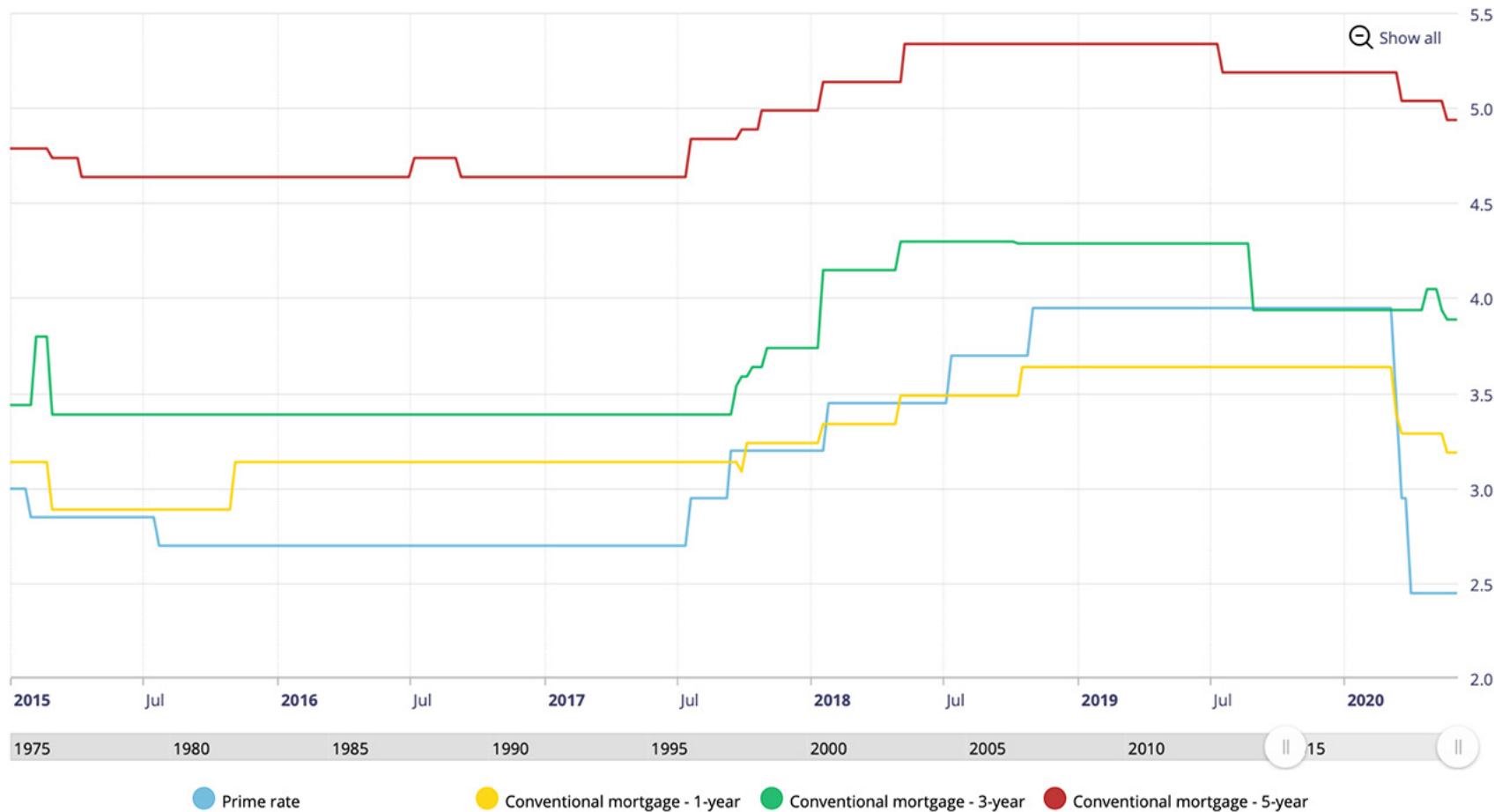
- Buyers have combined income of \$125,000
- They have \$60,000 saved for down payment and no debts
- Strata fees are \$400/month with \$1,000 annual property tax
- Under the current rules (or going forward with Genworth & CG) their maximum purchase price is about \$715,000.00
- Under the new rules, their maximum purchase price is now \$645,000.

Mortgage & Interest Rate Update

Interest Rates Posted For Selected Products By The Major Chartered Banks

Interest rates posted for selected products by the major chartered banks

Weekly Wednesday, rates in percentage





Canadian Employment

Employment Numbers Show The Slow Path To Recovery Has Begun

Employment in Canada grew by almost 300,000 jobs in May 2020, which makes up roughly 10% of the jobs lost since the pandemic started. The number of employees who had their hours reduced went down by almost 9%. The national unemployment rate rose from 13% to 13.7% from last month as more individuals are starting to look for work again. 75.5% of the gains in May were in full time work and although the number of self-employed works stayed the same, their hours continue to be reduced immensely.

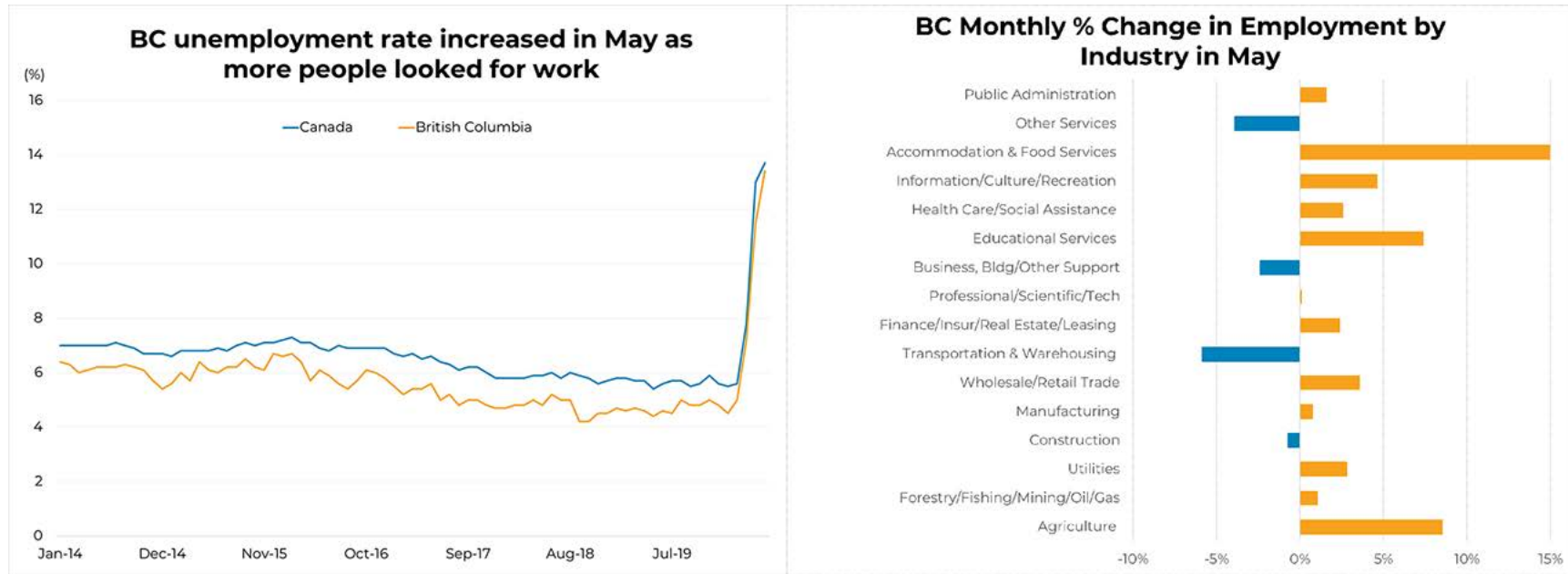
In BC, employment numbers grew by 43,300 jobs in May. The provincial unemployment rate grew from 11.5% to 13.4%, which is again the result of more people starting to look for work again. Just over 80% of the employment increase was in the service-producing sector, led by accommodation and food services (12,400), educational services (11,900), and then retail services (11,800).

These numbers are consistent with the provinces first phase of lifting restrictions on non-essential services such as restaurants, retail, non-medical health services, and some schools. Compared to last year, employment numbers in BC were down by 390,000 jobs.

This report is a relief to many, as it appears that the country and BC are on a slow path to recovery. Moving forward, any continued gains of employment will depend on the consumers de-

Canadian Employment

The Canadian Unemployment Rate hits 13.7% in April, while BC hits 13.4%





Looking Ahead

Insights Into What To Expect In The Vancouver Housing Market Over The Next Few Months

The largest unknowns over the next few months that will most affect the Vancouver Real Estate Market include how quick, and how deep the employment numbers will be. As we're seeing the retail and hospitality industries re-open, how soon will others follow suit, and how much irreparable damage was made?

The Mortgage deferral period will be ending soon, barring any extensions from the major lenders. At that point, how many home owners will go into arrears? The Bank of Canada suggests the arrears rate remains relatively flat over much of 2020, eventually rising to a peak of 0.5% in the second quarter of 2021.

While CMHC has tightened their mortgage qualification rules, Genworth has decided to not follow suit. Similar to buyers looking to Credit Unions to avoid the Stress Test, an insured mortgage with Genworth will be attainable after July 1st with today's qualification rules.

Immigration is all but curbed for the time being, putting a slow down on population growth which affects housing demand. How long Canada keeps its borders closed will affect long-term pricing.

Demand for housing will continue throughout the summertime in the short run. While the economy recovers and those that had already planned to move put their plan in motion, many Seller's and Buyer's are making their moves now.

With prices up nearly 3% compared to the same time last year, the resilience of the Vancouver housing market is ever present, showing its strength and proof that gains can be made year over in a down market coupled by a pandemic. As people gear up to make their move, expect it to be a busy local summer real estate market.

About The Vancouver Life

The Vancouver Life exists to provide exceptional Real Estate services that foster the goals and dreams of our clients and team members.

We know that every home, and every client, is different. It is for this reason that we custom tailor a Real Estate experience based entirely on each specific client's needs. Applying a personalized, professional and empowering approach results in a goal-driven plan and results that continue to outperform the industry standard.

With backgrounds in real estate development and investments, The Vancouver Life team has experience in every aspect of Real Estate and you can feel comfortable knowing they can navigate any scenario and tailor to their clients specific needs.

With a focus on open communication, integrity and attention to detail, The Vancouver Life Team ensures that our clients feel informed and confident during the purchase or sale of a home. With an entire Team working towards clients success, they know that we will always be available, working tirelessly to achieve each and every one of the clients goals.

The client experience is an extension of The Vancouver Life Real Estate Group, and we only settle for the best.

w: thevancouverlife.com
e: info@thevancouverlife.com
s: @thevancouverlife



Dan Wurtele PREC, REIA

Ryan Dash PREC



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