

BC EXPROPRIATION ASSOCIATION 2018 FALL CONFERENCE

changing people, changing places...

ANDREW RAMLO



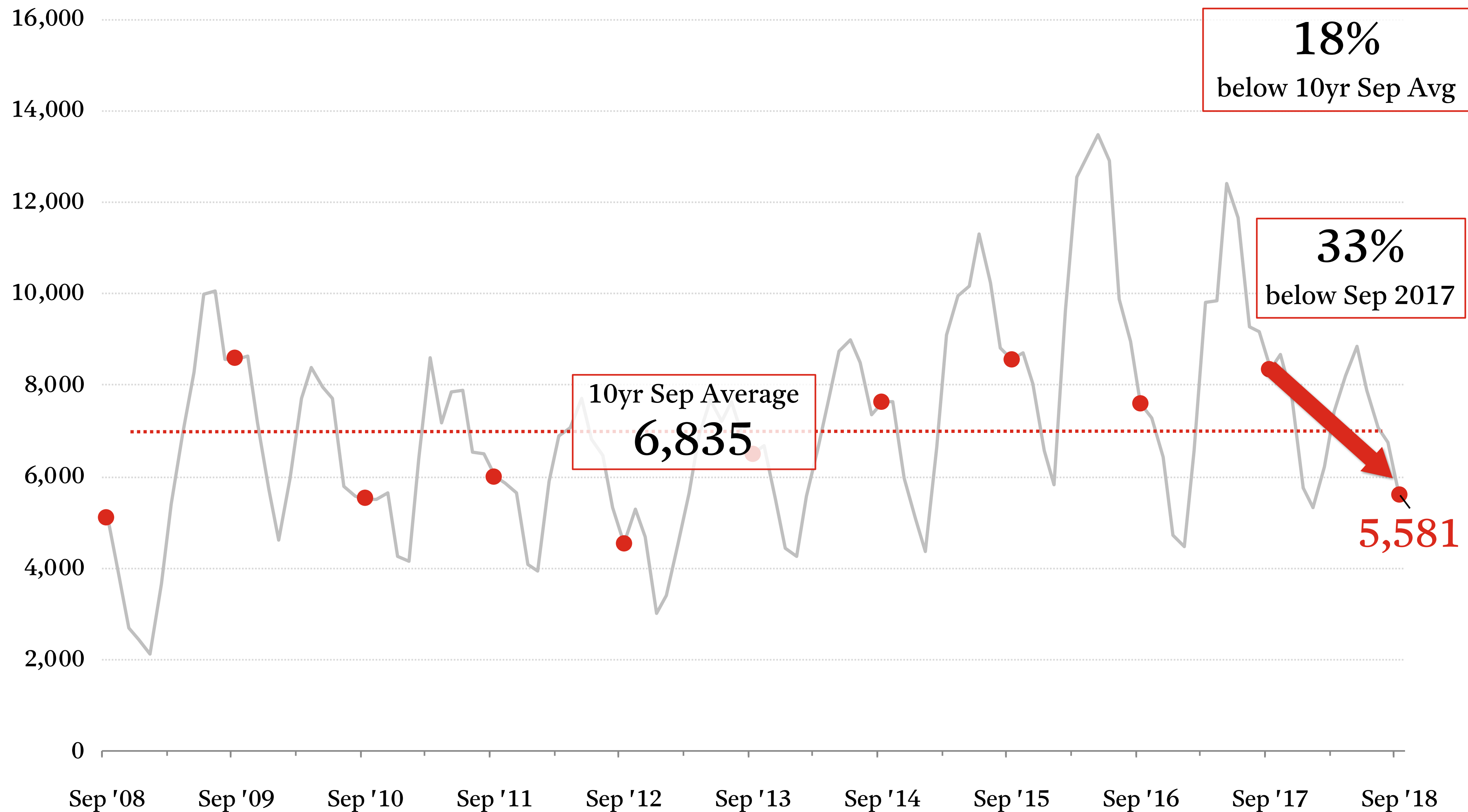
topics for today

- ④ real estate **market** update
- ④ the **economic** context
- ④ the **demographic** context
- ④ the **policy** context

market update

MLS SALES
BRITISH
COLUMBIA

ALL PROPERTY TYPES

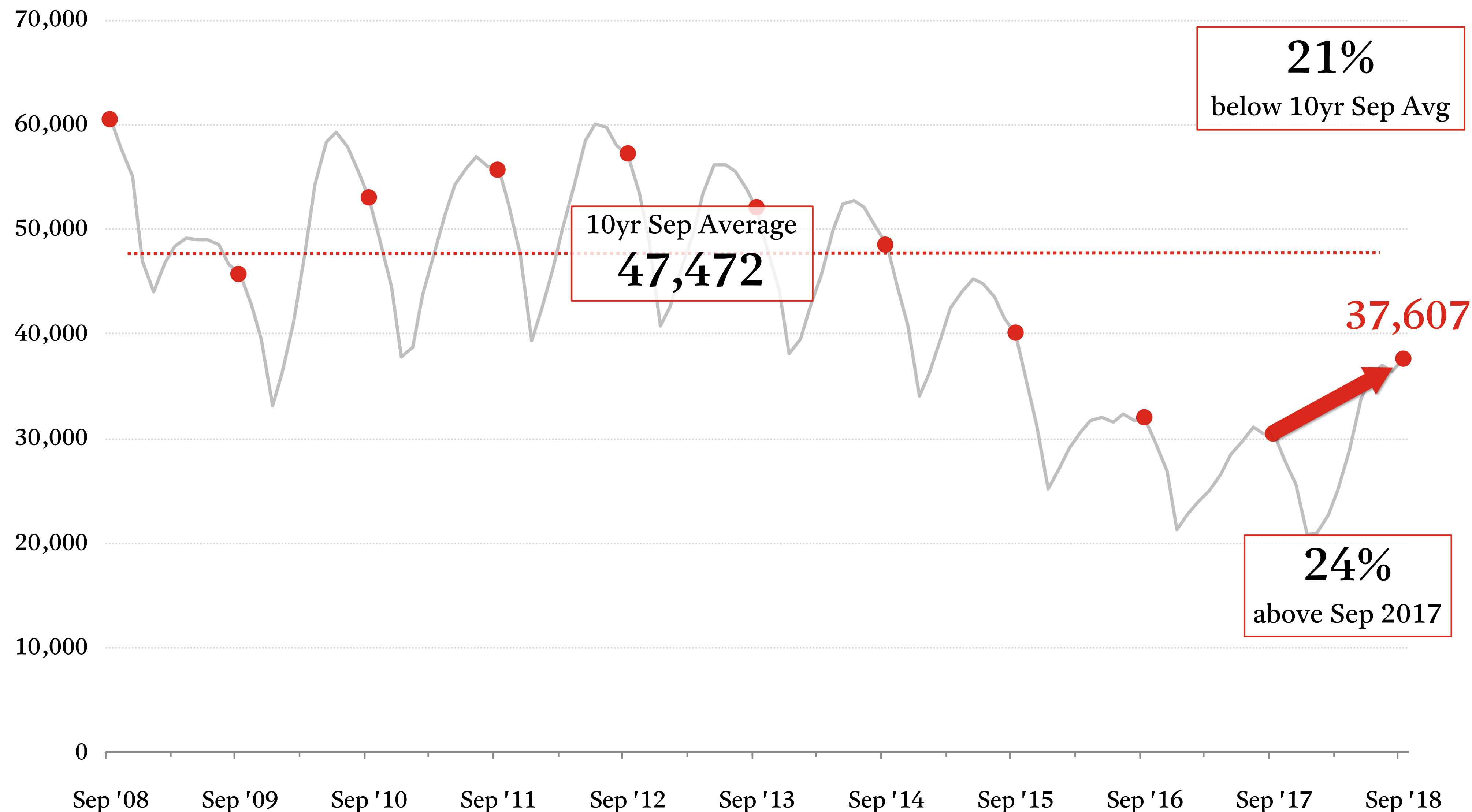


market update

MLS LISTINGS

BRITISH
COLUMBIA

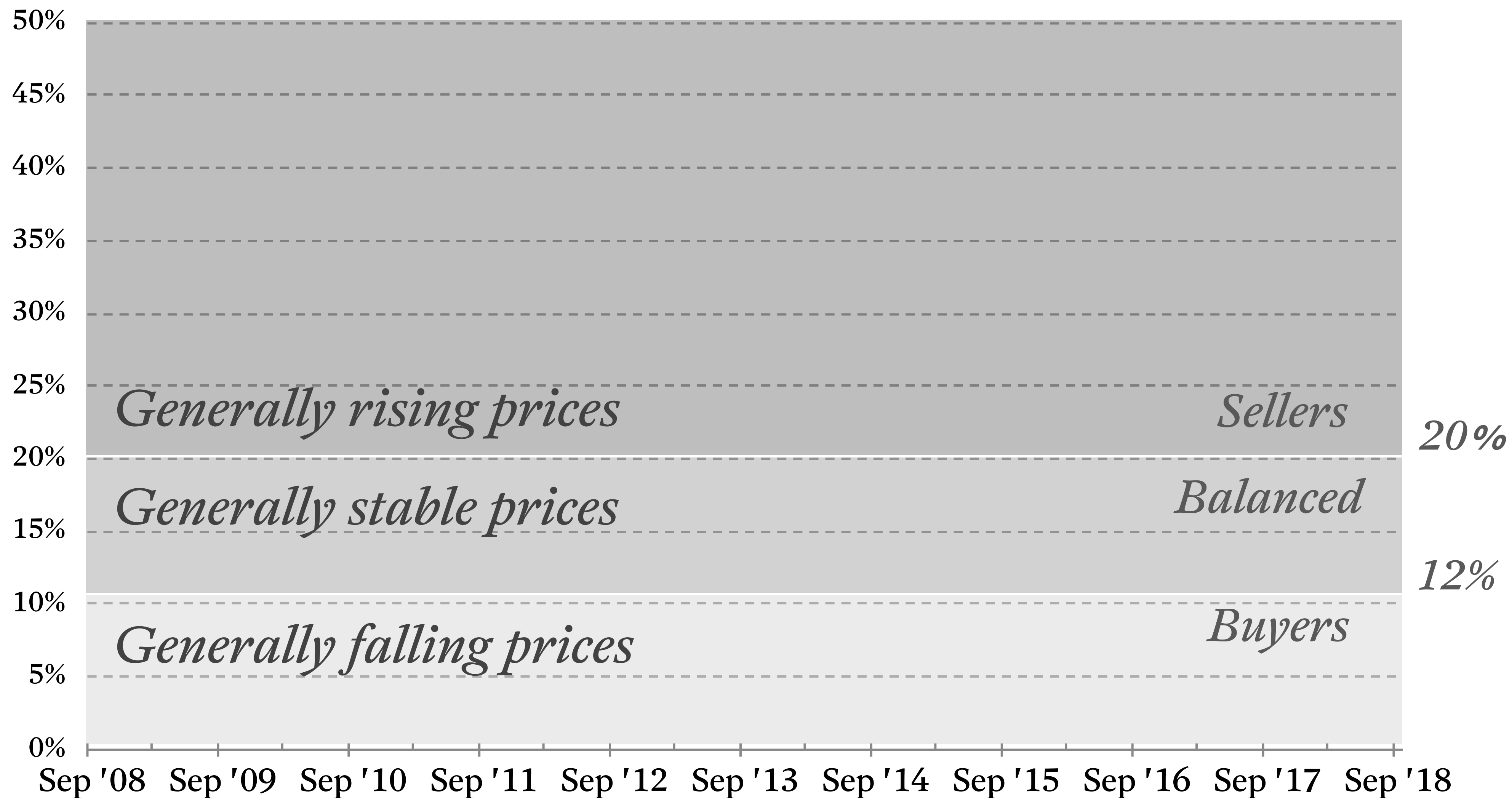
ALL PROPERTY TYPES



market update

MLS SALES TO
LISTINGS
RATIO

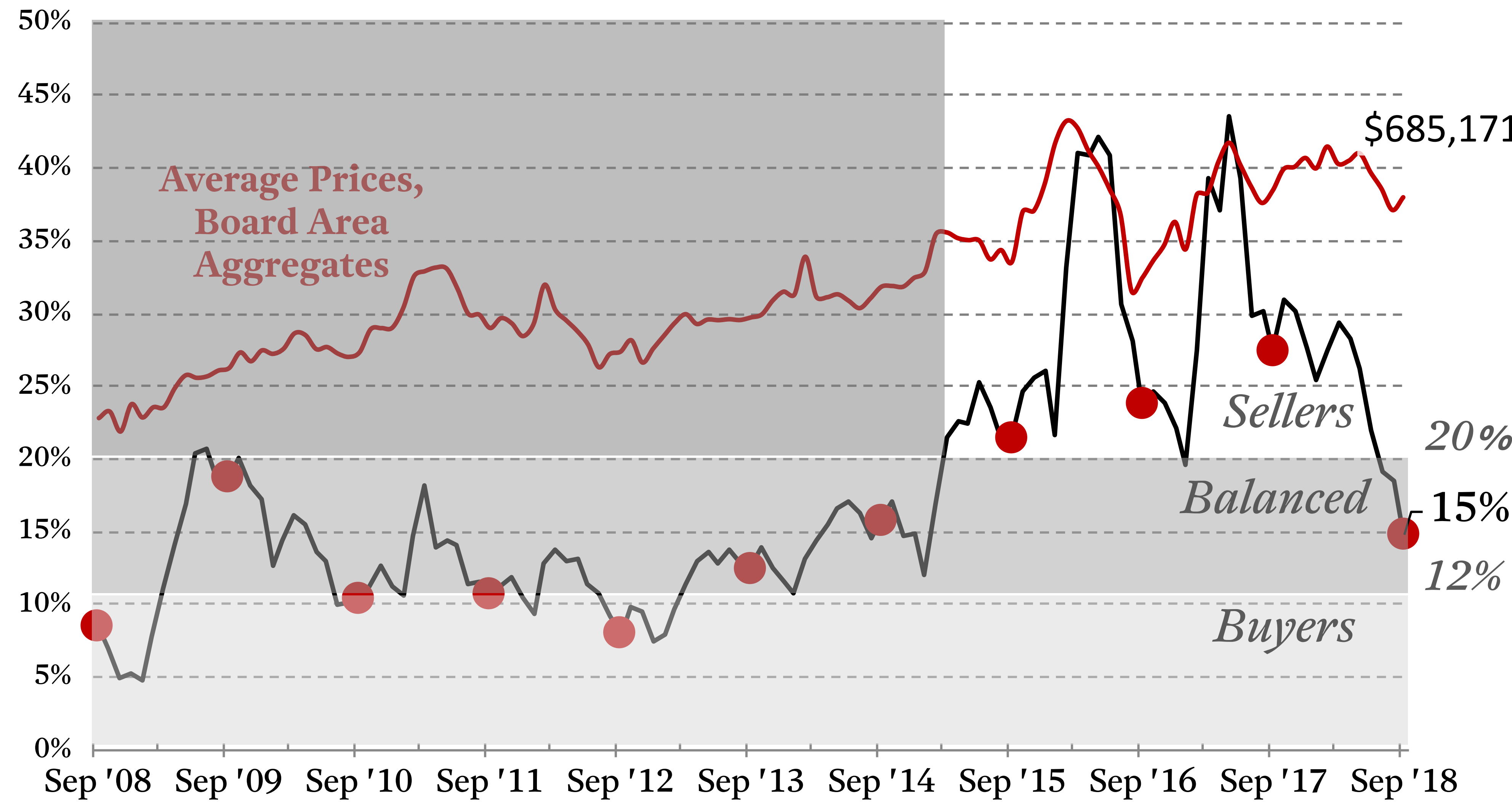
ALL PROPERTY TYPES



ALL PROPERTY TYPES

market
update

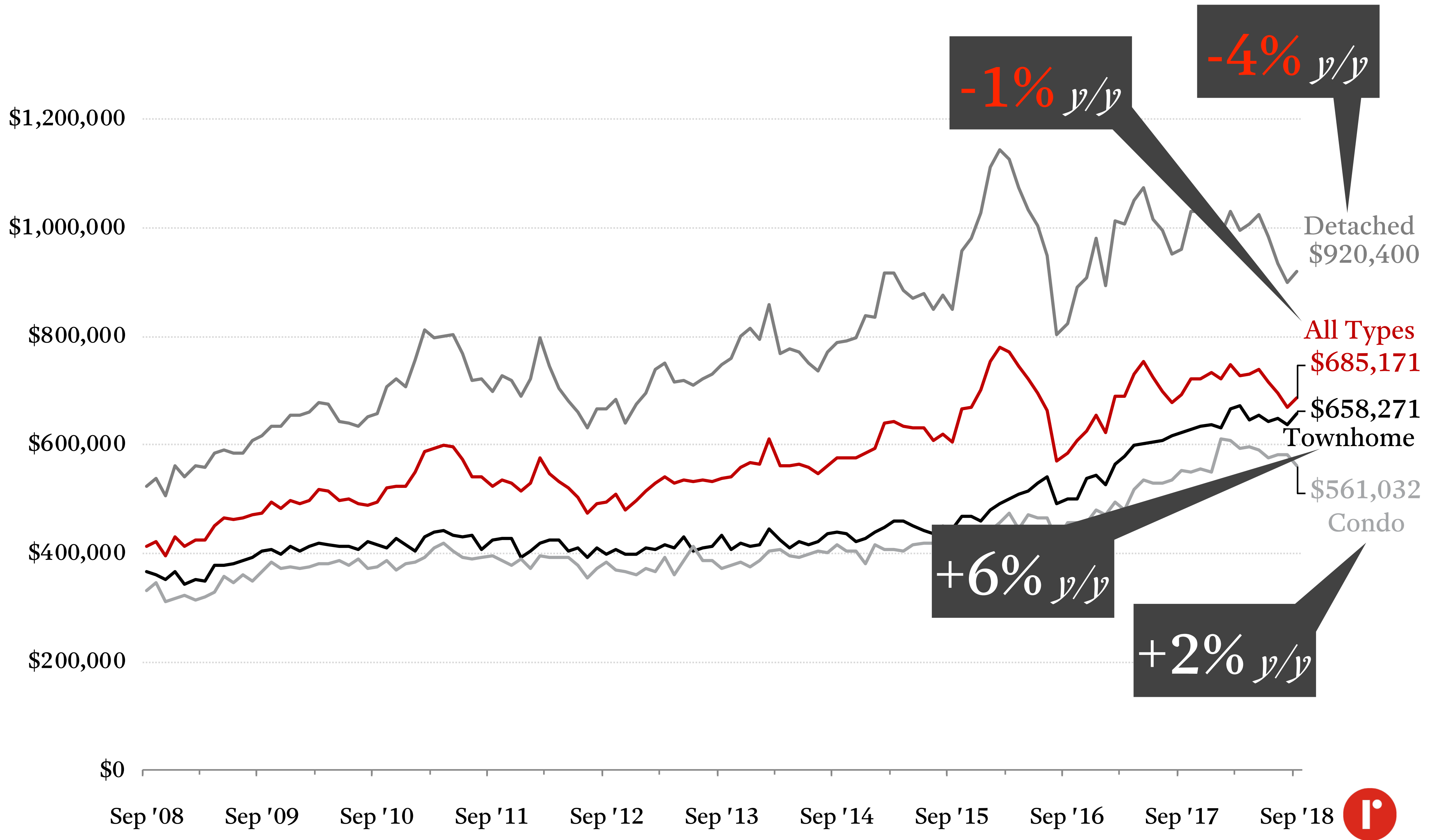
MLS SALES TO
LISTINGS
RATIO



AVERAGE PRICES, BOARD AREA AGGREGATES

market
update

MLS PRICES
BRITISH
COLUMBIA




topics for today

- ④ real estate **market** update
- ④ the **economic** context



the economic context




NEWS BUSINESS SPORTS ARTS & LIFE HOMES TRAVEL CAREERS OBITS CLAS


NEWS ALL FEATURED: THE REAL SCOOP PUBLIC SECTOR SALARIES PHILLIP TALLIO SE

Canada's economy blows away forecasts with 4.5% growth – its strongest start to year since 2002

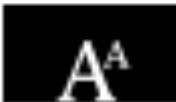
THE CANADIAN PRESS, FINANCIAL POST 08.31.2017 |



Economists had only expected 3.7% growth in the second quarter. *POSTMEDIA NEWS / FINANCIAL POST*

SHARE

By Andy Blatchford






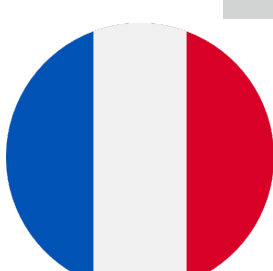


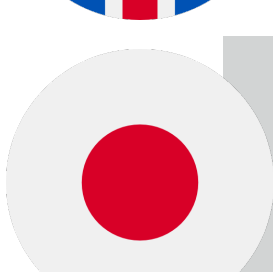
OTTAWA — The economy surged past second-quarter expectations with growth at an annual rate of 4.5 per cent, giving the country its best start to a calendar year since 2002, Statistics Canada said Thursday.



the
economic
context



CHANGE IN GROSS DOMESTIC PRODUCT (GDP), 2017-19

	2017	2018	2019
	3.0 ⁰ %	2.1 ⁰ %	2.0 ⁰ %
	2.2 ⁰ %	2.9 ⁰ %	2.5 ⁰ %
	2.5 ⁰ %	1.9 ⁰ %	1.9 ⁰ %
	2.3 ⁰ %	1.6 ⁰ %	1.6 ⁰ %
	1.5 ⁰ %	1.2 ⁰ %	1.0 ⁰ %
	1.7 ⁰ %	1.4 ⁰ %	1.5 ⁰ %
	1.7 ⁰ %	1.1 ⁰ %	0.9 ⁰ %

Source: IMF




the
economic
context

B.C. adds 33,300 jobs in September, unemployment plummets

B.C. added more full-time jobs than part-time jobs last month, bucking the overall trend nationwide

By Tyler Orton | October 5, 2018, 8:00am



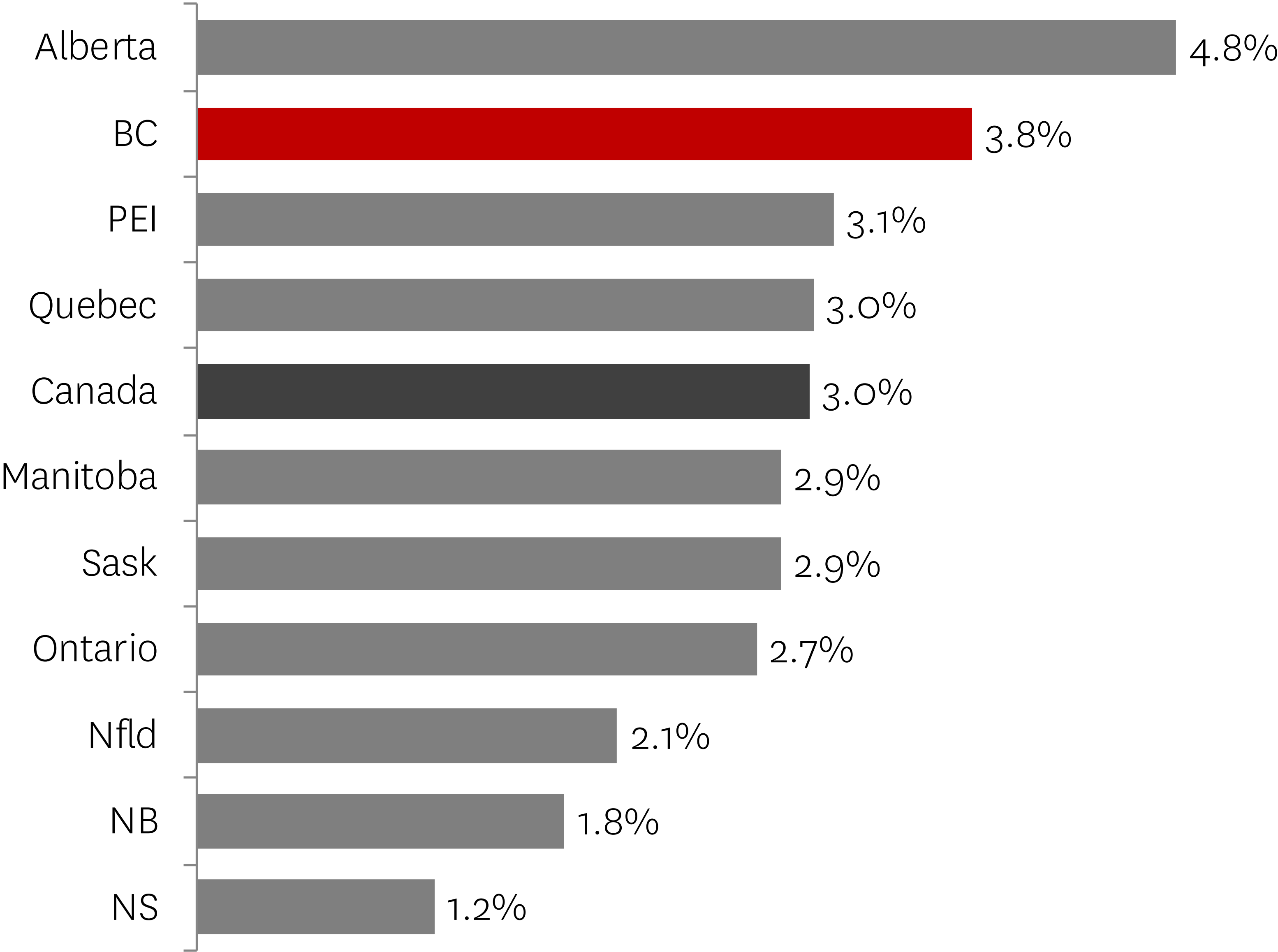
The kids went back to school and more than a few adults went back to work in September in B.C.

The province added 33,300 jobs last month, pushing its unemployment rate down 1.1 percentage points to 4.2%, according to Statistics Canada data released October 5.

Meanwhile, the economy added a total of 63,300 jobs across the country.

However, unlike the national gains, most of the jobs added in B.C. were full-time positions.

CHANGE IN GROSS DOMESTIC PRODUCT (GDP), 2017




the
economic
context

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Longshoremen at a dispatch hall ready to work at the Port of Vancouver | Photo: Dominic Schaefer

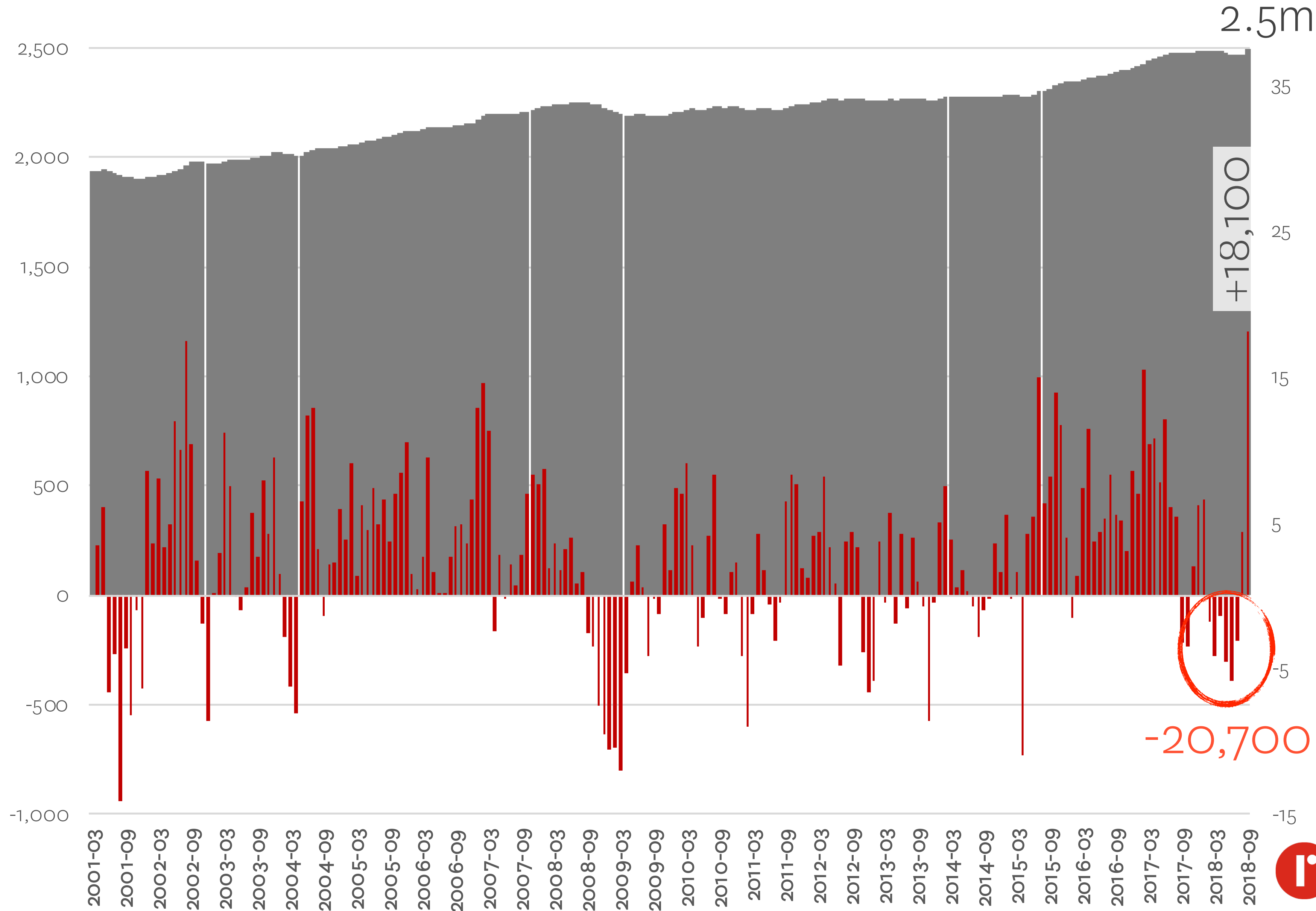
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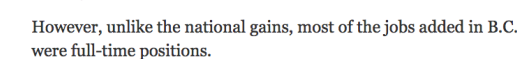
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TOTAL EMPLOYMENT, BC ('000s, 3-mo. av., seasonally adjusted, September)





Category	Value	Percentage Change
Pop.	251,800	6.6%
LF	177,000	7.3%
Empl.	221,000	10%
Unempl.	-33,800	-21%
Unempl. Rate (4.8)	(4.2% sept.)	-23%




the
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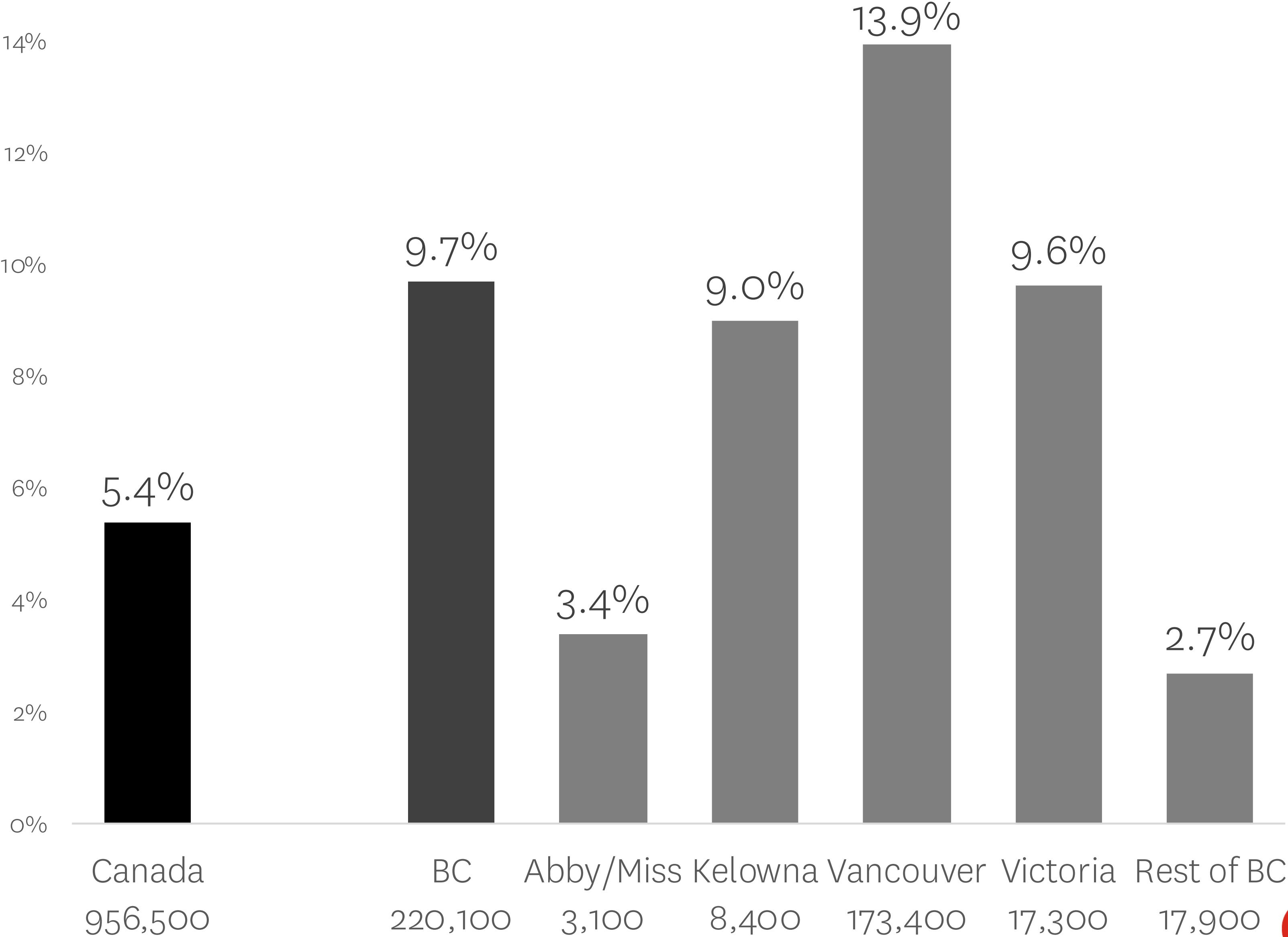
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EMPLOYMENT CHANGE IN BC (past 5 years)



the
economic
context

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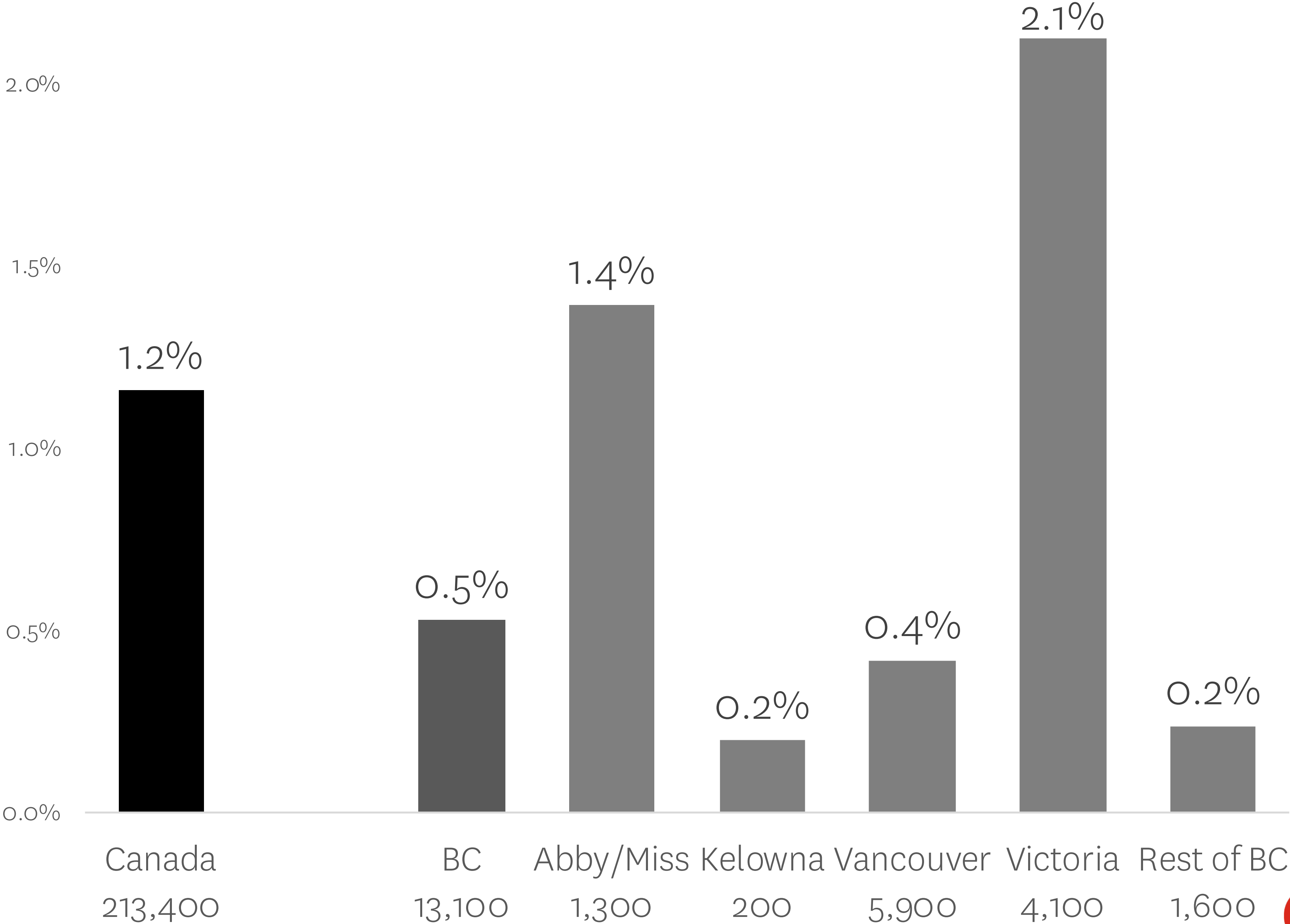
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EMPLOYMENT CHANGE IN BC (past 12 mos.)




5-YEAR JOB & WAGE GROWTH, BC (2012-2017)

the
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context

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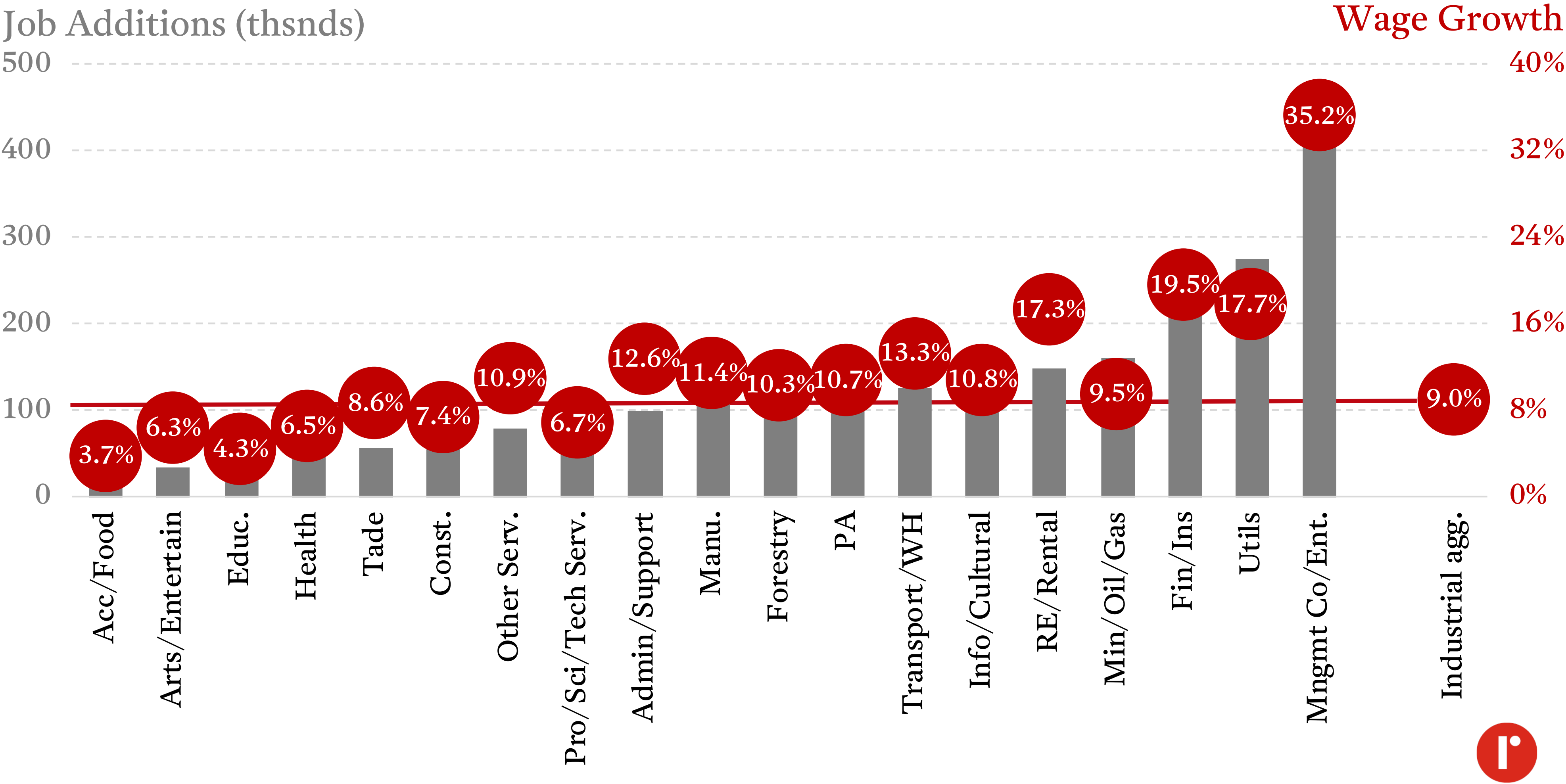


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5-YEAR JOB & WAGE GROWTH, BC (2012-2017)

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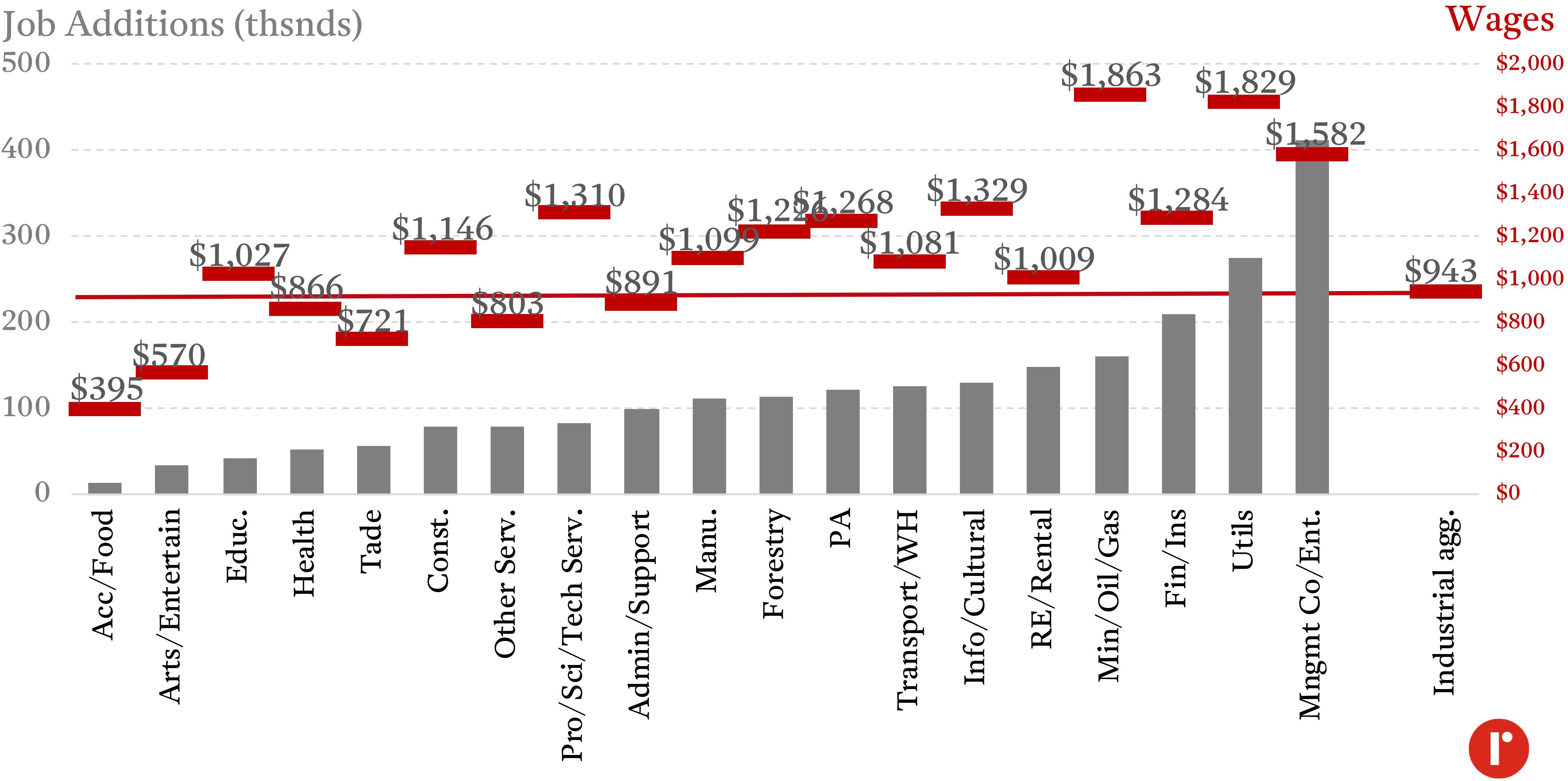


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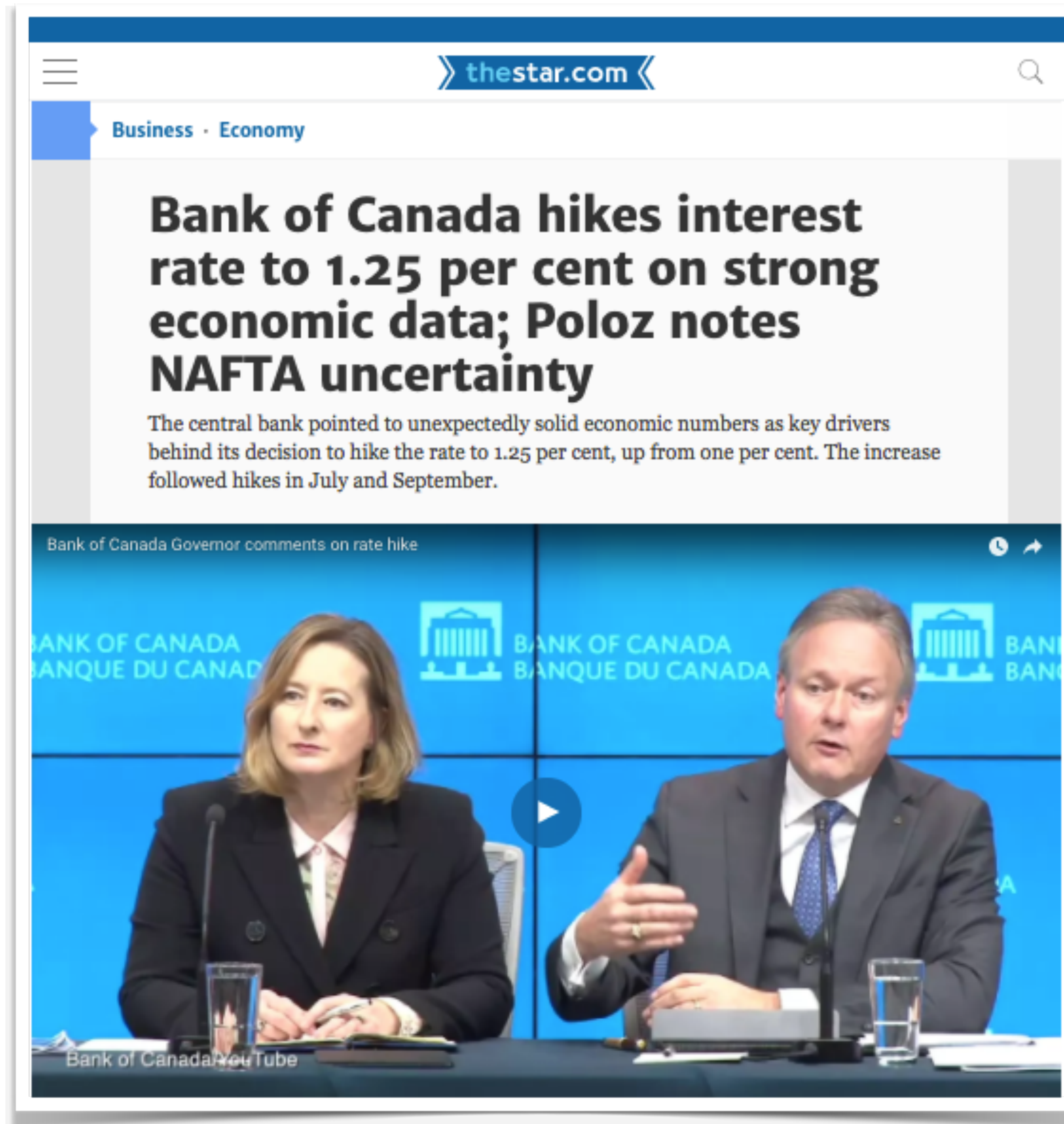
the
economic
context

SOUNDBITE:

⌚ the economic **fundamentals** look relatively good
nationally and provincially ...
... but

the
economic
context

THE INTEREST
RATE OUTLOOK



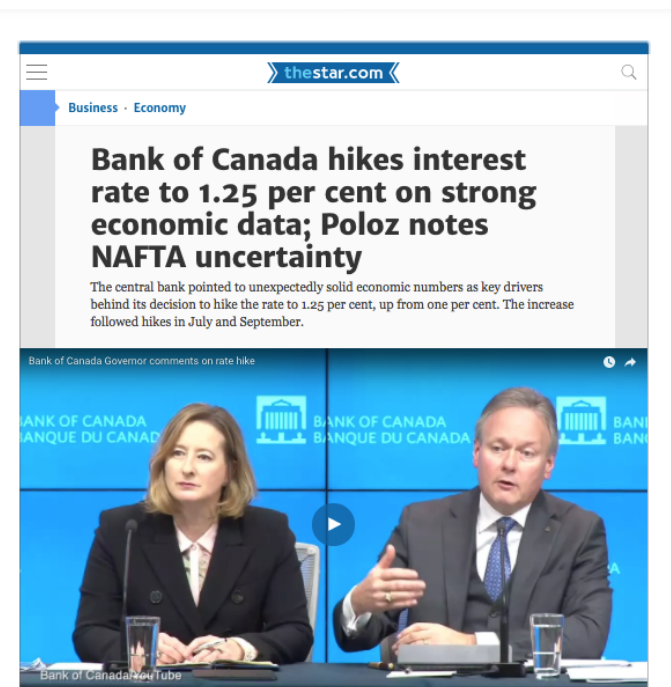
DECEMBER 2018 OVERNIGHT TARGET RATE

the
economic
context

THE INTEREST
RATE OUTLOOK

-  > BMO Capital Markets: 1.75%
-  > TD Economics: 1.75%
-  > CIBC World Markets: 1.75%
-  > Scotiabank: 1.75%
-  > RBC: 1.75%

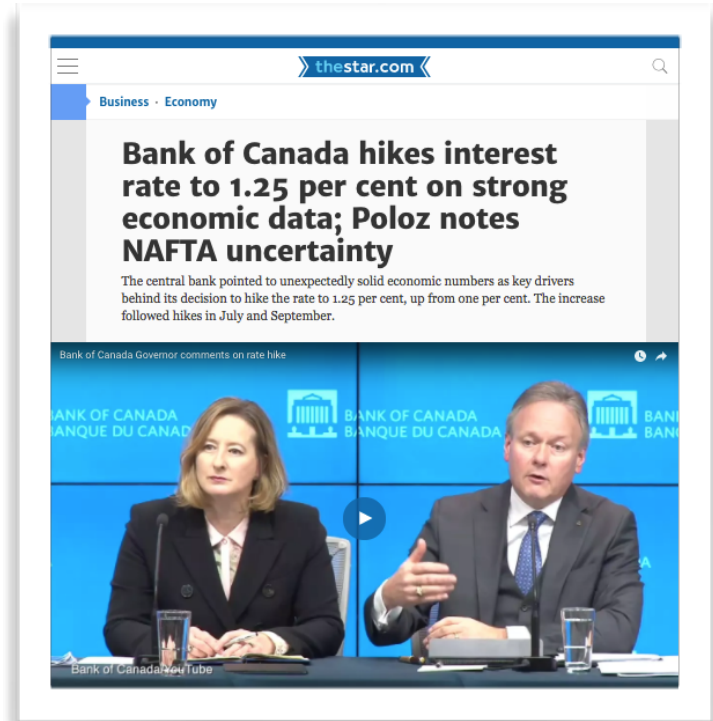
**With the overnight rate currently at 1.5%, the consensus is that we will see one more rate increase from the Bank of Canada through 2018...
...and one to three more through 2019.**



INTEREST RATE OUTLOOK

the
economic
context

THE INTEREST
RATE OUTLOOK



Let's assume:

- \$100K HH Inc.
- \$100K DP
- 25 year am.
- 35% GDS

+0.50% overnight target

@ 2.70%

@ 3.20%

\$736K

\$702K

-5%

in purchasing power



INTEREST RATE OUTLOOK

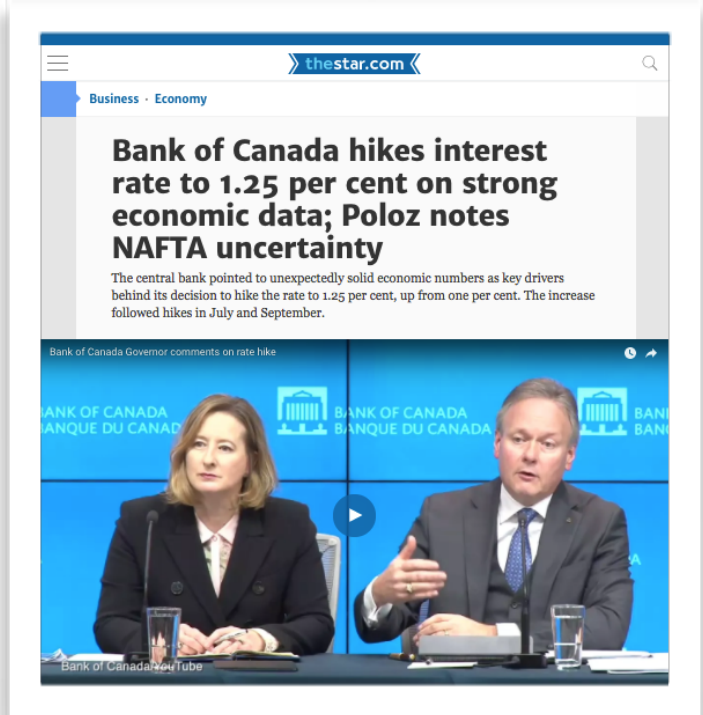
the
economic
context

	+0.50%	+2.00%
@ 2.70%	@ 3.20%	@ 5.20%
\$736K	\$702K	\$589K

THE INTEREST
RATE OUTLOOK

Let's assume:

- \$100K HH Inc.
- \$100K DP
- 25 year am.
- 35% GDS



-5% -20%

in purchasing power in purchasing power

OSFI qualification rules:
greater of negotiated rate +2%
points or B of C posted target ⓘ

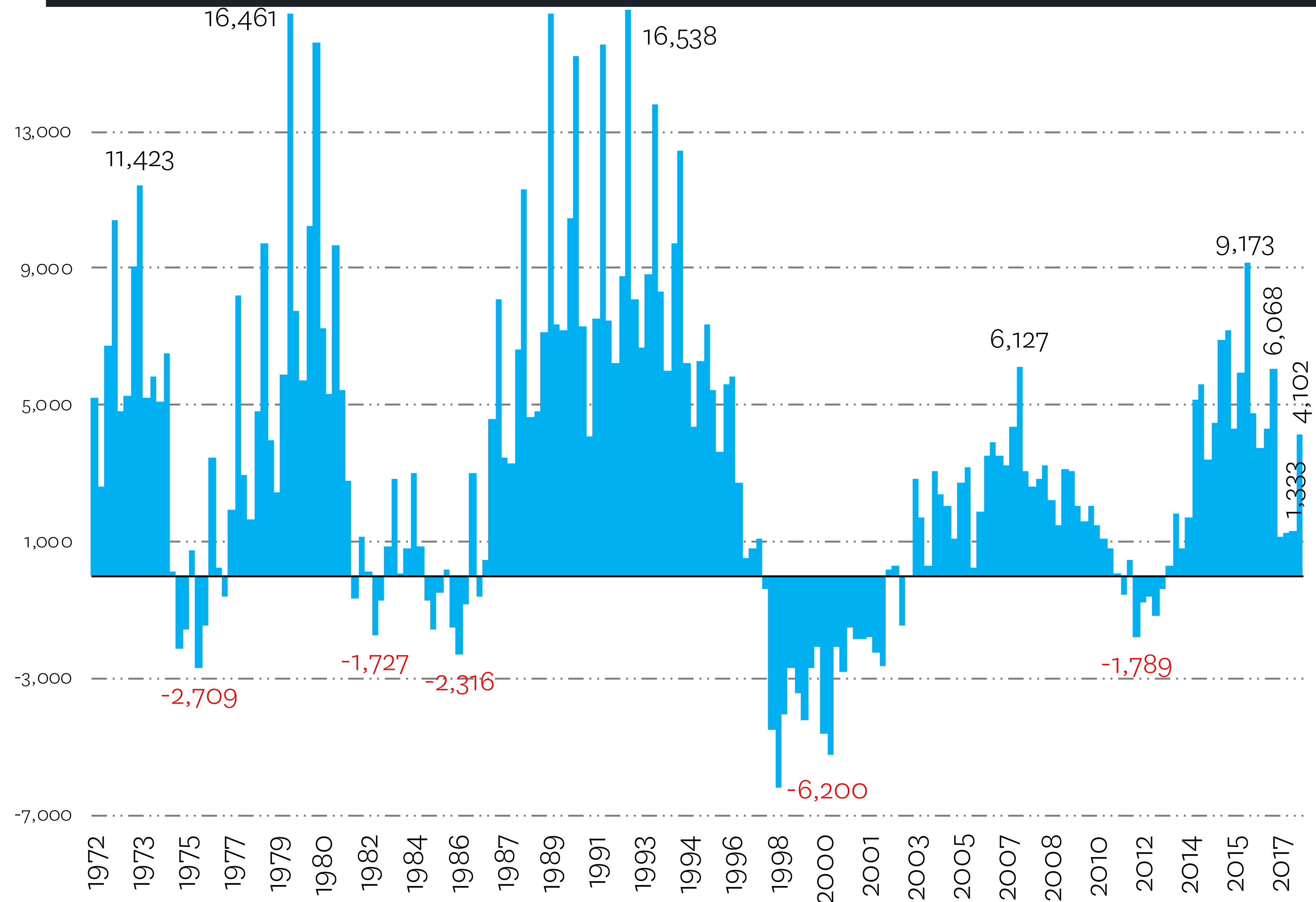
topics for today

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- ④ the **economic** context
- ④ the **demographic** context

the
demographic
context

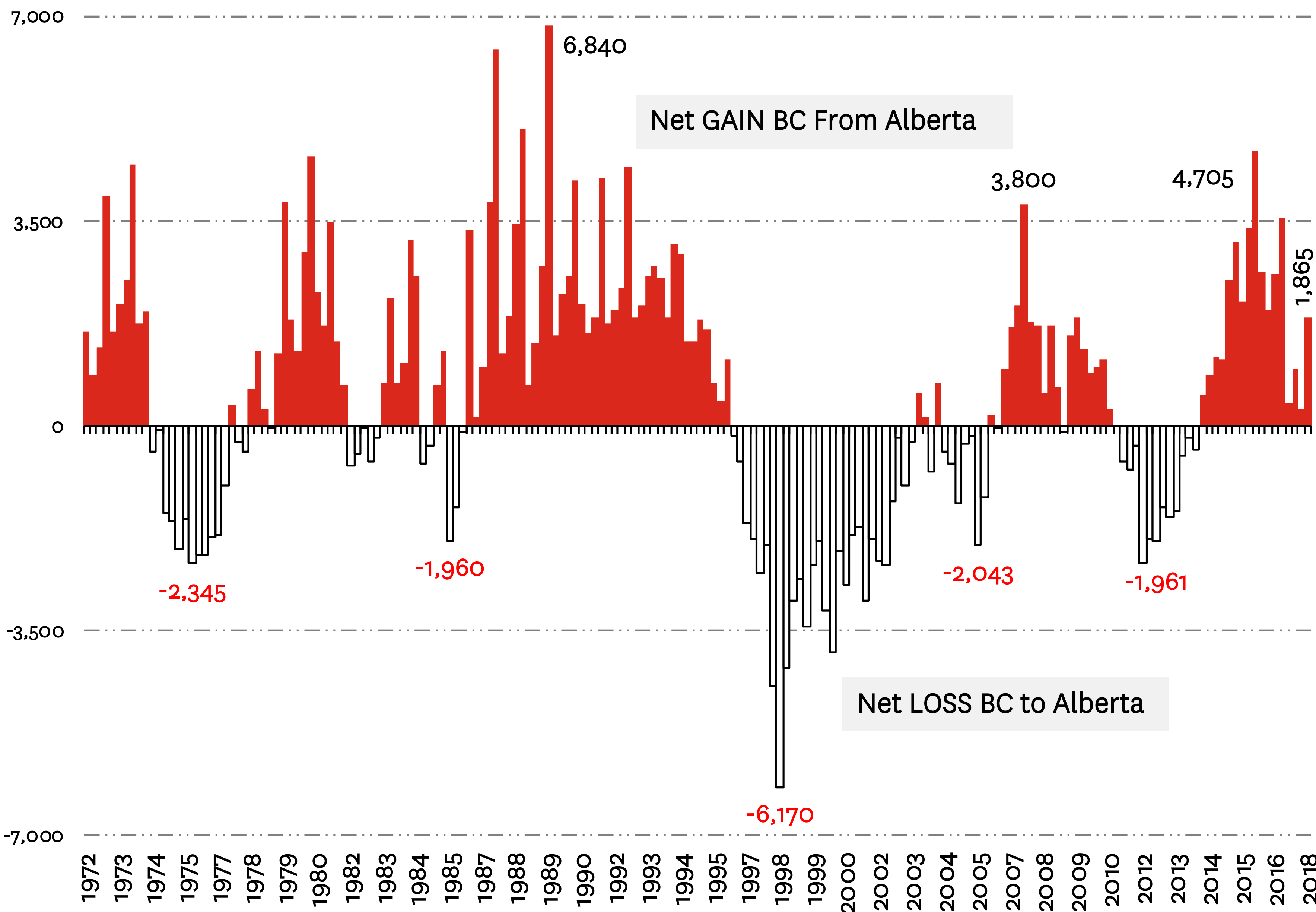
Q2 NET INTER-PROVINCIAL

+18% above Q2 average



the
demographic
context

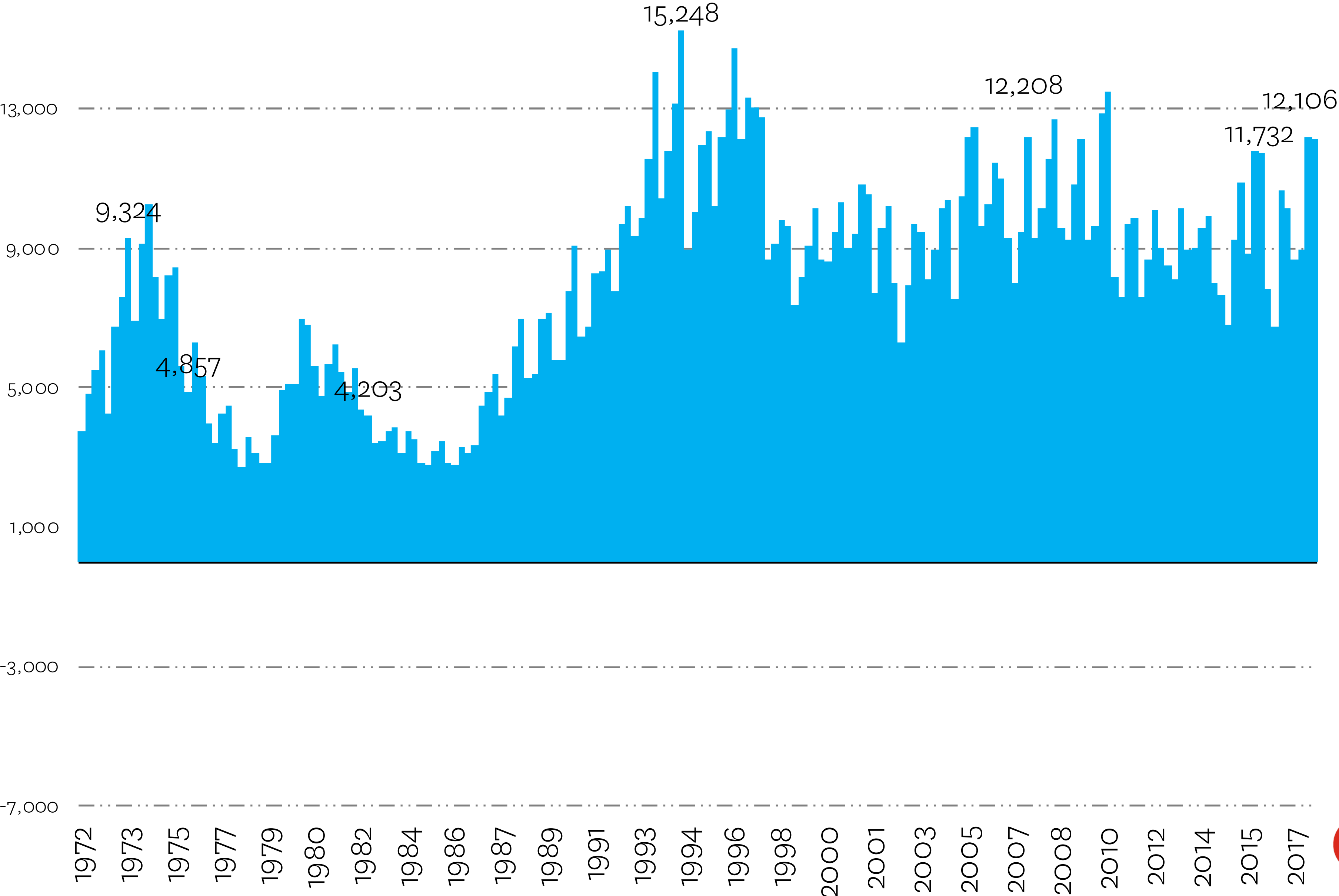
Q2 NET INTER-PROVINCIAL



Q2 IMMIGRATION, BC

+14% above Q2 average

the
demographic
context



the demographic context

IMMIGRATION POLICY CHANGES

Global NEWS

BC 
Change Location

News & Radio Programs 
Newscasts, Radio, and Videos

World Canada Local- Politics Smart Living Money Entertainment Health 

More 

CANADA November 1, 2017 1:04 pm Updated: November 1, 2017 1:11 pm

Canadian government wants 310,000 immigrants in 2018, 340,000 a year by 2020

By Monique Scotti National Online Journalist, Politics Global News

 Comments  Facebook  Twitter  Email  Print 

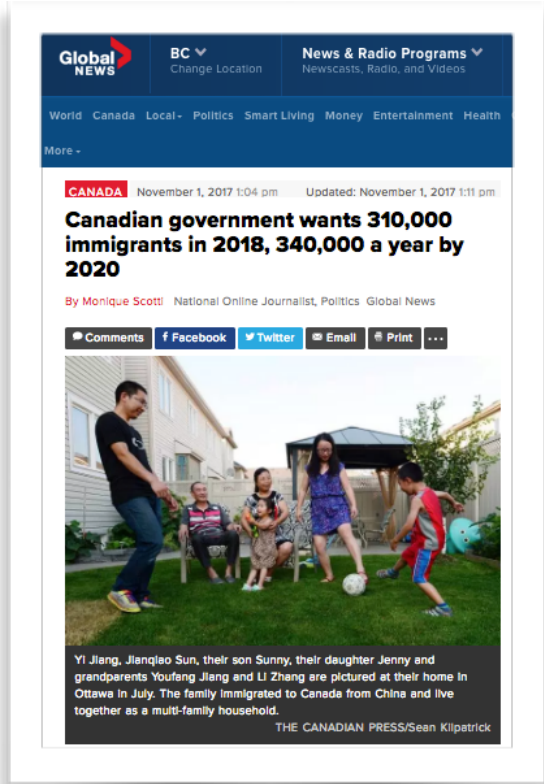
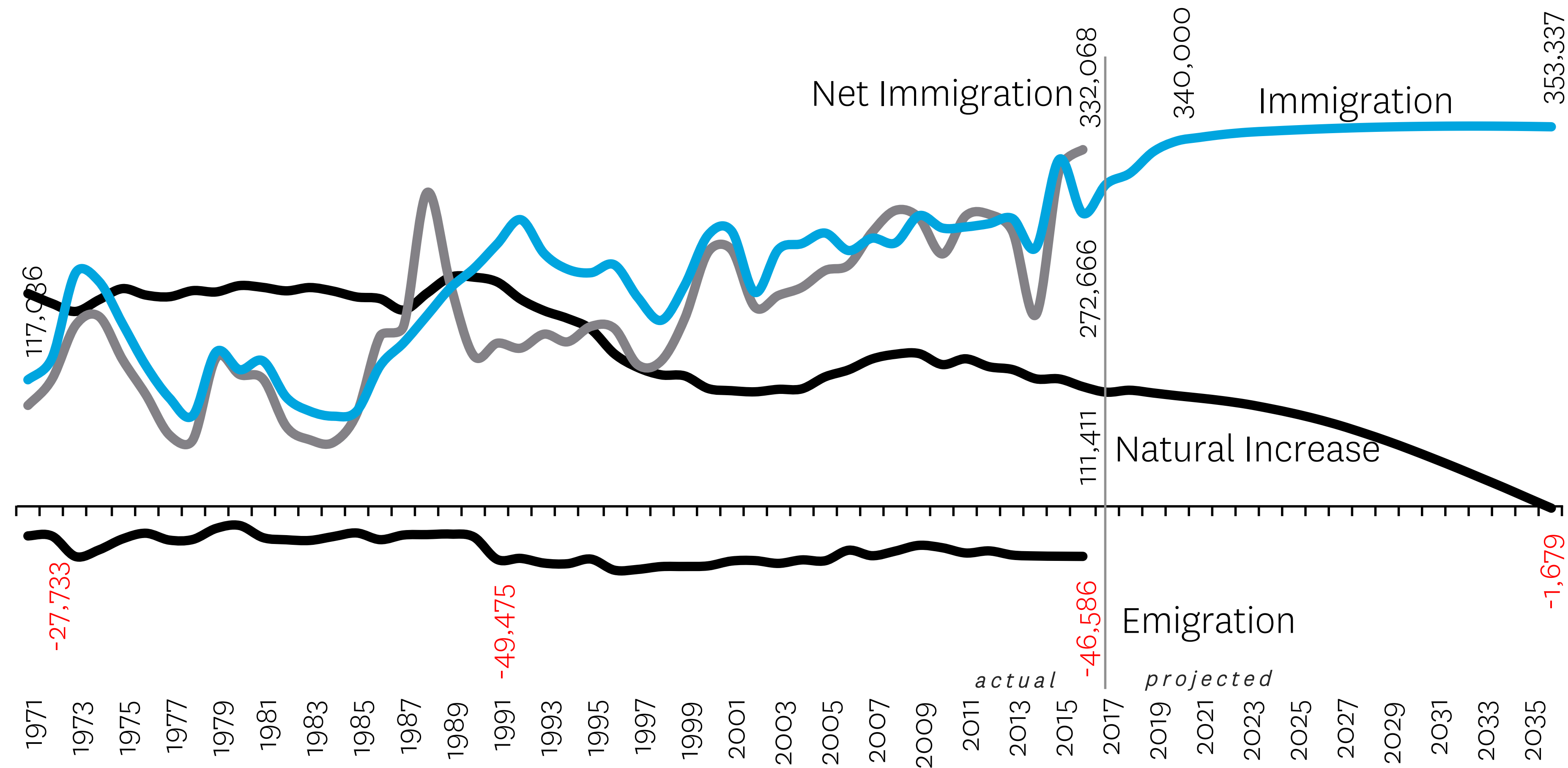


Yi Jiang, Jianqlao Sun, their son Sunny, their daughter Jenny and grandparents Youfang Jiang and Li Zhang are pictured at their home in Ottawa in July. The family immigrated to Canada from China and live together as a multi-family household.

THE CANADIAN PRESS/Sean Kilpatrick

FEDERAL IMMIGRATION TARGETS

the
demographic
context



FEDERAL IMMIGRATION TARGETS

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Rethinking immigration: The case for the 400,000 solution

The coming demographic crunch

The coming demographic crunch

GRAPHIC

Last

With baby boomers heading for retirement, eventually there will be only two workers for every senior citizen. This increases the burden on workers for seniors' pensions and other social programs, slows growth and makes labour shortages even more dire.

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Canada's working-aged population per senior citizen over time, and the same ratio by province

1971

In 1971 there were 6.6 people of working age for each senior



2012

In 2012 there are 4.2



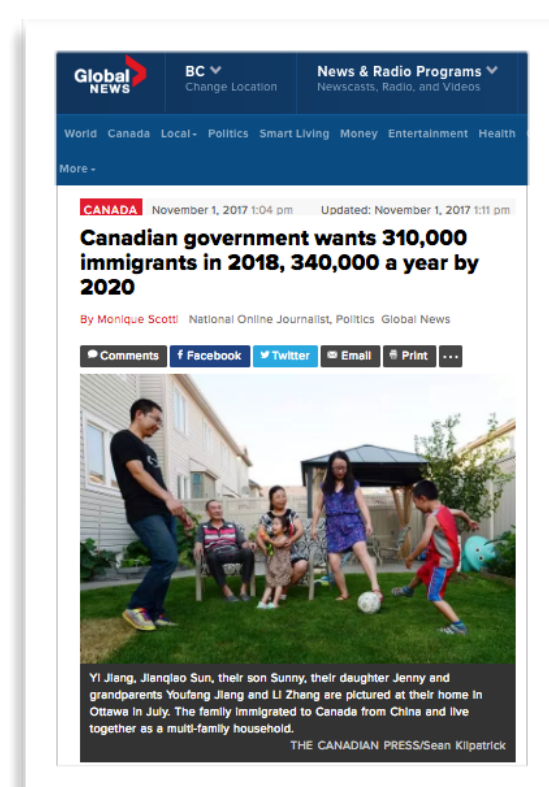
2036

Projections put the ratio at 2 to 1 in 2036



PEI	3.6
N.S.	3.7
N.B.	3.7
Nfld./Lab.	3.8
Que.	3.9
Sask.	3.9
B.C.	4.1
Man.	4.2
Ont.	4.3
Alta.	5.7
Yukon	7.1
N.W.T.	9.6
Nunavut	15.1

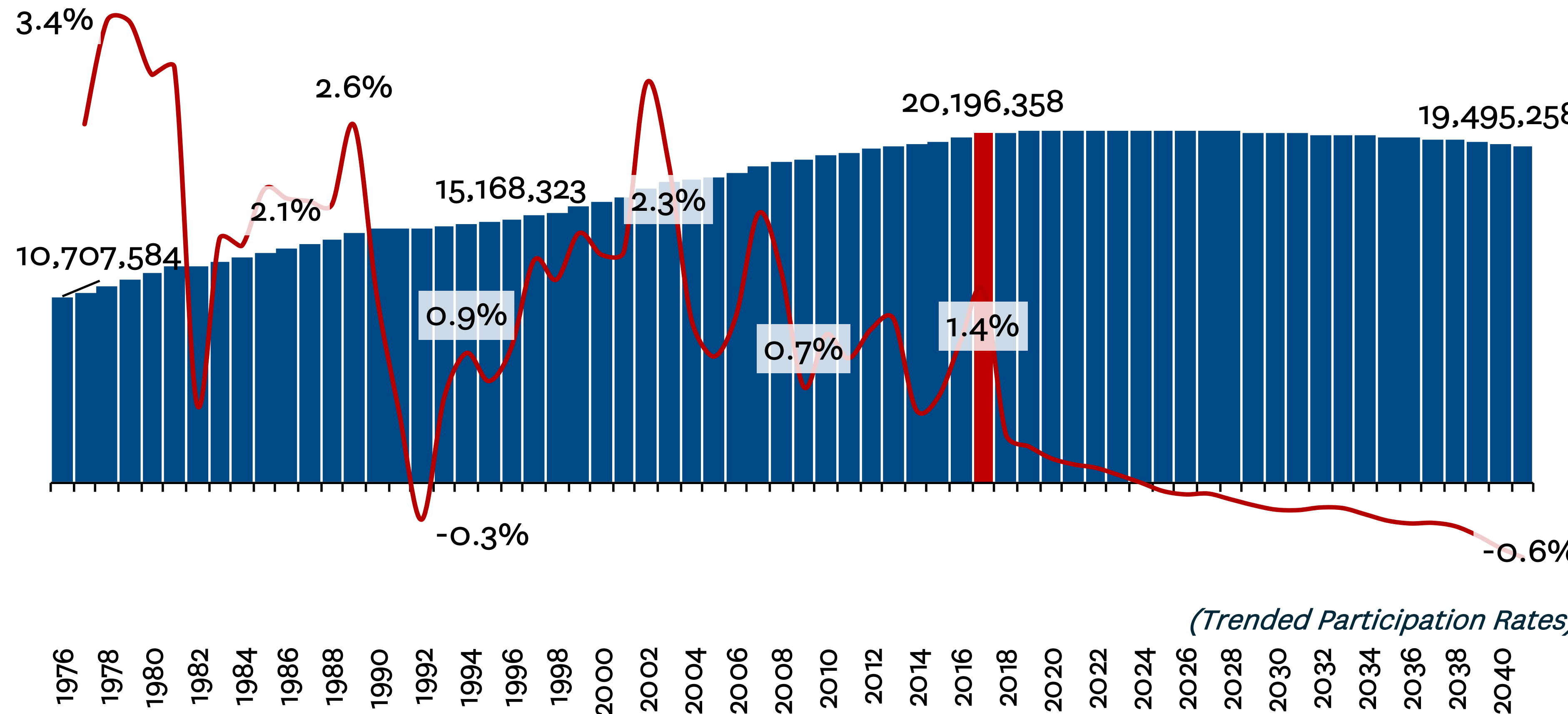
the
demographic
context



LABOUR FORCE GROWTH, CANADA, *no migration*

the
demographic
context

-700,000
(3.5%) decline



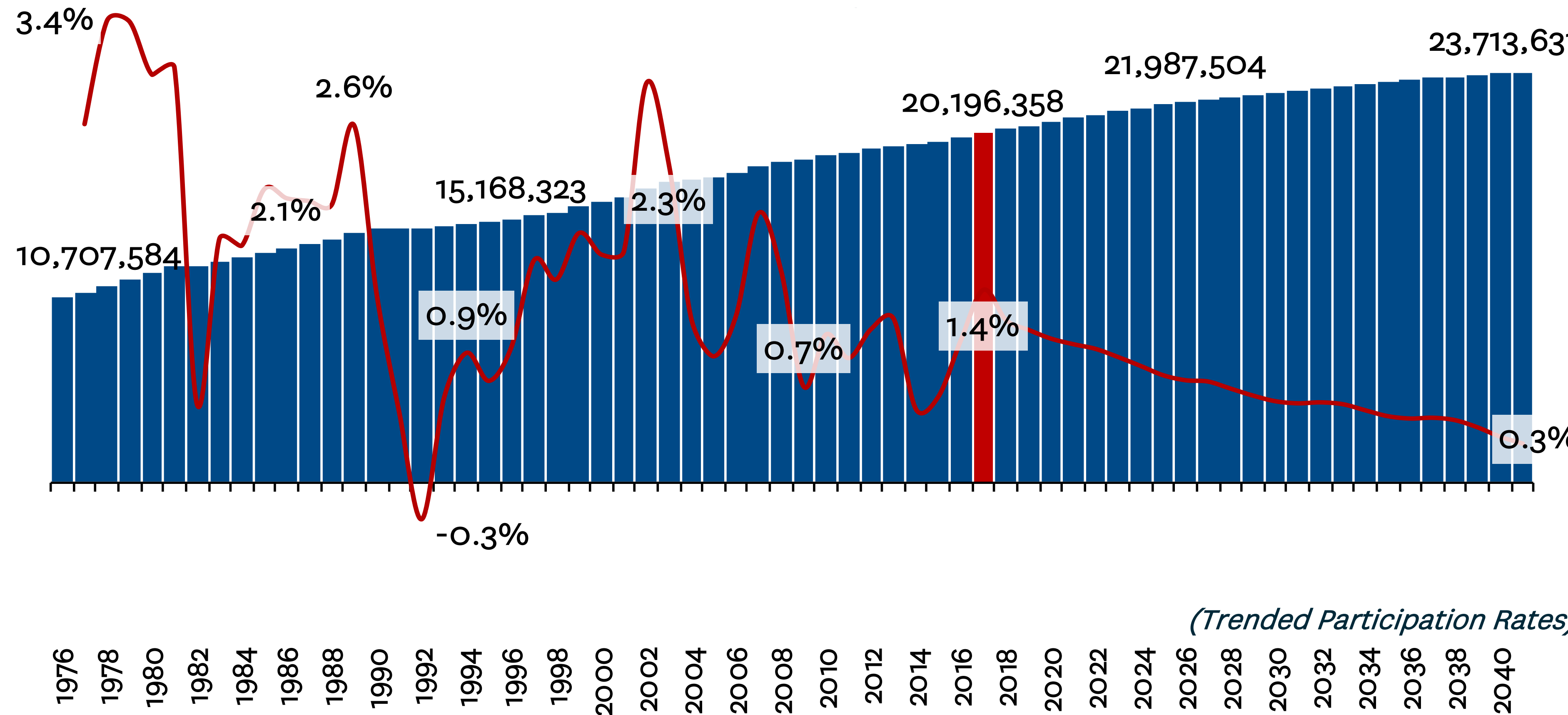
[5.4 million over the past 24 (37%)]



LABOUR FORCE GROWTH, CANADA, 250,000 *immigrants*

the
demographic
context

+3.5 million
(17%) to 2041



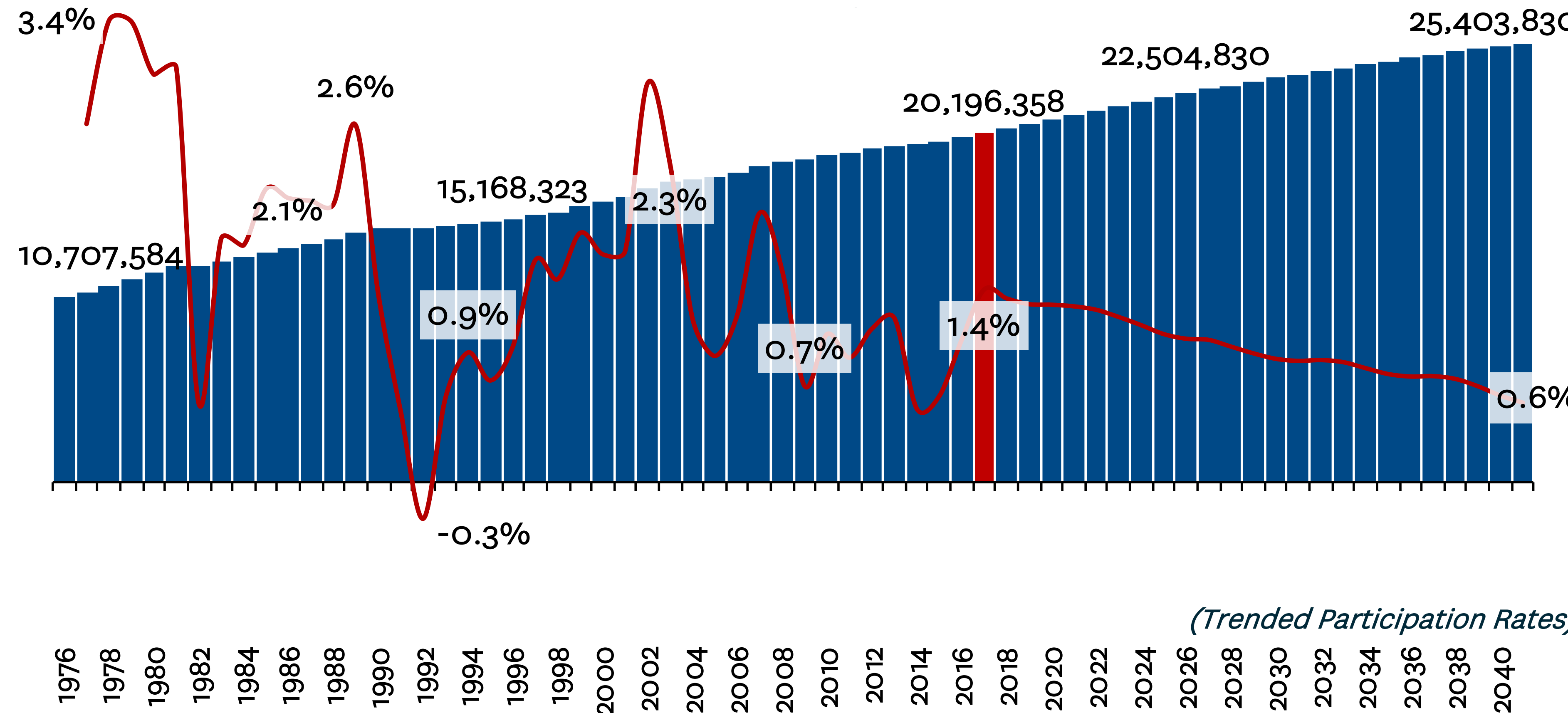
[5.4 million over the past 24 (37%)]



LABOUR FORCE GROWTH, CANADA, 340,000 *immigrants*

the
demographic
context

*5.2 million
(26%) to 2041*

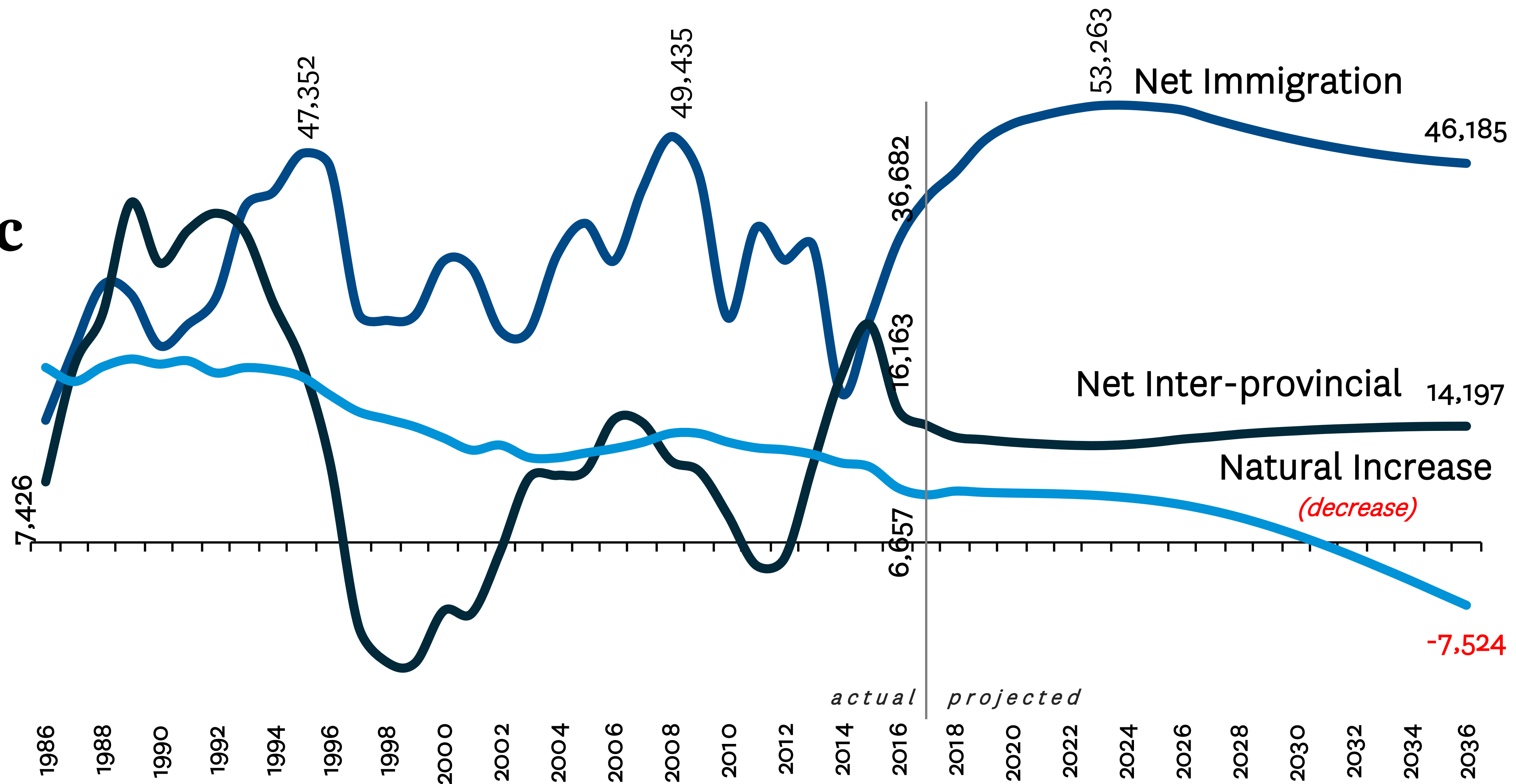


[5.4 million over the past 24 (37%)]



COMPONENTS OF CHANGE IN BC

the
demographic
context

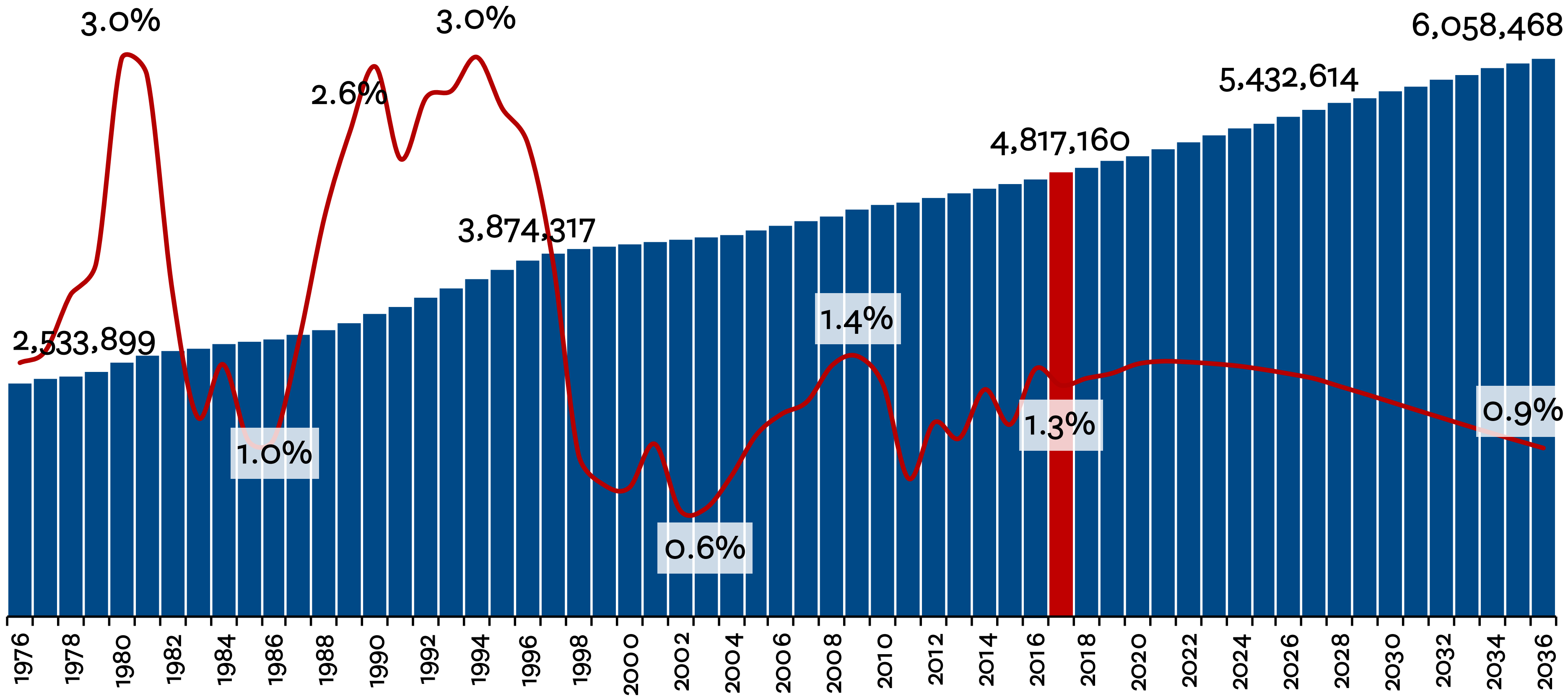


TOTAL POPULATION IN BC to 2036

the
demographic
context

POPULATION
GROWTH &
CHANGE

*1.24 million
more residents
(26%)*

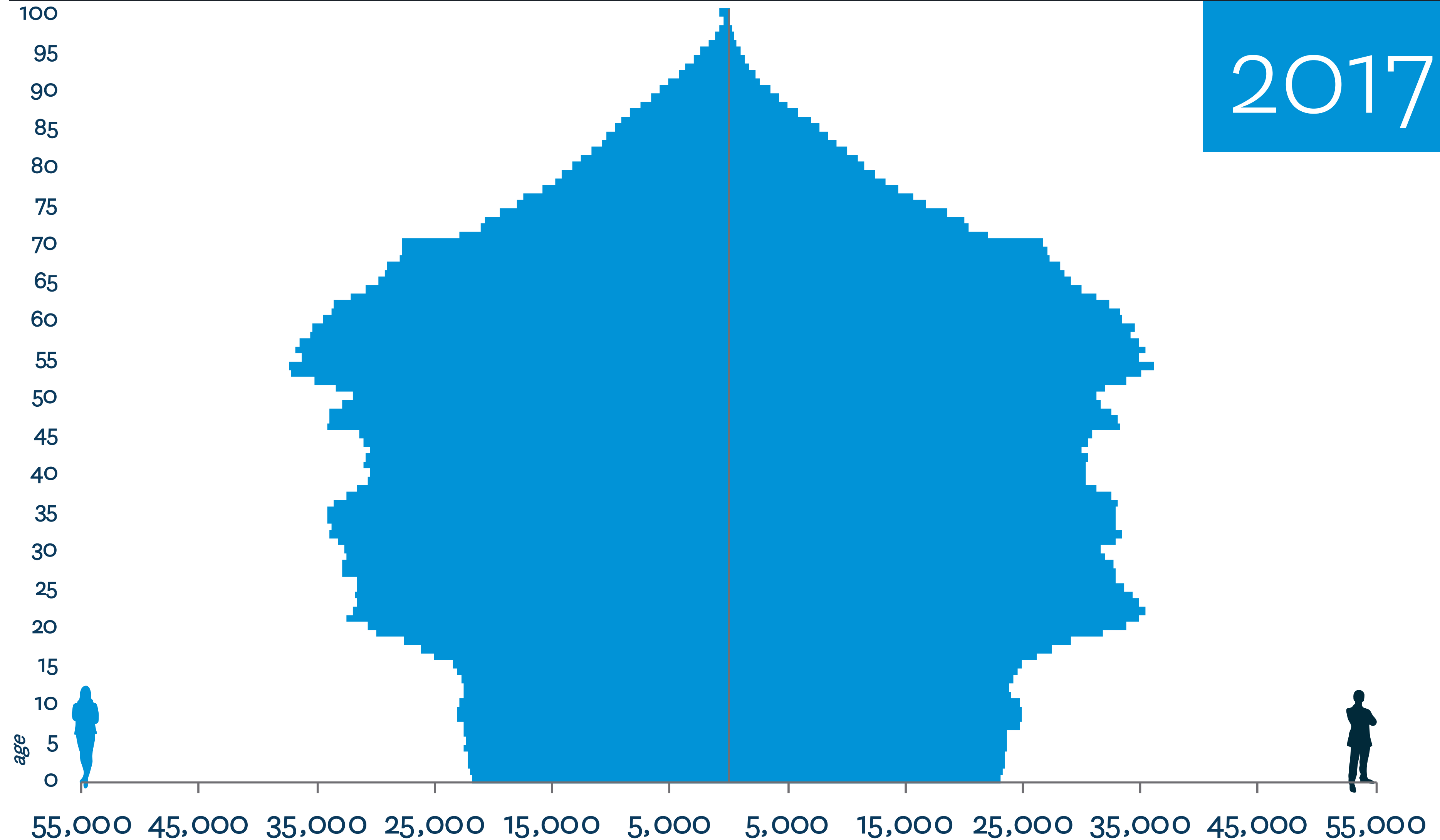


[834,000 over the past 19 (21%)]



POPULATION BY AGE IN BC

2017



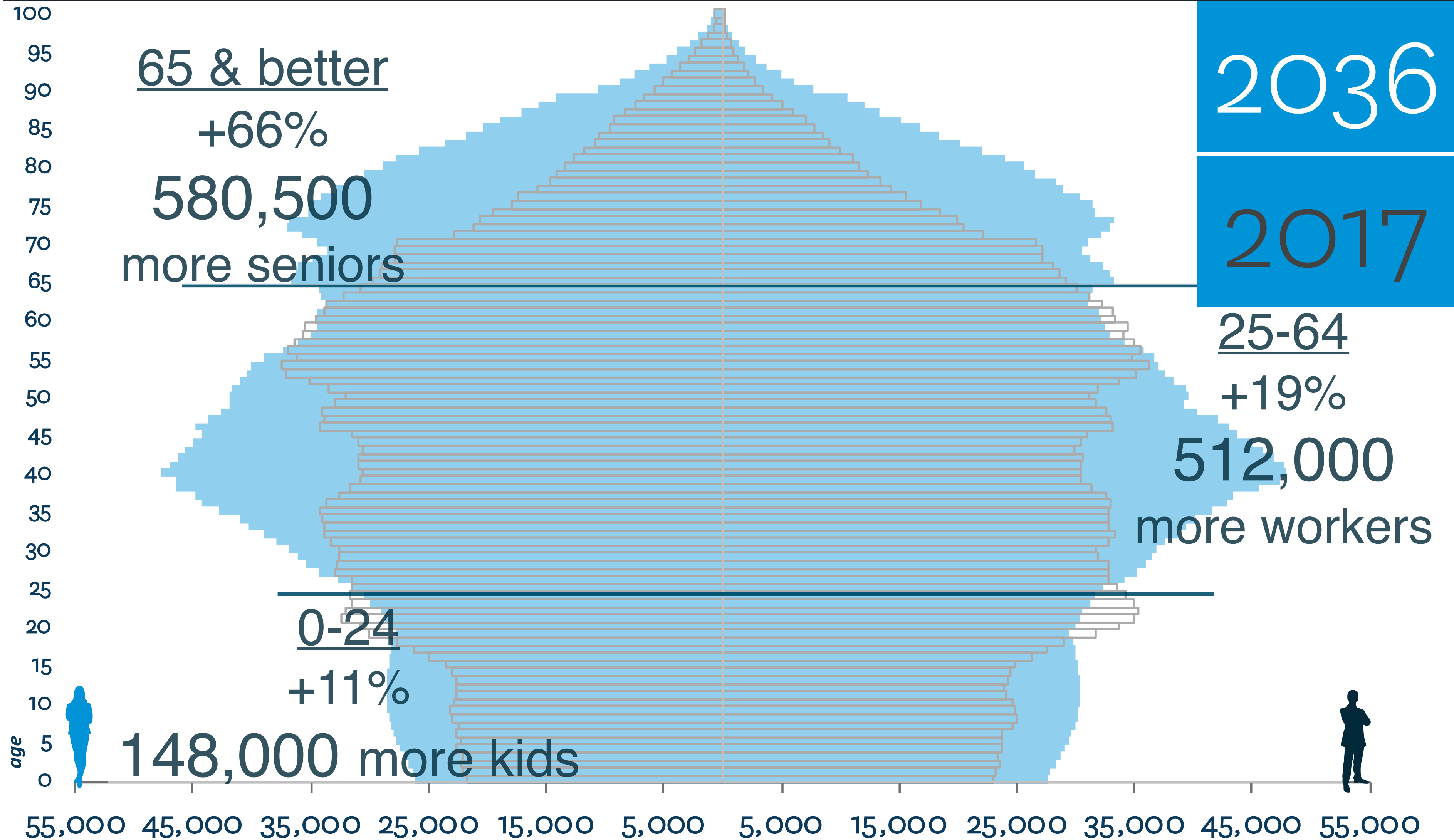
the
demographic
context

POPULATION
GROWTH &
CHANGE

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POPULATION BY AGE IN BC to 2036



the
demographic
context

POPULATION
GROWTH &
CHANGE

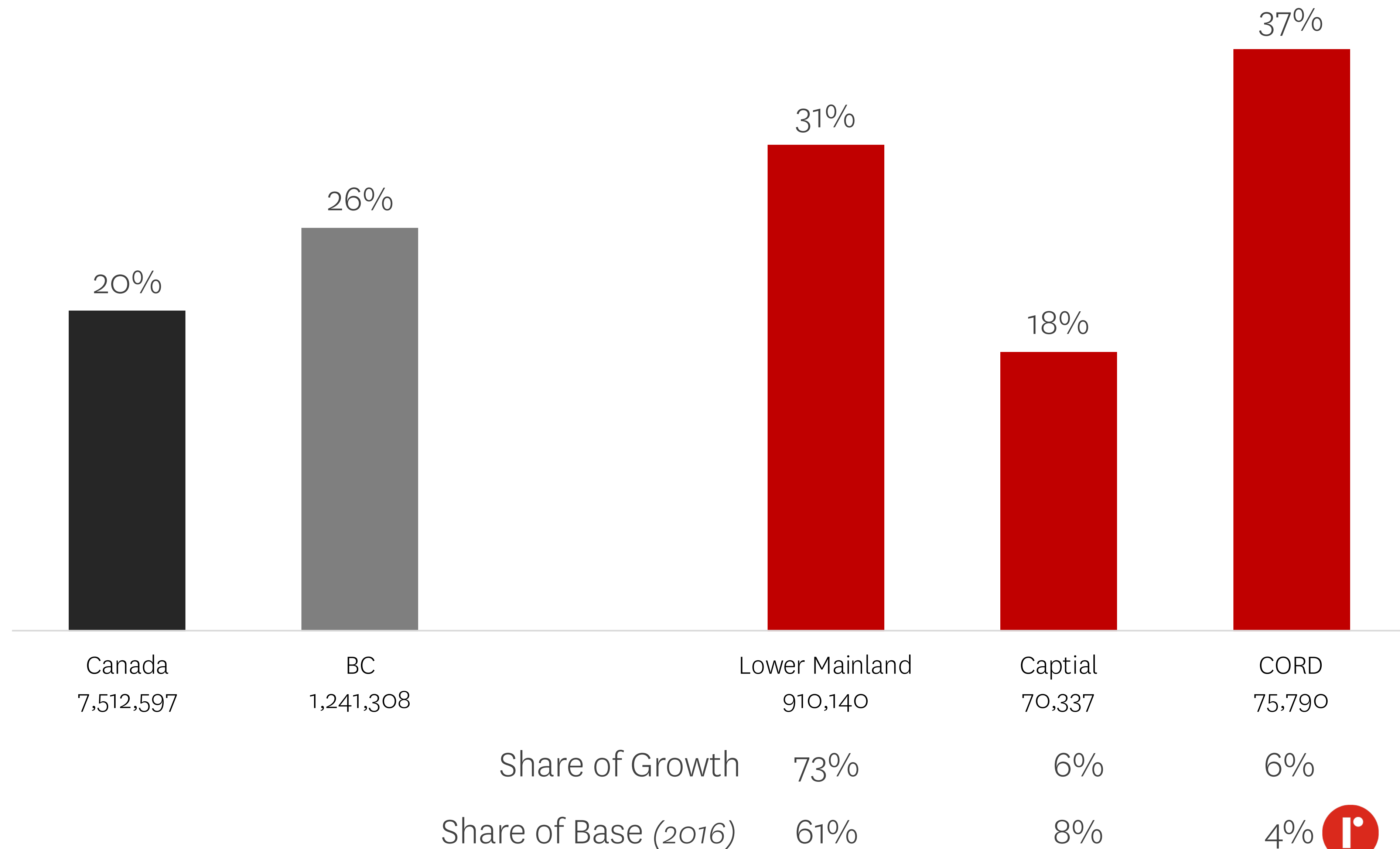
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POPULATION GROWTH IN BC'S MAJOR METROS

the
demographic
context

POPULATION
GROWTH &
CHANGE



THE DEMOGRAPHICS OF MAINTAINING A HOME

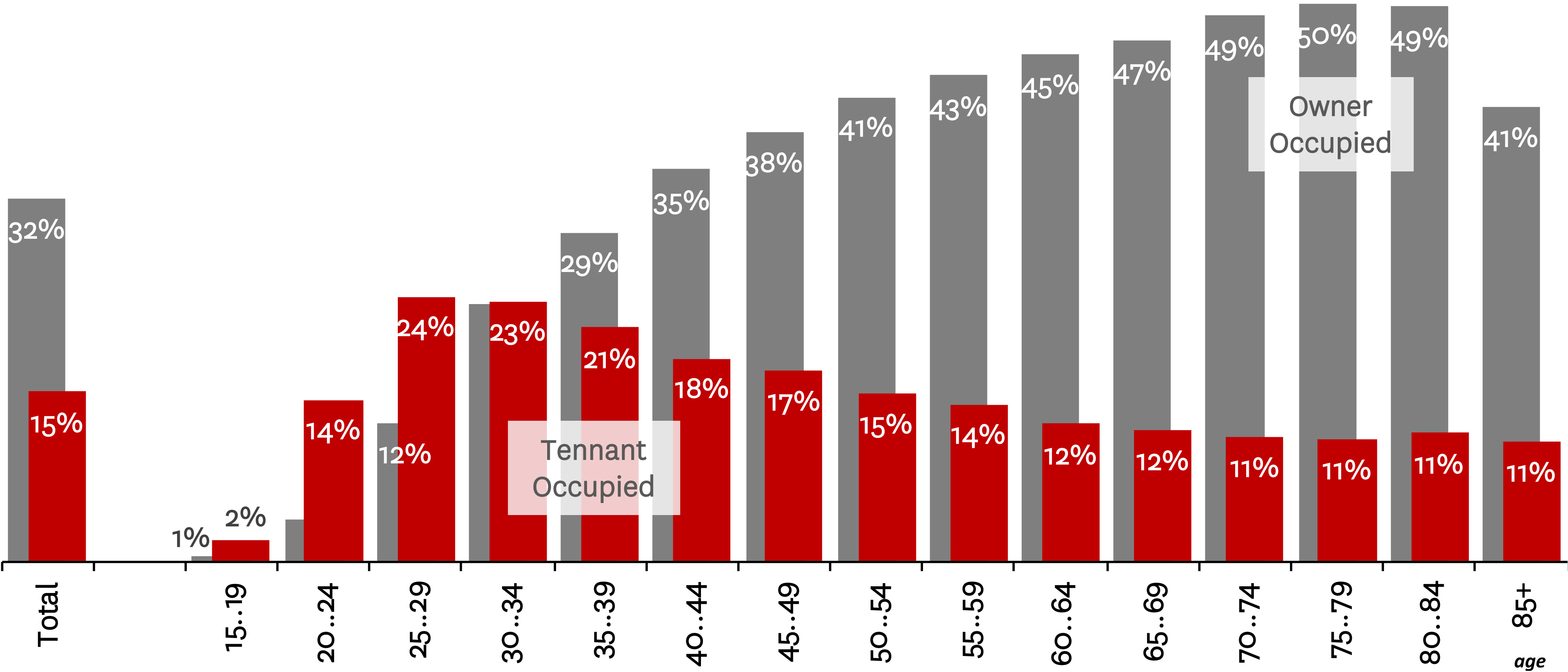
BRITISH COLUMBIA

the
demand
side

—

2016

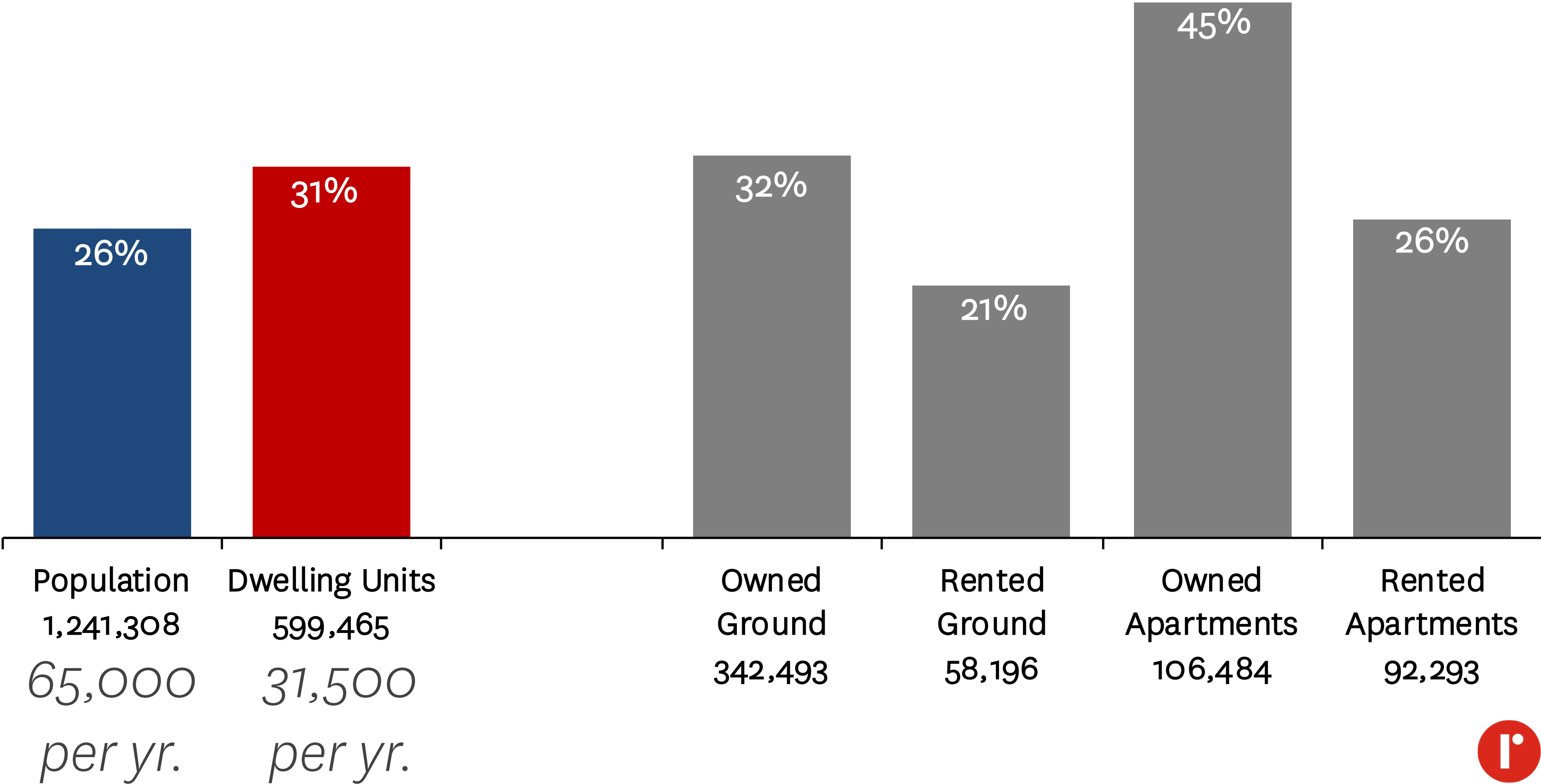
CENSUS HMR
BY TENURE



CHANGE IN HOUSING OCCUPANCY in BC, 2017 - 2036

the
demographic
context

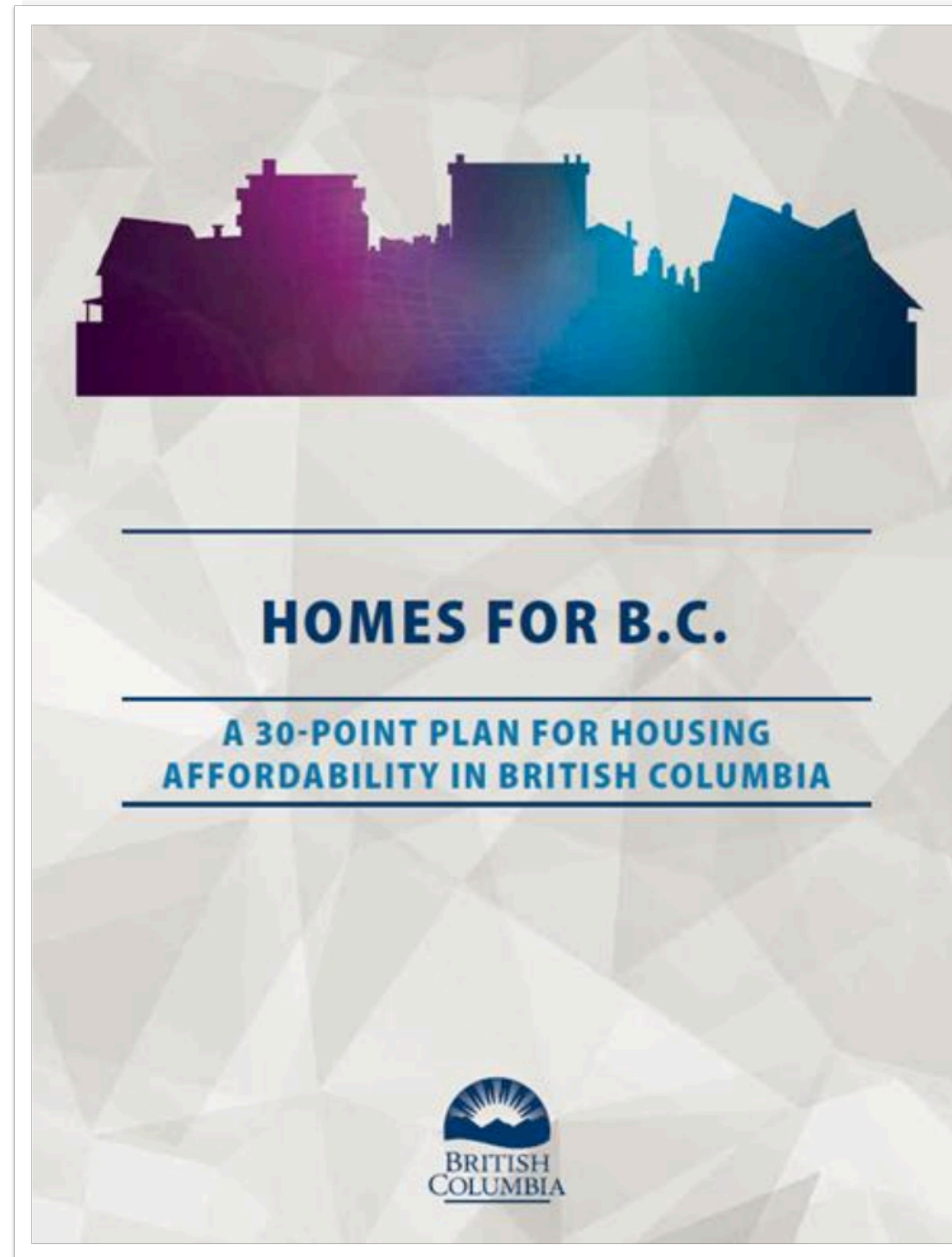
HOUSING
GROWTH &
CHANGE



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- ④ the **policy** context

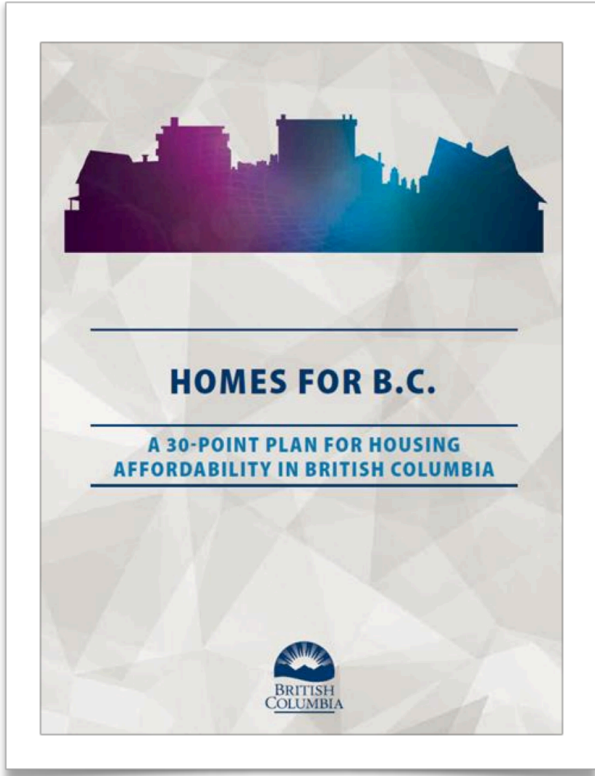
the
policy
context



2018 BC Budget & Other Policy Changes

Policy/Instrument	In 61 Words or Less
Foreign Buyer Tax <i>(non local purchasers)</i>	<ul style="list-style-type: none">• Expanded to 20%• Applies to Metro Vancouver, Fraser Valley, Capital Region, Nanaimo RD, & Central Okanagan• Effective immediately for MV, transitional rules for new regions of transfers Post Feb 21, 2018

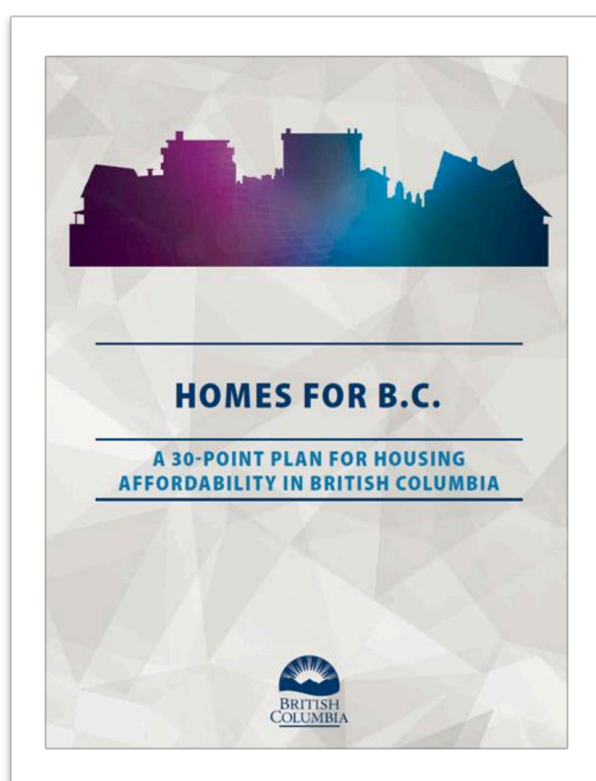
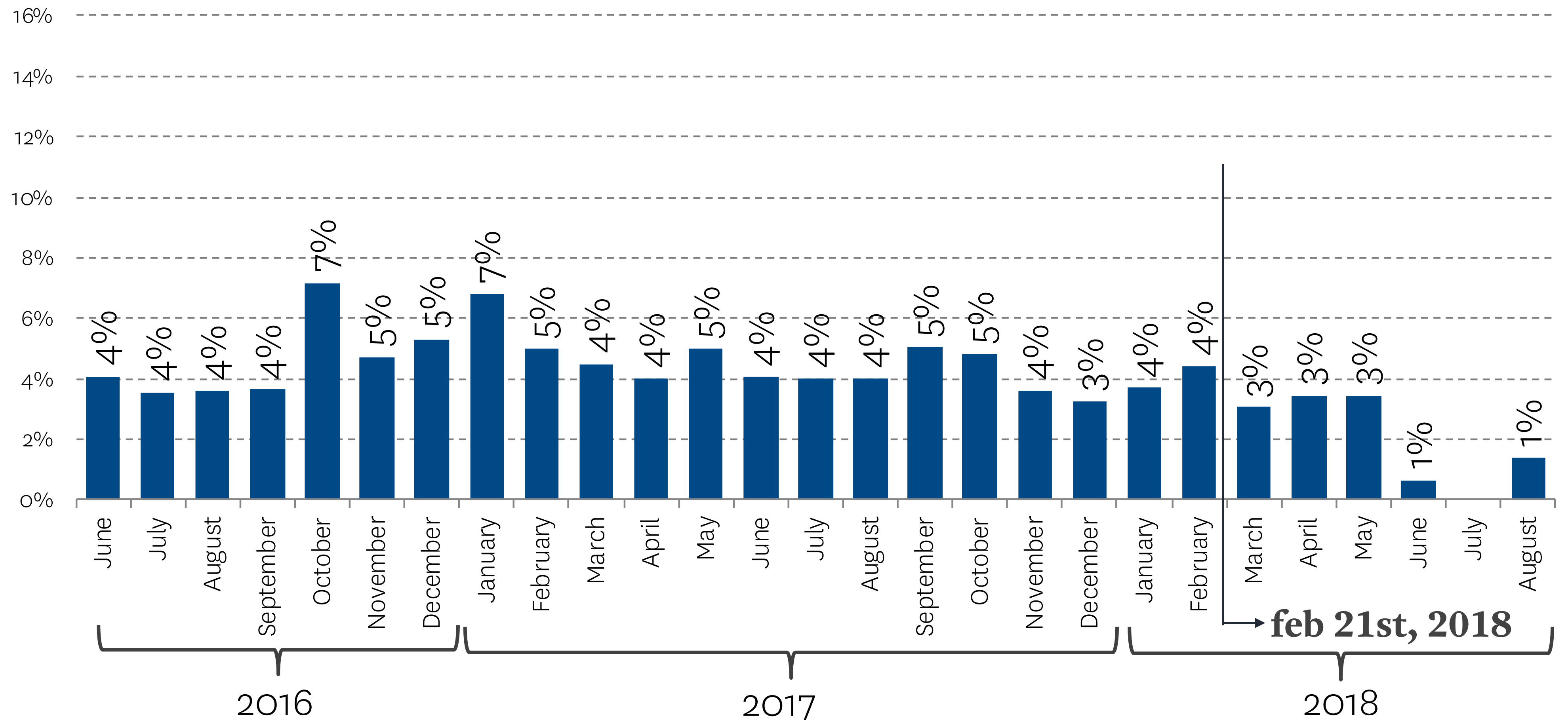
the
policy
context



FOREIGN BUYERS' SHARE OF RES. SALES, CAPITAL

the
policy
context

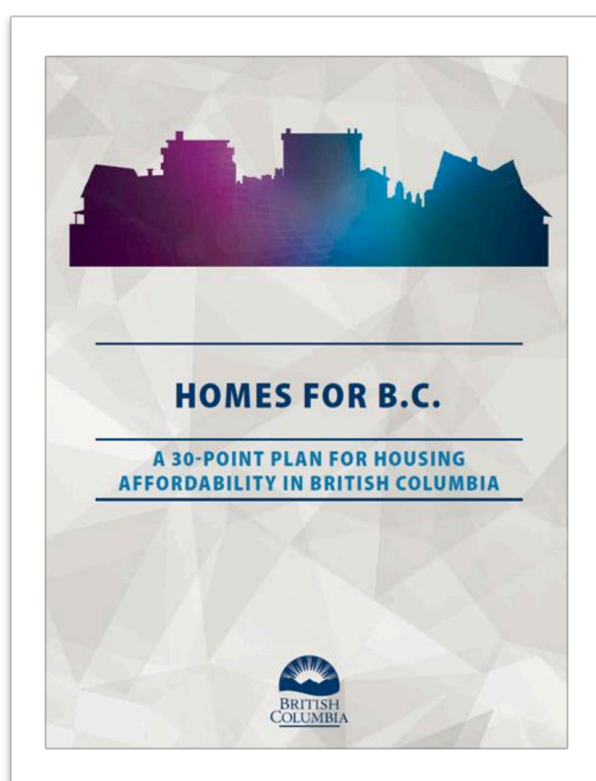
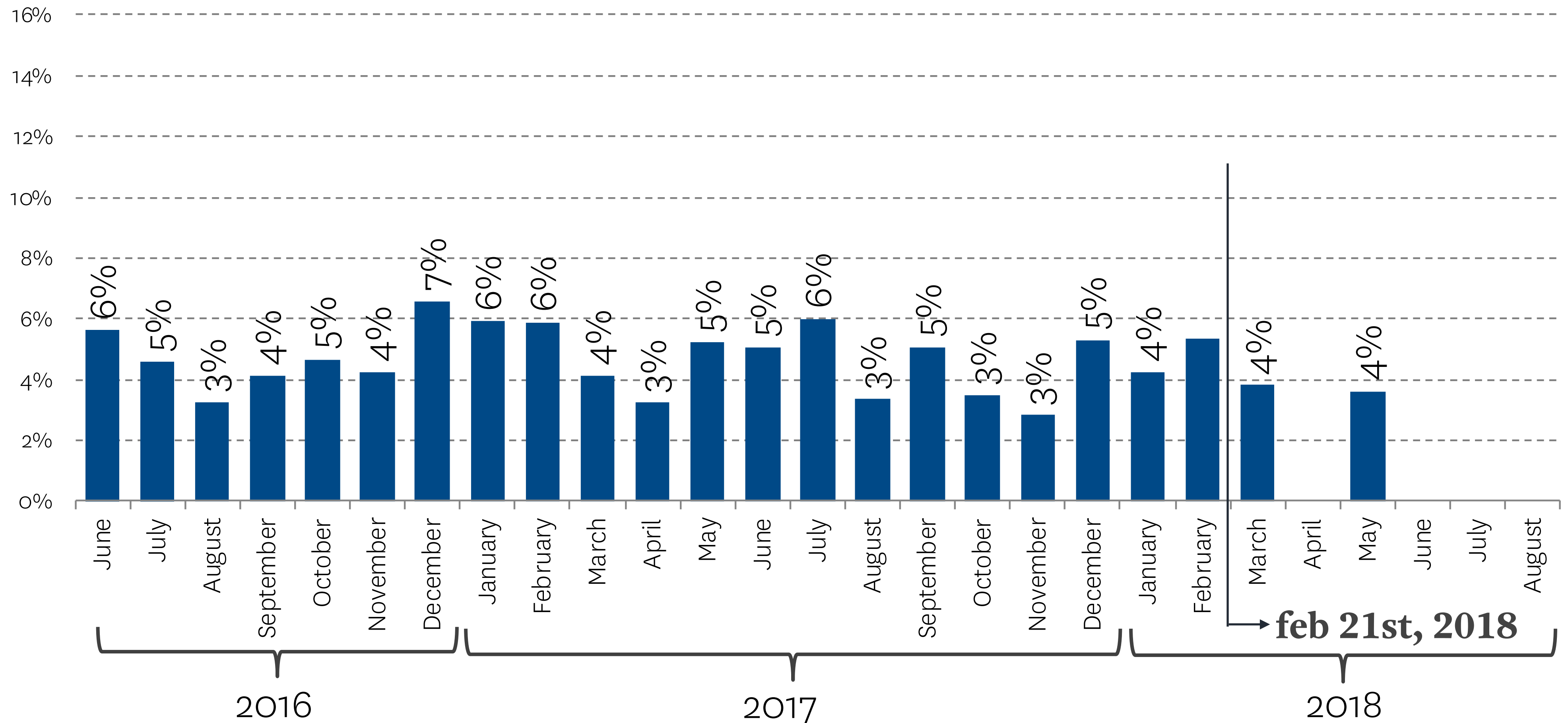
FOREIGN
BUYERS TAX



FOREIGN BUYERS' SHARE OF RES. SALES, NANAIMO

the
policy
context

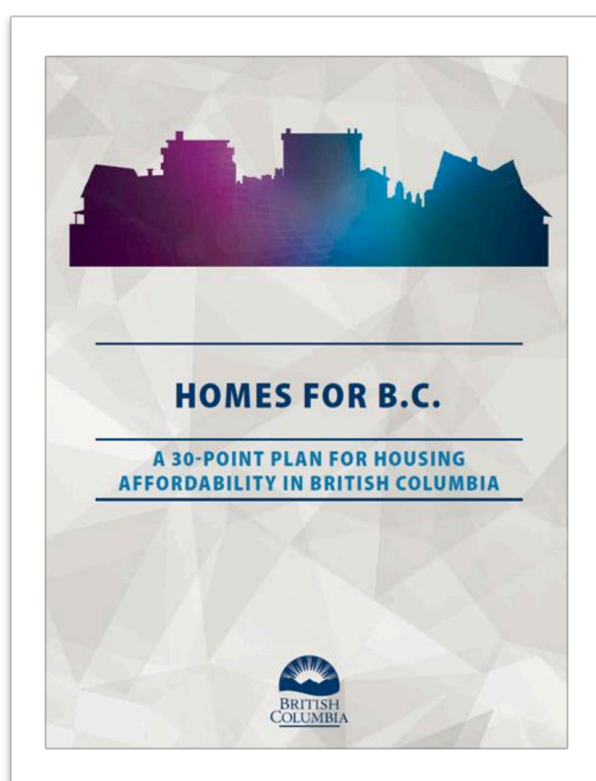
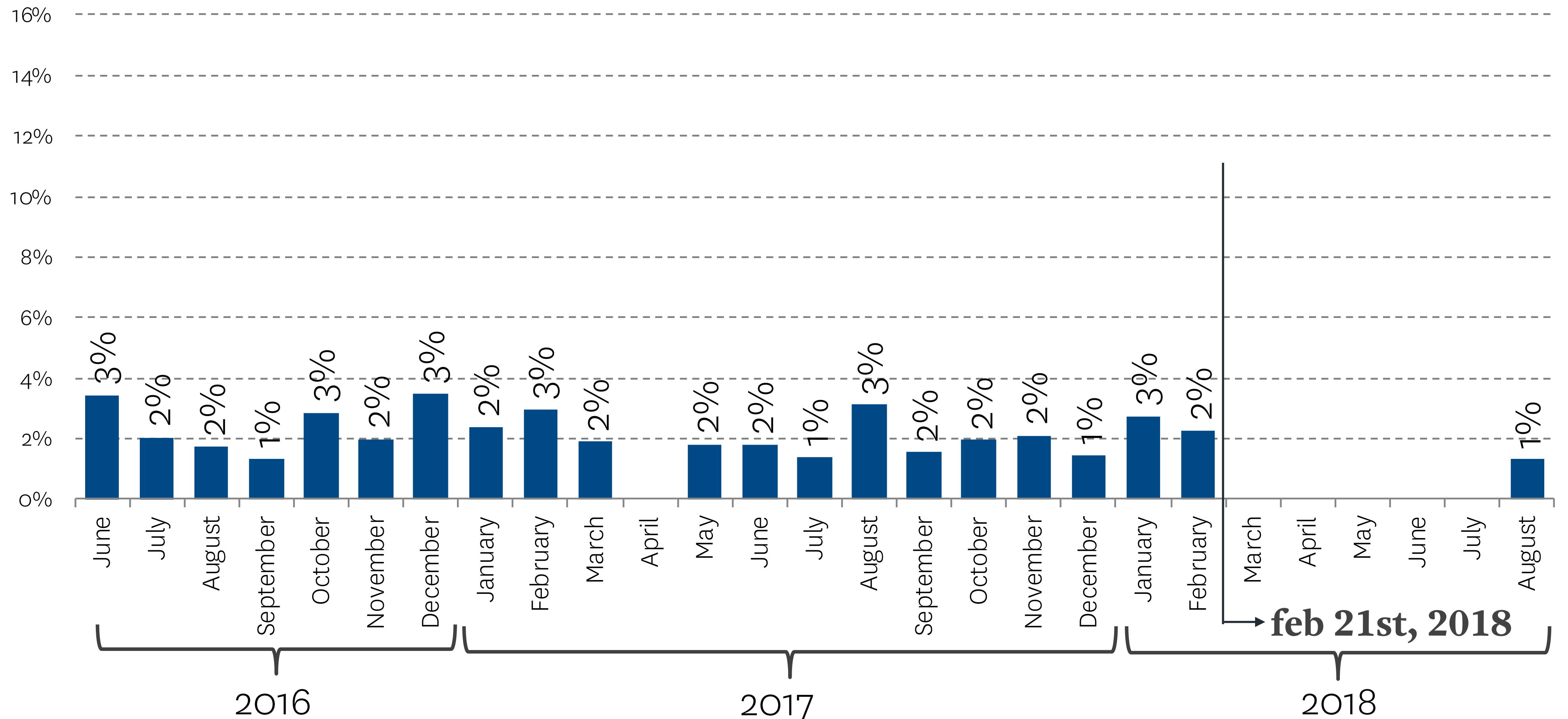
FOREIGN
BUYERS TAX



FOREIGN BUYERS' SHARE OF RES. SALES, CORD

the
policy
context

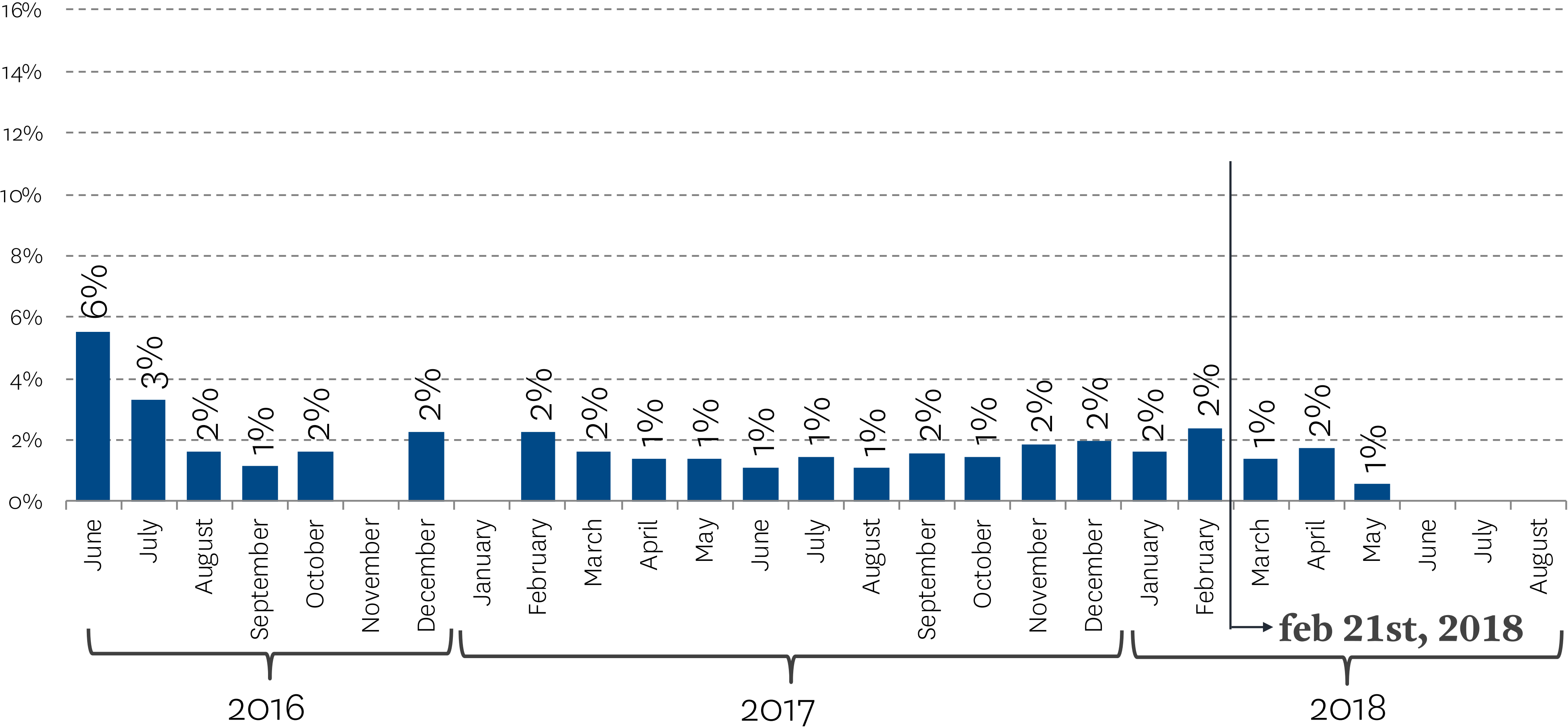
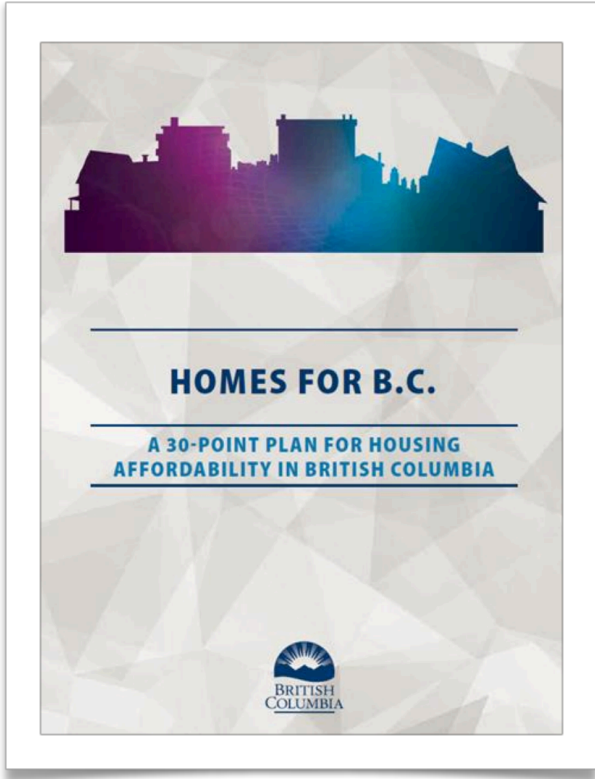
FOREIGN
BUYERS TAX



FOREIGN BUYERS' SHARE OF RES. SALES, FVRD

the
policy
context

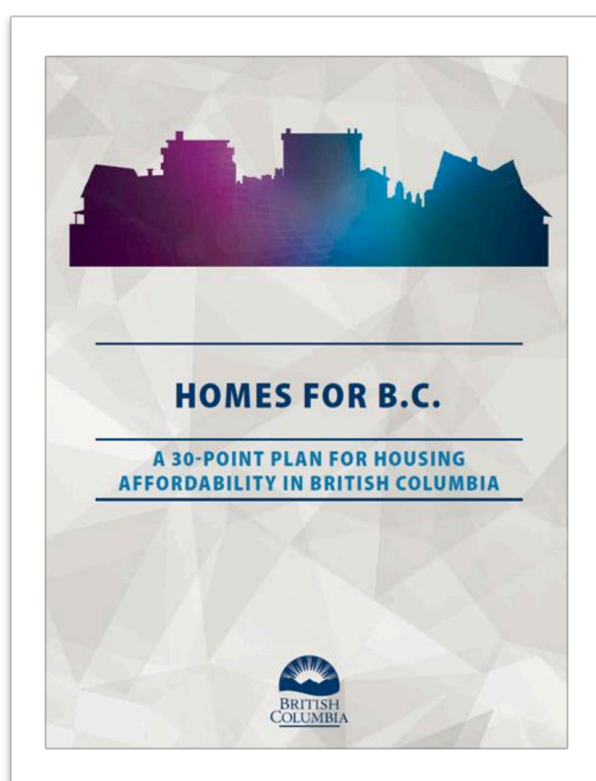
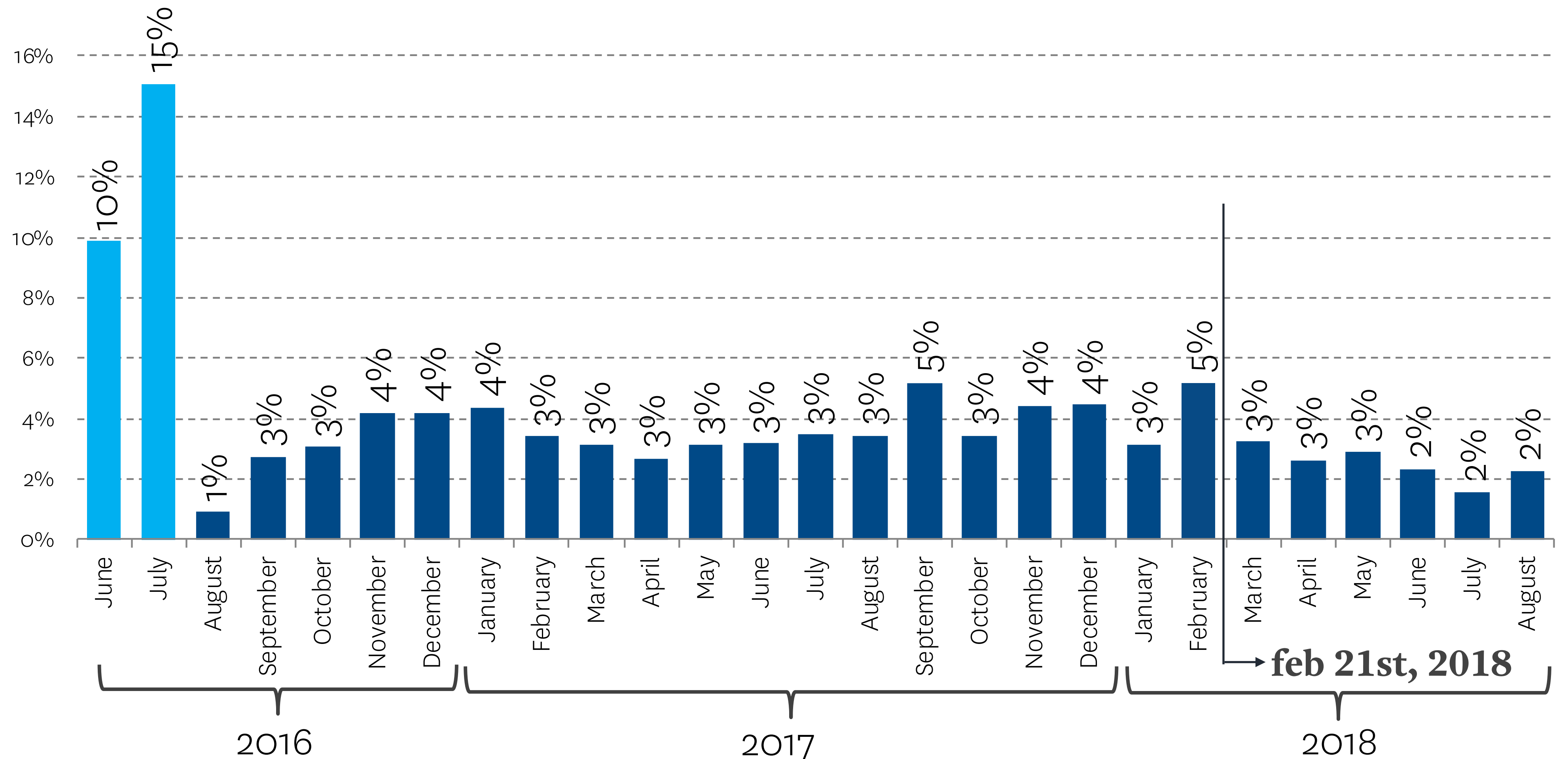
FOREIGN
BUYERS TAX



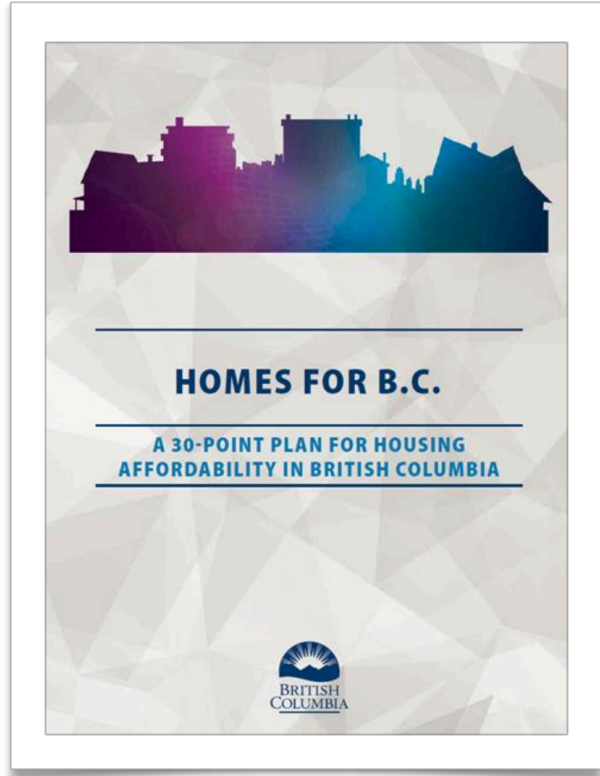
FOREIGN BUYERS' SHARE OF RES. SALES, METRO VAN.

the
policy
context

FOREIGN
BUYERS TAX



the
policy
context



B.C. government moves ahead with speculation tax on vacant homes

B.C. government moves ahead with speculation tax on vacant homes



Tax ranges from 0.5% on secondary homes left vacant by B.C. residents, to 2% on foreign-owned properties

CBC News · Posted: Oct 16, 2018 1:10 PM PT | Last Updated: October 16



Homeowners who live at their properties — or rent them out — will receive an exemption by filing an annual declaration form. For the remaining properties, a tax rate of 0.5 per cent of the assessed value will apply for 2018. (CBC)

B.C.'s finance minister has introduced legislation to move ahead with a controversial speculation tax on vacant or underutilized properties.

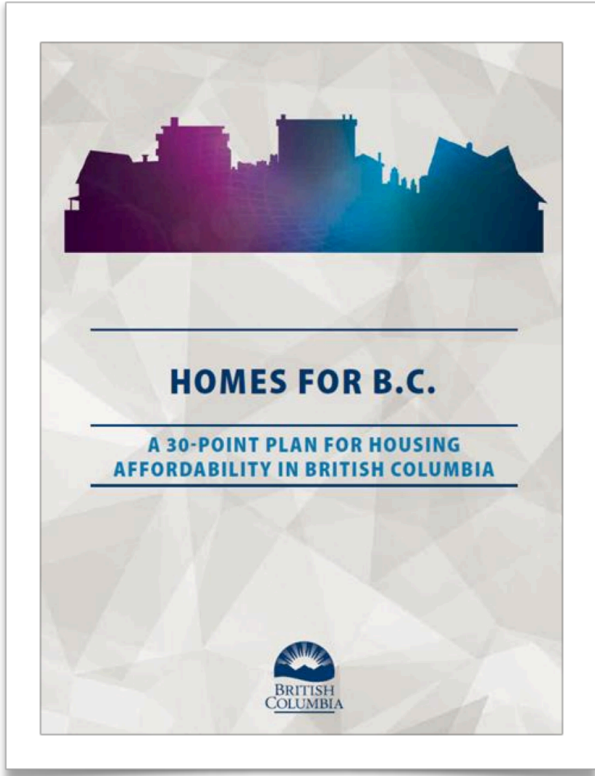
The bill ends months of speculation about how the province planned to use the new levy to help deal with runaway housing prices in some B.C. communities, outlining a range of tax rates from 0.5 to two per cent and a number of exemptions.



2018 BC Budget & Other Policy Changes

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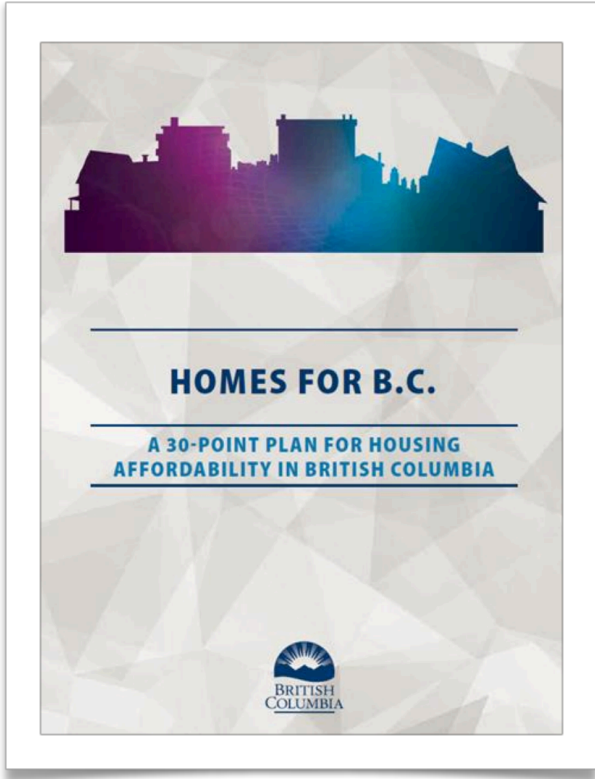
Policy/Instrument	In 61 Words or Less
Foreign Buyer Tax <i>(non local purchasers)</i>	<ul style="list-style-type: none">•Expanded to 20%•Applies to parts of Metro Vancouver, Fraser Valley, Capital Region, Nanaimo RD, & Central Okanagan•Effective immediately for MV, transitional rules for new regions of transfers Post Feb 21, 2018
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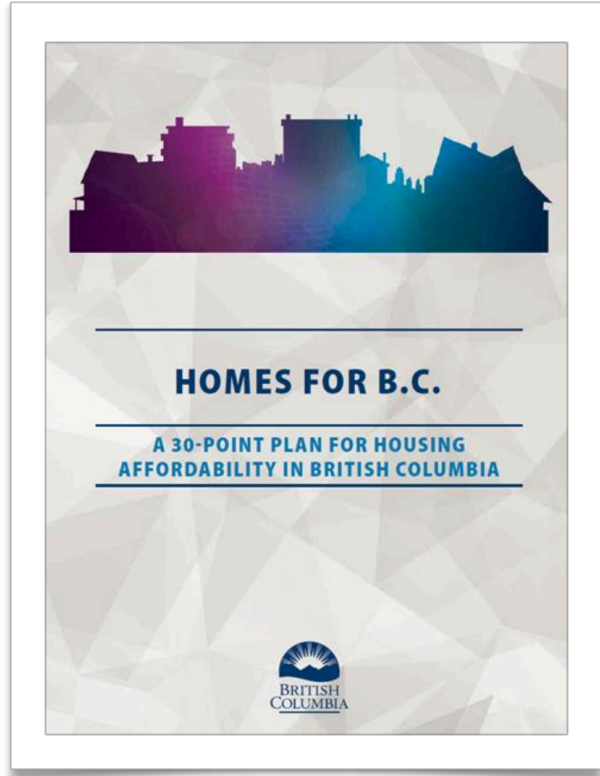
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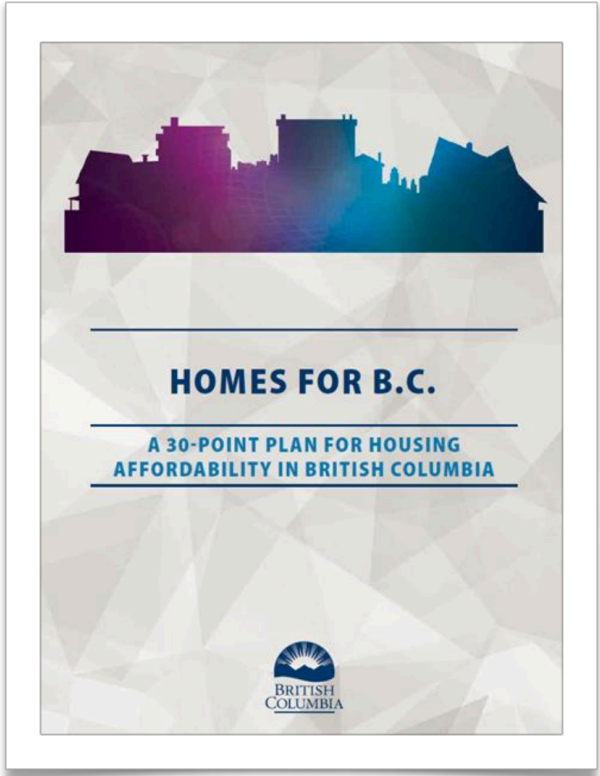


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Additional School Tax <i>(mansion tax)</i>	<ul style="list-style-type: none">•Increase in School Tax levied on “dwelling properties” over \$3M of 0.2% of value between \$3-\$4M and 0.4% on portion over \$4M•Funds go into General Revenue <i>(not to schools as the name implies)</i>•Applies to all of BC•Unclear if tax will be applied to rental properties and land <i>(rental exemption likely)</i>•Effective 2019



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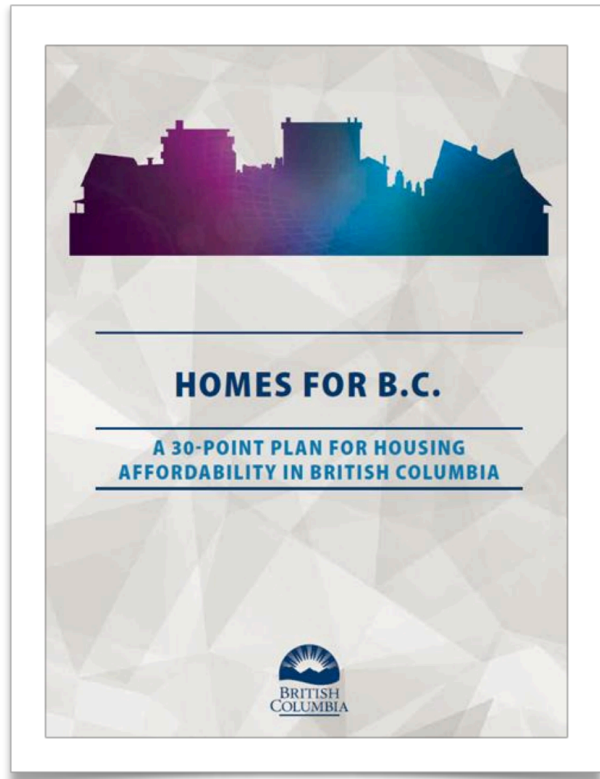


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Tax Fraud <i>(pre-sale & pre-sale assignment database)</i>	<ul style="list-style-type: none">•Provincial Government will collect information on pre-sales and assignments of contracts from developers•Database to be shared with tax authorities to ensure tax compliance•New taxation model may emerge (think Foreign Buyer tax)



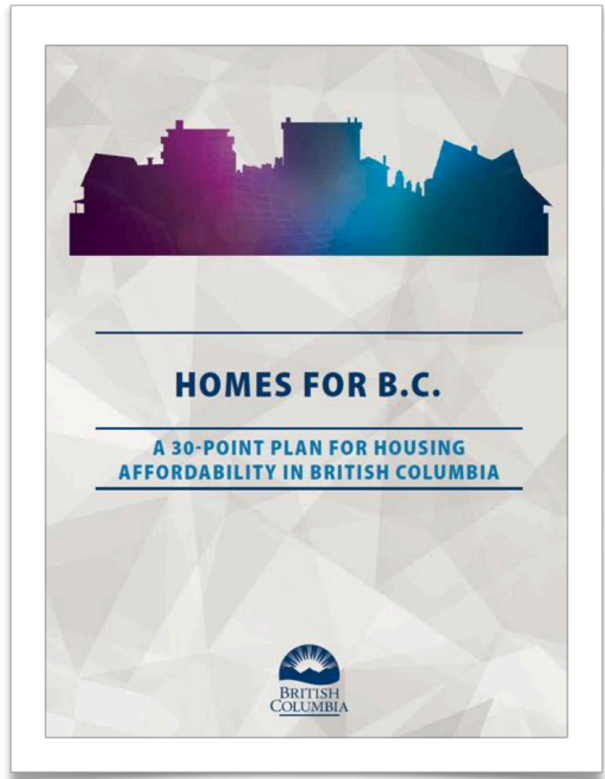
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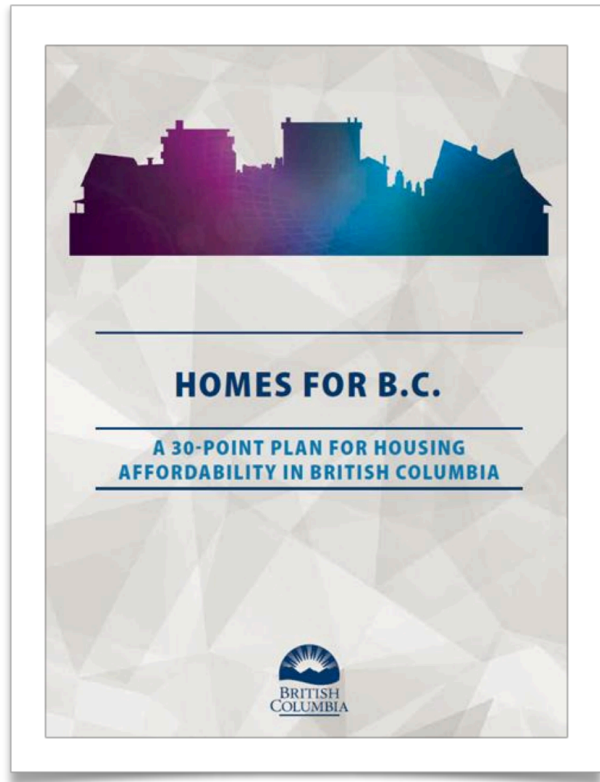


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Hidden Ownership <i>(beneficial ownership)</i>	<ul style="list-style-type: none">•More information on beneficial ownership of corporations will be added to property transfer forms•A registry of all beneficially owned property will be made public•Corporations will also be required to hold accurate info on all beneficial owners

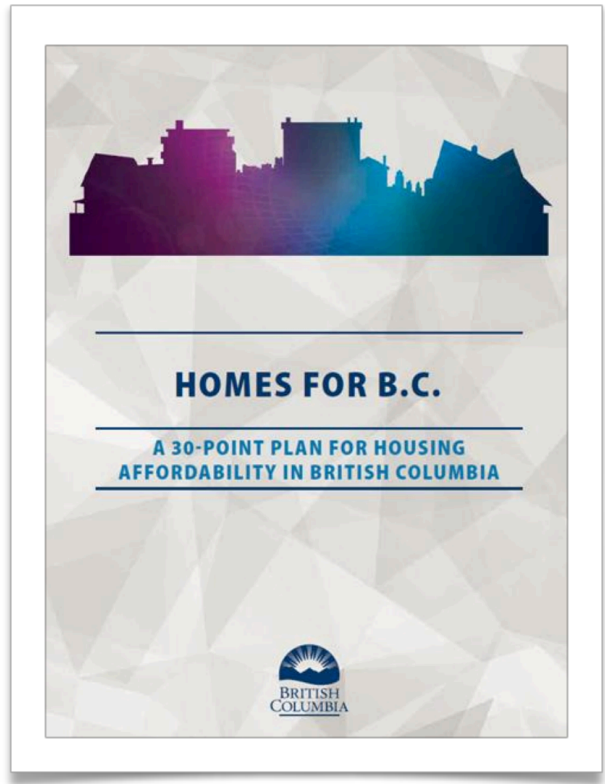




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Housing Needs Assessments	<ul style="list-style-type: none">•all Local Governments (LGs) will be required to file housing needs assessments with details about historical and expected supply/demand every 5 years.





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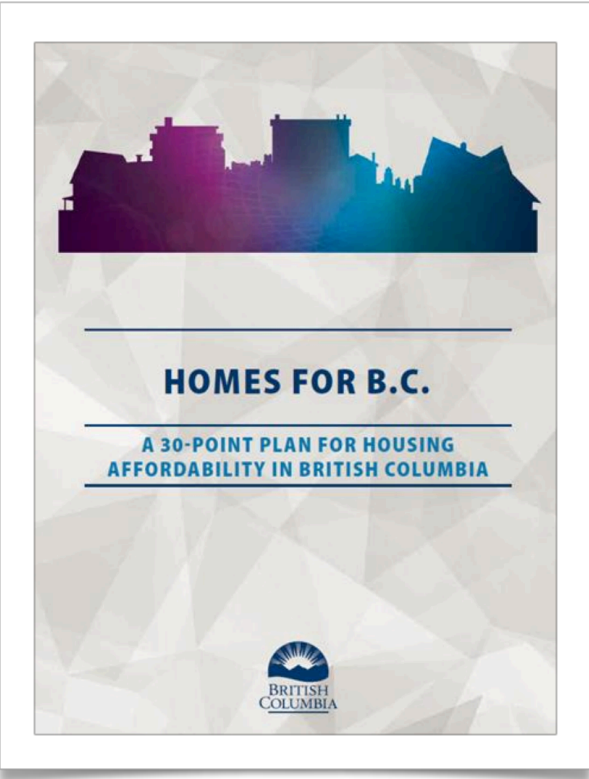
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Rental Only Zoning	<ul style="list-style-type: none">•new legislation that allows LGs to zone specific areas based on tenure



2018 BC Budget & Other Policy Changes

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BC Building Code Changes	<ul style="list-style-type: none">•building accessibility for people with disabilities•mid-rise wood construction•additional seismic requirements•reference to new BC energy STEP codes

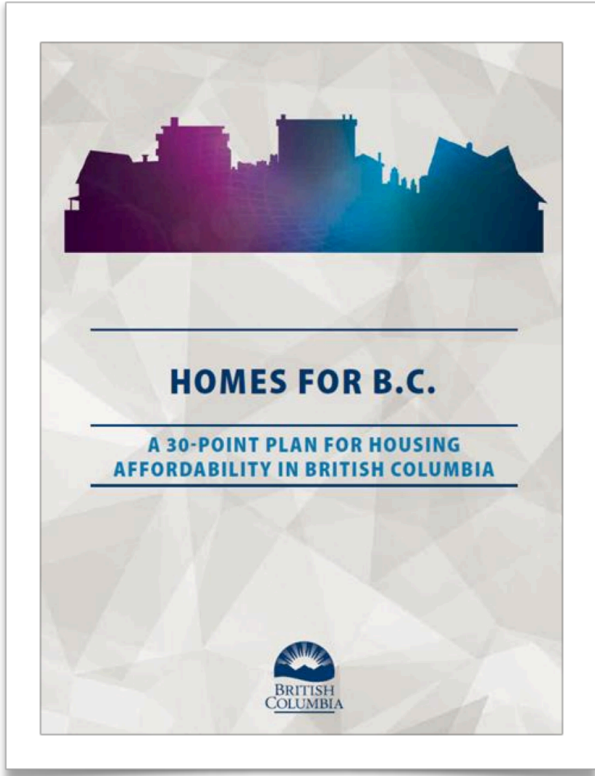
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Rent Increase Caps	<ul style="list-style-type: none">•Typically rent increases are capped at CPI (general inflation) plus two percentage points.•Increases for 2019 have been capped at 2.5% maximum rent increase

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conclusions for today

some general conclusions

- ① The demographic and economic changes we will experience in the coming decades will not be simple extensions of past trends;
- ② Our labour force and social services have enjoyed blessed times over the past 4 decades - the coming decades are going to present many more challenges (*and opportunities*) economically & demographically;
- ③ Ready or not, here it comes - all communities, all sectors, all businesses (*big and small*) will have to manage a future that is much different from what we have become accustomed to.

conclusions for today

some specific conclusions

- ⑤ Demographic *growth* and—more importantly—*change* is re-shaping our urban landscapes
- ⑤ For reasons to do with affordability, land availability, and labour market trends, multi-family housing will remain a prominent feature and investment opportunity within our Metro regions
- ⑤ We have benefitted from a virtually unprecedented period of sustained economic growth over the past decade, fuelled in part by easing of monetary policy
- ⑤ The coming years will see adjustments to our economic structure, financial markets, housing markets and personal finance as a result

thank you...

