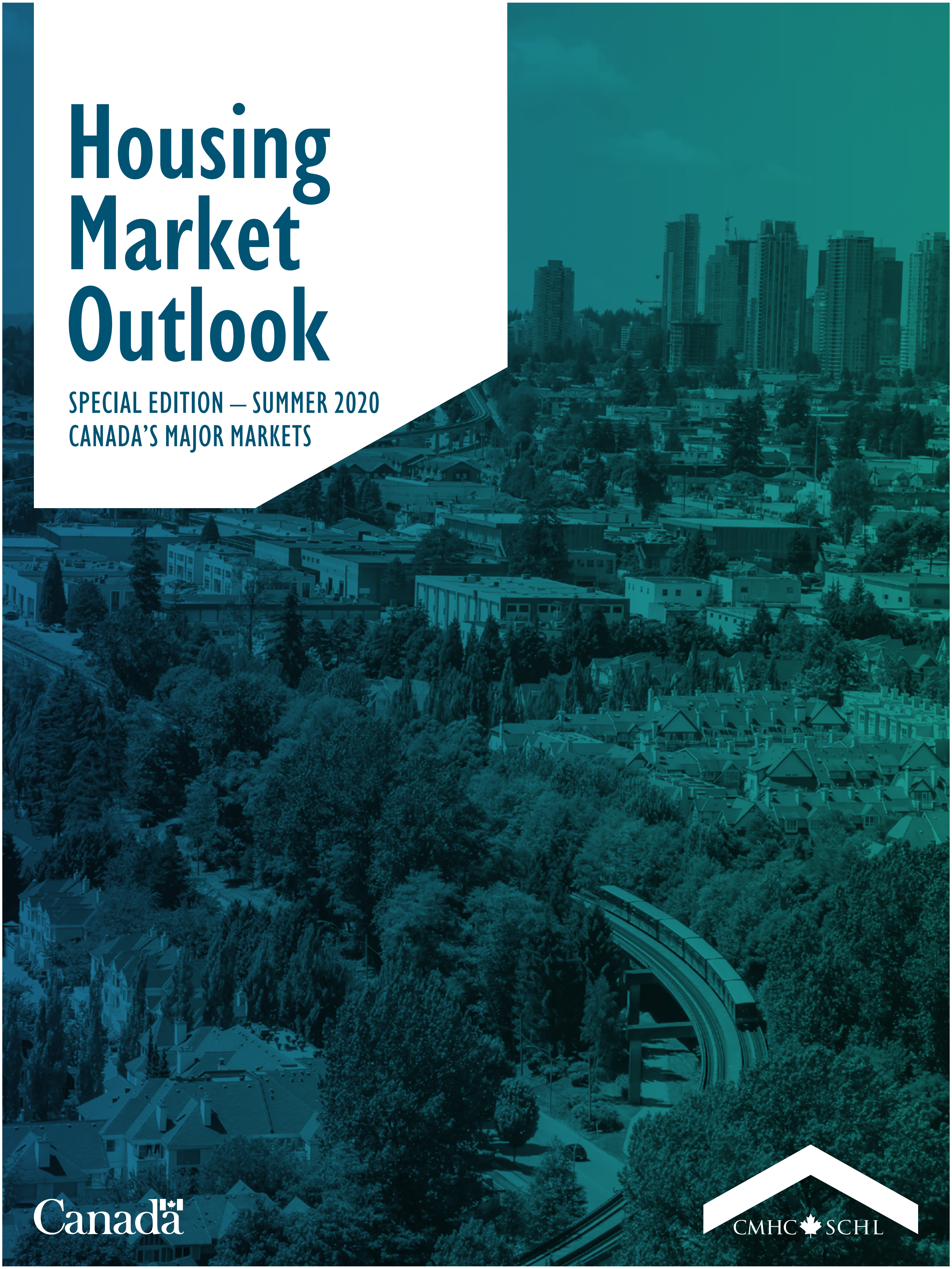
Housing Market Outlook

SPECIAL EDITION – SUMMER 2020
CANADA'S MAJOR MARKETS



Canada

CMHC SCHL

Highlights

Date Released: Summer 2020[1]

The housing outlook is subject to unprecedented uncertainty due to the pandemic.

"COVID-19 has had unprecedented impacts on Canada's urban centres. Short-term uncertainty will lead to severe declines in sales activity and in new construction. As the virus is overcome, cities will bounce back but there is significant uncertainty with respect to the path and timing of the recovery."

—Aled ab Iorwerth
Deputy Chief Economist

- Necessary actions to prevent the spread of COVID-19 have had severe short-term impacts on economic conditions in Canada's major urban centres. Sales and construction have dropped. House prices will likely fall because of uncertainty over the economy's path.
- It will be easier to work from home in some industries, which will make some cities more resilient. Exposure to the energy industry will lead to significant risks for Calgary and Edmonton.
- Lower immigration and less mobility within Canada coupled with an overhang of buildings under construction could lead to vacancy rates increasing in the rental market. Any such spike is likely to be short-lived as demand for rental continues to grow in the medium term.
- The precise timing and speed of the recovery in major markets is highly uncertain and will vary considerably.

[1] *The forecasts and historical data included in this document reflect information available as of June 5th, 2020.*

National Economic and Public Health Context

***Aled ab Iorwerth**, Chief Spokesperson – Deputy Chief Economist*

Building on the release of CMHC's *Housing Market Outlook* on May 27th, which provided housing forecasts for Canada and the Provinces, this report provides projections for housing activity in Canada's largest urban centres: Vancouver, Calgary, Edmonton, Toronto, Ottawa and Montreal (see Table 1 for a summary of the outlook in these centres).

Measures to limit the spread of COVID-19 and protect Canadians' health are contributing to a significant interruption in economic activity. Despite the swift response by federal and provincial governments to limit this economic fallout, adverse impacts on many aspects of the housing system risk being large. More than three million Canadians lost their jobs in March and April according to Statistics Canada, but a limited rebound appears to have started in May. The Canada Emergency Response Benefit, which gives financial support to employed and self-employed Canadians who are directly affected by COVID-19, had received eight and a quarter million unique applicants by May 26, 2020.

For Canada's three largest Census Metropolitan Areas (CMAs), there were steep initial employment declines of 18% in Montreal, 17% in Vancouver and 15% in Toronto, and employment declined for the province of Alberta by more than 15%, according to Statistics Canada. According to the latest Labour Force Survey from Statistics Canada, employment started to increase from April to May in all provinces apart from Ontario.

Such large employment and income declines, coupled with uncertainty over the future trajectory of the virus, will lower demand for housing. Necessary health measures will also affect the housing market directly through, for instance, making purchasers reluctant to look for a new home thereby putting downward pressure on the volume of sales. For similar reasons, housing starts will fall sharply as construction decisions are delayed and builders work to protect employees' safety on worksites. House prices will fall as well and are unlikely to recover over the horizon of this report.

Statistics Canada data show that employment losses resulting from the pandemic are greater for those with a temporary job and lower-income households, households that typically rent. In this report we attempt to report on the rental sector given its critical importance in these times. Doing so is fraught with difficulty, however, as falling immigration will curtail demand but fewer short-term rentals could make more units available for longer-term rental.

Significant uncertainty remains for both the economy and the housing market. Rapid elimination of the virus and a resurgence in global trade will clearly be of benefit while further waves of the virus will put negative pressure on the economy.

Canada's Major Markets

Vancouver

***Braden Batch**, Senior Analyst – Economics and*
***Eric Bond**, Senior Specialist – Market Analysis*

New housing starts already in decline from record peak

Housing starts in the Vancouver CMA will contract significantly in the immediate future. The response to the pandemic has thus far resulted in a partial shutdown of the economy, but one that allows construction to proceed[2]. Nonetheless, new construction will be challenged by reduced migration both from other parts of Canada and abroad, loss of household income due to increased unemployment, and increased uncertainty regarding the long-run economic impacts of the pandemic affecting confidence in initiating new housing units. Directly preceding the pandemic, however, the Vancouver CMA had registered a new historical peak for housing starts in the first half of 2019 and had begun to trend lower. With an elevated number of units under-construction, the industry had been operating at or near capacity. The effect of the pandemic will deepen a decline in construction activity that was already in progress[3]. Following the immediate shock to the economy, we expect housing starts to begin recovery by the end of 2020 to a pace in-line with household formation and economic growth of the region.

[2] *For a list of essential services see: https://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/covid-19-provincial-support/essential-services-covid-19.*

[3] *The 2019 CMHC forecast for total starts was 22,500 to 24,800 in 2020 for the Vancouver CMA.*

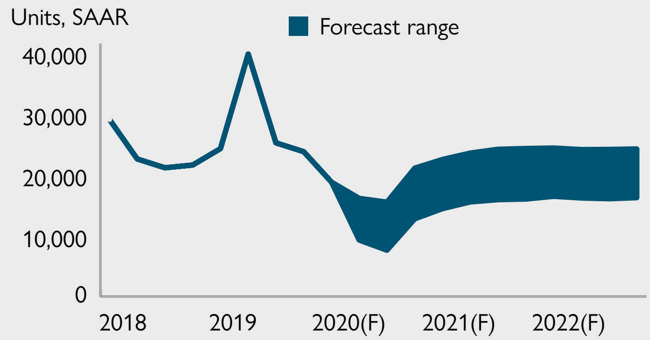
The immediate effect of the pandemic is a reversal and a delay of a sales recovery

We expect that resale market sales will contract and remain low for the balance of 2020 and begin to recover in 2021. A price decline will occur, but it will take place more gradually over the next two years before showing some recovery late in 2022. Resale activity in the Vancouver CMA has been largely suspended in the first few months of the pandemic, with major declines in both sales and new listings already observed. Unlike new construction, sales activity had been recovering prior to the onset of the pandemic from a recent low point reached in 2018/2019. The effect of the pandemic will delay this recovery. Average house prices will decline with weaker household budgets and the uncertain nature of the economic reopening. In addition, the uneven impact on buyers at different levels of income will result in a change to the share of condominium and single detached sales, creating additional uncertainty for the path of the average price decline.

Rental demand is more directly impacted than ownership demand

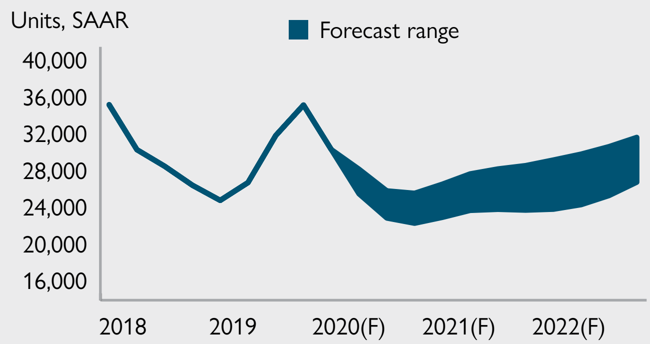
To some degree, the Vancouver ownership markets are less exposed to the impacts of rising unemployment and a closed border, while the rental market is more sensitive to the shock. Real estate buyers tend to be older than renters, therefore they are less likely to have lost their employment as a result of the economic shutdown. The brunt of job losses has so far been borne by younger employees who are less likely to have the accumulated savings necessary to buy. The same is true of population growth in the Vancouver CMA, which is largely driven by the influx of young migrants, most of whom are immigrants to Canada. The immediate decline in migration to Vancouver is expected to reduce rental demand directly. A rising vacancy rate from historical lows is a possibility in the near term, since with recent elevated purpose-built rental starts; there will be an increased supply of rental units coinciding with a fall in demand.

Figure 1: Vancouver Starts



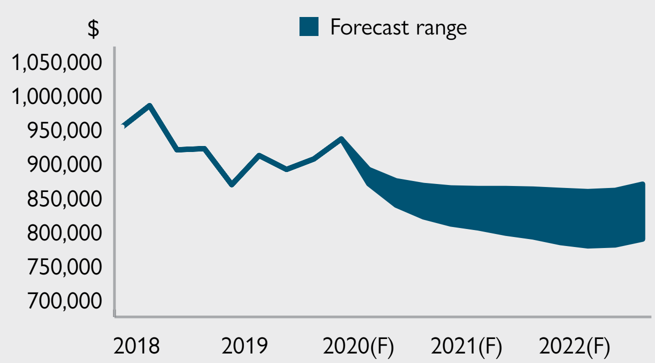
Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 2: Vancouver MLS® Sales



Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 3: Vancouver MLS® Average Price



Sources: CREA, (F) Forecasts by CMHC

Calgary

***Taylor Pardy**, Senior Analyst – Economics*

New construction set to decline sharply in 2020, gradually improve through 2022

The unprecedented measures taken to address the COVID-19 pandemic will be reflected in a significantly slower pace of new construction in the Calgary CMA over the course of this year[4]. The global nature of the pandemic, restrictions to protect public health, and their impact on demand for oil and gas, will result in economic challenges in the near term[5]. In turn, this will result in a significant decline in the pace of new construction in the range of 43% to 64% in 2020.

While pandemic restrictions are in place, some of the key sources of population growth in the Calgary CMA will be slowed significantly. Natural population growth and intraprovincial migration into the Calgary area will likely remain net-positive, but reduced immigration and interprovincial migration will result in a reduction in demand for new housing units, particularly in 2020. Prior to the pandemic, inventories of completed and unsold new homes were elevated, which may place additional downward pressure on new construction in the short-term as builders look to sell off inventory before starting new projects[6]. Looking forward to 2021 and 2022, the pace of new construction should improve gradually as pandemic restrictions ease, economic activity improves, and population flows resume.

Resale activity will slow significantly in response to employment conditions and household budgets

Significant declines in employment and household disposable incomes will result in lower demand for existing homes this year. Despite favourable borrowing conditions, existing home sales are likely to decline 13% to 27% in 2020, as households adjust to a period of uncertainty. Similar to new construction, sales activity should gradually recover in 2021 and 2022 as employment conditions improve.

The MLS® average home price should continue its previous downward trajectory and be 2.5% to 12% lower in 2020 as weaker economic conditions impact households' budgets. In contrast with new construction and existing home sales, prices historically tend to take longer to adjust to changes in market conditions and thus there is a higher degree of uncertainty regarding the magnitude of the decline in the price forecast. Looking ahead, we anticipate that the MLS® average home price will continue declining throughout most of the forecast horizon before stabilizing by the end of 2022 as economic conditions gradually improve.

Migration patterns will determine the path of the vacancy rate

Net migration, from all sources, has historically been a key driver of population growth and rental demand in the Calgary CMA. Near-term immigration and interprovincial migration will be negatively impacted by the pandemic. This will result in significantly reduced rental demand. At the same time, a large number of new rental units are anticipated to complete and be brought to market over the next few years, while some existing units previously used as short-term rentals may also add to the supply of long-term rental units in the near-term. The combined effect of a decline in demand and increase in supply could be a higher vacancy rate in the Calgary CMA over the next two years.

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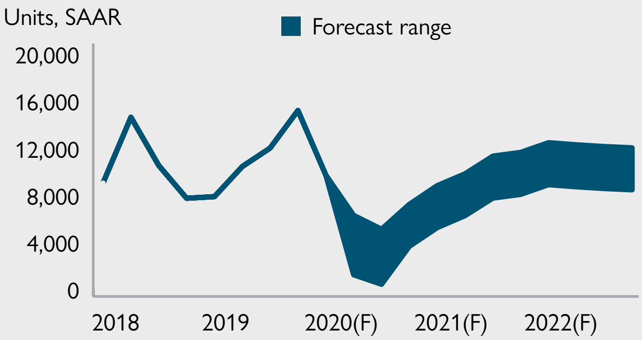
[4] *There were 575 housing starts in the Calgary CMA in April 2020. This compares with approximately 970 total housing starts on average in the month of April over the past 5 years (https://www03.cmhc-schl.gc.ca/hmip-pimh/en#TableMapChart/0140/3/Calgary). May 25, 2020.*

[5] *In 2018, oil and gas products represented approximately 70% of the Province of Alberta's exports (https://export.alberta.ca/export-tool/). May 25, 2020.*

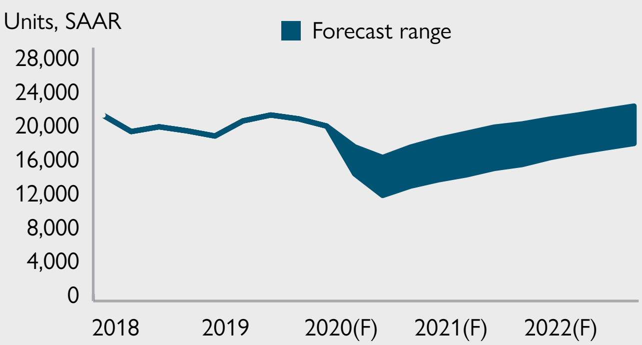
[6] *Housing Market Assessment 2020Q1 – Calgary CMA (https://assets.cmhc-schl.gc.ca/sites/cmhc/data-research/publications-reports/housing-market-assessment/2020-q01/housing-market-assessment-calgary-68597-2020-q01-en.pdf?rev=6363c146-fd5e-431b-bd17-b95a883769b6). May 25, 2020.*

Figure 4: Calgary Starts



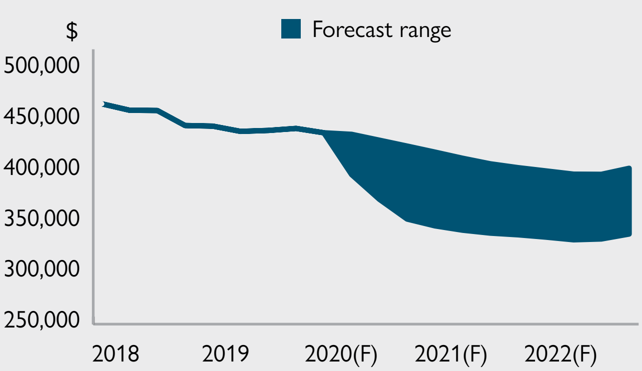
Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 5: Calgary MLS® Sales



Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 6: Calgary MLS® Average Price



Sources: CREA, (F) Forecasts by CMHC

Edmonton

***Christian Arkilley**, Senior Analyst – Economics*

Construction of new homes to decrease in 2020 as demand weakens

Edmonton's housing starts are projected to decline in 2020 before gradually increasing in 2021. The pandemic and oil price shock will have a negative impact on Edmonton's economy, as the CMA relies heavily on the oil industry as a major source of employment. As job losses increase, real personal disposable income will fall and the demand for new homes is expected to weaken, which will then affect the supply of new homes in the Edmonton CMA. In addition, new construction will also be impacted by the elevated inventory of completed and unsold homes, which reached historically high levels in 2019 and accounts for more than half of all unsold homes in Alberta. Reduced migration inflows as a result of the pandemic could also affect population growth and contribute to a short-term decrease in housing starts in Edmonton in 2020. Newly completed units, combined with existing inventories, are expected to deter further construction activities as demand takes time to adjust to supply in 2021.

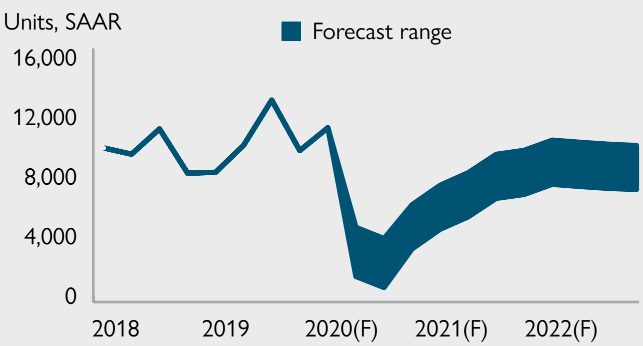
Resale transactions to decline on weakening fundamentals

Resale activity in Edmonton is expected to decline in 2020 due to pandemic restrictions and the oil price shock. Since the third quarter of 2019, sales have been declining and are expected to continue this path until mid-2021. The economic impact is anticipated to restrain job growth and limit consumer spending, causing housing demand to move lower. Overall, average home prices have been trending downwards in the Edmonton CMA since mid-2017. Due to the uncertainties around oil prices and trajectory of the regional economy, average home prices are estimated to continue to decrease until 2022. As restrictions are eased, paving the way for population growth and labour market improvements, home prices are projected to begin gradually picking up in 2022; however, prices are not expected to be back to pre-COVID-19 levels within the forecast period.

Increased rental supply with softening demand will result in an increase in the vacancy rate

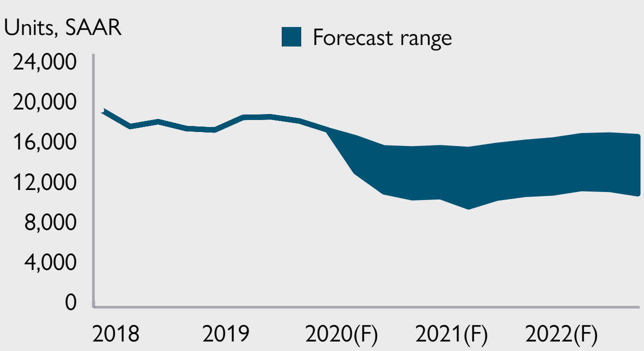
The demand for rental units is likely to decline in Edmonton because of the slower than expected growth in key demographics such as the population of young adults (aged 25-34 years) and international migrants. The imposition of travel restrictions is projected to affect international and interprovincial migration, which will restrain the demand for rental units in Edmonton. On the supply side, there will be more rental units entering the market in both the purpose-built and condominium segments as the elevated number of units currently under construction complete over the next two years. The projected increases in supply with few or no additions to demand are likely to lead to increases in vacancy rates in Edmonton in 2020 and 2021.

Figure 7: Edmonton Starts



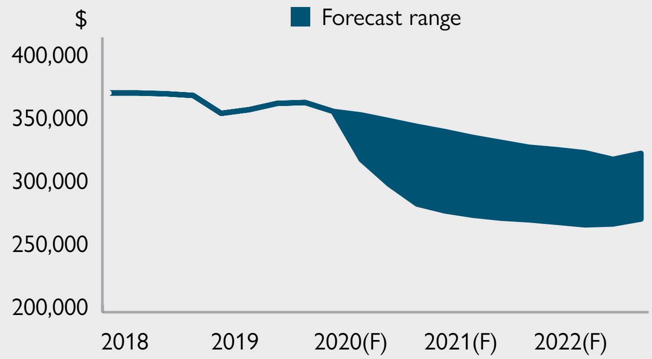
Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 8: Edmonton MLS® Sales



Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 9: Edmonton MLS® Average Price



Sources: CREA, (F) Forecasts by CMHC

Toronto

***Dana Senagama**, Senior Specialist – Market Analysis*

Housing Starts to Rebound in 2021

Total housing starts are likely to drop in 2020 before rebounding next year. Strong pre-construction sales across the Toronto CMA (particularly from mid-2019 onwards where typically over 80% of units are sold) owing to a more robust and diverse economy, will ensure that Toronto's recovery will be slightly stronger than that of the rest of Ontario in 2021 and 2022. Supply chain disruptions due to border closures and global lockdowns will curtail some starts activity throughout 2020. Moreover, labour shortages resulting from the pandemic (particularly if construction sites employ temporary foreign workers) will curtail some starts activity this year.

Resale sales and price to rebound in 2022

Home sales in the Greater Toronto Area (GTA) will decline for the rest of this year, and then start to recover by 2021 Q1 and show growth throughout 2022. A labour market with a heavy concentration of "office-based" companies will enable a greater number of employees to work remotely in the event that the pandemic drags on (and prolongs lockdowns) possibly ensuring business continuity and minimal interruption to receiving income. Short-term job losses will occur primarily in the retail and hospitality industries, which typically employ lower paid workers. Based on their average income level, these groups are more likely to rent than own.

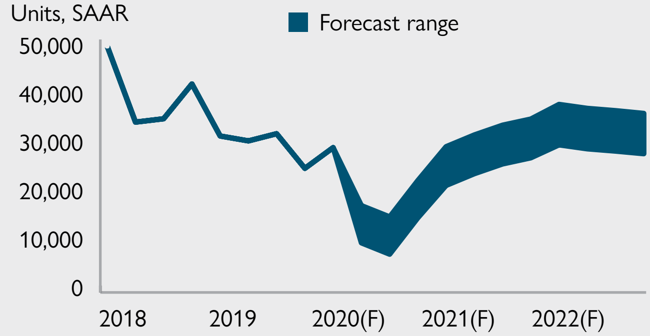
Therefore, the negative impact to the homeownership market will likely be less severe but with a downside risk that sales will not return to pre-COVID levels in the forecast period.

Average house prices were on an upward trajectory during the time period leading up to the provincial lockdown in mid-March. They will decline throughout the remainder of this year and into 2021. Homeowners, particularly those owning ground-oriented homes (single and semi-detached and townhomes), will choose to keep listings off the market to wait and see how market conditions develop. Lower mortgage rates, mortgage deferrals and fiscal stimulus packages will likely ensure that many homeowners are able to meet their monthly mortgage payments and thus remain in the homeownership market. However, anticipated increases in the supply of condominium apartments will lead to softening prices next year. Increased listings because of moderating short-term rental demand (due to both regulatory and pandemic effects on short-term rentals) will force some investors to list their units up for sale. More units could also sit on the market longer as more buyers wait on the sidelines due to loss of jobs/income and wanted assistance in 2021. A significant number of condominium units under construction (54,000 units currently) will make its way to the resale pool and will further increase supply. The upside risk to the forecast is a milder price correction with sustained resilience in the ground-oriented home market (detached and townhomes) and persistent demand for more affordable condominium apartment units. The downside risk to the forecast is a more severe and prolonged adjustment to the pandemic that will have far reaching economic consequences.

Vacancy rate and rent growth to ease

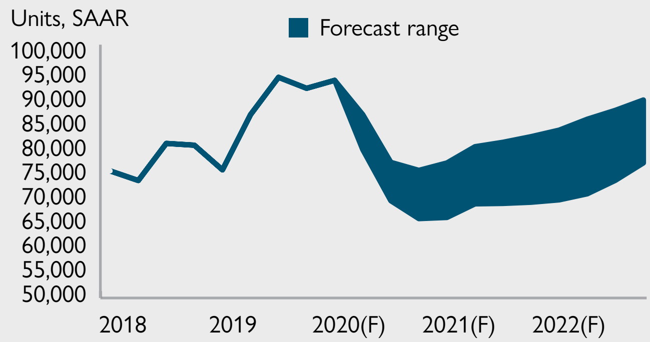
Anticipated increases in supply, in terms of higher completions in primary rental units and more rental condominium apartments entering the secondary market should ease rent growth and vacancy rates in a historically tight rental market. Short-term job losses, which will likely persist mainly in the service and hospitality industries and typically employ lower-salaried workers, are more likely to affect renters. An uncertain job market will likely affect millennials that are looking to enter the job market. As a result, they may now delay their entry into the rental market and stay at home with parents and/or choose co-sharing living arrangements, thus reducing demand for rental units. Prolonged effects of the pandemic, such as border and airport closures, will reduce net migration inflows – particularly immigration which has been a key driver of rental demand in the GTA.

Figure 10: Toronto Starts



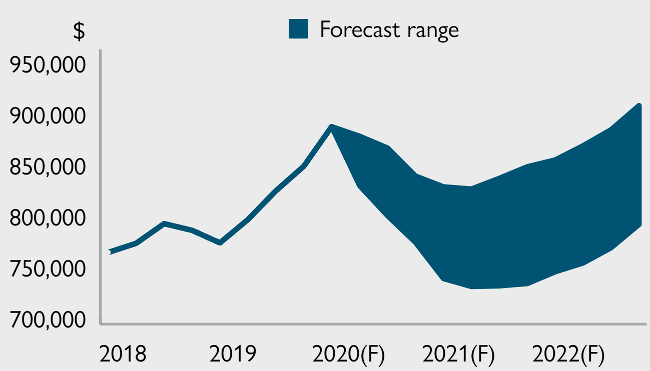
Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 11: Toronto MLS® Sales



Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 12: Toronto MLS® Average Price



Sources: CREA, (F) Forecasts by CMHC

Ottawa[7]

***Anne-Marie Shaker**, Senior Analyst – Economics*

Housing starts to rebound by 2022

Housing starts are expected to trend lower over the remainder of 2020 due to the unprecedented uncertainty surrounding the COVID-19 pandemic, but also partly due to the high level of under construction inventory where scarce labour and equipment may already be deployed. Starts activity should gradually increase from the second half of 2021 but are expected to remain lower than pre-pandemic levels. The uncertain outlook regarding the free movement of labour (both domestically and internationally) and migration will dampen housing demand and reduce the need for new housing starts. While economic recovery commences and net migration prompts population growth and household formation, starts will remain relatively stable in 2022, but still unlikely to reach pre-COVID levels.

Over the forecast horizon, the composition of housing starts is not expected to change drastically, as the shift toward more multi-unit[8] starts, a trend that began during the early part of this decade, is here to stay given rising single-detached home prices.

Sales and prices to remain muted over the forecast horizon

The uncertain outlook for job recovery and immigration will dampen demand for resale homes into the latter half of 2021. As the economy recovers, resale market activity should trend higher in 2022 but will remain in a range below the 2019 historical peak. Prices will continue to trend lower, under both optimistic and pessimistic scenarios in 2021, on weaker demand for homeownership due to job and income losses. As demand slowly recovers in 2022, it is anticipated that price growth will recommence due to supply constraints. The number of new listings entering the market had been on a downward trend since 2016, a trend that is unlikely to reverse by 2022, especially given fewer new home starts.

Last year, Ottawa existing home sales recorded a historical high while prices in the early months of 2020, just prior to the crisis, were growing at double-digit rates, compared to the same time a year earlier. As the crisis began to unfold in March 2020, sales plummeted by half and listings followed suit, so that prices continued to grow, albeit at a slower rate. The Ottawa market remained in sellers' market territory in April as listings continued to fall short of demand.

Rental market conditions to see little change

Prior to the pandemic, steady population growth fueled by rising net migration levels, an aging population and students (domestic and international) continued to support demand for rentals while supply was rising at a slower pace. These conditions held the purpose-built vacancy rate below two percent since 2017. Over the course of 2020, demand for rental accommodation could be tempered by universities offering online courses (including to international students), lower net migration, and some elderly reluctant to move in the current restrictive environment. However, as normalcy slowly resumes over the forecast horizon, demand for rental housing should remain robust given the uncertain repercussions of job and income losses, which may delay the transition into homeownership for some households.

On the supply side, year-to-date to April, there were 2,481 purpose-built rental apartments under construction to be completed[9] roughly by the end of 2022 easing some of the supply pressures that existed before the onset of the pandemic. A reprieve on the supply side could also come from some short-term rental units being added back into the long-term rental universe. On balance, rental market conditions could see little change over the forecast horizon from pre-pandemic with some potential upward pressure on the already low vacancy rate.

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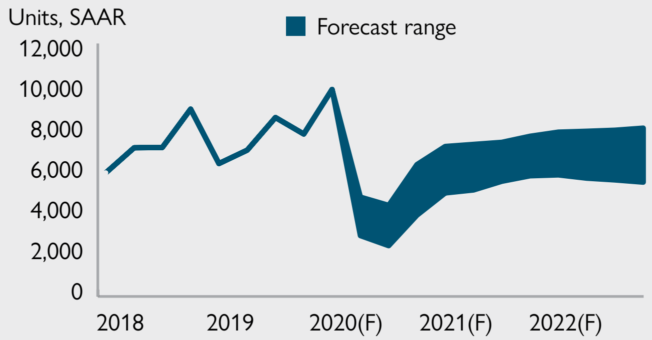
[7] Includes the Ontario section of the Census Metropolitan Area only.

[8] Multi-unit dwelling types include: Semi-detached homes, row homes (also known as townhomes) and apartments (both rental and condo).

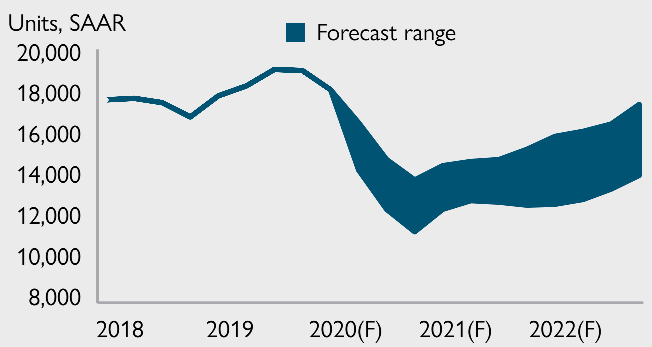
[9] It takes an average of 25 months for apartment structures (condominium and purpose-built) to be completed in the Ottawa Census Metropolitan Area.

Figure 13: Ottawa Starts



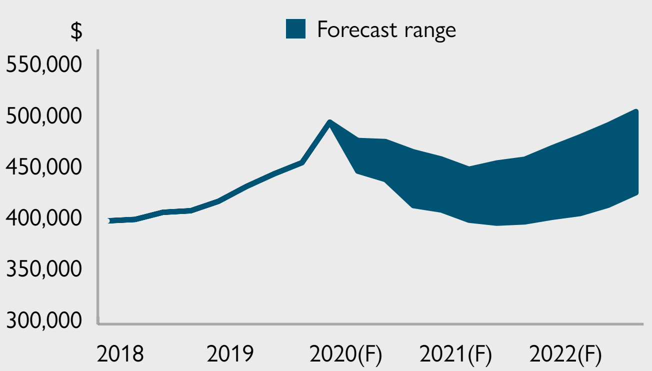
Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 14: Ottawa MLS® Sales



Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 15: Ottawa MLS® Average Price



Sources: CREA, (F) Forecasts by CMHC

Montreal

***Francis Cortellino**, Senior Specialist – Market Analysis*

Starts to decline sharply in mid-2020, then rebound

The various pandemic-related health measures have slowed real estate activity in Greater Montréal, including the elevated rate of housing starts seen until just recently.

After coming to a standstill in April, construction is expected to rebound by the end of the year, as many projects (having gone through the financing conditions, pre-sale and building permit stages prior to the crisis) should start up soon.

Rental apartment starts have driven construction in recent years and should continue to do so over the forecast horizon. This market segment will benefit from a slowdown in homeownership due to weaker demand from first-time buyers. In other words, slower sales of new condominiums and, to a lesser extent, freehold units (single-family dwellings) will moderate residential construction in these market segments.

Overall, depending on the pace at which economic and demographic conditions recover and affect demand for new housing, starts could return to the levels observed in the last two years by 2022.

Sales and prices to recover gradually by 2022

The weaker economic context will cause the record levels of activity seen in the Montréal resale market prior to the pandemic to fall. Following record numbers of Centris® sales in 2018 and 2019, data from the first quarter of 2020 showed the Montréal market continuing its ascent to new highs.

Housing demand will be weaker as a result of the negative impacts of the crisis on employment and incomes, which will continue to affect household confidence. Continued low mortgage rates will nevertheless help support demand.

On the other hand, as the economy recovers and employment gains strengthen, resales will gradually increase after a mid-2020 low and approach 2019 levels by 2022.

In addition, prior to the pandemic, the all-time low number of properties for sale on the market, combined with high sales, had created market conditions (sales-to-listings ratio) that strongly favoured sellers. As a result, prices rose sharply.

Because of the scarce supply before the crisis, market conditions are not expected to change drastically, even if demand is weaker and the housing supply increases.

Therefore, even though prices[10] could decline significantly in the coming months, as economic and demographic conditions become more favourable, prices are still expected to trend slightly higher by 2022 and could even exceed their pre-pandemic levels.

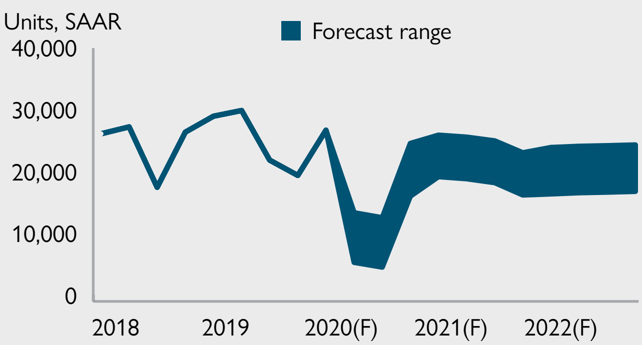
Vacancy rate to be highly dependent on migration

Approximately 10,000 new rental units will arrive on the market in 2020[11], a record not seen in many years. Some short-term rental units could also move into the long-term supply, thereby adding to the number of new apartments. This growth in supply will ease pressure on the rental market.

As well, as mentioned above, demand for rental housing will be supported by a slowdown in homeownership, but overall, this demand will continue to be heavily dependent on net migration.

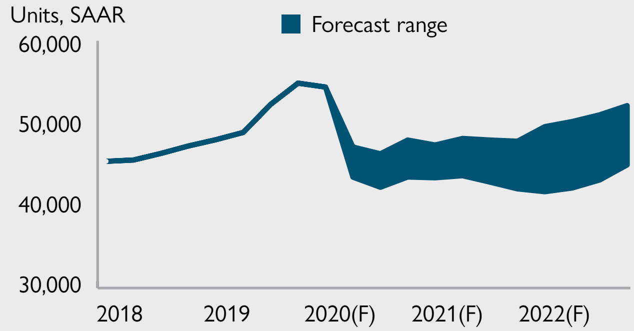
If net migration declines dramatically, the rental market is expected to ease. Otherwise, the Montréal vacancy rate should remain under 2%.

Figure 16: Montreal Starts



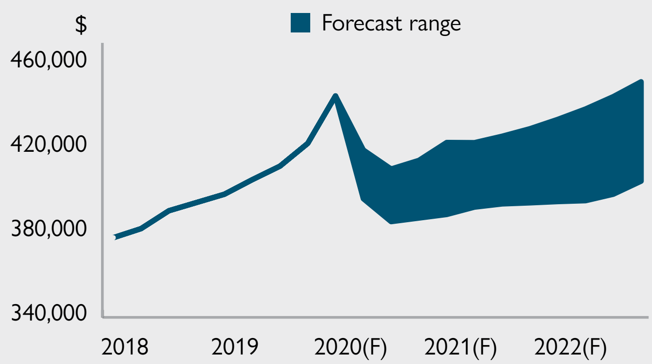
Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 17: Montreal Centris® Sales



Sources: QPAREB by Centris®, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR).

Figure 18: Montreal Centris® Average Price



Sources: QPAREB by Centris®, (F) Forecasts by CMHC

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[10] *Seasonally adjusted.*

[11] *Projected rental apartment completions (excluding seniors' housing) from July 2019 to June 2020.*

Table 1 - Canadian Major Centres Forecast Summary

	2018	2019	2020(F)		2021(F)		2022(F)	
			(L)	(H)	(L)	(H)	(L)	(H)
Vancouver								
Total Starts	23,404	28,141	11,925	17,710	15,290	23,475	16,050	24,060
MLS® Sales	33,057	33,535	27,290	29,515	25,590	29,800	27,100	32,370
MLS® Average Price ($)	966,866	923,195	892,790	918,555	827,760	889,455	809,215	888,580
Calgary								
Total Starts	10,971	11,909	4,300	6,745	7,375	10,945	9,200	12,771
MLS® Sales	20,534	20,938	15,300	18,380	15,130	19,965	17,680	22,130
MLS® Average Price ($)	460,619	443,254	390,400	432,800	341,700	411,000	335,300	399,800
Edmonton								
Total Starts	10,038	10,720	4,020	6,400	6,115	9,075	7,630	10,590
MLS® Sales	18,486	18,524	13,380	16,550	10,760	16,040	11,550	16,970
MLS® Average Price ($)	374,577	364,558	316,700	353,600	276,000	336,700	270,900	325,500
Toronto								
Total Starts	41,107	30,462	16,880	22,660	25,315	33,340	29,590	37,935
MLS® Sales	78,477	88,223	76,000	82,000	69,000	79,000	72,000	85,000
MLS® Average Price ($)	787,976	819,544	825,000	870,000	739,000	840,000	770,000	880,000
Ottawa								
Total Starts	7,539	7,782	4,800	6,500	5,500	7,600	5,800	8,200
MLS® Sales	17,699	18,882	14,200	16,100	12,800	15,100	13,400	16,700
MLS® Average Price ($)	408,951	443,504	451,500	481,000	406,000	460,000	415,000	490,000
Montreal								
Total Starts	25,000	25,112	14,000	20,200	19,000	25,750	17,500	25,000
Centris® Sales	46,695	51,329	46,500	49,600	43,500	48,500	43,500	51,500
Centris® Average Price ($)	384,713	408,401	405,000	422,800	392,000	425,000	398,000	442,000

Muliple Listing Service® (MLS®) is a registered trademark of the Canadian Real Estate Association (CREA).
QPAREB by Centris®. The Centris® system contains all the listings of Quebec Real Estate Board.
Sources: CMHC (Starts and Completions Survey, Market Absorption Survey), Statistics Canada, CREA, Centris, CMHC, (F) Forecasts by CMHC (2020-2022)
The forecasts included in this document are based on information available as of June 5th, 2020. (L) = Low end of range. (H) = High end of range.

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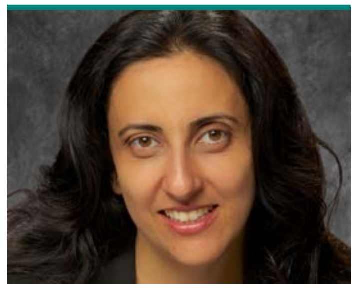

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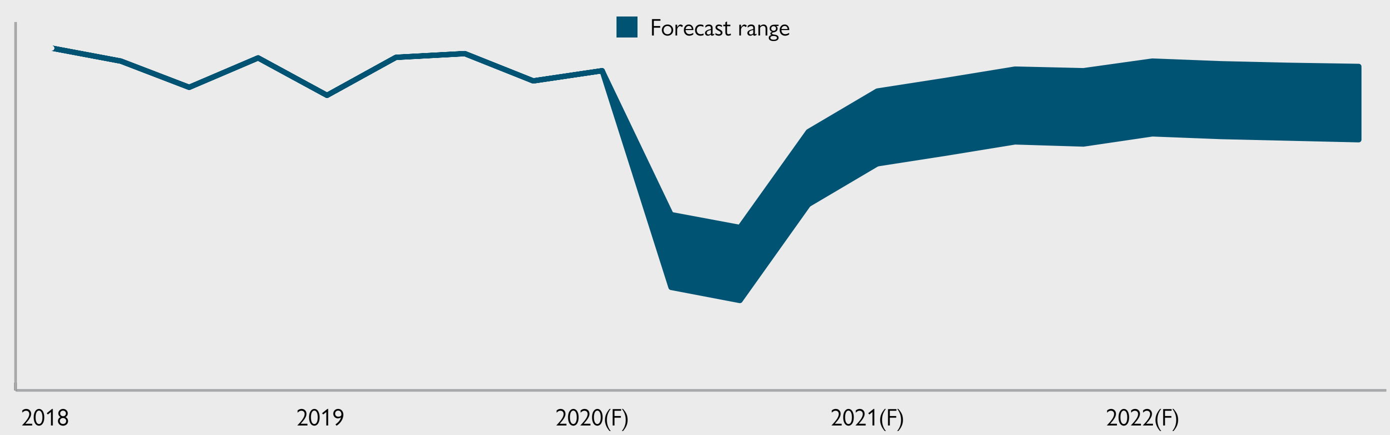
Appendix A

Methodology for forecast ranges

This edition of *Housing Market Outlook* incorporates forecast ranges for housing variables. However, all analyses and forecasts of market conditions continue to be conducted using the full range of quantitative and qualitative tools currently available. The range provides a relatively precise guidance to readers on the outlook while recognizing the small random components of the relationship between the housing market and its drivers. In this special edition of the *Housing Market Outlook*, the forecast range includes an upper and lower bound established by a set of economic and demographic scenarios. It provides precision and direction for forecasts of housing variables, given a specific set of assumptions for the market conditions and underlying economic fundamentals.



(F) Forecasts

Appendix B

Definitions and methodology

New Home Market

Historical home starts numbers are collected through CMHC's monthly Starts and Completions Survey. Building permits are used to determine construction sites and visits confirm construction stages. A start is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Resale Market

Historical resale market data in the summary tables of the *Housing Market Outlook* Reports refers to residential transactions through the Multiple Listings Services (MLS®) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the Centris® listing system via the Quebec Professional Association of Real Estate Brokers (QPAREB).

MLS® (Centris® in the province of Quebec) Sales: Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS® (Centris® in the province of Quebec) Average Price: Refers to the average annual price of residential transactions through the Multiple Listings Services.

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Alternative text and data for figures

Figure 1: Vancouver Starts (Units, SAAR)

Quarter	Historical data	
2020 Q1	18,612	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	15,960	9,090
2020(F) Q3	15,338	7,414
2020(F) Q4	20,914	12,584
2021(F) Q1	22,352	14,252
2021(F) Q2	23,400	15,358
2021(F) Q3	24,016	15,721
2021(F) Q4	24,136	15,834
2022(F) Q1	24,210	16,281
2022(F) Q2	23,977	15,993
2022(F) Q3	23,987	15,870
2022(F) Q4	24,070	16,047

Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 2: Vancouver MLS® Sales (Units, SAAR)

Quarter	Historical data	
2020 Q1	32,362	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	30,227	27,547
2020(F) Q3	27,867	24,909
2020(F) Q4	27,608	24,342
2021(F) Q1	28,591	24,985
2021(F) Q2	29,715	25,734
2021(F) Q3	30,257	25,861
2021(F) Q4	30,619	25,766
2022(F) Q1	31,226	25,868
2022(F) Q2	31,877	26,368
2022(F) Q3	32,687	27,362
2022(F) Q4	33,697	28,810

Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 3: Vancouver MLS® Average Price ($)

Quarter	Historical data	
2020 Q1	962,184	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	917,397	896,304
2020(F) Q3	900,740	864,951
2020(F) Q4	893,900	847,709
2021(F) Q1	890,240	837,175
2021(F) Q2	889,536	831,547
2021(F) Q3	889,507	823,909
2021(F) Q4	888,535	818,400
2022(F) Q1	886,779	809,957
2022(F) Q2	884,991	805,153
2022(F) Q3	886,627	806,641
2022(F) Q4	895,932	815,106

Sources: CREA, (F) Forecasts by CMHC

Figure 4: Calgary Starts (Units, SAAR)

Quarter	Historical data	
2020 Q1	10,265	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	6,828	1,778
2020(F) Q3	5,647	970
2020(F) Q4	7,766	4,197
2021(F) Q1	9,355	5,787
2021(F) Q2	10,368	6,799
2021(F) Q3	11,862	8,293
2021(F) Q4	12,188	8,619
2022(F) Q1	13,006	9,437
2022(F) Q2	12,826	9,258
2022(F) Q3	12,675	9,107
2022(F) Q4	12,576	9,008

Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 5: Calgary MLS® Sales (Units, SAAR)

Quarter	Historical data	
2020 Q1	20,540	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	18,097	14,902
2020(F) Q3	16,832	12,347
2020(F) Q4	18,058	13,444
2021(F) Q1	18,976	14,209
2021(F) Q2	19,682	14,771
2021(F) Q3	20,422	15,544
2021(F) Q4	20,787	15,998
2022(F) Q1	21,378	16,816
2022(F) Q2	21,854	17,453
2022(F) Q3	22,387	17,966
2022(F) Q4	22,903	18,484

Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 6: Calgary MLS® Average Price ($)

Quarter	Historical data	
2020 Q1	438,194	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	436,784	397,165
2020(F) Q3	431,008	372,891
2020(F) Q4	425,196	353,372
2021(F) Q1	419,309	346,681
2021(F) Q2	413,154	342,534
2021(F) Q3	407,711	339,600
2021(F) Q4	403,989	337,927
2022(F) Q1	400,744	335,603
2022(F) Q2	397,622	333,040
2022(F) Q3	397,502	333,843
2022(F) Q4	403,286	338,662

Sources: CREA, (F) Forecasts by CMHC

Figure 7: Edmonton Starts (Units, SAAR)

Quarter	Historical data	
2020 Q1	11,620	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	4,926	1,638
2020(F) Q3	4,182	894
2020(F) Q4	6,440	3,481
2021(F) Q1	7,758	4,798
2021(F) Q2	8,597	5,638
2021(F) Q3	9,836	6,877
2021(F) Q4	10,107	7,147
2022(F) Q1	10,785	7,826
2022(F) Q2	10,636	7,677
2022(F) Q3	10,511	7,552
2022(F) Q4	10,429	7,470

Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 8: Edmonton MLS® Sales (Units, SAAR)

Quarter	Historical data	
2020 Q1	17,668	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	16,878	13,480
2020(F) Q3	15,871	11,469
2020(F) Q4	15,766	10,883
2021(F) Q1	15,889	10,991
2021(F) Q2	15,716	9,976
2021(F) Q3	16,117	10,840
2021(F) Q4	16,425	11,222
2022(F) Q1	16,660	11,368
2022(F) Q2	17,083	11,814
2022(F) Q3	17,155	11,727
2022(F) Q4	16,987	11,280

Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 9: Edmonton MLS® Average Price ($)

Quarter	Historical data	
2020 Q1	359,072	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	356,354	320,859
2020(F) Q3	351,777	301,249
2020(F) Q4	347,195	285,480
2021(F) Q1	343,061	280,075
2021(F) Q2	338,483	276,724
2021(F) Q3	334,533	274,354
2021(F) Q4	330,715	273,002
2022(F) Q1	328,799	271,124
2022(F) Q2	326,355	269,054
2022(F) Q3	321,131	269,703
2022(F) Q4	325,804	273,596

Sources: CREA, (F) Forecasts by CMHC

Figure 10: Toronto Starts (Units, SAAR)

Quarter	Historical data	
2020 Q1	30,006	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	18,021	10,318
2020(F) Q3	15,658	7,955
2020(F) Q4	23,199	15,496
2021(F) Q1	30,198	22,174
2021(F) Q2	32,614	24,589
2021(F) Q3	34,637	26,613
2021(F) Q4	35,899	27,875
2022(F) Q1	38,923	30,577
2022(F) Q2	38,110	29,765
2022(F) Q3	37,630	29,284
2022(F) Q4	37,080	28,734

Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 11: Toronto MLS® Sales (Units, SAAR)

Quarter	Historical data	
2020 Q1	94,844	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	87,800	80,598
2020(F) Q3	77,990	70,120
2020(F) Q4	76,366	66,438
2021(F) Q1	77,884	66,672
2021(F) Q2	81,228	69,464
2021(F) Q3	82,121	69,574
2021(F) Q4	83,267	69,789
2022(F) Q1	84,625	70,296
2022(F) Q2	86,875	71,538
2022(F) Q3	88,696	74,292
2022(F) Q4	90,804	77,873

Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 12: Toronto MLS® Average Price ($)

Quarter	Historical data	
2020 Q1	892,238	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	882,792	834,243
2020(F) Q3	871,249	804,774
2020(F) Q4	843,724	778,748
2021(F) Q1	833,094	743,195
2021(F) Q2	831,075	735,421
2021(F) Q3	841,475	736,113
2021(F) Q4	852,856	738,271
2022(F) Q1	859,520	749,829
2022(F) Q2	873,503	758,434
2022(F) Q3	889,149	773,388
2022(F) Q4	912,828	796,349

Sources: CREA, (F) Forecasts by CMHC

Figure 13: Ottawa Starts (Units, SAAR)

Quarter	Historical data	
2020 Q1	10,208	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	4,900	3,000
2020(F) Q3	4,492	2,500
2020(F) Q4	6,500	4,000
2021(F) Q1	7,400	5,100
2021(F) Q2	7,500	5,246
2021(F) Q3	7,600	5,677
2021(F) Q4	7,900	5,947
2022(F) Q1	8,100	5,994
2022(F) Q2	8,150	5,834
2022(F) Q3	8,200	5,740
2022(F) Q4	8,300	5,632

Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 14: Ottawa MLS® Sales (Units, SAAR)

Quarter	Historical data	
2020 Q1	18,420	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	16,800	14,479
2020(F) Q3	15,000	12,548
2020(F) Q4	14,000	11,453
2021(F) Q1	14,700	12,554
2021(F) Q2	14,900	12,979
2021(F) Q3	15,000	12,907
2021(F) Q4	15,500	12,761
2022(F) Q1	16,136	12,804
2022(F) Q2	16,380	13,035
2022(F) Q3	16,736	13,547
2022(F) Q4	17,700	14,214

Sources: CREA, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 15: Ottawa MLS® Average Price ($)

Quarter	Historical data	
2020 Q1	498,007	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	480,000	450,000
2020(F) Q3	479,000	441,858
2020(F) Q4	469,000	416,273
2021(F) Q1	462,000	412,000
2021(F) Q2	452,000	402,000
2021(F) Q3	458,000	399,161
2021(F) Q4	461,761	400,332
2022(F) Q1	473,098	405,003
2022(F) Q2	483,669	408,561
2022(F) Q3	495,167	416,616
2022(F) Q4	508,354	428,985

Sources: CREA, (F) Forecasts by CMHC

Figure 16: Montreal Starts (Units, SAAR)

Quarter	Historical data	
2020 Q1	27,561	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	14,245	6,232
2020(F) Q3	13,436	5,458
2020(F) Q4	25,424	16,922
2021(F) Q1	26,776	20,069
2021(F) Q2	26,457	19,737
2021(F) Q3	25,840	19,094
2021(F) Q4	23,926	17,100
2022(F) Q1	24,786	17,287
2022(F) Q2	24,968	17,468
2022(F) Q3	25,066	17,566
2022(F) Q4	25,180	17,679

Source: CMHC, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 17: Montreal Centris® Sales (Units, SAAR)

Quarter	Historical data	
2020 Q1	55,255	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	47,772	43,998
2020(F) Q3	46,918	42,731
2020(F) Q4	48,643	44,009
2021(F) Q1	48,027	43,915
2021(F) Q2	48,833	44,181
2021(F) Q3	48,644	43,370
2021(F) Q4	48,496	42,534
2022(F) Q1	50,323	42,184
2022(F) Q2	50,959	42,641
2022(F) Q3	51,785	43,657
2022(F) Q4	52,934	45,518

Sources: QPAREB by Centris®, (F) Forecasts by CMHC, Seasonally adjusted annual rates (SAAR)

Figure 18: Montreal Centris® Average Price ($)

Quarter	Historical data	
2020 Q1	444,748	
	Forecast range	
Quarter	Upper bound	Lower bound
2020(F) Q2	419,043	395,990
2020(F) Q3	410,096	385,064
2020(F) Q4	414,108	386,780
2021(F) Q1	422,632	388,500
2021(F) Q2	422,566	392,000
2021(F) Q3	425,620	393,500
2021(F) Q4	429,183	394,000
2022(F) Q1	433,629	394,618
2022(F) Q2	438,512	395,042
2022(F) Q3	444,407	398,082
2022(F) Q4	451,452	404,258

Sources: QPAREB by Centris®, (F) Forecasts by CMHC